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Name of Applicant

PART 2 APPLICATION FORM
PART 2 APPLICATION DATE: January 12, 2012

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

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

By having completed and signed the Part 1 Application Form, you agreed to the Auction Rules [*see Docket No. EO11040250*] and you have accepted the provisions contained in the Supplier Master Agreement [*see Docket No. EO11040250*] for the service(s) that you are registering to provide.

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

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

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

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INSTRUCTIONS FOR APPLICATION

There are two parts to the application process.

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

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

I Application Submission

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

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

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

The completed Part 2 Application MUST be received by the BGS Auction Manager no later than 12:00 p.m. (noon) EST¹ on January 12, 2012 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 BGS Auction web site at <http://www.bgs-auction.com/bgs.contactus.asp>

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

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

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II Application Review

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

Confirmation

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

Incomplete Applications

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

Late Applications

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

Incomplete Credit Information

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

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

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

Certifications Regarding Associations

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

Notification of Registration

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

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1.1 Basic Applicant Information

Name of Applicant

Name of Authorized Representative

Telephone No.

Fax No.

Email Address

Cell Phone No. (optional)

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

- FP
- CIEP
- Both

Auctions for which you are submitting a Part 2 Application:

- FP
- CIEP
- Both

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

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

Yes No

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

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

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

A Qualified Bidder’s indicative offer at each price cannot exceed the BGS-FP Statewide Load Cap of 21 tranches.

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

Table 1.1 BGS-FP Auction Indicative Offer

BGS-FP Price (£/kWh)		BGS-FP Indicative Offer (number of tranches)
Minimum Starting Price	12.500	(a) <i>This number cannot exceed the BGS-FP Statewide Load Cap of 21 tranches</i>
Maximum Starting Price	16.000	(b) <i>This number cannot exceed the BGS-FP Statewide Load Cap of 21 tranches</i>

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

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Calculation of the Total Amount of Pre-Auction Security

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

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

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

Instructions Regarding the Pre-Auction Letter of Credit

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

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

Requirements to Meet the Total Amount of Pre-Auction Security

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

Yes No

If YES, please proceed to Section 1.3.

If NO, please provide the following information.

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

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

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

Table 1.2 BGS-FP Auction Pre-Auction Security

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

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

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Instructions for Table 1.2.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Are you applying to participate in the BGS-CIEP Auction?
 Yes No

If NO, please proceed to Section 1.4
If YES, please provide the following information.

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

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

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

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

Table 1.3 BGS-CIEP Auction Indicative Offer

BGS-CIEP Price (\$/MW-day)		BGS-CIEP Indicative Offer (number of tranches)
Minimum Starting Price	220.00	(a) <i>This number cannot exceed the BGS-CIEP Statewide Load Cap of 14 tranches</i>
Maximum Starting Price	300.00	(b) <i>This number cannot exceed the BGS-CIEP Statewide Load Cap of 14 tranches</i>

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

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

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

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

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

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

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

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

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

=	(indicative offer at Maximum Starting Price) x (\$375,000)
=	(b) in Table 1.3 (number of tranches) x (\$375,000)
=	\$

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

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

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

Yes No

If NO, please proceed to Section 1.5.

If YES, please provide the following information.

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

- The number of tranches that you indicate for each EDC at each price must be **equal to or less than** the EDC Load Cap. The EDC Load Cap is indicated beside the name of each EDC in Table 1.4. For example, the EDC Load Cap for PSE&G is 14 tranches.
- The number of tranches that you indicate for any one EDC at the Minimum Starting Price must be **equal to or less than** your indicative offer at that price (cell (a) of Table 1.1). The number that you indicate for any one EDC for the Maximum Starting Price must be **equal to or less than** your indicative offer at that price (cell (b) of Table 1.1).
- The sum of your preliminary interest for all EDCs at the Minimum Starting Price (the sum of (c1) through (c4) of Table 1.4) **can** exceed the amount of the indicative offer at the Minimum Starting Price in cell (a) of Table 1.1. The sum of your preliminary interest for all EDCs at the Maximum Starting Price (the sum of (d1) through (d4) of Table 1.4) **can** exceed the amount of the indicative offer at the Maximum Starting Price in cell (b) of Table 1.1.

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Example:

The Statewide Load Cap is 21 tranches and the EDC Load Cap for ACE is 3 tranches.

A Qualified Bidder submits an indicative offer of 15 tranches at the Maximum Starting Price (cell (b) of Table 1.1) and 7 tranches at the Minimum Starting Price (cell (a) of Table 1.1). The indicative offer at each price does not exceed the Statewide Load Cap (21). At the Maximum Starting Price, the Qualified Bidder indicates its preliminary maximum interest in each EDC as:

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

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

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

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

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

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

Table 1.4 Preliminary Maximum Interest in Each EDC

BGS-FP Auction		Minimum Starting Price:	Maximum Starting Price:
		12.500€/kWh	16.000€/kWh
PSE&G	EDC Load Cap: 14 Tranche Target: 29	(c1) 0 <i>This number cannot exceed the PSE&G Load Cap of 14 tranches</i>	(d1) 0 <i>This number cannot exceed the PSE&G Load Cap of 14 tranches</i>
JCP&L	EDC Load Cap: 9 Tranche Target: 20	(c2) 0 <i>This number cannot exceed the JCP&L Load Cap of 9 tranches</i>	(d2) 0 <i>This number cannot exceed the JCP&L Load Cap of 9 tranches</i>
ACE	EDC Load Cap: 3 Tranche Target: 7	(c3) 0 <i>This number cannot exceed the ACE Load Cap of 3 tranches</i>	(d3) 0 <i>This number cannot exceed the ACE Load Cap of 3 tranches</i>
RECO	EDC Load Cap: 1 Tranche Target: 1	(c4) 0 <i>This number cannot exceed the RECO Load Cap of 1 tranche</i>	(d4) 0 <i>This number cannot exceed the RECO Load Cap of 1 tranche</i>

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1.5 Bidder Certifications for the BGS-FP Auction

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

Yes No

If NO, please proceed to Section 1.6.

If YES, please provide the following information.

Please consult the list of Qualified Bidders for the BGS-FP Auction provided to you upon qualification. Please consult the certifications contained in the “Association and Confidential Information Rules” of the BGS-FP Auction Rules. Please consult the criteria for associations and the definition of Confidential Information in the BGS-FP Auction Rules [see Docket No. EO11040250] located on the BGS Auction web site, <http://www.bgs-auction.com/bgs.bidinfo.ar.asp>.

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

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

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

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

Signature of Authorized Representative

Date

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

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

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

Signature of Authorized Representative

Date

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

- (3) **Please certify to ONE of the following:**
 - (i) you have not retained an Advisor;

Signature of Authorized Representative

Date

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

Signature of Authorized Representative

Date

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

Signature of Authorized Representative

Date

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

[Empty rectangular box for providing details on item (3) certification]

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

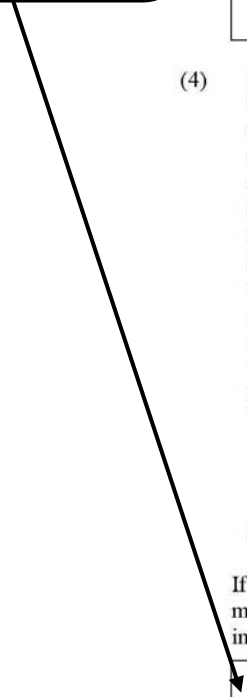
Signature of Authorized Representative

Date

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

[Empty rectangular box for providing details on item (4) certification]

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



Name of Applicant

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

Signature of Authorized Representative _____
Date

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

_____ ←

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

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

Signature of Authorized Representative _____
Date

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

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

Signature of Authorized Representative _____
Date

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

Name of Applicant

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

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

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

Please certify that:

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

 Signature of Authorized Representative

 Date

Name of Applicant

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

Signature of Authorized Representative _____
Date

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

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

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

Signature of Authorized Representative _____
Date

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

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

Signature of Authorized Representative _____
Date

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

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

Name of Applicant

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

Name of Applicant

1.6 Bidder Certifications for the BGS-CIEP Auction

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

Yes No

If NO, please proceed to Section 1.7.

If YES, please provide the following information.

Please consult the list of Qualified Bidders for the BGS-CIEP Auction provided to you upon qualification. Please consult the certifications contained in the “Association and Confidential Information Rules” of the BGS-CIEP Auction Rules. Please consult the criteria for associations and the definition of Confidential Information in the BGS-CIEP Auction Rules [see Docket No. EO11040250] located on the BGS Auction web site, <http://www.bgs-auction.com/bgs.bidinfo.ar.asp>.

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

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

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

Name of Applicant

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

Signature of Authorized Representative _____
Date

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

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

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

Signature of Authorized Representative _____
Date

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

- (3) **Please certify to ONE of the following:**
 - (i) you have not retained an Advisor;

Signature of Authorized Representative _____
Date

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

Signature of Authorized Representative _____
Date

Name of Applicant

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

Signature of Authorized Representative

Date

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

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

Signature of Authorized Representative

Date

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

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

Name of Applicant

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

Signature of Authorized Representative _____
Date

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

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

Signature of Authorized Representative _____
Date

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

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

Signature of Authorized Representative _____
Date

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

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

Name of Applicant

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

If the Qualified Bidder becomes a Registered Bidder through a successful Part 2 Application, the entity that submits bids in the BGS-CIEP Auction must be the Same Entity that has agreed to comply with the Association and Confidential Information Rules in this Part 2 Application.

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

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

Please certify that:

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

Signature of Authorized Representative

Date

Name of Applicant

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

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

Signature of Authorized Representative _____
Date

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

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

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

Signature of Authorized Representative _____
Date

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

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

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

Signature of Authorized Representative _____
Date

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

Name of Applicant

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

Name of Applicant

1.7 Justification of Omissions

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

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



Name of Applicant

Appendix A – Enclosures to the Part 2 Application

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

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

For BGS-FP Auction:

- Pre-Auction Letter of Credit (or Bid Bond) for BGS-FP Bidders *[Section 1.2]*
 - Letter of Intent to Provide a Guaranty (if applicable) *[Section 1.2]*
 - Letter of Reference (if applicable) *[Section 1.2]*
- Standard forms for these documents are available from the BGS Auction web site, <http://www.bgs-auction.com/bgs.bidinfo.am.asp>. For the BGS-FP Auction, please ensure that you use the standard forms provided **for BGS-FP Bidders**.*

For BGS-CIEP Auction:

- Pre-Auction Letter of Credit (or Bid Bond) for BGS-CIEP Bidders *[Section 1.3]*
- Standard forms of these documents are available from the BGS Auction web site, <http://www.bgs-auction.com/bgs.bidinfo.am.asp>. For the BGS-CIEP Auction, please ensure that you use the standard forms provided **for BGS-CIEP Bidders**.*

Appendix B – Glossary

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

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

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

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

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

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

BGS Auction Manager: The person retained by the EDCs to manage the Auction Process under the Board’s oversight.

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

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

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

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.

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 any material omission or misrepresentation in the Part 1 Application or the Part 2 Application submitted to participate in the BGS-FP Auction; or has violated the BGS-FP Auction

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

Long-term Debt [Funded Debt]: An obligation having a maturity of more than one year from the date it was issued.

Maximum Starting Price: The Maximum Starting Price is a statewide price. For the BGS-CIEP Auction, the Maximum Starting Price is quoted in \$/MW-day, while for the BGS-FP Auction, the Maximum Starting Price is quoted in ¢/kWh. The Maximum Starting Price for the BGS-FP Auction is 16.000¢/kWh and the Maximum Starting Price for the BGS-CIEP Auction is 300.00/MW-Day. 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 the BGS-FP Auction is 12.500¢/kWh and the Minimum Starting Price for the BGS-CIEP Auction is 220.00/MW-Day. In the first round of an 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 Auctions.

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.

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

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

Tranche: See BGS-FP Tranche or BGS-CIEP Tranche.

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

End of Part 2 Application Form

E.5. Pre-Auction Letter of Credit

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

Potential bidders for the 2012 BGS Auctions were invited to propose modifications to the sample Pre-Auction Letter of Credit. Although the final Pre-Auction Letter of Credit has not changed from the last year, additional modifications were accepted on an optional basis as a result of this process.

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

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

Immediately following the final Pre-Auction Letter of Credit are all the modifications to the Pre-Auction Letter of Credit that are acceptable to the EDCs on an optional basis.

Final Pre-Auction Letter of Credit

Letter of Credit No. _____ (Date) _____

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

The EDCs are all of the following:

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

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

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

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

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

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

Very truly yours,

(Bank)

By: _____

Name:

Title:

By: _____

Name:

Title:

Annex 1 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

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

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

Very truly yours,

ACE
By _____
Name:
Title:
Date:

JCP&L

By _____

Name:

Title:

Date:

PSE&G

By _____

Name:

Title:

Date:

RECO

By _____

Name:

Title:

Date:

cc: _____ (Bidder)

Annex 2 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

ON [Business Day pursuant to Paragraph 4]

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

Attn:

\$ _____

For credit to the account of _____.

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

(Bank)
(Address)

EDC (ACE or JCP&L or PSE&G or RECO)

By _____

Name:

Title:

Annex 3 to Letter of Credit

CERTIFICATE OF EXPIRATION
OF LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

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

ACE

By _____

Name:

Title:

Date:

JCP&L

By _____

Name:

Title:

Date:

PSE&G

By _____

Name:

Title:

Date:

RECO

By _____

Name:

Title:

Date:

cc: _____ (Bidder)

Acceptable Modifications to Pre-Auction Letter of Credit**Beneficiary - Original**

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

The EDCs are all of the following:

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

Acceptable Modifications to the Beneficiary

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

The EDCs are all of the following:

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

B.2. **Our** Letter of Credit No. _____

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

The EDCs are all of the following:

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

Paragraph 1 - Original

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

Acceptable Modifications to Paragraph 1

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

This change is acceptable to the EDCs, PROVIDED THAT the date inserted is at least 60 calendar days from the date of issuance.

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

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

Paragraph 2 - Original

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

Acceptable Modifications to Paragraph 2

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

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

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

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

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

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

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

Paragraph 3 - Original

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

Acceptable Modifications to Paragraph 3

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

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

- 3.3. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (~~New York, New York~~ Chicago, Illinois time³) on such Business Day to _____ (Bank), _____ (address), (i) a notice in the form of Annex 1 hereto executed by an Authorized Officer of each EDC and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of the EDCs. Authorized Officer shall mean President, Treasurer, any Vice President or any Assistant Treasurer.

³ If the issuer of the Letter of Credit is located in an area that is not in the Eastern Time zone, this time, all other times in this Letter of Credit, and the definition of a Business Day should be adjusted accordingly.

Paragraph 4 - Original

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

Acceptable Modifications to Paragraph 4

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

- 4.3. We hereby agree to honor a drawing hereunder made in compliance with the terms and conditions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to such accounts at such banks in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 P.M. (~~New York, New York~~ San Francisco, California time) on the date of such drawing if delivery of this requisite document is made prior to 11:00 A.M. (~~New York, New York~~ San Francisco, California time) on a Business Day pursuant to Paragraph 3 hereinabove, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite documents is made on or after 11:00 A.M. (~~New York, New York~~ San Francisco, California time) on any Business Day pursuant to Paragraph 3 hereinabove.
- 4.4. We hereby agree to honor a drawing hereunder made in compliance with the terms and conditions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to such accounts at such banks in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 P.M. (New York, NY time) on the date of such drawing if delivery of this requisite document is made prior to 11:00 A.M. (New York, NY time) on a Business Day pursuant to Paragraph 3 hereinabove, but at the opening of business on the first Business Day following next succeeding the date of such drawing if delivery of the requisite documents is made on or after 11:00 A.M. (New York, NY time) on any Business Day pursuant to Paragraph 3 hereinabove.
- 4.5. We hereby agree to honor a drawing hereunder made in compliance with the terms and conditions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with your such drawing to such accounts at such banks in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 32:00 P.M. (~~New York, New York~~ Chicago, Illinois time) on the date of such drawing if delivery of this requisite document is made prior to 1110:00 A.M. (~~New York, New York~~ Chicago, Illinois time) on a Business Day pursuant to Paragraph 3 hereinabove, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite documents is made on or after 1110:00 A.M. (~~New York, New York~~ Chicago, Illinois time) on any Business Day pursuant to Paragraph 3 hereinabove.

Paragraph 5 - Original

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

Acceptable Modifications to Paragraph 5

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

Paragraph 6 - Original

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

Acceptable Modifications to Paragraph 6

- 6.1. This Letter of Credit shall automatically terminate ~~and be delivered to us for cancellation~~ on the earliest of (i) the making by you and payment by us of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we receive from you a Certificate of Expiration in the form of Annex 3 hereto, (iii) the above-stated expiration date hereof.
- 6.2. This Letter of Credit shall automatically terminate and be delivered to us for cancellation on the earliest of (i) ~~the making by you and~~ payment by us of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we receive from you a Certificate of Expiration in the form of Annex 3 hereto, (iii) the above-stated expiration date hereof.
- 6.3. ① This Letter of Credit shall automatically terminate and be delivered to us for cancellation on the earliest of (i) the making by you and payment by us of the drawings in an amount equal to the maximum amount available to be made hereunder, (ii) the date we receive from you a Certificate of ~~Expiration~~ **Cancellation** in the form of Annex 3 hereto, (iii) the above-stated expiration date hereof.

② A3.4.

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

_____, 20__

Please note that change ① to Paragraph 6 is only acceptable if change ② to Annex 3 is also made.

Paragraph 7 - Original

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

Acceptable Modifications to Paragraph 7

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

“Bidder” shall mean [Bidder Name]

Paragraph 8 - Original

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

Acceptable Modifications to Paragraph 8

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

Paragraph 9 - Original

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

Acceptable Modifications to Paragraph 9

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

Paragraph 10 - Original

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

Acceptable Modifications to Paragraph 10

None.

Paragraph 11 - Original

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

Acceptable Modifications to Paragraph 11

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

Paragraph 12 - Original

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

Acceptable Modifications to Paragraph 12

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

NOTE: This change is acceptable to the EDCs, PROVIDED THAT the email address listed is distributed to a departmental email address.

Paragraph 13 - Original

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

Acceptable Modifications to Paragraph 13

- 13.1. Notwithstanding of Article 36 of the UCP, in~~in~~ the event of act of God, riot, civil commotion, insurrection, war, terrorism or by any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this Letter of Credit to be closed for business on the last day of presentation, the expiration date of this Letter of Credit shall be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.

Paragraph 14 - Original

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

Acceptable Modifications to Paragraph 14

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

Acceptable Additional Paragraph 15

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

15.2 Any demands or communications under this Standby Letter of Credit must be sent to:

[Bank], [Address] stating our Letter of Credit Number as it appears above. For telephone assistance, please contact the Standby Client Service Unit at [Number] or [Number], and have this Letter of Credit Number available.

Signature Block - Original

Very truly yours,
(Bank)

By: _____
Name:
Title:

By: _____
Name:
Title:

Acceptable Modifications to the Signature Block

S.1.

~~Very truly yours,
(Bank)~~

~~By: _____
Name:
Title:~~

~~By: _____
Name:
Title:~~

Authorized Signor

*Annex 1 – Original*Annex 1 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

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

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

Very truly yours,

ACE

By _____

Name:

Title:

Date:

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

Acceptable Modifications to Annex 1

A1.1.

To: (Bank)
(Address)

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

Ladies and Gentlemen:

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

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

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

Very truly yours,

~~ACE~~ ATLANTIC CITY ELECTRIC COMPANY

By _____

Name:

Title:

Date:

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

By _____

Name:

Title:

Date:

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

By _____

Name:

Title:

Date:

~~RECO~~ ROCKLAND ELECTRIC COMPANY

By _____

Name:

Title:

Date:

cc: _____ (Bidder)

A1.2.

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

A1.3.

3. The amounts to be received by each Electric Distribution Company-EDC are \$ _____ for Atlantic City Electric Company-ACE, \$ _____ for Jersey Central Power & Light Company-JCP&L, \$ _____ for Public Service Electric & Gas Company-PSE&G and \$ _____ for Rockland Electric Company-RECO.

A1.4.

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

Annex 2 – Original

Annex 2 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

ON [Business Day pursuant to Paragraph 4]

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

Attn:

\$ _____

For credit to the account of _____.

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

(Bank)
(Address)

EDC (ACE or JCP&L or PSE&G or RECO)

By _____

Name:

Title:

*Acceptable Modifications to Annex 2***A2.1.**

ON [Business Day pursuant to Paragraph 4]

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

A2.2.

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

By _____

Name:

Title:

Annex 3 – Original

Annex 3 to Letter of Credit

CERTIFICATE OF EXPIRATION
OF LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

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

ACE
By _____
Name:
Title:
Date:

JCP&L
By _____
Name:
Title:
Date:

PSE&G
By _____
Name:
Title:
Date:

RECO
By _____
Name:
Title:
Date:

cc: _____ (Bidder)

Acceptable Modifications to Annex 3

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

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

A3.3.

To: (Bank)
(Address)

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

Ladies and Gentlemen:

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

~~ACE~~ ATLANTIC CITY ELECTRIC COMPANY

By _____
Name:
Title:
Date:

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

By _____
Name:
Title:
Date:

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

By _____
Name:
Title:
Date:

RECO-ROCKLAND ELECTRIC COMPANY

By _____

Name:

Title:

Date:

A3.4.CERTIFICATE OF **EXPIRATION-CANCELLATION**
OF LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

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

Additional Acceptable Modifications to the Pre-Auction Letter of Credit

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

Paragraph 1

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

Paragraph 2

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

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

Paragraph 6

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

Paragraph 10

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

Paragraph 11

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

Paragraph 12

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

Paragraph 13

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

Paragraph 14

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

Annex 2

To: (Bank)
(Address)

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

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

Attn:

\$ _____

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

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

(Bank)
(Address)

CONFIRMED BY [bank] UNDER ITS CONFIRMATION NUMBER _____

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

By _____

Name:

Title:

E.6. Other Credit Documents for the Application Process

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

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

To: EDCs _____ (Date)

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

Ladies and Gentlemen,

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

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

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

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

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

Sincerely,

PRINT FULL NAME (Guarantor)

TITLE and COMPANY (Guarantor)

Authorized Signature (Guarantor)

Ladies and Gentlemen,

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

PRINT FULL NAME (Bidder)

TITLE and COMPANY (Bidder)

Authorized Signature (Bidder)

E.6.b. Samples for Letter of Reference*Sample 1* _____ (Date)

Letter of Reference No. _____

To: EDCs

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

Ladies and Gentlemen,

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

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

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

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

Sincerely,

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

Ladies and Gentlemen,

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

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

Sample 2

_____ (Date)

Letter of Reference No. _____

To: EDCs

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

Ladies and Gentlemen:

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

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

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

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

Sincerely,

PRINT FULL NAME (Bank)

TITLE and COMPANY (Bank)

Authorized Signature (Bank)

Ladies and Gentlemen,

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

PRINT FULL NAME (Bidder)

TITLE and COMPANY (Bidder)

Authorized Signature (Bidder)

Sample 3

_____ (Date)

Letter of Reference No. _____

To: EDCs

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

Ladies and Gentlemen,

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

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

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

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

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

Sincerely,

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

Ladies and Gentlemen,

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

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

E.6.c. Sample Bid Bond

BY THIS BOND

_____ as Principal (“the Principal”), and

Name of Bidder

Name of Surety

Legal Title of Surety

Address of Surety

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

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

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

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

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

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

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

Thereafter this Bond shall be void.

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

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

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

Principal: _____
Corporate Seal (where appropriate)

Surety: _____

Authorized Signature

Authorized Signature

Printed name and title

Printed name and title

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

Surety: _____

Signature

Printed name and title

Appendix A: ARBITRATION

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

Principal: _____
Corporate Seal (where appropriate)

Authorized Signature

Printed name and title

Date

ACE: _____
Corporate Seal (where appropriate)

Authorized Signature

Printed name and title

Date

PSE&G: _____
Corporate Seal (where appropriate)

Authorized Signature

Printed name and title

Date

Surety: _____

Authorized Signature

Printed name and title

Date

JCP&L: _____
Corporate Seal (where appropriate)

Authorized Signature

Printed name and title

Date

RECO: _____
Corporate Seal (where appropriate)

Authorized Signature

Printed name and title

Date

F. PJM

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

F.1. Supplier Responsibility to PJM

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

If the New Jersey Board of Public Utilities (“BPU”) approves the auction results, a winning bidder becomes a BGS Supplier and is responsible for fulfilling all the requirements of a PJM LSE. The EDC¹ will provide to PJM the magnitude and location of the BGS Supplier’s Responsibility Share, from which PJM will calculate the BGS Supplier’s firm transmission service obligation, capacity obligation, energy obligation, ancillary services obligation, and any other requirements arising under applicable PJM agreements. Each BGS Supplier will be responsible to PJM for the performance of its LSE obligations for the BGS Load that it wins. Each BGS Supplier will financially settle directly with PJM for these obligations. Supplier responsibilities are detailed in several documents, including:

- BGS Supplier Master Agreements, available on the “contracts and credit” sub-tab of the *bidder info* tab of the BGS Auction web site:
<http://www.bgs-auction.com/bgs.bidinfo.cc.asp>
- PJM training documents (refer to the PJM web site for new participant training):
<http://www.pjm.com/training.aspx>
- PJM tariff, PJM Operating Agreement, Reliability Assurance Agreement and the PJM guide to billing:

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

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

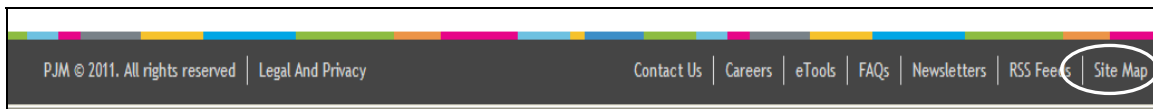
If you have questions or need assistance, please contact the PJM Member Relations Hotline at (610) 666-8980 or toll free at (866) 400-8980.

F.2. PJM Web Site User Guide

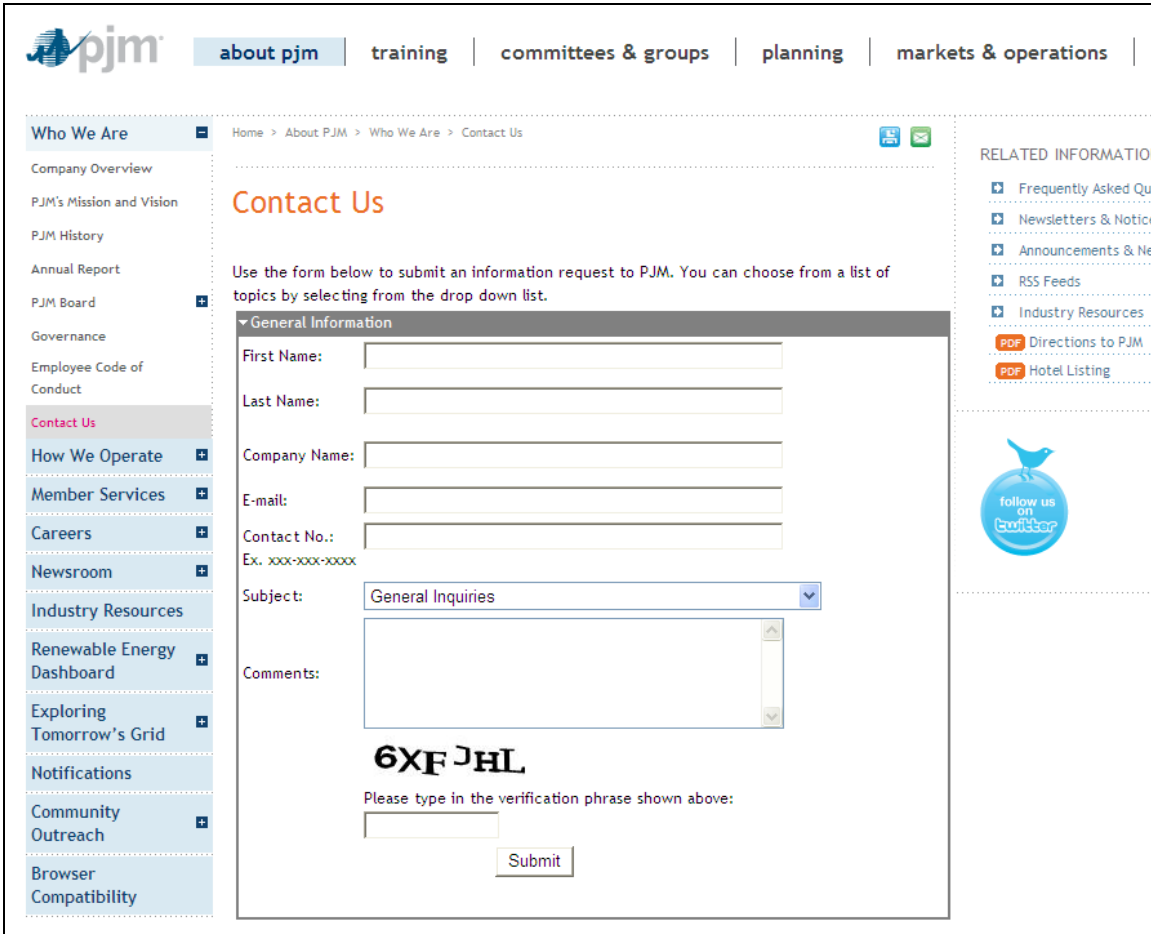
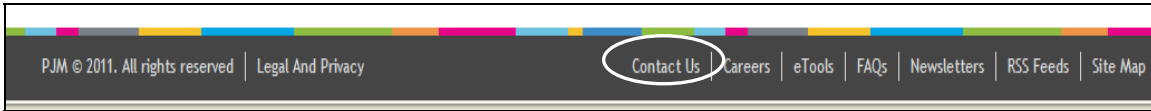
The PJM web site (www.pjm.com) provides information about PJM. The primary web site navigation bar and other potentially useful links are highlighted below.

F.2.a. Links of the Home Page

- a. For an overview of what is on the PJM web site, scroll to the bottom of the home page and click on the “**Site Map**” link located in the bottom-right corner.

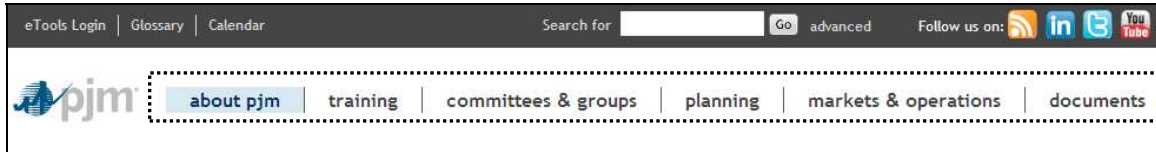


- b. The “Contact Us” link, also at the bottom of the home page, will lead to a web form and links to other informational pages where users can submit questions or comments to PJM, subscribe to informational e-mails, and access news releases.



F.2.b. The Navigation Bar

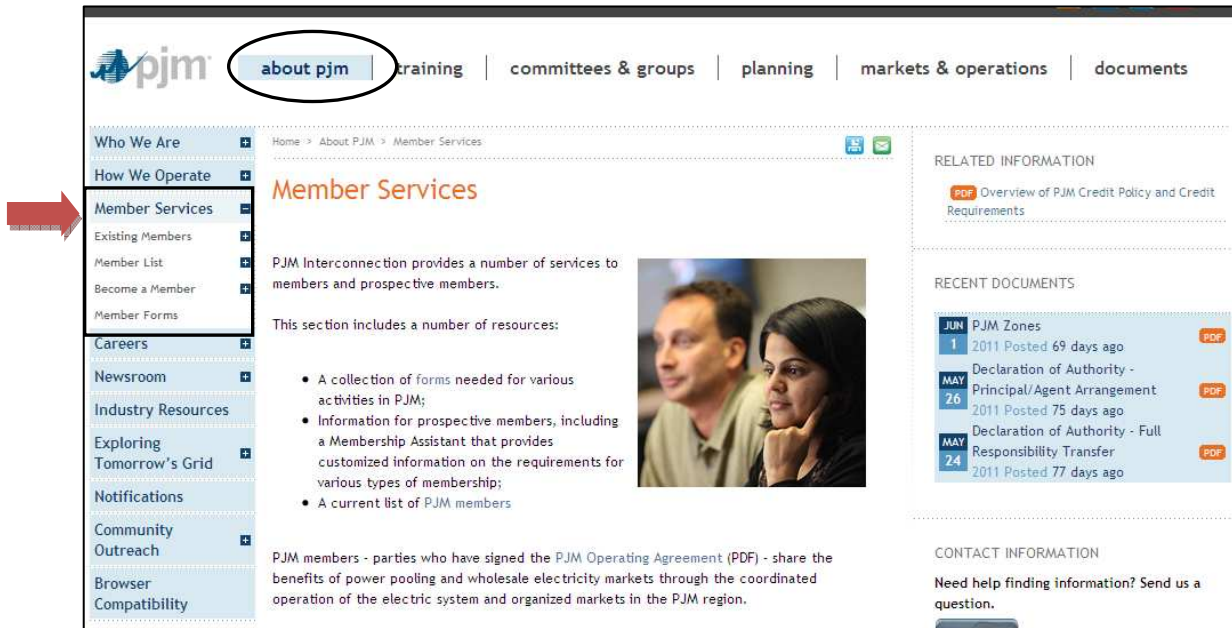
At the top of the home page, you will find this navigation bar:



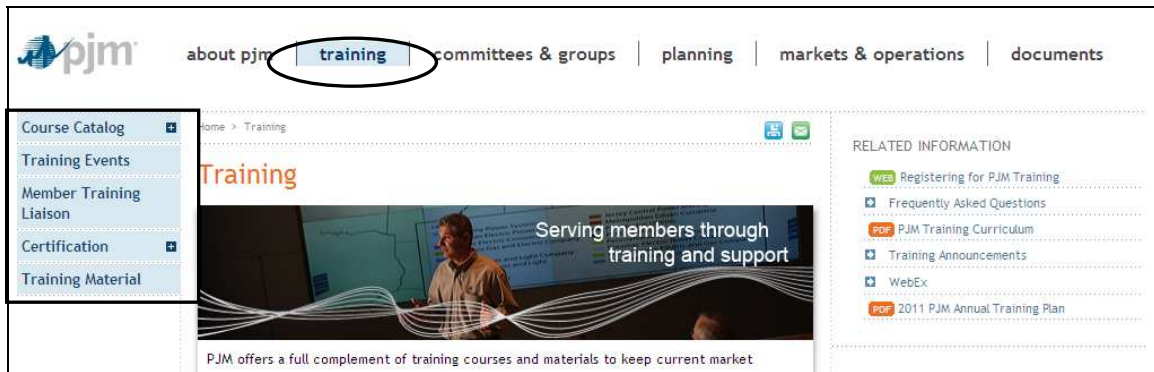
- a. The “About PJM” section, on the left of the navigation bar, provides an overview of PJM and a newsroom containing news articles about PJM.



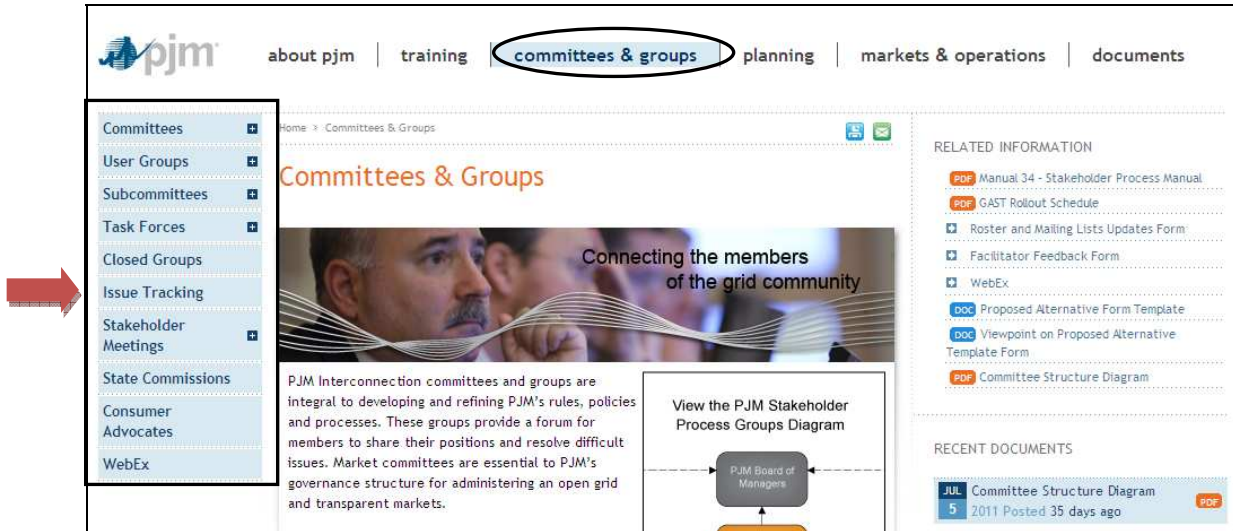
- b. Under the “About PJM” section, the third sub-section on the left, called “Member Services”, provides more information about existing PJM members and how to become a PJM member.



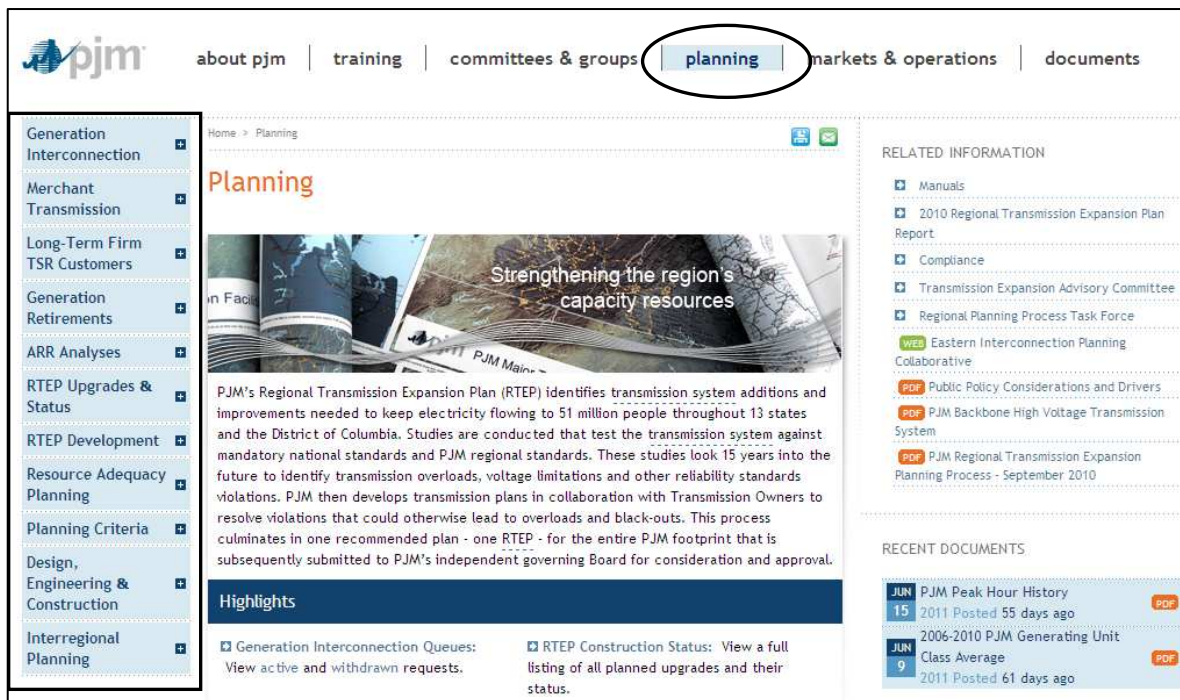
- c. The “Training” section on the navigation bar provides links to web pages containing useful information and documents relating to courses, training events, training materials, and certification.



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



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



- f. The “Markets & Operations” section of the PJM web site, the fifth link on the navigation bar, has the subsections listed on the left.

- *Operational Data* provides real-time or recent Locational Marginal Price data, transmission transfer and limit information and instantaneous dispatch rates and load information.
- *Data Dictionary* provides a streamlined search for data posted on pjw.com.
- *eTools* provides information and links to a suite of online applications that give PJM members access to real-time market operations data, such as real-time prices. These tools assist members with managing daily transactions as well as enabling members to make business decisions.
- *Energy Market* allows access to detailed information on the nature of PJM’s market for electricity, including the real-time and day-ahead markets, where historical data on Locational Marginal Prices can be viewed and downloaded.
- *Reliability Pricing Model (“RPM”)* provides information on PJM’s capacity-market model, RPM auctions, and price responsive demand.

- *Financial Transmission Rights (“FTR”)* provides information on the financial transmission rights used to hedge economic risks associated with delivering energy on the grid.
- *Ancillary Services* provides information and historical data on black start services, spinning reserves, and market-based regulation.
- *Demand Response* describes the demand response programs implemented by PJM.
- *Market Settlements* includes links to a variety of helpful PJM web pages covering the process of settling transactions within the PJM market.
- *Compliance* provides details about PJM’s commitment to fulfilling all compliance standards with all applicable North American Electric Reliability Corporation (“NERC”) and regional reliability standards as well as North American Energy Standards Board (“NAESB”) business standards.
- *Transmission Service* specifies the transmission services that are available to eligible customers.
- *Operational Analysis* provides current and historical data, including load data, graphs, and an operations summary.
- *Alternative Technology Resource Pilots* provides information on opportunities for new technologies to integrate into the bulk electric system.
- *Market Integration* provides information related to new service territories’ joining the PJM marketplace.

- g. The “**Documents**” section provides links to important PJM documents, including regulatory filings. The “**Agreements**” subsection provides links to PJM agreements relevant to BGS Suppliers (such as the Operating Agreement and the Reliability Assurance Agreements). The “**Manuals**” subsection provides links to PJM Manuals that delineate the administrative, planning, operating, and accounting procedures of PJM.

The screenshot shows the PJM website's 'Documents' page. The navigation bar at the top includes links for 'about pjm', 'training', 'committees & groups', 'planning', 'markets & operations', and 'documents' (which is circled). A left-hand navigation menu lists various document categories. The main content area features a banner with the text 'Supporting state and federal renewable energy policies' and a sub-header 'Documents'. Below this, a paragraph explains that the collection houses a library of PJM Interconnection materials. A 'Highlights' section lists three key areas: Agreements, Manuals, and Maps, each with a brief description. On the right, there are sections for 'RELATED INFORMATION' (including links to FAQs, industry resources, and news) and 'RECENT DOCUMENTS' (listing several documents with dates and PDF icons).

F.3. Financial Transmission Rights and Auction Revenue Rights

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

BGS Suppliers can also purchase Financial Transmission Rights (“FTRs”) in periodic auctions held by PJM.

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

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

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

<http://www.pjm.com/markets-and-operations/ftr/auction-user-info.aspx>

F.3.a. Purpose and Application of FTRs

As noted by PJM,

“FTRs are financial instruments that entitle the holder to a stream of revenues (or charges) based on the hourly congestion price differences across a transmission path in the Day-Ahead Energy Market.”

“FTRs provide a hedging mechanism that can be traded separately from transmission service. Market participants are able to hedge against their congestion costs by acquiring FTRs that are consistent with their energy deliveries.”

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

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

F.3.b. Purpose and Application of ARRs

As defined by PJM,

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

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

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

F.4. eTools

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

- Access market data
- Submit energy schedules

- View load obligation and report bilateral capacity transactions
- Reserve transmission through OASIS
- Manage transactions in PJM's markets

These eTools are described on the PJM web site:

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

F.5. Reliability Pricing Model

PJM's RPM provides:

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

RPM came into effect on June 1, 2007. The Reliability Pricing Model consists of one Base Residual Auction (“BRA”) and up to three incremental auctions per PJM delivery year (June 1- May 31).

The 2012/2013 BRA cleared 136,143.5 MW of unforced capacity at a price of \$16.46/MW-Day. This quantity represents a 21.2% reserve margin. Results of auctions conducted to date are presented in the table below.

Table F-1. BRA Auction Results for 2007/2008 through 2014/2015 Planning Years for the EDCs' Zone

Year	Price (\$MW-Day)²
2007/2008 (All EDCs)	\$177.51
2008/2009 (All EDCs)	\$143.51
2009/2010 (All EDCs)	\$188.55
2010/2011 (All EDCs)	\$174.29
2011/2012 (All EDCs)	\$110.04
2012/2013 (JCP&L, ACE, and RECO)	\$135.18
2012/2013 (PSE&G)	\$149.65
2013/2014 (All EDCs)	\$240.41
2014/2015 (JCP&L, ACE, and RECO)	\$135.25
2014/2015 (PSE&G)	\$164.00

Information on RPM as well RPM auction results can be found on the PJM web site: <http://www.pjm.com/markets-and-operations/rpm.aspx>

F.6. Demand Response

As defined by PJM:

“Demand response (also known as load response) is end-use customers reducing their use of electricity in response to power grid needs, economic signals from a competitive wholesale market or special retail rates.”

End-use customers usually reduce their electricity consumption during emergencies or when Location Marginal Prices (“LMPs”) are high. PJM’s demand response program enables end users to receive a revenue stream for reducing electricity consumption in such circumstances.

End-use customers can participate in demand response through qualified PJM market participants, called Curtailment Service Providers (“CSPs”), who act as agents for these participating customers. These CSPs register the aggregated demand of participating end-use customers with PJM and submit the verification of demand reductions. In turn, PJM

² These prices are net of Capacity Transfer Rights (“CTRs”). RPM costs for LSEs may not equal these values because prices are subject to adjustment pending the outcome of any incremental RPM auctions that may be held.

makes payments to the CSPs as a result of these demand reductions. The CSP pays the customer in accordance with the agreement between the CSP and the end-use customer.

Detailed information on demand response can be found on PJM web site:

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

F.7. Marginal Losses

On June 1, 2007, PJM began incorporating marginal loss factors into its LMP calculations. Prior to June 1, 2007 certain average transmission losses, such as allocated 500 kV losses, were included in the energy quantities that the LSEs were required to supply to meet their load. Under marginal losses, these average transmission losses are included in the LMPs rather than being included in the energy quantities for which LSEs are responsible as was done previously. To prevent double-counting there is a transitional mechanism whereby PJM will use loss-loaded schedules and de-rate these schedules by marginal losses to determine energy settlement values. These factors used in de-rating are determined for each hour for each EDC by PJM. BGS Supplier payments will be based on loads de-rated for marginal losses.

Additional information regarding marginal losses and their implementation can be found on PJM's web site at:

<http://www.pjm.com/sitecore/content/Globals/Training/Courses/ol-ml.aspx>

Frequently asked questions regarding marginal loss implementation can be found on PJM's web site at:

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

F.8. Keeping Up with Market Updates

The PJM newsroom provides information about PJM's activities, including news releases and media resources:

http://www.pjm.com/about-pjm/newsroom.aspx?sc_lang=en

F.9. PJM-EIS GATS Implementation

PJM-EIS has implemented a Generation Attribute Tracking System ("GATS"). BGS Suppliers must use GATS for compliance with the Renewable Portfolio Standards. More information on this system can be found at the PJM-EIS web site:

<http://www.pjm-eis.com/>

The New Jersey Renewable Portfolio Standards are discussed in more detail in section G of the General Information portion of this information packet.

F.10. New Transmission Projects

PJM's RTEP identifies transmission system upgrades and improvements to maintain the reliability of the electricity grid. The RTEP planning horizon permits PJM to assess reliability criteria five and fifteen years in advance. The five-year planning period enables PJM to assess and recommend upgrades to meet forecasted short-term load growth and to ensure reliable interconnection of new generation and merchant transmission projects. The fifteen-year horizon permits consideration of many projects of a larger magnitude which may be efficient at addressing larger, more global, reliability issues. An up-to-date list and construction status of transmission system upgrade projects can be found at the PJM RTEP Construction Status site:

<http://www.pjm.com/planning/rtep-upgrades-status/construct-status.aspx>

As part of the RTEP process, PJM will charge BGS Suppliers for costs related to the development of transmission projects. The EDCs apply to the BPU to adjust retail rates to cover these costs. Upon approval from the BPU, the EDCs will track these costs on behalf of the BGS Suppliers, and when the rates upon which these costs are based are the subject of a Final FERC Order and no longer subject to refund, BGS Suppliers will be paid based on the amount of recovery approved by the BPU. Please see Section 15.9 of the BGS-FP Supplier Master Agreement and the BGS-CIEP Supplier Master Agreement for a full description of the contractual provisions applicable to RTEP cost recovery if such recovery is approved by the BPU. Please note that the Board approved a change to Section 15.9 and to the definition of "Final FERC Order" to provide greater certainty to BGS Suppliers regarding payment for changes in FERC-approved transmission rates.

G. NEW JERSEY INITIATIVES

G.1. Renewable Portfolio Standards

G.1.a. Overview

The Renewable Portfolio Standards (“RPS”) implement provisions of the Electric Discount and Energy Competition Act (“EDECA”), N.J.S.A. 48:3-49 et seq., that require each electric power supplier or Basic Generation Service (“BGS”) Supplier in New Jersey to include in its electric energy portfolio a percentage of electricity generated from renewable energy sources.

In this section, we highlight the main features of the RPS for the convenience of bidders and we highlight some recent developments. Please consult the RPS, amendments, and relevant Orders of the New Jersey Board of Public Utilities (“Board” or “BPU”) for a comprehensive listing of the requirements and changes.

G.1.b. What are the Requirements?

A BGS Supplier must demonstrate that it includes in its energy portfolio an amount of electricity generated from renewable energy sources. A BGS Supplier will not be able to demonstrate compliance with the RPS using direct supply of any type of renewable energy. Instead, RPS compliance is in the form of Renewable Energy Certificates (“RECs” or “Certificates”) and Solar Renewable Energy Certificates (“SRECs”). Alternatively, the BGS Supplier may comply by making a payment (Alternative Compliance Payments (“ACPs”) or Solar Alternative Compliance Payments (“SACPs”).

Renewable energy means electric energy generated within or delivered into the PJM region and produced from a source belonging to one of two classes:

1. Class I renewable energy. Electric energy produced from solar technologies, photovoltaic technologies, wind energy, fuel cells powered by renewable fuels, geothermal technologies, wave or tidal action, and/or methane gas from landfills or a biomass facility, provided that the biomass is cultivated and harvested in a sustainable manner.
2. Class II renewable energy. Electric energy produced at a resource recovery facility or hydroelectric power facility, provided that such facility is located where retail competition is permitted and provided further that the Commissioner of Environmental Protection has determined that such facility meets the highest

environmental standards and minimizes any impacts to the environment and local communities.

Although solar electric generation is a type of Class I renewable energy, each BGS Supplier must meet a separate requirement for solar electric generation as provided in Table G-1 below. For SRECs to be eligible for compliance with the New Jersey RPS, the solar electric generation facility must be connected to the distribution system in New Jersey.

SRECs may be used to comply with any of the requirements in Table G-1 below. Class I RECs may be used to meet Class I and Class II renewable energy requirements, but may not be used to meet the solar electric generation requirements. Class II RECs may only be used to meet Class II renewable energy requirements.

Table G-1 below provides, for the three years of the BGS-FP supply period, the minimum amounts of renewable energy required by the RPS.

Table G-1. Minimum Amounts of Renewable Energy Required

Period	Solar Electric Generation	Class I Renewable Energy	Class II Renewable Energy
June 1, 2012 to May 31, 2013	596 GWH	7.143%	2.5%
June 1, 2013 to May 31, 2014	772 GWH	7.977%	2.5%
June 1, 2014 to May 31, 2015	965 GWH	8.807%	2.5%

G.1.c. How are RECs Issued, Tracked, and Traded?

The renewable energy that has been accounted for in the issuance of a REC (or an SREC) cannot be used again for the issuance of another REC (or an SREC), or used to satisfy another state's renewable energy requirement. Once a REC (or an SREC) has been submitted for compliance with the RPS, the REC (or an SREC) will be permanently retired and cannot be used again.

The PJM-Environmental Informational Systems ("PJM-EIS"), through the Generation Attribute Tracking System ("GATS"), issues SRECs, Class I RECs, and Class II RECs.

To obtain these RECs (or SRECs) and show compliance with the RPS, BGS Suppliers must participate in PJM-EIS GATS.

To participate in PJM-EIS GATS, BGS Suppliers must complete a GATS “Terms of Use” that is available at <http://www.pjm-eis.com>. The BGS Supplier must also register with the GATS by opening a Retail LSE Account and establish a sub-account for each Electric Distribution Company (“EDC”)¹ service territory that it is supplying. For more information, including the cost involved, please see <http://www.pjm-eis.com/~media/pjm-eis/documents/terms-of-use.ashx>.

For questions about the PJM-EIS GATS, please contact:

PJM-EIS GATS Administrator
Phone: 610-666-2245
Fax: 610-771-4114
E-mail: GATSadmin@pjm-eis.com

For BGS Suppliers that have existing arrangements with generators to meet the requirements from the RPS, those generators will need to register with the PJM-EIS GATS and convert the relevant attributes to RECs (or SRECs).

G.1.d. How Does a BGS Supplier Demonstrate Compliance?

Each BGS Supplier is responsible for meeting the renewable energy requirements associated with the tranches it serves. The BGS Supplier either obtains the required RECs and SRECs, or the BGS Supplier pays the ACPs and SACPs in sufficient quantities to make up the shortfall. The ACP has not yet been determined for the period starting June 1, 2012. The SACP is set at \$641/MWh for the period June 1, 2012 through May 31, 2013, \$625 for the period June 1, 2013 through May 31, 2014, and \$609 for the period June 1, 2014 through May 31, 2015. These SACP amounts were previously established by the Board. Staff has recently issued a 15-year SACP straw proposal for the period June 1, 2011 through May 31, 2026 and has proposed to maintain the previously established SACP amounts for the period through May 31, 2016.

The Board requires an annual report by October 1st of each year to demonstrate compliance with the RPS for the year ending on the preceding May 31st. The EDCs will assist BGS Suppliers in meeting these reporting requirements. Each BGS-FP and BGS-

¹ The EDCs are the following: 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”).

CIEP Supplier submits sufficient information to the EDCs for them to prepare the annual compliance reports and the EDCs submit the required reports on behalf of BGS Suppliers.

A BGS Supplier may be subject to penalties if it fails to demonstrate compliance with the RPS or fails to meet the deadlines set forth in the RPS. BGS Suppliers must keep all records relating to meeting the requirements of the RPS for a period of five years, and may be required to present these records for review upon request by the Board or its designees.

G.1.e. Do the EDCs Make RECs Available to BGS Suppliers?

PSE&G, JCP&L and ACE will, to the extent permitted by applicable regulatory and contractual provisions and applicable law, make available to BGS-FP Suppliers RECs from Committed Supply, including supply from non-utility generators (“NUGs”).

RECO’s Committed Supply consists of RECO’s share as a member of the Orange and Rockland System, of one NUG contract. None of RECO’s Committed Supply will qualify as a Class I or Class II renewable resource that could be used to meet the New Jersey RPS requirements.

Accordingly, RECO will not provide any renewable attributes, required to meet the Board’s RPS, to BGS Suppliers.

ACE will make available RECs from Committed Supply also to BGS-CIEP Suppliers. Any generation from ACE’s Committed Supply that qualifies as a Class I or Class II renewable resource will be credited on a pro-rata basis to winning BGS-FP and BGS-CIEP Suppliers.

Historical data regarding the energy from Committed Supply for PSE&G, JCP&L and ACE is available under “Energy from Committed Supply” on the “Additional Data” page of the BGS Data Room: <http://www.bgs-auction.com/bgs.dataroom.occ.asp>.

G.2. Recent Changes

The Solar Energy Advancement and Fair Competition Act

On January 17, 2010, the Solar Energy Advancement and Fair Competition Act (“SEAFCA”), P.L. 2009, c. 289 was signed into law. The SEAFCA requires a schedule of gradually increasing solar energy requirements, which are higher than previous solar

requirements and also changes the method by which each supplier's obligation is calculated.

A copy of the SEAFCA is available here:

http://www.njleg.state.nj.us/2008/Bills/A4000/3520_R3.PDF

On March 30, 2011, the Board adopted amendments to its RPS rules at N.J.A.C. 14:8-2, which codify the new statutory requirements enacted by the SEAFCA. A copy of the Special Adoption is available on the BPU web site here:

<http://www.nj.gov/bpu/agenda/rules/>

The SEAFCA directed the Board to adopt a fifteen year schedule for SACP amounts for use within its RPS rules. On September 21, 2011, the Board approved Staff's recommendation to issue for public comment a straw proposal for a fifteen (15) year SACP schedule developed by Staff, which includes an SACP schedule for the period June 1, 2011 through May 31, 2026. The SACP amounts for the period covered by the previously established 8-year SACP schedule through May 31, 2016 were left unchanged in Staff's straw proposal. On November 10, 2011, the Board held a public hearing to discuss the Staff straw proposal as input to the development of proposed regulatory amendments to satisfy the SEAFCA. Written comments were due on November 14, 2011 and are posted on the Office of Clean Energy's web site.

A copy of Staff's straw proposal is available here:

<http://www.njcleanenergy.com/renewable-energy/program-activity-and-background-information/rps-background-info>

The Offshore Wind Development Act

On August 19, 2010, the Offshore Wind Economic Development Act ("OSWEDA"), P.L. 2010, c.57 was signed into law. The OSWEDA amends and supplements the EDECA, N.J.S.A 48:3-49 et seq to provide the Board the ability to add an offshore wind renewable energy certificate program. Such a program would establish a renewable energy portfolio standard that would require that an amount of kilowatt hours sold in New Jersey by each BGS Supplier be from offshore wind energy. This program would support at least 1,100 megawatts of generation from qualified offshore wind projects.

A copy of the OSWEDA is available here:

http://www.njleg.state.nj.us/2010/Bills/S2500/2036_R2.PDF

On February 10, 2011, the Board adopted new rules at N.J.A.C. 14:8-6 to begin codifying the requirements of the OSWEDA. The rules provide an application process and a framework under which the Board will consider applications for qualified offshore renewable facilities and offshore wind renewable energy certificates (“ORECs”). The rules anticipate that an amount of ORECs would be specified by the Board, but only after the approval of qualified offshore wind projects. A stakeholder working group is looking at various details for the implementation of the program.

A copy of the Special Adoption is available on the BPU web site here:

<http://www.nj.gov/bpu/agenda/rules/>

These rules will expire by August 10, 2012 unless re-adopted.

G.3. Solar Programs

G.3.a. Programs for Solar Development

The RPS require that a BGS Supplier demonstrate that its energy portfolio includes an amount of electricity generated from solar energy sources. In response to the Board’s directive, in 2009 the EDCs filed three-year programs that had the objective to enhance the ability of suppliers to meet the solar RPS.

Further information on the EDC programs can be found on the Office of Clean Energy’s web site here:

<http://www.njcleanenergy.com/renewable-energy/programs/utility-financing-programs/utility-financing-programs>

Further information on PSE&G’s solar loan programs can be found on PSE&G’s web site here: <http://www.pseg.com/home/save/solar/overview.jsp>

Further information on the ACE, JCP&L, and RECO SREC-Based Financing Program can be found on the program web site: <http://www.njEDCsolar.com/>

These programs (PSE&G solar loan programs as well as the ACE, JCP&L and RECO SREC-Based Financing Program) are due to expire in the coming year. The Board has asked Staff to report on the future of these programs, if any. Staff has initiated a stakeholder outreach and will report its recommendations to the Board.

G.3.b. The EDCs' SREC Auctions

The Board in its Order dated August 7, 2008, Docket No. EO06100744, ordered that the EDCs resell SRECs procured under their solar programs through an auction process. A copy of the Board Order can be found here:

<http://www.state.nj.us/bpu/pdf/boardorders/7-30-08-8E.pdf>

The Board has approved details on the SREC auction process, which can be found here:

<http://www.state.nj.us/bpu/pdf/boardorders/11-7-08-2D.pdf>

Auctions are typically held quarterly in January, April, July and October and are open to all SREC market participants, including SREC traders, aggregators, as well as BGS Suppliers and third party suppliers. More information and relevant documents related to the SREC auction can be found here: <http://www.solarREC-auction.com>

H. CONTACT US

Mail

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

Phone and Fax

(973) 297-0880 (phone)
(973) 297-0246 (fax)

Web site

For all questions related to the BGS Auctions, including rules, contract issues, and data, you can go to the BGS Auction web site (<http://www.bgs-auction.com>) and click on the *questions?* (<http://www.bgs-auction.com/bgs.contactus.asp>) tab on the menu.

The screenshot shows the BGS Auction website interface. At the top, the logo 'bgs-auction.com' is displayed with the tagline 'NEW JERSEY STATEWIDE BASIC GENERATION SERVICE ELECTRICITY SUPPLY AUCTION'. A search bar is located in the top right corner. Below the logo, a navigation menu contains the following items: home, auction, bidder info, calendar, data room, faqs, news, register, about us, site map, and questions?. The 'questions?' item is circled in red. Below the navigation menu, the 'Ask a Question' form is visible. The form includes a subject dropdown menu with the selected option 'I have a question/comment about..', and input fields for Name, Company, and Email address. A large text area is provided for 'Questions / Comments'. At the bottom of the form, there is a CAPTCHA section with the words 'Megargel' and 'enormity' and a 'reCAPTCHA' logo. The form concludes with 'submit' and 'reset' buttons.

You can use the pull-down menu to ask a question on a particular topic. You will be asked to enter your name, company information and email address.

Ask a Question

To submit a question or comment, use the form below.

Subject: *

Name: *

Company: *

Email address: *

Questions / Comments:

Megargel **enormity**

Type the two words:

Once you fill out the information, you will be asked to enter the two words that appear in the reCAPTCHA™ box as shown above, before you click on the “submit” button to send your question. For instance, in the image above, you will be required to enter “Megargel enormity” in the reCAPTCHA™ box before submitting your question. If you need to start again, just click on the “reset” button.

Ask a Question

Thank you! Your message has been received. We will respond to you shortly.

Click [HERE](#) to return to the home page or click [HERE](#) to ask another question.

Once you have clicked on the “submit” button, you will see the confirmation page as shown above. If you would like to submit another question, please click on the second “HERE” button on this page.

I. CALENDAR

Following is a list of regulatory milestones and a tentative auction timeline. Please check the BGS Auction web site for an up-to-date timeline on the *calendar* tab:

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

Activity or Decision Point	Timing
July 2011	
EDC proposal filed	Friday, July 01, 2011
Discovery request deadline	Friday, July 22, 2011
August 2011	
Discovery response deadline	Friday, August 05, 2011
First FAQ is posted	Tuesday, August 09, 2011
Release of Preliminary Draft of FP Pricing Spreadsheet	Tuesday, August 23, 2011
September 2011	
Deadline for Initial Comments on all proposals	Friday, September 02, 2011
Legislative-type Board Hearing	Monday, September 26, 2011
Deadline for Final Comments	Friday, September 30, 2011
Information Session (Philadelphia)	Friday, September 30, 2011
October 2011	
Public Hearings	Early October 2011
Final Part 1 Application Form is posted	Thursday, October 13, 2011
Draft Part 2 Application Form is posted	Thursday, October 13, 2011
Deadline to submit alternate form of guaranty	Tuesday, October 25, 2011
Deadline to propose modifications to the standard form of the Pre-Auction Letter of Credit	Tuesday, October 25, 2011
November 2011	
Auction Manager provides individual responses to parties proposing modifications to the Pre-Auction Letter of Credit	Tuesday, November 01, 2011
All modifications to the standard form of the Pre-Auction Letter of Credit that are acceptable on an optional basis are posted	Wednesday, November 02, 2011

Activity or Decision Point	Timing
Auction Manager informs parties proposing alternate forms of guaranty of the EDCs' decision	Tuesday, November 08, 2011
Board Decision on Auction proposal	Wednesday, November 09, 2011
Statewide minimum and maximum starting prices announced	Friday, November 11, 2011
Load caps announced	Friday, November 11, 2011
Tranche sizes announced	Friday, November 11, 2011
Final Part 2 Application Form is posted	Monday, November 14, 2011
EDC Compliance Filing	No later than Wednesday, November 23, 2011
Board Decision on Compliance Filing	Wednesday, November 30, 2011
December 2011	
Information Session (Philadelphia)	Friday, December 02, 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
January 2012	
Transmission Rates announced	Friday, January 06, 2012
Final rate spreadsheets are posted	Monday, January 09, 2012
Final seasonal factors announced	Tuesday, January 10, 2012
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
Mark-to-Market Information Release	Tuesday, January 24, 2012
Auction Manager informs Registered Bidders of changes to decrement formulas or ranges of total excess supply (if necessary)	Tuesday, January 24, 2012
Tranche Fee is announced	Tuesday, January 24, 2012
Information session for Registered Bidders, Philadelphia	Tuesday, January 24, 2012
Trial auctions for Registered Bidders	Thursday, January 26, 2012
Auction Manager informs Bidders registered in BGS-CIEP Auction of starting prices	Monday, January 30, 2012

Activity or Decision Point	Timing
Auction Manager informs Bidders registered in BGS-FP Auction of starting prices	Tuesday, January 31, 2012
February 2012	
BGS-CIEP Auction Starts	Thursday, February 02, 2012
BGS-FP Auction Starts	Friday, February 03, 2012
Board decision on Auction results	Within 2 business days of close of the BGS-FP Auction or BGS-CIEP Auction, whichever comes later
Winning suppliers execute BGS Supplier Master Agreements	Within 3 business days of Board decision
Documents provided to bidders by Auction Manager containing confidential information must be destroyed	Within 5 business days of Board decision
April 2012	
BGS-FP rates filed with Board	Within 60 business days of Board decision
June 2012	
Power Flows	Friday, June 01, 2012