

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 were proposed as part of each EDC's Final Company Specific Addendum filed on July 1, 2011 (see <http://www.bgs-auction.com/bgs.auction.regproc.asp>). The New Jersey Board of Public Utilities ("Board" or "BPU") approved the EDCs' proposal, including the EDCs' undertakings related to the RPS, on November 9, 2011.

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 September 30, 2011 Bidder Information Session. This packet is available at: <http://www.bgs-auction.com/bgs.bidinfo.ip.asp>.

Reporting

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.

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 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 proposes to 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>.

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/>