

The EDCs' Undertakings

The following reflects the key elements of the EDCs' undertakings regarding reporting requirements for the Renewable Energy Portfolio Standards ("RPS") and the availability of Renewable Energy Certificates ("RECs") from Committed Supply. These elements are proposed as part of each EDC's Final Company Specific Addendum filed on July 1, 2009 (see <http://www.bgs-auction.com/bgs.auction.regproc.asp>). The New Jersey Board of Public Utilities ("Board" or "BPU") is expected to render a decision on the EDCs' proposal, including the EDCs' undertakings related to the RPS, by mid-November.

For more detailed information on requirements from the RPS and each EDC's proposal, please see Section J of the General Information portion of the Bidder Information Packet distributed at the October 2, 2009 and October 9, 2009 Bidder Information Sessions. This packet is available at: <http://www.bgs-auction.com/bgs.bidinfo.ip.asp>.

Reporting

The Board requires an annual report by October 1st of each year to demonstrate compliance with the RPS for the year ending on the preceding May 31st. The EDCs will assist BGS Suppliers in meeting these reporting requirements. Each BGS-FP and BGS-CIEP Supplier submits sufficient information to the EDCs for them to prepare the annual compliance reports and the EDCs submit the required reports on behalf of BGS Suppliers.

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

Renewable Energy Certificates

PSE&G, JCP&L and ACE propose, to the extent permitted by applicable regulatory and contractual provisions and applicable law, to 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 proposes to also make available RECs from Committed Supply to BGS-CIEP Suppliers. Any generation from ACE's Committed Supply which 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>.

The RPS require that a portion of the electricity delivered to New Jersey customers be supplied from solar electric generation systems. BGS-Suppliers must comply by submitting Solar Renewable Energy Certificates (“SRECs”) or by paying a Solar Alternative Compliance Payment (“SACP”). In response to the Board’s directive in other proceedings, each EDC separately filed solar programs that have the objective, as set by the Board, to enhance the ability of all New Jersey suppliers to meet the solar component of the RPS.

The Board issued an Order on April 20, 2005 concluding that the EDCs are entitled to the RECs from the NUGs. This Order is not subject to further appeal. By a decision dated January 10, 2007, the Appellate Division of the New Jersey Superior Court affirmed the Board's determination.