

GENERAL INFORMATION

bgs-auction.com

NEW JERSEY STATEWIDE BASIC GENERATION SERVICE ELECTRICITY SUPPLY AUCTION

NERA

Economic Consulting

GENERAL INFORMATION – TABLE OF CONTENTS

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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 – Public Service Electric and Gas Company (“PSE&G”), Jersey Central Power & Light Company (“JCP&L”), Atlantic City Electric Company (“ACE”), and Rockland Electric Company (“RECO”) – and their group of advisors based on their joint Proposal for Basic Generation Service Requirements To Be Procured Effective June 1, 2012 (I/M/O The Provision of Basic Generation Service for the Period Beginning June 1, 2012, Docket No. EO11040250) and each EDC’s Company Specific Addendum, submitted to the New Jersey Board of Public Utilities (“Board” or “BPU”) on July 1, 2011, the Board’s decisions and Orders in this proceeding, and the EDCs’ compliance filings in Docket No. EO11040250.

These 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 or that may be relevant to the level of such participation.

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 or the level of such participation 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 agenda meeting of November 9, 2011. The Board approved the proposal jointly filed by the Electric Distribution Companies, which are Public Service Electric and Gas Company (“PSE&G”), Jersey Central Power & Light Company (“JCP&L”), Atlantic City Electric Company (“ACE”), and Rockland Electric Company (“RECO”).

In particular, the Board approved the change to Section 15.9 of the BGS-CIEP and BGS-FP Supplier Master Agreements and to the definition of ‘Final FERC Order.’ This change provides greater certainty to BGS Suppliers regarding payments for changes in FERC-approved transmission rates. The BGS Auction Process for 2012, as approved by the Board, is otherwise substantially the same as the 2011 BGS Auction Process.

This section provides an overview of the approved BGS Auction Process based on the Board’s decision. Please consult the Board Order in Docket No. EO11040250 for full details regarding the Board’s actions:

<http://www.bgs-auction.com/bgs.auction.bpu.asp#sec4>

B.1. Background and Proceeding

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”). 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 2011, the four New Jersey EDCs have procured required BGS supply through a single, statewide Auction Process that purchases full requirements supply for their BGS Load.

On July 1, 2011, the EDCs filed a joint proposal with the Board to procure supply for their BGS Load for the period starting June 1, 2012 in a 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 September 2, 2011. On September 26, 2011, 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. All parties had the opportunity to provide their final comments by September 30, 2011.

The EDCs proposed a change to Section 15.9 of each of the BGS-CIEP and BGS-FP Supplier Master Agreements and a clarification to the related definition of ‘Final FERC Order.’ Section 15.9 provides that a change in the firm transmission rate from the base level results in a filing by the EDCs to the Board requesting permission to collect the amount of the increase from customers. After such a change has been approved by the Board and is the subject of a Final FERC Order and no longer subject to refund, the EDCs adjust the payment to BGS Suppliers. The EDCs proposed modifications to Section 15.9 and a clarification to the definition of ‘Final FERC Order’ to reduce the uncertainty regarding when a FERC Order is considered final and to recognize the use by FERC of formula rates.

The Board rendered its decision on the BGS proposals at its agenda meeting of November 9, 2011; the Board Order is also dated November 9, 2011. The Board approved the statewide BGS Auction Process proposed by the EDCs for the procurement of supply for BGS Load. The Board approved the proposed change to Section 15.9 of the BGS-CIEP and BGS-FP Supplier Master Agreements for use in the 2012 BGS Auctions. Furthermore, the Board directed the EDCs to apply this same proposed change to current and previous BGS Supplier Master Agreements where BGS Suppliers are owed transmission-related costs.

In its Order, the Board directed Staff to initiate a proceeding to review aspects of the BGS Auction Process. This proceeding would start after the conclusion of the BGS Auctions and would be expected to conclude by the end of May 2012. Aspects of the BGS Auction Process that may be reviewed include the CIEP threshold and the length of the supply period. However, the Board clarified that any action that the Board may take as a result of this proceeding would not affect current BGS Supplier Master Agreements or BGS Supplier Master Agreements executed during the course of the current BGS Auction Process.

The Board also noted that Staff has begun a stakeholder process to review the EDCs’ reconciliation charge. All stakeholders may participate in this informal process to better understand the EDCs’ current reconciliation charge calculations and to provide input. The Board denied ACE’s proposal to modify its retail rate design and RECO’s change to its reconciliation charge adjustments as the Board deferred these matters to the stakeholder process.

The EDCs made compliance filings by November 23, 2011. Final documents as approved by the Board are posted to the BGS Auction web site:

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

B.2. Overview of the BGS Auction Process

The Auction Process consists 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 are determined on the basis of the closing Auction prices.

The **BGS-FP Auction** determines an “all-in” price in ¢/kWh for the supply period June 1, 2012 through May 31, 2015. The MW-measure of each tranche is close to 100 MW of FP Peak Load Share on an eligible basis. The BGS-FP Auction seeks offers for the supply of full requirements tranches of about one-third of each EDC’s BGS-FP Load.

The table below provides the tranche target for each EDC, the statewide load cap, the load cap for each EDC as well as the size and MW-measure for each tranche. A tranche target is the number of tranches needed for a given EDC at the beginning of the Auction.

Table B-1. Tranche Targets, and Load Caps (BGS-FP Auction)

EDC	FP Peak Load Share (MW)	Tranche Target	EDC Load Cap	Statewide Load Cap	Size of Tranche (%)	MW-Measure
PSE&G	2,892.92	29	14		1.18	99.76
JCP&L	1,932.44 ¹	20	9	21	1.93	96.62
ACE	666.75	7	3		4.55	95.25
RECO	99.55	1	1		25.00	99.55
<i>Total</i>	<i>5,591.66</i>	<i>57</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

There is a statewide load cap of 21 tranches, which is the maximum number of tranches that a bidder can bid in the BGS-FP Auction and serve statewide. There is an EDC Load Cap for each EDC, which is a maximum number of tranches for the EDC that a bidder can bid in the BGS-FP Auction and serve for that EDC.

The **BGS-CIEP Auction** determines the CIEP Price in \$/MW-day for the supply period June 1, 2012 to May 31, 2013. The MW-measure of each tranche is approximately 75 MW on an eligible basis. The BGS-CIEP Auction seeks offers for the supply of full requirements tranches of each EDC’s BGS-CIEP Load. Payments to BGS-CIEP

¹ The Board has directed that JCP&L continue to serve 10 MW of its residential load using the St. Lawrence Project Power and, as necessary, purchases from PJM-administered markets. JCP&L will serve 10 MW in every hour. The FP Peak Load Share has been reduced by 10 MW.

Suppliers have several components, including a payment for energy based on the PJM hourly price.

The table below provides the tranche target for each EDC, the statewide load cap, as well as the size and MW-measure of each tranche.

Table B-2. Tranche Targets, and Statewide Load Cap (BGS-CIEP Auction)

EDC	CIEP Peak Load Share (MW)	Tranche Target	Statewide Load Cap	Size of Tranche (%)	MW-Measure
PSE&G	1,820.77	25	14	4.00%	72.83
JCP&L	789.00	11		9.09%	71.73
ACE	315.20	5		20.00%	63.04
RECO	42.80	1		100.00%	42.80
<i>Total</i>	<i>2,967.77</i>	<i>42</i>	-	-	-

There is a statewide load cap of 14 tranches, which is the maximum number of tranches that a bidder can bid in the Auction and serve statewide.

B.3. Starting Prices and Schedule

The BGS-CIEP Auction will begin on Thursday, February 2, 2012, one business day earlier than the BGS-FP Auction, which will begin on Friday, February 3, 2012.

In the first round of the BGS-FP Auction, prices will be set no lower than the minimum starting price and no higher than the maximum starting price. On November 11, 2011, the Auction Manager announced that the statewide minimum starting price is 12.5¢/kWh and the statewide maximum starting price is 16.0¢/kWh.

For the BGS-CIEP Auction, the statewide minimum starting price is \$220/MW-day and the statewide maximum starting price is \$300/MW-day. In the first round of the BGS-CIEP Auction, prices will be set no lower than the minimum starting price and no higher than the maximum starting price.

In their Part 2 Applications, Qualified Bidders will submit indicative offers at the maximum starting price and at the minimum starting price. Please see the Auction Rules found in section C of the FP Auction and CIEP Auction portions of this information packet for further details.

C. THE EDCs

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

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

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 1.8 million gas and 2.2 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/jersey_central_power_light.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.

FirstEnergy Corp. is a diversified energy company dedicated to safety, reliability and operational excellence. Headquartered in Akron, Ohio, FirstEnergy includes the nation's largest investor-owned electric system and a diverse generating fleet with a total capacity of more than 23,000 megawatts. FirstEnergy’s 10 regulated distribution companies comprise the nation’s largest investor-owned electric system, based on serving six million customers in the Midwest and Mid-Atlantic regions. Stretching from the Ohio-Indiana border to the New Jersey shore, the companies operate a vast infrastructure of more than 194,000 miles of distribution lines and are dedicated to providing customers with safe, reliable and responsive service.

FirstEnergy Corp. was formed in 1997 through the merger of Ohio Edison Company and Centerior Energy Corporation. At that time it was the 11th largest investor-owned electric system in the nation, based on annual electric sales of 64 billion kilowatt-hours, with total assets of nearly \$20 billion. FirstEnergy nearly doubled its revenue to more than \$12 billion and customers served to more than 4.3 million when it merged with the former GPU, Inc., based in Morristown, New Jersey, in 2001. GPU served 2.1 million customers in a 24,000 square-mile service area in Pennsylvania and New Jersey through its three operating companies: Metropolitan Edison Company, Pennsylvania Electric Company, and Jersey Central Power & Light Company. The merger of FirstEnergy and Allegheny Energy was completed in February 2011, creating the nation’s largest investor-owned electric system based on the number of customers served.

C.3. Atlantic City Electric Company (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 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 One Lethbridge Plaza, Mahwah, NJ 07430. RECO provides electric service to approximately 72,000 customers in New Jersey.

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 Electric Distribution Company (“EDC”) for a term of one year. The EDCs are Public Service Electric and Gas Company (“PSE&G”), Jersey Central Power & Light Company (“JCP&L”), Atlantic City Electric Company (“ACE”), and Rockland Electric Company (“RECO”). The BGS-FP Auction has four products, each representing the BGS-FP Load of an EDC for a term of three years.

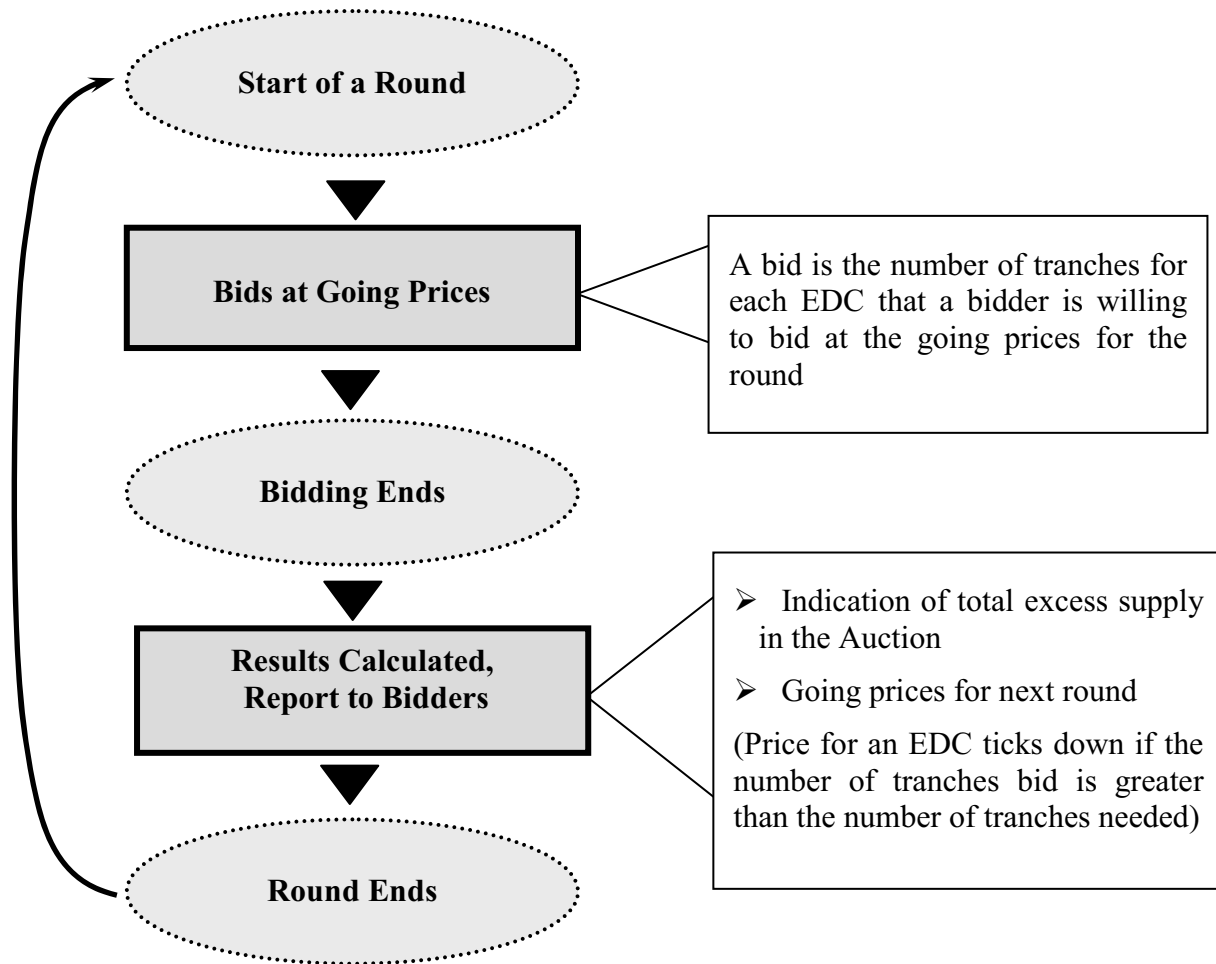
Bidders may participate in either or both of the BGS Auctions. Bidders may bid on one EDC or on many EDCs in a given BGS Auction. Bidding in each BGS Auction is subject to the applicable Auction Rules, found in section C of the FP Auction and CIEP Auction portions of this information packet.

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 bid 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 bid 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 EDC 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 no lower than the minimum starting price and no higher than the maximum starting price announced on November 11, 2011.



Bidding for the two Auctions is separate. The BGS-CIEP Auction starts on Thursday, February 2, 2012, one business day earlier than the BGS-FP Auction, which starts on Friday, February 3, 2012. 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 3, 2012, which will be the first bidding day of the BGS-FP Auction and the second bidding day of the BGS-CIEP Auction. 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		Automatic 15-Minute Extension	9:10
9:15			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			Round 13 Calculation and Report	Round 3 Bidding	11:20
11:25	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 Calculation and Report	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		14:10	16:55	16:55				
14:15		14:15	17:00	17:00				
14:20		14:20	17:05	17:05				
14:25		Round 4 Calculation and Report	14:25	17:10		Round 19 Bidding	17:10	17:10
14:30	14:30		17:15	17:15				
14:35	14:35		17:20	17:20				
14:40	14:40		17:25	17:25				
14:45	Round 16 Bidding	Round 5 Bidding	14:45	17:30	Round 19 Calculation and Report	Round 20 Bidding	17:30	
14:50			14:50	17:35			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			15:10	17:55			17:55	
15:15			15:15	18:00			18:00	
15:20			15:20	18:05			18:05	
15:25	Round 16 Calculation and Report	Round 5 Calculation and Report	15:25	18:10	Round 20 Calculation and Report	Round 20 Calculation and Report	18:10	
15:30			15:30	18:15			18:15	
15:35			15:35	18:20			18:20	
15:40			15:40	18:25			18:25	
15:45	Round 17 Bidding	Round 6 Bidding	15:45	18:30	Round 20 Calculation and Report	Round 20 Calculation and Report	18:30	
15:50			15:50	18:35			18:35	
15:55			15:55	18:40			18:40	
16:00			16:00	18:45			18:45	
16:05		Round 17 Calculation and Report	Round 6 Calculation and Report	16:05			18:50	18:50
16:10				16:10			18:55	18:55
16:15				16:15			19:00	19:00
16:20				16:20				
16:25	Round 18 Bidding	Round 6 Calculation and Report	16:25					
16:30			16:30					

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.

To submit a bid, the bidder selects a number of tranches for each EDC 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 EDC is a price less than or equal to the previous going price and greater than the current going price for that EDC.

If a bidder requests to decrease the number of tranches bid on one EDC while increasing the number of tranches bid on two or more EDCs (“switching”), the bidder will be asked to enter switching priorities (as described in the Auction Rules). Bidders cannot switch between EDCs in one Auction (e.g., BGS-CIEP Load for one EDC) and EDCs 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 during 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 two extensions during the course of the Auction. If a bidder has not already used its two 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 that 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 an EDC will tick down if the total number of tranches bid for the EDC is greater than the number of tranches needed. 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. Results for a given round remain available during subsequent rounds and can be viewed at any point during the Auction.

D.3. Backup Bidding Procedure

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

Backup bids can be submitted by fax or by phone. Bidders may use backup bid forms available in Microsoft Word format and Microsoft Excel format to prepare fax backup bids. The backup bid form can be filled out and then faxed to the Auction Manager.

When a bidder uses the backup bid procedure, a member of the Auction Manager Team will log in to the Auction Software and enter the bid on behalf of the bidder. Bidders may request a backup bid verification via fax that consists of a printout of the bid verification screen of the Auction Software.

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 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 8 or later, Firefox 3.0 or later, Safari 5.1.1, and Chrome 14. 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 or later from:
<http://windows.microsoft.com/en-US/internet-explorer/products/ie/home>
- 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 8.0 from:
<http://www.mozilla.org>
- 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 5.1.1 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 14, 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, and code keys) 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 service 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

If bidders intend to rely on fax for backup bidding, we recommend having 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

If bidders intend to rely on the phone for backup bidding, we recommend a dedicated phone line at each bidding location. 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 if 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.

The next section provides the terms and conditions of access to the Auction Software that each bidder must accept.

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. EO11040250; In the Matter of the Provision of Basic Generation Service for the Period Beginning June 1, 2012): (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, 2012. 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.

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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.

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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 13, 2011. The Part 2 Application, in which Applicants present indicative offers and submit financial guarantees, is due on January 12, 2012. This section presents:

- An overview of each of the Part 1 and the Part 2 Application process;
- A guide to the Application Forms;
- The final form of the Pre-Auction Letter of Credit that Applicants submit with their Part 2 Application, including approved modifications to the final 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 13, 2011, 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 13, 2011
Deadline to submit Part 1 Application due by NOON	Tuesday, December 13, 2011
Part 1 Applications are reviewed	December 13 - 16, 2011
Applicants are notified of Part 1 Application Results	Friday, December 16, 2011

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, 2012, 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 13, 2011
Final Part 2 Application Form is posted	Monday, November 14, 2011
Deadline to submit Part 2 Application due by NOON	Thursday, January 12, 2012
Part 2 Applications are reviewed	January 12 - 19, 2012
Applicants are notified of Part 2 Application results	Thursday, January 19, 2012

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 2012 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 2011 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.		
BGS-CIEP Price (\$/MW-day)		BGS-CIEP Indicative Offer (number of tranches)
Minimum Starting Price	\$220.00	(a) 2 <i>This number cannot exceed the BGS-CIEP statewide load cap of 14 tranches.</i>
Maximum Starting Price	\$300.00	(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 \$300.00/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)		12.500¢	16.000¢
PSE&G	EDC load cap: 14 Tranche Target: 29	(c1) 5	(d1) 9
JCP&L	EDC load cap: 9 Tranche Target: 20	(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 (21). 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 9 tranches for JCP&L because this product has an EDC load cap of 9 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 any such 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 13, 2011

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. EO11040250*] 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. EO11040250*].

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.

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.

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 13, 2011 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.

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 #
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Please State Whether the Applicant is a Corporation, Partnership, etc.	Years in Business	URL for Applicant's Web Site
<input type="text"/>	<input type="text"/>	<input type="text"/>

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

Please enter the Applicant's **full legal name** here. This name must match what is provided as the Applicant's name at the top of each page.

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/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>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 style="width: 150px; height: 15px;" type="text"/>	<input style="width: 150px; height: 15px;" type="text"/>	<input style="width: 100px; height: 15px;" type="text"/>

Company

Street Address

<i>City</i>	<i>State</i>	<i>Zip Code</i>
<input style="width: 150px; height: 15px;" type="text"/>	<input style="width: 50px; height: 15px;" type="text"/>	<input style="width: 80px; height: 15px;" type="text"/>

<i>Telephone No.</i>	<i>Fax No.</i>	<i>Email Address (optional)</i>
<input style="width: 100px; height: 15px;" type="text"/>	<input style="width: 100px; height: 15px;" type="text"/>	<input style="width: 150px; height: 15px;" 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.

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.

_____ Signature of Individual Named Above	_____ Date
_____ Signature and Seal from Notary Public	_____ Date



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)

First Item: 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

Second Item: *Is the Applicant currently a BGS-FP Supplier?*

Yes No

If NO, please proceed to the next item.

If YES, please provide the following information.

Table 1.1 Current BGS-FP Obligations

EDC	# Tranches ending May 31, 2012 (2009 BGS-FP Auction)	# Tranches ending May 31, 2013 (2010 BGS-FP Auction)	# Tranches ending May 31, 2014 (2011 BGS-FP Auction)
PSE&G			
JCP&L			
ACE			
RECO			

Third Item: *Is the Applicant currently a BGS-CIEP Supplier, or a BGS-FP Supplier, or both?*

Yes No

If YES, please skip the remainder of this Section and proceed to Section 1.6.

If NO, please proceed to the next item.

Fourth Item: *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, 2012.

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.

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.

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 (*optional*).

- 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 (*optional*).

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 (*optional*).

- 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 (*optional*).

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):

<i>Current Ratio</i>	<i>Total Debt/EBITDA</i>	<i>Total Debt to Total Capital</i>	<i>Tangible Fixed to Total Assets</i>
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 proceed to the next question.

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:

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.

- 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.

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 proceed to the next question.

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 proceed to the next question.

Have you already provided information regarding this Guarantor in the preceding Section (Section 1.7 'Guarantor's Information for Applicant to 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 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 (*optional*).

- 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 (*optional*).

- 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 (*optional*).

- 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 (*optional*).

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.

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.

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)

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 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 **[Enter Name of Authorized Representative]** 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. EO11040250] and that you will comply with these Rules;
- (2) you understand the BGS-FP Supplier Master Agreement [see Docket No. EO11040250] 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 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 **Enter Name of Authorized Representative** 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. EO11040250*] and that you will comply with these Rules;
- (2) you understand the BGS-CIEP Supplier Master Agreement [*see Docket No. EO11040250*] 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 **[Enter Name of Delegate]** is authorized to act as Delegate for the **[BGS-CIEP or BGS-FP]** Auction on behalf of **[Enter 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, 2012 to May 31, 2013. 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 11, 2011.

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, 2012 to May 31, 2015. 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 11, 2011.

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: An indicative offer for an auction 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 for that auction. A Qualified Bidder's indicative offer at the Maximum Starting Price for an auction determines the Qualified Bidder's initial eligibility should the Qualified Bidder be registered to bid in that 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 a 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 (3) 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 (3) 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 a 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 (3) 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 (3) 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 11, 2011. In the first round of an auction, each EDC-specific Starting Price will be no higher than the statewide Maximum Starting Price for that auction.

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 an auction is announced on November 11, 2011. In the first round of each auction, each EDC-specific Starting Price will be no lower than the statewide Minimum Starting Price for that auction.

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, 2012 to May 31, 2013). The term for a product in the BGS-FP Auction is three years (June 1, 2012 to May 31, 2015).

Qualified Bidder: An Applicant that 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 that has been approved to participate in an auction based on requirements submitted in the Part 2 Application. Qualified Bidders register separately for the BGS-FP and the BGS-CIEP Auction.

Same Entity: For purposes of an auction (either the BGS-FP Auction or 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 that 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 Starting Prices (or 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 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 for an auction (either the BGS-FP Auction or 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 are announced on November 11, 2011.

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
