

GENERAL INFORMATION

bgs-auction.com

NEW JERSEY STATEWIDE BASIC GENERATION SERVICE ELECTRICITY SUPPLY AUCTION

NERA

Economic Consulting

GENERAL INFORMATION – TABLE OF CONTENTS

A.	DISCLAIMER	1 - 2
B.	OVERVIEW OF BOARD DECISION	3 - 5
	B.1. Background	4
	B.2. The Approved BGS Auction Process.....	5
C.	THE EDCS	6 - 9
	C.1. Public Service Electric and Gas Company (PSE&G)	6
	C.2. Jersey Central Power & Light Company (JCP&L)	7
	C.3. Atlantic City Electric (ACE).....	8
	C.4. Rockland Electric Company (RECO)	9
D.	BIDDING PROCESS	10 - 23
	D.1. Bidding Day and Bidding Rounds	10
	D.2. Online Bidding.....	14
	D.3. Backup Bidding Procedure	15
	D.4. Recommendations for Technical Preparedness.....	16
	D.5. Terms and Conditions of Access to the Auction Software.....	20
E.	APPLICATION PROCESS.....	24 - 172
	E.1. Part 1 Application	24
	E.2. Part 2 Application	26
	E.3. Correspondence.....	30
	E.4. User's Guide to the Forms	31
	E.5. Pre-Auction Letter of Credit	122
	E.6. Other Credit Documents for the Application Process	164
F.	PJM.....	173 - 186
	F.1. Supplier Responsibility to PJM	173
	F.2. PJM Web Site User Guide	174
	F.3. Financial Transmission Rights ("FTRs") and Auction Revenue Rights ("ARRs") ..	180
	F.4. PJM eTools	182
	F.5. Reliability Pricing Model.....	182
	F.6. Demand Response	183
	F.7. Marginal Losses	184
	F.8. Keeping Up with Market Updates	185
	F.9. PJM-EIS GATS Implementation	185
	F.10. New Transmission Projects.....	185
G.	NEW JERSEY INITIATIVES	187 - 195
	G.1. Renewable Portfolio Standards	187
	G.2. New Jersey Solar Initiatives.....	192
H.	CONTACT US.....	196 -199
I.	CALENDAR	200 -202

A. DISCLAIMER

The information and materials distributed at the information sessions related to the statewide Auction Process for New Jersey Basic Generation Service (“BGS”) Load (the “Auction Materials”) have been prepared by the New Jersey EDCs (PSE&G, JCP&L, ACE and RECO) and their group of advisors. The Auction Materials are based on the EDCs’ Joint Proposal for Basic Generation Service Requirements to be Procured Effective June 1, 2010 (I/M/O The Provision of Basic Generation Service for the Period Beginning June 1, 2010, Docket No. EO09050351) and each EDC’s Company Specific Addendum, submitted to the New Jersey Board of Public Utilities (“Board” or “BPU”) on July 1, 2009, the Board’s decisions and Orders in this proceeding, and the EDCs’ compliance filings in Docket No. EO09050351.

The Auction Materials are subject to modification and amendment, which may be announced or posted on the BGS Auction web site, <http://www.bgs-auction.com>. However, as more fully explained below, the BGS Auction web site is not the exclusive source of information that may be relevant to a recipient’s decision to participate in the Auction Process.

The Auction Materials are prepared and distributed for the sole purpose of providing general information about the BGS Auctions in order to assist potential participants in determining whether they should undertake further investigation and consideration of participation in the Auction Process.

Each recipient agrees that it will use the Auction Materials for the sole purpose of assisting in the evaluation of the Auction Process. The Auction Materials are not intended to form any part of the basis of any investment decision or valuation by a recipient or any other party. Furthermore, the Auction Materials are not a recommendation by the EDCs, the BPU, or their advisors to any recipient to participate in the Auction Process, and must not be considered as such.

By accepting the Auction Materials, each recipient acknowledges that: (i) before participating in the Auction Process, the recipient will make its own independent assessment of the potential value of supplying any part of BGS Load after making all investigations it deems necessary or advisable in its sole discretion; (ii) the information supplied in the information sessions, or as may be disseminated by the EDCs or their advisors on the BGS Auction web site or otherwise, is not intended to be and does not purport to constitute a sufficient basis for the recipient to determine whether to participate in the Auction Process or the terms and extent of any such participation; and (iii) the EDCs, the BPU, and their advisors will not be responsible for identifying, evaluating, or

bringing to the attention of the recipient information that may bear on the cost or value of supplying any part of BGS Load.

Any statements herein describing or referring to documents and agreements are summaries only and are qualified in their entirety by reference to such documents and agreements. The Auction Materials should not be considered to be or to express the terms of a contract of any kind between the EDCs or their advisors and the recipient(s). Likewise, recipients must not consider the Auction Materials as any form of guaranty. Recipients should not construe the Auction Materials as legal, business or tax advice. Before deciding on its participation or the level of such participation, each recipient should consult with its legal, economic, technical and financial advisors.

Delivery of the Auction Materials will not create any implication that there has not been, since the date hereof, a change with respect to the facts or circumstances herein described, or that the information is correct as of any time subsequent to the date hereof. None of the EDCs, the BPU, or their advisors assumes any obligation to revise, update or supplement any matter herein described to reflect changes, events or conditions, which occur subsequent to the date hereof. Each recipient is solely and independently responsible for keeping itself informed of any changes to the Auction Materials, as well as potential changes to the facts, circumstances and matters described herein, and for determining what other sources of information to consult when deciding whether to participate in the Auction Process.

B. OVERVIEW OF BOARD DECISION

The New Jersey Board of Public Utilities (“Board” or “BPU”) rendered its decision regarding the procurement of supply for Basic Generation Service (“BGS”) at its November 10, 2009 meeting. The BGS Auction Process for 2010, as approved by the Board, is substantially the same as the 2009 BGS Auction Process. This section provides an overview of the Board’s decision. A complete description of the 2009 BGS Auction Process is provided through this information packet. Please consult the Board Order (Docket No. EO09050351), which is not expected to become available until after this information packet has gone to print, for full information about the Board’s actions.

B.1. Background

The Electric Discount and Energy Competition Act of 1999 (“EDECA”), N.J.S.A. 48: 3-49 et seq., established electric retail choice in New Jersey as of August 1, 1999, giving retail electric customers the choice of obtaining electric generation service from a competitive third party supplier (“TPS”), or of opting instead to take BGS from a regulated Electric Distribution Company (“EDC”).¹ EDECA required that the State’s EDCs procure supply for BGS at prices consistent with market conditions. In February of each year from 2002 to 2009, the four New Jersey EDCs have procured required BGS supply through a single, statewide Auction Process that purchases full requirements supply.

On July 1, 2009, the EDCs filed a joint proposal with the Board to procure supply for their 2009 BGS Load in a similar statewide Auction Process. Each EDC also filed a Company Specific Addendum to the joint proposal. Other parties filed alternate proposals or suggestions on the BGS Auction Process. Initial comments regarding all proposals were submitted to the Board on or around August 28, 2009. All parties had the opportunity to provide their final comments by September 25, 2009. On September 10, 2009, the Board held a legislative-type hearing at which parties had the opportunity to provide oral comments to the Board on the various BGS proposals. Similar schedules have been followed in connection with each of the prior BGS Auctions.

The Board rendered its decision on the BGS proposals at its November 10, 2009 meeting. The Board approved the EDCs’ proposal that procurement of supply for BGS be conducted through a statewide Auction Process. The EDCs made compliance filings on November 24, 2009. Final documents as approved by the Board are posted to the BGS Auction web site:

<http://www.bgs-auction.com/bgs.auction.regproc.asp>

¹ New Jersey’s four EDCs are Public Service Electric and Gas Company (“PSE&G”), Jersey Central Power & Light Company (“JCP&L”), Atlantic City Electric (“ACE”) and Rockland Electric Company (“RECO”).

B.2. The Approved BGS Auction Process

The approved BGS Auction Process follows the core elements approved in previous BGS Auctions. The Auction Process will consist of two Auctions, the BGS-CIEP Auction and the BGS-FP Auction. Bidders in each of the BGS-CIEP and BGS-FP Auctions participate in a clock auction where bidders specify in each round a number of tranches they wish to serve for each EDC at prices announced by the Auction Manager. Both customer rates and payments to BGS Suppliers will be determined on the basis of the closing Auction prices.

The 2010 BGS-FP Auction will determine an “all-in” price in ¢/kWh for the supply period June 1, 2010 through May 31, 2013. As in previous years, the MW-measure of each tranche in the 2010 BGS-FP Auction is close to 100 MW of FP Peak Load Share. The BGS-FP Auction will feature EDC-specific load caps as well as a statewide load cap. The BGS-FP Auction will seek offers for the supply of full requirements tranches of about one-third of each EDC’s BGS-FP Load. The BGS-FP Auction will begin on February 8, 2010.

The 2009 BGS-CIEP Auction will determine the CIEP Price in \$/MW-day for the supply period June 1, 2010 to May 31, 2011. The MW-measure of each tranche in the 2010 BGS-CIEP Auction is close to 75 MW. The CIEP line, or peak load level above which customers taking BGS must take BGS-CIEP, remains at 1,000 kW. The BGS-CIEP Auction will feature a statewide load cap of 14 tranches, which determines the maximum number of tranches that a bidder can bid and win statewide. The BGS-CIEP Auction will seek offers for the supply of full requirements tranches of each EDC’s BGS-CIEP Load with payments to suppliers for energy based on a pass through of hourly energy prices. The BGS-CIEP Auction will begin on February 5, 2010, which is one business day earlier than the start date of the BGS-FP Auction.

C. THE EDCS

C.1. Public Service Electric and Gas Company (PSE&G)

(<http://www.pseg.com>)

Public Service Electric and Gas Company (“PSE&G”) is one of the largest combined electric and gas companies in the United States, and is also New Jersey’s oldest and largest publicly owned utility. The Public Service Corporation was formed in 1903 by amalgamating more than 400 gas, electric and transportation companies in New Jersey. It was renamed Public Service Electric and Gas Company in 1948. PSE&G currently serves nearly three quarters of the state’s population in a service area consisting of a 2,600-square-mile diagonal corridor across the state from Bergen to Gloucester Counties.

PSE&G is the largest provider of electric and gas service in New Jersey, with over 1.7 million gas and 2.1 million electric customers in more than 300 urban, suburban and rural communities, including New Jersey’s six largest cities.

C.2. Jersey Central Power & Light Company (JCP&L)

(https://www.firstenergycorp.com/JCP_L/index.html)

Jersey Central Power & Light Company (“JCP&L”) is headquartered in Morristown, New Jersey and provides electric service to over one million residential and business customers within 3,200 square miles of northern and central New Jersey. JCP&L is a member of the FirstEnergy family of companies, and has provided electric service since 1925.

FirstEnergy Corp. is a diversified energy company headquartered in Akron, Ohio having annual revenues of approximately \$13.6 billion. Its subsidiaries and affiliates are involved in the generation, transmission and distribution of electricity, as well as energy management and other energy-related services. Its seven electric utility operating companies – Ohio Edison, The Cleveland Electric Illuminating Company, Toledo Edison, Metropolitan Edison, Pennsylvania Electric, Pennsylvania Power, and Jersey Central Power & Light – comprise the nation’s fifth largest investor-owned electric system, serving 4.5 million customers within 36,100 square miles of Ohio, Pennsylvania and New Jersey; and its generation subsidiaries control more than 14,000 megawatts of capacity.

C.3. Atlantic City Electric (ACE)

(<http://www.atlanticcityelectric.com>)

Atlantic City Electric Company (“ACE”), a subsidiary of Pepco Holdings, Inc., is a regulated utility that provides electric service to more than 547,000 customers in eight counties in southern New Jersey. Its service territory covers approximately 2,700 square miles. ACE previously operated under the trade name Conectiv Power Delivery. For more information on ACE, please consult the web site at the address given above.

C.4. Rockland Electric Company (RECO)

(<http://www.oru.com>)

Rockland Electric Company (“RECO”) is a public utility authorized by the Board of Public Utilities to provide electric service within the northern parts of Bergen and Passaic Counties and small areas in the northeastern and northwestern parts of Sussex County, New Jersey. RECO has offices at 82 East Allendale Road, Suite 8, Saddle River, NJ 07458. RECO provides electric service to approximately 72,000 customers, including 63,000 residential customers.

RECO is a wholly owned subsidiary of Orange and Rockland Utilities, Inc. (“Orange and Rockland”), an electric and gas utility headquartered in Pearl River, NY. RECO, along with Orange and Rockland, and Orange and Rockland’s Pennsylvania subsidiary, Pike County Light & Power Company, operate a fully integrated electric system serving parts of New Jersey, New York, and Pennsylvania.

In March 2002, RECO transferred approximately 400 MW of load, which represents approximately 90% of RECO’s total peak load, to the PJM control area. Only that portion of RECO’s load transferred to PJM will be included in the BGS Auctions. The remainder of RECO’s load is located in the New York Control Area administered by the New York Independent System Operator (“NYISO”) and will not be included in the BGS Auctions.

D. BIDDING PROCESS

D.1. Bidding Day and Bidding Rounds

There will be two Auctions. The BGS-CIEP Auction has four products, each representing the BGS-CIEP Load of an EDC (PSE&G, JCP&L, ACE or RECO) for a term of one year. The BGS-FP Auction has four products, each representing the BGS-FP Load of an EDC for a term of three years.

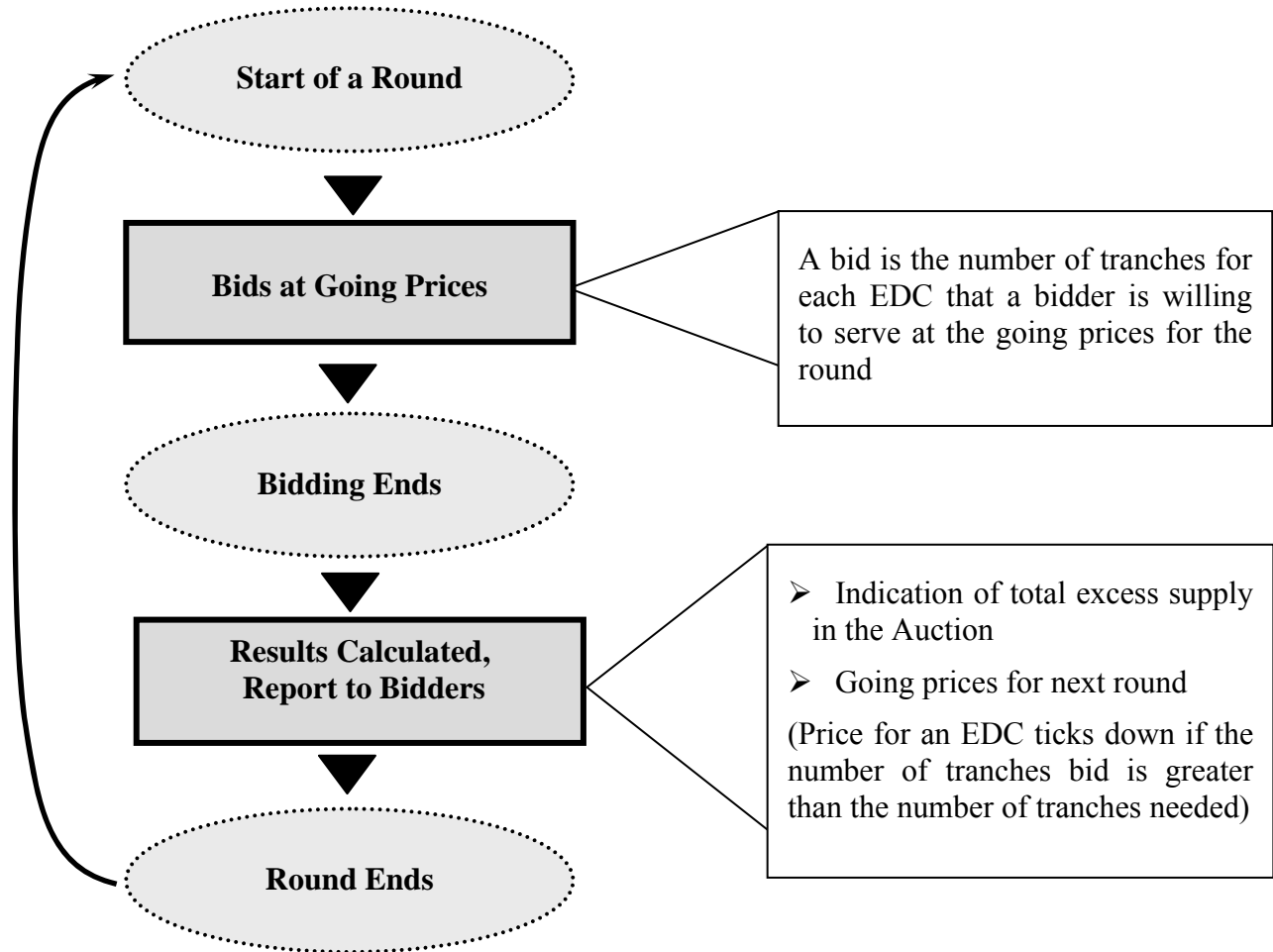
Bidders may participate in either or both of the BGS Auctions. Bidders may bid on one EDC or on many EDCs in a given BGS Auction. Bidding in each BGS Auction is subject to the applicable Auction Rules, found in section C of the FP Auction and CIEP Auction portions of this information packet.

Both the BGS-FP and BGS-CIEP Auctions will be conducted using a multiple round descending clock format. This means that, for each Auction, the Auction Manager will announce a going price for each EDC in each round, and each bidder will provide a number of tranches it is willing to serve at these prices. If an EDC has more tranches bid at the going price than are needed, the Auction Manager will reduce the going price for that EDC in the following round according to the process described more fully in the Auction Rules. Otherwise, the price is not reduced.

Each round has three phases: a bidding phase, a calculating phase, and a reporting phase.

During the bidding phase, bidders provide the number of tranches for each EDC that they are willing to serve at the announced prices. Bidders can revise their bid as many times as they wish when the bidding phase is still open. During the calculating phase, the number of tranches bid for each product is tabulated. On that basis, the prices for the next round are calculated. During the reporting phase, bidders have access to information regarding the round results.

The schematic below shows the progression of a typical round. The schematic applies with the following modification in round 1. In round 1, the going prices are the starting prices for each EDC, which are based on the indicative offers submitted by bidders before the Auction.



Bidding for the two Auctions is separate. The BGS-CIEP Auction starts on February 5, 2010, one business day earlier than the BGS-FP Auction, which starts on February 8, 2010. There will be a number of rounds for each Auction in a given day. To accommodate bidders that are registered to participate in both Auctions, the Auction Manager will strive to prevent overlap in the bidding phases for the two Auctions when bidding in both Auctions is concurrent.

The following is a sample schedule for February 8, 2010, which will be the first bidding day of the BGS-FP Auction and the second bidding day of the BGS-CIEP Auction. As illustrated in the schedule below, the bidding phase in round 1 is automatically extended for the convenience of bidders. This sample schedule assumes that the Auction Manager does not call a time-out for purposes of considering whether to cut back the volume in the first round, and the sample schedule does not take into account extensions or recesses that could be called by bidders.

Sample Schedule for a Bidding Day: Before Lunch

Times	BGS-CIEP	BGS-FP	Times
8:00	Log in Time		8:00
8:05			8:05
8:10			8:10
8:15			8:15
8:20			8:20
8:25			8:25
8:30	Round 11 Bidding	Log in Time	8:30
8:35			8:35
8:40			8:40
8:45			8:45
8:50			8:50
8:55	Round 11 Calculation and Report	Round 1 Bidding	8:55
9:00			9:00
9:05			9:05
9:10			9:10
9:15		Automatic 15-Minute Extension	9:15
9:20			9:20
9:25			9:25
9:30			9:30
9:35			9:35
9:40			9:40
9:45	Round 12 Bidding	Round 1 Calculation and Report	9:45
9:50			9:50
9:55			9:55
10:00			10:00
10:05			10:05
10:10	Round 12 Calculation and Report	Round 2 Bidding	10:10
10:15			10:15
10:20			10:20
10:25			10:25
10:30			10:30
10:35		Round 2 Calculation and Report	10:35
10:40			10:40
10:45			10:45
10:50			10:50
10:55			10:55

Times	BGS-CIEP	BGS-FP	Times	
11:00	Round 13 Bidding	Round 2 Calculation and Report (continued)	11:00	
11:05			11:05	
11:10			11:10	
11:15			11:15	
11:20			11:20	
11:25	Round 13 Calculation and Report		11:25	
11:30			11:30	
11:35			11:35	
11:40			11:40	
11:45			11:45	
11:50			11:50	
11:55	Round 14 Bidding	Round 3 Bidding	11:55	
12:00			12:00	
12:05			12:05	
12:10			12:10	
12:15			12:15	
12:20	Round 14 Calculation and Report	Round 3 Calculation and Report	12:20	
12:25			12:25	
12:30			12:30	
12:35			12:35	
12:40			12:40	
12:45		Lunch	Lunch	12:45
12:50				12:50
12:55				12:55
13:00				13:00
13:05				13:05
13:10	Round 15 Bidding		13:10	
13:15			13:15	
13:20			13:20	
13:25			13:25	
13:30			13:30	
13:35			13:35	
13:40			13:40	
13:45			13:45	

Sample Schedule for a Bidding Day: After Lunch

Times	BGS-CIEP	BGS-FP	Times	Times	BGS-CIEP	BGS-FP	Times				
13:50	Round 15 Calculation and Report	Round 4 Bidding	13:50	16:35	Round 18 Calculation and Report	Round 6 Calculation and Report	16:35				
13:55			13:55	16:40			16:40				
14:00			14:00	16:45			16:45				
14:05			14:05	16:50		16:50					
14:10		Round 4 Calculation and Report	Round 5 Calculation and Report	14:10		16:55	Round 19 Calculation and Report	Round 20 Calculation and Report	16:55		
14:15				14:15		17:00			17:00		
14:20				14:20		17:05			17:05		
14:25				14:25		17:10			17:10		
14:30	Round 16 Bidding			Round 5 Bidding	14:30	17:15			Round 19 Bidding	Round 20 Bidding	17:15
14:35					14:35	17:20					17:20
14:40					14:40	17:25					17:25
14:45					14:45	17:30					17:30
14:50	Round 16 Calculation and Report	Round 5 Bidding	14:50	17:35	Round 19 Calculation and Report	Round 20 Calculation and Report	17:35				
14:55			14:55	17:40			17:40				
15:00			15:00	17:45			17:45				
15:05			15:05	17:50			17:50				
15:10		Round 16 Calculation and Report	Round 5 Calculation and Report	15:10			17:55	Round 19 Calculation and Report	Round 20 Calculation and Report	17:55	
15:15				15:15			18:00			18:00	
15:20				15:20			18:05			18:05	
15:25				15:25			18:10			18:10	
15:30	Round 17 Bidding			Round 5 Calculation and Report	15:30	18:15	Round 20 Bidding			Round 20 Calculation and Report	18:15
15:35					15:35	18:20					18:20
15:40					15:40	18:25					18:25
15:45					15:45	18:30					18:30
15:50	Round 17 Calculation and Report	Round 6 Bidding	15:50	18:35	Round 20 Calculation and Report	Round 20 Calculation and Report	18:35				
15:55			15:55	18:40			18:40				
16:00			16:00	18:45			18:45				
16:05			16:05	18:50			18:50				
16:10		Round 17 Calculation and Report	Round 6 Calculation and Report	16:10			18:55	Round 20 Calculation and Report	Round 20 Calculation and Report	18:55	
16:15				16:15			19:00			19:00	
16:20				16:20							
16:25				16:25							
16:30	Round 18 Bidding		Round 6 Calculation and Report	16:30		Round 20 Calculation and Report	Round 20 Calculation and Report				

D.2. Online Bidding

Bidding in the Auctions is done online. The Auction Software allows the bidder to submit bids, view Auction results, and exchange secure messages with the Auction Manager. Each bidder will receive a Login ID and password to access the Auction(s) in which it is registered to participate. At first login, bidders will be required to change their passwords and then to accept the terms of the Auction Software by clicking on “Accept” in the web browser. The terms and conditions of access to the Auction Software are provided in section D.5. below.

A bid is the number of tranches that a bidder is willing to serve for each product in the Auction. To submit a bid, the bidder selects a number of tranches for each product from a pull-down menu. The bidder may be asked for additional information, such as switching priorities and exit prices. The Auction Software checks that the bid conforms to the Auction Rules. For example, as explained in the Auction Rules, eligibility – the maximum number of tranches a bidder can bid in a given round – can never increase from the prior round. The Auction Software will preclude the bidder from submitting a bid that would exceed the bidder’s eligibility in any given round.

If a bidder submits a bid that would decrease the bidder’s eligibility, the Auction Software warns the bidder of the impending eligibility reduction. If the bidder wants to proceed with a lower eligibility, the bidder will be asked to enter a last and best offer for the tranches that the bidder will no longer be bidding. Last and best offers are called exit prices. An exit price for tranches withdrawn from a given product is a price less than or equal to the previous going price and greater than the current going price for that product.

If a bidder requests to decrease the number of tranches bid on one product while increasing the number of tranches bid on two or more other products (“switching”), the bidder will be asked to enter switching priorities (as described in the Auction Rules). Bidders cannot switch between products in one Auction (e.g., BGS-CIEP Load for one EDC) and products in the other Auction (e.g., BGS-FP Load for the same EDC or another EDC).

Once the bidder has submitted a bid that conforms to the Auction Rules, including any exit price and/or switching priority information, the bidder is asked to verify the bid. As long as the bidding phase of the round is open, a bidder may change its bid. To be valid, a bid must be submitted and verified in the bidding phase and processed by the Auction Software. The last valid bid by the bidder in the round becomes a firm offer to supply that cannot be rescinded.

A bidder may request an extension to extend the bidding phase by fifteen minutes. The bidding phase of the first round is extended automatically for the convenience of bidders and bidders cannot further extend the bidding phase of round 1. A bidder is allowed three extensions during the course of the Auction. If a bidder has not already used its three extensions, that bidder is automatically deemed to have requested an extension when the bidder has not submitted a bid by the scheduled end of the bidding phase. A bidder who does not submit a bid during the bidding phase or its extension will be assigned a default bid (see the BGS-FP or the BGS-CIEP Auction Rules). It is the responsibility of the bidder to ensure that bids are submitted on time. A bidder can lose the ability to bid in all future rounds by failing to bid during the bidding phase of a round or during its extension.

The calculating phase of the round begins after the bidding phase ends. In this phase, the Auction Manager determines the going prices for the next round. The price for a product will tick down if the total number of tranches bid for the product is greater than the number of tranches needed for that product. During the calculating phase, bidders cannot submit bids and they do not yet have access to the current round results.

The reporting phase begins when the Auction Manager publishes the results. Bidders are given an indication of the total excess supply remaining in the Auction and are told the going prices for the next round. In addition, the Auction Manager reports privately to each bidder the results of its previous bid. For example, if a bidder has withdrawn tranches from the Auction, the Auction Manager reports to this bidder, and only to this bidder, whether any of the withdrawn tranches were retained. Round results can be viewed at any point during the Auction. Results for a given round remain available during subsequent rounds.

D.3. Backup Bidding Procedure

A backup procedure has been put in place for cases when the bidders encounter difficulties in accessing the Auction server or using the Auction Software.

Faxing bids is the primary method of backup bidding for the BGS Auctions. The Auction Manager will design a backup bid form for each of the BGS-FP and the BGS-CIEP Auctions. The backup bid forms will be available in Microsoft Word format and Microsoft Excel format. If only Internet access has failed, the bidder can use a computer to fill out the backup bid form. Otherwise, the backup bid form can be filled out by hand and then faxed to the Auction Manager.

When the Auction Manager receives the backup bid form, a member of the Auction Manager Team will log in to the Auction Software and enter the bid on behalf of the

bidder. Bidders will receive a backup bid verification via fax that consists of a printout of the bid verification screen of the Auction Software.

In the unlikely event that both the Auction Software and the fax backup are not accessible, bidders can place bids by phone.

D.4. Recommendations for Technical Preparedness

The following is a list of recommendations for technical preparedness. Adhering to this list of recommendations will ensure that bidders reduce the probability of experiencing technical difficulties during the BGS Auctions and of having to resort to the backup bidding procedure. We believe that the following small precautions and the recommended additional equipment will help bidders prevent most common problems.

Recommendation 1: Meet the System Requirements to Submit Bids Online

The minimum system requirements are:

- A standard PC-compatible computer running Windows 2000, Windows XP, Windows Vista, or Windows 7;
- An Internet connection;
- A supported web browser.

The following web browsers are supported by the Auction Software: Internet Explorer 7, Internet Explorer 8, Firefox 3.0, Firefox 3.1, Firefox 3.5, Safari 4, and Chrome 2. If you use a web browser that is not in this list of supported web browsers, the Auction Software may not function properly.

Please use the following instructions to check the web browser and version number currently installed on the computer that you will use for bidding in the Auctions:

- Internet Explorer: Open Internet Explorer, select “Help” and then select “About Internet Explorer.” A dialog box will open that will indicate the version number of the browser. If you do not have a supported version of Internet Explorer on your computer, you may download Internet Explorer 8.0 from:

<http://www.microsoft.com/windows/products/winfamily/ie/default.aspx>

- Mozilla Firefox: Open Mozilla Firefox, select “Help” and then select “About Mozilla Firefox.” A dialog box will open that will indicate the version number of the browser. If you do not have a supported version of Mozilla Firefox on your computer, you may download Mozilla Firefox 3.5 from:

<http://www.mozilla.com/en-US/products/download.html>

- Safari: Click on Safari in your Safari menu, located at the top of your screen. A drop-down menu will now appear. Choose the option labeled “About Safari.” A dialog box will now appear containing the browser's version number. If you do not have a supported version of Safari on your computer, you may download Safari 4 from:

<http://www.apple.com/safari/download/>

- Chrome: Open your Google Chrome web browser. Click the wrench menu. Select “About Google Chrome.” A dialog box will now appear containing the browser's version number. If you do not have Chrome 2, please use another supported web browser instead.

Recommendation 2: Stay Reachable

The Auction Manager Team will rely on the contact information provided through the Auction Software to reach you during each day of the Auctions. Up-to-date contact information for the lead member of your bidding team should be entered in the Auction Software and updated as often as needed. The Auction Software will also allow you to enter contact information for a second member of your bidding team and allow you to enter an alternative telephone number and a cell phone number. We strongly encourage you to provide this information and to be reachable at all times during the BGS Auctions.

The Auction Manager Team will email the schedule and fax any official correspondence to the Authorized Representative named in the Part 1 Application. Before the Trial Auction, bidders will be asked to confirm contact information for their Authorized Representative. If the contact information for the Authorized Representative changes during the course of the BGS Auctions, bidders should send a fax with the new information on the day prior to the bidding day for which the change is effective.

Recommendation 3: Be Prepared to Bid from Two Separate Locations

We recommend that at least two bidding team members in different geographical locations, or at least in different building premises, have access to the Confidential

Information (Login ID, password, code keys, etc.) required to bid. We remind you, however, that your Authorized Representative is the person responsible for handling Confidential Information and is the only person authorized to distribute this Confidential Information to other authorized personnel for the bidder. We recommend that at each location, one computer be used strictly for bidding. Having two bidding locations will reduce the likelihood that telecommunications, hardware, power, or other disruptions affecting a particular geographical region will affect your participation in the Auctions.

Recommendation 4: Have a Backup Method for Connecting to the Internet

We recommend that not all computers that could be used for bidding in the BGS Auctions rely on a single Internet provider. We recommend that you have primary access to the Internet through your company's usual means (e.g., your company's network), and that you also have secondary access through an alternative provider, such as a wireless connection. This alternative Internet connection should be a connection that does not go through your company's network.

Recommendation 5: Have a Laptop with Charged Batteries and Internet Access

We recommend that each bidding team in a given geographical location have a laptop enabled to connect to your company's Internet and alternative Internet connection. We recommend that this laptop have charged batteries at all times.

Recommendation 6: Dedicate a Fax Machine for the Purpose of Backup Bidding

The backup bidding procedure will be fax-based. We recommend that all bidders have a fax machine dedicated to backup bidding. Consistent with the recommendations above, we suggest that at least two bidding team members in different locations have fax capability on different phone lines to minimize the risk of telecommunications, hardware, or power disruptions affecting your participation in the BGS Auctions. We recommend that bidders store the backup bidding fax number in the fax machine memory and program the automatic header and footer of the fax with their company name, the name of a member of the bidding team, and a contact telephone number. We encourage bidders to use the function on their fax machines that confirms that a fax has been sent.

Recommendation 7: Dedicate a Phone Line for Participation in the BGS Auctions

We recommend that bidders have a dedicated phone at each bidding location for second-level backup bidding and for calling the help line. This will ensure that you can contact the Auction Manager Team and that the Auction Manager Team is always able to contact you.

Recommendation 8: Keep Confidential Information Close at Hand

We encourage bidders to have the Internet addresses for bidding in BGS Auctions, the backup Internet addresses (to be used only in the event of a server failure), the fax number used for backup bidding, the code keys, Login IDs, passwords, and the contact number for technical assistance in an accessible but safe location. This information will be provided to your Authorized Representative in the Confidential Information packet.

Recommendation 9: Synchronize Clock to the Official Auction Time

Accurate timekeeping is very important to bidders, as they are responsible for submitting bids on time. The time of the Auction Software is the official time of the BGS Auctions. We recommend synchronizing a clock to the Auction Software to ensure accurate timekeeping.

D.5. Terms and Conditions of Access to the Auction Software

The following auctions (“Auctions”) are being conducted under the auspices of the New Jersey Board of Public Utilities (as more fully described in Docket No. EO09050351; In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2010): (1) an auction by which all EDCs will secure supply to meet their Commercial and Industrial Energy Pricing Basic Generation Service (“BGS-CIEP”) load for a period of one year, and (2) an auction by which all of the EDCs will secure supply to meet their Fixed Price Basic Generation Service (“BGS-FP”) load for a period of three years, in each case for a period beginning June 1, 2010. For the sake hereof the term “EDC” refers to the following electric distribution companies: Atlantic City Electric Company (“ACE”), Jersey Central Power & Light Company (“JCP&L”), Public Service Electric and Gas Company (“PSE&G”) and Rockland Electric Company (“RECO”).

The Auctions are being conducted using the Optimal Auctions, Inc. (hereinafter referred to as “Optimal Auctions”) software and the documentation therefore, including any bidder or administrative manuals (the software and the documentation together, “Application”). Bidders in the auction shall have no right to access or use any administrative manual.

The Application may be accessed and used only by individuals or organizations who have agreed to the following limited license agreement governing access to and use of the Application.

END USER; LICENSEE. The term “End User” refers to each individual who accesses or uses the Application or any part thereof, whether for his or her own account or as the employee, officer or agent of another person or organization. The term “Licensee” refers to any End User who is accessing or using the Application for his or her own account or to any person or organization on whose behalf an End User is acting. Agreement to these terms and conditions (“Terms”) by an End User who is the employee, officer or agent of a Licensee includes a representation and warranty that the Licensee has full power and authority to agree to the Terms and that the End User’s agreement to the Terms has been duly authorized by all necessary action on the part of the Licensee.

INTELLECTUAL PROPERTY. The Application is the copyrighted work of Optimal Auctions, a Delaware corporation, all rights reserved. By accessing and using the Application, Licensee acquires no right or license in the Application or in any element of the Application or any trademarks included therein other than the limited rights expressly granted in this agreement.

LIMITED LICENSE. Effective upon Licensee’s acceptance of the Terms, Optimal Auctions grants Licensee a personal, non-exclusive, nontransferable license to use the Application or the applicable part thereof. In the case of software, the license is to use the Application in object code format only for the sole purpose of preparing, analyzing and submitting bids in one or more Auctions.

RESTRICTIONS ON USE. Licensee may not use the Application or any element of the Application for illegal purposes or in any manner that is inconsistent with the terms and conditions of this agreement.

The Application is for Licensee’s personal use only in connection with Licensee’s participation in one or more Auctions. Licensee may not permit any third party to use the

Application, offer any element of the Application for sale, or license, sublicense or redistribute the Application in any format to anyone.

Licensee may not copy, distribute, store, modify, reverse engineer (either by using the Application to create benchmarking or incremental output information or otherwise), decompile, disassemble, create derivative works from, reproduce, or print the Application.

COMPLIANCE WITH LAW. The web site from which the Application is being made available and through which the Licensee is participating in the Auctions (the “Auction Site”) may be used only for lawful purposes. Neither Licensee nor End Users may use the Auction Site in order to transmit, distribute or store material (a) in violation of any applicable law, (b) in a manner that will infringe the copyright, trademark, trade secret or other intellectual property rights of others or the privacy, publicity or other personal rights of others, or (c) that is obscene, threatening, abusive or hateful.

SECURITY. Licensee and End Users are prohibited from violating or attempting to violate the security of the Auction Site or the Application, including, without limitation, (a) accessing data not intended for such Licensee or End User or logging into a server or account which such Licensee or End User is not authorized to access, (b) attempting to probe, scan or test the vulnerability of a system or network or to breach security or authentication measures without proper authorization, (c) attempting to interfere with service to any user, host or network, including, without limitation, via means of overloading, ‘flooding’, ‘mailbombing’ or ‘crashing’, (d) forging any TCP/IP packet header or any part of the header information in any e-mail or newsgroup posting, or (e) taking any action in order to obtain services to which such Licensee or End User is not entitled.

DISCLAIMERS AND NOTICES. Licensee agrees that Licensee’s use of the Application and each element of the Application is at Licensee’s sole risk and acknowledges that the Application is provided on an “AS IS” basis without warranty of any kind. Without limiting the foregoing, to the maximum extent permitted by law:

- OPTIMAL AUCTIONS AND EACH PERSON OR ORGANIZATION INVOLVED IN THE ADMINISTRATION OF THE AUCTION USING THE APPLICATION, INCLUDING, WITHOUT LIMITATION, NATIONAL ECONOMIC RESEARCH ASSOCIATES, INC. (“NERA”) AND ANY DIRECTORS, OFFICERS, EMPLOYEES OR REPRESENTATIVES OF OPTIMAL AUCTIONS, NERA OR OTHER SUCH ORGANIZATIONS, (EACH, AN “ADMINISTRATOR”) HEREBY DISCLAIM ALL WARRANTIES AND CONDITIONS WITH REGARD TO THE APPLICATION, WHETHER IMPLIED OR STATUTORY, INCLUDING ALL IMPLIED WARRANTIES AND CONDITIONS OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND ORIGINALITY, AND ALL WARRANTIES ARISING OUT OF COURSE OF PERFORMANCE, COURSE OF DEALING AND USAGE OF TRADE OR THEIR EQUIVALENTS UNDER THE LAWS OF ANY JURISDICTION.
- Neither Optimal Auctions nor any Administrator guarantees that the functioning of the Application will be uninterrupted or error-free or that any defects in the Application will be corrected.
- Licensee assumes the entire risk of any use made of the Application and has full responsibility for any decisions in which any element of the Application may be used or relied upon.

CONFIDENTIALITY

The Application, including the algorithms, sequence, structure, organization, user interface, source and object code of the software and the documentation, are or include trade secrets of Optimal Auctions. Licensee agrees not to divulge any such trade secrets which Licensee learns of through its use of the Application. This confidentiality obligation shall not extend to a trade secret that (i) is or becomes (through no fault of Licensee) generally available to the public, as of the date it becomes available, (ii) was in Licensee's possession or known by it without restriction imposed by Optimal Auctions prior to accessing or using the Application, (iii) was rightfully disclosed to Licensee by a third party not under a restriction of confidentiality with respect to such trade secret, (iv) was independently developed by employees of Licensee (other than employees who have been granted access to Optimal Auctions' trade secrets) without use of or reference to any trade secret of Optimal Auctions; or (v) the disclosure of which is required by law.

LIMITATION OF LIABILITY.

IN NO EVENT IS OPTIMAL AUCTIONS OR ANY ADMINISTRATOR LIABLE FOR ANY INDIRECT, PUNITIVE, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE APPLICATION OR ANY DELAY OR INABILITY TO USE THE APPLICATION, WHETHER BASED ON CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE, EVEN IF OPTIMAL AUCTIONS OR ANY OTHER PERSON HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

IN NO EVENT MAY THE TOTAL LIABILITY OF OPTIMAL AUCTIONS OR ANY ADMINISTRATOR, IN EACH CASE TOGETHER WITH THE DIRECTORS, OFFICERS, EMPLOYEES OR REPRESENTATIVES THEREOF, TO LICENSEE OR ANY END USER FOR ANY DAMAGES, LOSSES OR CAUSES OF ACTION, WHETHER IN CONTRACT, TORT OR OTHERWISE, EXCEED THE AMOUNT PAID BY LICENSEE, IF ANY, FOR USING OR ACCESSING THE APPLICATION.

NO ACTION, REGARDLESS OF FORM, ARISING OUT OF OR PERTAINING TO THE APPLICATION OR THE TERMS OF THIS AGREEMENT MAY BE BROUGHT AGAINST OPTIMAL AUCTIONS OR ANY ADMINISTRATOR BY OR ON BEHALF OF LICENSEE OR ANY END USER MORE THAN SIX MONTHS AFTER THE EVENT OCCURRED THAT GAVE RISE TO THE CAUSE OF ACTION.

CHOICE OF LAW; JURISDICTION. This agreement is governed by and must be construed in accordance with the laws of the State of New York, U.S.A., applicable to agreements among residents of New York, made and to be performed within New York. Licensee hereby consents to the exclusive jurisdiction and venue of courts in New York, New York, U.S.A. in all disputes relating to this agreement.

INTERPRETATION. If any part of this agreement is determined to be invalid or unenforceable pursuant to applicable law including, but not limited to, the warranty disclaimers and liability limitations set forth above, then the invalid or unenforceable provision is deemed superseded by a valid, enforceable provision that most closely matches the intent of the original provision, and the remainder of the agreement continues in effect. This agreement constitutes the entire agreement between Licensee and Optimal Auctions with respect to Licensee's access to and use of the Application in connection with the Auction.

If you find the foregoing terms and conditions acceptable, please signify Licensee's agreement to these terms and conditions by clicking in the box below. This will create an agreement between Licensee and Optimal Auctions pursuant to which End Users, acting on behalf of Licensee, may access and use the Application in connection with one or more Auctions.

 Accept

Licensee AGREES to the foregoing terms and conditions governing all access to and use of the Application by or on behalf of Licensee.

or

 Refuse

Licensee does NOT AGREE to the foregoing terms and conditions. If Licensee does not agree to these terms and conditions, Licensee shall not be able to access or use the Application.

E. APPLICATION PROCESS

The Application Process is in two parts. The Part 1 Application, in which Applicants submit basic information and financial statements, is due on December 15, 2009. The Part 2 Application, in which Applicants present indicative offers and submit financial guarantees, is due on January 12, 2010. This section presents:

- An overview of each of the Part 1 and the Part 2 Application process;
- A guide to the Application Forms;
- The sample Pre-Auction Letter of Credit that Applicants submit with their Part 2 Application, including approved modifications to the sample form;
- Other credit instruments that Applicants may use to submit additional financial guarantees with their Part 2 Application.

E.1. Part 1 Application

Applicants use the Part 1 Application Form to provide information required by the Part 1 Application process. Four original hardcopy Part 1 Application Forms are required on December 15, 2009, as indicated in the timeline below.

Table E-1. Timeline for Part 1 Application.

Event	Date
Final Part 1 Application Form is posted	Thursday, October 15, 2009
Deadline to submit Part 1 Application due by NOON	Tuesday, December 15, 2009
Part 1 Applications are reviewed	December 15 - 18, 2009
Applicants are notified of Part 1 Application Results	Friday, December 18, 2009

The Part 1 Application Form requirements are summarized below. The Applicant provides:

- Basic information such as the Applicant's legal name and place of incorporation;

- Name and contact information for an Authorized Representative, a Credit Representative, and a Legal Representative in New Jersey;
- Financial information, including financial statements and credit ratings.

The Applicant also undertakes to maintain the confidentiality of information provided by the BGS Auction Manager during the course of the Part 1 Application process.

The Authorized Representative represents the Applicant in the Auctions for which the Applicant is applying. The Authorized Representative:

- Receives all documentation related to the Auctions;
 - Notifications from the BGS Auction Manager
 - Auction procedures manuals
 - Confidential information required to submit bids
- Is the only person authorized to distribute Auction procedures manuals and confidential information to other representatives of the Applicant;
- Is the only person authorized to designate a person other than him/herself to submit bids in the Auction.

The integrity of the Auction Process depends upon each Authorized Representative safeguarding confidential information and passwords used in the Auctions. The Authorized Representative must ensure that only authorized persons act on behalf of the Applicant in the Auction Process.

If the Applicant is applying to participate in both Auctions, the Authorized Representative may designate a Delegate for one of the Auctions. The Delegate serves as the Applicant's contact for the specified Auction while the Auction is in progress and regarding the Applicant's indicative offer in its Part 2 Application.

An Applicant that has successfully completed the Part 1 Application is a "Qualified Bidder." Only Qualified Bidders may submit Part 2 Applications.

E.2. Part 2 Application

General

Applicants use the Part 2 Application Form to provide information required by the Part 2 Application process. Four original hardcopy Part 2 Application Forms are required on January 12, 2010, as indicated in the timeline below.

Table E-2. Timeline for Part 2 Application.

Event	Date
Draft Part 2 Application Form is posted	Thursday, October 15, 2009
Final Part 2 Application Form is posted	Friday, November 13, 2009
Deadline to submit Part 2 Application due by NOON	Tuesday, January 12, 2010
Part 2 Applications are reviewed	January 12 - 20, 2010
Applicants are notified of Part 2 Application results	Wednesday, January 20, 2010

The Part 2 Application requirements are summarized below. The Applicant:

- Undertakes to maintain the confidentiality of information relating to its bidding strategy and to the Auction Process;
- Agrees that its bids in the Auction will be binding and irrevocable offers;
- Submits indicative offers at the maximum and minimum starting prices;
- Submits financial guarantees in proportion to its indicative offer at the maximum starting price.

All Applicants submit a Pre-Auction Letter of Credit (or Bid Bond). In the 2010 BGS Auction Process, potential bidders had an opportunity to provide comments on the sample Pre-Auction Letter of Credit. The final Pre-Auction Letter of Credit has not changed from the 2009 Auctions. This final version, along with a list of acceptable modifications, is provided later in this section.

A Qualified Bidder that has successfully completed the Part 2 Application is a “Registered Bidder.” Only Registered Bidders may submit bids at the Auction.

Eligibility

The number of tranches in the indicative offer at the maximum starting price that an Applicant has financially guaranteed with its Part 2 Application determines the bidder’s initial eligibility. **A bidder will never be able to bid on more tranches than its initial eligibility.** It is therefore important for Applicants to present as their indicative offers at the maximum starting price the maximum number of tranches that they would be willing to supply.

BGS-CIEP Auction Indicative Offer

An Applicant will be required to provide an indicative offer at both the minimum starting price and the maximum starting price. The BGS-CIEP indicative offer at the maximum starting price cannot be fewer than 2 tranches.

Example 1.		
CIEP Price (\$/MW-day)		BGS-CIEP Indicative Offer (number of tranches)
Minimum Starting Price	\$275.00	(a) 2 <i>This number cannot exceed the BGS-CIEP statewide load cap of 14 tranches.</i>
Maximum Starting Price	\$340.00	(b) 8 <i>This number cannot exceed the BGS-CIEP statewide load cap of 14 tranches.</i>

The Applicant has indicated that it would be willing to supply 8 tranches of BGS-CIEP load at the maximum starting price of \$340.00/MW-day. Therefore, should the Applicant be registered to bid in the BGS-CIEP Auction, its initial eligibility will be 8 tranches and it will not be able to bid more than a total of 8 tranches in the first or in any round of the BGS-CIEP Auction. However, should the Qualified Bidder be registered to bid in the BGS-CIEP Auction, it will be able to bid any number of tranches less than or equal to 8 tranches, including 0 tranches, in the first round of the BGS-CIEP Auction.

BGS-FP Auction Maximum Preliminary Interest

An Applicant is required to provide a BGS-FP indicative offer at the minimum starting price and at the maximum starting price. A BGS-FP indicative offer cannot exceed the BGS-FP statewide load cap. There is no minimum on the BGS-FP indicative offer.

Applicants in the BGS-FP Auction are required to provide preliminary interests in each EDC. An Applicant's preliminary interest in an EDC:

- Cannot exceed the load cap for that EDC; and
- Cannot exceed the Applicant's indicative offer at that price.

Example 2.			
Suppose that the Applicant completes the preliminary interest table as follows:			
Minimum and Maximum Starting Prices (¢/kWh)		13.0¢	16.0¢
PSE&G	EDC load cap: 13 Tranche Target: 28	(c1) 5	(d1) 9
JCP&L	EDC load cap: 8 Tranche Target: 18	(c2) 2	(d2) 5
ACE	EDC load cap: 3 Tranche Target: 7	(c3) 0	(d3) 3
RECO	EDC load cap: 1 Tranche Target: 1	(c4) 1	(d4) 1

Suppose that a Qualified Bidder submits an indicative offer of 15 tranches at the maximum starting price and 5 tranches at the minimum starting price. The indicative offer at each price does not exceed the statewide load cap (20). At the maximum starting price, the Qualified Bidder indicates its preliminary maximum interest in each EDC as:

- 9 tranches of PSE&G
- 5 tranches of JCP&L
- 3 tranches of ACE
- 1 tranche of RECO

The EDC load cap for a product restricts the number of tranches that the Qualified Bidder may indicate for that product. For example, the Qualified Bidder cannot indicate more than 8 tranches for JCP&L because this product has an EDC load cap of 8 tranches. Similarly, the Qualified Bidder cannot indicate more than 3 tranches of ACE because this product has an EDC load cap of 3 tranches. The sum of the preliminary maximum interests at the maximum starting price ($9 + 5 + 3 + 1 = 18$) can and does exceed the amount of the indicative offer at the maximum starting price (15).

As its preliminary maximum interest in each EDC at the minimum starting price, the Qualified Bidder submits:

- 5 tranches of PSE&G
- 2 tranches of JCP&L
- 0 tranches of ACE
- 1 tranche of RECO

Again, the number of tranches indicated for each product is at or below the EDC load cap for each EDC and at or below the indicative offer at the minimum starting price (5). The sum of the preliminary maximum interests at the minimum starting price ($5 + 2 + 0 + 1 = 8$) can and does exceed the amount of the indicative offer at the minimum starting price (5).

E.3. Correspondence

Acknowledgments

Receipt of all Part 1 and Part 2 Applications will be confirmed on the day they are received. A confirmation of receipt will be faxed to the Authorized Representative after an initial review, either with a confirmation that the Application is being considered, or with a deficiency notice (see below). **Applicants should always expect a fax within 24 hours of an Application being submitted and should contact the BGS Auction Manager if a fax is not received.** The fax number provided to the BGS Auction Manager should be secure and should be readily accessible to the Authorized Representative.

Deficiency Notices

If an Application is deficient or incomplete, Applicants generally have until noon on the Application Date, or until 6:00 p.m. on the business day following the business day during which a deficiency notice is faxed by the BGS Auction Manager, whichever comes later, to respond to a deficiency notice. Applicants are given two business days to respond to a deficiency notice regarding pre-auction security. If an Applicant does not correct or adequately explain the deficiency within the time allowed, its Application may be rejected.

Notifications

If an Applicant becomes a Qualified Bidder for one or both Auctions, the BGS Auction Manager will send a Notification of Qualification for each Auction. The Notification(s) of Qualification will include instructions that detail the pre-auction security that the Applicant will be required to post when it submits its Part 2 Application. If an Applicant becomes a Registered Bidder for one or both Auctions, the BGS Auction Manager will send a Notification of Registration for each Auction.

E.4. User's Guide to the Forms

The Part 1 and Part 2 Application Forms are provided in this section, along with helpful notes and hints. When completing these application materials:

- Please be sure to read the instructions for each section of each Application Form carefully and thoroughly. **Please complete all sections. Unless specifically designated as “optional”, all fields are required.**
- Please note that **four originals** of the completed Part 1 and Part 2 Application Forms **with original signatures** must be enclosed with each Application for the submission to be considered complete.
- Please note that the Applicant's **full legal name** must be entered in the field at the **top of each page**.
- If the Applicant is unable to provide any of the documents or information required by the Part 1 or Part 2 Application Form, the Applicant must fully explain the omission in the “Justification of Omissions” section (Section 1.16 in the Part 1 Application Form and Section 1.7 in the Part 2 Application Form).

←
Name of Applicant

PART 1 APPLICATION FORM
PART 1 APPLICATION DATE: December 15, 2009

This Part 1 Application Form is the application form to become a Qualified Bidder in the New Jersey Basic Generation Service Fixed Price ("BGS-FP") Auction, or the New Jersey Basic Generation Service Commercial and Industrial Energy Pricing ("BGS-CIEP") Auction, or both.

Before completing this Part 1 Application Form, please review both the Auction Rules and the Supplier Master Agreement for the auction(s) for which you are applying (the BGS-FP Auction, or the BGS-CIEP Auction, or both) so that you understand the conditions under which the BGS Auctions will be conducted. Please see the Final BGS-FP Auction Rules and Final BGS-CIEP Auction Rules, which are posted at <http://www.bgs-auction.com/bgs.bidinfo.ar.asp> when they become available, and the Final BGS-FP Supplier Master Agreement and Final BGS-CIEP Supplier Master Agreement, which are posted at <http://www.bgs-auction.com/bgs.bidinfo.cc.asp> when they become available.

By completing and signing this Part 1 Application Form, you agree to the Auction Rules [see Docket No. EO09050351] for the auction(s) for which you are applying, and agree to accept the provisions contained in the Supplier Master Agreement for the services that you are applying to provide (BGS-FP, or BGS-CIEP, or both) [see Docket No. EO09050351].

Any information in this application will be provided on a confidential basis to the BGS Auction Manager Team, and representatives from the New Jersey Board of Public Utilities ("Board"). Any information that you provide in this application, except for information regarding bidding agreements provided in Section 1.11 or Section 1.14, will be provided on a confidential basis to a committee of the Electric Distribution Companies ("EDCs"). If you become a Qualified Bidder for an auction, your name will be provided to other Qualified Bidders for that auction on a confidential basis and you will be provided with a list of names of other Qualified Bidders participating in that auction. As part of this application, you are required to certify that you will keep this list of Qualified Bidders confidential.

*Please enter the Applicant's **full legal name** in the field at the **top of each page**. This name is the name in Section 1.1 in the Part 1 and Part 2 Application Forms, as well as in all pre-auction security documents.*

Name of Applicant

INSTRUCTIONS FOR APPLICATION

There are two parts to the application process.

Applicants submit the Part 1 Application Form and all documents required therein to become Qualified Bidders for the BGS-FP Auction, or for the BGS-CIEP Auction, or for both auctions. Qualified Bidders for each auction may submit the Part 2 Application Form, in which they will make certifications regarding Associations and the handling of Confidential Information, submit indicative offers, and post Pre-Auction Security to become Registered Bidders.

This Part 1 Application Form must be used to apply to become a Qualified Bidder for the BGS-FP Auction, or for the BGS-CIEP Auction, or for both auctions. **Please complete all Sections. Unless specifically designated as "optional", all fields are required.** If a Section does not pertain to the auction for which you are applying, you will be required to check a box and move on to the next Section.

I. Application Submission

To become a Qualified Bidder for the BGS-FP Auction, or for the BGS-CIEP Auction, or for both auctions, Applicants must:

- Submit **four original** completed Part 1 Application Forms (with **original signatures**);
- Submit **one copy** of documents required to support the application as specified in Appendix A; and
- Manually insert the name of the Applicant **on every page** of the Part 1 Application Form.

The completed Part 1 Application MUST be received by the BGS Auction Manager no later than 12:00 p.m. (noon) EST¹ on December 15, 2009 at:

BGS Auction Manager Team
One Gateway Center, Suite 720
Newark, NJ 07102

Inquiries may be directed to the BGS Auction Manager by:

- telephone (973) 297-0880
- fax (973) 297-0246
- through the "Ask a Question" page on the web site at <http://www.bgs-auction.com/bgs.contactus.asp>

Photocopies and facsimiles of completed forms will not be accepted under any circumstances. It is in your interest to seek independent legal and financial advice before deciding to participate in one or both of these auctions.

¹ Unless noted otherwise, all times refer to the Eastern Standard Time (EST) zone.

Please note that **four originals** of the completed Part 1 Application Form with **original signatures** must be enclosed with each Application for the submission to be considered complete.

Name of Applicant

II. Application Review

Confirmation

If your Part 1 Application is received by post, a confirmation consisting of a photocopy of the first page of your application stamped with the time and the date that it was received will be faxed to your Authorized Representative. This confirmation of receipt will be faxed after an initial review, either with a confirmation that your application is complete, or with a deficiency notice (see below). If your Part 1 Application is hand-delivered, a confirmation consisting of a photocopy of the first page of your application stamped with the time and the date that it was received will be provided to the deliverer.

Incomplete Applications

If your Part 1 Application is incomplete or requires clarification, the BGS Auction Manager will send a deficiency notice to your Authorized Representative by fax. You will have until noon on the Part 1 Application Date, or until 6:00 p.m. on the business day following the business day during which a deficiency notice is faxed to you, whichever comes later, to respond. If you do not correct or adequately explain the deficiency within the time allowed, your Part 1 Application may be rejected and you may be unable to participate in the BGS-FP Auction, or the BGS-CIEP Auction, or both. One copy of your Part 1 Application and all supporting documents pertaining only to the auction for which your application is rejected will be returned to you.

Late Applications

No late Part 1 Applications will be accepted under any circumstances.

Notification of Qualification

If you become a Qualified Bidder for the BGS-FP Auction, or for the BGS-CIEP Auction, or for both auctions, the BGS Auction Manager will send a Notification of Qualification for each auction to your Authorized Representative by fax no later than three business days after the Part 1 Application Date. The Notification of Qualification will also be sent to your Authorized Representative by overnight delivery service. The Notification of Qualification will include instructions that detail the Pre-Auction Security that you will be required to post when you submit your Part 2 Application to become a Registered Bidder in the BGS-FP Auction or the BGS-CIEP Auction.

Name of Applicant

PART 1 APPLICATION FORM

1.1 Basic Applicant Information

Name of Applicant

Legal Name of Applicant (If Different from Above)

Place of Incorporation (If Applicable)

State

Federal Tax I.D.

D&B DUNS #

Please State Whether the Applicant Is a Corporation, Partnership, etc.

Years in Business

URL for Applicant's Web Site

Please Indicate for Which Auction(s) You Are Applying (FP / CIEP / Both)

Is the legal or trade name provided above for the Applicant expected to change from now until the Board renders a decision on the results of the BGS-FP Auction or the BGS-CIEP Auction (whichever comes later)?

Yes No

If NO, please proceed to Section 1.2.

If YES, please provide the following information.

New Name of Applicant

Expected Date of Name Change

Please be advised that if the Applicant becomes a Qualified Bidder, the Applicant will be required to notify the BGS Auction Manager when the change to its name, as disclosed above, has been effected, and to provide evidence of the change. The Applicant is also required to advise the BGS Auction Manager if the change to the Applicant's name, as disclosed above, does not occur on the expected date.

Name of Applicant

1.2 Authorized Representative

The Authorized Representative is authorized to represent the Applicant in the auction or auctions for which the Applicant is applying. The Authorized Representative is the only person authorized to designate a person other than himself or herself to submit bids in the BGS-FP Auction, or the BGS-CIEP Auction, or both. If the Applicant is applying to participate in both auctions, and **only if the Applicant is applying to participate in both auctions**, the Authorized Representative may designate a Delegate for one of the auctions (see Section 1.15 of this application form). The Delegate serves as the Applicant’s contact for the specified auction while the auction is in progress and regarding the Applicant’s indicative offer in its Part 2 Application. Notwithstanding the designation of a Delegate, before the auctions take place, the Authorized Representative will receive all documentation related to the auction or auctions for which the Applicant becomes a Registered Bidder, including auction procedures manuals and confidential information required to submit bids in the trial auction and in the auction or auctions themselves. The Authorized Representative is the only person authorized to distribute auction procedures manuals and confidential information to other representatives of the Applicant. The integrity of the Auction Process depends upon each Authorized Representative safeguarding confidential information and passwords used in one or both of the auctions. The Authorized Representative must ensure that only authorized persons act on behalf of the Applicant in the Auction Process.

Applicant’s Authorized Representative

<i>Last Name</i>	<i>Given Name(s)</i>	<i>Mr/Mrs/Ms/Dn/(other)</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<i>Title</i>		
<input type="text"/>		
<i>Street Address</i>		
<input type="text"/>		
<input type="text"/>		
<i>City</i>	<i>State</i>	<i>Zip Code</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<i>Telephone No.</i>	<i>Cell Phone No. (optional)</i>	<i>Email Address</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Name of Applicant

Communications with the Authorized Representative are typically done via fax and by overnight delivery service. Please provide below a fax number at which the Authorized Representative will be able to receive faxes from the BGS Auction Manager in a secure and timely fashion.

Fax No.

The Applicant hereby acknowledges that any notification or other communication given by the BGS Auction Manager to the Applicant shall be delivered by overnight delivery service to the address provided above or sent by fax to the fax number provided above and shall be deemed received by the Applicant at the time of delivery or transmission, provided that where delivery or transmission occurs after 6 p.m. on a business day or occurs on a day which is not a business day, receipt shall be deemed to occur at 9 a.m. on the following business day. Any notification or other communication given by the BGS Auction Manager to the Applicant on or after the start date of the auction or auctions may be given using the bidding procedure or using email instead of by fax or overnight delivery service as set out above.

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

I hereby certify that I am authorized by the Applicant to serve as Authorized Representative, to represent the Applicant in general in the BGS-FP Auction, in the BGS-CIEP Auction, or in both auctions, and to represent the Applicant for purposes of this Part 1 Application in particular.

I further certify that I will be responsible for all Confidential Information regarding the Auction Process and I will distribute confidential information only to other individuals who are authorized to act on behalf of the Applicant.

Signature of Authorized Representative

Date

Signature and Seal from Notary Public

Date

Name of Applicant

1.3 Applicant’s Legal Representative in New Jersey

Is the Applicant’s Authorized Representative also the Applicant’s Legal Representative?

Yes No

If YES, please proceed to Section 1.4.

If NO, please provide the following information.

The Applicant’s Legal Representative in New Jersey:

- must be either legal counsel or a representative agent;
- must have an address in New Jersey; and
- must be authorized and agree to accept service of process on the Applicant’s behalf.

Applicant’s Legal Representative

<i>Last Name</i>	<i>Given Name(s)</i>	<i>Mr/Mrs/Ms/Dr/(other)</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Company

Street Address

<i>City</i>	<i>State</i>	<i>Zip Code</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>

<i>Telephone No.</i>	<i>Fax No.</i>	<i>Email Address (optional)</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>

This certification must be signed by the Legal Representative and the signature must be notarized. If a company agrees to accept service of process on behalf of the Applicant, an individual from that company must sign below. The name of the individual and contact information must be provided.

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



Signature of Individual Named Above Date

Signature and Seal from Notary Public Date

Please note that if a company agrees to accept service of process for the Applicant, an individual from that company ***must*** sign here. The name of the individual and contact information must be provided.

Name of Applicant

1.4 Applicant's Credit Representative

The Applicant's Credit Representative is an individual who can answer questions or provide information about the Applicant's response to the credit requirements of this application.

Is the Applicant's Authorized Representative also the Applicant's Credit Representative?

Yes No

If YES, please proceed to Section 1.5.

If NO, please provide the following information.

Applicant's Credit Representative

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Street Address

City

State

Zip Code

Telephone No.

Fax No.

Email Address

Name of Applicant

1.5 General Requirements to Participate in the Auction(s)

1.5.a. Please certify that:

- (1) The Applicant and its corporate officers have no indictments or pending criminal litigation in any federal, state or local jurisdiction relating to the Applicant;
- (2) The Applicant and its corporate officers have no criminal convictions;
- (3) The Applicant has no civil penalties, judgments, sanctions or consent decrees arising out of the violation of any law, rule, regulation or ordinance in connection with its business activities;
- (4) The Applicant has not had any permit or authority to do business in any jurisdiction revoked or suspended; and
- (5) The Applicant has never been barred from public bidding or sanctioned for unauthorized disclosure of confidential information.

Signature of Authorized Representative

Date

If you are unable to make one or more of these certifications (1) to (5), please state which certifications you are unable to make and explain all reasons in the space given below.

If the Applicant is unable to make any of the certifications listed in this section, an explanation must be provided in this space.

Name of Applicant

1.5.b. Is the Applicant currently a BGS-FP Supplier?

Yes No

If NO, please proceed to the next question in sub-Section 1.5.c.

If YES, please provide the following information.

Table 1.1 Current BGS-FP Obligations

EDC	# Tranches ending May 31, 2010 (2007 BGS-FP Auction)	# Tranches ending May 31, 2011 (2008 BGS-FP Auction)	# Tranches ending May 31, 2012 (2009 BGS-FP Auction)
PSE&G			
JCP&L			
ACE			
RECO			

1.5.c. Is the Applicant currently a BGS-CIEP Supplier, or a BGS-FP Supplier, or both?

Yes No

If YES, please proceed to Section 1.6.

If NO, please proceed to the next question in sub-Section 1.5.d.

1.5.d. Is the Applicant currently a PJM Load Serving Entity?

Yes No

If YES, please provide a copy of the signature page of the PJM Reliability Assurance Agreement (“RAA”) for the Applicant. If the name of the entity on the PJM RAA does not match the name of the Applicant, please provide evidence of a name change.

If NO, Please certify that there exist no impediments for the Applicant to become a PJM LSE by the start of the supply period by signing below. By the time service begins, each BGS-FP Supplier and each BGS-CIEP Supplier must be a member of the PJM Interconnection, L.L.C. (“PJM”), must meet all applicable obligations that PJM ascribes to a Load Serving Entity, and must be a signatory of the PJM Reliability Assurance Agreement as amended and/or superseded.

I certify that there exist no impediments for the Applicant to become a PJM LSE by June 1, 2010.

Signature of Authorized Representative
of the Applicant that is NOT a PJM LSE

Date

The Authorized Representative **makes this certification** only if the Applicant is not a Load Serving Entity.

Name of Applicant

1.6 Creditworthiness Information for the Applicant

Please provide for the Applicant either: one hard copy, or: an electronic copy on a CD of the following:

- a) Applicant's most recent SEC Form 10-K; if unavailable, please provide the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement).
- b) Applicant's most recent SEC Form 10-Q; if unavailable, please provide the most recent audited quarterly financial information (including a balance sheet, income statement, and cash flow statement); if both an SEC Form 10-Q and audited quarterly financial information are unavailable, please provide the most recent quarterly or monthly financial data accompanied by an attestation by the Applicant's Chief Financial Officer that the information submitted is true, correct and a fair representation of the Applicant's financial condition.
- c) Applicant's most recent Annual Report.

If you are not providing some or all of the documents required by a) to c) above, please explain in Section 1.16.

- d) Is the Applicant rated by Standard & Poor's Rating Services ("S&P")?
 yes no

If YES, please provide:

- The Applicant's rating:
- The type of rating (**check one**): Senior unsecured debt rating
 Corporate issuer rating
- A print-out from S&P's web site or other documentation providing the name of the agency, the type of rating, and the rating of the Applicant.

- e) Is the Applicant rated by Moody's Investors Service, Inc. ("Moody's")?
 yes no

If YES, please provide:

- The Applicant's rating:
- The type of rating (check one): Senior unsecured debt rating
 Corporate issuer rating
- A print-out from Moody's web site or other documentation providing the name of the agency, the type of rating, and the rating of the Applicant.

Please note that these financial statements may be submitted **either** in hardcopy **or** electronically on a CD. If the Applicant provides hardcopies, **one copy** is sufficient.

Name of Applicant

- f) Is the Applicant rated by Fitch, Inc. ("Fitch")? yes no

If YES, please provide:

- The Applicant's rating:
- The type of rating (check one): Senior unsecured debt rating
 Corporate issuer rating
- A print-out from Fitch's web site or other documentation providing the name of the agency, the type of rating, and the rating of the Applicant.

- g) Is the Applicant rated by A.M. Best Company ("A.M. Best")? yes no

If YES, please provide:

- The Applicant's rating:
- The type of rating (check one): Long-term debt rating
 Corporate issuer rating
- A print-out from A.M. Best's web site or other documentation providing the name of the agency, the type of rating, and the rating of the Applicant.

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

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

Name of Applicant

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

Is the Applicant incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia?

Yes No

If YES, please proceed to Section 1.7.

If NO, please provide the following information requested in h) to j) below.

h) The following financial ratios (optional):

Current Ratio	Total Debt/EBITDA	Total Debt to Total Capital	Tangible Fixed to Total Assets
N/A	N/A	N/A	N/A

- i) A legal opinion acceptable to the EDCs of counsel qualified to practice in the foreign jurisdiction in which the Applicant is incorporated or otherwise formed that the BGS-FP Supplier Master Agreement and/or the BGS-CIEP Supplier Master Agreement, as appropriate, will become the binding obligation of the Applicant in the jurisdiction in which it has been incorporated or otherwise formed. (optional)
- j) Any additional information that the Applicant wishes to give that could provide comparable credit assurances to those that are provided by other Applicants that have been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia. (optional)

Please note that if an Applicant has not been incorporated or otherwise formed within the laws of the United States of America, the requested financial ratios for the Applicant can be provided here.

Name of Applicant

If an Applicant that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia becomes a BGS-FP or BGS-CIEP Supplier, it will be required to submit additional documents upon execution of the BGS-FP or BGS-CIEP Supplier Master Agreement as a condition of being granted an Independent Credit Threshold or a Credit Limit, respectively. These additional documents are detailed in Article 6 of the BGS-FP and BGS-CIEP Supplier Master Agreements, and include:

- a legal opinion acceptable to the EDC of counsel qualified to practice in the foreign jurisdiction in which the BGS-FP or BGS-CIEP Supplier is incorporated or otherwise formed that the BGS-FP Supplier Master Agreement or the BGS-CIEP Supplier Master Agreement, as appropriate, (the “Agreement”) is, or upon the completion of execution formalities will become, the binding obligation of the BGS-FP or BGS-CIEP Supplier in the jurisdiction in which it has been incorporated or otherwise formed;
- the sworn certificate of the corporate secretary (or similar officer) of such BGS-FP or BGS-CIEP Supplier that the person executing the Agreement on behalf of the BGS-FP or BGS-CIEP Supplier has the authority to execute the Agreement and that the governing board of such BGS-FP or BGS-CIEP Supplier has approved the execution of the Agreement; and
- the sworn certificate of the corporate secretary (or similar officer) of such BGS-FP or BGS-CIEP Supplier that the BGS-FP or BGS-CIEP Supplier has been authorized by its governing board to enter into agreements of the same type as the Agreement.

Name of Applicant

1.7 Guarantor's Information for Applicant to the BGS-FP Auction

Are you applying to participate in the BGS-FP Auction?

Yes No

If NO, please proceed to Section 1.8.
If YES, please provide the following information.

Does the Applicant plan to have a third party act as a Guarantor?

Yes No

If NO, please proceed to Section 1.8.
If YES, please provide the following information.

Basic Information for the Guarantor

Name of Guarantor

Legal Name of Guarantor (If Different from Above)

Place of Incorporation (If Applicable)

Federal Tax I.D.

D&B DUNS #

Please State Whether the Guarantor
Is a Corporation, Partnership, etc.

Years in Business

Guarantor's Contact Information

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Street Address

City

State

Zip Code

Telephone No.

Fax No.

Email Address

Name of Applicant

The Guarantor's Credit Representative

The Guarantor's Credit Representative is an individual who can answer questions or provide information about the response to the credit requirements of this Section of the application.

<i>Last Name</i>	<i>Given Name(s)</i>	<i>Mr/Mrs/Ms/Dr/(other)</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<i>Title</i>		
<input type="text"/>		
<i>Street Address</i>		
<input type="text"/>		
<input type="text"/>		
<i>City</i>	<i>State</i>	<i>Zip Code</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<i>Telephone No.</i>	<i>Fax No.</i>	<i>Email Address</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Please provide for the Guarantor either: one hard copy, or: an electronic copy on a CD of the following:

- a) Guarantor's most recent SEC Form 10-K; if unavailable, please provide the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement).
- b) Guarantor's most recent SEC Form 10-Q; if unavailable, please provide the most recent audited quarterly financial information (including a balance sheet, income statement, and cash flow statement); if both an SEC Form 10-Q and audited quarterly financial information are unavailable, please provide the most recent quarterly or monthly financial data accompanied by an attestation by the Guarantor's Chief Financial Officer that the information submitted is true, correct and a fair representation of the Guarantor's financial condition.
- c) Guarantor's most recent Annual Report.

If you are not providing some or all of the documents required by a) to c) above, please explain in Section 1.16.

Please note that these financial statements may be submitted either in hardcopy or electronically on a CD. If the Applicant provides hardcopies, one copy is sufficient.

Name of Applicant

d) Is the Guarantor rated by S&P? yes no

If YES, please provide:

- The Guarantor's rating:
- The type of rating (check one): Senior unsecured debt rating
 Corporate issuer rating
- A print-out from S&P's web site or other documentation providing the name of the agency, the type of rating, and the rating of the Guarantor.

e) Is the Guarantor rated by Moody's? yes no

If YES, please provide:

- The Guarantor's rating:
- The type of rating (check one): Senior unsecured debt rating
 Corporate issuer rating
- A print-out from Moody's web site or other documentation providing the name of the agency, the type of rating, and the rating of the Guarantor.

f) Is the Guarantor rated by Fitch? yes no

If YES, please provide:

- The Guarantor's rating:
- The type of rating (check one): Senior unsecured debt rating
 Corporate issuer rating
- A print-out from Fitch's web site or other documentation providing the name of the agency, the type of rating, and the rating of the Guarantor.

g) Is the Guarantor rated by A.M. Best? yes no

If YES, please provide:

- The Guarantor's rating:
- The type of rating (check one): Long-term debt rating
 Corporate issuer rating
- A print-out from A.M. Best's web site or other documentation providing the name of the agency, the type of rating, and the rating of the Guarantor.

Name of Applicant

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

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

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

Name of Applicant

Is the Guarantor incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia?

Yes No

If YES, please proceed to Section 1.8.

If NO, please provide the following information requested in h) to j) below.

h) The following financial ratios (optional):

Current Ratio	Total Debt/EBITDA	Total Debt to Total Capital	Tangible Fixed to Total Assets
N/A	N/A	N/A	N/A

- i) A legal opinion acceptable to the EDCs of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the Guaranty is, or upon the completion of execution formalities will become, the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed. (optional)
- j) Any additional information that the Guarantor wishes to give that could provide comparable credit assurances to those that are provided by other Guarantors that have been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia. (optional)

Please note that if a Guarantor has not been incorporated or otherwise formed within the laws of the United States of America, the requested financial ratios for the Guarantor can be provided here.

If an Applicant whose Guarantor has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia becomes a BGS-FP Supplier, the Guarantor will be required to submit additional documents upon execution of the BGS-FP Supplier Master Agreement as a condition of being granted an Independent Credit Threshold. These additional documents are detailed in Article 6 of the BGS-FP Supplier Master Agreement, and include:

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

Name of Applicant

1.8 Guarantor's Information for Applicant to the BGS-CIEP Auction

Are you applying to participate in the BGS-CIEP Auction?

Yes No

If NO, please proceed to Section 1.9.

If YES, please provide the following information.

Does the Applicant plan to have a third party act as a Guarantor?

Yes No

If NO, please proceed to Section 1.9.

If YES, please provide the following information.

If you are applying for both auctions, will you be using the same Guarantor as in the BGS-FP Auction?

Yes No

If YES, please proceed to Section 1.9.

If NO, please provide the following information.

Basic Information for the Guarantor

Name of Guarantor

Legal Name of Guarantor (If Different from Above)

Place of Incorporation (If Applicable)

Federal Tax ID

D&B DUNS #

Please State Whether the Guarantor Is a Corporation, Partnership, etc.

Years in Business

Guarantor's Contact Information

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Street Address

City

State

Zip Code

Telephone No.

Fax No.

Email Address

Name of Applicant

The Guarantor's Credit Representative

The Guarantor's Credit Representative is an individual who can answer questions or provide information about the response to the credit requirements of this Section of the application.

<i>Last Name</i>	<i>Given Name(s)</i>	<i>Mr/Mrs/Ms/Dr/(other)</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<i>Title</i>		
<input type="text"/>		
<i>Street Address</i>		
<input type="text"/>		
<input type="text"/>		
<i>City</i>	<i>State</i>	<i>Zip Code</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<i>Telephone No.</i>	<i>Fax No.</i>	<i>Email Address</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Please provide for the Guarantor either: one hard copy, or: an electronic copy on a CD of the following:

- a) Guarantor's most recent SEC Form 10-K; if unavailable, please provide the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement).
- b) Guarantor's most recent SEC Form 10-Q; if unavailable, please provide the most recent audited quarterly financial information (including a balance sheet, income statement, and cash flow statement); if both an SEC Form 10-Q and audited quarterly financial information are unavailable, please provide the most recent quarterly or monthly financial data accompanied by an attestation by the Guarantor's Chief Financial Officer that the information submitted is true, correct and a fair representation of the Guarantor's financial condition.
- c) Guarantor's most recent Annual Report.

If you are not providing some or all of the documents required by a) to c) above, please explain in Section 1.16.

Please note that these financial statements may be submitted **either** in hardcopy **or** electronically on a CD. If the Applicant provides hardcopies, **one copy** is sufficient.

Name of Applicant

- d) Is the Guarantor rated by S&P? yes no

If YES, please provide:

- The Guarantor's rating ____
- The type of rating (check one): Senior unsecured debt rating
 Corporate issuer rating
- A print-out from S&P's web site or other documentation providing the name of the agency, the type of rating, and the rating of the Guarantor.

- e) Is the Guarantor rated by Moody's? yes no

If YES, please provide:

- The Guarantor's rating ____
- The type of rating (check one): Senior unsecured debt rating
 Corporate issuer rating
- A print-out from Moody's web site or other documentation providing the name of the agency, the type of rating, and the rating of the Guarantor.

- f) Is the Guarantor rated by Fitch? yes no

If YES, please provide:

- The Guarantor's rating ____
- The type of rating (check one): Senior unsecured debt rating
 Corporate issuer rating
- A print-out from Fitch's web site or other documentation providing the name of the agency, the type of rating, and the rating of the Guarantor.

- g) Is the Guarantor rated by A.M. Best? yes no

If YES, please provide:

- The Guarantor's rating ____
- The type of rating (check one): Long-term debt rating
 Corporate issuer rating
- A print-out from A.M. Best's web site or other documentation providing the name of the agency, the type of rating, and the rating of the Guarantor.

Name of Applicant

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

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

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

Name of Applicant

Is the Guarantor incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia?

Yes No

If YES, please proceed to Section 1.9.

If NO, please provide the information requested in h) to j) below.

h) The following financial ratios (optional):

Current Ratio	Total Debt/EBITDA	Total Debt to Total Capital	Tangible Fixed to Total Assets
N/A	N/A	N/A	N/A

i) A legal opinion acceptable to the EDCs of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the Guaranty is, or upon the completion of execution formalities will become, the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed. (optional)

j) Any additional information that the Guarantor wishes to give that could provide comparable credit assurances to those that are provided by other Guarantors that have been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia. (optional)

Please note that if a Guarantor has not been incorporated or otherwise formed within the laws of the United States of America, the requested financial ratios for the Guarantor can be provided here.

If an Applicant whose Guarantor has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia becomes a BGS-CIEP Supplier, the Guarantor will be required to submit additional documents upon the execution of the BGS-CIEP Supplier Master Agreement as a condition of being granted a Credit Limit. These additional documents are detailed in Article 6 of the BGS-CIEP Supplier Master Agreement, and include:

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

Name of Applicant

1.9 Designation of an Authorized Representative by the Applicant for the BGS-FP Auction

Are you applying to participate in the BGS-FP Auction?

Yes No

If NO, please proceed to Section 1.10.

If YES, please provide the following information.

This certification must be signed by an officer or director of the Applicant and must either be notarized or attested with the corporate seal. The officer or director of the Applicant who signs below cannot designate himself or herself as Authorized Representative.

I certify that I am an officer or director of the Applicant, empowered to undertake contracts and bind the Applicant. I understand and accept the BGS-FP Auction Rules and the provisions contained in the BGS-FP Supplier Master Agreement. All the information contained in this application is true and correct to the best of my knowledge. I acknowledge that I cannot and will not serve as the Applicant's Authorized Representative in the BGS-FP Auction. I hereby designate ___ to serve as the Authorized Representative for the Applicant in the BGS-FP Auction.

Signature

Date

Printed Name

Title

Signature and Seal from Notary Public

Date

Name of Applicant

1.10 Additional Certifications for Applicants to the BGS-FP Auction

Are you applying to participate in the BGS-FP Auction?

Yes No

If NO, please proceed to Section 1.11.

If YES, please provide the following information.

Please note that, as a part of your Part 2 Application to become a Registered Bidder, you will agree not to disclose Confidential Information relative to your bidding strategy or Confidential Information regarding the Auction Process, including, but not limited to, the list of Registered Bidders and the total initial eligibility in the auction.

If the Board approves the results of the BGS-FP Auction, the entity that executes the BGS-FP Supplier Master Agreement must be the Same Entity that has agreed to the terms of the BGS-FP Supplier Master Agreement in this Part 1 Application. If the Applicant becomes a Qualified Bidder through a successful Part 1 Application and becomes a Registered Bidder through a successful Part 2 Application, the entity that submit bids in the BGS-FP Auction must be the Same Entity that has agreed to the terms of the BGS-FP Auction Rules in this Part 1 Application.

For purposes of the BGS-FP Auction, an entity no longer remains the Same Entity if, during the period between the qualification of bidders and three business days after the Board renders a decision on the results of the BGS-FP Auction, the entity consolidates into, amalgamates into, or merges into another corporate entity, regardless of whether such an event leads to a change in the entity's legal or trade name.

Please certify that:

- (1) you understand the BGS-FP Auction Rules [*see Docket No. EO09050351*] and that you will comply with these Rules;
- (2) you understand the BGS-FP Supplier Master Agreement [*see Docket No. EO09050351*] and that you accept its terms;
- (3) if you qualify to participate in the BGS-FP Auction, you will not disclose at any time information regarding the list of Qualified Bidders in the BGS-FP Auction, including but not limited to the number of Qualified Bidders, the identity of any one or all entities that have qualified (including yourself), or the fact that an entity has not qualified for participation in the BGS-FP Auction;
- (4) you will destroy any document distributed by the BGS Auction Manager that lists the Qualified Bidders within five days of the Board deciding whether to approve the auction results;

Name of Applicant

- (5) if you qualify to participate in the BGS-FP Auction, you will not substitute another party, transfer your rights to another party, or otherwise assign your status as a Qualified Bidder to another party (where another party is any entity that is not the Same Entity as the entity submitting this Part 1 Application), and you agree that any such substitutions, transfers, or assignments shall be null and void and will result in your exclusion from the BGS-FP Auction; and
- (6) at the time of submission of this Part 1 Application, there are no known plans or events that will result in the entity submitting the Part 1 Application failing to remain the Same Entity from the time of qualification until three business days after the Board renders a decision on the results of the BGS-FP Auction.

Signature of Authorized Representative

Date

Please certify that:

- (7) at the time of submission of this Part 1 Application, you cannot reasonably anticipate any events, either within or beyond your control, that could result in the entity submitting the Part 1 Application failing to remain the Same Entity from the time of qualification until three business days after the Board renders a decision on the results of the BGS-FP Auction.

Signature of Authorized Representative

Date

If you are unable to make certification (7), please provide an explanation.

Please note that if the Applicant is unable to make certification (7), an explanation must be provided in this space.

Name of Applicant

1.11 Bidding Agreements for the BGS-FP Auction

Are you applying to participate in the BGS-FP Auction?

Yes No

If NO, please proceed to Section 1.12.

If YES, please provide the following information.

Please note that no representative from the EDCs will review information provided in this Section.

Will you be bidding independently and not as a party to any bidding agreement with another party or through any other arrangement involving joint or coordinated bidding with any other party?

Yes No

If YES, please proceed to Section 1.12.

If NO, please indicate below whether you are part of a bidding agreement, a joint venture for purposes of participating at the auction, a bidding consortium or other arrangements pertaining to bidding in the auction. Please also provide the names of the other parties to the bidding agreement or other arrangement.

Name of Applicant:

Other parties to the agreement:

Bidding Agreement ____

Bidding Consortium ____

Joint Venture ____

Other (define) ____

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

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

Signature of Authorized Representative
From Party to Bidding Agreement Fulfilling
Creditworthiness Requirements

Date

Name of Applicant

1.12 Designation of an Authorized Representative by the Applicant for the BGS-CIEP Auction

Are you applying to participate in the BGS-CIEP Auction?

Yes No

IF NO, please proceed to Section 1.13.

IF YES, please provide the following information.

This certification must be signed by an officer or director of the Applicant and must either be notarized or attested with the corporate seal. The officer or director of the Applicant who signs below cannot designate himself or herself as Authorized Representative.

I certify that I am an officer or director of the Applicant, empowered to undertake contracts and bind the Applicant. I understand and accept the BGS-CIEP Auction Rules and the provisions contained in the BGS-CIEP Supplier Master Agreement. All the information contained in this application is true and correct to the best of my knowledge. I acknowledge that I cannot and will not serve as the Applicant's Authorized Representative in the BGS-CIEP Auction. I hereby designate ___ to serve as the Authorized Representative for the Applicant in the BGS-CIEP Auction.

Signature

Date

Printed Name

Title

Signature and Seal from Notary Public

Date

Name of Applicant

1.13 Additional Certifications for Applicants to the BGS-CIEP Auction

Are you applying to participate in the BGS-CIEP Auction?

Yes No

If NO, please proceed to Section 1.14.

If YES, please provide the following information.

Please note that, as a part of your Part 2 Application to become a Registered Bidder, you will agree not to disclose Confidential Information relative to your bidding strategy or Confidential Information regarding the Auction Process, including, but not limited to, the list of Registered Bidders and the total initial eligibility in the auction.

If the Board approves the results of the BGS-CIEP Auction, the entity that executes the BGS-CIEP Supplier Master Agreement must be the Same Entity that has agreed to the terms of the BGS-CIEP Supplier Master Agreement in this Part 1 Application. If the Applicant becomes a Qualified Bidder through a successful Part 1 Application and becomes a Registered Bidder through a successful Part 2 Application, the entity that submit bids in the BGS-CIEP Auction must be the Same Entity that has agreed to the terms of the BGS-CIEP Auction Rules in this Part 1 Application.

For purposes of the BGS-CIEP Auction, an entity no longer remains the Same Entity if, during the period between the qualification of bidders and three business days after the Board renders a decision on the results of the BGS-CIEP Auction, the entity consolidates into, amalgamates into, or merges into another corporate entity, regardless of whether such an event leads to a change in the entity's legal or trade name.

Please certify that:

- (1) you understand the BGS-CIEP Auction Rules [*see Docket No. EO09050351*] and that you will comply with these Rules;
- (2) you understand the BGS-CIEP Supplier Master Agreement [*see Docket No. EO09050351*] and that you accept its terms;
- (3) if you qualify to participate in the BGS-CIEP Auction, you will not disclose at any time information regarding the list of Qualified Bidders in the BGS-CIEP Auction, including but not limited to the number of Qualified Bidders, the identity of any one or all entities that have qualified (including yourself), or the fact that an entity has not qualified for participation in the BGS-CIEP Auction;
- (4) you will destroy any document distributed by the BGS Auction Manager that lists the Qualified Bidders within five days of the Board deciding whether to approve the auction results;

Name of Applicant

- (5) if you qualify to participate in the BGS-CIEP Auction, you will not substitute another party, transfer your rights to another party, or otherwise assign your status as a Qualified Bidder to another party (where another party is any entity that is not the Same Entity as the entity submitting this Part 1 Application), and you agree that any such substitutions, transfers, or assignments shall be null and void and will result in your exclusion from the BGS-CIEP Auction; and
- (6) at the time of submission of this Part 1 Application, there are no known plans or events that will result in the entity submitting the Part 1 Application failing to remain the Same Entity from the time of qualification until three business days after the Board renders a decision on the results of the BGS-CIEP Auction.

Signature of Authorized Representative

Date

Please certify that:

- (7) at the time of submission of this Part 1 Application, you cannot reasonably anticipate any events, either within or beyond your control, that could result in the entity submitting the Part 1 Application failing to remain the Same Entity from the time of qualification until three business days after the Board renders a decision on the results of the BGS-CIEP Auction.

Signature of Authorized Representative

Date

If you are unable to make certification (7), please provide an explanation.

Please note that if the Applicant is unable to make certification (7), an explanation must be provided here.

Name of Applicant

1.14 Bidding Agreements for the BGS-CIEP Auction

Are you applying to participate in the BGS-CIEP Auction?

Yes No

If NO, please proceed to Section 1.15.

If YES, please provide the following information.

Please note that no representative from the EDCs will review information provided in this Section.

Will you be bidding independently and not as a party to any bidding agreement with another party or through any other arrangement involving joint or coordinated bidding with any other party?

Yes No

If YES, please proceed to Section 1.15.

If NO, please indicate below whether you are part of a bidding agreement, a joint venture for purposes of participating at the auction, a bidding consortium or other arrangements pertaining to bidding in the auction. Please also provide the names of the other parties to the bidding agreement or other arrangement.

Name of Applicant:

Other parties to the agreement:

Bidding Agreement ____

Bidding Consortium ____

Joint Venture ____

Other (define) ____

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

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

Signature of Authorized Representative
From Party to Bidding Agreement Fulfilling
Creditworthiness Requirements

Date

Name of Applicant

1.15 Delegate

Are you applying to participate in both the BGS-FP Auction and the BGS-CIEP Auction?

Yes No

If NO (you are applying to participate in only one auction), please proceed to Section 1.16.

If YES (you are applying to participate in BOTH auctions), please provide the following information.

Does the Authorized Representative wish to name a Delegate?

Yes No

If NO, please proceed to Section 1.16.

If YES, please provide the following information.

The person in this Section is the Authorized Representative's Delegate for the BGS-CIEP or BGS-FP Auction (choose one).

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

Title

Street Address

City State Zip Code

Telephone No. Fax No. Email Address

Cell Phone No. (optional)

I hereby designate and certify that __ (name of Delegate) is authorized to act as Delegate for the __ (BGS-CIEP or BGS-FP) Auction on behalf of __ (name of Applicant) while the auction is in progress and for purposes of the indicative offer in the Part 2 Application.

Signature of Authorized Representative Date

Signature of Delegate Date

Name of Applicant

1.16 Justification of Omissions

If you are unable to provide all documents or information required in this application, please justify fully any omissions in the space provided below.



Please note that if the Applicant is unable to provide any of the documents or information as required by the Part 1 Application Form, the Applicant must fully explain the omission in this section.

Name of Applicant

Appendix A – Enclosures to the Part 1 Application

This is a checklist of documents to be enclosed with this application (one copy unless noted otherwise).

- Four originals** of the completed Part 1 Application Form (with original signatures and original notarized signatures where required) *[Instructions Part 1]*

The Applicant's:

- Signature page of RAA (if not already a BGS Supplier) *[Section 1.5]*
- Most recent SEC Form 10-K (one hard copy or an electronic copy on CD); if unavailable, please provide the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement) *[Section 1.6]*
- Most recent SEC Form 10-Q (one hard copy or an electronic copy on CD); if unavailable, please provide the most recent audited quarterly financial information (including a balance sheet, income statement, and cash flow statement); if both the SEC Form 10-Q and audited quarterly financial information are unavailable, please provide the most recent quarterly or monthly financial data accompanied by an attestation by the Applicant's Chief Financial Officer that the information submitted is true, correct and a fair representation of Applicant's financial condition *[Section 1.6]*
- Most recent Annual Report (one hard copy or an electronic copy on CD, if available) *[Section 1.6]*
- Documentation showing the name of the agency, the type of rating, and the rating of the Applicant *[Section 1.6]*
- If the Applicant has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia, a legal opinion acceptable to the EDCs of counsel qualified to practice in the foreign jurisdiction in which the Applicant is incorporated or otherwise formed that the BGS-FP Supplier Master Agreement and/or the BGS-CIEP Supplier Master Agreement will become the binding obligation of the Applicant in the jurisdiction in which it has been incorporated or otherwise formed. *(optional) [Section 1.6]*
- If the Applicant has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia, any additional information that the Applicant wishes to give that could provide comparable credit assurances to those that are provided by other Applicants that have been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia. *(optional) [Section 1.6]*

Name of Applicant

The Guarantor's:

- Most recent SEC Form 10-K (one hard copy or an electronic copy on CD); if unavailable, please provide the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement) [Sections 1.7 and/or 1.8]
- Most recent SEC Form 10-Q (one hard copy or an electronic copy on CD); if unavailable, please provide the most recent audited quarterly financial information (including a balance sheet, income statement, and cash flow statement); if both the SEC Form 10-Q and audited quarterly financial information are unavailable, please provide the most recent quarterly or monthly financial data accompanied by an attestation by the Guarantor's Chief Financial Officer that the information submitted is true, correct and a fair representation of Guarantor's financial condition [Sections 1.7 and/or 1.8]
- Most recent Annual Report (one hard copy or an electronic copy on CD, if available) [Section 1.7 and/or 1.8]
- Documentation showing the name of the rating agency, the type of rating, and the rating of the Guarantor [Sections 1.7 and/or 1.8]
- If the Guarantor has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia, a legal opinion acceptable to the EDCs of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the Guaranty is, or upon the completion of execution formalities will become, the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed. (optional) [Section 1.7 and/or 1.8]
- If the Guarantor has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia, any additional information that the Guarantor wishes to give that could provide comparable credit assurances to those that are provided by other Guarantors that have been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia. (optional) [Section 1.7 and/or 1.8]

Appendix B – Glossary

Defined terms used in the Application Form and these notes to the Application Form shall have the meaning given to such terms in the BGS-FP or BGS-CIEP Auction Rules; definitions for such terms are summarized here for convenience. Other terms are also defined below.

Advisor

An Advisor is an entity or person(s) who will be advising or assisting the bidder with respect to bidding strategy for a BGS Auction, estimation of the value of any tranche, or the estimation of the risks associated with providing supply for any tranche.

Applicant's Authorized Representative

The Authorized Representative is the only person authorized to designate a person other than himself or herself to submit bids in the BGS-FP Auction, or the BGS-CIEP Auction, or both. Before the auctions take place the Authorized Representative will receive all documentation related to the auction or auctions for which the Applicant becomes a Registered Bidder, including auction procedures manuals and confidential information required to submit bids in the trial auction and in the auction or auctions themselves. The Authorized Representative is the only person authorized to distribute auction procedures manuals and confidential information to other representatives of the Applicant. The Authorized Representative must ensure that only authorized persons act on behalf of the Applicant in the Auction Process.

Applicant's Legal Representative in New Jersey

The Applicant's Legal Representative in New Jersey is a legal counsel or a representative agent that has an address in New Jersey and is authorized and agrees to accept service of process on the Applicant's behalf.

Association

A relationship that a party participating in one auction may have with another party participating in the same auction, as defined in the BGS-FP Auction Rules and the BGS-CIEP Auction Rules.

Auction Rules

See BGS-FP Auction Rules or BGS-CIEP Auction Rules.

BGS Auction Manager

The person retained by the EDCs to manage the Auction Process under the Board's oversight.

BGS-CIEP Auction Rules

The BGS-CIEP Auction Rules describe the process, as approved by the Board, by which Bidders submit bids in the BGS-CIEP Auction, bids are processed, final prices are determined and winners emerge. Please see the document titled "Final BGS-CIEP Auction Rules". This document is posted at <http://www.bgs-auction.com/bgs.bidinfo.ar.asp> when it becomes available.

BGS-CIEP Supplier Master Agreement

The BGS-CIEP Supplier Master Agreement is the standard contract, approved by the Board, which will be used by the winners of the BGS-CIEP Auction and the EDCs. Please see the document titled "Final BGS-CIEP Supplier Master Agreement". This document is posted at <http://www.bgs-auction.com/bgs.bidinfo.cc.asp> when it becomes available.

BGS-CIEP Tranche

A BGS-CIEP tranche for an EDC is a full-requirements tranche. A tranche for an EDC is a fixed percentage share of the BGS-CIEP Load of that EDC for the period June 1, 2010 to May 31,

2011. The tranche size of an EDC is the percentage share of the BGS-CIEP Load of the EDC corresponding to approximately 75 MW of CIEP Peak Load Share. The BGS-CIEP tranche size will be announced on November 12, 2009.

BGS-FP Auction Rules

The BGS-FP Auction Rules describe the process, as approved by the Board, by which Bidders submit bids in the BGS-FP Auction, bids are processed, final prices are determined and winners emerge. Please see the document titled "Final BGS-FP Auction Rules". This document is posted at <http://www.bgs-auction.com/bgs.bidinfo.ar.asp> when it becomes available.

BGS-FP Supplier Master Agreement

The BGS-FP Supplier Master Agreement is the standard contract, approved by the Board, which will be used by the winners of the BGS-FP Auction and the EDCs. Please see the document titled "Final BGS-FP Supplier Master Agreement". This document is posted at <http://www.bgs-auction.com/bgs.bidinfo.cc.asp> when it becomes available.

BGS-FP Tranche

A BGS-FP tranche for an EDC is a full-requirements tranche. A tranche for an EDC is a fixed percentage share of the BGS-FP Load of that EDC for a three-year term from June 1, 2010 to May 31, 2013. The tranche size of an EDC is the percentage share of the BGS-FP Load of the EDC corresponding to approximately 100 MW of FP Peak Load Share. The BGS-FP tranche size will be announced on November 12, 2009.

Bid Bond for the BGS-CIEP Auction

Issued by an approved surety company to a Qualified Bidder prior to the BGS-CIEP Auction. The Bid Bond must be in the amount of \$375,000 per tranche of the BGS-CIEP Qualified Bidder's indicative offer at the Maximum Starting Price. The Bid Bond may be forfeited if the bidder: a) has made any material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in the BGS-CIEP Auction; or has violated the BGS-CIEP Auction Rules,

and such omission, misrepresentation or violation materially affects the determination of the winning bids in the BGS-CIEP Auction; or b) has a winning bid in the BGS-CIEP Auction and fails to execute the BGS-CIEP Supplier Master Agreement within three business days of the certification of the BGS-CIEP Auction results by the Board; or c) has a winning bid in the BGS-CIEP Auction and fails to meet the creditworthiness requirements of the BGS-CIEP Supplier Master Agreement within three business days of the certification of the BGS-CIEP Auction results by the Board.

Bid Bond for the BGS-FP Auction

Issued by an approved surety company to a Qualified Bidder prior to the BGS-FP Auction. The Bid Bond is in the amount of \$500,000 per tranche of the BGS-FP Qualified Bidder's indicative offer at the Maximum Starting Price. (The Qualified Bidder may submit a Bid Bond in the amount of \$2,400,000 per tranche of the BGS-FP Qualified Bidder's indicative offer at the Maximum Starting Price in lieu of submitting a Letter of Intent to Provide a Guaranty or Letter of Reference.) The Bid Bond may be forfeited if the bidder: a) has made any material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in the BGS-FP Auction; or has violated the BGS-FP Auction Rules, and such omission, misrepresentation or violation materially affects the determination of the winning bids in the BGS-FP Auction; or b) has a winning bid in the BGS-FP Auction and fails to execute the BGS-FP Supplier Master Agreement within three business days of the certification of the BGS-FP Auction results by the Board; or c) has a winning bid in the BGS-FP Auction and fails to meet the creditworthiness requirements of the BGS-FP Supplier Master Agreement within three business days of the certification of the BGS-FP Auction results by the Board.

Bidding Agreement (Bidding Arrangement)

Any agreement between two or more parties, each of whom intends to participate in the same auction, namely the BGS-FP Auction or the BGS-CIEP Auction, to share information relative to the bidding strategy in the auction, to share information regarding round results, to agree upon bids, to agree upon bidding strategy or to coordinate bids during the auction.

Bidding Consortium

A group of separate businesses or business people joining together to submit joint bids in the same auction (either the BGS-FP Auction or the BGS-CIEP Auction). A set of companies joining together to supply BGS-FP Load or BGS-CIEP Load, with each providing different expertise or components.

Board

The New Jersey Board of Public Utilities.

Confidential Information

There are two types of Confidential Information. Confidential Information relative to the bidding strategy means information relating to a bidder's bid, whether in writing or verbally, which if it were to be made public would be likely to have an effect on any of the bids that another bidder would be willing to submit at the auction. Confidential Information regarding the Auction Process means information that is not released publicly by the Board or the BGS Auction Manager and that a bidder acquires as a result of participating in the Auction Process, whether in writing or verbally, which if it were to be made public could impair the integrity of current or future auctions, impair the ability of the EDCs to hold future auctions, harm consumers, or injure bidders or Applicants. Please consult the BGS-FP or BGS-CIEP Auction Rules for a more detailed description of Confidential Information.

Current Assets

A balance sheet item which equals the sum of cash and cash equivalents, accounts receivable, inventory, marketable securities, prepaid expenses, and other assets that could be converted to cash in less than one year.

Current Liabilities

Amount owed for salaries, interest, accounts payable and other debts due within one year.

Current Ratio

A measure of a company's ability to meet short-term debt obligations. Calculated by dividing current assets by current liabilities.

Delegate

The Delegate is authorized by the Applicant's Authorized Representative to represent the Applicant in either the BGS-FP Auction or the BGS-CIEP Auction. The Delegate is authorized only to submit the indicative offer and to act on behalf of the Applicant while the auction (the BGS-FP Auction or the BGS-CIEP Auction) is in progress.

EBITDA

EBITDA is used to analyze a company's operating profitability before non-operating expenses (such as interest and "other" non-core expenses) and non-cash charges (depreciation and amortization). Calculated from earnings before the deduction of interest expenses, taxes, depreciation, and amortization.

EDC

Electric Distribution Company.

EDC Load Cap (BGS-FP Auction)

An EDC Load Cap in the BGS-FP Auction is a maximum number of tranches that any one bidder can bid and win for that EDC. (Also see Statewide Load Cap.)

Fixed Assets [Plant]

A measure of long-term, tangible assets held for business use and not expected to be converted to cash in the current or upcoming fiscal year, such as manufacturing equipment, real estate, and furniture.

Indicative Offer (BGS-CIEP Auction)

A BGS-CIEP indicative offer is the number of tranches that the Qualified Bidder is willing to supply at the Maximum Starting Price and the number of tranches that the Qualified Bidder is willing to supply at the Minimum Starting Price. A Qualified Bidder's indicative offer at the Maximum Starting Price determines the Qualified Bidder's initial eligibility should the Qualified Bidder be registered to bid in the BGS-CIEP Auction.

Indicative Offer (BGS-FP Auction)

A BGS-FP indicative offer is the number of tranches that the Qualified Bidder is willing to supply at the Maximum Starting Price and the number of tranches that the Qualified Bidder is willing to supply at the Minimum Starting Price. A Qualified Bidder's indicative offer at the Maximum Starting Price determines the Qualified Bidder's initial eligibility should the Qualified Bidder be registered to bid in the BGS-FP Auction.

Joint Venture

An enterprise entered into by two or more people for profit with the purpose of bidding in the auction (the BGS-FP Auction or the BGS-CIEP Auction). A joint venture has most of the elements of a partnership, such as shared management, the power of each venturer to bind the others in the business, division of profits and joint responsibility for losses. However, unlike a partnership, a joint venture anticipates a specific area of activity and/or period of operation, so after the purpose is completed, bills are paid, profits (or losses) are divided, and the joint venture is terminated.

Letter of Credit (Pre-Auction) for the BGS-CIEP Auction

Issued by a bank with a senior unsecured debt rating of "A" from Standard & Poor's or "A2" from Moody's. The Pre-Auction Letter of Credit must be in the amount of \$375,000 per tranche of the BGS-CIEP Qualified Bidder's indicative offer at the Maximum Starting Price. The Pre-Auction Letter of Credit may be drawn if the bidder: a) has made any material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in the BGS-CIEP

Auction; or has violated the BGS-CIEP Auction Rules; or b) has a winning bid in the BGS-CIEP Auction and fails to execute the BGS-CIEP Supplier Master Agreement within three business days of the certification of the BGS-CIEP Auction results by the Board as specified in the Rules; or c) has a winning bid in the BGS-CIEP Auction and fails to meet the creditworthiness requirements of the BGS-CIEP Supplier Master Agreement within three business days of the certification of the BGS-CIEP Auction results by the Board as specified in the Rules.

Letter of Credit (Pre-Auction) for the BGS-FP Auction

Issued by a bank with a senior unsecured debt rating of “A” from Standard & Poor’s or “A2” from Moody’s. The Pre-Auction Letter of Credit is in the amount of \$500,000 per tranche of the BGS-FP Qualified Bidder’s indicative offer at the Maximum Starting Price. (The Qualified Bidder may submit a Pre-Auction Letter of Credit in the amount of \$2,400,000 per tranche of the BGS-FP Qualified Bidder’s indicative offer at the Maximum Starting Price in lieu of submitting a Letter of Intent to Provide a Guaranty or Letter of Reference.) The Pre-Auction Letter of Credit may be drawn if the bidder: a) has made any material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in the BGS-FP Auction; or has violated the BGS-FP Auction Rules; or b) has a winning bid in the BGS-FP Auction and fails to execute the BGS-FP Supplier Master Agreement within three business days of the certification of the BGS-FP Auction results by the Board as specified in the Rules; or c) has a winning bid in the BGS-FP Auction and fails to meet the creditworthiness requirements of the BGS-FP Supplier Master Agreement within three business days of the certification of the BGS-FP Auction results by the Board as specified in the Rules.

Long-term Debt [Funded Debt]

An obligation having a maturity of more than one year from the date it was issued.

Maximum Starting Price

The Maximum Starting Price is a statewide price. For the BGS-CIEP Auction, the Maximum Starting Price is quoted in \$/MW-day, while for the BGS-FP Auction, the Maximum Starting Price

is quoted in ¢/kWh. The Maximum Starting Price for each auction is announced on November 12, 2009. In the first round of each auction, each EDC-specific Starting Price will be no higher than the statewide Maximum Starting Price.

Minimum Starting Price

The Minimum Starting Price is a statewide price. For the BGS-CIEP Auction, the Minimum Starting Price is quoted in \$/MW-day, while for the BGS-FP Auction, the Minimum Starting Price is quoted in ¢/kWh. The Minimum Starting Price for each auction is announced on November 12, 2009. In the first round of each auction, each EDC-specific Starting Price will be no lower than the statewide Minimum Starting Price.

Pre-Auction Security

In the BGS-CIEP Auction, Pre-Auction Security consists of the Bid Bond or the Pre-Auction Letter of Credit. In the BGS-FP Auction, Pre-Auction Security consists of the Bid Bond or the Pre-Auction Letter of Credit and, if necessary, a Letter of Reference or a Letter of Intent to Provide a Guaranty. A Qualified Bidder in the BGS-FP Auction is notified upon qualification whether a Letter of Reference or a Letter of Intent to Provide a Guaranty is required.

Product

A product is the relevant BGS load (i.e., BGS-FP or BGS-CIEP load) for one EDC for a given term. The term for a product in the BGS-CIEP Auction is one year (June 1, 2010 to May 31, 2011). The term for a product in the BGS-FP Auction is three years (June 1, 2010 to May 31, 2013).

Qualified Bidder

An Applicant who has been approved to submit a Part 2 Application based on financial and other qualifications submitted in the Part 1 Application. Applicants qualify separately for the BGS-FP Auction and the BGS-CIEP Auction.

Registered Bidder

A Qualified Bidder who has been approved to participate in a particular BGS Auction based on requirements submitted in the Part 2 Application. A Registered Bidder may be approved to participate in the BGS-FP Auction, or the BGS-CIEP Auction, or both.

Same Entity

For purposes of the BGS-FP Auction, an entity no longer remains the Same Entity if, during the period between the qualification of bidders and three business days after the Board renders a decision on the results of the BGS-FP Auction, the entity consolidates into, amalgamates into, or merges into another corporate entity, regardless of whether such an event leads to a change in the entity's legal or trade name. For purposes of the BGS-CIEP Auction, an entity no longer remains the Same Entity if, during the period between the qualification of bidders and three business days after the Board renders a decision on the results of the BGS-CIEP Auction, the entity consolidates into, amalgamates into, or merges into another corporate entity, regardless of whether such an event leads to a change in the entity's legal or trade name.

Starting Prices

The EDC-specific Starting Prices are the going prices in effect during the bidding phase of the first round. Each EDC sets its own Starting Price. Each EDC-specific Starting Price will be set no lower than the Minimum Starting Price and no higher than the Maximum Starting Price. The EDC-specific Starting Prices are released to Registered Bidders for an auction three business days before the start of that auction.

Statewide Load Cap

The Statewide Load Cap in each of the BGS-FP Auction and the BGS-CIEP Auction is a statewide maximum number of tranches that any one bidder can bid and win statewide in that auction. The Statewide Load Caps for the BGS-FP Auction and the BGS-CIEP Auction will be announced on November 12, 2009.

Total Capital

Is made up of long-term debt, short-term debt, preferred stock, common stock and retained earnings.

Total Debt

Long-term debt (including amounts for operating lease debt equivalent) plus current maturities, commercial paper and other short term borrowings.

Tranche

See BGS-FP Tranche or BGS-CIEP Tranche.

Web site

The web site for the BGS Auction is <http://www.bgs-auction.com>.

End of Part 1 Application Form

←
Name of Applicant

PART 2 APPLICATION FORM
PART 2 APPLICATION DATE: January 12, 2010

This Part 2 Application Form is the application form to become a Registered Bidder in the New Jersey Basic Generation Service Fixed Price (“BGS-FP”) Auction, or the New Jersey Basic Generation Service Commercial and Industrial Energy Pricing (“BGS-CIEP”) Auction, or both.

Before completing this form, please review the Auction Rules and the Supplier Master Agreement for the auction(s) for which you are applying (the BGS-FP Auction, or the BGS-CIEP Auction, or both) so that you understand the conditions under which the BGS Auctions will be conducted. Please see the Final BGS-FP Auction Rules and Final BGS-CIEP Auction Rules, which are posted at <http://www.bgs-auction.com/bgs.bidinfo.ar.asp> when they become available, and the Final BGS-FP Supplier Master Agreement and Final BGS-CIEP Supplier Master Agreement, which are posted at <http://www.bgs-auction.com/bgs.bidinfo.cc.asp> when they become available.

By having completed and signed the Part 1 Application Form, you agreed to the Auction Rules [see Docket No. EO09050351] and you have accepted the provisions contained in the Supplier Master Agreement [see Docket No. EO09050351] for the service(s) that you are registering to provide.

Any information and materials that you submit in this application will be provided on a confidential basis to the BGS Auction Manager Team and representatives from the New Jersey Board of Public Utilities (“Board”). Information regarding your indicative offer(s) (Section 1.2 and/or Section 1.3) will be provided on a confidential basis to a committee of Electric Distribution Company (“EDC”) representatives, without revealing your identity. Information regarding your preliminary maximum interest in an EDC (Section 1.4) will be provided to representatives of that EDC without revealing your identity. A committee of EDC representatives will decide whether the form of Pre-Auction Security submitted is acceptable; Pre-Auction Security documents will be redacted so as not to reveal your identity or the amount of your indicative offer(s).

If you become a Registered Bidder for an auction, your name will be provided to other Registered Bidders for that auction on a confidential basis. You will be provided with total initial eligibility for that auction as well as a list of the names of other Registered Bidders participating in that auction. As part of this application, you are required to certify that if you become a Registered Bidder for an auction, you will keep confidential the list of Registered Bidders and total initial eligibility for that auction.

Please enter the Applicant’s **full legal name** in the field at the **top of each page**. This name is the name in Section 1.1 in the Part 1 and Part 2 Application Forms, as well as in all pre-auction security documents.

Name of Applicant

INSTRUCTIONS FOR APPLICATION

There are two parts to the application process.

Applicants submit the Part 1 Application Form and all documents required therein to become Qualified Bidders for the BGS-FP Auction, or for the BGS-CIEP Auction, or for both auctions. Qualified Bidders for each auction may submit the Part 2 Application Form, in which they will make certifications regarding Associations and the handling of Confidential Information, submit indicative offers, and post Pre-Auction Security to become Registered Bidders.

This Part 2 Application Form must be used to apply to become a Registered Bidder for the BGS-FP Auction, for the BGS-CIEP Auction, or for both auctions. **Please complete all Sections. Unless specifically designated as “optional”, all fields are required.** If a Section does not pertain to the auction for which you are applying, you will be required to check a box and move on to the next Section.

I Application Submission

To become a Registered Bidder for the BGS-FP Auction, or for the BGS-CIEP Auction, or for both auctions, Applicants must:

- Submit **four original** completed Part 2 Application Forms (with original signatures);
- Submit **one copy** of all requested documents supporting the application as specified in Appendix A;
- Submit indicative offers for the BGS-FP Auction, or for the BGS-CIEP Auction, or for both auctions;
- Submit Pre-Auction Letters of Credit (or Bid Bonds) and submit any additional Pre-Auction Security, as necessary;
- Make required certifications on associations and the handling of Confidential Information and, if unable to do so, make required information disclosures; and
- Manually insert the name of the Applicant on every page of the Part 2 Application Form.

*Please note that **four originals** of the completed Part 2 Application Form with **original signatures** must be enclosed with each Application for the submission to be considered complete.*

The completed Part 2 Application MUST be received by the BGS Auction Manager no later than 12:00 p.m. (noon) EST¹ on January 12, 2010 at:

BGS Auction Manager Team
One Gateway Center, Suite 720
Newark, NJ 07102

Inquiries may be directed to the BGS Auction Manager by:

- telephone (973) 297-0880
- fax (973) 297-0246
- through the “Ask a Question” page on the web site at <http://www.bgs-auction.com/bgs.contactus.asp>

Photocopies and facsimiles of completed forms will not be accepted under any circumstances. It is in your interest to seek independent legal and financial advice before deciding to participate in this auction.

¹ Unless noted otherwise, all times refer to the Eastern Standard Time (“EST”) zone.

Name of Applicant

II Application Review

Each Qualified Bidder MUST submit a Pre-Auction letter of Credit (or Bid Bond) with its Part 2 Application. The final Pre-Auction Letter of Credit, along with any acceptable modifications listed, is the only version that you can be assured is acceptable to the EDCs. You may obtain these documents at: <http://bgs-auction.com/bgs.bidinfo.cc.asp>.

Confirmation

If your Part 2 Application is received by post, a confirmation consisting of a photocopy of the first page of your application stamped with the time and the date that it was received will be faxed to your Authorized Representative. This confirmation of receipt will be faxed after an initial review, either with a confirmation that your application is being considered, or with a deficiency notice (see below). If your Part 2 Application is hand-delivered, a confirmation consisting of a photocopy of the first page of your application stamped with the time and the date that it was received will be provided to the deliverer.

Incomplete Applications

If your Part 2 Application is incomplete or requires clarification, the BGS Auction Manager will send a deficiency notice to your Authorized Representative by fax. You will have until noon on the Part 2 Application Date, or until 6:00 p.m. on the business day following the business day during which a deficiency notice is faxed to you, whichever comes later, to respond. If you do not correct or adequately explain the deficiency within the time allowed, your Part 2 Application may be rejected and you may be unable to participate in the BGS-FP Auction, or the BGS-CIEP Auction, or both. One copy of your Part 2 Application and all supporting documents pertaining only to the auction for which your application is rejected will be returned to you.

Late Applications

No late Part 2 Applications will be accepted under any circumstances.

Incomplete Credit Information

If your Pre-Auction Letter of Credit (or Bid Bond) is not in a form acceptable to the EDCs, your Authorized Representative will be faxed a deficiency notice and you will have until noon on the Part 2 Application Date, or until 6:00 p.m. of the second business day following the business day during which you are notified, whichever comes later, to submit revised documents. If you fail to meet this deadline, your application will be rejected.

If your Pre-Auction Letter of Credit (or Bid Bond) is insufficient, or if your additional Pre-Auction Security is in a form that is not acceptable to the EDCs, your Authorized Representative will be

Name of Applicant

faxed a deficiency notice. If you cannot correct the deficiency, your application may be rejected or your indicative offer may be reduced by the BGS Auction Manager so that your Pre-Auction Security is sufficient to cover your indicative offer.

Certifications Regarding Associations

You may be required to provide additional information to the BGS Auction Manager and to the Board and its representatives if you are unable to make the certifications in Section 1.5 and/or in Section 1.6 of this application.

Notification of Registration

If you become a Registered Bidder for the BGS-FP Auction, or for the BGS-CIEP Auction, or for both auctions, the BGS Auction Manager will send a Notification of Registration for each auction to your Authorized Representative by fax no later than five business days after the Part 2 Application Date. The Notification(s) of Registration will also be sent to your Authorized Representative by overnight delivery service.

Name of Applicant

PART 2 APPLICATION FORM

1.1 Basic Applicant Information

Name of Applicant

Name of Authorized Representative

Telephone No.

Fax No.

Email Address

Cell Phone No. (optional)

Auctions for which you submitted a Part 1 Application and for which you are a Qualified Bidder:

- FP
- CIEP
- Both

Auctions for which you are submitting a Part 2 Application:

- FP
- CIEP
- Both

Name of Applicant

1.2 BGS-FP Auction: Qualified Bidder’s Indicative Offer and Calculation of Pre-Auction Security

Are you applying to participate in the BGS-FP Auction?

Yes No

IF NO, please proceed to Section 1.3.
IF YES, please provide the following information.

In the BGS-FP Auction, a product is the BGS-FP load for one EDC for a supply period of three years. The statewide Maximum Starting Price and the statewide Minimum Starting Price for the BGS-FP Auction are provided in Table 1.1 below.

Please enter below in cell (a) of Table 1.1 your indicative offer at the Minimum Starting Price. This indicative offer should provide a total number of BGS-FP tranches that you are willing to supply for all EDCs combined at the statewide Minimum Starting Price (**in addition** to any other BGS tranches that you may be supplying as a result of winning in previous auctions). Please enter below in cell (b) of Table 1.1 your indicative offer at the Maximum Starting Price. This indicative offer should provide a total number of BGS-FP tranches that you are willing to supply for all EDCs combined at the statewide Maximum Starting Price (**in addition** to any other BGS tranches that you may be supplying as a result of winning in previous auctions).

A Qualified Bidder’s indicative offer at each price cannot exceed the BGS-FP Statewide Load Cap of 20 tranches.

Table 1.1 BGS-FP Auction Indicative Offer

BGS-FP Price (¢/kWh)		BGS-FP Indicative Offer (number of tranches)
Minimum Starting Price	13.000	(a) <i>This number cannot exceed the BGS-FP Statewide Load Cap of 20 tranches</i>
Maximum Starting Price	16.000	(b) <i>This number cannot exceed the BGS-FP Statewide Load Cap of 20 tranches</i>

An indicative offer includes a number of tranches at the Minimum Starting Price as well as at the Maximum Starting Price.

Should you become a Registered Bidder in the BGS-FP Auction, your initial eligibility for the auction will be set equal to your indicative offer at the Maximum Starting Price. That is, your initial eligibility would be set equal to the number of tranches you have entered in cell (b) of Table 1.1. **You cannot, at any time during the auction, bid on more tranches than the number of tranches indicated as your indicative offer at the Maximum Starting Price in cell (b) of Table 1.1.**

Name of Applicant

Calculation of the Total Amount of Pre-Auction Security

Please refer to your Notification of Qualification for instructions concerning the Pre-Auction Security that you must provide to support your indicative offer.

The total amount of Pre-Auction Security that you must provide is \$2,400,000 per tranche of your indicative offer at the Maximum Starting Price. Please calculate this total amount of Pre-Auction Security here using the number in cell (b) of Table 1.1:

$$\begin{aligned}
 \text{Total Amount of Pre-Auction Security} &= (\text{indicative offer at Maximum Starting Price}) \times (\$2,400,000) \\
 &= (\text{b) in Table 1.1} \quad (\text{number of tranches}) \times (\$2,400,000) \\
 &= \$ \quad (A)
 \end{aligned}$$

Instructions Regarding the Pre-Auction Letter of Credit

*Please be advised that the final Pre-Auction Letter of Credit, along with any acceptable modifications listed, is the only version that you can be assured is acceptable to the EDCs. Please make sure that you use the final Pre-Auction Letter of Credit for **BGS-FP Bidders**.*

Please provide any special instructions for returning the Pre-Auction Letter of Credit after the BGS-FP Auction in the space below. *(optional)*

Requirements to Meet the Total Amount of Pre-Auction Security

Will you meet the total amount of Pre-Auction Security (A) entirely through a Pre-Auction Letter of Credit (or Bid Bond)? This means that you will submit a Pre-Auction Letter of Credit (or Bid Bond) with this application in an amount of \$2,400,000 per tranche of your indicative offer at the Maximum Starting Price. On our web site, under “bidder info” and “application materials” (www.bgs-auction.com/bgs.bidinfo.am.asp), you will find the final Pre-Auction Letter of Credit for BGS-FP Bidders and a standard form of Bid Bond for BGS-FP Bidders. Whether you intend to use the final Pre-Auction Letter of Credit or the standard form of Bid Bond, you must use the document specifically for **BGS-FP Bidders**.

- Yes No

If YES, please proceed to Section 1.3.
If NO, please provide the following information.

Name of Applicant

You are required to meet the total amount of Pre-Auction Security (\$2,400,000 per tranche) by using a Pre-Auction Letter of Credit (or Bid Bond) in an amount of \$500,000 per tranche of your indicative offer at the Maximum Starting Price; and using a combination of:

- A Letter of Intent to Provide a Guaranty (you may submit a Letter of Intent to Provide a Guaranty if you named a Guarantor in your Part 1 Application that meets the Minimum Rating);
- A net amount granted to you, the Qualified Bidder, to support your indicative offer, on the basis of your credit rating, TNW, and PICR, as specified in your Notification of Qualification;
- A Letter of Reference;

to meet the remaining \$1,900,000 per tranche of your indicative offer at the Maximum Starting Price. *Please use Table 1.2 to indicate the other means through which you will be satisfying the total amount of Pre-Auction Security required by your indicative offer at the Maximum Starting Price. Please refer to your Notification of Qualification to fill out Table 1.2. Detailed instructions, if needed, are provided on the next page.*

Table 1.2 BGS-FP Auction Pre-Auction Security

	Amount of Pre-Auction Letter of Credit or Bid Bond (See Step 2)	=	<u>\$0 (B)</u>	
	Net Amount Granted to Support Indicative Offer (See Step 3)	=	<u>\$0 (C)</u>	
	Amount of Letter of Intent to Provide a Guaranty (See Step 4)	=	<u>\$0 (D)</u>	
	Amount of Letter of Reference (See Step 5)	=	<u>\$0 (E)</u>	
Total Amount of Pre-Auction Security (See Step 1)	=	<u>\$0(A)</u>	SUM (B + C + D + E) (See Step 6)	<u>\$0 (F)</u>

The total amount of Pre-Auction Security that you are providing with this application in cell (F) must equal or exceed the total amount of Pre-Auction Security required in cell (A) of Table 1.2.

Name of Applicant

Instructions for Table 1.2.

Step 1: Cell (A). Total Amount of Pre-Auction Security Required.

At the top of page 7, you calculated the total amount of Pre-Auction Security required by your indicative offer at the Maximum Starting Price. Please put this amount in cell (A) of Table 1.2.

Step 2: Cell (B). Amount of your Pre-Auction Letter of Credit (or Bid Bond).

Put in cell (B) of Table 1.2 the amount of your Pre-Auction Letter of Credit (or Bid Bond). The amount required for the Pre-Auction Letter of Credit (or Bid Bond) is calculated as follows, using the number in cell (b) of Table 1.1:

$$\begin{aligned} \text{Amount of Pre-Auction Letter of Credit or Bid Bond} &= (\text{indicative offer at Maximum Starting Price}) \times (\$500,000) \\ &= (\text{b) in Table 1.1 (number of tranches)}) \times (\$500,000) \\ &= \$ \quad (\text{B}) \end{aligned}$$

Step 3: Cell (C). Net Amount Granted to Support Your Indicative Offer.

Put in cell (C) of Table 1.2 the net amount granted to you the Qualified Bidder to support your indicative offer. **This amount is provided to you in your Notification of Qualification. Leave the default value of "0"** in cell (C) if you have a Guarantor or if you as a Qualified Bidder were granted a net amount of "0" to support your indicative offer.

Step 4: Cell (D). Amount of Your Letter of Intent to Provide a Guaranty.

If you named a Guarantor in the Part 1 Application that meets the Minimum Rating and you are submitting a Letter of Intent to Provide a Guaranty with this application, put in cell (D) of Table 1.2 the amount of this Letter of Intent to Provide a Guaranty. Please refer to your **Notification of Qualification** as it provides a maximum amount for this Letter of Intent to Provide a Guaranty. If you are not submitting a Letter of Intent to Provide a Guaranty with this application, **leave the default value of "0"** in cell (D) of Table 1.2.

Step 5: Cell (E). Amount of Your Letter of Reference.

Put in cell (E) of Table 1.2 the amount of the Letter of Reference (E) that you are submitting with this application. Please refer to your **Notification of Qualification** as it indicates whether a Letter of Reference is required. If you are not submitting a Letter of Reference, **leave the default value of "0"** in cell (E) of Table 1.2.

Step 6: Cell (F). Total Amount of Pre-Auction Security Provided.

Put in cell (F) of Table 1.2 the sum of (B), (C), (D), and (E). This is the total amount of Pre-Auction Security that you are providing with this application.

Name of Applicant

On our web site, under “*bidder info*” and “*application materials*” (www.bgs-auction.com/bgs.bidinfo.am.asp), you will find, in addition to the final Pre-Auction Letter of Credit **for BGS-FP Bidders**:

- a list of modifications to the final Pre-Auction Auction Letter of Credit that are acceptable to the EDCs;
- sample forms for the Letter of Reference;
- a standard form for the Letter of Intent to Provide a Guaranty.

Whether you intend to use the final Pre-Auction Letter of Credit or the standard form of Bid Bond, you must use the document specifically for **BGS-FP Bidders**.

Name of Applicant

1.3 BGS-CIEP Auction: Qualified Bidder’s Indicative Offer and Calculation of Pre-Auction Security

Are you applying to participate in the BGS-CIEP Auction?

Yes No

If NO, please proceed to Section 1.4

If YES, please provide the following information.

In the BGS-CIEP Auction, a product is the BGS-CIEP load for one EDC for a supply period of one year. The statewide Maximum Starting Price and the statewide Minimum Starting Price for the BGS-CIEP Auction are provided in Table 1.3 below.

Please enter below in cell (a) of Table 1.3 your indicative offer at the Minimum Starting Price. This indicative offer should provide a total number of BGS-CIEP tranches that you are willing to supply for all EDCs combined at the statewide Minimum Starting Price (**in addition** to any other BGS tranches that you may be supplying as a result of winning in previous auctions). Please enter below in cell (b) of Table 1.3 your indicative offer at the Maximum Starting Price. This indicative offer should provide a total number of BGS-CIEP tranches that you are willing to supply for all EDCs combined at the statewide Maximum Starting Price (**in addition** to any other BGS tranches that you may be supplying as a result of winning in previous auctions).

A Qualified Bidder’s indicative offer at each price cannot exceed the BGS-CIEP Statewide Load Cap of 14 tranches. A **Qualified Bidder’s indicative offer at the Maximum Starting Price cannot be fewer than 2 tranches.**

Table 1.3 BGS-CIEP Auction Indicative Offer

BGS-CIEP Price (\$/MW-day)		BGS-CIEP Indicative Offer (number of tranches)
Minimum Starting Price	275.00	(a) <i>This number cannot exceed the BGS-CIEP Statewide Load Cap of 14 tranches</i>
Maximum Starting Price	340.00	(b) <i>This number cannot exceed the BGS-CIEP Statewide Load Cap of 14 tranches</i>

An indicative offer includes a number of tranches at the Minimum Starting Price as well as at the Maximum Starting Price. The indicative offer at the Maximum Starting Price cannot be fewer than 2 tranches.

Should you become a Registered Bidder in the BGS-CIEP Auction, your initial eligibility for the auction will be set equal to your indicative offer at the Maximum Starting Price. That is, your initial eligibility would be set equal to the number of tranches you have entered in cell (b) of Table 1.3. **You cannot, at any time during the auction, bid on more tranches than the number of tranches indicated as your indicative offer at the Maximum Starting Price in cell (b) of Table 1.3.**

Name of Applicant

Pre-Auction Letter of Credit (or Bid Bond) Calculation

Each Qualified Bidder is required to submit a Pre-Auction Letter of Credit (or Bid Bond) in an amount of \$375,000 per tranche of the Qualified Bidder's BGS-CIEP indicative offer at the Maximum Starting Price.

The final Pre-Auction Letter of Credit, along with any acceptable modifications listed, is the only version that you can be assured is acceptable to the EDCs.

On our web site, under "bidder info" and "application materials" (www.bgs-auction.com/bgs.bidinfo.am.asp), you will find:

- the final Pre-Auction Letter of Credit **for BGS-CIEP Bidders** and a standard form of Bid Bond **for BGS-CIEP Bidders**;
- a list of modifications to the final Pre-Auction Auction Letter of Credit that are acceptable to the EDCs.

Whether you intend to use the final Pre-Auction Letter of Credit or the standard form of Bid Bond, you must use the document specifically for **BGS-CIEP Bidders**.

Please calculate the amount of your Pre-Auction Letter of Credit (or Bid Bond) here using the number in cell (b) of Table 1.3:

Amount of Pre-Auction Letter of Credit (or Bid Bond)

$$= (\text{indicative offer at Maximum Starting Price}) \times (\$375,000)$$

$$= (\text{b) in Table 1.3 (number of tranches)}) \times (\$375,000)$$

$$= \$$$

Please provide any special instructions for returning the Pre-Auction Letter of Credit after the BGS-CIEP Auction in the space below.

Name of Applicant

1.4 BGS-FP Auction: Qualified Bidder's Preliminary Maximum Interest in Each EDC

Are you applying to participate in the BGS-FP Auction?

Yes No

If NO, please proceed to Section 1.5.

If YES, please provide the following information.

In the BGS-FP Auction, a product is the BGS-FP load for one EDC for a supply period of three years. In Table 1.4 below, please provide your preliminary maximum interest in each EDC. At the Maximum Starting Price and at the Minimum Starting Price, please indicate the maximum number of tranches that you would be willing to supply for each product. Please note:

- The number of tranches that you indicate for each EDC at each price must be **equal to or less than** the EDC Load Cap. The EDC Load Cap is indicated beside the name of each EDC in Table 1.4. For example, the EDC Load Cap for PSE&G is 13 tranches.
- The number of tranches that you indicate for any one EDC at the Minimum Starting Price must be **equal to or less than** your indicative offer at that price (cell (a) of Table 1.1). The number that you indicate for any one EDC for the Maximum Starting Price must be **equal to or less than** your indicative offer at that price (cell (b) of Table 1.1).
- The sum of your preliminary interest for all EDCs at the Minimum Starting Price (the sum of (c1) through (c4) of Table 1.4) **can** exceed the amount of the indicative offer at the Minimum Starting Price in cell (a) of Table 1.1. The sum of your preliminary interest for all EDCs at the Maximum Starting Price (the sum of (d1) through (d4) of Table 1.4) **can** exceed the amount of the indicative offer at the Maximum Starting Price in cell (b) of Table 1.1.

Name of Applicant

Illustrative Example:

In this example, it is assumed purely for illustrative purposes that the Statewide Load Cap is 20 tranches and that the EDC Load Cap for ACE is 3 tranches.

A Qualified Bidder submits an indicative offer of 15 tranches at the Maximum Starting Price (cell (b) of Table 1.1) and 7 tranches at the Minimum Starting Price (cell (a) of Table 1.1). The indicative offer at each price does not exceed the Statewide Load Cap (20). At the Maximum Starting Price, the Qualified Bidder indicates its preliminary maximum interest in each EDC as:

- 7 tranches of PSE&G
- 5 tranches of JCP&L
- 3 tranches of ACE
- 1 tranche of RECO

The EDC Load Cap restricts the number of tranches that the Qualified Bidder may indicate for that EDC. For example, the Qualified Bidder cannot indicate more than 3 tranches of ACE because this EDC has a Load Cap of 3 tranches. The sum of the preliminary maximum interests at the Maximum Starting Price ($7 + 5 + 3 + 1 = 16$) can and does exceed the amount of the indicative offer at the Maximum Starting Price (15).

As its preliminary maximum interest in each EDC at the Minimum Starting Price, the Qualified Bidder submits:

- 5 tranches of PSE&G
- 4 tranches of JCP&L
- 0 tranches of ACE
- 1 tranche of RECO

The number of tranches indicated for each EDC is at or below the EDC Load Cap and at or below the indicative offer at the Minimum Starting Price (7). The sum of the preliminary maximum interests at the Minimum Starting Price ($5 + 4 + 0 + 1 = 10$) can and does exceed the amount of the indicative offer at the Minimum Starting Price (7).

Name of Applicant

Please indicate your preliminary maximum interest in each EDC in Table 1.4 below. Your preliminary maximum interest must be expressed in terms of number of tranches.

Table 1.4 Preliminary Maximum Interest in Each EDC

BGS-FP Auction		Minimum Starting Price:	Maximum Starting Price:
		13.000€/kWh	16.000€/kWh
PSE&G	EDC Load Cap: 13 Tranche Target: 28	(c1) 0 <i>This number cannot exceed the PSE&G Load Cap of 13 tranches</i>	(d1) 0 <i>This number cannot exceed the PSE&G Load Cap of 13 tranches</i>
JCP&L	EDC Load Cap: 8 Tranche Target: 18	(c2) 0 <i>This number cannot exceed the JCP&L Load Cap of 8 tranches</i>	(d2) 0 <i>This number cannot exceed the JCP&L Load Cap of 8 tranches</i>
ACE	EDC Load Cap: 3 Tranche Target: 7	(c3) 0 <i>This number cannot exceed the ACE Load Cap of 3 tranches</i>	(d3) 0 <i>This number cannot exceed the ACE Load Cap of 3 tranches</i>
RECO	EDC Load Cap: 1 Tranche Target: 1	(c4) 0 <i>This number cannot exceed the RECO Load Cap of 1 tranche</i>	(d4) 0 <i>This number cannot exceed the RECO Load Cap of 1 tranche</i>

Name of Applicant

1.5 Bidder Certifications for the BGS-FP Auction

Are you applying to participate in the BGS-FP Auction?

Yes No

If NO, please proceed to Section 1.6.

If YES, please provide the following information.

Please consult the list of Qualified Bidders for the BGS-FP Auction provided to you upon qualification. Please consult the certifications contained in the “Association and Confidential Information Rules” of the BGS-FP Auction Rules. Please consult the criteria for associations and the definition of Confidential Information in the BGS-FP Auction Rules [see Docket No. EO09050351] located on our web site, <http://www.bgs-auction.com/bgs.bidinfo.ar.asp>.

Please make the following certifications. In these certifications and the remainder of this Section 1.5, a “Qualified Bidder” refers to an entity qualified to participate in the BGS-FP Auction. All Qualified Bidders applying to become Registered Bidders, including each party to a bidding agreement, joint venture for the purpose of bidding in the BGS-FP Auction, bidding consortium, or other arrangement pertaining to bidding in the BGS-FP Auction must make these certifications. Completion of the following certifications signifies your agreement not to take any action during the period to which each certification applies that might affect the accuracy of the certifications. Completion of the following certifications also signifies your acknowledgement that you do not know of or cannot reasonably anticipate, at the time of this Part 2 Application, any event(s) that might cause these certifications to become untrue during the period to which each certification applies.

The following certifications (1) to (7) are required of each Qualified Bidder and will apply from the time of qualification until the Board certification of the auction results.

If you cannot make one or more of these certifications, please disclose the necessary information to explain why you cannot make these certifications if requested to do so. If you make one or more of these certifications and the certification becomes untrue during the period to which a certification applies, you are subject to all penalties under the BGS-FP Auction Rules for violating the Association and Confidential Information Rules, including, but not limited to, forfeitures of financial guarantees and other fees posted or paid, and debarment from participation in future BGS Auctions.

- (1) Please certify that you are not associated with another Qualified Bidder according to the criteria given in the BGS-FP Auction Rules.

Signature of Authorized Representative

Date

Name of Applicant

If unable to certify item (1), please identify the Qualified Bidder(s) in the BGS-FP Auction with whom you are associated and the nature of the association.

Please note that if the Applicant is unable to make this certification, an explanation must be provided in this space.

- (2) Please certify that, other than Qualified Bidders explicitly named in Section 1.11 of your Part I Application as parties with whom you have entered into a bidding agreement, joint venture for the purpose of bidding in the BGS-FP Auction, bidding consortium, or other arrangement pertaining to bidding in the BGS-FP Auction, you have not entered into any agreement with another Qualified Bidder, directly or indirectly, regarding bids at the BGS-FP Auction, including, but not limited to, the amount to bid at certain prices, the system on which bids are placed, when or at what prices bids are withdrawn or switched, or the amount of exit prices.

Signature of Authorized Representative

Date

An **Advisor** is an entity or person(s) that will be advising or assisting you with bidding strategy in the BGS-FP Auction, with estimation of the value of a system’s tranches, or with the estimation of the risks associated with serving BGS-FP load.

- (3) **Please certify to ONE of the following:**

- (i) you have not retained an Advisor;

Signature of Authorized Representative

Date

- or** (ii) you have retained an Advisor, the Advisor will not provide any similar advice or assistance to any other Qualified Bidder, and the Advisor will not be privy to Confidential Information relative to another Qualified Bidder’s bidding strategy;

Signature of Authorized Representative

Date

- or** (iii) you have retained an Advisor who will provide similar advice or assistance to another Qualified Bidder, or who will be privy to Confidential Information relative to another Qualified Bidder’s bidding strategy, but appropriate protections have been put into place to ensure that the Advisor does not serve as a conduit of information between, or as a coordinator of the bidding strategies of, multiple bidders.

Signature of Authorized Representative

Date

Name of Applicant

If unable to certify item (3), please name the Advisor and the Qualified Bidder(s) concerned.

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

Signature of Authorized Representative

Date

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

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

Signature of Authorized Representative

Date

If unable to certify item (5), please name the other Qualified Bidder(s) and the nature of the Confidential Information.

Please note that if the Applicant is unable to make any of the certifications listed in this section, an explanation must be provided in the appropriate space.

Name of Applicant

- (6) Please certify that you will not disclose Confidential Information relative to your own bidding strategy except to bidders explicitly named in Section 1.11 of your Part 1 Application as parties with whom you have entered into a bidding agreement, joint venture for the purpose of bidding in the BGS-FP Auction, bidding consortium, or other arrangement pertaining to bidding in the BGS-FP Auction, bidders with which you are associated as disclosed under item (1), to your Advisor, and to your financial institution.

Signature of Authorized Representative _____
Date

If unable to certify item (6), please provide an explanation.

Please note that if the Applicant is unable to make any of the certifications listed in this section, an explanation must be provided in the appropriate space.

- (7) Please certify that, other than entities with which you are affiliated and other than bidders explicitly named in Section 1.11 of your Part 1 Application as parties with whom you have entered a bidding agreement, joint venture for purposes of the BGS-FP Auction, bidding consortium, or other arrangement pertaining to the BGS-FP Auction, no party has agreed to defray any of the costs of participating in the BGS-FP Auction, including the cost of preparing the bid, the cost of any financial guarantees, the cost to be paid upon winning a tranche, or any other participation cost.

Signature of Authorized Representative _____
Date

If unable to certify item (7), please identify the party that has agreed to defray some or all of your costs of participating in the BGS-FP Auction, and the nature of the participation costs that the party has agreed to defray.

If the Board approves the results of the BGS-FP Auction, the entity that executes the BGS-FP Supplier Master Agreement must be the Same Entity that has agreed in this Part 2 Application that the submission of a bid in the BGS-FP Auction creates a binding and irrevocable offer to provide service under the terms set forth in the BGS-FP Supplier Master Agreement. If the Qualified Bidder becomes a Registered Bidder through a successful Part 2 Application, the entity that submits bids in the BGS-FP Auction must be the Same Entity that has agreed to comply with the Association and Confidential Information Rules in this Part 2 Application.

For purposes of the BGS-FP Auction, an entity no longer remains the Same Entity if, during the period between the qualification of bidders and three business days after the Board renders a decision on the results of the BGS-FP Auction, the entity consolidates into,

Name of Applicant

amalgamates into, or merges into another corporate entity, regardless of whether such an event leads to a change in the entity's legal or trade name.

The following certifications (8) through (11) are required of each Qualified Bidder and will apply from the time at which you make these certifications until three business days after the Board renders a decision on the results of the BGS-FP Auction.

Please certify that:

- (8) you agree that the submission of any bid in the BGS-FP Auction creates a binding and irrevocable offer to provide service under the terms set forth in the BGS-FP Supplier Master Agreement and that, upon the Board approving the BGS-FP Auction results, a binding and enforceable contract to provide service with respect to the number of tranches for which you were a winner in the BGS-FP Auction shall arise under the BGS-FP Supplier Master Agreement. You agree that should you be a winner at the BGS-FP Auction, failure to execute the BGS-FP Supplier Master Agreement within three business days of the Board approving the BGS-FP Auction results may result in the forfeiture of the Pre-Auction Letter of Credit (or Bid Bond).
- (9) at the time of submission of this Part 2 Application, there are no known plans or events that will result in the entity that submitted the Part 1 Application and became the Qualified Bidder failing to remain the Same Entity from the time at which you sign this certification until three business days after the Board renders a decision on the results of the BGS-FP Auction.
- (10) if you become a Registered Bidder in the BGS-FP Auction, you will not substitute another party, transfer your rights to another party, or otherwise assign your status as a Registered Bidder to another party (where another party, for the purpose of this paragraph, is any entity that is not the Same Entity as the entity submitting the Part 2 Application) and you agree that any such substitutions, transfers, or assignments shall be null and void and will result in your exclusion from the BGS-FP Auction.

 Signature of Authorized Representative

 Date

- (11) Please certify that, at the time of submission of this Part 2 Application, you cannot reasonably anticipate any events, either within or beyond your control, that could result in the entity that submitted the Part 1 Application and became the Qualified Bidder failing to remain the Same Entity from the time at which you sign this certification until three business days after the Board renders a decision on the results of the BGS-FP Auction.

 Signature of Authorized Representative

 Date

Name of Applicant

If unable to certify item (11), please provide an explanation.

The following certifications (12) and (13) are required of each Qualified Bidder applying to become a Registered Bidder and will apply from the date on which you make the certifications.

- (12) Please certify that if you are registered to participate in the BGS-FP Auction, you will not disclose at any time information regarding the initial eligibility in the BGS-FP Auction or the list of Registered Bidders, including the number of Registered Bidders, the identity of any one or all entities that have been registered (including yourself), or the fact that an entity has not been registered for participation in the BGS-FP Auction.

Signature of Authorized Representative

Date

If unable to certify item (12), please provide an explanation.

- (13) Please certify that you will not disclose any Confidential Information regarding the Auction Process to any party except your Advisor and bidders with which you are associated.

Signature of Authorized Representative

Date

If unable to certify item (13), please provide an explanation.

Please note that if the Applicant is unable to make any of the certifications listed in this section, an explanation must be provided in the appropriate space.

Should you be successful in your Part 2 Application, you will be required to certify that you will continue to abide by the confidentiality certifications above, that you will not disclose any Confidential Information regarding the Auction Process to any party except to bidders explicitly named in Section 1.11 of your Part 1 Application as parties with whom you have entered into a bidding agreement, joint venture for the purpose of bidding in the BGS-FP Auction, bidding consortium, or other bidding arrangement pertaining to the BGS-FP Auction, your Advisor, or bidders with which you are associated. You will also be asked to

Name of Applicant

certify that you will destroy all documents written or electronic provided by the BGS Auction Manager that contain Confidential Information regarding the Auction Process within five days of the Board deciding whether to approve the auction results.

Name of Applicant

1.6 Bidder Certifications for the BGS-CIEP Auction

Are you applying to participate in the BGS-CIEP Auction?

Yes No

If NO, please proceed to Section 1.7.

If YES, please provide the following information.

Please consult the list of Qualified Bidders for the BGS-CIEP Auction provided to you upon qualification. Please consult the certifications contained in the “Association and Confidential Information Rules” of the BGS-CIEP Auction Rules. Please consult the criteria for associations and the definition of Confidential Information in the BGS-CIEP Auction Rules [see Docket No. EO09050351] located on our web site, <http://www.bgs-auction.com/bgs.bidinfo.ar.asp>.

Please make the following certifications. In these certifications and the remainder of this Section 1.6, a “Qualified Bidder” refers to an entity qualified to participate in the BGS-CIEP Auction. All Qualified Bidders applying to become Registered Bidders, including each party to a bidding agreement, joint venture for the purpose of bidding in the BGS-CIEP Auction, bidding consortium, or other arrangement pertaining to bidding in the BGS-CIEP Auction must make these certifications. Completion of the following certifications signifies your agreement not to take any action during the period to which each certification applies that might affect the accuracy of the certifications. Completion of the following certifications also signifies your acknowledgement that you do not know of or cannot reasonably anticipate, at the time of this Part 2 Application, any event(s) that might cause these certifications to become untrue during the period to which each certification applies.

The following certifications (1) to (7) are required of each Qualified Bidder and will apply from the time of qualification until the Board certification of the auction results.

If you cannot make one or more of these certifications, please disclose the necessary information to explain why you cannot make these certifications if requested to do so. If you make one or more of these certifications and the certification becomes untrue during the period to which a certification applies, you are subject to all penalties under the BGS-CIEP Auction Rules for violating the Association and Confidential Information Rules, including, but not limited to, forfeitures of financial guarantees and other fees posted or paid, and debarment from participation in future BGS Auctions.

- (1) Please certify that you are not associated with another Qualified Bidder according to the criteria given in the BGS-CIEP Auction Rules.

Signature of Authorized Representative

Date

Name of Applicant

If unable to certify item (1), please identify the Qualified Bidder(s) in the BGS-CIEP Auction with whom you are associated and the nature of the association.

Please note that if the Applicant is unable to make this certification, an explanation must be provided in this space.

- (2) Please certify that, other than Qualified Bidders explicitly named in Section 1.14 of your Part 1 Application as parties with whom you have entered into a bidding agreement, joint venture for the purpose of bidding in the BGS-CIEP Auction, bidding consortium, or other arrangement pertaining to bidding in the BGS-CIEP Auction, you have not entered into any agreement with another Qualified Bidder, directly or indirectly, regarding bids at the BGS-CIEP Auction, including, but not limited to, the amount to bid at certain prices, the system on which bids are placed, when or at what prices bids are withdrawn or switched, or the amount of exit prices.

Signature of Authorized Representative

Date

An **Advisor** is an entity or person(s) that will be advising or assisting you with bidding strategy in the BGS-CIEP Auction, with estimation of the value of a system’s tranches, or with the estimation of the risks associated with serving BGS-CIEP load.

- (3) **Please certify to ONE of the following:**

- (i) you have not retained an Advisor;

Signature of Authorized Representative

Date

- or** (ii) you have retained an Advisor, the Advisor will not provide any similar advice or assistance to any other Qualified Bidder, and the Advisor will not be privy to Confidential Information relative to another Qualified Bidder’s bidding strategy;

Signature of Authorized Representative

Date

- or** (iii) you have retained an Advisor who will provide similar advice or assistance to another Qualified Bidder, or who will be privy to Confidential Information relative to another Qualified Bidder’s bidding strategy, but appropriate protections have been put into place to ensure that the Advisor does not serve as a conduit of

Name of Applicant

information between, or as a coordinator of the bidding strategies of, multiple bidders.

Signature of Authorized Representative

Date

If unable to certify item (3), please name the Advisor and the Qualified Bidder(s) concerned.

[Empty rectangular box for providing names of Advisor and Qualified Bidder(s)]

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

Signature of Authorized Representative

Date

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

[Empty rectangular box for disclosing contractual terms]

Please note that if the Applicant is unable to make any of the certifications listed in this section, an explanation must be provided in the appropriate space.

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

Signature of Authorized Representative

Date

Name of Applicant

If unable to certify item (5), please name the other Qualified Bidder(s) and the nature of the Confidential Information.

- (6) Please certify that you will not disclose Confidential Information relative to your own bidding strategy except to bidders explicitly named in Section 1.14 of your Part 1 Application as parties with whom you have entered into a bidding agreement, joint venture for the purpose of bidding in the BGS-CIEP Auction, bidding consortium, or other arrangement pertaining to bidding in the BGS-CIEP Auction, bidders with which you are associated as disclosed under item (1), to your Advisor, and to your financial institution.

Signature of Authorized Representative

Date

If unable to certify item (6), please provide an explanation.

- (7) Please certify that, other than entities with which you are affiliated and other than bidders explicitly named in Section 1.14 of your Part 1 Application as parties with whom you have entered a bidding agreement, joint venture for purposes of the BGS-CIEP Auction, bidding consortium, or other arrangement pertaining to the BGS-CIEP Auction, no party has agreed to defray any of the costs of participating in the BGS-CIEP Auction, including the cost of preparing the bid, the cost of any financial guarantees, the cost to be paid upon winning a tranche, or any other participation cost.

Signature of Authorized Representative

Date

If unable to certify item (7), please identify the party that has agreed to defray some or all of your costs of participating in the BGS-CIEP Auction, and the nature of the participation costs that the party has agreed to defray.

Please note that if the Applicant is unable to make any of the certifications listed in this section, an explanation must be provided in the appropriate space.

If the Board approves the results of the BGS-CIEP Auction, the entity that executes the BGS-CIEP Supplier Master Agreement must be the Same Entity that has agreed in this Part 2 Application that the submission of a bid in the BGS-CIEP Auction creates a binding and irrevocable offer to provide service under the terms set forth in the BGS-CIEP Supplier Master Agreement. If the Qualified Bidder becomes a Registered Bidder through a successful

Name of Applicant

Part 2 Application, the entity that submits bids in the BGS-CIEP Auction must be the Same Entity that has agreed to comply with the Association and Confidential Information Rules in this Part 2 Application.

For purposes of the BGS-CIEP Auction, an entity no longer remains the Same Entity if, during the period between the qualification of bidders and three business days after the Board renders a decision on the results of the BGS-CIEP Auction, the entity consolidates into, amalgamates into, or merges into another corporate entity, regardless of whether such an event leads to a change in the entity's legal or trade name.

The following certifications (8) through (11) are required of each Qualified Bidder and will apply from the time at which you make these certifications until three business days after the Board renders a decision on the results of the BGS-CIEP Auction.

Please certify that:

- (8) you agree that the submission of any bid in the BGS-CIEP Auction creates a binding and irrevocable offer to provide service under the terms set forth in the BGS-CIEP Supplier Master Agreement and that, upon the Board approving the BGS-CIEP Auction results, a binding and enforceable contract to provide service with respect to the number of tranches for which you were a winner in the BGS-CIEP Auction shall arise under the BGS-CIEP Supplier Master Agreement. You agree that should you be a winner at the BGS-CIEP Auction, failure to execute the BGS-CIEP Supplier Master Agreement within three business days of the Board approving the BGS-CIEP Auction results may result in the forfeiture of the Pre-Auction Letter of Credit (or Bid Bond).
- (9) at the time of submission of this Part 2 Application, there are no known plans or events that will result in the entity that submitted the Part 1 Application and became the Qualified Bidder failing to remain the Same Entity from the time at which you sign this certification until three business days after the Board renders a decision on the results of the BGS-CIEP Auction.
- (10) if you become a Registered Bidder in the BGS-CIEP Auction, you will not substitute another party, transfer your rights to another party, or otherwise assign your status as a Registered Bidder to another party (where another party, for the purpose of this paragraph, is any entity that is not the Same Entity as the entity submitting the Part 2 Application) and you agree that any such substitutions, transfers, or assignments shall be null and void and will result in your exclusion from the BGS-CIEP Auction.

 Signature of Authorized Representative

 Date

Name of Applicant

- (11) Please certify that, at the time of submission of this Part 2 Application, you cannot reasonably anticipate any events, either within or beyond your control, that could result in the entity that submitted the Part 1 Application and became the Qualified Bidder failing to remain the Same Entity from the time at which you sign this certification until three business days after the Board renders a decision on the results of the BGS-CIEP Auction.

Signature of Authorized Representative

Date

If unable to certify item (11), please provide an explanation.

Please note that if the Applicant is unable to make this certification, an explanation must be provided in this space.

Name of Applicant

The following certifications (12) and (13) are required of each Qualified Bidder applying to become a Registered Bidder and will apply from the date on which you make the certifications.

(12) Please certify that if you are registered to participate in the BGS-CIEP Auction, you will not disclose at any time information regarding the initial eligibility in the BGS-CIEP Auction or the list of Registered Bidders, including the number of Registered Bidders, the identity of any one or all entities that have been registered (including yourself), or the fact that an entity has not been registered for participation in the BGS-CIEP Auction.

Signature of Authorized Representative Date

If unable to certify item (12), please provide an explanation.

(13) Please certify that you will not disclose any Confidential Information regarding the Auction Process to any party except your Advisor and bidders with which you are associated.

Signature of Authorized Representative Date

If unable to certify item (13), please provide an explanation.

Please note that if the Applicant is unable to make any of the certifications listed in this section, an explanation must be provided in the appropriate space.

Should you be successful in your Part 2 Application, you will be required to certify that you will continue to abide by the confidentiality certifications above, that you will not disclose any Confidential Information regarding the Auction Process to any party except to bidders explicitly named in Section 1.14 of your Part 1 Application as parties with whom you have entered into a bidding agreement, joint venture for the purpose of bidding in the BGS-CIEP Auction, bidding consortium, or other bidding arrangement pertaining to the BGS-CIEP Auction, your Advisor, or bidders with which you are associated. You will also be asked to certify that you will destroy all documents written or electronic provided by the BGS Auction Manager that contain Confidential Information regarding the Auction Process within five days of the Board deciding whether to approve the auction results.

Name of Applicant

1.7 Justification of Omissions

If you are unable to submit all required documents or to provide all information requested, please explain any omissions here.



Please note that if the Applicant is unable to provide any of the documents or information required by the Part 2 Application Form, it must fully explain the omission in this section.

Name of Applicant

Appendix A – Enclosures to the Part 2 Application

This is a checklist of documents to be enclosed with this application.

- Four originals** of the completed Part 2 Application Form (with original signatures)
[Instructions Part I]

For BGS-FP Auction:

- Pre-Auction Letter of Credit (or Bid Bond) for BGS-FP Bidders *[Section 1.2]*
- Letter of Intent to Provide a Guaranty (if applicable) *[Section 1.2]*
- Letter of Reference (if applicable) *[Section 1.2]*

*Standard forms for these documents are available from our web site, <http://www.bgs-auction.com/bgs.bidinfo.am.asp>. For the BGS-FP Auction, please ensure that you use the standard forms provided **for BGS-FP Bidders**.*

For BGS-CIEP Auction:

- Pre-Auction Letter of Credit (or Bid Bond) for BGS-CIEP Bidders *[Section 1.3]*

*Standard forms of these documents are available from our web site, <http://www.bgs-auction.com/bgs.bidinfo.am.asp>. For the BGS-CIEP Auction, please ensure that you use the standard forms provided **for BGS-CIEP Bidders**.*

Appendix B – Glossary

Defined terms used in the Application Form and these notes to the Application Form shall have the meaning given to such terms in the BGS-FP or BGS-CIEP Auction Rules; definitions for such terms are summarized here for convenience. Other terms are also defined below.

Advisor

An Advisor is an entity or person(s) who will be advising or assisting the bidder with respect to bidding strategy for a BGS Auction, estimation of the value of any tranche, or the estimation of the risks associated with providing supply for any tranche.

Applicant's Authorized Representative

The Authorized Representative is the only person authorized to designate a person other than himself or herself to submit bids in the BGS-FP Auction, or the BGS-CIEP Auction, or both. Before the auctions take place the Authorized Representative will receive all documentation related to the auction or auctions for which the Applicant becomes a Registered Bidder, including auction procedures manuals and confidential information required to submit bids in the trial auction and in the auction or auctions themselves. The Authorized Representative is the only person authorized to distribute auction procedures manuals and confidential information to other representatives of the Applicant. The Authorized Representative must ensure that only authorized persons act on behalf of the Applicant in the Auction Process.

Applicant's Legal Representative in New Jersey

The Applicant's Legal Representative in New Jersey is a legal counsel or a representative agent that has an address in New Jersey and is authorized and agrees to accept service of process on the Applicant's behalf.

Association

A relationship that a party participating in one auction may have with another party participating in the same auction, as defined in the BGS-FP Auction Rules and the BGS-CIEP Auction Rules.

Auction Rules

See BGS-FP Auction Rules or BGS-CIEP Auction Rules.

BGS Auction Manager

The person retained by the EDCs to manage the Auction Process under the Board's oversight.

BGS-CIEP Auction Rules

The BGS-CIEP Auction Rules describe the process, as approved by the Board, by which Bidders submit bids in the BGS-CIEP Auction, bids are processed, final prices are determined and winners emerge. Please see the document titled "Final BGS-CIEP Auction Rules". This document is posted at <http://www.bgs-auction.com/bgs.bidinfo.ar.asp> when it becomes available.

BGS-CIEP Supplier Master Agreement

The BGS-CIEP Supplier Master Agreement is the standard contract, approved by the Board, which will be used by the winners of the BGS-CIEP Auction and the EDCs. Please see the document titled "Final BGS-CIEP Supplier Master Agreement". This document is posted at <http://www.bgs-auction.com/bgs.bidinfo.cc.asp> when it becomes available.

BGS-CIEP Tranche

A BGS-CIEP tranche for an EDC is a full-requirements tranche. A tranche for an EDC is a fixed percentage share of the BGS-CIEP Load of that EDC for the period June 1, 2010 to May 31, 2011. The tranche size of an EDC is the percentage share of the BGS-CIEP Load of the EDC corresponding to approximately 75 MW of CIEP Peak Load Share.

BGS-FP Auction Rules

The BGS-FP Auction Rules describe the process, as approved by the Board, by which Bidders submit bids in the BGS-FP Auction, bids are processed, final prices are determined and winners emerge. Please see the document titled “Final BGS-FP Auction Rules”. This document is posted at <http://www.bgs-auction.com/bgs.bidinfo.ar.asp> when it becomes available.

BGS-FP Supplier Master Agreement

The BGS-FP Supplier Master Agreement is the standard contract, approved by the Board, which will be used by the winners of the BGS-FP Auction and the EDCs. Please see the document titled “Final BGS-FP Supplier Master Agreement”. This document is posted at <http://www.bgs-auction.com/bgs.bidinfo.cc.asp> when it becomes available.

BGS-FP Tranche

A BGS-FP tranche for an EDC is a full-requirements tranche. A tranche for an EDC is a fixed percentage share of the BGS-FP Load of that EDC for a three-year term from June 1, 2010 to May 31, 2013. The tranche size of an EDC is the percentage share of the BGS-FP Load of the EDC corresponding to approximately 100 MW of FP Peak Load Share.

Bid Bond for the BGS-CIEP Auction

Issued by an approved surety company to a Qualified Bidder prior to the BGS-CIEP Auction. The Bid Bond must be in the amount of \$375,000 per tranche of the BGS-CIEP Qualified Bidder's indicative offer at the Maximum Starting Price. The Bid Bond may be forfeited if the bidder: a) has made any material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in the BGS-CIEP Auction; or has violated the BGS-CIEP Auction Rules, and such omission, misrepresentation or violation materially affects the determination of the winning bids in the BGS-CIEP Auction; or b) has a winning bid in the BGS-CIEP Auction and fails to execute the BGS-CIEP Supplier Master Agreement within three business days of the certification of the BGS-CIEP Auction results by the Board; or c) has a winning bid in the BGS-CIEP Auction and fails to meet the creditworthiness requirements of the BGS-CIEP Supplier Master Agreement within three business days of the certification of the BGS-CIEP Auction results by the Board.

Bid Bond for the BGS-FP Auction

Issued by an approved surety company to a Qualified Bidder prior to the BGS-FP Auction. The Bid Bond is in the amount of \$500,000 per tranche of the BGS-FP Qualified Bidder's indicative offer at the Maximum Starting Price. (The Qualified Bidder may submit a Bid Bond in the amount of \$2,400,000 per tranche of the BGS-FP Qualified Bidder's indicative offer at the Maximum Starting Price in lieu of submitting a Letter of Intent to Provide a Guaranty or Letter of Reference.) The Bid Bond may be forfeited if the bidder: a) has made any material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in the BGS-FP Auction; or has violated the BGS-FP Auction Rules, and such omission, misrepresentation or violation materially affects the determination of the winning bids in the BGS-FP Auction; or b) has a winning bid in the BGS-FP Auction and fails to execute the BGS-FP Supplier Master Agreement within three business days of the certification of the BGS-FP Auction results by the Board; or c) has a winning bid in the BGS-FP Auction and fails to meet the creditworthiness requirements of the BGS-FP Supplier Master Agreement within three business days of the certification of the BGS-FP Auction results by the Board.

Bidding Agreement (Bidding Arrangement)

Any agreement between two or more parties, each of whom intends to participate in the same auction, namely the BGS-FP Auction or the BGS-CIEP Auction, to share information relative to the bidding strategy in the auction, to share information regarding round results, to agree upon bids, to agree upon bidding strategy or to coordinate bids during the auction.

Bidding Consortium

A group of separate businesses or business people joining together to submit joint bids in the same auction (either the BGS-FP Auction or the BGS-CIEP Auction). A set of companies joining together to supply BGS-FP Load or BGS-CIEP Load, with each providing different expertise or components.

Board

The New Jersey Board of Public Utilities.

Confidential Information

There are two types of Confidential Information. Confidential Information relative to the bidding strategy means information relating to a bidder's bid, whether in writing or verbally, which if it were to be made public would be likely to have an effect on any of the bids that another bidder would be willing to submit at the auction. Confidential Information regarding the Auction Process means information that is not released publicly by the Board or the BGS Auction Manager and that a bidder acquires as a result of participating in the Auction Process, whether in writing or verbally, which if it were to be made public could impair the integrity of current or future auctions, impair the ability of the EDCs to hold future auctions, harm consumers, or injure bidders or Applicants. Please consult the BGS-FP or BGS-CIEP Auction Rules for a more detailed description of Confidential Information.

Current Assets

A balance sheet item which equals the sum of cash and cash equivalents, accounts receivable, inventory, marketable securities, prepaid expenses, and other assets that could be converted to cash in less than one year.

Current Liabilities

Amount owed for salaries, interest, accounts payable and other debts due within one year.

Current Ratio

A measure of a company's ability to meet short-term debt obligations. Calculated by dividing current assets by current liabilities.

Delegate

The Delegate is authorized by the Applicant's Authorized Representative to represent the Applicant in either the BGS-FP Auction or the BGS-CIEP Auction. The Delegate is authorized only to submit the indicative offer and to act on behalf of the Applicant while the auction (the BGS-FP Auction or the BGS-CIEP Auction) is in progress.

EBITDA

EBITDA is used to analyze a company's operating profitability before non-operating expenses (such as interest and "other" non-core expenses) and non-cash charges (depreciation and amortization). Calculated from earnings before the deduction of interest expenses, taxes, depreciation, and amortization.

EDC

Electric Distribution Company.

EDC Load Cap (BGS-FP Auction)

An EDC Load Cap in the BGS-FP Auction is a maximum number of tranches that any one bidder can bid and win for that EDC. (Also see Statewide Load Cap.)

Fixed Assets [Plant]

A measure of long-term, tangible assets held for business use and not expected to be converted to cash in the current or upcoming fiscal year, such as manufacturing equipment, real estate, and furniture.

Indicative Offer (BGS-CIEP Auction)

A BGS-CIEP indicative offer is the number of tranches that the Qualified Bidder is willing to supply at the Maximum Starting Price and the number of tranches that the Qualified Bidder is willing to supply at the Minimum Starting Price. A Qualified Bidder's indicative offer at the Maximum Starting Price determines the Qualified Bidder's initial eligibility should the Qualified Bidder be registered to bid in the BGS-CIEP Auction.

Indicative Offer (BGS-FP Auction)

A BGS-FP indicative offer is the number of tranches that the Qualified Bidder is willing to supply at the Maximum Starting Price and the number of tranches that the Qualified Bidder is willing to supply at the Minimum Starting Price. A Qualified Bidder's indicative offer at the Maximum Starting Price determines the Qualified Bidder's initial eligibility should the Qualified Bidder be registered to bid in the BGS-FP Auction.

Joint Venture

An enterprise entered into by two or more people for profit with the purpose of bidding in the auction (the BGS-FP Auction or the BGS-CIEP Auction). A joint venture has most of the elements of a partnership, such as shared management, the power of each venturer to bind the others in the business, division of profits and joint responsibility for losses. However, unlike a partnership, a joint venture anticipates a specific area of activity and/or period of operation, so after the purpose is completed, bills are paid, profits (or losses) are divided, and the joint venture is terminated.

Letter of Credit (Pre-Auction) for the BGS-CIEP Auction

Issued by a bank with a senior unsecured debt rating of “A” from Standard & Poor’s or “A2” from Moody’s. The Pre-Auction Letter of Credit must be in the amount of \$375,000 per tranche of the BGS-CIEP Qualified Bidder’s indicative offer at the Maximum Starting Price. The Pre-Auction Letter of Credit may be drawn if the bidder: a) has made any material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in the BGS-CIEP Auction; or has violated the BGS-CIEP Auction Rules; or b) has a winning bid in the BGS-CIEP Auction and fails to execute the BGS-CIEP Supplier Master Agreement within three business days of the certification of the BGS-CIEP Auction results by the Board as specified in the Rules; or c) has a winning bid in the BGS-CIEP Auction and fails to meet the creditworthiness requirements of the BGS-CIEP Supplier Master Agreement within three business days of the certification of the BGS-CIEP Auction results by the Board as specified in the Rules.

The final Pre-Auction Letter of Credit, along with any acceptable modifications listed, is the only version that you can be assured is acceptable to the EDCs.

Letter of Credit (Pre-Auction) for the BGS-FP Auction

Issued by a bank with a senior unsecured debt rating of “A” from Standard & Poor’s or “A2” from Moody’s. The Pre-Auction Letter of Credit is in the amount of \$500,000 per tranche of the BGS-FP Qualified Bidder’s indicative offer at the Maximum Starting Price. (The Qualified Bidder may submit a Pre-Auction Letter of Credit in the amount of \$2,400,000 per tranche of the BGS-FP Qualified Bidder’s indicative offer at the Maximum Starting Price in lieu of submitting a Letter of Intent to Provide a Guaranty or Letter of Reference.) The Pre-Auction Letter of Credit may be drawn if the bidder: a) has made any material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in the BGS-FP Auction; or has violated the BGS-FP Auction Rules; or b) has a winning bid in the BGS-FP Auction and fails to execute the BGS-FP Supplier Master Agreement within three business days of the certification of the BGS-FP Auction results by the Board as specified in the Rules; or c) has a winning bid in the BGS-FP Auction and fails to meet the creditworthiness requirements of the BGS-FP Supplier Master Agreement within three business days of the certification of the BGS-FP Auction results by the Board as specified in the Rules.

The final Pre-Auction Letter of Credit, along with any acceptable modifications listed, is the only version that you can be assured is acceptable to the EDCs.

Long-term Debt [Funded Debt]

An obligation having a maturity of more than one year from the date it was issued.

Maximum Starting Price

The Maximum Starting Price is a statewide price. For the BGS-CIEP Auction, the Maximum Starting Price is quoted in \$/MW-day, while for the BGS-FP Auction, the Maximum Starting Price is quoted in ¢/kWh. The Maximum Starting Price for the BGS-FP Auction is 16.000¢/kWh and the Maximum Starting Price for the BGS-CIEP Auction is \$340.00/MW-Day. In the first round of each auction, each EDC-specific Starting Price will be no higher than the statewide Maximum Starting Price.

Minimum Starting Price

The Minimum Starting Price is a statewide price. For the BGS-CIEP Auction, the Minimum Starting Price is quoted in \$/MW-day, while for the BGS-FP Auction, the Minimum Starting Price is quoted in ¢/kWh. The Minimum Starting Price for the BGS-FP Auction is 13.000¢/kWh and the Minimum Starting Price for the BGS-CIEP Auction is \$275.000/MW-Day. In the first round of each auction, each EDC-specific Starting Price will be no lower than the statewide Minimum Starting Price.

Pre-Auction Security

In the BGS-CIEP Auction, Pre-Auction Security consists of the Bid Bond or the Pre-Auction Letter of Credit. In the BGS-FP Auction, Pre-Auction Security consists of the Bid Bond or the Pre-Auction Letter of Credit and, if necessary, a Letter of Reference or a Letter of Intent to Provide a Guaranty. A Qualified Bidder in the BGS-FP Auction is notified upon qualification whether a Letter of Reference or a Letter of Intent to Provide a Guaranty is required.

Product

A product is the relevant BGS load (i.e., BGS-FP or BGS-CIEP load) for one EDC for a given term. The term for a product in the BGS-CIEP Auction is one year (June 1, 2010 to May 31, 2011). The term for a product in the BGS-FP Auction is three years (June 1, 2010 to May 31, 2013).

Qualified Bidder

An Applicant who has been approved to submit a Part 2 Application based on financial and other qualifications submitted in the Part 1 Application. Applicants qualify separately for the BGS-FP Auction and the BGS-CIEP Auction.

Registered Bidder

A Qualified Bidder who has been approved to participate in a particular BGS Auction based on requirements submitted in the Part 2 Application. A Registered Bidder may be approved to participate in the BGS-FP Auction, or the BGS-CIEP Auction, or both.

Same Entity

For purposes of the BGS-FP Auction, an entity no longer remains the Same Entity if, during the period between the qualification of bidders and three business days after the Board renders a decision on the results of the BGS-FP Auction, the entity consolidates into, amalgamates into, or merges into another corporate entity, regardless of whether such an event leads to a change in the entity's legal or trade name. For purposes of the BGS-CIEP Auction, an entity no longer remains the Same Entity if, during the period between the qualification of bidders and three business days after the Board renders a decision on the results of the BGS-CIEP Auction, the entity consolidates into, amalgamates into, or merges into another corporate entity, regardless of whether such an event leads to a change in the entity's legal or trade name.

Starting Prices

The EDC-specific Starting Prices are the going prices in effect during the bidding phase of the first round. Each EDC sets its own Starting Price. Each EDC-specific Starting Price will be set no lower than the Minimum Starting Price and no higher than the Maximum Starting Price. The EDC-specific Starting Prices are released to Registered Bidders for an auction three business days before the start of that auction.

Statewide Load Cap

The Statewide Load Cap in each of the BGS-FP Auction and the BGS-CIEP Auction is a statewide maximum number of tranches that any one bidder can bid and win statewide in that auction. The Statewide Load Cap for the BGS-FP Auction is 20 tranches and the Statewide Load Cap for the BGS-CIEP Auction is 14 tranches.

Total Capital

Is made up of long-term debt, short-term debt, preferred stock, common stock and retained earnings.

Total Debt

Long-term debt (including amounts for operating lease debt equivalent) plus current maturities, commercial paper and other short term borrowings.

Tranche

See BGS-FP Tranche or BGS-CIEP Tranche.

Web site

The web site for the BGS Auction is <http://www.bgs-auction.com>.

End of Part 2 Application Form

E.5. Pre-Auction Letter of Credit

Every Applicant submits a Pre-Auction Letter of Credit (or Bid Bond) to support its indicative offer in its Part 2 Application. This sub-section presents the final Pre-Auction Letter of Credit as well as the list of all acceptable modifications to the final form.

Potential bidders for the 2010 BGS Auctions were invited to propose modifications to the sample Pre-Auction Letter of Credit. Although the final Pre-Auction Letter of Credit has not changed from the last year, additional modifications were accepted on an optional basis as a result of this process.

The form of the final Pre-Auction Letter of Credit has been provided below for your convenience. Please note that there are two final Pre-Auction Letters of Credit: one specifically for Applicants to the BGS-FP Auction and another specifically for Applicants to the BGS-CIEP Auction. Although the form of these Pre-Auction Letters of Credit is identical, each references a different Supplier Master Agreement, different Auction Rules, and a different Auction. Applicants to the BGS-FP Auction **must use** the final Pre-Auction Letter of Credit for FP Applicants and Applicants to the BGS-CIEP Auction **must use** the final Pre-Auction Letter of Credit for CIEP Applicants. These final Pre-Auction Letters of Credit, as well as all other final Pre-Auction Security documents, are available on the “Contract and Credit” page of the BGS web site:

<http://www.bgs-auction.com/bgs.bidinfo.cc.asp>.

Final Pre-Auction Letter of Credit

Letter of Credit No. _____ (Date) _____

To: the Electric Distribution Companies (“EDCs”)
 c/o NERA Economic Consulting, Inc. (“NERA”)
 BGS Auction Manager
 One Gateway Center, Suite 720
 Newark, NJ 07102

The EDCs are all of the following:

Atlantic City Electric Company (“ACE”) and Jersey Central Power & Light Company (“JCP&L”) and Public Service Electric and Gas Company (“PSE&G”) and Rockland Electric Company (“RECO”)

1. We hereby establish in your favor this irrevocable Letter of Credit (this “Letter of Credit”) for the account of _____, an Applicant to the Part 2 Application process of the BGS Auction(s) who has successfully completed the Part 1 Application (the “Bidder”), in the amount of USD \$ _____, effective immediately and available to you at sight upon demand by all of you at our counters at _____(Location) and expiring on _____ which is at least sixty (60) calendar days from date of issuance, unless terminated earlier in accordance with the provisions hereof or otherwise extended.
2. This Letter of Credit is issued at the request of the Bidder, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in Paragraph 11 hereof. This Letter of Credit may be drawn by presenting documents required in Paragraph 3 hereof and your certificate stating that the Bidder
 - a) “has made a material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in the _____ [BGS-FP/BGS-CIEP] Auction; or has violated the _____ [BGS-FP/BGS-CIEP] Auction Rules (the “Rules”); or
 - b) “has a winning bid in the _____ [BGS-FP/BGS-CIEP] Auction and has failed to execute the _____ [BGS-FP/BGS-CIEP] Supplier Master Agreement within three (3) business days of the certification of the _____ [BGS-FP/BGS-CIEP] Auction results by the New Jersey Board of Public Utilities (“Board”) as specified in the Rules”; or
 - c) “has a winning bid in the _____ [BGS-FP/BGS-CIEP] Auction and has failed to meet the creditworthiness requirements of the _____ [BGS-FP/BGS-CIEP] Supplier Master Agreement within three (3) business days of the certification of

- the _____ [BGS-FP/BGS-CIEP] Auction results by the Board as specified in the Rules.”
3. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (New York, New York time¹) on such Business Day to _____ (Bank), _____ (address), (i) a notice in the form of Annex 1 hereto executed by an Authorized Officer of each EDC and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of the EDCs. Authorized Officer shall mean President, Treasurer, any Vice President or any Assistant Treasurer.
 4. We hereby agree to honor a drawing hereunder made in compliance with the terms and conditions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to such accounts at such banks in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 P.M. (New York, NY time) on the date of such drawing if delivery of this requisite document is made prior to 11:00 A.M. (New York, NY time) on a Business Day pursuant to Paragraph 3 hereinabove, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite documents is made on or after 11:00 A.M. (New York, NY time) on any Business Day pursuant to Paragraph 3 hereinabove.
 5. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not exceeding three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons why the demand for payment was not so effected, and stating that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be timely made in accordance with the terms of this Letter of Credit.
 6. This Letter of Credit shall automatically terminate and be delivered to us for cancellation on the earliest of (i) the making by you and payment by us of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we receive from you a Certificate of Expiration in the form of Annex 3 hereto, (iii) the above-stated expiration date hereof.

¹ If the issuer of the Letter of Credit is located in an area that is not in the Eastern Time zone, this time, all other times in this Letter of Credit, and the definition of a Business Day should be adjusted accordingly.

7. As used herein:
“Business Day” shall mean any day on which commercial banks are not authorized or required to close in New York, New York and any day on which payments can be effected on the Fedwire system.
8. This Letter of Credit is not transferable, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practices for Documentary Credits – 2007 revision, ICC Publication No. 600, or any successor publication thereto (the “UCP”). All banking charges are for the account of the Bidder. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law.
9. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 3 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.
10. We certify that as of _____(date) we _____ (“Bank”) satisfy the senior unsecured debt rating of “A” from Standard & Poor’s or “A2” from Moody’s.
11. The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit No. _____. Partial drawings are permitted hereunder.
12. Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____. Presentation by fax must be confirmed by telephone to our Standby Letter of Credit Unit at _____; provided, however, that should this telephone number change or become invalid such that the Standby Letter of Credit Unit cannot be reached by you at the above number at the time of fax presentation, the requirement of telephonic confirmation shall be waived and the faxed document(s) shall be considered operative and valid without such confirmation.
13. In the event of act of God, riot, civil commotion, insurrection, war, terrorism or by any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this Letter of Credit to be closed for business on the last day of presentation, the expiration date of this Letter of Credit shall be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.
14. This original Letter of Credit has been sent to NERA, the BGS Auction Manager, at One Gateway Center, Suite 720, Newark, NJ 07102 (as per Bidder’s instructions, the

BGS Auction Manager holds the Letter of Credit for the benefit of all EDCs). The aggregate amount paid to the EDCs during the validity of this Letter of Credit will not exceed the amount of this Letter of Credit. Any demands or communications in the form of the attached Annexes or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of each of the EDCs. Acceptance or rejection of any amendments to this Letter of Credit must be signed by an Authorized Representative of the BGS Auction Manager on behalf of the EDCs. An Authorized Representative of the BGS Auction Manager means any Vice President or Senior Vice President of NERA.

Very truly yours,

(Bank)

By: _____

Name:

Title:

By: _____

Name:

Title:

Annex 1 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned is making a drawing under the above-referenced Letter of Credit in the amount specified below and hereby certifies to you as follows:

1. Capitalized terms used herein that are defined herein shall have the meanings ascribed thereto in the Letter of Credit;
2. Pursuant to Paragraph 2 of the Letter of Credit No. _____, dated _____, 20__, the undersigned are entitled to make a drawing under the Letter of Credit in the amount of \$ _____, inasmuch as the Bidder has _____ (state reason from conditions (a) – (c) of Paragraph 2).
3. The amounts to be received by each EDC are \$ _____ for ACE, \$ _____ for JCP&L, \$ _____ for PSE&G and \$ _____ for RECO.
4. We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

Very truly yours,

ACE
By _____
Name:
Title:
Date:

JCP&L

By _____

Name:

Title:

Date:

PSE&G

By _____

Name:

Title:

Date:

RECO

By _____

Name:

Title:

Date:

cc: _____ (Bidder)

Annex 2 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

ON [Business Day pursuant to Paragraph 4]

PAY TO: EDC (ACE or JCP&L or PSE&G or RECO)

Attn:

\$ _____

For credit to the account of _____.

FOR VALUE RECEIVED AND CHARGE TO ACCOUNT OF LETTER OF CREDIT
NO. _____ OF

(Bank)
(Address)

EDC (ACE or JCP&L or PSE&G or RECO)
By _____
Name:
Title:

Annex 3 to Letter of CreditCERTIFICATE OF EXPIRATION
OF LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit, marked cancelled.

ACE

By _____

Name:

Title:

Date:

JCP&L

By _____

Name:

Title:

Date:

PSE&G

By _____

Name:

Title:

Date:

RECO

By _____

Name:

Title:

Date:

cc: _____ (Bidder)

Acceptable Modifications

Beneficiary - Original

To: the Electric Distribution Companies (“EDCs”)
c/o NERA Economic Consulting, Inc. (“NERA”)
BGS Auction Manager
One Gateway Center, Suite 720
Newark, NJ 07102

The EDCs are all of the following:

Atlantic City Electric Company (“ACE”) and Jersey Central Power & Light Company (“JCP&L”) and Public Service Electric and Gas Company (“PSE&G”) and Rockland Electric Company (“RECO”)

Acceptable Modifications to the Beneficiary

B.1. To: the Electric Distribution Companies referred to below (“EDCs”)
c/o NERA Economic Consulting, Inc. (“NERA”)
BGS Auction Manager
One Gateway Center, Suite 720
Newark, NJ 07102

The EDCs are all of the following:

Atlantic City Electric Company (“ACE”) and Jersey Central Power & Light Company (“JCP&L”) and Public Service Electric and Gas Company (“PSE&G”) and Rockland Electric Company (“RECO”)

Paragraph 1 - Original

1. We hereby establish in your favor this irrevocable Letter of Credit (this “Letter of Credit”) for the account of _____, an Applicant to the Part 2 Application process of the BGS Auction(s) who has successfully completed the Part 1 Application (the “Bidder”), in the amount of USD \$_____, effective immediately and available to you at sight upon demand by all of you at our counters at _____(Location) and expiring on _____ which is at least sixty (60) calendar days from date of issuance, unless terminated earlier in accordance with the provisions hereof or otherwise extended.

Acceptable Modifications to Paragraph 1

- 1.1. We, [bank], hereby establish in your favor this irrevocable Letter of Credit (this “Letter of Credit”) for the account of _____, an Applicant to the Part 2 Application process of the BGS Auction(s) who has successfully completed the Part 1 Application (the “Bidder”), in the amount of USD \$_____, effective immediately and available to you at sight upon demand by all of you at our counters at _____(Location) and expiring on _____ which is at least sixty (60) calendar days from date of issuance, unless terminated earlier in accordance with the provisions hereof or otherwise extended.
- 1.2. We hereby establish in your favor this irrevocable Letter of Credit (this “Letter of Credit”) for the account of _____, an Applicant to the Part 2 Application process of the BGS Auction(s) who has successfully completed the Part 1 Application (the “Bidder”), in the amount of USD \$_____, effective immediately and available to you at sight upon demand by all of you at our counters at _____(Location) and expiring on _____ ~~which is at least sixty (60) calendar days from date of issuance~~, unless terminated earlier in accordance with the provisions hereof or otherwise extended.
→ This change is acceptable to the EDCs, PROVIDED THAT the date inserted is at least 60 calendar days from the date of issuance.
- 1.3. We hereby establish in your favor this irrevocable Standby Letter of Credit (this “Letter of Credit”) for the account of _____, an Applicant to the Part 2 Application process of the BGS Auction(s) who has successfully completed the Part 1 Application (the “Bidder”), in the amount of USD \$_____, effective immediately and available to you at sight upon demand by all of you at our counters at _____(Location) and expiring on _____ which is at least sixty (60) calendar days from date of issuance, unless terminated earlier in accordance with the provisions hereof or otherwise extended.

Paragraph 2 - Original

2. This Letter of Credit is issued at the request of the Bidder, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in Paragraph 11 hereof. This Letter of Credit may be drawn by presenting documents required in Paragraph 3 hereof and your certificate stating that the Bidder
- d) “has made a material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in the _____ [BGS-FP/BGS-CIEP] Auction; or has violated the _____ [BGS-FP/BGS-CIEP] Auction Rules (the “Rules”);” or
 - e) “has a winning bid in the _____ [BGS-FP/BGS-CIEP] Auction and has failed to execute the _____ [BGS-FP/BGS-CIEP] Supplier Master Agreement within three (3) business days of the certification of the _____ [BGS-FP/BGS-CIEP] Auction results by the New Jersey Board of Public Utilities (“Board”) as specified in the Rules”; or
 - f) “has a winning bid in the _____ [BGS-FP/BGS-CIEP] Auction and has failed to meet the creditworthiness requirements of the _____ [BGS-FP/BGS-CIEP] Supplier Master Agreement within three (3) business days of the certification of the _____ [BGS-FP/BGS-CIEP] Auction results by the Board as specified in the Rules.”

Acceptable Modifications to Paragraph 2

- 2.1. This Letter of Credit is issued at the request of the Bidder, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in Paragraph 11 hereof. This Letter of Credit may be drawn by presenting documents required in Paragraph 3 hereof and your certificate stating that the Bidder
- a) “has made a material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in ~~that certain—the~~ _____ [BGS-FP/BGS-CIEP] Auction; or has violated ~~that certain—the~~ _____ [BGS-FP/BGS-CIEP] Auction Rules (the “Rules”);” or
 - b) “has a winning bid in ~~that certain—the~~ _____ [BGS-FP/BGS-CIEP] Auction and has failed to execute ~~that certain—the~~ _____ [BGS-FP/BGS-CIEP] Supplier Master Agreement within three (3) business days of the certification of the _____ [BGS-FP/BGS-CIEP] Auction results by the New Jersey Board of Public Utilities (“Board”) as specified in the Rules”; or
 - c) “has a winning bid in ~~that certain—the~~ _____ [BGS-FP/BGS-CIEP] Auction and has failed to meet the creditworthiness requirements of ~~that certain—the~~ _____ [BGS-FP/BGS-CIEP] Supplier Master Agreement within three (3)

business days of the certification of the _____ [BGS-FP/BGS-CIEP] Auction results by the Board as specified in the Rules.”

2.2. This Letter of Credit is issued at the request of the Bidder, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in Paragraph 11 hereof. This Letter of Credit may be drawn by presenting documents required in Paragraph 3 hereof and your certificate stating that the Bidder

- a) “has made a material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in the _____ [BGS-FP/BGS-CIEP] Auction; or has violated the _____ [BGS-FP/BGS-CIEP] Auction Rules ~~(the “Rules”)~~”; or
- b) “has a winning bid in the _____ [BGS-FP/BGS-CIEP] Auction and has failed to execute the _____ [BGS-FP/BGS-CIEP] Supplier Master Agreement within three (3) business days of the certification of the _____ [BGS-FP/BGS-CIEP] Auction results by the New Jersey Board of Public Utilities ~~(“Board”)~~ as specified in the [BGS-FP/BGS-CIEP] Auction Rules”; or
- c) “has a winning bid in the _____ [BGS-FP/BGS-CIEP] Auction and has failed to meet the creditworthiness requirements of the _____ [BGS-FP/BGS-CIEP] Supplier Master Agreement within three (3) business days of the certification of the _____ [BGS-FP/BGS-CIEP] Auction results by the New Jersey Board of Public Utilities as specified in the [BGS-FP/BGS-CIEP] Auction Rules.”

2.3. This Letter of Credit is issued at the request of the Bidder, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in Paragraph 11 hereof. This Letter of Credit may be drawn by presenting documents required in Paragraph 3 hereof and your certificate stating that ~~the Bidder~~

- a) “the Bidder has made a material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in the _____ [BGS-FP/BGS-CIEP] Auction; or has violated the _____ [BGS-FP/BGS-CIEP] Auction Rules (the “Rules”); or
- b) “the Bidder has a winning bid in the _____ [BGS-FP/BGS-CIEP] Auction and has failed to execute the _____ [BGS-FP/BGS-CIEP] Supplier Master Agreement within three (3) business days of the certification of the _____ [BGS-FP/BGS-CIEP] Auction results by the New Jersey Board of Public Utilities (“Board”) as specified in the Rules”; or

- c) “[the Bidder](#) has a winning bid in the _____ [BGS-FP/BGS-CIEP] Auction and has failed to meet the creditworthiness requirements of the _____ [BGS-FP/BGS-CIEP] Supplier Master Agreement within three (3) business days of the certification of the _____ [BGS-FP/BGS-CIEP] Auction results by the Board as specified in the Rules.”

Paragraph 3 - Original

3. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (New York, New York time²) on such Business Day to _____ (Bank), _____ (address), (i) a notice in the form of Annex 1 hereto executed by an Authorized Officer of each EDC and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of the EDCs. Authorized Officer shall mean President, Treasurer, any Vice President or any Assistant Treasurer.

Acceptable Modifications to Paragraph 3

- 3.1. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (New York, New York time¹) on such Business Day to _____ (Bank), _____ (address), (i) a notice in the form of Annex 1 hereto executed by an Authorized Officer of each EDC and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of ~~the EDCs~~ each EDC. Authorized Officer shall mean President, Treasurer, any Vice President or any Assistant Treasurer.
- 3.2. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, ~~by no later than 11:00 A.M. (New York, New York time¹) on such Business Day~~ to _____ (Bank), _____ (address), (i) a notice in the form of Annex 1 hereto executed by an Authorized Officer of each EDC and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of the EDCs. Authorized Officer shall mean President, Treasurer, any Vice President or any Assistant Treasurer.

² If the issuer of the Letter of Credit is located in an area that is not in the Eastern Time zone, this time, all other times in this Letter of Credit, and the definition of a Business Day should be adjusted accordingly.

Paragraph 4 - Original

4. We hereby agree to honor a drawing hereunder made in compliance with the terms and conditions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to such accounts at such banks in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 P.M. (New York, NY time) on the date of such drawing if delivery of this requisite document is made prior to 11:00 A.M. (New York, NY time) on a Business Day pursuant to Paragraph 3 hereinabove, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite documents is made on or after 11:00 A.M. (New York, NY time) on any Business Day pursuant to Paragraph 3 hereinabove.

Acceptable Modifications to Paragraph 4

- 4.1. We hereby agree to honor a drawing hereunder made in compliance with the terms and conditions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to your~~such~~ accounts at such banks in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 P.M. (New York, NY time) on the date of such drawing if delivery of this requisite document is made prior to 11:00 A.M. (New York, NY time) on a Business Day pursuant to Paragraph 3 hereinabove, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite documents is made on or after 11:00 A.M. (New York, NY time) on any Business Day pursuant to Paragraph 3 hereinabove.
- 4.2. We hereby agree to honor a drawing hereunder made in compliance with the terms and conditions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to ~~such accounts at~~ such banks in the United States, for credit to such accounts thereat, as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 P.M. (New York, NY time) on the date of such drawing if delivery of all this~~all this~~ requisite documents is made prior to 11:00 A.M. (New York, NY time) on a Business Day pursuant to Paragraph 3 hereinabove, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of all the~~all the~~ requisite documents is made on or after 11:00 A.M. (New York, NY time) on any Business Day pursuant to Paragraph 3 hereinabove.

- 4.3. We hereby agree to honor a drawing hereunder made in compliance with the terms and conditions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to such accounts at such banks in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 P.M. (~~New York, New York~~ San Francisco, California time) on the date of such drawing if delivery of this requisite document is made prior to 11:00 A.M. (~~New York, New York~~ San Francisco, California time) on a Business Day pursuant to Paragraph 3 hereinabove, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite documents is made on or after 11:00 A.M. (~~New York, New York~~ San Francisco, California time) on any Business Day pursuant to Paragraph 3 hereinabove.

Paragraph 5 - Original

5. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not exceeding three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons why the demand for payment was not so effected, and stating that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be timely made in accordance with the terms of this Letter of Credit.

Acceptable Modifications to Paragraph 5

- 5.1. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not exceeding three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons why the demand for payment was not so effected, and stating that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be timely made **prior to or on the expiration date** in accordance with the terms of this Letter of Credit.
- 5.2. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not exceeding three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons why the demand for payment was not so effected, and stating that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be timely made in accordance with the terms of this Letter of Credit **and within the validity of this Letter of Credit**.

Paragraph 6 - Original

6. This Letter of Credit shall automatically terminate and be delivered to us for cancellation on the earliest of (i) the making by you and payment by us of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we receive from you a Certificate of Expiration in the form of Annex 3 hereto, (iii) the above-stated expiration date hereof.

Acceptable Modifications to Paragraph 6

- 6.1. This Letter of Credit shall automatically terminate ~~and be delivered to us for cancellation~~ on the earliest of (i) the making by you and payment by us of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we receive from you a Certificate of Expiration in the form of Annex 3 hereto, (iii) the above-stated expiration date hereof.

Paragraph 7 - Original

7. As used herein:
“Business Day” shall mean any day on which commercial banks are not authorized or required to close in New York, New York and any day on which payments can be effected on the Fedwire system.

Acceptable Modifications to Paragraph 7

- 7.1. As used herein:
“Business Day” shall mean any day on which commercial banks are not authorized or required to close in New York, New York or Winston-Salem, North Carolina and any day on which payments can be effected on the Fedwire system.
- 7.2. As used herein:
“Business Day” shall mean any day on which commercial banks are not authorized or required to close in New York, New York or Chicago, Illinois and any day on which payments can be effected on the Fedwire system.
- 7.3. As used herein:
“Business Day” shall mean any day on which commercial banks are not authorized or required to close in New York, New York and/or Scranton, Pennsylvania and any day on which payments can be effected on the Fedwire system.
- 7.4. As used herein:
“Business Day” shall mean any day on which commercial banks are not authorized or required to close in ~~New York, New York~~ San Francisco, California and any day on which payments can be effected on the Fedwire system.
- 7.5. As used herein:
“Business Day” shall mean any day on which commercial banks are not authorized or required to close in ~~New York, New York~~ Houston, Texas and any day on which payments can be effected on the Fedwire system.

Paragraph 8 - Original

8. This Letter of Credit is not transferable, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practices for Documentary Credits – 2007 revision, ICC Publication No. 600, or any successor publication thereto (the “UCP”). All banking charges are for the account of the Bidder. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law.

Acceptable Modifications to Paragraph 8

- 8.1. This Letter of Credit is not transferable, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practices for Documentary Credits – 2007 revision, ICC Publication No. 600, ~~or any successor publication thereto~~ (the “UCP”). All banking charges are for the account of the Bidder. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law.

Paragraph 9 - Original

9. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 3 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.

Acceptable Modifications to Paragraph 9

- 9.1. This Letter of Credit sets forth in full our undertaking to you, but not any of our rights (whether under applicable law or otherwise), and such undertaking to you, but not any of our rights (whether under applicable law or otherwise) shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 3 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.
- 9.2. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 3 hereto and the notices referred to herein and the UCP; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.

Paragraph 10 - Original

10. We certify that as of _____(date) we _____
("Bank") satisfy the senior unsecured debt rating of "A" from Standard & Poor's or
"A2" from Moody's.

Acceptable Modifications to Paragraph 10

None.

Paragraph 11 - Original

11. The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit No. _____. Partial drawings are permitted hereunder.

Acceptable Modifications to Paragraph 11

11.1. The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid ~~through~~ by us referencing this Letter of Credit No. _____. Partial drawings are permitted hereunder.

Paragraph 12 - Original

12. Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____. Presentation by fax must be confirmed by telephone to our Standby Letter of Credit Unit at _____; provided, however, that should this telephone number change or become invalid such that the Standby Letter of Credit Unit cannot be reached by you at the above number at the time of fax presentation, the requirement of telephonic confirmation shall be waived and the faxed document(s) shall be considered operative and valid without such confirmation.

Acceptable Modifications to Paragraph 12

- 12.1. ~~Faxed document(s) are~~ **presentation is** acceptable. Presentation by fax must be made to fax number _____ **[fax number] or such other fax number identified by [bank] in a written notice to you.** Presentation by fax must be confirmed by telephone to our Standby Letter of Credit Unit at _____; provided, however, that should this telephone number change or become invalid such that the Standby Letter of Credit Unit cannot be reached by you at the above number at the time of fax presentation, the requirement of telephonic confirmation shall be waived and the faxed document(s) shall be considered operative and valid without such confirmation.
- 12.2. Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____. Presentation by fax must be confirmed by telephone to our Standby Letter of Credit Unit at _____; provided, however, that should this telephone number change or become invalid such that the Standby Letter of Credit ~~Unit~~ **Department** cannot be reached by you at the above number at the time of fax presentation, the requirement of telephonic confirmation shall be waived and the faxed document(s) shall be considered operative and valid without such confirmation.

Paragraph 13 - Original

13. In the event of act of God, riot, civil commotion, insurrection, war, terrorism or by any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this Letter of Credit to be closed for business on the last day of presentation, the expiration date of this Letter of Credit shall be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.

Acceptable Modifications to Paragraph 13

None.

Paragraph 14 - Original

14. This original Letter of Credit has been sent to NERA, the BGS Auction Manager, at One Gateway Center, Suite 720, Newark, NJ 07102 (as per Bidder's instructions, the BGS Auction Manager holds the Letter of Credit for the benefit of all EDCs). The aggregate amount paid to the EDCs during the validity of this Letter of Credit will not exceed the amount of this Letter of Credit. Any demands or communications in the form of the attached Annexes or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of each of the EDCs. Acceptance or rejection of any amendments to this Letter of Credit must be signed by an Authorized Representative of the BGS Auction Manager on behalf of the EDCs. An Authorized Representative of the BGS Auction Manager means any Vice President or Senior Vice President of NERA.

Acceptable Modifications to Paragraph 14

- 14.1. This original Letter of Credit ~~has been~~ is being sent to NERA, the BGS Auction Manager, at One Gateway Center, Suite 720, Newark, NJ 07102 (as per Bidder's instructions, the BGS Auction Manager holds the Letter of Credit for the benefit of all EDCs). The aggregate amount paid to the EDCs during the validity of this Letter of Credit will not exceed the amount of this Letter of Credit. Any demands or communications in the form of the attached Annexes or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of each of the EDCs. Acceptance or rejection of any amendments to this Letter of Credit must be signed by ~~an Authorized Representative of the BGS Auction Manager on behalf of the EDCs. An Authorized Representative of the BGS Auction Manager means~~ any Vice President or Senior Vice President of NERA.

Acceptable Additional Paragraph 15

15. Any demands or communications under this Standby Letter of Credit must be sent to: [bank] [address]. Telephone number is [number] or [number].

Signature Block - Original

Very truly yours,
(Bank)

By: _____

Name:

Title:

By: _____

Name:

Title:

Acceptable Modifications to the Signature Block

S.1.

~~Very truly yours,
(Bank)~~

~~By: _____~~

~~Name:~~

~~Title:~~

~~By: _____~~

~~Name:~~

~~Title:~~

Authorized Signor

Annex 1 – Original

Annex 1 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned is making a drawing under the above-referenced Letter of Credit in the amount specified below and hereby certifies to you as follows:

1. Capitalized terms used herein that are defined herein shall have the meanings ascribed thereto in the Letter of Credit;
2. Pursuant to Paragraph 2 of the Letter of Credit No. _____, dated _____, 20__, the undersigned are entitled to make a drawing under the Letter of Credit in the amount of \$ _____, inasmuch as the Bidder has _____ (state reason from conditions (a) – (c) of Paragraph 2).
3. The amounts to be received by each EDC are \$ _____ for ACE, \$ _____ for JCP&L, \$ _____ for PSE&G and \$ _____ for RECO.
4. We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

Very truly yours,

ACE

By _____

Name:

Title:

Date:

<p>JCP&L By _____ Name: Title: Date:</p> <p>PSE&G By _____ Name: Title: Date:</p> <p>RECO By _____ Name: Title: Date:</p> <p>cc: _____ (Bidder)</p>

Acceptable Modifications to Annex 1

A1.1.

To: (Bank)
(Address)

Attention: Manager Standby Letter of Credit ~~Unit~~ Department

Ladies and Gentlemen:

The undersigned ~~is~~ are making a drawing under the above-referenced Letter of Credit (the "Letter of Credit") in the amount specified below and hereby ~~certifies~~ certify to you as follows:

- Capitalized terms used herein that are defined herein shall have the meanings ascribed thereto in the Letter of Credit;
- Pursuant to Paragraph 2 of the Letter of Credit ~~No. _____,~~ dated _____, 20__, the undersigned are entitled to make a drawing under the Letter of Credit in the amount of \$ _____, inasmuch as the Bidder has _____ (state reason from conditions (a) – (c) of Paragraph 2).
- The amounts to be received by each EDC are \$ _____ for ACE, \$ _____ for JCP&L, \$ _____ for PSE&G and \$ _____ for RECO.

4. We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

Very truly yours,

~~ACE~~ ATLANTIC CITY ELECTRIC COMPANY

By _____
Name:
Title:
Date:

~~JCP&L~~ JERSEY CENTRAL POWER & LIGHT COMPANY

By _____
Name:
Title:
Date:

~~PSE&G~~ PUBLIC SERVICE ELECTRIC AND GAS COMPANY

By _____
Name:
Title:
Date:

~~RECO~~ ROCKLAND ELECTRIC COMPANY

By _____
Name:
Title:
Date:

cc: _____ (Bidder)

A1.2.

2. Pursuant to Paragraph 2 of the Letter of Credit No. _____, dated _____, 20__, the undersigned are entitled to make a drawing under the Letter of Credit in the amount of \$ _____, inasmuch as [Insert the Bidder has (state reason from conditions (a) — (e) of the quoted wording after (a), (b) or (c) in Paragraph 2) of the Letter of Credit].

A1.3.

4. We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to ~~this~~ such drawing.

Annex 2 – Original

Annex 2 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

ON [Business Day pursuant to Paragraph 4]

PAY TO: EDC (ACE or JCP&L or PSE&G or RECO)

Attn:

\$ _____

For credit to the account of _____.

FOR VALUE RECEIVED AND CHARGE TO ACCOUNT OF LETTER OF CREDIT NO. _____ OF

(Bank)
(Address)

EDC (ACE or JCP&L or PSE&G or RECO)
By _____
Name:
Title:

Acceptable Modifications to Annex 2

A2.1.

ON [Business Day pursuant to Paragraph 4]

**PAY TO: ~~EDC (ACE or JCP&L or PSE&G or RECO)~~
[Atlantic City Electric Company][Jersey Central Power & Light Company][Public Service Electric and Gas Company][Rockland Electric Company]**

A2.3.

~~EDC (ACE or JCP&L or PSE&G or RECO)~~
[ATLANTIC CITY ELECTRIC
COMPANY][JERSEY CENTRAL POWER &
LIGHT COMPANY][PUBLIC SERVICE
ELECTRIC AND GAS
COMPANY][ROCKLAND ELECTRIC
COMPANY]

By _____

Name:

Title:

Annex 3 – Original

Annex 3 to Letter of Credit

CERTIFICATE OF EXPIRATION
OF LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit, marked cancelled.

ACE
By _____
Name:
Title:
Date:

JCP&L
By _____
Name:
Title:
Date:

PSE&G
By _____
Name:
Title:
Date:

RECO
By _____
Name:
Title:
Date:

cc: _____ (Bidder)

Acceptable Modifications to Annex 3

A3.1. The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is said original Letter of Credit and all amendments attached thereto, marked cancelled.

A3.2. The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit and any amendments thereto, marked cancelled.

A3.3.

To: (Bank)
(Address)

Attention: Manager Standby Letter of Credit-~~Unit~~ Department

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is said Letter of Credit, marked cancelled.

~~ACE~~ ATLANTIC CITY ELECTRIC COMPANY

By _____
Name:
Title:
Date:

~~JCP&L~~ JERSEY CENTRAL POWER & LIGHT COMPANY

By _____
Name:
Title:
Date:

~~PSE&G~~ PUBLIC SERVICE ELECTRIC AND GAS COMPANY

By _____
Name:
Title:
Date:

~~REC~~ ROCKLAND ELECTRIC COMPANY

By _____
Name:
Title:

Date:

A3.4.

CERTIFICATE OF ~~EXPIRATION-CANCELLATION~~
OF LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above referenced Letter of Credit ~~may is to~~ be cancelled without ~~payment~~ any further drawing. Attached hereto is said Letter of Credit, marked cancelled.

Additional Acceptable Modifications to the Pre-Auction Letter of Credit

Please note that the following changes to the Pre-Auction Letter of Credit are acceptable to the EDCs, PROVIDED THAT the terms “Confirming Bank” and “Presentation Office” are carried through the entire Pre-Auction Letter of Credit by including all the changes listed below.

Paragraph 1

We hereby establish in your favor this irrevocable Letter of Credit (this “Letter of Credit”) for the account of _____, an Applicant to the Part 2 Application process of the BGS Auction(s) who has successfully completed the Part 1 Application (the “Bidder”), in the amount of USD \$_____, effective immediately and available to you at sight upon demand by all of you at ~~our the~~ counters at _____ (Location) and expiring on _____ of [bank] (the “Confirming Bank”) at [address] (the “Presentation Office”) and expiring at the Confirming Bank on _____, which is at least sixty (60) calendar days from date of issuance, unless terminated earlier in accordance with the provisions hereof or otherwise extended.

Paragraph 2

This Letter of Credit is issued at the request of the Bidder, and we hereby irrevocably authorize you to draw on ~~us~~ the Confirming Bank, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in Paragraph 11 hereof. This Letter of Credit may be drawn by presenting documents required in Paragraph 3 hereof and your certificate ~~stating that the Bidder~~ to the Confirming Bank in the form of Annex 1 to this Letter of Credit using the following wording in item (2) of such certificate (with instructions in brackets in the following wording complied with):

- a) “the Bidder has made a material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in the _____ [BGS-FP/BGS-CIEP] Auction; or has violated the _____ [BGS-FP/BGS-CIEP] Auction Rules (the “Rules”); or
- b) “the Bidder has a winning bid in the _____ [BGS-FP/BGS-CIEP] Auction and has failed to execute the _____ [BGS-FP/BGS-CIEP] Supplier Master Agreement within three (3) business days of the certification of the _____ [BGS-FP/BGS-CIEP] Auction results by the New Jersey Board of Public Utilities (“Board”) as specified in the Rules”; or
- c) “the Bidder has a winning bid in the _____ [BGS-FP/BGS-CIEP] Auction and has failed to meet the creditworthiness requirements of the _____ [BGS-FP/BGS-CIEP] Supplier Master Agreement within three (3) business days of the certification of the _____ [BGS-FP/BGS-CIEP] Auction results by the Board as specified in the Rules.”

Paragraph 3

A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (~~New York, New York~~ San Francisco, California time¹) on such Business Day to (Bank),
~~(address)~~ the Confirming Bank at the Presentation Office, (i) a notice in the form of Annex 1 hereto (with instructions therein in brackets complied with) indicating that it is executed by ~~an Authorized Officer of each EDC and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of the EDCs. Authorized Officer shall mean~~ President, Treasurer, any Vice President or any Assistant Treasurer of each EDC and (ii) one or more of your drafts in the form of Annex 2 hereto (with instructions therein in brackets complied with), each appropriately completed and indicating that it is signed by the President, Treasurer, any Vice President or any Assistant Treasurer of one of the EDCs.

Paragraph 4

We hereby agree ~~to~~ that the Confirming Bank will honor ~~a~~ each drawing hereunder made in compliance with the terms and conditions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to ~~us~~ the Confirming Bank in connection with such drawing to such accounts at such banks in the United States as you may specify in your draft delivered to ~~us~~ the Confirming Bank pursuant to Paragraph 3 hereof, by 3:00 P.M. (New York, New York time) on the date of such drawing if delivery of this requisite document is made prior to 11:00 A.M. (New York, New York time) on a Business Day pursuant to Paragraph 3 hereinabove, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite documents is made on or after 11:00 A.M. (New York, New York time) on any Business Day pursuant to Paragraph 3 hereinabove.

Paragraph 5

If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, ~~we~~ the Confirming Bank shall give you prompt notice (not exceeding three (3) Business Days following the date of receipt of the ~~documents~~ drawing by the Confirming Bank) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons why the demand for payment was not so effected, and stating that ~~we~~ the Confirming Bank will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, in such event a conforming demand for payment must be timely made to the Confirming Bank in accordance with the terms of this Letter of Credit.

Paragraph 6

This Letter of Credit shall automatically ~~terminate and be delivered to us for cancellation~~ expire at the Presentation Office and be returned to the Confirming Bank at the Presentation Office on the earliest of (i) ~~the making by you and~~ payment by ~~us~~ the Confirming Bank of ~~the~~ drawings presented by you under this Letter of Credit in an amount equal to the maximum amount available to be ~~made drawn~~ hereunder, (ii) the date ~~we receive~~ the Confirming Bank receives at the Presentation Office from you a Certificate of ~~Expiration Cancellation~~ in the form of Annex 3 hereto, (iii) the above-stated expiration date hereof.

Paragraph 10

We certify that as of _____ (date) ~~we~~ _____ ~~(“Bank”) satisfy~~ the Confirming Bank satisfies the senior unsecured debt rating of “A” from Standard & Poor’s or “A2” from Moody’s.

Paragraph 11

The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid ~~through us referencing~~ by the Confirming Bank under this Letter of Credit ~~No. _____~~. Partial drawings are permitted hereunder.

Paragraph 12

Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____ of the Confirming Bank. Presentation by fax must be confirmed by telephone to ~~our~~ its Standby Letter of Credit Unit at _____; provided, however, that should this telephone number change or become invalid such that the Standby Letter of Credit Unit cannot be reached by you at the above number at the time of fax presentation, the requirement of telephonic confirmation shall be waived and the faxed document(s) shall be considered operative and valid without such confirmation.

Paragraph 13

In the event of act of God, riot, civil commotion, insurrection, war, terrorism or by any strikes or lock outs, or any cause beyond ~~our~~ the Confirming Bank’s control, that interrupts ~~our~~ the Confirming Bank’s business, and causes ~~the place for presentation of this Letter of Credit~~ Presentation Office to be closed for business on the last day of presentation, the expiration date of this Letter of Credit shall be automatically extended without amendment to a date thirty (30) calendar days after ~~the place for presentation~~ Presentation Office reopens for business.

Paragraph 14

This original Letter of Credit has been sent to NERA, ~~the BGS Auction Manager~~, at One Gateway Center, Suite 720, Newark, NJ 07102 (~~as per Bidder has informed us~~ that in accordance with Bidder’s instructions, the BGS Auction Manager holds the Letter of Credit for the benefit of all EDCs). The aggregate amount paid to the EDCs during the validity of this Letter of Credit will not exceed the amount of this Letter of Credit. Any demands or communications in the form of the attached Annexes ~~or~~ must indicate that they are signed by an officer of each of the EDCs indicated on such Annexes, and all other communications directed to ~~us~~ the Confirming Bank under this Letter of Credit must be signed by an Authorized Officer of each of the EDCs indicated in such communications. ~~Acceptance~~ Your acceptance or rejection of any amendments to this Letter of Credit must ~~be signed by an Authorized Representative of the BGS Auction Manager on behalf of the EDCs. An Authorized Representative of the BGS Auction Manager means any~~ indicate that they are signed by a Vice President or Senior Vice President of NERA on behalf of the EDCs.

Annex 2

To: (Bank)
(Address)

ON [Insert] Business Day pursuant to Paragraph 4 of the Letter of Credit]

PAY TO: ~~EDC~~ ([Insert one of ACE or JCP&L or PSE&G or RECO])

Attn:

\$ _____

For credit to ~~the~~ account number of _____ of [Insert ACE or JCP&L or PSE&G or RECO] at [Insert Wire Remittance Instructions].

FOR VALUE RECEIVED AND CHARGE TO ~~ACCOUNT OF~~ LETTER OF CREDIT NO. _____ OF

(Bank)
(Address)

CONFIRMED BY [bank] UNDER ITS CONFIRMATION NUMBER _____

~~EDC~~ ([Insert one of ACE or JCP&L or PSE&G or RECO])

By _____
Name:
Title:

E.6. Other Credit Documents for the Application Process

This section presents the Letter of Intent to Provide a Guaranty, Sample Letters of Reference, and the Bid Bond.

E.6.a. Letter of Intent to Provide a Guaranty

To: EDCs _____ (Date)

(Atlantic City Electric Company (“ACE”) and Jersey Central Power & Light Company (“JCP&L”) and Public Service Electric and Gas Company (“PSE&G”) and Rockland Electric Company (“RECO”))

Ladies and Gentlemen,

We have been asked to provide a financial guaranty on behalf of _____ (“Bidder”) should Bidder become a BGS-FP Supplier pursuant to their bid in the New Jersey Auction for Basic Generation Service Fixed-Price (“BGS-FP Auction”).

Our relationship with Bidder is that of _____ (parent, affiliate, etc.). Our senior unsecured debt rating meets the Minimum Rating as defined in the BGS-FP Supplier Master Agreement.

We have confidence in Bidder’s management and in their project development, implementation and operational capabilities.

Should there be no material change in affairs, we would consider providing a financial guaranty on behalf of Bidder, such that our liability does not exceed \$_____ (amount). We understand that this amount would be in excess of the amount of any guaranty that we have provided on behalf of Bidder to any one of the EDCs under BGS Supplier Master Agreements currently in force. This letter, however, should not and cannot be taken as an indication of financing commitment of any kind whatsoever, or an absolute commitment to provide a financial guaranty.

Please feel free to call us if you require any additional information.

Sincerely,

PRINT FULL NAME (Guarantor)

TITLE and COMPANY (Guarantor)

Authorized Signature (Guarantor)

Ladies and Gentlemen,

We _____ (“Bidder”) certify that we have obtained this letter of intent in good faith, and that we know of no action on our part that would significantly impair _____ (“Guarantor”)’s assessment or its ability to provide us with the support described above.

PRINT FULL NAME (Bidder)

TITLE and COMPANY (Bidder)

Authorized Signature (Bidder)

E.6.b. Samples for Letter of ReferenceSample 1

_____ (Date)

Letter of Reference No. _____

To: EDCs

(Atlantic City Electric Company (“ACE”) and Jersey Central Power & Light Company (“JCP&L”) and Public Service Electric and Gas Company (“PSE&G”) and Rockland Electric Company (“RECO”))

Ladies and Gentlemen,

We _____ (“Bank”) are currently the agent on a \$_____ (amount) revolving credit facility to _____ (“Bidder”). At this time, there is sufficient unused availability under the credit facility to issue a letter of credit in the amount of \$_____ (amount) on behalf of Bidder in support of their bid in the New Jersey Basic Generation Service Fixed-Price (“BGS-FP”) Auction.

We have had a relationship with Bidder since _____ (date). Our relationship with Bidder remains in good standing.

We certify that we _____ (“Bank”) satisfy the senior unsecured debt rating of “A” from Standard & Poor’s or “A2” from Moody’s.

Please feel free to call us if you require any additional information.

Sincerely,

PRINT FULL NAME (Bank)_____
TITLE and COMPANY (Bank)_____
Authorized Signature (Bank)

Ladies and Gentlemen,

We _____ (“Bidder”) certify that we have obtained this letter of intent in good faith, and that we know of no action on our part that would significantly alter the unused availability under the credit facility mentioned above, or otherwise impair _____ (“Bank”)’s ability to provide us with the support described above.

PRINT FULL NAME (Bidder)_____
TITLE and COMPANY (Bidder)_____
Authorized Signature (Bidder)

Sample 2

_____ (Date)

Letter of Reference No. _____

To: EDCs

(Atlantic City Electric Company (“ACE”) and Jersey Central Power & Light Company, (“JCP&L”) and Public Service Electric and Gas Company (“PSE&G”) and Rockland Electric Company (“RECO”))

Ladies and Gentlemen:

We _____ (“Bank”) are currently the Agent on the Credit Agreements to _____ (“Bidder”). Bidder has _____ (amount) of unused credit facilities at our bank available for borrowing under the terms and conditions of these credit agreements. Such a loan could be used as a cash deposit in support of Bidder’s bid in the Basic Generation Service Fixed-Price (“BGS-FP”) Auction.

We have had a relationship with Bidder since _____ (date). Our relationship with Bidder remains in good standing.

We certify that we _____ (“Bank”) satisfy the senior unsecured debt rating of “A” from Standard & Poor’s or “A2” from Moody’s.

Please feel free to call us if you require any additional information.

Sincerely,

PRINT FULL NAME (Bank)

TITLE and COMPANY (Bank)

Authorized Signature (Bank)

Ladies and Gentlemen,

We _____ (“Bidder”) certify that we have obtained this letter of intent in good faith, and that we know of no action on our part that would significantly alter the amount of unused credit facilities mentioned above, or otherwise impair _____ (“Bank”)’s ability to provide us with the support described above.

PRINT FULL NAME (Bidder)

TITLE and COMPANY (Bidder)

Authorized Signature (Bidder)

Sample 3

_____ (Date)

Letter of Reference No. _____

To: EDCs

(Atlantic City Electric Company (“ACE”) and Jersey Central Power & Light Company (“JCP&L”) and Public Service Electric and Gas Company (“PSE&G”) and Rockland Electric Company (“RECO”))

Ladies and Gentlemen,

We have been asked to provide a letter of reference on behalf of _____ (“Bidder”) relative to their intentions to bid in the New Jersey Auction for Basic Generation Service Fixed-Price (“BGS-FP Auction”).

We have confidence in Bidder’s management and in their project development, implementation and operational capabilities. Our relationship with Bidder has been extensive and has included involvement in a credit facility for \$_____ (amount) with aggregate lending commitments in excess of \$_____ (amount).

Should there be no material change in affairs, we would consider extending a letter of credit to Bidder in an amount not to exceed \$_____ (amount). This letter, however, should not and cannot be taken as an indication of financing commitment or guarantee of any kind whatsoever, or an absolute commitment to provide any other services.

We certify that we _____ (“Bank”) satisfy the senior unsecured debt rating of “A” from Standard & Poor’s or “A2” from Moody’s.

Please feel free to call us if you require any additional information.

Sincerely,

PRINT FULL NAME (Bank)_____
TITLE and COMPANY (Bank)_____
Authorized Signature (Bank)

Ladies and Gentlemen,

We _____ (“Bidder”) certify that we have obtained this letter of intent in good faith, and that we know of no action on our part that would significantly impair _____ (“Bank”)’s assessment or its ability to provide us with the support described above.

PRINT FULL NAME (Bidder)_____
TITLE and COMPANY (Bidder)_____
Authorized Signature (Bidder)

E.6.c. Sample Bid Bond

BY THIS BOND

_____ as Principal (“the Principal”), and

Name of Bidder

Name of Surety

Legal Title of Surety

Address of Surety

as Surety (“the Surety”), are held and firmly bound unto Atlantic City Electric Company (“ACE”), Jersey Central Power & Light Company (“JCP&L”), Public Service Electric and Gas Company (“PSE&G”), and Rockland Electric Company (“RECO”), each individually an “EDC”, or collectively “the EDCs”, as Obligees in the sum of _____ (“the Bond Penalty”), for the payment of which sum, well and truly to be made, we, the said Principal and Surety, bind ourselves, our successors and assigns, jointly and severally, firmly by these presents.

WHEREAS the Principal (a) has submitted a Part 1 Application, dated the ____ day of _____, 20__, to the Auction Manager acting on behalf of the EDCs, to become a Qualified Bidder in the Auction Process for the provision of Fixed-Price/Commercial and Industrial Energy Pricing Basic Generation Service (the “BGS-FP/CIEP Auction”); (b) is submitting a Part 2 Application, dated the ___ day of _____, 20__, to the Auction Manager acting on behalf of the EDCs, to become a Registered Bidder in the BGS-FP/CIEP Auction, and has thereby indicated its intention to submit legally binding bids to serve full requirements tranches of BGS-FP/CIEP Load (the “Bid”); (c) is in compliance with the Association and Confidential Information Rules; (d) has agreed to be bound by the BGS-FP/CIEP Auction Rules (the “Rules”); and (e) has agreed to the terms of the BGS-FP/CIEP Supplier Master Agreement.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that if the Principal:

1. has made any omission or misrepresentation in its application to participate in the BGS-FP/CIEP Auction (Part 1 Application or Part 2 Application), or has violated the Rules, and such omission, misrepresentation or violation materially affects the determination of the winning bids in the BGS-FP/CIEP Auction; or
2. has a winning bid in the BGS-FP/CIEP Auction and fails to execute the BGS-FP/CIEP Supplier Master Agreement within three (3) business days of the certification of the BGS-FP/CIEP Auction results by the New Jersey Board of Public Utilities (the “Board”) as specified in the Rules; or
3. has a winning bid in the BGS-FP/CIEP Auction and fails to meet the creditworthiness requirements of the BGS-FP/CIEP Supplier Master Agreement within three (3) business days of the certification of the BGS-FP/CIEP Auction results by the Board as specified in the Rules;

then within two (2) business days of receipt of written demand from any one or more of the four EDCs, the Principal shall pay, in immediately available funds, the demanded portion of the Bond Penalty, up to its full amount. The written demand of an EDC shall include (a) the dollar amount to be forfeited; (b) a statement that the demand arises from the occurrence of one or more of the above conditions, specifying which condition or conditions has or have occurred; and (c) the demanding EDC's banking instructions for payment. Payment shall be made in accordance with such banking instructions. All four EDCs may make a request for payment and the amount requested by all four EDCs combined shall in no event exceed the Bond Penalty. Any demand to the Principal for payment of all or part of the Bond Penalty must be dated and sent by overnight courier not later than eight (8) business days after the date the Board has certified the BGS-FP/CIEP Auction results or has rejected the Bid.

If the Principal refuses to make payment or fails to make payment within two (2) business days of receipt of written demand in accordance with the terms set out above, then any one or more of the EDCs may make demand upon the Surety. Within two (2) business days of receipt of written demand from any one or more of the four EDCs, the Surety shall pay, in immediately available funds, the demanded portion of the Bond Penalty, up to its full amount. The written demand of an EDC shall include (a) a copy of the demand sent to the Principal; (b) a statement that the demand on the Surety arises from the Principal's refusal to pay or failure to pay within two (2) business days. Payment shall be made in accordance with the EDC's or EDCs' banking instructions in the demand to the Principal. All four EDCs may make a request for payment and the amount requested by all four EDCs combined shall in no event exceed the Bond Penalty. Any demand to the Surety for payment of all or part of the Bond Penalty must be dated and sent by overnight courier not later than thirteen (13) business days after the date the Board has certified the BGS-FP/CIEP Auction results or has rejected the Bid.

The Surety and the Principal hereby agree that their obligation will remain in full force for sixty (60) calendar days after the date of execution of this Bond.

Thereafter this Bond shall be void.

This Bond shall be construed and interpreted in accordance with and governed by the laws of the State of New York, without regard to choice-of-law principles.

Any controversy or claim arising out of or relating to this Bond or the breach thereof shall be settled by arbitration administered by the American Arbitration Association as set forth in Appendix A.

IN TESTIMONY WHEREOF, the Principal and the Surety have caused these presents to be executed in their respective names this ____ day of _____ 20__.

Principal: _____

Surety: _____

Corporate Seal (where appropriate)

Authorized Signature

Authorized Signature

Printed name and title

Printed name and title

I hereby certify that the Surety has an insurer financial strength rating of at least “A” by Standard & Poor’s or insurance financial strength rating of at least “A2” by Moody’s.

Surety: _____

Signature

Printed name and title

Appendix A: ARBITRATION

The parties signed below agree that any controversy or claim arising out of or relating to the foregoing Bond or the breach thereof shall be settled by arbitration administered by the American Arbitration Association (“AAA”) in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in United States District Court for the District of New Jersey. The AAA shall appoint a single neutral arbitrator. The place of arbitration shall be the State of New Jersey. The expenses of witnesses for either side shall be paid by the party producing such witnesses. All other expenses of the arbitration, including required travel and other expenses of the arbitrator, AAA representatives, and any witness and the cost of any proof produced at the direct request of the arbitrator, shall be borne by the party initiating the arbitration. Any award by the arbitrator shall be limited to the Bond Penalty for which a written demand is received from the EDC or EDCs as described above in the Bond. The EDCs, the Principal, and the Surety are bound, each to each other, by this agreement. Each such party agrees that it may be joined as an additional party to an arbitration involving other parties under this clause. If more than one arbitration is begun under this agreement and any party contends that two or more arbitrations are substantially related and that the issues should be heard in one proceeding, the arbitrator in the first-filed of such proceedings shall determine whether, in the interests of justice and efficiency, the proceedings should be consolidated before that arbitrator.

Principal: _____
Corporate Seal (where appropriate)

Authorized Signature

Printed name and title

Date

ACE: _____
Corporate Seal (where appropriate)

Authorized Signature

Printed name and title

Date

PSE&G: _____
Corporate Seal (where appropriate)

Authorized Signature

Printed name and title

Date

Surety: _____

Authorized Signature

Printed name and title

Date

JCP&L: _____
Corporate Seal (where appropriate)

Authorized Signature

Printed name and title

Date

RECO: _____
Corporate Seal (where appropriate)

Authorized Signature

Printed name and title

Date

F. PJM

BGS Suppliers have responsibilities under PJM agreements. The purpose of this section is to provide, for the convenience of bidders, references to information available from PJM. These may not be the only items related to PJM that could affect bidders, and bidders should not rely on information provided in this section as a full and accurate description of such issues. Bidders should obtain additional information on each subject discussed here, as well as other PJM topics, as they deem appropriate, from the PJM web site (<http://www.pjm.com>). A summary guide to the PJM web site is provided below.

F.1. Supplier Responsibility to PJM

The EDCs' BGS Load is within the control area operated by PJM. BGS Suppliers must become PJM Load Serving Entities ("LSEs") by the start of the supply period and serve BGS Load according to PJM procedures and rules.

If the New Jersey Board of Public Utilities ("BPU") approves the auction results, a winning bidder becomes a BGS Supplier and is responsible for fulfilling all the requirements of a PJM LSE. The EDC will provide to PJM the magnitude and location of the BGS Supplier's Responsibility Share, from which PJM will calculate the BGS Supplier's firm transmission service obligation, capacity obligation, energy obligation, ancillary services obligation, and any other requirements arising under applicable PJM agreements. Each BGS Supplier will be responsible to PJM for the performance of its LSE obligations for the BGS Load that it wins. Each BGS Supplier will financially settle directly with PJM for these obligations. Supplier responsibilities are detailed in the Supplier Master Agreements and best understood by reviewing several PJM documents, including:

- BGS Supplier Master Agreements, available on the "contracts and credit" sub-tab of the *bidder info* tab of the BGS Auction web site:

<http://www.bgs-auction.com/bgs.bidinfo.cc.asp>

- PJM training documents (refer to the PJM web site for new participant training):
<http://www.pjm.com/training.aspx>
- PJM tariff, PJM Operating Agreement, Reliability Assurance Agreement and the PJM guide to billing:

- PJM Open Access Transmission Tariff (“OATT”):
<http://www.pjm.com/documents/agreements/~/media/documents/agreements/tariff.ashx>
- PJM Operating Agreement (“OA”):
<http://pjm.com/documents/agreements/~/media/documents/agreements/oa.ashx>
- PJM’s Reliability Assurance Agreement (“RAA”):
<http://pjm.com/documents/agreements/~/media/documents/agreements/raa.ashx>
- PJM guide to billing:
<http://www.pjm.com/~/media/markets-ops/settlements/custgd.ashx>

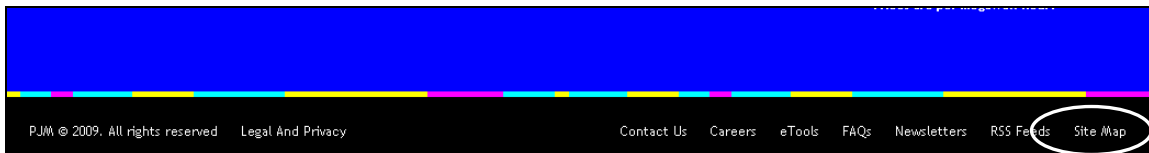
If you have questions or need assistance, please contact the PJM Member Relations Hotline at (610) 666-8980 or toll free at (866) 400-8980.

F.2. PJM Web Site User Guide

The PJM web site (<http://www.pjm.com>) provides information about PJM. The primary web site navigation bar and other potentially useful links are highlighted below.

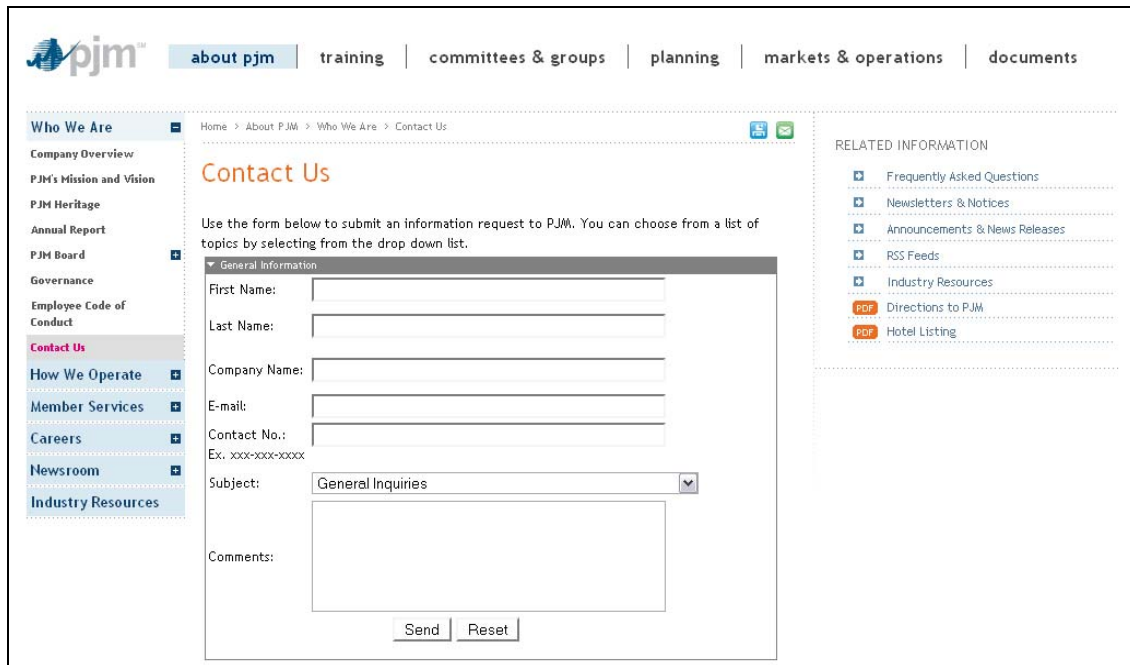
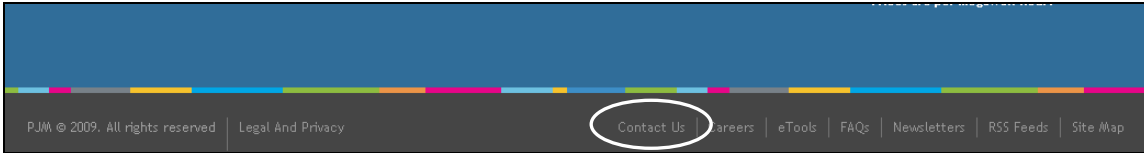
F.2.a. Site Map

For an overview of what is on the PJM web site, click on the “**site map**” link located at the bottom-right corner of the home page of the web site.

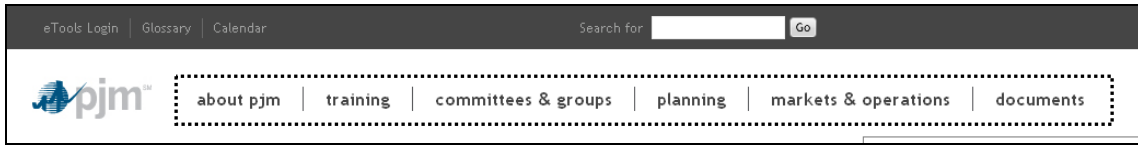


F.2.b. Contact Us

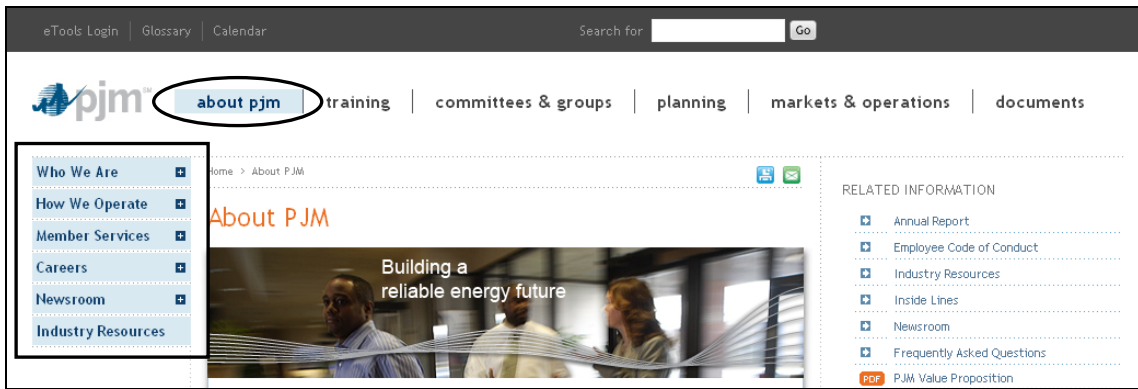
The “**contact us**” link at the bottom of the page will lead to a web form and links to other informational pages where users can submit questions or comments to PJM, subscribe to informational e-mails, and access news releases.



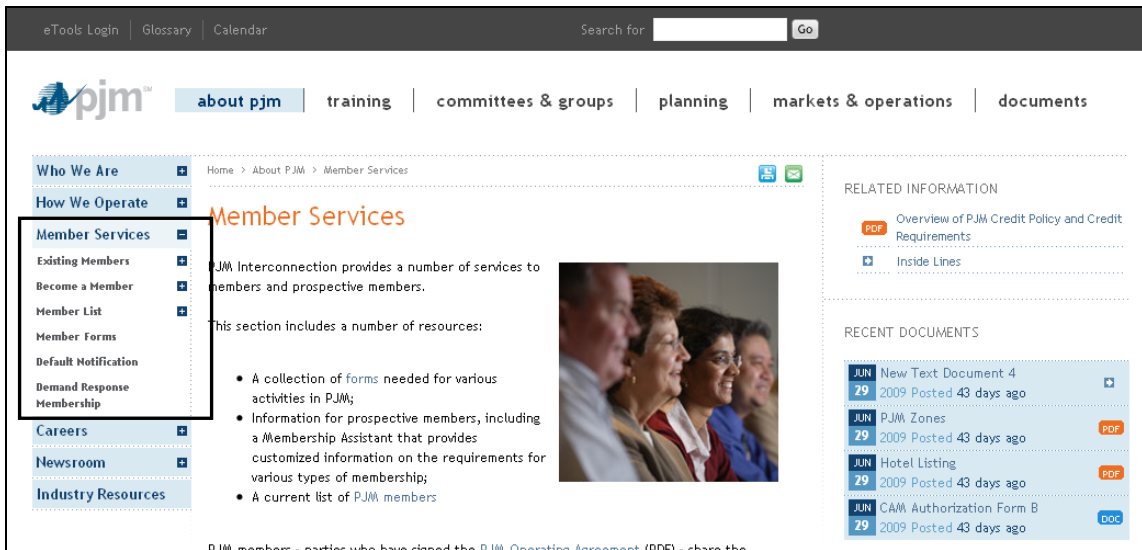
F.2.c. The Navigation Bar



- a. The “About PJM” section found at the primary navigation bar on the PJM web site provides an overview of PJM and a newsroom containing news articles about PJM.



- b. Under the **About PJM** section, the third sub-section, called “Member Services” provides more information about existing PJM members and how to become a PJM member.



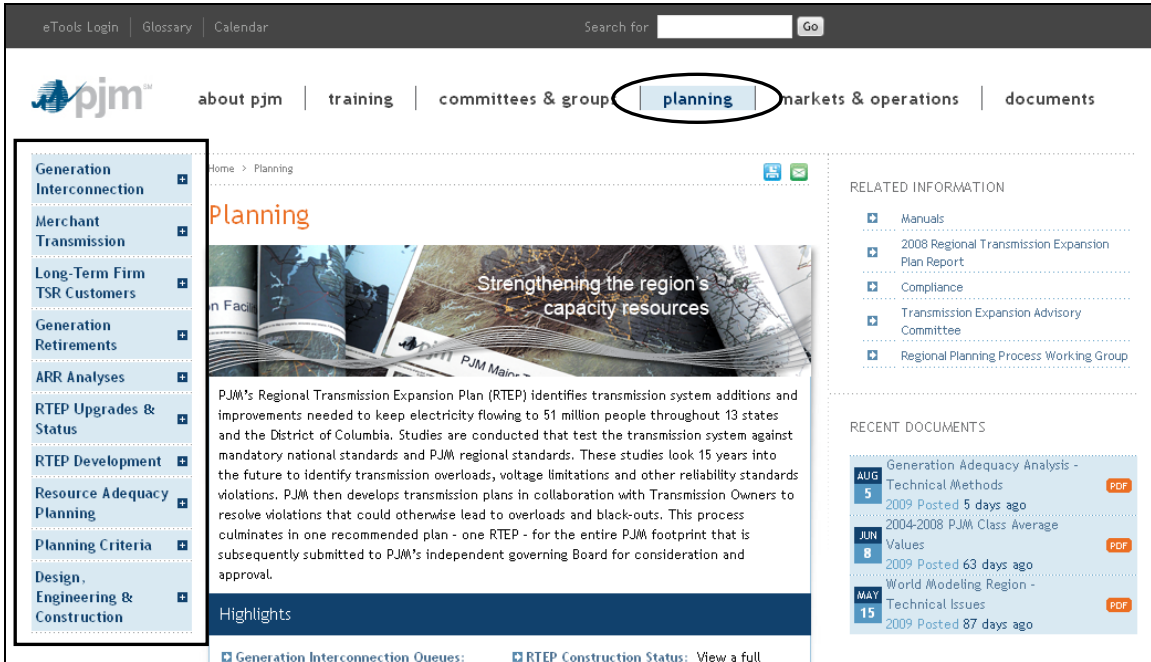
- c. The “**Training**” section provides links to web pages containing useful information and documents relating to courses, training events, training materials, and certification.

The screenshot shows the PJM website's Training section. The navigation bar includes 'about pjim', 'training' (circled), 'committees & groups', 'planning', 'markets & operations', and 'documents'. A sidebar on the left lists: Course Catalog, Training Events, Member Training Liaison, Certification, and Training Material. The main content area has a banner with the text 'Serving members through training and support' and a list of related information: Frequently Asked Questions, PJM Training Curriculum, Training Matters, Training Announcements, WebEx, and 2009 Training Plan.

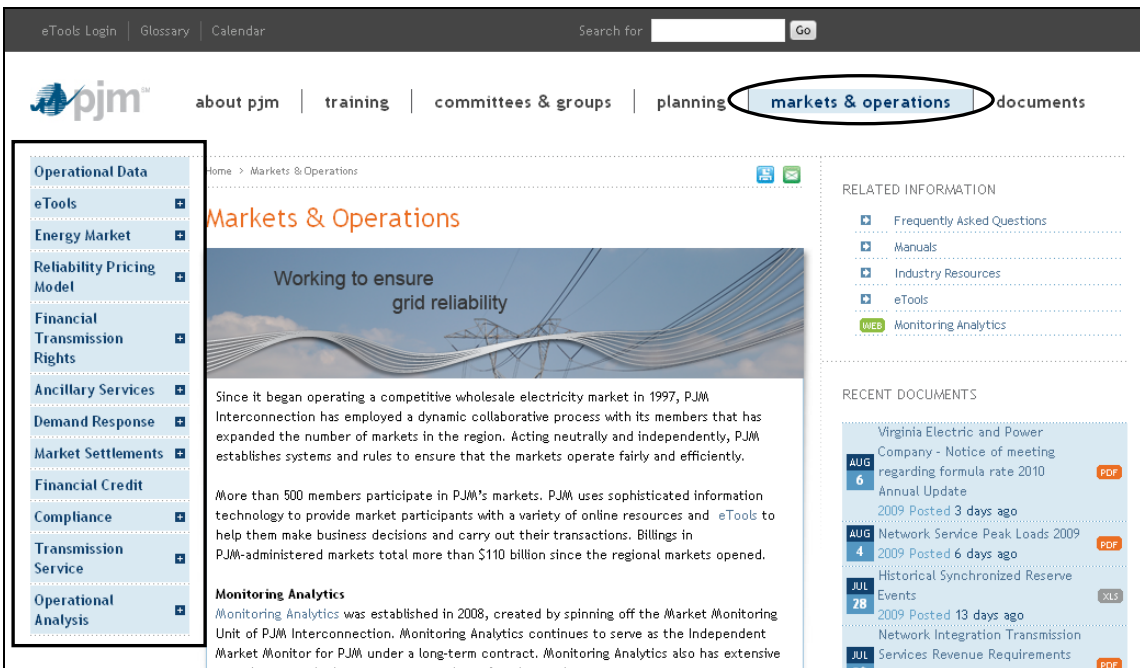
- d. The “**Committees & Groups**” section provides a variety of links to information about the committees and groups involved in the governance of PJM. The “**Issue Tracking**” subsection coordinates user access to all documents on PJM’s web site related to issues being addressed by PJM’s Committees and is an efficient way to look for documents on a particular issue.

The screenshot shows the PJM website's Committees & Groups section. The navigation bar includes 'about pjim', 'training', 'committees & groups' (circled), 'planning', 'markets & operations', and 'documents'. A sidebar on the left lists: Committees, User Groups, Working Groups, Subcommittees, Task Forces, Closed Groups, Issue Tracking, Stakeholder Meetings, State Commissions, and WebEx. The main content area has a banner with the text 'Connecting the members of the grid community' and a paragraph: 'PJM Interconnection committees and groups are integral to developing and refining PJM’s rules, policies and processes. These groups provide a forum for members to share their positions and resolve difficult issues. Market committees are essential to PJM’s governance structure for administering an open grid and transparent markets. A collaborative approach - a hallmark of the way PJM conducts business - enhances our ability to maintain grid reliability and ensure robust markets.' To the right, there is a 'RELATED INFORMATION' section with links to Frequently Asked Questions, Committee Member Enrollment/Change Form, Facilitator Feedback Form, PJM Members Handbook, Industry Resources, Newsletters & Notices, and WebEx. Below that is a 'RECENT DOCUMENTS' section showing a document titled 'Proposed Alternative Form Template' dated JUL 17, 2009, posted 24 days ago.

- e. The “**Planning**” section provides helpful information to bidders, including information on PJM’s Regional Transmission Expansion Plan (“RTEP”), generation interconnection queues, resource adequacy, and planning criteria.

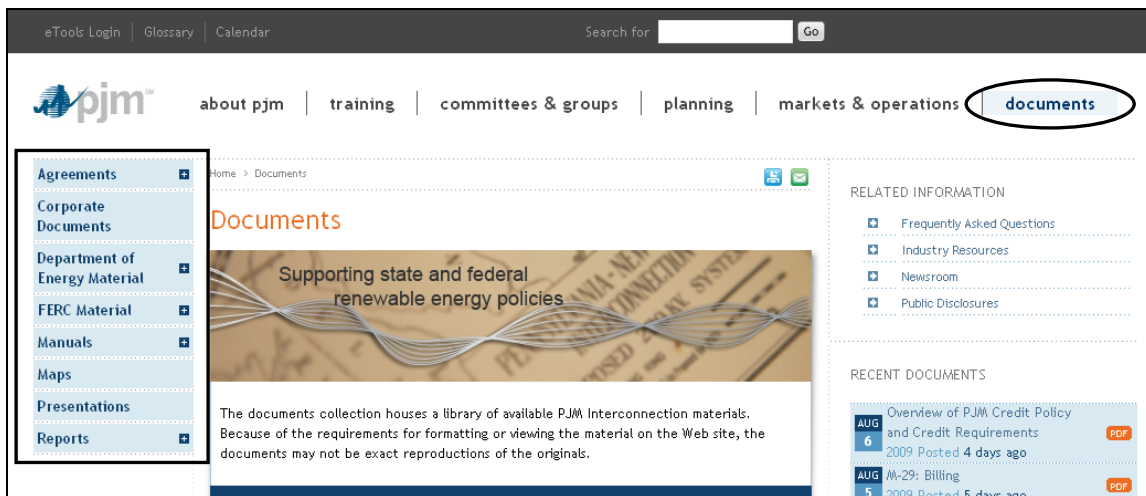


- f. The “**Markets & Operations**” section of the PJM web site, located at the fifth link on the navigation bar, has the following subsections:



- *Operational Data* provides real-time or recent Locational Marginal Price data, transmission transfer and limit information, instantaneous dispatch rates, and load information.
- *eTools* provides information and links to a suite of online applications that give PJM members access to real-time market operations data, such as real-time prices. These tools assist members with managing daily transactions as well as enabling members to operate in PJM.
- *Energy Market* allows access to detailed information on the nature of PJM's market for electricity, including the real-time and day-ahead markets, where historical data on Locational Marginal Prices can be viewed and downloaded.
- *Reliability Pricing Model ("RPM")* provides information on PJM's capacity-market model, RPM auctions, and PJM's Capacity Credit Market archive.
- *Financial Transmission Rights ("FTR")* provides information on the financial transmission rights used to hedge economic risks associated with delivering energy on the grid.
- *Ancillary Services* provides information and historical data on black start services, spinning reserves and market-based regulation.
- *Demand Response* describes the demand response programs implemented by PJM, such as the Emergency Load Response Program and the Economic Load Response Program and provides information on the day-ahead scheduling reserve and capacity markets and other reference materials.
- *Market Settlements* includes links to a variety of helpful PJM web pages covering the process of settling transactions within the PJM market.
- *Financial Credit* explains PJM's Federal Energy Regulatory Commission ("FERC")-approved credit policy.
- *Compliance* provides details about PJM's commitment to fulfilling all compliance standards with all applicable North American Electric Reliability Corporation ("NERC") and regional reliability standards as well as North American Energy Standards Board ("NAESB") business standards.

- *Transmission Service* specifies the transmission services that are available to eligible customers.
 - *Operational Analysis* provides current and historical PJM data related to generation, transmission, and load, as well as operations reports, system data graphs, and information about emergency procedures.
- g. The “**Documents**” section provides links to important PJM documents, including regulatory filings. The “**Agreements**” subsection provides links to PJM agreements relevant to BGS Suppliers (such as the OATT, OA, and RAA). The “**Manuals**” subsection provides links to PJM Manuals that delineate the administrative, planning, operating, and accounting procedures of PJM.



F.3. Financial Transmission Rights (“FTRs”) and Auction Revenue Rights (“ARRs”)

Under the BGS Supplier Master Agreements, the BGS Suppliers (and not the EDCs) are the LSEs in PJM and the firm or network transmission service customers. BGS Suppliers purchase Network Integration Transmission Service (“NITS”), and can request ARR. ARR allocated for the planning period are reassigned on a proportional basis within a zone as load switches between LSEs.

BGS Suppliers can also purchase FTRs in periodic auctions held by PJM.

General information on ARRs and FTRs is provided by PJM at the Frequently Asked Questions web page under FTR Market FAQs:

<http://www.pjm.com/FAQs.aspx#FTRMarketFAQs>

Reference materials as well as the FTR and ARR credit rules and historical auction results are available at the PJM FTR Auction User information web page:

http://www.pjm.com/markets-and-operations/ptr/auction-user-info.aspx?sc_lang=en

F.3.a. Purpose and Application of FTRs

As noted by PJM,

“A Financial Transmission Right (FTR) is a financial instrument, awarded to a bidder in the FTR Auctions that entitles the holder to a stream of revenues (or charges) based on the hourly day-ahead congestion price differences across the path. FTRs do not represent a right for physical delivery of power.”

“One purpose of FTRs is to protect Firm Transmission Service Customers from increased cost due to Transmission Congestion when their energy deliveries are consistent with their firm reservations. Essentially, FTRs are financial instruments that entitle the holder to rebates of congestion charges paid by the PJM Firm and Network Transmission Service Customers.”

For more details, please refer to the Financial Transmission Rights FAQs web page at:

<http://www.pjm.com/faqs/ptr-market/ptr-ptr.aspx>

F.3.b. Purpose and Application of ARRs

As defined by PJM,

“Auction Revenue Rights are entitlements allocated annually to Firm and Network Transmission Service Customers that entitle the holder to receive an allocation of the revenues from the Annual FTR Auction.”

For more details, please refer to the Auction Revenue Rights FAQs web page at:

<http://www.pjm.com/Home/faqs/ptr-market/ptr-arr.aspx#FAQ1>

F.4. PJM eTools

PJM provides web-based software applications, collectively referred to as eTools, which allow members to conduct a number of PJM-related tasks, including the following:

- Access market data
- Submit energy schedules
- View load obligation and report bilateral capacity transactions
- Reserve transmission through OASIS
- Manage transactions in PJM's markets

These eTools are described on the PJM web site:

<http://www.pjm.com/markets-and-operations/etools.aspx>

F.5. Reliability Pricing Model

PJM's RPM provides:

- "Procurement of capacity three years before it is needed through a competitive auction;
- Locational pricing for capacity that reflects limitations on the transmission system's ability to deliver electricity into an area and to account for the differing need for capacity in various areas of PJM;
- A variable resource requirement to help set the price for capacity;
- A backstop mechanism to ensure that sufficient resources will be available to preserve system reliability."

RPM came into effect on June 1, 2007. RPM replaced PJM's former capacity credit market construct. The FERC approved an RPM settlement in its December 22, 2006 Order in Docket No. ER05-1410. The Reliability Pricing Model consists of one Base Residual Auction ("BRA") and up to three incremental auctions per PJM delivery year (June 1- May 31).

The 2011/2012 BRA cleared 132,221.5 MW of unforced capacity at a price of \$110.00/MW-Day. This quantity represents an 18.1% reserve margin. Results of auctions conducted to date are presented in the table below.

Table I-1. BRA Auction Results for 2007/2008 through 2012/2013 Planning Years for the EDCs' Zones

Year	Price (\$MW-Day)¹
2007/2008 (All EDCs)	\$197.67
2008/2009 (All EDCs)	\$148.80
2009/2010 (All EDCs)	\$191.32
2010/2011 (All EDCs)	\$174.29
2011/2012 (All EDCs)	\$110.00
2012/2013 (JCP&L, ACE, and RECO)	\$139.82
2012/2013 (PSE&G)	\$162.87

Information on RPM as well as RPM auction results can be found on PJM web site:

<http://www.pjm.com/markets-and-operations/rpm.aspx>

F.6. Demand Response

As defined by PJM:

“Demand response (also known as load response) is end-use customers reducing their use of electricity in response to power grid needs, economic signals from a competitive wholesale market or special retail rates.”

The FERC initially approved PJM’s pilot programs in 2002. In 2006, FERC approved changes to PJM’s demand response initiatives, such as making economic load response a permanent part of the PJM Energy Market, improving the options available to emergency load response participants, and enabling demand resources to provide synchronized reserve and regulation service.

End-use customers usually reduce their electricity consumption during emergencies or when Location Marginal Prices (“LMPs”) are high. PJM’s demand response program enables end users to receive a revenue stream for reducing electricity consumption in such circumstances.

¹ These prices are net of Capacity Transfer Rights (“CTRs”). RPM costs for LSEs may not equal these values because prices are subject to adjustment pending the outcome of any incremental RPM auctions that may be held.

End-use customers can participate in demand response through qualified PJM market participants called Curtailment Service Providers (“CSPs”), who act as agents for these participating customers. These CSPs register the aggregated demand of participating end-use customers with PJM and submit the verification of demand reductions. In turn, PJM makes payments to the CSPs as a result of these demand reductions. The CSP pays the customer in accordance with the agreement between the CSP and the end-use customer.

Detailed information on demand response can be found on PJM web site:

<http://www.pjm.com/markets-and-operations/demand-response.aspx>

F.7. Marginal Losses

On June 1, 2007, PJM began incorporating marginal loss factors into its LMP calculations. Prior to June 1, 2007 certain average transmission losses, such as allocated 500 kV losses, were included in the energy quantities that the LSEs were required to supply to meet their load. Under marginal losses, these average transmission losses are included in the LMPs rather than being included in the energy quantities for which LSEs are responsible as was done previously on an average basis. To prevent double-counting there is a transitional mechanism whereby PJM will use loss-loaded schedules and de-rate these schedules by marginal losses to determine energy settlement values. These factors used in de-rating are determined for each hour for each EDC by PJM. BGS Supplier payments will be based on loads de-rated for marginal losses.

Additional information regarding marginal losses and their implementation can be found on PJM’s web site at:

http://www.pjm.com/sitecore/content/Globals/Training/Courses/ol-ml.aspx?sc_lang=en

Frequently asked questions regarding marginal loss implementation can be found on PJM’s web site at:

<http://www.pjm.com/FAQs.aspx#MarginalLossesFAQs>

Frequently asked questions that provide information regarding marginal loss implementation in the context of BGS Supplier Master Agreement settlement and contract volumes can be found on the BGS web site at:

<http://bgs-auction.com/bgs.faq.all.desc.asp>

F.8. Keeping Up with Market Updates

The PJM newsroom provides information about PJM's activities, including news releases, a media kit with a variety of statistical data, and background information on PJM:

http://www.pjm.com/about-pjm/newsroom.aspx?sc_lang=en

F.9. PJM-EIS GATS Implementation

PJM-EIS has implemented an environmental attribute tracking system. BGS Suppliers must use GATS for compliance with the Renewable Portfolio Standards. More information on this system can be found at the PJM-EIS web site:

<http://www.pjm-eis.com/>

The New Jersey Renewable Portfolio Standards are discussed in more detail in section G of the General Information portion of this information packet.

F.10. New Transmission Projects

PJM's RTEP identifies transmission system upgrades and improvements to maintain the reliability of the electricity grid. The RTEP planning horizon permits PJM to assess reliability criteria five and fifteen years in advance. The five-year planning period enables PJM to assess and recommend upgrades to meet forecasted short-term load growth and to ensure reliable interconnection of new generation and merchant transmission projects. The fifteen-year horizon permits consideration of many projects of a larger magnitude which may be efficient at addressing larger, more global, reliability issues. An up-to-date list and construction status of transmission system upgrade projects can be found at the PJM RTEP Construction Status site:

<http://www.pjm.com/planning/rtep-upgrades-status/construct-status.aspx>

As part of the RTEP process, PJM will charge BGS Suppliers for costs related to the development of transmission projects. The EDCs have applied to the BPU to adjust retail rates to cover these costs. Upon approval from the BPU, the EDCs will track these costs on behalf of the BGS Suppliers, and when the rates upon which these costs are based are the subject of a final FERC Order and no longer subject to refund, BGS Suppliers will be paid based on the amount of recovery approved by the BPU. Please see Section 15.9 of the BGS-FP Supplier Master Agreement and the BGS-CIEP Supplier Master Agreement

for a full description of the contractual provisions applicable to RTEP cost recovery if such recovery is approved by the BPU.

G. NEW JERSEY INITIATIVES

G.1. Renewable Portfolio Standards

G.1.a. Overview

The Renewable Portfolio Standards (“RPS”) implement provisions of the Electric Discount and Energy Competition Act (“EDECA”), N.J.S.A. 48:3-49 et seq., that require each electric power supplier or Basic Generation Service (“BGS”) Supplier in New Jersey to include in its electric energy portfolio a percentage of electricity generated from renewable energy sources.

In this section, we highlight the main features of the RPS for the convenience of bidders, including recently adopted amendments to the RPS. Please consult the RPS, amendments, and relevant Orders of the New Jersey Board of Public Utilities (“Board” or “BPU”) for a comprehensive listing of the requirements.

G.1.b. What are the Requirements?

A BGS Supplier must demonstrate that it includes in its energy portfolio a percentage of electricity generated from renewable energy sources. A BGS Supplier will not be able to demonstrate compliance with the RPS using direct supply of any type of renewable energy. Instead, RPS compliance is in the form of Renewable Energy Certificates (“RECs” or “Certificates”) and Solar Renewable Energy Certificates (“SRECs”). Alternatively, the BGS Supplier may make Alternative Compliance Payments (“ACPs”) and/or Solar Alternative Compliance Payments (“SACPs”).

Renewable energy means electric energy generated within or delivered into the PJM region and produced from a source belonging to one of two classes:

1. Class I renewable energy. Electric energy produced from solar photovoltaic technologies, wind energy, fuel cells powered by renewable fuels, geothermal technologies, wave or tidal action, and/or methane gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner.
2. Class II renewable energy. Electric energy produced at a resource recovery facility or hydroelectric power facility, provided that such facility is located where retail competition is permitted and provided further that the Commissioner of Environmental Protection has determined that such facility meets the highest

environmental standards and minimizes any impacts to the environment and local communities.

Table G-1 below provides, for the three years of the BGS-FP supply period, the minimum percentage of renewable energy required by the RPS.

Table G-1. Minimum Percentages of Renewable Energy Required

Period	Solar Electric Generation	Class I Renewable Energy	Class II Renewable Energy	Total Renewable Energy
June 1, 2010 to May 31, 2011	0.305%	5.492%	2.5%	8.297%
June 1, 2011 to May 31, 2012	0.394%	6.320%	2.5%	9.214%
June 1, 2012 to May 31, 2013	0.497%	7.143%	2.5%	10.140%

Although solar electric generation is a type of Class I renewable energy, each BGS Supplier must meet a separate requirement for solar electric generation. In order to qualify for the generation of SRECs, the solar electric generation facility must be interconnected with an electric distribution system that supplies New Jersey. SRECs may be used to comply with any of the requirements in Table G-1 above. Class I RECs may be used to meet Class I and Class II renewable energy requirements, but may not be used to meet the solar electric generation requirements. Class II RECs may only be used to meet Class II renewable energy requirements.

G.1.c. Recent Amendments to the RPS

On June 16, 2008, the Board issued for comment amendments to the RPS. On December 18, the Board issued a notice of correction to the proposed amendments and extended the comment process. The amendments were adopted by the Board with modifications on February 11, 2009 and became effective on March 16, 2009 (the “March 16, 2009 RPS Amendments”). A courtesy copy of the proposed amendments is available here: <http://www.bpu.state.nj.us/bpu/pdf/rules/proposal.pdf>.

A courtesy copy of the notice of correction and extension of public comment period is available here:

http://www.bgs-auction.com/documents/RPS_Administrative_Correction_and_Extension_of_Public_Comment_Period_20081218.pdf

A courtesy copy of the adopted modifications to the proposed amendments is available here:

<http://www.state.nj.us/bpu/pdf/rules/RPSsolar.pdf>

On December 1, 2008, the Board issued for comment amendments to the RPS. The amendments were adopted by the Board with modifications on July 29, 2009 and became effective on September 8, 2009 (the “September 8, 2009 RPS Amendments”) under BPU Docket Number EX08050346. A courtesy copy of the September 8, 2009 RPS Amendments is available here: <http://www.state.nj.us/bpu/pdf/rules/rpspjm.pdf>.

The March 16, 2009 RPS Amendments include amendments filed with the Office of Administrative Law on May 23, 2008. These amendments implement a new statutory mandate (P.L. 2007, c.300), which makes it clear that eligibility to generate SRECs should not be limited to facilities located on a customer-generator’s premises or to facilities that use a net meter. A copy of these specific amendments is available here:

<http://www.bpu.state.nj.us/bpu/pdf/rules/Solarspecialadoption.pdf>.

The March 16, 2009 RPS Amendments also establish that if the Board determines that the total cost of solar incentives for a reporting year exceeds two percent of the total retail cost of electricity, then the level of solar RPS will be frozen at the level in effect at the time of the Board’s determination. In addition, the amendments establish that a facility can generate SRECs for fifteen years beginning the year that the project became operational; after this time, the facility will only be eligible to generate Class I RECs. Finally, the amendments extend the trading life of an SREC for an additional year, for all SRECs based on electricity generated on or after June 1, 2009.

G.1.d. How are RECs Issued, Tracked, and Traded?

The renewable energy that has been accounted for in issuing a REC (or SREC) cannot be used again for the issuance of another REC (or SREC), or used to satisfy another state’s renewable energy requirement. Once a REC (or SREC) has been submitted for

compliance with the RPS, the REC (or SREC) will be permanently retired and cannot be used again.

The PJM-Environmental Informational Systems (“PJM-EIS”), through the Generation Attribute Tracking System (“GATS”), issues SRECs, Class I RECs, and Class II RECs. To obtain these RECs (or SRECs) and show compliance with the RPS, BGS Suppliers must participate in PJM-EIS GATS.

To participate in PJM-EIS GATS, BGS Suppliers must complete a GATS “Terms of Use” that is available at <http://www.pjm-eis.com>. The BGS Supplier must also register with the GATS by opening a Retail LSE Account and establish a sub-account for each EDC service territory that it is supplying. For more information, including the cost involved, please see <http://www.pjm-eis.com/documents/downloads/terms-of-use.pdf>.

For questions about the PJM-EIS GATS, please contact:

PJM-EIS GATS Administrator
Phone: 610-666-2245
Fax: 610-771-4114
E-mail: info@pjm-eis.com

For BGS Suppliers that have existing arrangements with generators to meet the requirements from the RPS, those generators will need to register with the PJM-EIS GATS and convert the relevant attributes to RECs (or SRECs).

All SRECs and ‘behind the meter’ (“BTM”) RECs are now being issued by PJM-EIS GATS. Clean Power Markets no longer issues SRECs and BTM RECs. By its Orders dated September 24, 2008 and December 9, 2008, the BPU approved the transition from the platform operated by the Clean Power Markets to PJM-EIS GATS for the issuance, tracking and trading of SRECs and BTM RECs (see Docket No. EO08060385 [I/M/O the Use of PJM-EIS GATS for Issuance, Tracking and Trading of Solar Renewable Energy Certificates \(SRECs\) and I/M/O the Use of PJM-EIS GATS for Issuance, Tracking and Trading of Class I Behind-the-Meter Renewable Energy Certificates \(RECs\) for use in the Board’s Renewable Portfolio Standards](#)). For more information, please see <http://www.njcleanenergy.com/renewable-energy/programs/srec-tracking-system/new-srec-gats-transition>.

G.1.e. How Does a BGS Supplier Demonstrate Compliance?

Each BGS Supplier is responsible for meeting the renewable energy requirements associated with the tranches it serves. The BGS Supplier either obtains the required

RECs and SRECs, or the BGS Supplier pays the ACPs and SACPs in sufficient quantities to make up the shortfall. The ACP has not yet been determined for the period starting June 1, 2010. The March 16, 2009 RPS Amendments set the SACP at \$675/MWh for the period June 1, 2010 through May 31, 2011, \$658/MWh for the period June 1, 2011 through May 31, 2012, and \$641/MWh for the period June 1, 2012 through May 31, 2013.

The Board requires an annual report by October 1st of each year to demonstrate compliance with the RPS for the year ending on the preceding May 31st. The EDCs will assist BGS Suppliers in meeting these reporting requirements. Each BGS-FP and BGS-CIEP Supplier submits sufficient information to the EDCs for them to prepare the annual compliance reports and the EDCs submit the required reports on behalf of BGS Suppliers.

A BGS Supplier may be subject to penalties if it fails to demonstrate compliance with the RPS or fails to meet the deadlines set forth in the RPS. BGS Suppliers must keep all records relating to meeting the requirements of the RPS for a period of five years, and may be required to present these records for review upon request by the Board or its designees.

G.1.f. Do the EDCs Make RECs Available to BGS Suppliers?

To the extent permitted by applicable regulatory and contractual provisions and applicable law, PSE&G, JCP&L and ACE will make available to BGS-FP Suppliers RECs from committed supply, including supply from non-utility generators (“NUGs”). ACE will also make available RECs from committed supply to BGS-CIEP Suppliers.

The Board issued an Order on April 20, 2005 in Docket No. EX04080879, I/M/O the Ownership of Renewable Energy Certificates (“RECs”) Under the Electric Discount and Energy Competition Act, as it Pertains to Non-Utility Generators and the Board’s Renewable Portfolio Standards (“REC Proceeding”), concluding that the EDCs are entitled to the NUG RECs, and that when a REC trading system for Class I and Class II RECs was implemented in New Jersey, the RECs for these contracts would belong to the EDCs and would be used for the benefit of the EDCs’ customers. By decision dated January 10, 2007, the Appellate Division of the New Jersey Superior Court affirmed the Board’s determination in the REC Proceeding. The Board’s Order in the REC Proceeding is final and not subject to further appeal.

G.2. New Jersey Solar Initiatives

The RPS require that a BGS Supplier demonstrate that its energy portfolio includes a percentage of electricity generated from solar energy sources. In response to the Board's directive, each of the EDCs has filed programs that have the objective, as set by the Board, to enhance the ability of suppliers to meet the solar RPS. The EDC, BPU Staff, the Division of Rate Counsel ("Rate Counsel"), and The Solar Alliance were parties to the proceedings before the Board for each of the EDC's program.

This section discusses the various EDC programs that have been approved by the Board. Further information on the EDC's programs can be found on the Office of Clean Energy's web site here:

<http://www.njcleanenergy.com/renewable-energy/programs/utility-financing-programs/utility-financing-programs>

G.2.a. PSE&G Solar Programs

Solar Loan I Program

In its Order dated April 16, 2008, in Docket No. EO07040278, I/M/O the Petition of Public Service Electric and Gas Company for Approval of a Solar Energy Program and an Associated Cost Recovery Mechanism, the Board approved PSE&G's proposal to implement a 30 MW solar photovoltaic development program within its electric service territory ("Solar Loan I Program"). Under this program, PSE&G extends loans to its customers for installation of solar photovoltaic systems on the customers' premises. A borrower in the Solar Loan I Program will repay the loan over a period of 10 years for residential loans, or 15 years for commercial loans, by providing PSE&G with SRECs generated by photovoltaic systems or with cash. Pursuant to the Board's Order, PSE&G will sell the SRECs it receives through periodic auctions.

Further information on PSE&G's solar loan program can be found on PSE&G's web site here: <http://www.pseg.com/customer/solar/index.jsp>

Solar Loan II Program

In its Order dated November 10, 2009 in Docket No. EO09030249, I/M/O Petition of Public Service Electric and Gas Company for Approval of a Solar Loan II Program and an Associated Cost Recovery Mechanism, the Board approved PSE&G's proposal to implement an additional 51 MW of solar photovoltaic development programs within its electric service territory. The maximum system size of eligible projects is 500kW.

As in the Solar Loan I Program, PSE&G offers long-term loans for qualifying solar photovoltaic projects, and the loans will be repaid in SRECs or cash. The Solar Loan I Program is now closed and the Solar Loan II Program begins shortly. PSE&G will sell the SRECs it receives through periodic auctions.

A copy of the Board Order approving PSE&G's Solar Loan II Program is available here:

<http://www.njcleanenergy.com/files/file/Board%20Orders/SLII%20Order.pdf>

Solar 4 All Program

In a Board Order dated August 3, 2009, I/M/O Petition of Public Service Electric and Gas Company for Approval of a Solar Generation Investment Program and an Associated Cost Recovery Mechanism, Docket No. EO09020125, the Board approved PSE&G's Solar 4 All Program. A copy of the Board Order can be found here:

<http://www.njcleanenergy.com/files/file/Utility%20Info/Board%20Order%20approving%20PSEG%20for%20Solar%204%20All%20Stipulation-S4A%20Order.pdf>

Under the Solar 4 All Program, PSE&G will directly invest in and own 80 MW of grid-connected solar generation. Installation of projects under the Solar 4 All Program started in 2009 and is expected to end by 2013.

PSE&G will receive the SRECs its solar systems generate. Pursuant to the Board's Order, PSE&G will sell the SRECs it receives through periodic auctions.

G.2.b. ACE, JCP&L, and RECO Solar Programs

In a Stipulation of Settlement dated March 13, 2009, and in a Board Order dated March 27, 2009 in Docket Nos. EO08100875 and EO08090840, the Board approved an SREC-based financing program for ACE and JCP&L. A copy of the Stipulation of Settlement and a copy of the Board Order can be found here:

<http://www.njcleanenergy.com/files/file/Utility%20Info/Stipulation%20FINAL.pdf>

http://www.njcleanenergy.com/files/file/program_updates/3-27-09-8A.pdf

In a Stipulation of Settlement dated July 24, 2009, I/M/O the Verified Petition of Rockland Electric Company Concerning a Proposal for an SREC-Based Financing Program Under N.J.S.A. 48:3-98.1, Docket No. EO09020097, the Board approved an

SREC-Based Financing Program for RECO. A copy of the Stipulation of Settlement and the Board Order dated July 31, 2009 can be found here:

<http://www.njcleanenergy.com/files/file/Utility%20Info/Board%20Order%20approving%20the%20RECO%20Solar%20Financing%20Program.pdf>

Through this program, ACE, JCP&L, and RECO enter into contracts of 10 to 15 years to buy the SRECs generated by new solar systems. ACE, JCP&L, and RECO solicit bids several times over a period of three years for the sale of SRECs to the EDCs. These bids propose a price for the SRECs and a term length for the contract. Bids are ranked according to the Net Present Value (“NPV”) of the payment stream for one SREC over the proposed term. Projects are selected based on the lowest NPV, up to the approved MWs solicited or up to the point where pricing is found no longer to be competitive. Construction of awarded projects must occur within 12 months of the execution of the contract. Pursuant to the Board’s Order, ACE, JCP&L and RECO will sell the SRECs received through periodic auctions.

Only projects within the service area of ACE, JCP&L, or RECO and with capacities of 500 kW or less are eligible to submit bids in this program. To be eligible, a project must have completed the initial application process under the Renewable Energy Incentive Program (“REIP”) or the SREC Registration Program. The Stipulation articulates an aspirational goal that a given percentage of the MWs planned be provided by projects less than or equal to 50 kW.

The program is targeted to procure approximately 65 MW over the three years from July 2009 through May 2012. The results from the first solicitation were announced on October 1, 2009 and are available at <http://njedcsolar.com/announcements.cfm?announcementId=12>.

More information and relevant documents on the SREC-based financing program can be found on the program web site at <http://www.njedcsolar.com/>.

G.2.c. SREC Auctions

The Board in its Order dated August 7, 2008, Docket No. EO06100744 ordered that the EDCs resell SRECs procured under their solar programs through an auction process. A copy of the Board Order can be found here:

<http://www.state.nj.us/bpu/pdf/boardorders/7-30-08-8E.pdf>

The Board has approved details on the SREC auction process, which can be found here:

<http://www.state.nj.us/bpu/pdf/boardorders/11-7-08-2D.pdf>

There will be quarterly auctions to sell the SRECs procured through the EDCs' solar programs. The first auction is planned for January 29, 2010. At that time, only SRECs from PSE&G's programs are expected to be available for sale. When the SREC-Based Financing Programs of ACE, JCP&L, and RECO are sufficiently advanced, the SRECs from these programs will also be sold through the auctions.

Auctions will be held quarterly in January, April, July and October. The SREC auctions will be open to all SREC market participants, including SREC traders, aggregators, as well as BGS Suppliers and third party suppliers that have an obligation to acquire SRECs to satisfy the RPS.

The auctions will follow an ascending clock format. In the first round, bidders will bid by stating how many SRECs they want to buy at the starting price proposed. If there are more SRECs bid than there are available, the auction proceeds to a second round, where a new, higher price is proposed for the SRECs. In each round of the auction, the price will go up based on the excess of SREC demand over the SRECs available. The process continues until a price is reached at which the number of SRECs bid is just equal to the number of SRECs to be sold. The winner at the auction pays PSE&G the final auction price and PSE&G transfers the SRECs to the winner's account.

More information and relevant documents related to the SREC auction can be found at <http://www.solarrec-auction.com>.

H. CONTACT US

Mail

BGS Auction Manager Team
One Gateway Center, Suite 720
Newark, NJ 07102

Phone and Fax

(973) 297-0880 (phone)
(973) 297-0246 (fax)

Web site

For all questions related to the BGS Auctions, including rules, contract issues, and data, you can log into the BGS Auction web site (<http://www.bgs-auction.com>) and click on the *questions?* (<http://www.bgs-auction.com/bgs.contactus.asp>) tab on the menu.



Ask a Question

To submit a question or comment, use the form below.


Subject: *

Name: *

Company: *

Email address: *

Questions / Comments:

 Type the two words:

You can use the pull-down menu to ask a question on a particular topic. You will be asked to enter your name, company information and email address.

Ask a Question

Thank you! Your message has been received. We will respond to you shortly.

Click [HERE](#) to return to the home page or click [HERE](#) to ask another question.

Once you have clicked on the “submit” button, you will be navigated to the confirmation page as shown above. If you would like to submit another question, please click on the second “HERE” button on this page.

I. CALENDAR

Following is a list of regulatory milestones as well as the Auction timeline. Please check the *calendar* tab on the BGS Auction web site for upcoming events:

<http://www.bgs-auction.com/bgs.calendar.asp>.

Activity or Decision Point	Timing
EDC proposal filed	Wednesday, July 1, 2009
Discovery request deadline	Friday, July 24, 2009
Discovery response deadline	Friday, August 7, 2009
First FAQ is posted	Tuesday, August 11, 2009
Release of Preliminary Draft of FP Pricing Spreadsheet	Tuesday, August 25, 2009
Deadline for Initial Comments on all proposals	Friday, August 28, 2009
Legislative-type Board Hearing	Thursday, September 10, 2009
Posting of Alternate Guaranty Process	Wednesday, September 16, 2009
Deadline for Final Comments	Friday, September 25, 2009
Public Hearings	Early October
Information Session for Potential Bidders, Washington, DC	Friday, October 2, 2009
Information Session for Potential Bidders, Philadelphia, PA	Friday, October 9, 2009
Final Part 1 Application Form is posted	Thursday, October 15, 2009
Draft Part 2 Application Form is posted	Thursday, October 15, 2009
Deadline to submit alternate form of guaranty by NOON	Tuesday, October 27, 2009
Deadline to propose modifications to the standard form of the Pre-Auction Letter of Credit by NOON	Tuesday, October 27, 2009
Auction Manager informs a proposing party that had previously secured approval for its alternate form of guaranty whether the approval is renewed	Wednesday, October 28, 2009

Activity or Decision Point	Timing
Deadline to submit alternate form of guaranty and supporting documentation for parties whose approval of a previously accepted alternate form of guaranty is not renewed	Friday, October 30, 2009
Auction Manager provides individual responses to parties proposing modifications to the Pre-Auction Letter of Credit	Monday, November 2, 2009
All modifications to the standard form of the Pre-Auction Letter of Credit that are acceptable on an optional basis are posted	Wednesday, November 4, 2009
Auction Manager informs parties proposing alternate form of guaranty of status of submission	Wednesday, November 4, 2009
Deadline to submit required modifications or revisions to the alternate form of guaranty or supporting documentation	Friday, November 6, 2009
Board decision on Auction proposal	Tuesday, November 10, 2009
Auction Manager informs parties proposing alternate forms of guaranty of the EDC's decision	Tuesday, November 10, 2009
Statewide minimum and maximum starting prices announced	Thursday, November 12, 2009
Load caps announced	Thursday, November 12, 2009
Tranche sizes announced	Thursday, November 12, 2009
Final Part 2 Application Form is posted	Friday, November 13, 2009
EDC Compliance Filing	Tuesday, November 24, 2009
Expected Board Decision on Compliance Filing	November, 2009
Information Session for Potential Bidders, Philadelphia, PA	Friday, December 4, 2009
Deadline to submit Part 1 Application due by NOON	Tuesday, December 15, 2009
Part 1 Applications are reviewed	December 15 – 18, 2009
Applicants are notified of Part 1 Application Results	Friday, December 18, 2009

Activity or Decision Point	Timing
Deadline to submit Part 2 Application due by NOON	Tuesday, January 12, 2010
Part 2 Applications are reviewed	January 12 - 20, 2010
Applicants are notified of Part 2 Application results	Wednesday, January 20, 2010
Mark-to-Market Information Release	Monday, January 25, 2010
Auction Manager informs Registered Bidders of changes to decrement formulas or ranges of total excess supply (if necessary)	Monday, January 25, 2010
Tranche Fee is announced	Tuesday, January 26, 2010
Information session for Registered Bidders, Philadelphia, PA	Tuesday, January 26, 2010
Trial auctions for Registered Bidders	Thursday, January 28, 2010
Auction Manager informs Bidders registered in BGS-CIEP Auction of starting prices	Tuesday, February 2, 2010
Auction Manager informs Bidders registered in BGS-FP Auction of starting prices	Wednesday, February 3, 2010
BGS-CIEP Auction Starts	Friday, February 5, 2010
BGS-FP Auction Starts	Monday, February 8, 2010
Board decision on Auction results	Within 2 business days of close of the BGS-FP Auction or BGS-CIEP Auction, whichever comes later
Winning suppliers execute BGS Supplier Master Agreements	Within 3 business days of Board decision
Documents provided to bidders by Auction Manager containing confidential information must be destroyed	Within 5 business days of Board decision
BGS-FP rates filed with Board	Within 60 business days of Board decision
Power Flows	Tuesday, June 1, 2010