

## **EXHIBIT D**

**PECO Energy Company**  
**Default Service Program**  
**Request for Proposals**  
**For Block Energy Supply**

\_\_\_\_\_, 2009

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## ARTICLE I. INTRODUCTION

### I.1. Overview

I.1.1. Capitalized terms in this document, which are not defined explicitly herein, are defined in the Default Service Program Block Energy Supply Master Agreement (“Block Energy SMA”). The Block Energy SMA is attached as Appendix 1 to this document.

I.1.2. PECO Energy Company (“Company” or “PECO”) has proposed a competitive bidding process to obtain electric supply for the Company to meet a portion of its obligations as Default Service Provider, pursuant to Chapter 28 of the Pennsylvania Public Utility Code, 66 Pa. C. S. §§ 2801-2812. This competitive bidding process uses a Request for Proposals (“RFP”) for the procurement of blocks of around-the-clock energy (“Baseload Block Energy Supply”) as well as for the procurement of blocks of energy for peak hours (“Peak Block Energy Supply”). Block Energy Supply is procured for various durations. This competitive bidding process also includes a second RFP for the procurement of full requirements service. Whenever necessary to avoid confusion, these two RFPs will be referred to as the “Block Energy RFP” and the “Full Requirements RFP” respectively.

I.1.3. This RFP consists of a total of eleven (11) documents. This main document is called the “RFP Rules”. The following documents are appended to the RFP Rules:

- Appendix 1: Block Energy SMA
- Appendix 2: Subsequent Solicitations
- Appendix 3: Guaranty Process
- Appendix 4: Part 1 Form
- Appendix 5: Part 2 Form
- Appendix 6: Sample Bid Form
- Appendix 7: Chief Financial Officer Attestation
- Appendix 8: Officers’ Certificate (for RFP Bidders under an Agency Agreement)
- Appendix 9: Standard Pre-Bid Letter of Credit
- Appendix 10: Confidentiality Statement

I.1.4. The RFP will select electricity suppliers to provide Block Energy Supply for the term of the procurement plan of PECO’s Default Service Program, namely January 1, 2011

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through May 31, 2013. Some contracts that begin during this period extend beyond the term of the Default Service Program, expiring on December 31 of 2013, 2014, and 2015.

- I.1.5. There are eight (8) solicitations pursuant to this RFP. Each solicitation will be identified by the season and year during which it will take place. Solicitations will be held in the Spring and Fall of 2009, 2010, 2011, and 2012.
- I.1.6. All eight (8) solicitations will procure Baseload Block Energy Supply. The first four (4) solicitations will procure Baseload Block Energy Supply for a duration of 12 months beginning on January 1, 2011 and ending on December 31, 2011. Starting with the Spring 2011 solicitation, the Spring and Fall solicitations of a given year will procure Baseload Block Energy Supply for the next year, beginning on January 1 and ending on December 31. Solicitations in the Spring and Fall 2010 will also procure Baseload Block Energy Supply for a duration of 24 months, beginning on January 1, 2011 and ending on December 31, 2012. Solicitations in the Spring and Fall 2012 will also procure Baseload Block Energy Supply for a duration of 24 months, beginning on January 1, 2013 and ending on December 31, 2014. The Spring 2010 solicitation will also procure Baseload Block Energy Supply for a period of 60 months beginning on January 1, 2011.
- I.1.7. The last six (6) solicitations will procure Peak Block Energy Supply. For purposes of this RFP, June 1 of a given year through August 31 of the same year are referred to as "Summer Months". Starting with the Fall 2010 solicitation, a Fall solicitation and the next Spring solicitation will procure Peak Block Energy Supply for the coming Summer Months. The Spring 2010 and Fall 2010 solicitations will also procure Peak Block Energy Supply for two months, beginning on January 1, 2011 and ending on February 28, 2011. Starting with the Spring 2011 solicitation, the Spring and Fall solicitation of a given year will procure Peak Block Energy Supply for three months, beginning on December 1 of that year and ending on the last day of February of the next year.

- I.1.8. The schedule in these RFP Rules refers only to the Spring 2009 solicitation. For each solicitation, these RFP Rules will be updated to include the dates for that solicitation and to refer to the particular products to be procured in that solicitation. Provisions of this RFP will be updated to allow suppliers that have qualified to bid in one solicitation under this RFP to take part in an abbreviated qualification process for subsequent solicitations under this RFP. The provisions of the RFP that are expected to be updated, as well as the tentative schedule for future solicitations, are provided in Appendix 2. The RFP Rules may be further updated to reflect additional decisions by the Commission, relevant changes in law, or non-material modifications to the processing of Proposals expected to improve potential participation by suppliers. Further, the Independent Evaluator and the Company may amend the RFP Rules if necessary to cure inconsistencies in the provisions of this RFP. The Independent Evaluator and the Company may advise the Commission to postpone or modify the schedule of a solicitation when market conditions are impacted by extraordinary events, such as the advent of war, terrorism, or an act of God.
- I.1.9. A "Class" is a grouping of customers on PECO's existing rate schedules. The Residential Class consists of the following rate schedules: Residence Service ("R"), Residential Heating Service ("RH"), and Off-Peak Service ("OP"). PECO will serve 25% of the Residential Class Default Service Load, referred to as the "PECO Share". PECO will use Block Energy Supply to meet 20% of the expected seasonal energy requirements of the Residential Class Default Service Load (80% of the PECO Share). PECO will balance the blocks of energy and load of the PECO Share on an hourly basis through the hourly spot market energy in PJM. PECO will purchase all other necessary products to serve the PECO Share, including without limitation ancillary services and capacity, in PJM-administered markets. For the PECO Share, PECO will make purchases necessary to meet its obligations under the Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8, ("AEPS Act"), as well as other Orders, regulations and rules that may be promulgated by the PUC with respect to the AEPS.

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- I.1.10. An electric supplier participating in this RFP bids to provide Block Energy Supply, either Baseload Block Energy Supply or Peak Block Energy Supply or both, for one or more supply periods. An electric supplier selected through this RFP to provide Block Energy Supply and approved by the Pennsylvania Public Utility Commission (“PUC” or “Commission”) becomes a Block Energy Supplier. An electric supplier participating in this Block Energy RFP may also participate in the Full Requirements RFP for fixed-price and spot-price full requirements products.
- I.1.11. The obligations of the Block Energy Supplier are described in the Block Energy SMA. The main provisions of the Block Energy SMA are summarized in Section I.4.
- I.1.12. A Proposal is a response to this RFP for a solicitation pursuant to these RFP Rules. An entity that submits any part of a response to this Block Energy RFP for a solicitation is an RFP Bidder (Block Energy). An entity that submits any part of a response to the Full Requirements RFP for a solicitation is an RFP Bidder (Full Requirements). In the documents for this Block Energy RFP, “RFP Bidder” means “RFP Bidder (Block Energy)” unless specifically stated otherwise.
- I.1.13. A Proposal consists of three (3) parts. The first part of the Proposal (“Part 1 Proposal”) is the RFP Bidder’s response to the qualification standards described in Article IV of these RFP Rules. RFP Bidders that qualify pursuant to a successful Part 1 Proposal may submit the second part of the Proposal (“Part 2 Proposal”). The Part 2 Proposal, described in detail in Article V, includes the signed Block Energy SMA and financial support for the RFP Bidder’s offers. RFP Bidders that present a successful Part 1 Proposal and Part 2 Proposal may submit the third part of the Proposal, which consists of the RFP Bidder’s price offers.

## **I.2. Products and Bids**

- I.2.1. This RFP solicits electric suppliers to deliver specific quantities of around-the-clock energy, generally for periods of 12 or 24 months, or to deliver specific quantities of on-peak energy, generally for 3 months. A product, for purposes of this RFP, is either

a Baseload Product or a Peak Product to be delivered in specific months. A Baseload Product is a constant quantity of energy to be delivered to the PE Zone in all hours of specific months. A Peak Product is a constant quantity of energy to be delivered only in on-peak hours of specific months. There are six (6) Baseload Products and five (5) Peak Products, as completely specified in the table below. In the table below, each product is named by a sequence of three elements: a letter “B” for a Baseload Product or “P” for a Peak Product; a number corresponding to the duration of the delivery period in months; and the month and year of the start of the delivery. Thus, the B-24-Jan2011 Product is a Baseload Product with a delivery period starting on January 1, 2011 and ending on December 31, 2012.

**Table I-1. Description of Products.**

Product	Type	Delivery Period	Duration (in months)
B-12-Jan2011	Baseload	January 1, 2011 to December 31, 2011	12
B-12-Jan2012	Baseload	January 1, 2012 to December 31, 2012	12
B-12-Jan2013	Baseload	January 1, 2013 to December 31, 2013	12
B-24-Jan2011	Baseload	January 1, 2011 to December 31, 2012	24
B-24-Jan2013	Baseload	January 1, 2013 to December 31, 2014	24
B-60-Jan2011	Baseload	January 1, 2011 to December 31, 2015	60
P-2-Jan2011	Peak	January 1, 2011 to February 28, 2011	2
P-3-Jun2011	Peak	June 1, 2011 to August 31, 2011	3
P-3-Dec2011	Peak	December 1, 2011 to February 29, 2012	3
P-3-Jun2012	Peak	June 1, 2012 to August 31, 2012	3
P-3-Dec2012	Peak	December 1, 2012 to February 28, 2013	3

I.2.2. PECO’s Default Service Program Plan specifies a quantity in megawatts (“MW”) that this RFP seeks to procure of each product with delivery beginning on January 1, 2011, as well as for the P-3-Jun2011 Product. These quantities are expressed in number of 10 MW blocks and are given in the table below.



**Table I-2. Available Blocks with Delivery Prior to December 1, 2011.**

Products	Number of Available Blocks	Total MW
B-12-Jan2011	16	160
B-24-Jan2011	10	100
B-60-Jan2011	5	50
P-2-Jan2011	8	80
P-3-Jun2011	13	130

- I.2.3. The quantities of all remaining products with delivery beginning on December 1, 2011 or later will be subject to an adjustment mechanism based on the updated data for the Default Service Load of the Residential Class. Under this adjustment mechanism, the size of energy blocks will be determined based on weather normalized hourly Default Service Load data for the most recent 12 months for the Residential Class. If this determination results in block sizes that are outside a +/- 5% deadband, when compared to the current block sizing, then upcoming procurement quantities will be based on the newly calculated block energy sizes. If this determination results in block sizes that are within the +/- 5% deadband, then upcoming procurement quantities will be based on the current block energy sizes.
- I.2.4. An RFP Bidder can offer to supply one or several of the products in a given solicitation. A Bid for a block of 10 MW of any product is a price in dollars per MWh rounded to the nearest cent. An RFP Bidder may submit different Bids for different blocks of a given product. The number of blocks bid by an RFP Bidder on a product is the number of blocks of that product for which the RFP Bidder provides a Bid.
- I.2.5. The Spring 2009 solicitation will solicit offers for 4 blocks of the B-12-Jan2011 Product (i.e., for 40 MW of Baseload Block Energy Supply for a duration of 12 months starting on January 1, 2011). No RFP Bidder can bid on more than 2 blocks of this product, which is the Load Cap for the Spring 2009 solicitation. The Load Cap ensures that there will be a diversified pool of Block Energy Suppliers. For the Spring 2009 solicitation, the Load Cap is the same for all RFP Bidders. In future solicitations, the

Load Cap will be set individually for each RFP Bidder to take into account the number of blocks for which the RFP Bidder's Bids were accepted in previous solicitations. The Load Cap for an RFP Bidder will allow the RFP Bidder to be a Block Energy Supplier for no more than 65% of blocks to be delivered at any given time.

- I.2.6. For products that are procured in more than one solicitation, if PECO is unable to obtain Block Energy Supply for all blocks for a product in a solicitation, unfilled blocks for that product will be placed for re-bid in the next solicitation in which the same product is scheduled to be purchased (if there is such a solicitation). Products in the Spring 2009 solicitation are also procured in the Fall 2009, Spring 2010, and Fall 2010 solicitations and thus any unfilled blocks will be up for re-bid in the Fall 2009 solicitation. The last solicitation in which some products (such as the B-12-Jan2011, B-24-Jan2011, and P-2-Jan2011 Products) are procured is the Fall 2010 solicitation and these products are not scheduled to be purchased again in a subsequent solicitation. If there is no subsequent solicitation in which a product with unfilled blocks is scheduled to be purchased, at the start of the supply period, PECO will instead purchase additional hourly spot market energy in PJM. For products with a duration of 24 months, the unfilled blocks will be placed for re-bid in the first solicitation after the start of the supply period. The blocks will be added to the supply to be purchased for the product with the longest supply period that expires on or before the original expiration date.
- I.2.7. One product, the B-60-Jan2011 Product, is procured in a single solicitation. If PECO is unable to obtain Block Energy Supply for all blocks of that product, unfilled blocks will be placed in the next solicitation and will be added to the supply to be purchased for the product with the longest supply period that expires before the original expiration date. Supply upon expiry of the re-bid product will be purchased equally in the two solicitations in the year before the expiration date of the re-bid product. Expiring blocks of the re-bid product will be added to the supply to be purchased for the

product with the longest supply period that expires on or before the original expiration date.

- 1.2.8. Any prospective supplier that meets the qualification standards established in these RFP Rules, and that is willing to provide prices at which to provide Block Energy Supply can respond to this RFP, including Exelon Generation Company (a PECO affiliate).

### **1.3. Submission of Proposals**

- 1.3.1. PECO and the Independent Evaluator will hold a Guaranty Process, described in more detail in Appendix 3. The Guaranty Process allows a supplier unable to use the Form of Guaranty provided as Exhibit F to the Block Energy SMA to submit for consideration by PECO the guaranty that the supplier uses in its normal course of business. An alternate guaranty form is approved according to specific criteria provided in Appendix 3. In particular, the alternate guaranty form must not have a monetary limit and must provide credit protections to PECO and its customers that are substantially similar to the credit protections provided to PECO by the Form of Guaranty. The Guaranty Process also allows a supplier able to use the Form of Guaranty provided as Exhibit F to the Block Energy SMA to propose modifications to the Form of Guaranty that are non-material in nature, or that are advantageous to both PECO and the prospective supplier. All approved modifications will be posted in a single document on the RFP Web site in advance of the Part 1 Proposal. An RFP Bidder using the Form of Guaranty may elect to incorporate any or all of the approved modifications to the Form of Guaranty, regardless of whether the RFP Bidder itself or another RFP Bidder proposed the modification. Each RFP Bidder that relies on the financial standing of an RFP Guarantor must use the supplement to the Part 1 Form to make its elections to incorporate any of the approved modifications to the Form of Guaranty.

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- I.3.2. RFP Bidders must use the Part 1 Form provided as Appendix 4 of these RFP Rules to respond to the qualification standards described in Article IV of these RFP Rules. The Part 1 Form, as well as other forms mentioned in these RFP Rules, are provided as Appendices to these RFP Rules and are also available electronically on the RFP Web site [www.pecoprocurement.com](http://www.pecoprocurement.com).
- I.3.3. The Part 1 Proposal for an RFP Bidder consists of three (3) original completed Part 1 Forms as well as one (1) copy of all documents required by the Part 1 Form. These documents can be submitted either in hard copy, or in electronic format. The qualification standards include the submission of contact information, general representations, and the submission of financial information for a creditworthiness assessment.
- I.3.4. RFP Bidders must use the Part 2 Form provided as Appendix 5 of these RFP Rules to respond to the Part 2 Proposal requirements described in Article V of these RFP Rules. The Part 2 Proposal consists of three (3) original completed Part 2 Forms as well as all other documents required by the Part 2 Form, in the number of originals specified in Article V. The Part 2 Proposal requirements include additional representations, submission of the Block Energy SMA, and a Pre-Bid Letter of Credit in an amount sufficient to support the Bids.
- I.3.5. RFP Bidders must use the Bid Form provided with the Part 1 Notification to submit their Bids. A sample Bid Form is provided for illustrative purposes as Appendix 6 of these RFP Rules.
- I.3.6. The schedule for this solicitation is provided in Table II-1 and will be updated if necessary on the RFP Web site [www.pecoprocurement.com](http://www.pecoprocurement.com). Part 1 Proposals are received and processed during a specific timeframe, the Part 1 Proposal Window. The last day of the Part 1 Proposal Window is called the Part 1 Date. Part 1 Proposals must be received by noon on the Part 1 Date. All times in this RFP are Eastern Prevailing Times ("EPT") unless specifically noted. An RFP Bidder that submits a Part 1 Proposal during the Part 1 Proposal Window and who is qualified pursuant to its Part

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1 Proposal may submit a Part 2 Proposal. Each RFP Bidder that submits a Part 1 Proposal will be notified whether it has qualified to submit a Part 2 Proposal no later than 6:00 PM on the Part 1 Notification Date.

- I.3.7. Part 2 Proposals are received and processed during a specific timeframe, the Part 2 Proposal Window. The last day of the Part 2 Proposal Window is called the Part 2 Date. Part 2 Proposals must be received by noon on the Part 2 Date. An RFP Bidder who is qualified pursuant to its Part 1 Proposal and who submits a successful Part 2 Proposal may submit Bids. Each RFP Bidder that submits a Part 2 Proposal will be notified whether it has qualified to submit Bids no later than 6:00 PM on the Part 2 Notification Date.
- I.3.8. The day on which Bids are submitted is called the Bid Date. Each RFP Bidder's Bids must be received between 10:00 AM and noon on the Bid Date. All Bids are evaluated on the Bid Date.
- I.3.9. For each solicitation, the Independent Evaluator will present on the Bid Date to the PUC the results of that solicitation in a confidential report to the PUC. The results of a solicitation may include the results for Block Energy Supply under this RFP as well as the results for full-requirements products under the Full Requirements RFP. This confidential report will include the winning Bids determined during the evaluation. The Independent Evaluator will notify each RFP Bidder whether each of its Bids is or is not being presented to the PUC as a winning Bid by 6:00 PM on the Bid Date.
- I.3.10. The PUC will have one (1) business day to consider the report of the Independent Evaluator and to approve or reject each of the winning Bids. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved.

## I.4. Supplier's Obligations

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- I.4.1. An electric supplier selected through this RFP to provide Block Energy Supply and approved by the PUC becomes a Block Energy Supplier. A Block Energy Supplier may be providing Baseload Block Energy Supply, or Peak Block Energy Supply, or both.
- I.4.2. This section describes in general terms several provisions of the Block Energy SMA. This is a summary only and is subject to and qualified in its entirety by the Block Energy SMA provided as Appendix 1 to the RFP Rules. Each RFP Bidder accepts the obligations and associated rights to provide Block Energy Supply as defined in the Block Energy SMA.
- I.4.3. Block Energy Supply includes the Energy, transmission other than Network Integration Transmission Service, transmission losses, congestion management costs, and such other services or products that are required by PJM to deliver the specified product to the PE Zone.
- I.4.4. A Block Energy Supplier that has won blocks of Baseload Block Energy Supply for a specific delivery period will provide a constant amount of energy every hour corresponding to the number of blocks won for that specific delivery period times 10MW. The price received by the Block Energy Supplier is the average of the prices of the blocks won by that Block Energy Supplier for that specific delivery period. A Block Energy Supplier that has won Peak Block Energy Supply for a specific delivery period will provide a constant amount of energy every on-peak hour corresponding to the number of blocks won for that specific delivery period times 10 MW. The price received by the Block Energy Supplier is the average of the prices of the blocks won by that Block Energy Supplier for that specific delivery period. In any month or hour, a Block Energy Supplier may be providing Baseload Block Energy Supply for more than one specific delivery period, or may be providing both Baseload Block Energy Supply and Peak Block Energy Supply, or both.

## ARTICLE II. Information and Schedule

### II.1. RFP Web Site

II.1.1. PECO and its Independent Evaluator have established an RFP Web site that is the main source of information for the RFP. RFP Bidders and other stakeholders can visit this RFP Web site to obtain information and documents related to this RFP. The RFP Web site address is [www.pecoprocurement.com](http://www.pecoprocurement.com).

II.1.2. The RFP Web site contains the sections described below. New sections may be added as necessary to assist RFP Bidders.

Home: This section provides announcements of interest to RFP Bidders and to other interested parties, an outline of the RFP process, and a summary of important dates.

Documents and Data: These sections provide documents and data regarding the RFP.

Announcements: This section provides RFP-related announcements and links to the relevant documents.

Calendar: This section provides the timeline for the main events in the upcoming solicitation.

FAQs: In this section, all stakeholders, including RFP Bidders, will be able to ask questions via a web form. The Independent Evaluator will provide an answer to the question via email to the questioner, and a copy of the question and answer will be posted in this section of the RFP Web site so that all stakeholders and RFP Bidders have access to the same information. Aspects of the question and/or answer that might identify the party asking the question will be removed before posting.

Links: This section provides various links that may be of interest to RFP Bidders.

Register: This section gives any stakeholder an opportunity to register their email address to receive updates and announcements regarding this RFP.

## II.2. RFP Schedule

II.2.1. The following is the schedule for the Spring 2009 solicitation. Specific times for submission of materials for the Part 1 Proposals, the Part 2 Proposals, and the Bids are provided elsewhere in this RFP. All such times are EPT unless specifically noted. This schedule may be amended if circumstances warrant. Any such amendments will be posted to the RFP Web site.

**Table II-1. RFP Schedule**

Activity	Date
RFP Web site is launched	Friday, March 27, 2009
Initial Bidder Information Conference Call	Tuesday, March 31, 2009
<b>Spring 2009 Solicitation</b>	
Bidder Information Session	Tuesday, May 5, 2009
Prospective suppliers submit proposed modifications to Form of Guaranty	Friday, May 8, 2009
Prospective suppliers submit alternate guaranty form for consideration	Friday, May 8, 2009
Approved modifications to Form of Guaranty posted	Wednesday, May 13, 2009
Supplement to Part 1 Form issued	Thursday, May 14, 2009
Part 1 Proposal Window Opens	Tuesday, May 19, 2009
Decision on alternate guaranty forms	Friday, May 22, 2009
Part 1 Date (Part 1 Proposal Window Closes)	Wednesday, May 27, 2009
Part 1 Notification Date	Monday, June 1, 2009
Part 2 Proposal Window Opens	Tuesday, June 2, 2009
Bid Submission Training	Friday, June 5, 2009
Part 2 Date (Part 2 Proposal Window Closes)	Tuesday, June 9, 2009
Part 2 Notification Date	Friday, June 12, 2009
Bid Date (Bids are Due)	Monday, June 15, 2009
PUC Decision	No later than Tuesday, June 16, 2009
<i>If Bids are approved by the PUC:</i>	
PECO executes the Block Energy SMA	Within two business days of the Bid Date
PECO sends Transaction Confirmations by overnight delivery service	By noon of the third business day after the Bid Date
Block Energy Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s)	By 2:00 PM on the fourth business day after the Bid Date



### **ARTICLE III. General Requirements for Proposals**

- III.1.1. An entity that submits any part of a response to this RFP for a solicitation is an RFP Bidder. Each RFP Bidder can submit at most one Part 1 Proposal and one Part 2 Proposal for each solicitation. An RFP Bidder that qualifies for the Spring 2009 solicitation by submitting a Part 1 Proposal that fulfills all requirements described in Article IV may submit a Part 2 Proposal.
- III.1.2. All Part 1 Proposals and all Part 2 Proposals are submitted to the Independent Evaluator in accordance with the instructions provided in Article VII.
- III.1.3. For a given solicitation, all representations and certifications required by this RFP must be made by a single individual. This individual must be an Officer of the RFP Bidder. An Officer of the RFP Bidder is an individual authorized to undertake contracts (including the Block Energy SMA) and bind that RFP Bidder. As a requirement of the Part 1 Proposal, the RFP Bidder must name an individual as Officer of the RFP Bidder and must provide full contact information for this individual. As a requirement of the Part 2 Proposal, this individual must sign the Block Energy SMA and must sign the Transaction Confirmation(s) if any of the RFP Bidder's Bids are approved by the Commission.
- III.1.4. Each RFP Bidder must comply with all Part 1 Proposal requirements described in Article IV. Section IV.1 describes the contact information and representations required. Section IV.2 describes financial requirements, including the process for RFP Bidders to propose modifications to the standard credit instruments. Section IV.3 describes the regulatory representations required. Section IV.4 lists additional representations that are required of all RFP Bidders. Section IV.5 lists additional requirements applicable only to RFP Bidders submitting a Proposal under an Agency Agreement. Section IV.6 lists additional requirements applicable only to RFP Bidders that have not been incorporated or otherwise formed under the laws of a state of the

United States or of the District of Columbia ("Foreign RFP Bidders"), or to RFP Bidders that rely on the financial standing of an entity that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia ("Foreign Entity").

- III.1.5. All information provided and certifications made in the Part 1 Proposal must remain valid and remain in full force and effect until five (5) business days after the Bid Date. Regardless of the reason, if any information provided in the Part 1 Proposal changes or any previous certification fails to remain valid, it is the sole responsibility of the RFP Bidder to notify the Independent Evaluator as soon as practicable. Failing to do so may result in disqualification of the RFP Bidder and of its Proposal. The Independent Evaluator reserves the right to change the assessment of an RFP Bidder's qualifications based on any revised information provided by the RFP Bidder.
- III.1.6. Each RFP Bidder must comply with all Part 2 Proposal requirements as described in Article V. Section V.1 describes the contact information and representations required by the Part 2 Proposal. Section V.2 describes the Pre-Bid Letter of Credit required to support the RFP Bidder's Bids. Section V.3 lists the Block Energy SMA documents required of an RFP Bidder, including the guaranty required of RFP Bidders relying on the financial standing of an RFP Guarantor. Section V.4 lists additional requirements applicable only to RFP Bidders submitting a Proposal under an Agency Agreement. Section V.5 lists additional requirements applicable only to Foreign RFP Bidders or to RFP Bidders that rely on the financial standing of a Foreign Entity.
- III.1.7. Each RFP Bidder must comply with the instructions for the submission of Bids provided with its Part 1 Notification. Article VI describes in general terms the requirements for the submission of Bids.
- III.1.8. Proposals that do not adhere to the terms and conditions of this RFP, or that do not fulfill all requirements of Article IV, Article V, and Article VI of this RFP, or that are not submitted in accordance with the process of Article VII, will not be considered.

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- III.1.9. The submission of a Part 1 or a Part 2 Proposal to the Independent Evaluator constitutes the RFP Bidder's acknowledgement and acceptance of all the terms and conditions of this RFP, regardless of the outcome of the solicitation or the outcome of such Proposal.
- III.1.10. The RFP Bidder, at its own cost and expense, shall defend PECO, and the Independent Evaluator and their subsidiaries, affiliates, successors and assigns, and each and every one of their respective past, present, or future officers, directors, trustees, employees, shareholders, executors, administrators, successors and assigns, other than entities that are also RFP Bidders, against any and all manner of past, present, or future claims, demands, disputes, controversies, complaints, suits, actions, proceedings, or allegations of any kind which in any manner relate to, arise out of, or result from any false statement in the Proposal or breach of any covenant by the RFP Bidder set forth herein. The RFP Bidder shall indemnify and hold harmless PECO, the Independent Evaluator, their parent companies, subsidiaries, affiliates, successors and assigns, and each and every one of their respective past, present, or future officers, directors, trustees, employees, shareholders and agents, as well as the heirs, executors, administrators, successors and assigns, other than entities that are RFP Bidders, against any and all liens, judgments, liabilities, losses, injuries, damages, fees, fines, penalties, costs or expenses which in any manner relate to, arise out of, or result from any false statement or misrepresentation in the Proposal or breach of any warranty by the RFP Bidder as set forth herein.

## **ARTICLE IV. Part 1 Proposal Requirements**

### **IV.1. Contact Information and Representations**

#### **IV.1.1. An RFP Bidder must submit the following contact information in its Part 1 Proposal:**

(i) the RFP Bidder's legal name and address; (ii) the name, title, and full contact information (address, phone number, fax number, email address) of an Officer of the RFP Bidder; (iii) the name, title, and full contact information (address, phone number, fax number, email address) of an individual named by the Officer of the RFP Bidder who will serve as Representative of the RFP Bidder for purposes of this solicitation.

#### **IV.1.2. The Officer of the RFP Bidder must be an officer, a director, or an individual otherwise authorized to undertake contracts (including the Block Energy SMA) and bind the RFP Bidder. The Officer of the RFP Bidder whose contact information is provided in the Part 1 Proposal must make all representations required in the Part 1 Proposal. Should the RFP Bidder submit a Part 2 Proposal, the individual named as Officer of the RFP Bidder will sign the Block Energy SMA. Should the RFP Bidder have Bids approved by the Commission, the individual named as Officer of the RFP Bidder will sign the Transaction Confirmation(s).**

#### **IV.1.3. In the Part 1 Proposal, the Officer of the RFP Bidder must name a Representative of the RFP Bidder. The Officer of the RFP Bidder may name himself or herself as the Representative. The Representative is the point of contact if the Independent Evaluator has questions on the documentation provided by the RFP Bidder in response to this RFP or requires additional information. The Independent Evaluator sends all correspondence related to the solicitation to the Representative, including confidential information required to submit Bids on the Bid Date. The Independent Evaluator, for the purposes of this RFP, will communicate exclusively with the Representative or the Officer. Communications with the Representative will typically be done via fax and by overnight delivery service. The RFP Bidder is urged to provide**

a fax number at which the Representative will be able to receive faxes from the Independent Evaluator in a secure and timely manner.

- IV.1.4. The Officer of the RFP Bidder must certify that the Part 1 Proposal will remain valid and remain in full force and effect until five (5) business days after the Bid Date.
- IV.1.5. The Officer of the RFP Bidder must certify that all information provided in the Part 1 Proposal is true and accurate to the best of the Officer's knowledge and belief.
- IV.1.6. The Officer of the RFP Bidder must certify that if, for any reason or due to any circumstance, any information provided in the Part 1 Proposal changes or any previous certification fails to remain valid before the fifth business day after the Bid Date, the Officer of the RFP Bidder or the Representative will notify the Independent Evaluator of such changes as soon as practicable.
- IV.1.7. All information and certifications in this Section IV.1 must be provided exclusively by completing Section 1 of the Part 1 Form, as further explained in Article VII.

#### **IV.2. Financial Requirements**

- IV.2.1. For purposes of a creditworthiness evaluation, each RFP Bidder must clearly select one of the following two (2) options for purposes of submitting to these financial requirements: (a) relying on its own financial standing; or (b) relying on the financial standing of another entity. The other entity on whose financial standing the RFP Bidder is relying is either a guarantor (the "RFP Guarantor"), or a Principal if the RFP Bidder is submitting a Proposal under an Agency Agreement. The requirements for an RFP Bidder submitting a Proposal under an Agency Agreement are further explained in Section IV.5.
- IV.2.2. An RFP Bidder includes in its Part 1 Proposal one (1) copy of the financial documents required in this Section IV.2, either in hard copy or electronically on a CD.
- IV.2.3. An RFP Bidder that selects option (a) in Paragraph IV.2.1 must include available financial information for the RFP Bidder in its Part 1 Proposal. If available, the RFP Bidder must submit its most recent quarterly financial information, including a

balance sheet, income statement, cash flow statement, and any accompanying notes and schedules. If available, the most recent Securities and Exchange Commission (“SEC”) Form 10-Q must be submitted to fulfill this requirement. If the SEC Form 10-Q is unavailable, the RFP Bidder must submit its most recent quarterly, monthly or bi-annual financial information accompanied by an attestation by the RFP Bidder’s Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the RFP Bidder. The requirements for this attestation are more specifically provided in Appendix 7 of these RFP Rules. If such financial information is unavailable for the RFP Bidder, the RFP Bidder must clearly state this fact.

IV.2.4. An RFP Bidder that selects option (b) in Paragraph IV.2.1 relies on the financial standing of another entity, either an RFP Guarantor or a Principal. Financial information must be available for such an entity. An RFP Bidder must submit, if available, the entity’s most recent quarterly financial information, including a balance sheet, income statement, cash flow statement, and any accompanying notes and schedules. If available, the most recent SEC Form 10-Q must be submitted to fulfill this requirement. If the SEC Form 10-Q is unavailable, the RFP Bidder must submit the entity’s most recent quarterly, monthly, or bi-annual financial information accompanied by an attestation by the entity’s Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the entity. The requirements for this attestation are more specifically provided in Appendix 7 of these RFP Rules.

IV.2.5. In its Part 1 Proposal, an RFP Bidder must submit all available credit ratings for the entity on whose financial standing it is relying. This entity is the RFP Bidder if the RFP Bidder selects option (a) in Paragraph IV.2.1. This entity is the RFP Guarantor or a Principal if the RFP Bidder selects option (b) in Paragraph IV.2.1. The RFP Bidder must

submit all available ratings from the following rating agencies: Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's"), and Fitch Ratings ("Fitch"). For each rating agency that rates the entity, the RFP Bidder must submit a print-out of the agency's Web site or other documentation from the agency providing the name of the rating agency, the type of rating, and the rating of the entity. If no ratings are available for the entity, the RFP Bidder must clearly state this fact.

- IV.2.6. Each RFP Bidder must, in its Part 2 Proposal, submit a Pre-Bid Letter of Credit in an amount of at least \$20,000 per block bid. This Pre-Bid Letter of Credit must be in the form of the Standard Pre-Bid Letter of Credit provided as Appendix 9 to these RFP Rules or must incorporate only modifications that have been approved by PECO and the Independent Evaluator. As part of the Part 1 Proposal, an RFP Bidder may request modifications to the Standard Pre-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Pre-Bid Letter of Credit by submitting a Draft Pre-Bid Letter of Credit substantially in the form of the Standard Pre-Bid Letter of Credit indicating clearly any and all modifications to the Standard Pre-Bid Letter of Credit. The Draft Pre-Bid Letter of Credit must be submitted electronically, in Microsoft Word with tracked changes, and may be saved to a CD that is included with the Part 1 Proposal, or it may be emailed to the Independent Evaluator at [[insert: Email Address]]. A Draft Pre-Bid Letter of Credit that is not substantially in the form of the Standard Pre-Bid Letter of Credit will not be considered or evaluated.
- IV.2.7. All approved modifications to the Standard Pre-Bid Letter of Credit will be posted to the RFP Web site. Each RFP Bidder may use any of the approved modifications, regardless of whether the RFP Bidder itself or another RFP Bidder proposed the modification.
- IV.2.8. An RFP Bidder that selects option (b) in Paragraph IV.2.1 must, in its Part 2 Proposal, submit two (2) signed originals of the guaranty. The guaranty must be in the Form of

## Exhibit D

Guaranty provided as Exhibit F to the Block Energy SMA, or must incorporate only modifications that have been approved by PECO and the Independent Evaluator pursuant to the Guaranty Process, or must be a guaranty approved by PECO pursuant to the Guaranty Process. The Guaranty Process is explained in Paragraph I.3.1 and in Appendix 3.

- IV.2.9. The Block Energy SMA includes, as Exhibit C, a Form of Letter of Credit that may be used to post security under the terms of the Block Energy SMA. This paragraph refers to this letter of credit as the "Standard Post-Bid Letter of Credit". An RFP Bidder may, in its Part 1 Proposal, request modifications to the Standard Post-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Post-Bid Letter of Credit by submitting a Draft Post-Bid Letter of Credit substantially in the form of the Standard Post-Bid Letter of Credit indicating clearly any and all modifications to the Standard Post-Bid Letter of Credit. The Draft Post-Bid Letter of Credit must be submitted electronically, in Microsoft Word with tracked changes, and may be saved to a CD that is included with the Part 1 Proposal, or it may be emailed to the Independent Evaluator at [[insert: Email Address]]. A Draft Post-Bid Letter of Credit that is not substantially in the form of the Standard Post-Bid Letter of Credit will not be considered or evaluated.
- IV.2.10. All approved modifications to the Standard Post-Bid Letter of Credit will be posted to the RFP Web site. Each RFP Bidder may use any of the approved modifications, regardless of whether the RFP Bidder itself or another RFP Bidder proposed the modification.
- IV.2.11. Each RFP Bidder must, in its Part 2 Proposal, submit two (2) signed original Block Energy SMA, including all necessary exhibits. The Independent Evaluator sends, along with the Part 1 Notification, the Block Energy SMA to each RFP Bidder that qualified pursuant to a successful Part 1 Proposal. The RFP Bidder, in its Part 1 Proposal, must provide all information needed to prepare for execution the Block Energy SMA,



including all necessary exhibits. The RFP Bidder will be required to specify any elections to be made in the Block Energy SMA and to provide the contact information to prepare the form of notice, which is appended as Exhibit H to the Block Energy SMA.

- IV.2.12. An RFP Bidder that relies on the financial standing of an RFP Guarantor must, in its Part 2 Proposal, submit two (2) signed originals of the guaranty. If the RFP Bidder qualifies pursuant to a successful Part 1 Proposal, the Independent Evaluator sends, along with the Part 1 Notification, the guaranty to be signed by the RFP Guarantor. The RFP Bidder must, in its Part 1 Proposal, provide all information that will be needed to prepare for execution the guaranty. The RFP Bidder will be required to specify the governing laws under which the RFP Guarantor is organized and to provide contact information, including the name and title of the signatory of the guaranty for notices under the guaranty. The RFP Bidder must, by using the supplement to the Part 1 Form and including this supplement in its Part 1 Proposal, make its elections to incorporate any or all of the approved modifications to the Form of Guaranty.
- IV.2.13. The Officer of the RFP Bidder must certify that the RFP Bidder has no pending legal proceedings or, to its knowledge, threatened legal proceedings against it or any of its affiliates that could materially adversely affect its ability to perform its obligations under the Block Energy SMA and each Transaction Confirmation.
- IV.2.14. All information and certifications in this Section IV.2 must be provided exclusively by completing Section 2 of the Part 1 Form, as further explained in Article VII.

### **IV.3. Regulatory Representations**

- IV.3.1. The Officer of the RFP Bidder must certify that the RFP Bidder has FERC authorization to make sales of energy at market-based rates in PJM. Although a copy of the FERC Order granting such authority is not required, PECO may request a copy of this Order if the RFP Bidder becomes a Block Energy Supplier.

## Exhibit D

IV.3.2. The RFP Bidder, in its Part 1 Proposal, must certify that the RFP Bidders (i) is a member in good standing of PJM; and (ii) is qualified as a PJM “Market Buyer” and “Market Seller” pursuant to the PJM Agreements.

IV.3.3. The certifications and documents in this Section IV.3 must be provided exclusively by completing Section 3 of the Part 1 Form, as further explained in Article VII.

### **IV.4. Additional Representations**

IV.4.1. The Officer of the RFP Bidder must, in the Part 1 Proposal, certify that the Officer of the RFP Bidder has read the Block Energy SMA, that the RFP Bidder accepts all of the terms of the Block Energy SMA without modifications, and that the RFP Bidder will execute Transaction Confirmation(s) for all Bids approved by the Commission.

IV.4.2. The Officer of the RFP Bidder must acknowledge that the submission of the Part 1 Proposal constitutes the RFP Bidder’s acknowledgement and acceptance of all the terms and conditions of this RFP, regardless of the outcome of the solicitation or the outcome of such Proposal.

IV.4.3. The Officer of the RFP Bidder must, in its Part 1 Proposal, certify that the RFP Bidder is not part of a bidding agreement, a joint venture for purposes of participating in any solicitation for this Block Energy RFP or for the Full Requirements RFP, a bidding consortium, or any other type of agreement related to bidding in any solicitation of these RFPs. An RFP Bidder (Block Energy) found to be acting in concert with another RFP Bidder (Full Requirements or Block Energy) may be disqualified by the Independent Evaluator.

IV.4.4. The certifications in this Section IV.4 must be provided exclusively by completing Section 4 of the Part 1 Form, as further explained in Article VII.

### **IV.5. RFP Bidders Under an Agency Agreement**

## Exhibit D

- IV.5.1. An RFP Bidder submitting a Proposal under an agency authorization ("Agency Agreement") must comply with additional requirements in its Part 1 Proposal. This section details those additional requirements. The requirements of this Section IV.5 apply only to RFP Bidders submitting a Proposal under an Agency Agreement; other RFP Bidders are not subject to the requirements of this Section IV.5.
- IV.5.2. An RFP Bidder submitting a Proposal under an Agency Agreement must identify the Principal or Principals to the Agency Agreement.
- IV.5.3. An RFP Bidder that is submitting a Proposal under an Agency Agreement must provide a copy of its Agency Agreement with its Part 1 Proposal, either in hard copy or electronically on a CD.
- IV.5.4. The RFP Bidder must identify a Principal as the entity on whose financial standing the RFP Bidder relies, and for which financial information is provided under Section IV.2. If the RFP Bidder is acting as an agent for multiple Principals, the RFP Bidder must identify the Principal with the lowest credit rating as the entity on whose financial standing the RFP Bidder relies. The financial requirements of Section IV.2 apply to this entity.
- IV.5.5. The Officer of the RFP Bidder must certify that the Officer of the RFP Bidder has the authority to bind the Principal(s).
- IV.5.6. In its Part 1 Proposal, the Officer of the RFP Bidder must acknowledge that an Officers' Certificate, substantially in the form of Appendix 8 to these RFP Rules, must be provided with the Part 2 Proposal. This Officers' Certificate will state that: (i) the copy of the Agency Agreement submitted with the Part 1 Proposal is a true and complete copy of the Agency Agreement as currently in effect; (ii) the Agency Agreement is in full force and effect and shall remain in full force and effect for a period extending to five (5) business days following the Bid Date; (iii) there are no proceedings pending for the amendment or termination of the Agency Agreement, contemplated by the RFP Bidder, or contemplated by the Principal(s) to the RFP Bidder's knowledge; (iv) each individual who has executed the Officers' Certificate,

the Agency Agreement, and the Block Energy SMA submitted with the Part 2 Proposal is (or was at the time of the execution of such documents) authorized to execute and deliver such documents on behalf of the Principal(s); and (v) the Officer of the RFP Bidder is authorized to execute any Transaction Confirmation(s) pursuant to the Block Energy SMA on behalf of the Principal(s). An RFP Bidder may, but is not required to, submit with its Part 1 Proposal a draft Officers' Certificate for evaluation. If an RFP Bidder submits a draft Officers' Certificate for evaluation, the Independent Evaluator will provide this evaluation to the RFP Bidder, including notice of any changes required to the Officers' Certificate, along with the Part 1 Notification.

- IV.5.7. The information required by this Section IV.5 must be provided exclusively by completing Section 5 of the Part 1 Form, as further explained in Article VII.

#### **IV.6. Foreign RFP Bidders and Foreign Entities**

- IV.6.1. Additional requirements in the Part 1 Proposal apply to a Foreign RFP Bidder that seeks to be granted unsecured credit under the terms of the Block Energy SMA, or to an RFP Bidder that relies on the financial standing of a Foreign Entity (either an RFP Guarantor or a Principal). This section details those additional requirements. The requirements of this Section IV.6 apply only to Foreign RFP Bidders that seek to be granted unsecured credit under the terms of the Block Energy SMA or to RFP Bidders that rely on the financial standing of a Foreign Entity (either an RFP Guarantor or a Principal). Other RFP Bidders are not subject to the requirements of this Section IV.6.
- IV.6.2. In addition to supplying all required information and documents under Section IV.2, a Foreign RFP Bidder or an RFP Bidder relying on the financial standing of a Foreign Entity may provide any additional evidence of creditworthiness for the Foreign RFP Bidder or the Foreign Entity so as to provide PECO with comparable assurances of creditworthiness as is applicable for an entity that has been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia.

- IV.6.3. In its Part 1 Proposal, the Officer of a Foreign RFP Bidder must acknowledge that the following additional documents are required with the Part 2 Proposal for the Foreign RFP Bidder to be granted unsecured credit under the terms of the Block Energy SMA:
- (i) a legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Foreign RFP Bidder is incorporated or otherwise formed that the Block Energy SMA is, or upon the completion of execution formalities will become, the binding obligation of the Foreign RFP Bidder in the jurisdiction in which it has been incorporated or otherwise formed; (ii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Block Energy SMA on behalf of the Foreign RFP Bidder has the authority to execute the Block Energy SMA and that the governing board of such Foreign RFP Bidder has approved the execution of the Block Energy SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Block Energy SMA.
- IV.6.4. A Foreign RFP Bidder may, but is not required to, submit with its Part 1 Proposal a draft of the documents listed in Paragraph IV.6.3. Exhibit G to the Block Energy SMA includes a sample of the legal opinion of counsel for the Foreign RFP Bidder that is sufficient. If a Foreign RFP Bidder submits a draft of the documents for evaluation, the Independent Evaluator will provide this evaluation to the Foreign RFP Bidder, including notice of any changes required to the documents, along with the Part 1 Notification.
- IV.6.5. In its Part 1 Proposal, the Officer of an RFP Bidder that seeks to rely on the financial standing of an RFP Guarantor that is a Foreign Entity must acknowledge that the following additional documents are required with the Part 2 Proposal for the RFP Guarantor to be granted unsecured credit and for the RFP Bidder to rely on the financial standing of the RFP Guarantor under the terms of the Block Energy SMA: (i) a legal opinion of counsel qualified to practice in the foreign jurisdiction in which the

RFP Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Block Energy SMA is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Block Energy SMA on behalf of the RFP Guarantor has the authority to execute the guaranty pursuant to the Block Energy SMA and that the governing board of such RFP Guarantor has approved the execution of the guaranty pursuant to the Block Energy SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Block Energy SMA.

- IV.6.6. An RFP Bidder that seeks to rely on the financial standing of an RFP Guarantor that is a Foreign Entity may, but is not required to, submit with its Part 1 Proposal a draft of the documents listed in Paragraph IV.6.5. Exhibit G to the SMA includes a sample for the legal opinion of counsel for the RFP Guarantor that is sufficient. If an RFP Bidder submits a draft of the documents for evaluation, the Independent Evaluator will provide this evaluation to the RFP Bidder, including notice of any changes required to the documents, along with the Part 1 Notification.
- IV.6.7. In its Part 1 Proposal, the Officer of an RFP Bidder submitting a Proposal under an Agency Agreement with a Foreign Entity as Principal must acknowledge that the following additional documents are required with the Part 2 Proposal for the RFP Bidder and its Principal to be granted unsecured credit under the terms of the Block Energy SMA: (i) a legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Principal is incorporated or otherwise formed that the Block Energy SMA is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or

Exhibit D

similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Block Energy SMA.

- IV.6.8. An RFP Bidder submitting a Proposal under an Agency Agreement with a Foreign Entity as Principal may, but is not required to, submit with its Part 1 Proposal a draft of the documents listed in Paragraph IV.6.7. Exhibit G to the Block Energy SMA includes a sample of the legal opinion of counsel for the Principal (Seller) that is sufficient. If an RFP Bidder submits a draft of the documents for evaluation, the Independent Evaluator will provide this evaluation to the RFP Bidder, including notice of any changes required to the documents, along with the Part 1 Notification.
- IV.6.9. The information required by this Section IV.6 must be provided exclusively by completing Section 6 of the Part 1 Form, as further explained in Article VII.

## **ARTICLE V. Part 2 Proposal Requirements**

### **V.1. Contact Information and Representations**

- V.1.1. An RFP Bidder submits contact information in its Part 1 Proposal. The Independent Evaluator provides, along with the Part 1 Notification, a record of the contact information contained in the Part 1 Proposal. An RFP Bidder must confirm in its Part 2 Proposal that the record of the contact information is correct. If it is not correct, the RFP Bidder must provide corrected contact information.
- V.1.2. If the RFP Bidder must change the individual who serves as Officer of the RFP Bidder, the RFP Bidder must re-submit by the Part 2 Date its Part 1 Form in its entirety naming the new individual as Officer of the RFP Bidder, and that Officer of the RFP Bidder must make all representations and certifications required in this RFP for this solicitation.
- V.1.3. The Officer of the RFP Bidder must certify that the Part 2 Proposal will remain valid and remain in full force and effect until five (5) business days after the Bid Date.
- V.1.4. The Officer of the RFP Bidder must certify that all information provided in the Part 2 Proposal is true and accurate to the best of the Officer of the RFP Bidder's knowledge and belief.
- V.1.5. The Officer of the RFP Bidder must certify that the RFP Bidder is bidding independently and that it has no knowledge of any information concerning a Proposal being submitted by another RFP Bidder (Block Energy or Full Requirements) in response to this solicitation or any future solicitation in this Block Energy RFP or in the Full Requirements RFP. Such information includes, but is not limited to: the fact that another RFP Bidder (Block Energy or Full Requirements) is submitting a Proposal in response to this Block Energy RFP or the Full Requirements RFP; the Bids by another RFP Bidder in this or in a subsequent solicitation under this RFP; the price offers by another RFP Bidder (Full Requirements) in this or in a subsequent solicitation under



the Full Requirements RFP; the number of blocks bid by another RFP Bidder for any product in this or in a subsequent solicitation under this RFP; the number of tranches bid by another RFP Bidder (Full Requirements) for any product in this or in a subsequent solicitation under the Full Requirements RFP; the estimation by another RFP Bidder (Block Energy) of the value of a block of a product; the estimation by another RFP Bidder (Full Requirements) of the value of a tranche of a product; the estimation by another RFP Bidder (Block Energy) of the risks associated with providing supply under the Block Energy SMA; the estimation by another RFP Bidder (Full Requirements) of the risks associated with providing supply under the Default Service Program Supply Master Agreement (“Default Service SMA”); the preference of another RFP Bidder (Full Requirements or Block Energy) for bidding on specific products in this or in a subsequent solicitation under one or both of the RFPs; and the contractual arrangements for power of another RFP Bidder (Full Requirements) to serve tranches of Default Service Load were that RFP Bidder (Full Requirements) to become a Supplier under the Default Service SMA. This certification must be binding and in effect until the Commission has either approved or rejected each of the winning Bids for this solicitation.

- V.1.6. The Officer of the RFP Bidder must certify that the RFP Bidder has maintained and will continue to maintain the confidentiality of its Proposal during the preparation of the Proposal, including in communicating with its financial institution for the purpose of preparing the Pre-Bid Letter of Credit or in communicating with advisors, if any.
- V.1.7. The Officer of the RFP Bidder must certify that, with only the exceptions noted in Paragraph V.1.6, the RFP Bidder has not disclosed, and will not otherwise disclose, publicly or to any other party any information relating to its Proposal, which could have an effect on whether another party submits a Proposal in any solicitation under one or both of the RFPs (Block Energy RFP or Full Requirements RFP), or on the contents of the Proposal that another RFP Bidder (Block Energy or Full Requirements) would be willing to submit in response to one or both of the RFPs. Such information

includes, but is not limited to: the fact that the RFP Bidder is submitting a Proposal in response to this RFP; the RFP Bidder's Bids in this or in a subsequent solicitation under this RFP; the RFP Bidder's number of blocks bid for any product in this or in a subsequent solicitation under this RFP; the RFP Bidder's estimation of the value of a block of a product; the RFP Bidder's estimation of the risks associated with providing supply under the Block Energy SMA; and the RFP Bidder's preference for bidding on specific products in a subsequent solicitation under this RFP. This certification must be binding and in effect until the Commission has either approved or rejected each of the winning Bids for this solicitation.

- V.1.8. The Officer of the RFP Bidder must certify that any Bid on any product submitted in response to this RFP for this solicitation is binding until five (5) business days after the Bid Date and constitutes a binding and irrevocable offer to supply under the terms of the Block Energy SMA at the price specified in the Bid.
- V.1.9. The Officer of the RFP Bidder must certify that if the Commission approves some or all of the RFP Bidder's Bids, the Officer of the RFP Bidder will execute all Transaction Confirmation(s) required by the Commission's decision under the Block Energy SMA by 2:00 PM of the fourth business day after the Bid Date.
- V.1.10. The Officer of the RFP Bidder must confirm that the RFP Bidder has received all information from the Independent Evaluator for the submission of Bids, including the RFP Bidder's username, password, and security codes. The Officer of the RFP Bidder further certifies that the information was received intact and that no one but authorized personnel of the RFP Bidder has had access to this information.
- V.1.11. The information required by this Section V.1 must be provided exclusively by completing Section 1 of the Part 2 Form, as further explained in Article VII.

## **V.2. Pre-Bid Letter of Credit**

- V.2.1. The RFP Bidder must provide an executed Pre-Bid Letter of Credit, drawn for the account of the RFP Bidder, in an amount of \$20,000 per block bid. If the RFP Bidder is

also submitting a Proposal under the Full Requirements RFP, the RFP Bidder must submit two separate Pre-Bid Letters of Credit.

- V.2.2. The RFP Bidder must either use the Standard Pre-Bid Letter of Credit provided in Appendix 9 to these RFP Rules, or the RFP Bidder must submit a Pre-Bid Letter of Credit that incorporates only those modifications to the Standard Pre-Bid Letter of Credit accepted as a result of the evaluation of the Part 1 Proposals. All approved modifications will be posted to the RFP Web site. An RFP Bidder may use any of the approved modifications, regardless of whether the RFP Bidder itself or another RFP Bidder proposed the modification. The RFP Bidder cannot, in its Part 2 Proposal, propose or incorporate any modification to its Pre-Bid Letter of Credit other than the modifications approved and posted as such on the RFP Web site.
- V.2.3. Payment under the Pre-Bid Letter of Credit can be demanded by PECO if: (i) the RFP Bidder has made a material omission or misrepresentation in its Part 1 Proposal or in its Part 2 Proposal; (ii) the RFP Bidder discloses information relating to its Proposal publicly or to any other party before the Commission has either approved or rejected each of the winning Bids for this solicitation; or (iii) the Commission approves some or all of the RFP Bidder's Bids and the RFP Bidder fails to execute all Transaction Confirmations in the timeframe required by the Block Energy SMA or fails to meet the creditworthiness requirements of the Block Energy SMA upon execution of the Transaction Confirmation(s).
- V.2.4. PECO and the Independent Evaluator will release the Pre-Bid Letter of Credit no later than five (5) business days after the Bid Date. An RFP Bidder may, in Section 2 of the Part 2 Form, provide special instructions for the return of the Pre-Bid Letter of Credit. If the Commission does not approve any of a particular RFP Bidder's Bids, PECO and the Independent Evaluator will release that RFP Bidder's Pre-Bid Letter of Credit within two (2) business days of the Bid Date.

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- V.2.5. The Officer of the RFP Bidder confirms that the Pre-Bid Letter of Credit is included with the Part 2 Proposal exclusively by completing Section 2 of the Part 2 Form, as further explained in Article VII.

**V.3. Block Energy SMA Documents**

- V.3.1. Using the information provided by the RFP Bidder in its Part 1 Proposal in response to the requirements of Paragraph IV.2.11, the Independent Evaluator prepares for execution the Block Energy SMA, including all necessary exhibits. The Independent Evaluator sends, along with the Part 1 Notification, the Block Energy SMA including all necessary exhibits to each RFP Bidder that qualified pursuant to a successful Part 1 Proposal. The Block Energy SMA including all necessary exhibits is provided electronically on a CD. For the avoidance of doubt, the necessary exhibits are: the Mark-to-Market exposure calculation methodology (Exhibit E) and the form of Notice (Exhibit H). The RFP Bidder must print two (2) originals of the Block Energy SMA. The Officer of the RFP Bidder must sign each of the two (2) signature pages of the originals of the Block Energy SMA. The RFP Bidder must include both originals of the Block Energy SMA, including all necessary exhibits, with its Part 2 Proposal. For the avoidance of doubt, the Officer of the RFP Bidder for purposes of this paragraph is the individual designated as Officer of the RFP Bidder in the Part 1 Proposal and whose contact information is confirmed in the Part 2 Proposal.
- V.3.2. Using the information provided by the RFP Bidder in its Part 1 Proposal in response to the requirements of Paragraph IV.2.12, the Independent Evaluator prepares for execution the guaranty. The Independent Evaluator sends, along with the Part 1 Notification, the guaranty to each RFP Bidder that qualified pursuant to a successful Part 1 Proposal and that relies on the financial standing of an RFP Guarantor. The guaranty is provided electronically on a CD. The RFP Bidder or RFP Guarantor must print two (2) signed originals of the guaranty. The RFP Guarantor fills in the maximum aggregate liability under the terms of the guaranty (the "Guaranty Amount") and signs

the guaranty. The Guaranty Amount must equal or exceed the lesser of: (a) the Tangible Net Worth ("TNW") Amount as defined in the Block Energy SMA; and (b) the total number of blocks bid (for all products) times \$50,000.

- V.3.3. An RFP Bidder that has obtained approval from PECO to use an alternate guaranty form must provide, with its Part 2 Proposal, an executed enforceability opinion for this alternate guaranty form on the letterhead of a law firm of national standing.
- V.3.4. The Officer of the RFP Bidder confirms that all Block Energy SMA documents required by this Section V.3 are included with the Part 2 Proposal must be provided exclusively by completing Section 3 of the Part 2 Form, as further explained in Article VII.

#### **V.4. RFP Bidders Under an Agency Agreement**

- V.4.1. An RFP Bidder submitting a Proposal under an Agency Agreement must comply with additional requirements in its Part 2 Proposal. This section details those additional requirements. The requirements of this Section V.4 apply only to RFP Bidders submitting a Proposal under an Agency Agreement; other RFP Bidders are not subject to the requirements of this Section V.4.
- V.4.2. The RFP Bidder must submit, with its Part 2 Proposal, an Officers' Certificate substantially in the form of Appendix 8 to these RFP Rules. The Officers' Certificate must be signed by an officer of each Principal. This Officers' Certificate states that: (i) the copy of the Agency Agreement submitted with the Part 1 Proposal is a true and complete copy of the Agency Agreement as currently in effect; (ii) the Agency Agreement is in full force and effect and shall remain in full force and effect for a period extending to five (5) business days following the Bid Date; (iii) there are no proceedings pending for the amendment or termination of the Agency Agreement; (iv) each individual who has executed the Officers' Certificate, the Agency Agreement, and the Block Energy SMA submitted with the Part 2 Proposal is (or was at the time of the execution of such documents) authorized to execute and deliver such documents on behalf of the Principal(s); and (v) the Officer of the RFP Bidder is authorized to

execute any Transaction Confirmation pursuant to the Block Energy SMA on behalf of the Principal(s).

- V.4.3. If no representative of the RFP Bidder is authorized to execute a Transaction Confirmation pursuant to the Block Energy SMA, the RFP Bidder must name a representative of a Principal that is so authorized. This individual must then also be the individual who signs the Block Energy SMA and all necessary exhibits as required by Section V.3.
- V.4.4. An RFP Bidder who relies on the financial standing of a Principal that is a Foreign Entity must also comply with requirements detailed in Section V.5.
- V.4.5. The Officer of the RFP Bidder confirms that the documents and information required by this Section V.4 are included with the Part 2 Proposal exclusively by completing Section 4 of the Part 2 Form, as further explained in Article VII.

#### **V.5. Foreign RFP Bidders and Foreign Entities**

- V.5.1. Additional requirements in the Part 2 Proposal apply to a Foreign RFP Bidder that seeks to be granted unsecured credit under the terms of the Block Energy SMA, or to an RFP Bidder that relies on the financial standing of a Foreign Entity (either an RFP Guarantor or a Principal). This section details those additional requirements. The requirements of this Section V.5 apply only to Foreign RFP Bidders that seek to be granted unsecured credit under the terms of the Block Energy SMA or to RFP Bidders that rely on the financial standing of a Foreign Entity (either an RFP Guarantor or a Principal). Other RFP Bidders are not subject to the requirements of this Section V.5.
- V.5.2. A Foreign RFP Bidder receives, with its Part 1 Notification, a provisional creditworthiness assessment that presumes the receipt of the following fully executed documents with the Part 2 Proposal: (i) a legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Foreign RFP Bidder is incorporated or otherwise formed that the Block Energy SMA is, or upon the completion of execution formalities will become, the binding obligation of the Foreign RFP Bidder in the jurisdiction in

which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Block Energy SMA on behalf of the Foreign RFP Bidder has the authority to execute the Block Energy SMA and that the governing board of such Foreign RFP Bidder has approved the execution of the Block Energy SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Block Energy SMA. If the Foreign RFP Bidder submits these fully executed documents and the documents are sufficient, the Independent Evaluator includes in the Part 2 Notification a confirmation of the creditworthiness assessment provided with the Part 1 Notification. In fulfilling requirement (i) of this paragraph, Exhibit G to the Block Energy SMA includes a sample of the legal opinion of counsel for the Foreign RFP Bidder that is sufficient. If the Foreign RFP Bidder does not submit these documents, or if these documents are not sufficient, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the Foreign RFP Bidder is not granted unsecured credit.

- V.5.3. An RFP Bidder that relies on the financial standing of an RFP Guarantor that is a Foreign Entity receives, with its Part 1 Notification, a provisional creditworthiness assessment for its RFP Guarantor that presumes the receipt of the following fully executed documents with the Part 2 Proposal: (i) a legal opinion of counsel qualified to practice in the foreign jurisdiction in which the RFP Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Block Energy SMA is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Block Energy SMA on behalf of the RFP Guarantor has the authority to execute the guaranty

pursuant to the Block Energy SMA and that the governing board of such RFP Guarantor has approved the execution of the guaranty pursuant to the Block Energy SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Block Energy SMA. If the RFP Bidder submits these fully executed documents and these documents are sufficient, the Independent Evaluator includes in the Part 2 Notification a confirmation of the creditworthiness assessment provided with the Part 1 Notification. In fulfilling requirement (i) of this paragraph, Exhibit G to the Block Energy SMA includes a sample of the legal opinion of counsel for the RFP Guarantor that is sufficient. If the RFP Bidder does not submit these documents, or if these documents are not sufficient, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the RFP Guarantor is not granted unsecured credit. The RFP Bidder may not rely on the financial standing of the RFP Guarantor. Any guaranty submitted with the Part 2 Proposal will be removed from consideration and the Independent Evaluator may request additional information regarding the RFP Bidder under Section IV.2.

- V.5.4. An RFP Bidder submitting a Proposal under an Agency Agreement with a Foreign Entity as Principal receives, with its Part 1 Notification, a provisional creditworthiness assessment that presumes the receipt of the following fully executed documents with the Part 2 Proposal: (i) a legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Principal is incorporated or otherwise formed that the Block Energy SMA is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Block Energy SMA. If the RFP Bidder submits these fully executed documents and these documents are



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sufficient, the Independent Evaluator includes in the Part 2 Notification a confirmation of the creditworthiness assessment provided with the Part 1 Notification. In fulfilling requirement (i) of this paragraph, Exhibit G to the Block Energy SMA includes a sample of the legal opinion of counsel for the Principal that is sufficient. If the RFP Bidder does not submit these documents, or if these documents are not sufficient, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the RFP Bidder and its Principal(s) are not granted unsecured credit.

- V.5.5. The Officer of the RFP Bidder confirms that all documents required by this Section V.5 are included with the Part 2 Proposal exclusively by completing Section 5 of the Part 2 Form, as further explained in Article VII.

## **ARTICLE VI. Bid Submission**

- VI.1.1. An RFP Bidder who is qualified pursuant to its Part 1 Proposal and who submits a successful Part 2 Proposal may submit Bids.
- VI.1.2. The Independent Evaluator sends the electronic Bid Form to each RFP Bidder qualified pursuant to a successful Part 1 Proposal. The Independent Evaluator sends at the same time instructions for completion of the Bid Form, for encryption of the Bid Form, and for electronic transfer of the completed Bid Form to the Independent Evaluator, instructions for fax submission of the Bids in case of technical difficulties with the electronic transfer, as well as information used for authenticating the Bids, including the RFP Bidder's unique username, password, and security codes. The Independent Evaluator sends the Part 1 Notification and these materials saved electronically to a CD by overnight delivery service within two (2) business days of the Part 1 Notification Date.
- VI.1.3. The exclusive method for submitting an RFP Bidder's Bids is the Bid Form. An RFP Bidder must fill out all required information on the Bid Form according to the instructions provided by the Independent Evaluator with its Part 1 Notification. An RFP Bidder must encrypt its Bid Form and submit the Bid Form to the Independent Evaluator through a secure electronic transfer according to the instructions provided by the Independent Evaluator with its Part 1 Notification. An RFP Bidder must fill out contact information on its Bid Form and the Independent Evaluator will use that information to confirm receipt of the Bids.
- VI.1.4. An RFP Bidder may print the Bid Form and fax it to the Independent Evaluator only in case of technical difficulties while using the secure electronic transfer. The Independent Evaluator will provide instructions for such a contingency. These instructions will include a representative of the RFP Bidder phoning the Independent

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Evaluator to advise the Independent Evaluator of the use of a fax transmission and to provide authenticating information.

- VI.1.5. All Bid Forms must be received between 10:00 AM and noon (EPT) on the Bid Date. No late Bid Forms will be accepted regardless of the method used by the RFP Bidder to submit its Bid Form.
- VI.1.6. A Bid for a block for any product is a price in U.S. Dollars per MWh, in the format \$xx.xx or \$xxx.xx, rounded to the nearest cent. The number of blocks bid on a product is the number of blocks of that product for which a Bid is provided.
- VI.1.7. A Bid that is not expressed in dollars per MWh will automatically be rejected. A Bid that has more than two (2) decimals will be automatically rounded to the nearest cent.
- VI.1.8. The RFP Bidder may not bid on less than a full block for a product. The RFP Bidder may not bid on fractions, portions, or parts of blocks.
- VI.1.9. The RFP Bidder may not submit any additional instructions, contingencies, or conditions on their Bids. Any such additional instructions, contingencies, or conditions will be ignored.
- VI.1.10. An RFP Bidder may submit Bids for one or two blocks of the B-12-Jan2011 Product (i.e., of Baseload Block Energy Supply for a duration of 12 months starting on January 1, 2011). As explained in Section I.2, the Load Cap for the B-12-Jan2011 Product in the Spring 2009 solicitation is two blocks.
- VI.1.11. Bids will be evaluated on a price-only basis, in accordance with the process described in Article VII.

## **ARTICLE VII. Process**

### **VII.1. Part 1 and Part 2 Proposals: Submission and Processing**

- VII.1.1. The Independent Evaluator, for the purposes of this RFP, will communicate exclusively with the Representative or the Officer of the RFP Bidder. Any notification or other written communication given by the Independent Evaluator to an RFP Bidder will be delivered by overnight delivery service at the address provided for the Representative or sent by fax at the fax number provided for the Representative. Any such notification or written communication will be deemed received by the RFP Bidder at the time of delivery or transmission, provided that when delivery or transmission occurs after 6:00 PM on a business day or occurs on a day that is not a business day, receipt will be deemed to occur at 9:00 AM on the following business day. The RFP Bidder is urged to provide a fax number at which the Representative will be able to receive faxes from the Independent Evaluator in a secure and timely manner.
- VII.1.2. The Representative or the Officer of the RFP Bidder may request that the Independent Evaluator send a notification or other written communication to another representative of the RFP Bidder. Such a request must be made in writing to the Independent Evaluator.
- VII.1.3. The exclusive method of responding to the qualification standards for the Part 1 Proposal listed in Article IV of these RFP Rules is the use of the Part 1 Form provided as Appendix 4 of these RFP Rules. An RFP Bidder must provide the contact information and make general representations required by Section IV.1, including information regarding the Officer of the RFP Bidder and the Representative, exclusively by completing Section 1 of the Part 1 Form. An RFP Bidder must show compliance with the financial requirements of Section IV.2 exclusively by completing Section 2 of the Part 1 Form and by providing all documents supporting the financial information and credit information requested in that section. The Officer of the RFP

Bidder must certify, as required by Section IV.3, that the RFP Bidder has all regulatory authorizations necessary for it to legally perform its obligations under the Block Energy SMA and the Transaction Confirmations exclusively by completing Section 3 of the Part 1 Form. An RFP Bidder must make additional representations, as required by Section IV.4, including acceptance of all the terms of the Block Energy SMA without modifications, exclusively by completing Section 4 of the Part 1 Form. An RFP Bidder submitting a Proposal under an Agency Agreement must provide additional information, as required by Section IV.5, including acknowledging that an Officers' Certificate must be provided with the Part 2 Proposal, exclusively by completing Section 5 of the Part 1 Form. A Foreign RFP Bidder that seeks to be granted unsecured credit under the terms of the Block Energy SMA, or an RFP Bidder relying on the financial standing of a Foreign Entity, either an RFP Guarantor or a Principal, must acknowledge that additional documents must be provided with the Part 2 Proposal, as required by Section IV.6, exclusively by completing Section 6 of the Part 1 Form. Responses to the qualification standards of Article IV that do not use the Part 1 Form will not be considered and the Part 1 Proposal will be considered deficient.

- VII.1.4. The Part 1 Proposal consists of three (3) original Part 1 Forms and one (1) copy of all documents requested in the Part 1 Form and in Article IV of these RFP Rules. Article IV provides all instructions on whether a given document may be provided in hard copy or electronically.
- VII.1.5. An RFP Bidder must deliver its Part 1 Proposal by certified mail, registered mail, hand delivery, or overnight delivery service to the Independent Evaluator by 12:00 PM (noon EPT) on the Part 1 Date at the following address: Independent Evaluator, [[insert Address]]. Photocopies and facsimiles of the Part 1 Form will not be considered. No late Part 1 Proposals will be accepted under any circumstances.
- VII.1.6. The Independent Evaluator receives and processes the Part 1 Proposals during the Part 1 Proposal Window. If a Part 1 Proposal is received by post, the Independent Evaluator faxes an acknowledgment to the RFP Bidder consisting of a photocopy of the

first page of the Part 1 Form stamped with the time and the date that it was received. If a Part 1 Proposal is hand-delivered, the Independent Evaluator provides an acknowledgment consisting of a photocopy of the first page of the Part 1 Form stamped with the time and the date that it was received. The Independent Evaluator confirms receipt regardless of whether or not the Part 1 Proposal arrives during the Part 1 Proposal Window; however, Part 1 Proposals are only processed during the Part 1 Proposal Window.

- VII.1.7. If the Part 1 Proposal arrives before noon on any business day during the Part 1 Proposal Window, the Independent Evaluator sends the acknowledgment confirming receipt on the day the Part 1 Proposal is received with the results of an initial review. The initial review states either that the Part 1 Proposal is complete and is being considered, or the initial review lists items of the Part 1 Proposal that are deficient or require clarification. If a Part 1 Proposal arrives after noon on any business day during the Part 1 Proposal Window prior to the Part 1 Date, the Independent Evaluator sends the acknowledgment along with the initial review by noon of the next business day.
- VII.1.8. An RFP Bidder that submits a Draft Pre-Bid Letter of Credit will receive a review of any proposed modifications within two (2) business days. The RFP Bidder can only submit one (1) Draft Pre-Bid Letter of Credit. Any review communicated to the RFP Bidder of the Draft Pre-Bid Letter of Credit is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this review. All modifications accepted to the Standard Pre-Bid Letter of Credit for the benefit of a single RFP Bidder will be made available to all RFP Bidders on an optional basis. All such modifications will be posted in a single document on the RFP Web site that will be updated daily during the Part 1 Proposal Window. By noon on the day the Part 2 Proposal Window opens, the final document containing all accepted modifications will be posted.
- VII.1.9. An RFP Bidder that submits a Draft Post-Bid Letter of Credit will receive a review of any proposed modifications within seven (7) business days. The RFP Bidder can only

submit one (1) Draft Post-Bid Letter of Credit. Any review communicated to the RFP Bidder of the Draft Post-Bid Letter of Credit is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this review. All modifications accepted to the Standard Post-Bid Letter of Credit for the benefit of a single RFP Bidder will be made available to all RFP Bidders on an optional basis. All such modifications will be posted in a single document on the RFP Web site that will be posted no later than 6:00 PM on the Part 2 Date.

VII.1.10. An RFP Bidder submitting a Proposal under an Agency Agreement that submits a Draft Officers' Certificate will receive an evaluation of this document along with the Part 1 Notification. Any evaluation communicated to the RFP Bidder of the Draft Officers' Certificate is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this evaluation.

VII.1.11. A Foreign RFP Bidder that submits a draft of any of the documents described in Paragraph IV.6.3 will receive an evaluation of these documents along with the Part 1 Notification. Any evaluation communicated to the RFP Bidder of such draft documents is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this evaluation.

VII.1.12. An RFP Bidder that relies on the financial standing of a Foreign Entity acting as RFP Guarantor and that submits a draft of any of the documents described in Paragraph IV.6.5 will receive an evaluation of these documents along with the Part 1 Notification. Any evaluation communicated to the RFP Bidder of such draft documents is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this evaluation.

VII.1.13. An RFP Bidder submitting a Proposal under an Agency Agreement that relies on the financial standing of a Principal as a Foreign Entity and that submits a draft of any of the documents described in Paragraph IV.6.7 will receive an evaluation of these documents along with the Part 1 Notification. Any evaluation communicated to the

RFP Bidder of such draft documents is final. The RFP Bidder cannot submit a subsequent request for changes on the basis of this evaluation.

VII.1.14. The RFP Bidder includes, in its Part 1 Proposal, a certification from the Officer of the RFP Bidder that the RFP Bidder is bidding independently and is not acting in concert with another RFP Bidder (Block Energy or Full Requirements). The Independent Evaluator may request additional information to ascertain that the RFP Bidder is bidding independently of other RFP Bidders (Block Energy or Full Requirements). An RFP Bidder that is not bidding independently of another RFP Bidder (Block Energy or Full Requirements) may fail to qualify.

VII.1.15. If an RFP Bidder receives any notice from the Independent Evaluator that any item of the Part 1 Proposal is deficient or requires clarification, the RFP Bidder has until noon on the Part 1 Date, or until 6:00 PM on the business day following the business day during which such a notice is faxed to the RFP Bidder, whichever comes later, to respond. If the RFP Bidder does not correct or adequately explain the deficiency within the time allowed, the Part 1 Proposal may be rejected.

VII.1.16. An RFP Bidder is qualified to submit a Part 2 Proposal if its Part 1 Proposal is received on or before noon on the Part 1 Date, if its Part 1 Proposal is complete, and if its Part 1 Proposal fully complies with the qualification standards of Article IV of these RFP Rules.

VII.1.17. An RFP Bidder that submits a Part 1 Proposal will be notified by fax whether it has qualified to submit a Part 2 Proposal for the solicitation no later than 6:00 PM on the Part 1 Notification Date. Within two (2) business days of the Part 1 Notification Date, the Independent Evaluator sends by overnight delivery service the Part 1 Notification, a record of the contact information contained in the Part 1 Proposal, as well as a CD to which are saved: (i) the Block Energy SMA, including all necessary exhibits; (ii) the Bid Form; (iii) instructions for filling out and encrypting the Bid Form; (iv) instructions for the electronic transfer of the completed Bid Form from the RFP Bidder to the Independent Evaluator; (v) instructions for fax submission of the Bids in case of



technical difficulties with the electronic transfer; (vi) an invitation to a training session on the bid submission process; (vii) a username, a password, and security codes to be used for bid submission uniquely by that RFP Bidder; and, for an RFP Bidder that relies on the financial standing of an RFP Guarantor, (viii) the guaranty.

VII.1.18. If an RFP Bidder fails to qualify, the Independent Evaluator notifies the RFP Bidder of that fact by fax and by overnight delivery service. The Independent Evaluator returns one (1) copy of the Part 1 Form by overnight delivery service.

VII.1.19. The exclusive method of responding to the requirements for Part 2 Proposals listed in Article V of these RFP Rules is the use of the Part 2 Form provided as Appendix 5 of these RFP Rules. An RFP Bidder must confirm its contact information and make general representations required by Section V.1, including certifying that its Bids will remain binding until five (5) business days after the Bid Date, exclusively by completing Section 1 of the Part 2 Form. An RFP Bidder must confirm that it is submitting the Pre-Bid Letter of Credit exclusively by completing Section 2 of the Part 2 Form. An RFP Bidder must confirm that it is submitting all documents related to the Block Energy SMA, duly executed, exclusively by completing Section 3 of the Part 2 Form. An RFP Bidder submitting a Proposal under an Agency Agreement must confirm that it is submitting all required additional documents exclusively by completing Section 4 of the Part 2 Form. A Foreign RFP Bidder that seeks to be granted unsecured credit under the terms of the Block Energy SMA, or an RFP Bidder that seeks to rely on the financial standing of a Foreign Entity must indicate whether it is submitting all required additional documents exclusively by completing Section 5 of the Part 2 Form. Responses to the requirements of Article V that do not use the Part 2 Form will not be considered and the Part 2 Proposal will be considered deficient.

VII.1.20. The Part 2 Proposal consists of three (3) original Part 2 Forms, the Pre-Bid Letter of Credit, two (2) signed originals of the Block Energy SMA, including all necessary exhibits, as well as one (1) hard copy of any other document requested of the RFP Bidder in the Part 2 Form and in Article V of these RFP Rules. For an RFP Bidder

relying on the financial standing of an RFP Guarantor, the Part 2 Proposal also includes two (2) signed originals of the guaranty. For an RFP Bidder submitting a Proposal under an Agency Agreement, the Part 2 Proposal also includes an executed Officers' Certificate. For an RFP Bidder submitting a Proposal under an Agency Agreement and relying on the financial standing of a Principal that is a Foreign Entity, the Part 2 Proposal also includes, as a condition of being granted unsecured credit, an executed legal opinion of counsel qualified to practice in the foreign jurisdiction that the Block Energy SMA is binding and a sworn certificate of the corporate secretary that its governing board has authorized agreements of the same type as the Block Energy SMA in the past. For a Foreign RFP Bidder, the Part 2 Proposal also includes, as a condition of being granted unsecured credit, an executed legal opinion of counsel qualified to practice in the foreign jurisdiction that the Block Energy SMA is binding, a sworn certificate of the corporate secretary that the person executing the Block Energy SMA is so authorized and that its governing board has approved the execution of the Block Energy SMA, and a sworn certificate of the corporate secretary that its governing board has authorized agreements of the same type as the Block Energy SMA in the past. For an RFP Bidder relying on the financial standing of an RFP Guarantor that is a Foreign Entity, the Part 2 Proposal also includes, as a condition of being granted unsecured credit and as a condition of the RFP Bidder being able to rely on the financial standing of the RFP Guarantor, an executed legal opinion of counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Block Energy SMA is binding, a sworn certificate of the corporate secretary that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Block Energy SMA, and a sworn certificate of the corporate secretary that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Block Energy SMA in the past.

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- VII.1.21. An RFP Bidder must deliver its Part 2 Proposal by certified mail, registered mail, hand delivery or overnight delivery service to the Independent Evaluator by noon on the Part 2 Date at the following address: Independent Evaluator, [insert address]. Photocopies and facsimiles of the Part 2 Form will not be considered. No late Part 2 Proposals will be accepted under any circumstances.
- VII.1.22. The Independent Evaluator receives and processes the Part 2 Proposals during the Part 2 Proposal Window. If a Part 2 Proposal is received by post, the Independent Evaluator faxes an acknowledgment to the RFP Bidder consisting of a photocopy of the first page of the Part 2 Form stamped with the time and the date that it was received. If a Part 2 Proposal is hand-delivered, the Independent Evaluator provides an acknowledgment consisting of a photocopy of the first page of the Part 2 Form stamped with the time and the date that it was received. The Independent Evaluator confirms receipt regardless of whether or not the Part 2 Proposal arrives during the Part 2 Proposal Window; however, Part 2 Proposals are only processed during the Part 2 Proposal Window.
- VII.1.23. If the Part 2 Proposal arrives before noon on any business day during the Part 2 Proposal Window, the Independent Evaluator sends the acknowledgment confirming receipt on the day the Part 2 Proposal is received with the results of an initial review. The initial review states either that the Part 2 Proposal is complete and is being considered, or the initial review lists items of the Part 2 Proposal that are deficient or require clarification. If a Part 2 Proposal arrives after noon on any business day during the Part 2 Proposal Window prior to the Part 2 Date, the Independent Evaluator sends the acknowledgment along with the initial review by noon of the next business day.
- VII.1.24. An RFP Bidder's Part 2 Proposal is automatically deficient if the Pre-Bid Letter of Credit proposes or includes modifications to the Standard Pre-Bid Letter of Credit included as Appendix 9 of these RFP Rules other than those accepted modifications posted in a single document on the RFP Web site. If an RFP Bidder receives notice from the Independent Evaluator that its Pre-Bid Letter of Credit is deficient, the RFP

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Bidder has until noon on the Part 2 Date, or until 6:00 PM on the second business day following the business day during which such a notice is faxed to the RFP Bidder, whichever comes later, to respond.

VII.1.25. The amount of the Pre-Bid Letter of Credit is equal to the total number of blocks bid times \$20,000. The Guaranty Amount must be equal or exceed the lesser of (a) the TNW Amount as defined in the Block Energy SMA; and (b) the total number of blocks bid (for all products) times \$50,000. An RFP Bidder's Part 2 Proposal is automatically deficient if the amount of the Pre-Bid Letter of Credit is not consistent with the Guaranty Amount. If an RFP Bidder receives notice from the Independent Evaluator that its Part 2 Proposal is deficient in this regard, the RFP Bidder has until noon on the Part 2 Date, or until 6:00 PM on the second business day following the business day during which such a notice is faxed to the RFP Bidder, whichever comes later, to respond.

VII.1.26. For an RFP Bidder submitting a Proposal under an Agency Agreement that provides the documents required under Paragraph V.4.2 and Paragraph V.5.4, PECO and the Independent Evaluator will determine whether the documents provided are sufficient, without any liability or obligation to the RFP Bidder or its Principal(s). If the documents are insufficient and the RFP Bidder receives notice from the Independent Evaluator that its Part 2 Proposal is deficient in this regard, the RFP Bidder has until noon on the Part 2 Date, or until 6:00 PM on the second business day following the business day during which such a notice is faxed to the RFP Bidder, whichever comes later, to respond. If the documents required under Paragraph V.4.2 remain insufficient, the RFP Bidder's Part 2 Proposal may be rejected. If the documents required under Paragraph V.5.4 remain insufficient, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the RFP Bidder and its Principal(s) are not granted unsecured credit. If the RFP Bidder had submitted these documents with its Part 1 Proposal for evaluation and if the RFP Bidder conforms the documents submitted with the Part 2 Proposal to the

evaluation provided with its Part 1 Notification, then these documents will automatically be considered sufficient.

VII.1.27. For a Foreign RFP Bidder that submits the documents required under Paragraph V.5.2, PECO and the Independent Evaluator will determine whether the documents provided are sufficient, without any liability or obligation to the Foreign RFP Bidder. If the documents are insufficient and the RFP Bidder receives notice from the Independent Evaluator that its Part 2 Proposal is deficient in this regard, the RFP Bidder has until noon on the Part 2 Date, or until 6:00 PM on the second business day following the business day during which such a notice is faxed to the RFP Bidder, whichever comes later, to respond. If the documents remain insufficient, the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the Foreign RFP Bidder is not granted unsecured credit. If the Foreign RFP Bidder had submitted these documents with its Part 1 Proposal for evaluation and if the Foreign RFP Bidder conforms the documents submitted with the Part 2 Proposal to the evaluation provided with its Part 1 Notification, then these documents will automatically be considered sufficient.

VII.1.28. For an RFP Bidder relying on the financial standing of an RFP Guarantor that is a Foreign Entity and that submits the documents required under Paragraph V.5.3, PECO and the Independent Evaluator will determine whether the documents provided are sufficient, without any liability or obligation to the RFP Bidder or the RFP Guarantor. If the documents are insufficient and the RFP Bidder receives notice from the Independent Evaluator that its Part 2 Proposal is deficient in this regard, the RFP Bidder has until noon on the Part 2 Date, or until 6:00 PM on the second business day following the business day during which such a notice is faxed to the RFP Bidder, whichever comes later, to respond. If the documents remain insufficient, the RFP Bidder the Independent Evaluator provides with the Part 2 Notification a revised creditworthiness assessment that states that the RFP Guarantor is not granted unsecured credit. The RFP Bidder may not rely on the financial standing of the RFP

Guarantor and the Independent Evaluator may request additional information regarding the RFP Bidder under Section IV.2. If the RFP Bidder had submitted these documents with its Part 1 Proposal for evaluation and if the RFP Bidder conforms the documents submitted with the Part 2 Proposal to the evaluation provided with its Part 1 Notification, then these documents will automatically be considered sufficient.

VII.1.29. With the exceptions noted in Paragraphs VII.1.24 to VII.1.28, if an RFP Bidder receives any notice from the Independent Evaluator that an item of the Part 2 Proposal is deficient or requires clarification, the RFP Bidder has until noon on the Part 2 Date, or until 6:00 PM on the business day following the business day during which such a notice is faxed to the RFP Bidder, whichever comes later, to respond. If the RFP Bidder does not correct or adequately explain the deficiency within the time allowed, the Part 2 Proposal may be rejected.

VII.1.30. An RFP Bidder's Part 2 Proposal is successful if its Part 2 Proposal is received on or before noon on the Part 2 Date, if its Part 2 Proposal is complete, and if its Part 2 Proposal fully complies with the requirements of Article V of these RFP Rules.

VII.1.31. An RFP Bidder that submits a Part 2 Proposal will be notified whether it has qualified to submit Bids no later than 6:00 PM on the Part 2 Notification Date.

VII.1.32. If the RFP Bidder has not qualified to submit Bids, the Independent Evaluator notifies the RFP Bidder of that fact by fax and by overnight delivery service. The Independent Evaluator returns one (1) copy of the Part 2 Form and all documents except for the Pre-Bid Letter of Credit.

## **VII.2. Bids: Submission, Processing, and Evaluation**

VII.2.1. An RFP Bidder must submit its Bids in accordance with the instructions received from the Independent Evaluator with its Part 1 Notification and in accordance with the

requirements of Article VI. An RFP Bidder's Bids must be received between 10:00 AM and noon on the Bid Date.

- VII.2.2. The Bid Form, as provided to each RFP Bidder with the Part 1 Notification, is the exclusive method for the submission of Bids. A sample of the Bid Form is provided for illustrative purposes as Appendix 6 of these RFP Rules. The Bid Form must be filled out completely, encrypted, and transferred according to the instructions provided by the Independent Evaluator. Bids on any Bid Form that is incompletely or inconsistently filled out will be considered deficient and will not be evaluated.
- VII.2.3. An RFP Bidder submits its Bids electronically, by transferring an encrypted Bid Form through a secure file transfer interface. The RFP Bidder must use the username and the password provided by the Independent Evaluator to access the secure interface. The RFP Bidder must use a security code provided by the Independent Evaluator to encrypt the file.
- VII.2.4. An RFP Bidder that must resort to submitting its Bid Form by fax because of technical difficulties must follow the instructions provided by the Independent Evaluator for this contingency. These instructions will include a representative of the RFP Bidder phoning the Independent Evaluator to advise the Independent Evaluator of the use of a fax transmission to submit Bids and to provide authenticating information.
- VII.2.5. All Bid Forms must be received between 10:00 AM and noon on the Bid Date. No late Bid Forms will be considered regardless of the method used by the RFP Bidder to submit its Bid Form.
- VII.2.6. An RFP Bidder may only submit its Bid Form once unless the RFP Bidder is invited to resubmit its Bid Form by the Independent Evaluator pursuant to the circumstances described in Paragraph VII.2.8 or Paragraph VII.2.11. If an RFP Bidder resubmits its Bid Form under these circumstances and the Bid Form is received between 10:00 AM and noon on the Bid Date, the resubmitted Bid Form automatically supersedes all previously submitted Bid Form(s). If an RFP Bidder resubmits a Bid Form under any

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other circumstances, only the Bid Form that was first submitted between 10:00 AM and noon on the Bid Date will be evaluated.

- VII.2.7. The Independent Evaluator acknowledges receipt of the Bid Form with each RFP Bidder by telephone. The telephone number used is the telephone number provided on the Bid Form. The Independent Evaluator makes this acknowledgment within fifteen (15) minutes of receipt of the Bid Form. An RFP Bidder that does not receive an acknowledgment within fifteen (15) minutes of submitting its Bid Form should assume technical difficulties, should proceed to submitting its Bid Form by fax, and should phone the Independent Evaluator immediately.
- VII.2.8. If the Bid Form received by the Independent Evaluator is incomplete or inconsistent, the Independent Evaluator will advise the RFP Bidder of that fact when confirming receipt of the Bid Form. The RFP Bidder may correct and resubmit the Bid Form as long as the Bid Form is received between 10:00 AM and noon on the Bid Date. If the corrected Bid Form is not received between 10:00 AM and noon on the Bid Date, the Bids on the Bid Form will not be evaluated.
- VII.2.9. It is the responsibility of the RFP Bidder to ensure that a completely and consistently filled out Bid Form is submitted between 10:00 AM and noon on the Bid Date. The Independent Evaluator will hold a training session for RFP Bidders to practice the bid submission process. RFP Bidders are encouraged to participate to minimize the possibility of technical difficulties with the submission of their Bid Forms.
- VII.2.10. The Independent Evaluator contacts each RFP Bidder that has submitted Bids by 6:00 PM on the Bid Date and identifies the RFP Bidder's Bids that are being identified to the Commission as winning Bids. This notification occurs by telephone with a written acknowledgment by fax upon request by the RFP Bidder.
- VII.2.11. The Independent Evaluator will verify that the Pre-Bid Letter of Credit is in an amount sufficient to support the number of blocks bid by each RFP Bidder. If an RFP Bidder's Pre-Bid Letter of Credit is insufficient to support the number of blocks bid by the RFP Bidder, the Independent Evaluator will contact the RFP Bidder on a best efforts basis.



The RFP Bidder may correct and resubmit the Bid Form as long as the Bid Form is received between 10:00 AM and noon on the Bid Date. If the Independent Evaluator is not able to contact the RFP Bidder in time or if the RFP Bidder has not submitted a revised Bid Form between 10:00 AM and noon on the Bid Date, the Independent Evaluator will modify the Bid Form. The Independent Evaluator will determine for such RFP Bidder the greatest number of whole blocks that its Pre-Bid Letter of Credit is sufficient to support. The Independent Evaluator will strike a Bid from a Bid Form for any block that is not supported by the Pre-Bid Letter of Credit. The Independent Evaluator will remove a Bid first from the product where there is most competition, as measured by the ratio of the number of blocks bid to the number of blocks needed. For that product, the Independent Evaluator will start with the block that has the highest Bid. If more than one RFP Bidder submitted Pre-Bid Letters of Credit that are insufficient to support the number of blocks bid by each such RFP Bidders, the Independent Evaluator will first modify the Bid Form from the RFP Bidder whose Bid Form is received last.

VII.2.12. By submitting a Proposal in response to an RFP, each RFP Bidder is authorizing the Independent Evaluator to modify the RFP Bidder's Bid Form as specified Paragraph VII.2.11. Each RFP Bidder acknowledges and accepts that the methodology may result in removal of a Bid that would have been approved by the Commission or the retention of a Bid that was not approved by the Commission.

VII.2.13. The Bids supported by adequate Pre-Bid Letters of Credit will be evaluated on a price-only basis. The Bids for each product will be ranked from lowest to highest price until all Bids are ranked or until the number of Bids that are ranked equals the number of blocks available for the product.

VII.2.14. If two or more RFP Bidders submit Bids that are identical for a product, these Bids will be considered "Tied Bids" at that price. The Independent Evaluator will use the tie-breaking procedure described in the next paragraph if: i) in total, more Bids must be ranked for a product than there are blocks available for that product; ii) the tie

among two or more Tied Bids must be broken in order to determine the lowest Bids on that product.

VII.2.15. The tie-breaking procedure will award blocks in the following order: (1) to the RFP Bidder who, if awarded the block, would hold the fewest blocks for the product for any one month during the product term; and (2) to the RFP Bidder who, if awarded the block, would hold the fewest blocks in aggregate for any one month during the product term. If a tie were to remain, it would be broken by random selection.

VII.2.16. An RFP Bidder acting in concert with another RFP Bidder (Block Energy or Full Requirements) may be disqualified by the Independent Evaluator on behalf of the Company in its sole and exclusive discretion. The RFP Bidder will be considered to have made a material misrepresentation in its Part 2 Proposal and payment under the Pre-Bid Letter of Credit can be demanded by PECO.

VII.2.17. For the product in this solicitation, a Block Energy Supplier will be paid a supplier-specific price for each MWh as specified in the Transaction Confirmation. The supplier-specific price will be the average of approved Bids for the product.

### **VII.3. Post-Bid Process**

VII.3.1. The Independent Evaluator will present the results of the solicitation to the PUC on the Bid Date in a confidential report. The results of a solicitation may include the results for Block Energy Supply under this RFP as well as the results for full-requirements products under the Full Requirements RFP. This confidential report will include the winning Bids determined during the evaluation.

VII.3.2. The PUC will have one (1) business day to consider the report of the Independent Evaluator and to approve or reject each of the winning Bids. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved.

VII.3.3. The Independent Evaluator will notify all RFP Bidders that have approved Bids. Such RFP Bidders are called approved Block Energy Suppliers. The Independent Evaluator provides to PECO the name of each approved Block Energy Supplier, and for each such

supplier, the number of blocks won by the approved Block Energy Supplier and the approved Supplier's price for each product. The price for each such supplier and for a given product is the average of the supplier's approved Bids for that product.

- VII.3.4. If the RFP Bidder is not awarded block(s), the Independent Evaluator will return within two (2) business days of the Bid Date the two (2) signed originals of the Block Energy SMA, and (if applicable) the two (2) signed originals of the guaranty to the RFP Bidder.
- VII.3.5. By the second business day after the Bid Date, PECO executes the two (2) originals of the Block Energy SMA. If the approved Block Energy Supplier has an RFP Guarantor, PECO will also execute the two (2) originals of the guaranty provided by the approved Block Energy Supplier with its Part 2 Proposal by the second business day after the Bid Date. PECO sends one (1) original Block Energy SMA and one (1) original guaranty to the approved Block Energy Supplier.
- VII.3.6. By 12:00 PM (noon) of the third business day after the Bid Date, PECO partially executes all Transaction Confirmations for an approved Block Energy Supplier and sends by fax one (1) copy of each Transaction Confirmation to the approved Block Energy Supplier. PECO also sends at that time three (3) partially executed originals of each Transaction Confirmation by overnight delivery service to the approved Block Energy Supplier. There is one (1) Transaction Confirmation for each product, for each approved Block Energy Supplier, and for each solicitation.
- VII.3.7. By 2:00 PM on the fourth business day after the Bid Date, the approved Block Energy Supplier executes each Transaction Confirmation and sends a copy by fax of all Transaction Confirmations to PECO. The approved Block Energy Suppliers also sends to PECO two (2) originals of each Transaction Confirmation by overnight delivery service.

#### **VII.4. Personnel and Confidentiality**

- VII.4.1. Any information provided by an RFP Bidder in its Part 1 Proposal is provided on a confidential basis to the Independent Evaluator, and may be provided on a

confidential basis to the Commission Staff. PECO representatives will review the information provided to fulfill the requirements of Section IV.2, Section IV.5, and Section IV.6 and will participate in the evaluation of the creditworthiness of each RFP Bidder.

- VII.4.2. Any information provided by an RFP Bidder in its Part 2 Proposal is provided on a confidential basis to the Independent Evaluator, and may be provided on a confidential basis to the Commission Staff. PECO representatives will review the Pre-Bid Letter of Credit with the name of the RFP Bidder and the amount redacted and will participate in the evaluation of this Pre-Bid Letter of Credit. PECO representatives will also review the documents provided to fulfill the requirements of Section V.4 and Section V.5.
- VII.4.3. The Independent Evaluator and representatives from PECO involved in the evaluation of Proposals will consider all data and information provided by RFP Bidders in response to this RFP to be confidential and will attempt to limit its disclosure to the public in accordance with the provisions of this section. PECO will also take reasonable action to ensure that its employees, representatives and agents authorized to consider and evaluate all Proposals protect the confidentiality of such data and information. Each Representative of the Independent Evaluator and PECO that has access to any portion of the Proposals is required to sign a Confidentiality Statement in the form of Appendix 10 to these RFP Rules prior to evaluation of any portion of the Proposals. The list of all signatories is available to an RFP Bidder upon request.
- VII.4.4. However, absolute protection from public disclosure of the RFP Bidders' data and information filed in response to this RFP cannot be provided and is not intended. By submitting a Proposal in response to this RFP, each RFP Bidder acknowledges and agrees to the limitations of the confidentiality provisions set forth in this section.
- VII.4.5. In addition, the RFP Bidders' data and information filed in response to the RFP will be disclosed if required by any federal, state or local agency (including, without limitation, the Commission) or by a court of competent jurisdiction. PECO or the

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Independent Evaluator will notify the RFP Bidder in advance of such disclosure and cooperate with such RFP Bidder, to the extent deemed reasonable by PECO, and at the expense of the RFP Bidder, to prevent the disclosure of such materials. In any event, PECO, its employees, and agents including the Independent Evaluator will not be responsible to the RFP Bidders or any other party or liable for any disclosure of such designated materials before, during or subsequent to this RFP.

## **ARTICLE VIII. Reserved Rights**

VIII.1.1. PECO will not be liable to any RFP Bidder or any other party for failure to execute a Block Energy SMA or any Transaction Confirmation. Nothing herein may be construed to bind PECO unless and until the Commission has approved winning Bids, and the Block Energy SMA and each Transaction Confirmation with an approved Block Energy Supplier has been executed and is effective. Once effective, it is the Block Energy SMA and not the RFP Rules or any documents relating thereto that will govern the relationship between and the responsibilities of the parties.

VIII.1.2. The Independent Evaluator reserves the right to reject Proposals submitted in response to this RFP that are incomplete, or do not conform with the requirements of this RFP, or are submitted beyond the deadline for submission, or are submitted by an RFP Bidder that tries to unduly influence in any way the evaluation process.

## **APPENDIX D-1**

**DEFAULT SERVICE PROGRAM  
BLOCK ENERGY SUPPLY MASTER AGREEMENT  
BETWEEN  
PECO ENERGY COMPANY**

**AND  
[SELLER NAME]**

**DATED \_\_\_\_\_, 200\_\_**



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## **DEFAULT SERVICE PROGRAM**

### **BLOCK ENERGY SUPPLY MASTER AGREEMENT**

THIS DEFAULT SERVICE PROGRAM BLOCK ENERGY SUPPLY MASTER AGREEMENT ("Agreement"), is made and entered into as of \_\_\_\_\_, ("Effective Date"), by and between \_\_\_\_\_, hereinafter referred to as "Seller" and PECO Energy Company, hereinafter referred to as "Buyer" (each hereinafter referred to individually as a "Party" and collectively as the "Parties").

#### **WITNESSETH:**

WHEREAS, the Pennsylvania Public Utility Commission Orders issued pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa. C. S. Sections 2801-2812, direct Buyer to provide Default Service within Buyer's Pennsylvania franchise service territory, and to purchase Block Energy Supply as part of those obligations; and

WHEREAS, Buyer has solicited offers for obtaining all or a portion of the Block Energy Supply pursuant to a Request for Proposals ("RFP") and the Seller is a winning bidder in that solicitation; and

WHEREAS, Seller desires to sell Block Energy Supply and Buyer desires to purchase such Block Energy Supply on a firm and continuous basis; and

NOW, THEREFORE, and in consideration of the foregoing, and of the mutual promises, covenants, and conditions set forth herein, and other good and valuable consideration, the Parties hereto, intending to be legally bound by the terms and conditions set forth in this Agreement, hereby agree as follows:

#### **ARTICLE 1 DEFINITIONS**

In addition to terms defined elsewhere in this Agreement, the following definitions shall apply hereunder:

"Affiliate" means, with respect to any entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such entity. For this purpose, "control" means the direct or indirect ownership of fifty percent (50%) or more of the outstanding capital stock or other equity interests having ordinary voting power.

"Aggregate Buyer's Exposure" means all Buyer's Exposure for Aggregate Transactions.

"Aggregate Transactions" means all Transactions under this Agreement and all other transactions under Supply Master Agreements executed between the Parties pursuant to the PUC Orders.

“Agreement” means this Default Service Program Block Energy Supply Master Agreement.

“Ancillary Services” shall have the meaning ascribed thereto in the PJM Agreements.

“Bankrupt” means, with respect to any entity, such entity: (i) voluntarily files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it by its creditors and such petition is not dismissed within sixty (60) calendar days of the filing or commencement; (ii) makes an assignment or any general arrangement for the benefit of creditors; (iii) otherwise becomes insolvent, however evidenced; (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets; or (v) is generally unable to pay its debts as they fall due.

“Bankruptcy Code” means those laws of the United States of America related to bankruptcy, codified and enacted as Title 11 of the United States Code, entitled “Bankruptcy” and found at 11 U.S.C. § 101 *et seq.*

“Block Energy Supply” means Energy, transmission other than Network Integration Transmission Service, transmission losses, congestion management costs, and such other services or products that are required to supply the Specified Product to the Delivery Point.

“Business Day” means any day except a Saturday, Sunday or a day that PJM declares to be a holiday, as posted on the PJM website. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Prevailing Time (“EPT”).

“Buyer Downgrade Event” means that Buyer’s (or Buyer’s Guarantor’s) Credit Rating is less than BBB- by S&P, BBB- by Fitch or Baa3 by Moody’s.

“Buyer’s Exposure” during the term of a Transaction shall be deemed equal to the positive difference between: (i) the MtM Exposure pursuant to a Transaction under this Agreement; less (ii) the sum of any unpaid or unbilled amounts owed by Buyer to Seller pursuant to a Transaction under this Agreement. With respect to the preceding sentence, “unbilled amounts owed by Buyer” shall consist of a good faith estimate by Buyer as to any amounts which will be owed by Buyer for service already rendered by Seller under a Transaction.

“Commercially Reasonable Efforts” means the taking by a person of such actions as would be in accordance with reasonable commercial practices as applied to the particular matter in question to achieve the result as expeditiously as practicable; provided, however, that such action shall not require that such person shall incur unreasonable expense.

“Costs” means, with respect to the Non-Defaulting Party, brokerage fees, commissions, PJM charges, and other similar third party transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its Default Service Load obligations or entering into new arrangements which replace a Terminated Transaction; and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with the termination of a Transaction.

“Credit Rating” means, with respect to any entity, the rating then assigned to such entity’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements) or if such entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P, Moody’s or Fitch (discounted by one notch).

“Default Damages” means, for the period of time specified in Section 12.2(b)(ii) (Remedies), any direct damages and Costs, calculated in a commercially reasonable manner, that the Non-Defaulting Party incurs with respect to Block Energy Supply as a result of an Event of Default. Direct damages may include, but are not limited to: (i) the positive difference (if any) between the price of Block Energy Supply hereunder and the price at which the Buyer or Seller is able to purchase or sell (as applicable) Block Energy Supply (or any components of Block Energy Supply it is able to purchase or sell) from or to third parties, including PJM; (ii) Emergency Energy charges; and (iii) additional transmission or congestion costs incurred to purchase or sell Block Energy Supply.

“Default Service” shall have the meaning ascribed to it in the Electricity Generation Customer Choice and Competition Act and PUC Orders enacted thereunder.

“Default Settlement Amount” means, with respect to a Transaction and the Non-Defaulting Party, the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of the liquidation of a Terminated Transaction pursuant to Article 12 (Events of Default – Remedies). The calculation of a Default Settlement Amount for a Terminated Transaction shall exclude any Default Damages calculated pursuant to Section 12.2(b)(ii) (Remedies) for the same Terminated Transaction. For the purposes of calculating the Termination Payment, the Default Settlement Amount shall be considered an amount due to the Non-Defaulting Party under this Agreement (and any other Supply Master Agreements) if the total of the Losses and Costs exceeds the Gains, and shall be considered an amount due to the Defaulting Party under this Agreement (or any other Supply Master Agreements) if the Gains exceed the total of the Losses and Costs.

“Delivery Period” means the period of delivery for a Transaction as specified in a Transaction Confirmation.

“Delivery Point” means the delivery point specified in a Transaction Confirmation.

“Eastern Prevailing Time” or “EPT” means Eastern Standard Time or Eastern Daylight Savings Time, whichever is in effect on any particular date.

“Emergency Energy” shall have the meaning ascribed to it in the PJM Agreements.

“Energy” means three-phase, 60-cycle alternating current electric energy, expressed in units of kilowatt-hours or megawatt-hours.

“Energy Block” means a quantity of Energy to be delivered to the Delivery Point that is awarded to Seller in accordance with Buyer’s RFP as set forth in a Transaction Confirmation. The number of Energy Blocks a Seller will supply is set forth in a Transaction Confirmation.

“Energy Block Size” means the size of the Energy Blocks awarded to a Seller in accordance with Buyer’s RFP as set forth in a Transaction Confirmation.

“Equitable Defenses” means any bankruptcy, insolvency, reorganization and other laws affecting creditors’ rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending.

“FERC” means the Federal Energy Regulatory Commission or its successor.

“Fitch” means Fitch Ratings (a subsidiary of Fimalac, S.A.) or its successor.

“Force Majeure” means an event or circumstance which prevents one Party from performing its obligations under one or more Transactions, which event or circumstance was not foreseen as of the date a Transaction is entered into, which is not within the reasonable control of, or the result of the negligence of the affected Party and which, by the exercise of due diligence, the Party is unable to mitigate or avoid or cause to be avoided. Notwithstanding the foregoing, under no circumstance shall an event of Force Majeure be based on: (i) the loss or failure of Seller’s supply; (ii) Seller’s ability to sell the Block Energy Supply at a price greater than that received under any Transaction; (iii) curtailment by a Transmitting Utility; (iv) Buyer’s ability to purchase the Block Energy Supply at a price lower than the price to be paid under any Transaction; (v) a change in any Requirement of Law; or (vi) labor stoppage or lockout. As used herein, Force Majeure shall include, without limitation, (i) sabotage, riots or civil disturbances, (ii) acts of God, (iii) acts of the public enemy, (iv) acts of vandalism, (v) terrorist acts affecting a facility, (vi) volcanic eruptions, earthquake, hurricane, flood, ice storms, explosion, fire, lightning, landslide or similarly cataclysmic occurrence, or (vii) appropriation or diversion of electricity by sale or order of any governmental authority having jurisdiction thereof. Economic hardship of either Party shall not constitute a Force Majeure under this Agreement.

“Gains” means, with respect to any Party, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from a Terminated Transaction under any Supply Master Agreements, determined in a commercially reasonable manner.

“Governmental Authority” means any federal, state, local, municipal or other governmental entity, authority or agency, department, board, court, tribunal, regulatory commission, or other body, whether legislative, judicial or executive, together or individually, exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power over a Party or this Agreement.

“Guarantor” means any party who agrees to guaranty Seller’s financial obligations under this Agreement pursuant to a Guaranty Agreement, recognizing that such a party will be obligated to meet or exceed Buyer’s credit requirements for Seller and that the acceptability of such guaranty will be determined at Buyer’s sole discretion.

“Guaranty Agreement” means the guaranty agreement entered into by a Guarantor in the form attached hereto as Exhibit F or as otherwise permitted by the RFP.

“Guaranty Amount” means the maximum aggregate liability of the Guarantor under the Guaranty Agreement, if specified in the Guaranty Agreement.



“Interest Rate” means, for any date, the lesser of: (i) the per annum rate of interest equal to the prime lending rate as may from time to time be published in The Wall Street Journal under “Money Rates” on such day (or if not published on such day on the most recent preceding day on which published), plus two percent (2%); and (ii) the maximum rate permitted by applicable law.

“Invoice” shall have the meaning ascribed to it in Section 7.1 (Billing).

“Letter(s) of Credit” means one or more irrevocable, transferable standby letters of credit issued by a U.S. commercial bank or a foreign bank with a U.S. branch, with such bank having a Credit Rating of at least A- from S&P or A3 from Moody’s and a minimum of \$10 billion in assets, in a form acceptable to Buyer in whose favor the letter of credit is issued (for clarification, the form of Letter of Credit attached as Exhibit C hereto or as otherwise permitted by the RFP shall be considered an acceptable form). Costs of a Letter of Credit shall be borne by the applicant for such Letter of Credit. Buyer reserves the right to monitor the financial position of the issuing bank and, if the issuing bank’s Credit Rating is downgraded by any increment; or if the issuing bank’s Current, Quick, Return on Assets, or Price/Earnings ratios diminish (reflecting the financial stability of the bank); or if Buyer determines, for any reason, at its sole discretion that the issuing bank’s position has deteriorated, then Buyer has the right to demand and receive, from the applicant for the Letter of Credit, that the Letter of Credit be reissued from a bank that meets or exceeds the Credit Ratings and asset valuation listed above.

“Locational Marginal Price” or “LMP” shall have the meaning ascribed to it in the PJM Agreements.

“Losses” means, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of a Terminated Transaction, determined in a commercially reasonable manner.

“Mark to Market Exposure or “MtM Exposure” means, with respect to each month remaining in each Delivery Period, the sum of: (i) the relevant month On-Peak Forward Price minus the relevant month On-Peak Initial Mark Price, multiplied by the relevant month On-Peak Energy Quantity; and (ii) the relevant month Off-Peak Forward Price minus the relevant month Off-Peak Initial Mark Price, multiplied by the relevant month Off-Peak Energy Quantity. The method and an example for calculating the MtM Exposure are included in Exhibit E.

“Monthly Settlement Amount” means with respect to any calendar month during the Delivery Period, the product of the Specified Product, the number of applicable hours of Specified Product in the Month, and the Price.

“Monthly Settlement Date” means, with respect to any calendar month of a Delivery Period, the first Business Day after the nineteenth (19<sup>th</sup>) calendar day of the month following service.

“Moody’s” means Moody’s Investor Service, Inc. or its successor.

“MWh” means one megawatt of electric power used over a period of one hour which shall be rounded in a manner consistent with standards in the PJM Agreements. The current rounding standards are to the nearest one-thousandth of a megawatt hour.

“NERC” means the North American Electric Reliability Council or any successor organization thereto.

“Network Integration Transmission Service” shall have the meaning ascribed to it in the PJM Agreements.

“Non-Defaulting Party” means the Party not responsible for an Event of Default, as set forth in Article 12.

“Off-Peak Forward Price” means the price, as provided by the Pricing Agent, for Off-Peak Hours, stated in terms of \$/MWh, associated with each month remaining in a Delivery Period, and based on the most recent publicly available information and/or quotes from Reference Market-Makers on forward Energy transactions occurring at the PJM Western Hub (as discussed in Exhibit E), provided, however, that if such prices are not available, the price shall equal the product of: (i) the relevant month On-Peak Forward Price and (ii) the relevant month Off-Peak/On-Peak Price Ratio for each month remaining in a Delivery Period.

“Off-Peak Hours” means those hours which are not On-Peak Hours.

“Off-Peak Initial Mark Price” means the Off-Peak Forward Price as of the Transaction Date.

“Off-Peak/On-Peak Price Ratio” means the relevant monthly ratio of off-peak pricing to on-peak pricing of the PJM Western Hub day-ahead prices as set forth by Buyer each October based on the previous 36-month period ending in September. The historical on-peak prices used for the ratio will be the PJM Western Hub day-ahead price for the On-Peak Hours. The historical off-peak prices used for the ratio will be the PJM Western Hub day-ahead prices for the Off-Peak Hours. For each month of the 36-month period, the monthly on-peak and off-peak prices will be summed and respectively divided by the amount of On-Peak Hours and Off-Peak Hours in that month. This calculated off-peak average price will be divided by the on-peak average price to determine the individual monthly ratios. Such monthly ratios for the same months within the 36-month period will then be summed and divided by three (3) to come up with the rolling three year monthly ratio average.

“Off-Peak Energy Quantity” means, for each month in each Transaction, the product of (i) the amount of Specified Product to be delivered during the Off-Peak Hours of the relevant month, and (ii) the percentage of Off-Peak Hours remaining (excluding current day) in such month.

“On-Peak Forward Price” means the price, as provided by the Pricing Agent, for On-Peak Hours, stated in terms of \$/MWh, associated with each month remaining in a Delivery Period, and based on the most recent publicly available information and/or quotes from Reference Market-Makers on forward Energy transactions occurring at the PJM Western Hub (as discussed in Exhibit E).

“On-Peak Hours” means Hour Ending (“HE”) 0800 through HE 2300 EPT, Monday through Friday, excluding Saturday, Sunday and PJM holidays.

“On-Peak Initial Mark Price” means the On-Peak Forward Price as of the Transaction Date.

“On-Peak Energy Quantity” means, for each month in each Transaction, the product of (i) the amount of Specified Product to be delivered during the On-Peak Hours of the relevant month, and (ii) the percentage of On-Peak Hours remaining (excluding current day) in such month.

“Performance Assurance” means collateral in the form of cash, Letter(s) of Credit, or other security acceptable to Buyer.

“PJM” means the PJM Interconnection, L.L.C. or any successor organization thereto.

“PJM Agreements” means the PJM OATT, PJM Operating Agreement, PJM RAA, and any other applicable PJM manuals or documents, or any successor, superseding or amended versions that may take effect from time to time.

“PJM E-Accounts” shall have the meaning ascribed to it in Section 4.2 (PJM E-Accounts).

“PJM OATT” or “PJM Tariff” means the Open Access Transmission Tariff of PJM or the successor, superseding or amended versions of the Open Access Transmission Tariff that may take effect from time to time.

“PJM Operating Agreement” means the Operating Agreement of PJM or the successor, superseding or amended versions of the Operating Agreement that may take effect from time to time.

“PJM Planning Period” shall have the meaning ascribed to it in the PJM Agreements. Currently, the PJM Planning Period is the twelve (12) months beginning June 1 and extending through May 31 of the following year.

“PJM Reliability Assurance Agreement” or “PJM RAA” means the PJM Reliability Assurance Agreement or any successor, superseding or amended versions of the PJM Reliability Assurance Agreement that may take effect from time to time.

“PJM Western Hub” means the aggregated LMP nodes defined as “PJM Western Hub” by PJM.

“Pricing Agent” shall be the person or entity described in Article 14.2 and Exhibit E.

“PUC” means the Pennsylvania Public Utility Commission and any successor thereto.

“PUC Orders” means the orders issued by the PUC pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa. C. S. §§ 2801-2812, including the order authorizing the parties to enter into this Agreement.

“Price” means the price for Block Energy Supply specified in a Transaction Confirmation.

“Reference Market-Maker” means any broker in energy products who is not an Affiliate of Buyer or Seller.

“Request for Proposals” or “RFP” means the request for proposals issued from time to time by Buyer pursuant to the PUC Orders.

“ReliabilityFirst Corporation, or RFC” means one of eight approved Regional Entities in North America under the North American Electric Reliability Corporation (NERC) whose mission is to preserve and enhance electric service reliability and security for the interconnected electric systems within the ReliabilityFirst geographic area.

“Requirement of Law” means any federal, state and local law, statute, regulation, rule, code, ordinance, resolution, order, writ, judgment or decree enacted, adopted, issued or promulgated by any Governmental Authority (including those pertaining to electrical, building, zoning, environmental and occupational safety and health requirements).

“S&P” means Standard & Poor’s Ratings Services, a division of McGraw Hill, Inc. and any successor thereto.

“Settlement Price” means the price as set forth in a Transaction Confirmation.

“Specified Product” means the product of the number of Energy Blocks awarded to the Seller in accordance with the Buyer’s RFP and the Energy Block Size, as set forth in a Transaction Confirmation.

“Supply Master Agreement” means this Agreement or any other similar agreement by which Seller provides Energy to Buyer (including any agreement to provide Energy as a component of other services to Buyer for the provision of Default Service).

“Tangible Net Worth” or “TNW” means an entity’s total assets (exclusive of intangible assets), minus that entity’s total liabilities, each as would be reflected on a balance sheet prepared in accordance with generally accepted accounting principles, and as of the relevant date of determination most recently filed with the United States Securities and Exchange Commission.

“Tax” or “Taxes” means all federal, state, local, or foreign income, gross income, gross receipts, sales, use, ad valorem, transfer, transfer pricing, franchise, single business, asset based, profits, license, capital, lease service, service use, value added, withholding, payroll, worker’s compensation, employment, excise, severance, gas import, stamp, occupation, premium, social security, unemployment, excise, property, real estate, intangible, environmental, windfall profits, customs taxes and duties and all other taxes or similar governmental fees, assessments or charges, however denominated, imposed by any federal, state, local or foreign Governmental Authority, together with any interest and any penalties, additions to tax or additional amounts with respect thereto.

“Termination Payment Date” shall have the meaning set forth in Section 12.4 (Notice of Termination Payment).

“Terminated Transaction(s)” means any Transaction which has been terminated in accordance with Section 12.2 (b) (Remedies).

“TNW Amount” shall equal the product of the applicable percentage corresponding to an entity’s Credit Rating, as determined pursuant to Section 14.3 (Unsecured Credit), and an entity’s Tangible Net Worth.

“Transaction” means a particular agreement by which Buyer purchases and Seller sells Block Energy Supply pursuant to this Agreement, the details of which are more fully set forth in a Transaction Confirmation.

“Transaction Confirmation” shall have the meaning ascribed to it in Section 2.15 (Transaction Confirmation).

“Transaction Date” means the date that a Transaction is executed as set forth in the Transaction Confirmation.

“Transmitting Utility” means the utility or utilities and their respective control area operators and their successors, transmitting Block Energy Supply.

“Unsecured Credit” means an amount that is the lower of: (i) the relevant Unsecured Credit Limit as determined pursuant to Section 14.3 (Unsecured Credit); (ii) the relevant TNW Amount, as determined pursuant to Section 14.3 (Unsecured Credit); or (iii) the Guaranty Amount from Seller’s Guarantor as set forth in the Guaranty Agreement.

“Unsecured Credit Limit” shall have the meaning ascribed to it in Section 14.3 (Unsecured Credit).

## **ARTICLE 2**

### **TERMS AND CONDITIONS OF BLOCK ENERGY SUPPLY**

2.1 Seller’s Obligation To Provide Service. With respect to a Transaction, Seller shall provide Block Energy Supply on a firm and continuous basis such that the Specified Product is supplied during the Delivery Period.

2.2 Buyer’s Obligation to Take Service. With respect to a Transaction, Buyer shall accept Block Energy Supply as provided by Seller pursuant to Section 2.1 (Seller’s Obligation to Provide Service), and shall pay Seller on the applicable Monthly Settlement Date for such Block Energy Supply in accordance with Section 7.3 (Payments of the Invoice) the Monthly Settlement Amount.

2.3 Congestion and Congestion Management. Seller is responsible for any congestion costs incurred to supply the Specified Product.

2.4 Reserved.

2.5 Changes in PJM Charges. Seller bears the risk of any changes in PJM products and pricing under the PJM Agreements during the term of this Agreement required to schedule and deliver the Specified Product.

2.6 Reserved.

2.7 Title Transfer. Seller shall cease to have title to, possession of, and risk of loss with respect to liability pursuant to Sections 9.1 (Seller's Indemnification for Third-Party Claims) and 9.2 (Buyer's Indemnification for Third-Party Claims) of Block Energy Supply scheduled and received or delivered hereunder at the Delivery Point. Seller warrants that it has good title to the Block Energy Supply sold and delivered hereunder and that it has the right to sell such Block Energy Supply, and that the Block Energy Supply delivered to Buyer shall be free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any person arising prior to the Delivery Point. The word "loss" in this Section 2.7 (Title Transfer) does not encompass electrical transmission and distribution losses which are the obligations of the Seller as defined in Block Energy Supply. As between Buyer and Seller only, Buyer shall take title to, possession of, and risk of loss with respect to liability pursuant to Sections 9.1 (Seller's Indemnification for Third-Party Claims) and 9.2 (Buyer's Indemnification for Third-Party Claims) of Block Energy Supply scheduled and received or delivered hereunder at the Delivery Point. Notwithstanding the foregoing, nothing contained in this Agreement is intended to create or increase liability of Buyer to any third party beyond such liability, if any, that would otherwise exist under the PJM Agreements or under applicable law.

2.8 Reserved.

2.9 Sales for Resale. All Block Energy Supply provided by Seller to Buyer shall be sales for resale.

2.10 PJM Membership. For the period of time that this Agreement is in effect, Seller shall be: (i) a member in good standing of PJM; and (ii) qualified as a PJM "Market Buyer" and "Market Seller" pursuant to the PJM Agreements. For the period of time that this Agreement is in effect, Buyer shall be a member in good standing of PJM.

2.11 Reserved.

2.12 FERC Authorization. For the period of time that this Agreement is in effect, Seller shall have FERC authorization to make sales of Energy at market based rates within PJM.

2.13 Reserved.

2.14 Other Fines and Penalties. If fees, fines, penalties, or costs are claimed or assessed against Buyer by any Governmental Authority or PJM due to noncompliance by Seller with this Agreement, any Requirements of Law, or the PJM Agreements, Seller shall indemnify and hold Buyer harmless against any and all losses, liabilities, damages, and claims suffered or incurred by Buyer, including claims for indemnity or contribution made by third parties against Buyer, except to the extent Buyer recovers any such losses, liabilities or damages through other provisions of this Agreement.

2.15 Transaction Confirmation. A Transaction shall be documented in a Transaction Confirmation in the form attached hereto as Exhibit A. On the third Business Day following the day on which the bid was submitted and if Seller is approved by the PUC as a provider of Block Energy Supply to Buyer, Buyer will forward by facsimile or other immediate means acceptable to both Parties, to Seller a partially executed Transaction Confirmation(s) and shall send by overnight delivery three (3) originals. Except as otherwise provided in the RFP, by 2:00 p.m. EPT on the next Business Day following Seller's receipt of such facsimile of partially executed Transaction Confirmation(s), Seller shall return by facsimile, or other immediate means acceptable to both Parties, to Buyer a fully executed Transaction Confirmation(s), and shall send by overnight delivery two (2) originals.

2.16 Governing Terms. Each Transaction shall be governed by this Agreement. This Agreement, including all exhibits hereto, any designated collateral, credit support, margin agreement or similar arrangements and all Transaction Confirmations shall form a single integrated agreement between Buyer and Seller. Any inconsistency between terms in this Agreement and terms in a Transaction Confirmation shall be resolved in favor of the terms of this Agreement.

2.17 Scheduling. Seller shall schedule Block Energy Supply as provided in the Transaction, pursuant to the PJM Agreements.

### **ARTICLE 3 RESERVED**

### **ARTICLE 4 SPECIAL TERMS AND CONDITIONS**

4.1 Buyer Retail Tariffs. Nothing in this Agreement shall interfere with or preclude Buyer from amending its retail electric service tariffs on file with the PUC from time to time (including Buyer's retail rates for distribution service) or entering into or amending any retail customer contracts in accordance with its retail electric service tariffs and Requirements of Law.

4.2 Reserved.

4.3 PJM E-Accounts. Buyer and Seller shall work with PJM to establish any PJM E-Accounts necessary for Seller to provide Block Energy Supply. In a timely manner, Buyer shall establish PJM E-Account contract(s) for the entire duration of the Transaction(s) and Seller shall confirm and comply with all PJM E-Account contract(s) for the entire duration of the Transaction(s).

4.4 Reliability Guidelines. Each Party agrees to adhere to the applicable operating policies, criteria and/or guidelines of the NERC, ReliabilityFirst Corporation, PJM, their successors, and any regional or sub regional requirements.

## **ARTICLE 5 TERM AND SURVIVAL**

5.1 Term. Unless otherwise agreed upon by Buyer and Seller, this Agreement shall continue in full force and effect from the Effective Date until the end of all Transaction(s) executed under this Agreement unless this Agreement is terminated prematurely pursuant to Article 12 (Events of Default; Remedies) of this Agreement.

5.2 Survival. All provisions of this Agreement which must, in order to give full force and effect to the rights and obligations of the Parties hereto, survive termination or expiration of this Agreement, shall so survive, including, without limitation, Sections 2.6, 2.7, 2.13, 2.14, and Articles 1 (Definitions), 5 (Term and Survival), 7 (Billing and Settlement), 8 (Taxes), 9 (Indemnification), 10 (Limitations on Liability), 12 (Events of Default; Remedies), 13 (Dispute Resolution), and 16 (Miscellaneous).

## **ARTICLE 6 RESERVED**

## **ARTICLE 7 BILLING AND SETTLEMENT**

7.1 Billing. Unless otherwise agreed to by the Parties, on or before the seventh (7<sup>th</sup>) Business Day of each month, Seller shall deliver to Buyer, via electronic transmission or other means agreed to by the Parties, an Invoice that sets forth the total amount due for the previous calendar month for all Transactions. The Invoice shall detail, for each Transaction, where applicable, the following:

- (a) MWhs of Energy delivered
- (b) Settlement Price
- (c) Monthly Settlement Amount
- (d) and any other adjustments permitted under this Agreement.

7.2 Reserved.

7.3 Reserved.

7.4 Payments of the Invoice. On the Monthly Settlement Date, Buyer will pay to Seller, or Seller will pay to the Buyer, as the case may be, the total amount due in the applicable Invoice, subject to Section 7.5 (Netting of Payments). All payments shall be made by "Electronic Funds Transfer" (EFT) via "Automated Clearing House" (ACH), to a bank designated in writing by such Party, by 12:00 p.m. EPT on the Monthly Settlement Date, unless otherwise agreed to by the Parties. Payment of Invoices shall not relieve the paying Party from any other responsibilities or obligations it has under this Agreement (other than the obligation to make such payment), nor shall such payment constitute a waiver of any claims arising hereunder.



7.5 Netting of Payments. Buyer and Seller shall discharge mutual debts and payment obligations due and owing to each other under this Agreement, as of the Monthly Settlement Date, such that all amounts owed by each Party to the other Party shall be reflected in a single amount due to be paid by the Party who owes it and received by the other Party, provided that the calculation of the net amount shall not include any disputed amounts being withheld pursuant to Section 7.6 (Billing Disputes and Adjustments of Invoices).

7.6 Billing Disputes and Adjustment of Invoices.

(a) Within ninety (90) days of the date on which an Invoice is issued, Seller may in good faith, adjust the Invoice to correct any errors. The adjustment shall include interest calculated at the Interest Rate from the original due date to the date of payment. Seller shall provide Buyer a written explanation for the basis of the adjustment.

(b) A Party may dispute an Invoice in good faith at any time within one hundred twenty (120) calendar days after the date the Invoice in dispute is issued, even if such Party has already paid amounts shown on such Invoice in full. An Invoice shall become final, and not subject to dispute, on the date one hundred twenty (120) calendar days from the date such Invoice is issued unless, within that period, a Party: (a) presents the dispute in writing to the non-disputing Party accompanied by a brief explanation of the source of the dispute; and (b) submits documentation supporting the dispute to the non-disputing Party within thirty (30) calendar days thereafter.

7.7 Interest on Unpaid Amounts. Interest on delinquent amounts (including any damages subsequently determined to be owed by a Party), other than amounts in dispute as described in Section 7.6 (Billing Disputes and Adjustment of Invoices), shall be calculated as simple (not compounded) interest at the Interest Rate from the original due date to the date of payment.

7.8 Currency. All payments under this Agreement shall be in the currency of the United States (US\$).

## **ARTICLE 8 TAXES**

8.1 Cooperation. Each Party shall use reasonable efforts to implement the provisions of and administer this Agreement in accordance with the intent of the Parties to minimize Taxes, so long as neither Party is materially adversely affected by such efforts.

8.2 Taxes.

(a) As between the Parties, Seller is responsible for the payment of all Taxes imposed on the wholesale sales of Block Energy Supply under this Agreement.

(b) Any Party paying Taxes that should have been paid by the other Party pursuant to Section 8.2(a) (Taxes), shall be reimbursed by such other Party in the next Invoice issued pursuant to Section 7.1 (Billing).

## **ARTICLE 9 INDEMNIFICATION**

9.1 Seller's Indemnification for Third-Party Claims. Seller shall indemnify, hold harmless, and defend Buyer and its Affiliates, and their respective officers, directors, employees, agents, contractors, subcontractors, invitees, successors, representatives and permitted assigns (collectively, "Buyer's Indemnitees") from and against any and all claims, liabilities, costs, losses, damages, punitive damages and expenses including reasonable attorney and expert fees, disbursements actually incurred, and any penalties or fines imposed by Government Authorities in any action or proceeding between Buyer and a third party or Seller for damage to property of unaffiliated third parties, injury to or death of any person, including Buyer's employees or any third parties, to the extent directly caused by the negligence, gross negligence or willful misconduct of Seller and/or its officers, directors, employees, agents, contractors, subcontractors or invitees arising out of or connected with Seller's performance under this Agreement, Seller's exercise of rights under this Agreement, or Seller's breach of this Agreement. Buyer shall have the right to hire the attorney of its choice to defend it in any proceeding brought against it pursuant to this provision.

9.2 Buyer's Indemnification for Third-Party Claims. Buyer shall indemnify, hold harmless, and defend Seller and its Affiliates, and their respective officers, directors, employees, agents, contractors, subcontractors, invitees, successors, representatives and permitted assigns (collectively, "Seller's Indemnitees") from and against any and all claims, liabilities, costs, losses, damages, and expenses including reasonable attorney and expert fees, disbursements actually incurred, and any penalties or fines imposed by Government Authorities in any action or proceeding between Seller and a third party or Buyer for damage to property of unaffiliated third parties, injury to or death of any person, including Seller's employees or any third parties, to the extent directly caused by the gross negligence or willful misconduct of Buyer and/or its officers, directors, employees, agents, contractors, subcontractors or invitees arising out of or connected with Buyer's performance under this Agreement, Buyer's exercise of rights under this Agreement, or Buyer's breach of this Agreement. Seller shall have the right to hire the attorney of its choice to defend it in any proceeding brought against it pursuant to this provision.

9.3 Indemnification Procedures. If either Party intends to seek indemnification under Sections 9.1 (Seller's Indemnification for Third-Party Claims) or 9.2 (Buyers Indemnification for Third-Party Claims), as applicable, from the other Party, the Party seeking indemnification shall give the other Party notice of such claim within ninety (90) calendar days of the later of the commencement of, or the Party's actual knowledge of, such claim or action. Such notice shall describe the claim in reasonable detail, and shall indicate the amount, estimated if necessary, of the claim that has been, or may be, sustained by said Party. To the extent that the other Party will have been actually and materially prejudiced as a result of the failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the provisions for indemnification contained in this Agreement. Neither Party may settle or compromise any claim without the prior consent of the other Party; provided, however, said consent shall not be unreasonably withheld or delayed.

**ARTICLE 10**  
**LIMITATIONS ON REMEDIES, LIABILITY AND DAMAGES**

EXCEPT AS SET FORTH IN THIS AGREEMENT, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO COSTS AND DEFAULT DAMAGES AS DEFINED IN THIS AGREEMENT, SUCH COSTS AND DEFAULT DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE, TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

**ARTICLE 11**  
**FORCE MAJEURE**

11.1 Force Majeure. Notwithstanding anything in this Agreement to the contrary, the Parties shall be excused from performing their respective obligations under this Agreement (other than the obligation to make payments with respect to performance prior to the event of Force Majeure) and shall not be liable for damages or otherwise due to their failure to perform during any period that one Party is unable to perform due to an event of Force Majeure, provided that the Party declaring an event of Force Majeure shall: (i) act expeditiously to resume performance; (ii) exercise all commercially reasonable efforts to mitigate or limit damages to the other Party; and (iii) fulfill the requirements set forth in Section 11.2 (Notification).

11.2 Notification. A Party unable to perform under this Agreement due to an event of Force Majeure shall: (i) provide prompt written notice of such event of Force Majeure to the

other Party, which shall include an estimate of the expected duration of the Party's inability to perform due to the event of Force Majeure; and (ii) provide prompt notice to the other Party when performance resumes.

## **ARTICLE 12**

### **EVENTS OF DEFAULT; REMEDIES**

12.1 Events of Default. An "Event of Default" shall mean, with respect to a Party ("Defaulting Party"), the occurrence of any of the following:

(a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within two (2) Business Days after written notice;

(b) any representation or warranty made by such Party herein or by Seller in response to the RFP is intentionally or unintentionally false or misleading in any material respect when made or when deemed made or repeated, and such failure is not remedied within three (3) Business Days after written notice;

(c) the failure of a Party to comply with the requirements of Section 2.10 (PJM Membership) and 2.12 (FERC Authorization) if such failure is not remedied within three (3) Business Days after written notice;

(d) PJM has declared a Party to be in default of any provision of any PJM Agreement, which default prevents a Party's performance hereunder if such failure is not remedied within three (3) Business Days after written notice;

(e) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default) if such failure is not remedied within three (3) Business Days after written notice;

(f) such Party becomes Bankrupt;

(g) such Party consolidates with, or merges with or into, or transfers all or substantially all of its assets to, another entity, or assigns the Agreement or any rights, interests, or obligations hereunder without the prior written consent of the other Party when such consent is required, and, at the time of such consolidation, merger, transfer or assignment, the resulting, surviving, transferee, or assigned entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;

(h) the occurrence and continuation of: (i) a default, event of default or other similar condition or event in respect of such Party under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money in an aggregate amount of not less than five percent (5%) of such Party's TNW, which results in such indebtedness becoming immediately due and payable or; (ii) a default by such Party in making on the due date therefore one or more payments, individually or collectively, in an aggregate amount of not less than five percent (5%) of such Party's TNW.

(i) the failure of a Party to comply with its obligations pursuant to Article 14 (Creditworthiness) if such failure is not remedied within three (3) Business Days after written notice including, with respect to Seller, the posting of Performance Assurance requested by Buyer;

(j) with respect to Seller's Guarantor: (i) if any representation or warranty made by the Guarantor in connection with this Agreement is intentionally or unintentionally false or misleading in any material respect when made or when deemed made or repeated; (ii) the failure of the Guarantor to make any payment required or to perform any other material covenant or obligation in any guaranty made in connection with this Agreement and such failure shall not be remedied within three (3) Business Days after written notice; (iii) the failure of the Guarantor's guaranty to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under this Agreement without the written consent of the other Party; (iv) the Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any guaranty; or (v) conditions described with respect to a Party in subparagraph (f) of this Section 12.1 (Events of Default) occurs with respect to its Guarantor.

12.2 Remedies. If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing under this Agreement or any other Supply Master Agreement, the Non-Defaulting Party shall provide written notice to the Defaulting Party and shall have the right to temporarily suspend performance pursuant to Section 12.2(a) (Remedies) or implement all remedies pursuant to Section 12.2(b) (Remedies):

(a) If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right to suspend performance, provided that such suspension shall not continue for longer than ten (10) Business Days. At any time during or subsequent to the temporary suspension of performance, the Non-Defaulting Party may proceed with the steps outlined in Section 12.2(b) (Remedies). If, by the end of the ten (10) Business Day period of suspension, the Non-Defaulting Party has not commenced the implementation of the remedies pursuant to Section 12.2(b) (Remedies), then the Non-Defaulting Party must resume performance of its obligations under this Agreement.

(b) In addition to any other remedies available at law or in equity to the Non-Defaulting Party, if an Event of Default has occurred and is continuing under this Agreement or any other Supply Master Agreement, the Non-Defaulting Party shall have the right to implement any or all of the following remedies:

(i) to designate a day, in such notice, no earlier than the day such notice is effective and no later than twenty (20) calendar days after such notice is effective, as an early termination date ("Early Termination Date") for the purposes of determining the Default Settlement Amount, to accelerate all amounts owing between the Parties and to liquidate and terminate all, but not less than all, Transactions (each a "Terminated Transaction") under the Agreement;

- (ii) to calculate and receive from the Defaulting Party, payment for any Default Damages and Costs, as defined in this Agreement, the Non-Defaulting Party incurs as of the date of the event giving rise to the Event of Default, until the earlier of: (x) the Early Termination Date (if applicable); or (y) the Event of Default has been cured by the Defaulting Party; or (z) the Non-Defaulting Party waives such Event of Default;
- (iii) to withhold any payments due to the Defaulting Party under this Agreement as an offset to any Default Damages and Costs, as defined in this Agreement, or Termination Payment, as defined in Section 12.3 (Calculation and Net Out of Default Settlement Amounts).

(c) If an Event of Default has occurred and the Non-Defaulting Party is the Buyer, then:

- (i) unless the Event of Default was a failure by Seller to meet any or all of its Block Energy Supply obligations, Buyer may offer to waive the default on such terms and conditions as Buyer, at its sole discretion, may deem appropriate to propose (“Special Remedy”); provided, however, that
- (ii) any such Special Remedy can only be offered to Seller if it first is specifically approved by the PUC in accordance with PUC Orders.

### 12.3 Calculation and Net Out of Default Settlement Amounts.

(a) The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Default Settlement Amount for each such Terminated Transaction as of the Early Termination Date or, to the extent that in the reasonable opinion of the Non-Defaulting Party certain of such Terminated Transactions are commercially impracticable to liquidate and terminate or may not be liquidated and terminated under applicable law on the Early Termination Date, as soon thereafter as is reasonably practicable. The Non-Defaulting Party shall aggregate all Default Settlement Amounts into a single liquidated amount (the “Termination Payment”) by netting out: (i) all Default Settlement Amounts that are due to the Defaulting Party, plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article 14 (Creditworthiness), plus any or all other amounts due to the Defaulting Party under this Agreement; against (ii) all Default Settlement Amounts that are due to the Non-Defaulting Party plus any or all other amounts due to the Non-Defaulting Party, including but not limited to Default Damages and Costs, under this Agreement or any other Supply Master Agreement. The Termination Payment shall be due to or due from the Non-Defaulting Party, as appropriate. When the Buyer is the Non-Defaulting Party and replaces Seller’s Block Energy Supply obligation under this Agreement, the result of that procedure will be deemed to be commercially reasonable for purposes of calculating the Default Settlement Amounts.

(b) The Parties recognize, however, the final calculation of Default Settlement Amounts hereunder may not be known for some time since the level of such Default Settlement Amounts may be dependent upon the arrangements made by the Buyer to obtain replacement services or a replacement supplier. The Buyer and the Seller agree that, until the calculation of Default Settlement Amounts under this provision is completed, the amount and payment of the Termination Payment shall be immediately due and owing as an estimate of the amounts ultimately determined to be due and owing. After Default Settlement Amounts have been finally determined under this Section 12.3, the amounts due and owing will be reconciled with payments already made.

12.4 Notice of Termination Payment. As soon as practicable after an Early Termination Date is declared, the Non-Defaulting Party shall provide written notice to the Defaulting Party of the amount of the Termination Payment. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. The Defaulting Party or the Non-Defaulting Party, as applicable, shall make the Termination Payment within five (5) Business Days after such notice is effective (the "Termination Payment Date").

12.5 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a notice that it intends to dispute the calculation of the Termination Payment ("Termination Payment Dispute Notice"), pursuant to the provisions of Article 13 (Dispute Resolution), and provided, the Defaulting Party shall first transfer collateral to the Non-Defaulting Party in an amount equal to the Termination Payment, such collateral to be in a form acceptable to the Non-Defaulting Party by the Termination Payment Date.

12.6 Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's failure to perform pursuant to this Agreement. Seller agrees that Buyer's implementation of any contingency plan approved by the PUC for procurement of Default Service shall be deemed to be commercially reasonable.

12.7 Grant of Security Interest and Additional Remedies. To secure its obligations under this Agreement and to the extent that the Seller delivered Performance Assurance or other collateral hereunder, Seller hereby grants to Buyer a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, Buyer, and in all amounts owed to Seller by Buyer under or in connection with any agreement for supply of Energy for provision of Default Service. Seller agrees to take such action as reasonably required to perfect in favor of Buyer a first priority security interest in, and lien on (and right of setoff against), such collateral and any and all proceeds resulting therefrom or from the liquidation thereof. Upon or any time after the occurrence of an Event of Default caused by Seller, Buyer may do any one or more of the following: (i) exercise any of the rights and remedies of Buyer with respect to all collateral, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of Seller in the possession of Buyer whether held in



connection with this Agreement or any other agreement(s) between Buyer and Seller for supply of Energy for provision of Default Service; (iii) draw on any outstanding letter of credit issued for Buyer's benefit; and (iv) liquidate all security held by or for the benefit of Buyer free from any claim or right of any nature whatsoever of Seller, including any equity or right of purchase or redemption by Seller. Buyer shall apply the proceeds of the collateral realized upon the exercise of such rights or remedies to reduce Seller's obligation under this Agreement or any other agreement(s) between Seller and Buyer for the supply of Energy for Default Service (Seller remaining liable for any amounts owing to Buyer after such application), subject to Buyer's obligation to the return of any surplus proceeds remaining after such obligations are satisfied in full.

12.8 Reserved.

### **ARTICLE 13 DISPUTE RESOLUTION**

13.1 Informal Dispute Resolution. Before pursuing resolution of any dispute arising out of this Agreement, the disputing Party shall provide written notice to the other Party setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. The Parties shall use good faith and reasonable commercial efforts to informally resolve such dispute. Such efforts shall last for a period of at least thirty (30) calendar days from the date that the notice of the dispute is first delivered from one Party to the other Party. Any amounts that are owed by one Party to the other Party as a result of resolution of a dispute pursuant to this Section 13.1 (Informal Dispute Resolution), shall be paid within two (2) Business Days of such resolution and the payment shall include simple (not compounded) interest on the payment calculated at the Interest Rate from the original due date through the date of payment.

13.2 Formal Dispute Resolution. After the requirements of Section 13.1 (Informal Dispute Resolution) have been satisfied, all disputes, except as noted below, between the Parties shall be submitted to the appropriate authority.

### **ARTICLE 14 CREDITWORTHINESS**

14.1 Performance Assurance Requirement. With respect to Aggregate Transactions, if at any time and from time to time during the term of this Agreement, Aggregate Buyer's Exposure exceeds the Unsecured Credit on any Business Day, then Buyer shall request that Seller post Performance Assurance in an amount equal to the amount by which Aggregate Buyer's Exposure exceeds the Unsecured Credit (rounding upwards to the nearest \$100,000), less any Performance Assurance already posted with Buyer. Notwithstanding the above, Seller shall only be required to post the required Performance Assurance to the extent the amount of the total required Performance Assurance is equal to or greater than \$500,000. Subsequent and incremental requests for Performance Assurance shall be in \$100,000 increments. Buyer's request for Performance Assurance shall not be disputed by Seller.

14.2 Aggregate Buyer's Exposure.



(a) In order to determine the amount of Performance Assurance during the term of this Agreement, Buyer shall calculate the Aggregate Buyer's Exposure once per Business Day. On a Transaction Date, the Buyer's Exposure for that Transaction shall be deemed equal to zero, and to the extent that the calculations of the Aggregate Buyer's Exposure for a given date result in a negative number, the Aggregate Buyer's Exposure for such date shall also be deemed equal to zero.

(b) Buyer shall contract with and pay for the services of a single independent consultant to provide pricing services (the "Pricing Agent") with respect to Transactions under this Agreement. The Pricing Agent shall provide to the Buyer the On-Peak Initial Mark Price and the Off-Peak Initial Mark Price. In addition, on each Business Day, the Pricing Agent shall provide to the Buyer the On-Peak Forward Price and the Off-Peak Forward Price. To the extent that information and/or quotes are not available to determine an On-Peak Forward Price or Off-Peak Forward Price for a given month the Pricing Agent shall be permitted to use information and/or quotes relevant to such month for which information/and quotes are available in order to provide the Buyer the required On-Peak Forward Price and Off-Peak Forward Price for such month. Exhibit E presents in more detail the methodology to be used by the Pricing Agent in determining the Off-Peak Initial Mark Price, On-Peak Initial Mark Price, the On-Peak Forward Price, and the Off-Peak Forward Price. Buyer shall use reasonable efforts to provide Seller with Aggregate Buyer's Exposure on each Business Day subject to the confidentiality provisions of this Agreement.

(c) Pursuant to Section 14.1 (Performance Assurance Requirement) above, Seller shall not dispute any request by Buyer for Performance Assurance. Notwithstanding such provision, Seller may dispute the Pricing Agent's determinations of the On-Peak Initial Mark Price, Off-Peak Initial Mark Price, On-Peak Forward Price and Off-Peak Forward Price if Seller can demonstrate that the Pricing Agent has been grossly negligent or has exhibited willful misconduct in such determinations, or that the Pricing Agent is making such determinations in a manner that is arbitrary, capricious or erroneous on its face, provided, however, that Seller shall remain obligated to post any Performance Assurance requested by Buyer during the pendency of any such dispute.

#### 14.3 Unsecured Credit.

(a) During the term of this Agreement, Buyer shall extend, solely with respect to the Performance Assurance set forth in Section 14.1 (Performance Assurance Requirement), Unsecured Credit of this Agreement, to Seller in an amount initially determined on the Effective Date and redetermined each Business Day thereafter pursuant to this Section 14.3 (Unsecured Credit).

(b) For purposes of determining Unsecured Credit, the relevant Unsecured Credit Limit for Aggregate Transactions shall not exceed the Unsecured Credit Limit listed in the following table that corresponds to Seller's (or Seller's Guarantor's) lowest Credit Rating most recently published by S&P, Fitch and/or Moody's. The relevant TNW Amount shall be calculated using the percentage listed in the following table that corresponds to Seller's (or Seller's Guarantor's) lowest Credit Rating most recently published by S&P, Fitch and/or Moody's.

Credit Rating			Unsecured Credit Limit is the lower of TNW Amount and Unsecured Credit Cap below:	
S&P	Fitch	Moody's	TNW Amount	Unsecured Credit Cap
A- or above	A- or above	A3 or above	16% of TNW	\$60,000,000
BBB+	BBB+	Baa1	10% of TNW	\$40,000,000
BBB	BBB	Baa2	8% of TNW	\$30,000,000
BBB-	BBB-	Baa3	6% of TNW	\$15,000,000
Below BBB-	Below BBB-	Below Baa3	0% of TNW	0

(c) The analysis of Unsecured Credit will also include consideration of the Guaranty Agreement, if any, submitted by Seller in connection with this contract.

14.4 Reserved.

14.5 Reserved.

14.6 Performance Assurance Transfers/Returns.

(a) If the request for Performance Assurance is made by Buyer before 1:00 p.m. EPT on a Business Day, then if Seller is posting cash as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance cash to Buyer on the Business Day following the date of such request; and if Seller is posting a Letter of Credit or other security as acceptable to Buyer as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance Letter of Credit or other security on the second Business Day following the date of such request. If a request for Performance Assurance collateral is made by Buyer at or after 1:00 p.m. EPT, then if Seller is posting cash as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance cash to Buyer on the second Business Day following the date of such request; and if Seller is posting a Letter of Credit or other security as acceptable to Buyer as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance Letter of Credit or other security on the third Business Day following the date of such request. Telephone, facsimile, or other communication means mutually acceptable by the Parties, are suitable means for the Buyer to make requests for Performance Assurance. Buyer shall not be entitled to hold Performance Assurance collateral in the form of cash; rather, Performance Assurance collateral in the form of cash

shall be held in any major U.S. commercial bank, or a foreign bank with a U. S. branch office, (which is not Buyer or an Affiliate of Buyer), and has assets of at least \$10 billion and a Credit Rating of at least "A" by Standard and Poor's, or "A2" by Moody's Investor Services ("Qualified Institution"). Buyer will pay to Seller on the third Business Day of each calendar quarter the amount of interest it receives based upon the applicable overnight repurchase interest rate from the Qualified Institution on any Performance Assurance collateral in the form of cash posted by Seller. The interest amount or portion thereof not returned to Seller pursuant to this Section 14.6 (Performance Assurance Transfers/Returns) will constitute Performance Assurance and will be subject to the provisions of Article 14 (Creditworthiness) of this Agreement.

(b) On any Business Day (but no more frequently than weekly with respect to Letters of Credit or other security acceptable to Buyer, and daily with respect to cash), Seller, at its sole cost, may request that the Performance Assurance be reduced correspondingly to reflect the decrease in Buyer Exposure or an increase in Seller's Unsecured Credit, if any (rounding upwards for any fractional amount to the nearest \$100,000). Buyer shall be required to return the amount of the reduction in Performance Assurance due in accordance with the timeframes set forth in Section 14.6(a). Telephone, facsimile, or other communication means mutually acceptable by the Parties, are suitable means for the Buyer to make requests for Performance Assurance. A written means is suitable for the Seller to make requests for return of Performance Assurance.

(c) Reserved.

(d) In the event that Seller fails to provide Performance Assurance collateral, or Buyer fails to return Performance Assurance collateral pursuant to the terms of this Article 14 (Creditworthiness) after Seller has provided sufficient collateral for any reduced Performance Assurance within the applicable timeframes, then an Event of Default pursuant to Section 12.1(i) (Events of Default) shall be deemed to have occurred with respect to the non-performing Party (following any applicable cure period) and the other Party will be entitled to the remedies set forth therein. In instances caused by the timing of the requests for both the return of Performance Assurance and placement of Performance Assurance, a situation may arise where the Parties are both sending and receiving Transactions on the same day. In these instances, the Parties may net the requested amounts and proceed with only one Transaction. Netting is only permitted for Performance Assurance purposes if it is mutually agreed to by both Parties in advance and confirmed in advance.

**14.7 Credit Rating Changes.** If during the term of the Agreement, Seller's or Seller's Guarantor's, if applicable, Credit Rating changes, by either being upgraded or downgraded by any of the rating agencies referenced in Section 14.3 (Unsecured Credit) of the Agreement, the Seller shall be required to provide written notice to Buyer of such Credit Rating change no later than two (2) Business Days after the date of such change. However, if Seller's, or Seller's Guarantor's, if applicable, equity is publicly traded on the "New York Stock Exchange", "NASDAQ National Market", or "American Stock Exchange", the Buyer will waive the requirement to provide written notice.

14.8 Tangible Net Worth. During the term of the Agreement, Seller, or Seller's Guarantor, if applicable, shall be required to provide Buyer written financial information to determine the Seller's, or Seller's Guarantor's Tangible Net Worth. Financial information shall include an audited "Annual Report", containing, but not limited to, a balance sheet prepared in accordance with generally accepted accounting principles, a schedule of long term debt including maturity dates, and all notes to the financial statement that apply to long term debt, short term borrowing, and liquidity and capital resources. The Seller, or Seller's Guarantor, shall also provide the Buyer written financial information on a quarterly basis containing a balance sheet prepared in accordance with generally accepted accounting principles. However, if Seller's, or Seller's Guarantor's, if applicable, equity is publicly traded on the New York Stock Exchange, NASDAQ National Market, or American Stock Exchange, the Buyer will waive the requirement to provide written financial information.

14.9 Foreign Entities. The following standards shall apply to Seller, or Seller's Guarantor, that have not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia and whose financial data is not denominated in United States currency and does not conform to generally accepted accounting principles (GAAP) in the United States. For Sellers who cannot meet the following requirements, the posting of cash or Letter of Credit in an acceptable form (see standard format in Exhibit C) for the Aggregate Buyer's Exposure shall be required.

(a) Seller shall supply such evidence of creditworthiness so as to provide Buyer with comparable assurances of creditworthiness as is applicable above for Sellers that have been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia. Buyer shall have full discretion, without liability or recourse to Seller, to evaluate the evidence of creditworthiness submitted by such Seller; or

(b) The Guarantor of Seller shall supply such evidence of creditworthiness so as to provide Buyer with comparable assurances of creditworthiness as is applicable above for Guarantors of Sellers that have been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia. Buyer shall have full discretion, without liability or recourse to the Guarantor or Seller, to evaluate the evidence of creditworthiness submitted by such Guarantor.

(c) Sellers or Guarantors of Sellers that have not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia and whose financial data is not denominated in United States currency or does not conform to generally accepted accounting principles (GAAP) in the United States shall, in addition to all documentation required elsewhere in this Section 14.9 (Foreign Entities), supply the following as a condition of being granted Unsecured Credit, up to a maximum level, for the purpose of covering the Aggregate Buyer's Exposure:

For Seller:

(1) A legal opinion of counsel qualified to practice in the foreign jurisdiction in which Seller is incorporated or otherwise formed that this Agreement is, or upon the completion of execution formalities

will become, the binding obligation of Seller in the jurisdiction in which it has been incorporated or otherwise formed; and

(2) The sworn certificate of the corporate secretary (or similar officer) of such Seller that the person executing this Agreement on behalf of Seller has the authority to execute the Agreement and that the governing board of such Seller has approved the execution of this Agreement; and

(3) The sworn certificate of the corporate secretary (or similar officer) of such Seller that Seller has been authorized by its governing board to enter into agreements of the same type as this Agreement.

Buyer shall have full discretion, without liability or obligation to Seller, to evaluate the sufficiency of the documents submitted by Seller.

For Guarantor of Seller:

(1) A legal opinion of counsel qualified to practice in the foreign jurisdiction in the which the Guarantor is incorporated or otherwise formed that this Guaranty is, or upon the completion of execution formalities will become, the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and

(2) The sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the person executing the Guaranty on behalf of the Guarantor has the authority to execute the Guaranty and that the governing board of such Guarantor has approved the execution of the Guaranty; and

(3) The sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the Guarantor has been authorized by its governing board to enter into agreements of the same type as this Guaranty.

Buyer shall have full discretion, without liability or obligation to the Guarantor or Seller, to evaluate the sufficiency of the documents submitted by such Guarantor, including any legal opinion(s). Forms of legal opinions for Seller and Guarantor acceptable to Buyer are attached in Exhibit G.

14.10 Accelerated Payments by Buyer. If at any time and from time to time during the term of this Agreement, a Buyer Downgrade Event occurs, notwithstanding the provisions of Article 7 (Billing and Settlement), Seller shall have the right to require Buyer to divide the Monthly Settlement Amount into twice-monthly amounts and pay such amounts on a twice-monthly basis for so long as the Buyer Downgrade Event continues. A "twice-monthly basis" as referred to in the preceding sentence means that each month will be divided into two billing periods. The first twice-monthly billing period shall begin on the first (1<sup>st</sup>) calendar day of the

month and end on the fifteenth (15<sup>th</sup>) calendar day of the month. The second twice-monthly billing period shall begin on the sixteenth (16<sup>th</sup>) calendar day of the month and end on the last calendar day of the month. For twice monthly payments, the Monthly Settlement Date will apply to the payment for the second twice-monthly billing period. The settlement date for the first twice-monthly billing period shall be the first Business Day after fourth (4<sup>th</sup>) calendar day of the month following service. For example, for service from January 1 through January 15, the settlement date would be the first Business Day after the fourth (4<sup>th</sup>) calendar day of February. Buyer's failure to make such accelerated payments shall be deemed an Event of Default under Section 12.1 (Events of Default) of the Agreement.

## **ARTICLE 15**

### **REPRESENTATIONS AND WARRANTIES**

15.1 Representations and Warranties. On the Effective Date and throughout the term of this Agreement, each Party represents and warrants to the other Party that:

- (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
- (b) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement and each Transaction;
- (c) the execution, delivery and performance of this Agreement and each Transaction are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- (d) this Agreement and each Transaction constitutes its legally valid and binding obligation enforceable against it in accordance with its terms; subject to any Equitable Defenses;
- (e) it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it becoming Bankrupt;
- (f) there are no pending, or to its knowledge threatened, actions, suits or proceedings against it or any of its Affiliates, or any legal proceedings before any Governmental Authority that could materially adversely affect its ability to perform its obligations under this Agreement and each Transaction;
- (g) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement and each Transaction;
- (h) with respect to Buyer, it is acting to fulfill its obligations under and in accordance with PUC Orders to enter into this Agreement;
- (i) it is not relying upon the advice or recommendations of the other Party in entering into this Agreement, it is capable of understanding, understands and accepts the

terms, conditions and risks of this Agreement and each Transaction, and the other Party is not acting as a fiduciary for or advisor to it in respect of this Agreement;

(j) it is a “forward contract merchant” within the meaning of the Bankruptcy Code;

(k) it has entered into this Agreement and each Transaction in connection with the conduct of its business and it has the capacity or ability to provide or take delivery of the Block Energy Supply; and it is an “eligible contract participant” as defined in Section 1a(12) of the Commodity Exchange Act.

15.2 Notification. If a Party learns that any of its representations and warranties under Section 15.1 are no longer true during the Term, the Party shall immediately notify the other Party in accordance with Section 16.1.

15.3 Additional Understandings. This Agreement is for the purchase and sale of Block Energy Supply that will be delivered in quantities expected to be used or sold over a defined period(s) in the normal course of business, and it is the intention at the inception and throughout the term of this Agreement and each Transaction hereunder that the Agreement will result in physical delivery and not financial settlement, and the Agreement does not provide for an option by either Party with respect to the quantity of Block Energy Supply to be delivered or received during performance of the Agreement. This Agreement has been drafted to effectuate Buyer’s and Seller’s specific intent so that in accordance with Financial Accounting Standards Board Statement No. 133 (“FAS 133”), as amended, Buyer would be able to elect to use accrual accounting for its purchases under this Agreement, while Seller would be able to elect to use either accrual or mark-to-market accounting for its sales under the Agreement. If either Buyer or Seller determines, in good faith, that the intended accounting treatment has become jeopardized, due to a change in interpretations of FAS 133, as amended, or otherwise, then Buyer and Seller agree to meet and use their best efforts to reform the Agreement so that, with the minimum changes possible, the Agreement again qualifies for the intended accounting treatments.

15.4 Bankruptcy Issues. The Parties intend that (i) all Transactions constitute a “forward contract” within the meaning of the Bankruptcy Code; (ii) all payments made or to be made by one Party to the other Party pursuant to this Agreement constitute “settlement payments” within the meaning of the Bankruptcy Code; (iii) all transfers of Performance Assurance by Seller to Buyer under this Agreement constitute “margin payments” within the meaning of the Bankruptcy Code; and (iv) this Agreement constitutes a “master netting agreement” within the meaning of the Bankruptcy Code.

## **ARTICLE 16 MISCELLANEOUS**

16.1 Notices. Unless otherwise specified herein, all notices shall be in writing and delivered by hand, overnight or facsimile (provided a copy is also sent by overnight mail). Notice shall be effective on the next Business Day after it is sent. A Party may change its address by providing notice of the same in accordance with this Section 16.1 (Notices). Notice information for Buyer and Seller is shown on Exhibit G.

16.2 General. This Agreement supersedes all prior oral or written agreements, commitments, negotiations, understandings or discussions with respect to the subject matter hereof except for other agreements specifically referenced herein. This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. Each Party further agrees that it will not assert, or defend itself, on the basis that any applicable tariff is inconsistent with this Agreement. Any provision declared or rendered unlawful will not otherwise affect the remaining lawful obligations that arise under this Agreement or any Transaction; provided that in such event the Parties shall use commercially reasonable efforts to amend this Agreement or any Transaction in order to give effect to the original intention of the Parties. This Agreement is not intended to create nor shall it be construed to create an association, joint venture, or partnership between the Parties, or to impose any partnership or fiduciary obligation or liability upon either Party. Neither Party shall have the power to bind or obligate the other Party, nor shall a Party be liable for the payment or performance of any debts, obligations or liabilities of the other Party, unless expressly assumed in writing.

16.3 Rules of Interpretation. The following principles shall be observed in the interpretation and construction of this Agreement:

(a) unless otherwise stated, the terms “include” and “including” when used in this Agreement shall be interpreted to mean by way of example only and shall not be considered limiting in any way;

(b) all titles and headings used herein are for convenience and reference purposes only, do not constitute a part of this Agreement and shall be ignored in construing or interpreting the obligations of the parties under this Agreement;

(c) references to the singular include the plural and vice versa;

(d) references to Articles, Sections, and the Recitals are, unless the context indicates otherwise, references to Articles, Sections, and the Recitals of this Agreement;

(e) the reference to any Party includes such Party’s legal and/or permitted successors and assignees;

(f) reference to any document other than this Agreement refers to such documents as may be amended, modified, replaced or superseded from time to time, or any successor document(s) thereto;

(g) reference to any law or regulation refers to such law or regulation as may be amended, modified, replaced or superseded from time to time, or any successor law(s) or regulation(s) thereto;

(h) “herein,” “hereof,” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Section or provision;



(i) in carrying out its rights, obligations and duties under this Agreement, each Party shall have an obligation of good faith and fair dealing.

16.4 Audits and Record Retention. Each Party has the right on at least three (3) Business Days prior written notice, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be made in accordance with Sections 7.1 (Billing) and 7.7 (Interest on Unpaid Balances). The Parties shall retain for a period of at least two (2) years following the expiration of the Term all necessary records so as to permit the Parties to confirm the accuracy of any Invoice or calculation of payments due hereunder; provided, however, that if a Party has provided notice in accordance with this Agreement that it disputes the accuracy of any Statement or calculation of any payments, the Parties agree that they shall retain all records related to such dispute until the dispute is finally resolved.

16.5 Confidentiality.

(a) Each Party shall hold in confidence and not release or disclose any document or information furnished by the other Party in connection with this Agreement, unless: (i) compelled to disclose such document or information by judicial, regulatory or administrative process or other provision of law; (ii) such document or information is generally available to the public; (iii) such document or information was available to the receiving Party on a non-confidential basis; or (iv) such document or information was available to the receiving Party on a non-confidential basis from a third-party, provided that the receiving Party does not know, and, by reasonable effort, could not know that such third-party is prohibited from transmitting the document or information to the receiving Party by a contractual, legal or fiduciary obligation.

(b) Notwithstanding any other provision of this Section 16.5 (Confidentiality), a Party may disclose to its employees, representatives and agents all documents and information furnished by the other Party in connection with this Agreement, provided that such employees, representatives and agents have been advised of the confidentiality provisions of this Section 16.5 (Confidentiality), and further provided that in no event shall a document or information be disclosed in violation of the standard of conduct requirements established by FERC.

(c) A Party receiving notice or otherwise concluding that any confidential document or information furnished by the other Party in connection with this Agreement is being sought under any provision of law, to the extent it is permitted to do so under any applicable law, shall: (i) promptly notify the other Party; and (ii) use reasonable efforts in cooperation with the other Party to seek confidential treatment of such confidential information.

(d) Any independent auditor performing an audit on behalf of a Party pursuant to Section 16.4 (Audit) shall be required to execute a confidentiality agreement with the Party

being audited. Such audit information shall be treated as confidential pursuant to this Section 16.5 (Confidentiality).

(e) The Parties agree that monetary damages may be inadequate to compensate a Party for the other Party's breach of its obligations under this Section 16.5 (Confidentiality). Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the Party breaches or threatens to breach its obligations under this Section 16.5 (Confidentiality), which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law.

16.6 Successors and Assigns. This Agreement and all of the provisions hereof are binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns. Nothing in this Agreement is intended to confer benefits, rights or remedies unto any Person other than the Parties and their permitted successors and assigns, and no third party shall have the right to enforce the provisions of this Agreement.

16.7 Assignment.

(a) The Parties shall not assign any of their rights or obligations under this Agreement without obtaining (a) any necessary regulatory approval(s) and (b) the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld; provided, however, that Buyer agrees that it shall grant its consent to a proposed assignment by the Seller if the proposed assignee meets all of Buyer's creditworthiness requirements then in effect under Article 14. No assignment of this Agreement shall relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee and all necessary consents have been obtained.

(b) Any assignment in violation of this Section 16.7 shall be void; provided, however, Buyer may assign any or all of its rights and obligations under this Agreement, without Seller's consent, to any entity succeeding to all or substantially all of the assets of Buyer, if such assignee agrees, in writing, to be bound by all of the terms and conditions and all necessary regulatory approvals are obtained. Seller may, with prior written notice to Buyer but without obtaining the approval of Buyer, assign the accounts, revenues or proceeds under this Agreement to a third party. Buyer agrees that, following receipt of such notice of the assignment of accounts, revenues or proceeds and such other documentation that Buyer may reasonably request, Buyer will pay amounts becoming due to Seller under this Agreement directly to the designated assignee; provided, however, that nothing herein shall enlarge or expand the rights of such designated assignee beyond the rights granted to Seller and the right of such designated assignee to receive payments shall be subject to all defenses, offsets and claims of Buyer arising under this Agreement. Buyer further agrees that, in the event necessary regulatory approvals to effectuate an assignment have been sought in good faith but that action by the regulatory body is pending, Buyer shall accept the performance of the proposed assignee as a Party to this Agreement, as co-obligor with the Buyer proposing to assign its interest, until such approvals are obtained; provided, however, that, in the event the regulatory body declines to grant its approval, the request for approval of the assignment shall be deemed to have been rejected for good reason.

16.8 Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTITUTED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

16.9 Jurisdiction and Venue. Except for matters jurisdictional to FERC, the PUC or the appellate courts having jurisdiction over the PUC or FERC matters, all disputes hereunder shall be resolved in the Federal or State courts of Pennsylvania and each Party hereby irrevocably submits to the in personam jurisdiction of such courts. Each Party hereby waives its respective rights to any jury trial with respect to any litigation arising under or in connection with this Agreement.

16.10 Amendments. Except as provided in Section 16.11 (PJM Agreement Modifications), neither this Agreement nor any Transaction shall be amended, modified, terminated, discharged or supplemented, nor any provision hereof waived, unless mutually agreed, in writing, by the Parties. Furthermore, it is the express intent of the Parties that neither Party shall unilaterally seek to obtain from any Governmental Authority any relief changing the rates or other terms of this Agreement or any Transaction, notwithstanding any market conditions that may occur in the future or that exist at the time of the formation of this Agreement or any Transaction. The Parties hereby acknowledge and agree that both Parties have negotiated and entered into this Agreement and each Transaction freely and in good faith and that the terms of this Agreement and each Transaction have not been affected in any way, either directly or indirectly, by (A) any fraud, duress, unfairness, or any inequity in the relative bargaining power of the Parties or (B) any manipulation, unlawful activity, disruption, anomaly, dysfunction, or other adverse market conditions of any type or description. To the extent permitted by law, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives its rights (i) to submit any filing to any Governmental Authority seeking modification or rescission of any rates or other terms of this Agreement or any Transaction under Sections 205 or 206 of the Federal Power Act or otherwise, (ii) to argue before any Governmental Authority that any review, modification, or rescission of this Agreement or any Transaction should be considered under any standard of review other than the “public interest” standard set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) and affirmed by Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington, et al., 554 U.S. \_\_\_, 128 S. Ct. 2733 (June 26, 2008) (the “Mobile-Sierra Doctrine”), and (iii) to argue before any Governmental Authority that any terms of this Agreement or any Transaction should be modified or rescinded based on (A) any claim of fraud, duress, unfairness, bad faith, or inequity in the relative bargaining power of the Parties or (B) any claim of market manipulation, unlawful activity, disruption, anomaly, dysfunction, or other adverse market conditions of any type or description.

16.11 PJM Agreement Modifications.

(a) If the PJM Agreements are amended or modified so that any schedule or section references herein to such agreements is changed, such schedule or section references herein shall be deemed to automatically (and without any further action by the Parties) refer

to the new or successive schedule or section in the PJM Agreements which replaces that originally referred to in this Agreement.

(b) If the applicable provisions of the PJM Agreements referenced herein, or any other PJM rules relating to the implementation of this Agreement, are changed materially from those in effect on the Effective Date, both Parties shall cooperate to make conforming changes to this Agreement to fulfill the purposes of this Agreement, including Seller's responsibility for changes in PJM products and pricing during the Term under Section 2.5 (Other Changes in PJM Charges).

16.12 Delay and Waiver. Except as otherwise provided in this Agreement, no delay or omission to exercise any right, power or remedy accruing to the respective Parties hereto upon any breach or default of any other Party under this Agreement shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement, or any waiver of any provision or condition of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.

16.13 Regulatory Approvals. The commencement of the Delivery Period is subject to: the receipt by Seller and Buyer of all approvals required of the PUC.

16.14 Regulatory Cooperation. Seller will cooperate with Buyer in any regulatory compliance efforts that may be required to maintain the ongoing lawfulness and enforceability of the terms of this Agreement and to fulfill any regulatory reporting requirement associated with the provision of Block Energy Supply before FERC, the PUC, or any other Governmental Authority asserting jurisdiction.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement to be effective as of the day and year first written above.

PECO ENERGY COMPANY

SELLER

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**  
**FORM OF TRANSACTION CONFIRMATION**

**BLOCK ENERGY SUPPLY**

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Default Service Program Block Energy Supply Master Agreement (“Agreement”) dated \_\_\_\_\_ between PECO Energy Company (“Company” or “PECO Energy”) and \_\_\_\_\_ (“Seller”). Terms used but not defined herein shall have the meanings ascribed to them in the Agreement. This Transaction Confirmation shall confirm the following terms of the transaction (“Transaction”) agreed to on \_\_\_\_\_ (“Transaction Date”).

Product:	Energy, [On-peak: 5x16 Monday-Friday, excluding NERC Holidays, Hour Ending 0800 through Hour Ending 2300], Eastern Prevailing Time]
Customer Supply Group:	Residential
Delivery Point:	PE Zone
Delivery Period:	[beginning on January 1, 20XX and ending on February 2X, 20XX][beginning on June 1, 20XX and ending on August 31, 20XX];
Scheduling:	Seller shall submit the Specified Product through PJM eSchedules no later than four weeks prior to the beginning of the Delivery Period. Buyer shall confirm the Specified Product through PJM eSchedules not later than three weeks prior to the beginning of the Delivery Period.
Market:	Seller must schedule and deliver in the PJM Day-Ahead Market.
Number of Energy Blocks:	XX
Energy Block Size	XX MW
Specified Product	XX MW
Price	\$XX.XXXX (\$/MWh)

Please confirm that the terms stated herein accurately reflect the agreement reached on the date above between Seller and Buyer by returning an executed copy of this Transaction Confirmation by facsimile to PECO Energy at (xxx) xxx.xxxx in accordance with Section 2.15 – Transaction Confirmation of the Agreement. The signatories to this Transaction must have the authority to enter into this Transaction.

PECO ENERGY COMPANY (BUYER)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

SELLER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT B**

**RESERVED**

**EXHIBIT C**  
**FORM OF**  
**PERFORMANCE ASSURANCE LETTER OF CREDIT**

***{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}***

IRREVOCABLE LETTER OF CREDIT NO.

ISSUE DATE \_\_\_\_\_

EXPIRY DATE \_\_\_\_\_

APPLICANT

[NAME]

[ADDRESS]

BENEFICIARY

[NAME]

[ADDRESS]

**CURRENCY**

**AMOUNT**

USD \*\*\*\*\*\$

WE HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE LETTER OF CREDIT NO: \_\_\_\_\_ FOR THE ACCOUNT OF \_\_\_\_\_ (APPLICANT) FOR AN AMOUNT OR AMOUNTS NOT TO EXCEED IN THE AGGREGATE US DOLLARS \_\_\_\_\_ AVAILABLE BY YOUR DRAFT(S) AT SIGHT ON THE BANK OF \_\_\_\_\_ (“ISSUER”) \_\_\_\_\_ (ADDRESS), EFFECTIVE \_\_\_\_\_ AND EXPIRING AT OUR COUNTERS ON \_\_\_\_\_ OR ANY AUTOMATICALLY EXTENDED EXPIRY DATE, AS PROVIDED HEREIN. THIS LETTER OF CREDIT IS AVAILABLE IN ONE OR MORE DRAFTS UP TO THE AGGREGATE AMOUNT SET FORTH HEREIN.

THIS LETTER OF CREDIT IS PRESENTABLE AND PAYABLE AT OUR COUNTERS AND WE HEREBY ENGAGE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE HONORED ON PRESENTATION IF ACCOMPANIED BY THE REQUIRED DOCUMENTS PURSUANT TO THE TERMS OF THIS LETTER OF CREDIT.

THE BELOW MENTIONED DOCUMENT(S) MUST BE PRESENTED ON OR BEFORE THE EXPIRY DATE OF THIS INSTRUMENT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT.

1. YOUR SIGNED AND DATED STATEMENT, READING AS FOLLOWS:

“THE AMOUNT FOR THIS DRAWING, USD (INSERT AMOUNT), BEING MADE UNDER THE BANK OF \_\_\_\_\_ (BANK) LETTER OF CREDIT NUMBER (INSERT LETTER OF CREDIT REFERENCE NUMBER), REPRESENTS AN AMOUNT DUE AND



PAYABLE TO BENEFICIARY FROM APPLICANT FOR PERFORMANCE ASSURANCE RELATED TO THE BENEFICIARY'S PENNSYLVANIA DEFAULT SERVICE PROGRAM BLOCK ENERGY SUPPLY MASTER AGREEMENT DATED BETWEEN \_\_\_\_\_ AND \_\_\_\_\_."

2. THIS ORIGINAL LETTER OF CREDIT AND ANY AMENDMENT(S).

IF PRESENTATION OF ANY DRAWING IS MADE ON A BUSINESS DAY (AS HEREIN DEFINED) AND SUCH PRESENTATION IS MADE ON OR BEFORE 11:00 A.M. NEW YORK TIME, ISSUER SHALL SATISFY SUCH DRAWING REQUEST ON THE NEXT BUSINESS DAY. IF THE DRAWING IS RECEIVED AFTER 11:00 A.M. NEW YORK TIME, ISSUER WILL SATISFY SUCH DRAWING REQUEST ON THE SECOND FOLLOWING BUSINESS DAY.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR FROM THE EXPIRATION DATE HEREOF, OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST 90 DAYS PRIOR TO ANY EXPIRATION DATE WE NOTIFY YOU AT THE ABOVE ADDRESS BY REGISTERED MAIL OR HAND DELIVERED COURIER THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT RENEWED FOR ANY SUCH PERIOD.

THIS LETTER OF CREDIT MAY BE TERMINATED UPON BENEFICIARY'S RECEIPT OF FULL PAYMENT FROM THE APPLICANT AND ISSUER'S RECEIPT OF A WRITTEN RELEASE FROM THE BENEFICIARY RELEASING THE ISSUER FROM ITS OBLIGATIONS UNDER THIS LETTER OF CREDIT.

THE TERM "BUSINESS DAY" AS USED HEREIN MEANS ANY DAY OTHER THAN (I) A SATURDAY, (II) A SUNDAY, OR (III) A DAY ON WHICH BANKING INSTITUTIONS LOCATED IN THE CITY OF NEW YORK, NEW YORK ARE REQUIRED OR AUTHORIZED BY LAW TO BE CLOSED.

APPLICANT'S FILING OF A BANKRUPTCY, RECEIVERSHIP OR OTHER DEBTOR-RELIEF PETITION, AND/OR APPLICANT'S DISCHARGE THEREUNDER, SHALL IN NO WAY AFFECT THE LIABILITY OF [BANK] UNDER THIS LETTER OF CREDIT AND [BANK] SHALL ALWAYS REMAIN LIABLE TO [BENEFICIARY] FOR THE FULL AMOUNT OF APPLICANT'S OBLIGATIONS HEREIN TO [BENEFICIARY] NOT TO EXCEED THE AVAILABLE AMOUNT IN THIS LETTER OF CREDIT.

ADDITIONAL TERMS AND CONDITIONS:

1. ALL COMMISSIONS AND OTHER BANKING CHARGES WILL BE BORNE BY THE APPLICANT.
2. THIS LETTER OF CREDIT MAY NOT BE TRANSFERRED OR ASSIGNED.
3. THIS LETTER OF CREDIT IS IRREVOCABLE.

4. THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 ("ISP98"). AS TO MATTERS NOT GOVERNED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH ISP98, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE STATE OF NEW YORK. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BENEFICIARY AND THE ISSUER.
5. THE BENEFICIARY SHALL NOT BE DEEMED TO HAVE WAIVED ANY RIGHTS UNDER THIS LETTER OF CREDIT, UNLESS THE BENEFICIARY OR AN AUTHORIZED AGENT OF THE BENEFICIARY SHALL HAVE SIGNED A DATED WRITTEN WAIVER. NO SUCH WAIVER, UNLESS EXPRESSLY SO STATED THEREIN, SHALL BE EFFECTIVE AS TO ANY TRANSACTION THAT OCCURS SUBSEQUENT TO THE DATE OF THE WAIVER, NOR AS TO ANY CONTINUANCE OF A BREACH AFTER THE WAIVER.
6. A FAILURE TO MAKE ANY PARTIAL DRAWINGS AT ANY TIME SHALL NOT IMPAIR OR REDUCE THE AVAILABILITY OF THIS LETTER OF CREDIT IN ANY SUBSEQUENT PERIOD OR OUR OBLIGATION TO HONOR YOUR SUBSEQUENT DEMANDS FOR PAYMENT MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

Authorized Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Please direct any written correspondence, including drawing or inquiries to:

[Bank name, address and phone number]

**EXHIBIT D**

**RESERVED**

## **EXHIBIT E**

### **METHODOLOGY FOR CALCULATION OF MARK TO MARKET (MTM) EXPOSURE**

Disclaimer: The prices that appear in this Exhibit are purely hypothetical and are not based on or derived from any actual source for forward pricing. There are solely for purposes of illustration. As set forth in Article 14 (Creditworthiness) of this Agreement, the Mark to Market (MtM) Exposure is an amount calculated each Business Day for the Seller that reflects the financial exposure to the Buyer due to fluctuations in forward market prices for Energy. The Aggregate Buyer's Exposure is the sum of the calculated Buyer's Exposure for all Transactions under this Agreement and all other transactions under all Supply Master Agreements executed between the Parties pursuant to the PUC Orders to serve Buyer's Default Service Load. The Buyer's Exposure under each Transaction shall be calculated pursuant to the Supply Master Agreement under which the Transaction was executed.

This Exhibit E explains the methodology and data sources that the Buyer will use to calculate the MtM Exposure and total MtM Exposure.

On a Transaction Date, the Buyer's Exposure for that Transaction shall be deemed equal to zero. To the extent that the calculations of the Aggregate Buyer's Exposure for a given Business Day result in a negative number, the Aggregate Buyer's Exposure for such date shall be deemed equal to zero.

### **Calculation of the MtM Exposure and Total MtM Exposure**

For each Transaction, on each Business Day subsequent to the Transaction Date, the MtM Exposure will be calculated, with respect to each month remaining in the Delivery Period, as the sum of the following:

- the relevant month On-Peak Forward Price minus the relevant month On-Peak Initial Mark Price, multiplied by the relevant month On-Peak Energy Quantity
- the relevant month Off-Peak Forward Price minus the relevant month Off-Peak Initial Mark Price, multiplied by the relevant month Off-Peak Energy Quantity.

### **Parameters**

In calculating the MtM Exposure for each Transaction, the following parameters are set on the Transaction Date:

- On-Peak Initial Mark Price
- Off-Peak/On-Peak Price Ratio
- Off-Peak Initial Mark Price
- Number of awarded Energy Blocks
- Energy Block Size

In calculating the MtM Exposure for each Transaction, the following parameters are set each Business Day subsequent to the Transaction Date:

- On-Peak Forward Price
- Off-Peak Forward Price
- On-Peak Energy Quantity
- Off-Peak Energy Quantity

### **Process to Update the On-Peak Initial Mark Prices and Off-Peak Initial Mark Prices on a Daily Basis**

On each Business Day subsequent to the Transaction Date, the Pricing Agent will contact four Reference Market-Makers to obtain price quotes for on-peak and off-peak energy for PJM Western Hub. The Pricing Agent may not rely upon quotes from Seller or any Affiliate of Seller.

The updated mark for a month will be equal to the average mark for that month over all sources from which a quote is available. If a monthly quote is available from any source, only the monthly quote or monthly quotes shall be used. Where quotes provide a bid and ask, the average shall be used.

Where a quote for an individual month is unavailable, but the month is quoted as part of a “packaged” quote (e.g., January 2011 is only available in the form of a January/February 2011 “packaged” quote or an annual quote):

- If the other month/months of the package quote is/are also unavailable, then the marks for all months of the package will be calculated by multiplying the packaged quote by the ratio of the corresponding month to the corresponding calculated package quote from the previous day.

Example: There are no On-Peak quotes available on day X during the contract for July 2011 or August 2011. However, there is an On-Peak July/August 2011 packaged quote of \$73.00/MWh available. The On-Peak marks from day X-1 for July 2011 and August 2011 were \$73.50/MWh and \$76.50/MWh respectively. The day X On-Peak mark for July 2011 is set at  $73.00 * [73.50] / [(73.50 * 352) + (76.50 * 336)] / (352+336) = 73 * (73.50 / 74.97) = \$71.57/\text{MWh}$ . The day X On-Peak mark for August 2011 is set at  $73.00 * [76.50] / [(73.50 * 352) + (76.50 * 336)] / (352+336) = 73 * (76.50 / 74.97) = \$74.49/\text{MWh}$ .

- If the other month/months of the package quote is/are available, then the mark for the month will be set such that the average of the month and the other month(s) (weighted for either the On-Peak Hours or Off-Peak Hours as applicable) equals the packaged quote (see calculation example below).

Example: There are no On-Peak available for August 2011. However, there is an On-Peak July/August 2011 package quote available of \$75.00/MWh and an On-Peak July 2011 quote of \$73.00/MWh. The On-Peak mark for August 2011 is set at  $[75 * (352 + 336) - 73 * (336)] / [352 + 336] = \$77.10/\text{MWh}$ .

If, on a given Business Day, the Pricing Agent is not able to obtain quotes from the Reference Market-Makers, then Buyer will look to reasonable alternative sources of price data (excluding Seller or any Affiliate of Seller) and will rely on the prices from those alternative data sources to update the mark if pricing data is available from those alternative sources. As a reasonable alternative source of price data, the Buyer may use the following methodology:

- A calendar year on-peak/off-peak energy price, for the calendar year pertaining to the delivery period for which the On-Peak/Off-Peak Forward Price is being developed, is calculated using the following methodology:
  - First, a Market-Implied Heat Rate is calculated as the ratio of the calendar year On-Peak and/or Off-Peak forward energy price (calculated using On-Peak/Off-Peak Forward Prices) to the calendar year Henry Hub forward natural gas price (calculated using Henry Hub forward natural gas prices)

quoted by NYMEX) for the calendar year for which price data sufficient to calculate both prices are available and that is the farthest year in the future. As an alternative, the applicable Market-Implied Heat Rate may be determined by calculating the market-implied heat rates applicable to the last three years for which data are available that are the farthest in the future, and performing an extrapolation.

- Next, this calculated Market-Implied Heat Rate is applied to the calendar year Henry Hub forward natural gas price (calculated using Henry Hub forward natural gas prices quoted by NYMEX) for the calendar year pertaining to the delivery period for which the On-Peak/Off-Peak Forward Price is being developed.
- The resulting calculated calendar year price for on-peak or off-peak energy is converted into respective monthly prices by applying the inter-month shape of actual On-Peak/Off-Peak Forward Prices for the calendar year that is the farthest year in the future for which prices are available.

Quotes from the sources will be examined to identify quotes that are out of line and potentially invalid or are in obvious error. Sources will be asked to either correct or verify data that is anomalous and/or inconsistent with that provided by other sources or is in obvious error. If the data cannot be verified in time for the daily mark, the anomalous data will be discarded.

## **EXHIBIT F**

### **FORM OF GUARANTY**

#### **GUARANTY**

THIS GUARANTY (this "Guaranty"), dated as of \_\_\_\_\_, 20\_\_, is made by \_\_\_\_\_ (the "Guarantor"), a \_\_\_\_\_ organized and existing under the laws of \_\_\_\_\_ [a state of the United States or of the District of Columbia], in favor of PECO Energy Company (the "Guaranteed Party"), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania. Terms not defined herein shall have the meanings given to them in the Default Service Program Block Energy Supply Master Agreement dated \_\_\_\_\_, 20\_\_ (as amended, modified or extended from time to time, the "Agreement(s)"), between the Guaranteed Party and \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of \_\_\_\_\_ (the "Seller"). This Guaranty is made by Guarantor in consideration for, and as an inducement for the Guaranteed Party to enter into, the Agreement(s) with the Seller. Guarantor, subject to the terms and conditions hereof, hereby unconditionally, irrevocably and absolutely guarantees to the Guaranteed Party the full and prompt payment when due, subject to any applicable grace period, of all payment obligations of the Seller to the Guaranteed Party arising out of the Agreement(s). Without limiting the generality of the foregoing, Guarantor further agrees as follows:

1. The Guarantor, as primary obligor and not merely as surety, hereby irrevocably and unconditionally guarantees the full and prompt payment when due (whether by acceleration or otherwise) of any sums due and payable by the Seller as a result of an Event of Default under the Agreement(s) (including, without limitation, indemnities, damages, fees and interest thereon, pursuant to the terms of the Agreement(s)). [Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Guarantor under this Guaranty shall in no event exceed \$\_\_\_\_, excluding the value of other liquid securities posted by the Seller under the Agreement(s).] All such principal, interest, obligations and liabilities, collectively, are the "Guaranteed Obligations". This Guaranty is a guarantee of payment and not of collection.

2. The Guarantor hereby waives diligence, acceleration, notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives presentment and all demands whatsoever except as noted herein, notice of protest, notice of dishonor or nonpayment of any such liability, suit or taking of other action by Guaranteed Party against, and any other notice to, any party liable thereon (including the Guarantor), filing of claims with a court in the event of the insolvency or bankruptcy of the Seller, and any right to require a proceeding first against the Seller.

3. The Guaranteed Party may, at any time and from time to time, without notice to or consent of the Guarantor, without incurring responsibility to the Guarantor and without impairing or releasing the obligations of the Guarantor hereunder, upon or without any terms or conditions: (a) take or refrain from taking any and all actions with respect to the Guaranteed Obligations, any Agreement(s) with respect to the Guaranteed Obligations or any person (including the Seller) that the Guaranteed Party determines in its sole discretion to be necessary



or appropriate; (b) take or refrain from taking any action of any kind in respect of any security for any Guaranteed Obligation(s) or liability of the Seller to the Guaranteed Party; or (c) compromise or subordinate any Guaranteed Obligation(s) or liability of the Seller to the Guaranteed Party including any security therefor.

4. Subject to the terms and conditions hereof, the obligations of the Guarantor under this Guaranty are absolute, irrevocable and unconditional and, shall not be released, discharged or otherwise affected by: (a) any extension, renewal, settlement, compromise, waiver, consent, discharge or release by the Seller concerning any provision of the Agreement(s) governing any of the Guaranteed Obligations of the Seller; (b) the rendering of any judgment against the Seller or any action to enforce the same; (c) the existence, or extent of, any release, exchange, surrender, non-perfection or invalidity of any direct or indirect security for any of the Guaranteed Obligations; (d) any modification, amendment, waiver, extension of or supplement to any of the Agreement(s) or the Guaranteed Obligations agreed to from time to time by the Seller and the Guaranteed Party; (e) any change in the corporate existence (including its constitution, laws, rules, regulations or powers), structure or ownership of the Seller or the Guarantor, or any insolvency, bankruptcy, reorganization or other similar proceedings affecting the Seller, its assets or the Guarantor; (f) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Seller, the Guaranteed Party, whether in connection herewith or in connection with any unrelated transaction; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim; and (g) the invalidity, irregularity or unenforceability in whole or in part of the Agreement(s) or any Guaranteed Obligations or any instrument evidencing any Guaranteed Obligations or the absence of any action to enforce the same.

5. The Guarantor hereby irrevocably waives (a) any right of reimbursement or contribution, and (b) any right of salvage against the Seller or any collateral security or guaranty or right of offset held by the Guaranteed Party therefor.

6. The Guarantor will not exercise any rights, which it may acquire by way of subrogation until all Guaranteed Obligations to the Guaranteed Party pursuant to the Agreement(s) have been paid in full.

7. Subject to the terms and conditions hereof, this Guaranty is a continuing Guaranty and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. Except for a failure to comply with any applicable statute of limitations, no failure or delay on the part of the Guaranteed Party in exercising any right, power or privilege hereunder, and no course of dealing between the Guarantor and the Guaranteed Party, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, powers and remedies herein expressly provided are cumulative and not exclusive of any rights, powers or remedies, which the Guaranteed Party would otherwise have. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Guaranteed Party to any other or further action in any circumstances without notice or demand.

8. This Guaranty shall be binding upon the Guarantor and upon its successors and assigns and shall inure to the benefit of and be enforceable by the Guaranteed Party and its successors

and assigns; provided, however, that the Guarantor may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Guaranteed Party. The assignment rights of the Guaranteed Party will be in accordance with any applicable terms of the Agreement(s).

9. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated except upon written agreement of the Guaranteed Party and the Guarantor.

10. The Guarantor's liability as guarantor shall continue and remain in full force and effect in the event that all or any part of any payment made hereunder or any obligation or liability guaranteed hereunder is recovered (as a fraudulent conveyance, preference or otherwise) rescinded or must otherwise be reinstated or returned due to bankruptcy or insolvency laws or otherwise. If claim is ever made upon the Guaranteed Party for repayment or recovery of any amount or amounts received from the Guarantor or the Seller in payment or on account of any of the Guaranteed Obligations and the Guaranteed Party repays all or part of such amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property, or (b) any settlement or compromise of any such claim effected by such payee with any such claimant (including the Guarantor), then and in such event the Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon it, notwithstanding any revocation hereof or the cancellation of the Agreement(s) or other instrument evidencing any liability of the Guarantor, and the Guarantor shall be and remain liable to the Guaranteed Party hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by the Guaranteed Party.

11. Subject to Paragraph 10, this Guaranty shall remain in full force and effect until all Guaranteed Obligations have been fully and finally performed, at which point it will expire. The Guarantor may terminate this Guaranty upon thirty (30) days prior written notice to the Guaranteed Party which termination shall be effective only upon receipt by the Guaranteed Party of alternative means of security or credit support, as specified in the Agreement(s) and in a form reasonably acceptable to the Guaranteed Party. Upon the effectiveness of any such expiration or termination, the Guarantor shall have no further liability under this Guaranty, except with respect to the Guaranteed Obligations arising or created prior to the time the expiration or termination is effective, which Guaranteed Obligations shall remain guaranteed pursuant to the terms of this Guaranty until finally and fully performed.

12. All notices and other communications hereunder shall be made at the addresses by hand delivery, by next day delivery service effective upon receipt, or by certified mail return receipt requested (effective upon scheduled weekday delivery day) or telefacsimile (effective upon receipt of evidence, including telefacsimile evidence, that telefacsimile was received)

If to the Guarantor: *[To be completed]*

If to the Guaranteed Party: *[To be completed]*

13. The Guarantor represents and warrants that: (a) it is duly organized and validly existing under the laws of the jurisdiction in which it was organized and has the power and authority to execute, deliver, and perform this Guaranty; (b) no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over the Guarantor is required on the part of the Guarantor for the execution, delivery and performance of this Guaranty except for those already made or obtained; (c) this Guaranty constitutes a valid and legally binding agreement of the Guarantor, and is enforceable against the Guarantor; and (d) the execution, delivery and performance of this Guaranty by the Guarantor have been and remain duly authorized by all necessary corporate or comparable action and do not contravene any provision of its [insert appropriate corporate organizational document, such as Declaration of Trust, Limited Liability Company Agreement, Articles of Incorporation and by-laws] or any law, regulation or contractual restriction binding on it or its assets.

14. This Guaranty and the rights and obligations of the Seller and the Guarantor hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania. The Guarantor and Guaranteed Party jointly and severally agree and irrevocably submit to the exclusive jurisdiction of state and federal courts located in the Commonwealth of Pennsylvania over any disputes arising or relating to this Guaranty and waive and agree not to assert as a defense any objections to venue or inconvenient forum. The Guarantor and the Guaranteed Party consent to and grant any such court jurisdiction over the person of such party and over the subject matter of such dispute and agree that summons or other legal process in connection with any such action or proceeding shall be deemed properly and effectively served when sent by certified U.S. mail, return receipt requested, to the address of the other party set forth in Paragraph 12 hereof, or in such other manner as may be permitted by law. The Guarantor and the Guaranteed Party each hereby irrevocably waives any and all rights to trial by jury with respect to any legal proceeding arising out of or relating to this Guaranty.

15. This writing is the complete and exclusive statement of the terms of this Guaranty and supersedes all prior oral or written representations, understandings, and agreement(s) between the Guaranteed Party and the Guarantor with respect to subject matter hereof. The Guaranteed Party and the Guarantor agree that there are no conditions to the full effectiveness of this Guaranty.

16. Every provision of this Guaranty is intended to be severable. If any term or provision hereof is declared to be illegal or invalid for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

17. If the Guarantor is a trust: no trustee of the Guarantor shall be held to any liability whatsoever for any obligation under this Guaranty, and this Guaranty shall not be enforceable against any such trustee in their or its, his or her individual capacities or capacity; and this Guaranty shall be enforceable against the trustees of the Guarantor only as such, and every person, firm, association, trust or corporation having any claim or demand arising under this Guaranty and relating to the Guarantor or any trustee of the Guarantor shall look solely to the trust estate of the Guarantor for the payment or satisfaction thereof.

IN WITNESS WHEREOF, the Guarantor and the Guaranteed Party have caused this Guaranty to be executed and delivered as of the date first written above to be effective as of the earliest effective date of any of the Agreement(s).

Accepted and Agreed to:

[GUARANTOR]

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

PECO ENERGY COMPANY

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## **EXHIBIT G**

### **[OPINION OF SELLER'S COUNSEL]**

\_\_\_\_\_, 200\_

PECO Energy Company

\_\_\_\_\_  
\_\_\_\_\_

Ladies and Gentlemen:

We have acted as counsel to \_\_\_\_\_ (the "Seller") in connection with the Default Service Program Block Energy Supply Master Agreement (the "Agreement") between Seller and PECO Energy Company (the "Buyer") executed by Seller on [date]. Unless otherwise defined in this opinion, capitalized terms are used herein as defined in the Agreement.

In acting as counsel to the Seller, we have examined the Agreement. We have also examined such other documents, records and instruments and made such examination of law, as we have deemed necessary in connection with the opinions set forth below.

We have assumed the genuineness of all signatures (other than signatures of officers or other representatives of the Seller), the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed, photostatic or facsimile copies, the authenticity of the originals of all documents submitted to us as copies, and that the documents reviewed by us, other than the Agreement, have not been modified, amended, changed or supplemented in any material respect after the respective dates of our review thereof. We have also assumed that the Agreement is the legal, valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms.

As to any facts that are material to the opinions hereinafter expressed that we did not independently establish or verify, we have, with your consent, relied without investigation upon the representations of the Seller contained in the Agreement and upon certificates of officers of the Seller, although we advise you that nothing has come to our attention that has caused us to believe that such reliance is unwarranted.

On the basis of the foregoing, and subject to the qualifications, limitations, assumptions and exceptions set forth herein, we are of the opinion that:

1. The Seller is duly organized and validly existing in good standing under the laws of \_\_\_\_\_ [jurisdiction of incorporation or organization], and has the requisite power and authority to execute, deliver and perform its obligations under the Agreement.
2. The execution and delivery by the Seller of, and the performance by the Seller of its obligations under, the Agreement, have been duly authorized by all necessary [corporate, limited liability, partnership or other] action.
3. The Agreement has been duly executed and delivered by the Seller and, upon execution by Buyer, constitutes the legally valid and binding agreement of the Seller, enforceable against the Seller in accordance with its terms, subject to customary exceptions for laws affecting the rights of creditors generally and general principles of equity.
4. No permits, licenses, authorizations, consents or approvals by or from, or filings or registrations with, any governmental authority or agency in [specified jurisdiction] are required in connection with the execution, delivery or performance by the Seller of the Agreement which have not been obtained or made.
5. The execution and delivery by the Seller of the Agreement, and compliance by the Seller with the provisions thereof, do not and will not (i) result in a violation of the organizational or constitutive documents of the Seller, or (ii) conflict with or constitute a breach of any applicable law or regulation of [specified jurisdiction].

The foregoing opinions are subject to the following additional qualification:

- A. Provisions of the Agreement relating to indemnification or exculpation may be limited by public policy or by law.
- B. The opinions expressed herein are limited to the laws of [specified jurisdiction], and we express no opinion as to the laws of any other jurisdiction.

This opinion letter is effective only as of the date hereof. We do not assume responsibility for updating this opinion letter as of any date subsequent to its date, and we assume no responsibility for advising you of any changes with respect to any matters described in this opinion letter that may occur, or facts that may come to our attention, subsequent to the date hereof.

This opinion is rendered to the addressees hereof and is intended solely for their benefit in connection with the transactions described herein. This opinion may not be relied upon by such addressees or any other person or entity for any other purpose, or quoted or furnished to or relied upon by any other person, firm or corporation for any purpose, without our prior written consent.

Very truly yours,

**[OPINION OF GUARANTOR'S COUNSEL]**

\_\_\_\_\_, 200\_\_

PECO Energy Company

\_\_\_\_\_

\_\_\_\_\_

Ladies and Gentlemen:

We have acted as counsel to \_\_\_\_\_ (the "Guarantor") with respect to a Guaranty Agreement, dated as of \_\_\_\_\_ (the "Guaranty") issued by the Guarantor in relation to a Default Service Program Block Energy Supply Master Agreement between PECO Energy Company (the "Buyer") and \_\_\_\_\_ (the "Seller") executed by Seller on [date]. Unless otherwise defined in this opinion, capitalized terms are used herein as defined in the Agreement.

In acting as counsel to the Guarantor, we have examined the original Default Service Program Supply Master Agreement executed by the Seller and the original Guaranty issued by the Guarantor. We have also examined such other documents, records and instruments and made such examination of law, as we have deemed necessary in connection with the opinions set forth below.

We have assumed the genuineness of all signatures (other than signatures of officers of the Guarantor), the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed, photostatic or facsimile copies, the authenticity of the originals of all documents submitted to us as copies, and that the documents reviewed by us, other than the Guaranty and the Agreement, have not been modified, amended, changed or supplemented in any material respect after the respective dates of our review thereof. We have also assumed that the Agreement is the legal, valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with its terms.

On the basis of the foregoing, and subject to the qualifications, limitations, assumptions and exceptions set forth herein, we are of the opinion that:

1. The Guarantor is duly organized and validly existing in good standing under the laws of \_\_\_\_\_ [jurisdiction of incorporation or organization], and has the requisite power and authority to execute, deliver and perform its obligations under the Guaranty.

2. The execution and delivery by the Guarantor of, and the performance by the Guarantor of its obligations under, the Guaranty, have been duly authorized by all necessary [corporate, limited liability, partnership or other] action.
3. The Guaranty has been duly executed and delivered by the Guarantor and constitutes the legally valid and binding agreement of the Guarantor, enforceable against the Guarantor in accordance with its terms, subject to customary exceptions for laws affecting the rights of creditors generally and general principles of equity.
4. No permits, licenses, authorizations, consents or approvals by or from, or filings or registrations with, any governmental authority or agency in [specified jurisdiction] are required in connection with the execution, delivery or performance by the Guarantor of the Guaranty which have not been obtained or made.
5. The execution and delivery by the Guarantor of the Guaranty, and compliance by the Guarantor with the provisions thereof, do not and will not (i) result in a violation of the organizational or constitutive documents of the Guarantor, or (ii) conflict with or constitute a breach of any applicable law or regulation of [specified jurisdiction].
6. The payment obligations of the Guarantor under the Guaranty constitute unsubordinated general obligations of the Guarantor and rank pari passu with all unsecured and unsubordinated obligations of the Guarantor.

The opinions expressed herein are limited to the laws of [specified jurisdiction], and we express no opinion as to the laws of any other jurisdiction.

This opinion letter is effective only as of the date hereof. We do not assume responsibility for updating this opinion letter as of any date subsequent to its date, and we assume no responsibility for advising you of any changes with respect to any matters described in this opinion letter that may occur, or facts that may come to our attention, subsequent to the date hereof.

This opinion is rendered to the addressees hereof and is intended solely for their benefit in connection with the transactions described herein. This opinion may not be relied upon by such addressees or any other person or entity for any other purpose, or quoted or furnished to or relied upon by any other person, firm or corporation for any purpose, without our prior written consent.

Very truly yours,



## **EXHIBIT H**

### **FORM OF NOTICE**

Any notices required under this Agreement shall be made as follows:

#### **Buyer:**

##### **All Notices:**

Street:

City/State/Zip:

Attn:

Facsimile:

Duns:

Federal Tax ID Number:

##### **Invoices:**

Attn:

Phone:

Facsimile:

##### **Scheduling:**

Attn:

Phone:

Facsimile:

##### **Payments:**

Attn:

Phone:

Facsimile:

##### **Wire Transfer:**

BNK:

ABA:

ACCT:

#### **Seller:**

##### **All Notices:**

Street:

City/State/Zip

Attn:

Facsimile:

Duns:

Federal Tax ID Number:

##### **Invoices:**

Attn:

Phone:

Facsimile:

##### **Scheduling:**

Attn:

Phone:

Facsimile:

##### **Payments:**

Attn:

Phone:

Facsimile:

##### **Wire Transfer**

BNK:

ABA:

ACCT:

**Credit and Collections:**

Attn:

Phone:

Facsimile:

**With additional Notices of an**

**Event of Default to:**

Attn:

Phone:

Facsimile:

**Credit and Collections:**

Attn:

Phone:

Facsimile:

**With Additional Notices of an**

**Event of Default to:**

Attn:

Phone:

Facsimile:

**EXHIBIT I**

**RESERVED**

**EXHIBIT J**

**RESERVED**

## **APPENDIX D-2**

## Appendix 2 - Subsequent Solicitations

### Tentative Schedule for Subsequent Solicitations

The tentative schedules for future solicitations are provided in this Appendix 2. These schedules may be modified in accordance with Paragraph I.1.5 of the RFP Rules.

Activity	Date
<b>Fall 2009 Solicitation</b>	
Prospective suppliers participate in the Guaranty Process	Friday, July 10, 2009
Approved modifications to Form of Guaranty posted	Tuesday, July 28, 2009
Decision on alternate guaranty forms	Friday, July 31, 2009
Bidder Information Session	Friday, August 7, 2009
Part 1 Proposal Window Opens	Tuesday, August 25, 2009
Part 1 Date (Part 1 Proposal Window Closes)	Tuesday, September 01, 2009
Part 1 Notification Date	Friday, September 04, 2009
Part 2 Proposal Window Opens	Tuesday, September 08, 2009
Bid Submission training	Thursday, September 10, 2009
Part 2 Date (Part 2 Proposal Window Closes)	Tuesday, September 15, 2009
Part 2 Notification Date	Friday, September 18, 2009
Bid Date (Bids are Due)	Monday, September 21, 2009
PUC Decision (close of business)	Tuesday, September 22, 2009

If Bids are approved by the PUC:

PECO executes the Block Energy SMA

PECO sends Transaction Confirmations by overnight delivery service

Within two business days of the Bid Date  
By noon of the third business day after the Bid Date

Block Energy Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s)  
By 2:00 PM on the fourth business day after the Bid Date

Activity	Date
<b>Spring 2010 Solicitation</b>	
Prospective suppliers participate in the Guaranty Process	Friday, March 05, 2010
Approved modifications to Form of Guaranty posted	Wednesday, March 24, 2010
Decision on alternate guaranty forms	Friday, March 26, 2010
Bidder Information Session	Friday, April 2, 2010
Part 1 Proposal Window Opens	Tuesday, April 27, 2010
Part 1 Date (Part 1 Proposal Window Closes)	Tuesday, May 04, 2010
Part 1 Notification Date	Friday, May 07, 2010
Part 2 Proposal Window Opens	Tuesday, May 11, 2010
Bid Submission training	Thursday, May 13, 2010
Part 2 Date (Part 2 Proposal Window Closes)	Tuesday, May 18, 2010
Part 2 Notification Date	Friday, May 21, 2010
Bid Date (Bids are Due)	Monday, May 24, 2010
PUC Decision (close of business)	Tuesday, May 25, 2010
<u>If Bids are approved by the PUC:</u>	
PECO executes the Block Energy SMA	Within two business days of the Bid Date
PECO sends Transaction Confirmations by overnight delivery service	By noon of the third business day after the Bid Date
Block Energy Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s)	By 2:00 PM on the fourth business day after the Bid Date

**Fall 2010 Solicitation**

Prospective suppliers participate in the Guaranty Process	Friday, July 09, 2010
Approved modifications to Form of Guaranty posted	Tuesday, July 27, 2010
Decision on alternate guaranty forms	Thursday, July 29, 2010
Bidder Information Session	Friday, August 06, 2010
Part 1 Proposal Window Opens	Tuesday, August 24, 2010
Part 1 Date (Part 1 Proposal Window Closes)	Tuesday, August 31, 2010
Part 1 Notification Date	Friday, September 03, 2010
Part 2 Proposal Window Opens	Tuesday, September 07, 2010
Bid Submission training	Thursday, September 09, 2010
Part 2 Date (Part 2 Proposal Window Closes)	Tuesday, September 14, 2010
Part 2 Notification Date	Friday, September 17, 2010
Bid Date (Bids are Due)	Monday, September 20, 2010
PUC Decision (close of business)	Tuesday, September 21, 2010
<u>If Bids are approved by the PUC:</u>	
PECO executes the Block Energy SMA	Within two business days of the Bid Date
PECO sends Transaction Confirmations by overnight delivery service	By noon of the third business day after the Bid Date
Block Energy Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s)	By 2:00 PM on the fourth business day after the Bid Date



Spring 2011 Solicitation

Prospective suppliers participate in the Guaranty Process	Friday, March 04, 2011
Approved modifications to Form of Guaranty posted	Wednesday, March 23, 2011
Decision on alternate guaranty forms	Friday, March 25, 2011
Bidder Information Session	Friday, April 01, 2011
Part 1 Proposal Window Opens	Tuesday, April 26, 2011
Part 1 Date (Part 1 Proposal Window Closes)	Tuesday, May 03, 2011
Part 1 Notification Date	Friday, May 06, 2011
Part 2 Proposal Window Opens	Tuesday, May 10, 2011
Bid Submission training	Thursday, May 12, 2011
Part 2 Date (Part 2 Proposal Window Closes)	Tuesday, May 17, 2011
Part 2 Notification Date	Friday, May 20, 2011
Bid Date (Bids are Due)	Monday, May 23, 2011
PUC Decision (close of business)	Tuesday, May 24, 2011

If Bids are approved by the PUC:

PECO executes the Block Energy SMA

PECO sends Transaction Confirmations by overnight delivery service

Within two business days of the Bid Date

By noon of the third business day after the Bid Date

Block Energy Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s) By 2:00 PM on the fourth business day after the Bid Date

**Fall 2011 Solicitation**

Prospective suppliers participate in the Guaranty Process	Friday, July 08, 2011
Approved modifications to Form of Guaranty posted	Tuesday, July 26, 2011
Decision on alternate guaranty forms	Thursday, July 28, 2011
Bidder Information Session	Friday, August 05, 2011
Part 1 Proposal Window Opens	Tuesday, August 23, 2011
Part 1 Date (Part 1 Proposal Window Closes)	Tuesday, August 30, 2011
Part 1 Notification Date	Friday, September 02, 2011
Part 2 Proposal Window Opens	Tuesday, September 06, 2011
Bid Submission training	Thursday, September 08, 2011
Part 2 Date (Part 2 Proposal Window Closes)	Tuesday, September 13, 2011
Part 2 Notification Date	Friday, September 16, 2011
Bid Date (Bids are Due)	Monday, September 19, 2011
PUC Decision (close of business)	Tuesday, September 20, 2011

**If Bids are approved by the PUC:**

PECO executes the Block Energy SMA

PECO sends Transaction Confirmations by overnight delivery service

Within two business days of the Bid Date  
By noon of the third business day after the Bid Date

Block Energy Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s) By 2:00 PM on the fourth business day after the Bid Date

**Spring 2012 Solicitation**

Prospective suppliers participate in the Guaranty Process	Friday, February 03, 2012
Approved modifications to Form of Guaranty posted	Wednesday, February 22, 2012
Decision on alternate guaranty forms	Friday, February 24, 2012
Bidder Information Session	Friday, March 02, 2012
Part 1 Proposal Window Opens	Tuesday, March 20, 2012
Part 1 Date (Part 1 Proposal Window Closes)	Tuesday, March 27, 2012
Part 1 Notification Date	Friday, March 30, 2012
Part 2 Proposal Window Opens	Tuesday, April 03, 2012
Bid Submission training	Thursday, April 05, 2012
Part 2 Date (Part 2 Proposal Window Closes)	Tuesday, April 10, 2012
Part 2 Notification Date	Friday, April 13, 2012
Bid Date (Bids are Due)	Monday, April 16, 2012
PUC Decision (close of business)	Tuesday, April 17, 2012
If Bids are approved by the PUC:	
PECO executes the Block Energy SMA	Within two business days of the Bid Date
PECO sends Transaction Confirmations by overnight delivery service	By noon of the third business day after the Bid Date
Block Energy Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s)	By 2:00 PM on the fourth business day after the Bid Date

**Fall 2012 Solicitation**

Prospective suppliers participate in the Guaranty Process	Friday, July 06, 2012
Approved modifications to Form of Guaranty posted	Tuesday, July 24, 2012
Decision on alternate guaranty forms	Thursday, July 26, 2012
Bidder Information Session	Friday, August 03, 2012
Part 1 Proposal Window Opens	Tuesday, August 21, 2012
Part 1 Date (Part 1 Proposal Window Closes)	Tuesday, August 28, 2012
Part 1 Notification Date	Friday, August 31, 2012
Part 2 Proposal Window Opens	Tuesday, September 04, 2012
Bid Submission training	Thursday, September 06, 2012
Part 2 Date (Part 2 Proposal Window Closes)	Tuesday, September 11, 2012
Part 2 Notification Date	Friday, September 14, 2012
Bid Date (Bids are Due)	Monday, September 17, 2012
PUC Decision (close of business)	Tuesday, September 18, 2012
<u>If Bids are approved by the PUC:</u>	
PECO executes the Block Energy SMA	Within two business days of the Bid Date
PECO sends Transaction Confirmations by overnight delivery service	By noon of the third business day after the Bid Date
Block Energy Supplier meets the creditworthiness requirements and executes all Transaction Confirmation(s)	By 2:00 PM on the fourth business day after the Bid Date

### Number of Blocks of each Product in each Subsequent Solicitation

Description	Product Term	Blocks for Residential Class					
		Fall 2009	Spring 2010	Fall 2010	Spring 2011	Fall 2011	Spring 2012
Baseload	January 2011-December 2011	4	4	4			Fall 2012
	January 2011-December 2012		5	5			
	January 2011-December 2015		5				
Winter Peak	January 2011 - February 2011		4	4			
Summer Peak	June 2011- August 2011			6	7		
Winter Peak	December 2011 - February 2012				4	4	
Baseload	January 2012 - December 2012				8	8	
Summer Peak	June 2012 - August 2012					6	7
Winter Peak	December 2012 - February 2013						4
Baseload	January 2013 - December 2013						8
	January 2013 - December 2014						5

Please note that the quantities of remaining products with delivery beginning on December 1, 2011 or later will be subject to an adjustment mechanism based on the updated data for the Default Service Load of the Residential Class.

## RFP Requirements for Subsequent Solicitations

There are a total of eight (8) solicitations pursuant to this RFP. RFP Bidders qualified in a previous solicitation may participate in an abbreviated qualification process. This next table provides, for each requirement of the Part 1 Proposal, a comparison of the requirements in a first solicitation with the requirements under an abbreviated process.

### Part 1 Proposal Requirements

Section	Description of Requirement in First Solicitation	Abbreviated Process
Section 1	<p><u>Contact information:</u></p> <ol style="list-style-type: none"> <li>1) the RFP Bidder's legal name and address;</li> <li>2) the name, title, and full contact information of the Officer of the RFP Bidder;</li> <li>3) the name, title, and full contact information of an individual named by the Officer of the RFP Bidder who will serve as Representative of the RFP Bidder for purposes of this RFP.</li> </ol>	To correct or confirm information of Officer and Representative currently on file.
Section 1	<p><u>General Certifications by Officer of the RFP Bidder:</u></p> <ol style="list-style-type: none"> <li>1) He/She is an officer, a director, or an individual otherwise authorized to undertake contracts (including the Block Energy SMA) and bind the RFP Bidder.</li> <li>2) The Part 1 Proposal will remain valid and remain in full force and effect until five (5) business days after the Bid Date.</li> <li>3) To the best of his/her knowledge and belief, all information provided in the Part 1 Proposal is true and accurate.</li> <li>4) If, for any reason or due to any circumstance, any information provided in the Part 1 Proposal changes or any previous certification fails to</li> </ol>	To make the certifications as in the first solicitation.

Section	Description of Requirement in First Solicitation	Abbreviated Process
	remain valid before the fifth business day after the Bid Date, he/she or the Representative will notify the Independent Evaluator of such changes as soon as practicable.	
Section 2	<p><u>Credit and Financial Requirements:</u></p> <ol style="list-style-type: none"> <li>1) Elect Entity for whose financial standing the RFP Bidder is relying;</li> <li>2) Provide most recent SEC Form 10-Q for the Entity. If unavailable, provide the most recent quarterly, monthly, or bi-annual financial information accompanied by CFO Attestation.</li> <li>3) Provide Credit Ratings and Documentation.</li> <li>4) Provide Draft Pre-Bid LC (optional)</li> <li>5) Provide Draft Post-Bid LC (optional)</li> </ol>	To resubmit the financial statements required under 2); to state that other credit and financial information provided in previous solicitation remains up-to-date and accurate, or to resubmit information required by this section.
Section 2	<p><u>Certification Regarding RFP Bidder's Ability to Perform by Officer of the RFP Bidder:</u></p> <p>The RFP Bidder has no pending legal proceedings or, to its knowledge, threatened legal proceedings against it or any of its affiliates that could materially adversely affect its ability to perform its obligations under the Block Energy SMA and each Transaction Confirmation.</p>	To make the listed certification as in the first solicitation.
Section 2	Information/Elections needed to prepare the Block Energy SMA, including all necessary exhibits and the guaranty, if applicable.	If RFP Bidder is an existing Block Energy Supplier pursuant to previous solicitation(s), the RFP Bidder only needs to provide information related to the

Section	Description of Requirement in First Solicitation	Abbreviated Process
		<p>guaranty.</p> <p>All other RFP Bidders must provide the listed information.</p>
Section 3	<p><u>Regulatory Representations by the Officer of the RFP Bidder:</u></p> <ol style="list-style-type: none"> <li>1) RFP Bidder has FERC authorization to make sales of energy at market-based rates in PJM.</li> <li>2) RFP Bidder (i) is a member in good standing of PJM; and (ii) is qualified as a PJM “Market Buyer” and “Market Seller” pursuant to the PJM Agreements.</li> </ol>	<p>If RFP Bidder is an existing Block Energy Supplier pursuant to previous solicitation(s) and the supply period has begun, the RFP Bidder need not submit the certifications.</p>
Section 4	<p><u>Additional Certifications by the Officer of the RFP Bidder:</u></p> <ol style="list-style-type: none"> <li>1) He/She has read the Block Energy SMA, that the RFP Bidder accepts all of the terms of the Block Energy SMA without modifications, and that the RFP Bidder will execute Transaction Confirmation(s) for all Bids approved by the Commission.</li> <li>2) He/She acknowledges that the submission of the Part 1 Proposal constitutes the RFP Bidder’s acknowledgement and acceptance of all the terms and conditions of this RFP, regardless of the outcome of the solicitation or the outcome of such Proposal.</li> <li>3) He/She certifies that the RFP Bidder is not part of a bidding agreement, a joint venture for purposes of participating in any solicitation for this Block Energy RFP or for the Full Requirements RFP, a bidding consortium, or any other type of agreement related to bidding in any solicitation of these RFPs.</li> </ol>	<p>Officer of the RFP Bidder makes the third certification; other certifications need not be resubmitted.</p>



Section	Description of Requirement in First Solicitation	Abbreviated Process
Section 5	<p>If RFP Bidder is submitting a Proposal under an Agency Agreement, the following must be provided:</p> <ol style="list-style-type: none"> <li>1) Name of Principal(s);</li> <li>2) Copy of Agency Agreement;</li> <li>3) Officer of the RFP Bidder must certify that he/she has the authority to bind the Principal(s) under the Agency Agreement provided with the Part 1 Proposal. He/She acknowledges that with the Part 2 Proposal, he/she will be required to submit an Officers' Certificate signed by an officer of each Principal substantially in the form of Appendix 8 to the RFP Rules;</li> <li>4) Provide draft Officers' Certificate for evaluation (optional).</li> </ol>	To state that information provided in previous solicitation remains up-to-date and accurate, or to resubmit information required by this section.
Section 6	<p><u>Acknowledgment by Officer of the RFP Bidder if RFP Bidder is a Foreign RFP Bidder:</u></p> <p>He/She acknowledges that the following additional documents are required with the Part 2 Proposal for the Foreign RFP Bidder to be granted unsecured credit under the terms of the Block Energy SMA: an executed legal opinion of counsel qualified to practice in the foreign jurisdiction that the Block Energy SMA is binding, a sworn certificate of the corporate secretary that the person executing the Block Energy SMA is so authorized and that its governing board has approved the execution of the Block Energy SMA, and a sworn certificate of the corporate secretary that its governing board has authorized agreements of the same type as the Block Energy SMA in the past.</p> <ol style="list-style-type: none"> <li>1) Provide draft opinion letter that the Block Energy SMA is binding (optional);</li> <li>2) Provide draft sworn certificate that the person executing the Block</li> </ol>	Not needed.

Section	Description of Requirement in First Solicitation	Abbreviated Process
	<p>Energy SMA is authorized and approved by the Board (optional);</p> <p>3) Provide draft sworn certificate that the governing board has authorized agreement of the same type as the Block Energy SMA in the past (optional).</p>	
Section 6	<p><u>Acknowledgment by Officer of the RFP Bidder if RFP Bidder is relying on the financial standing of an RFP Guarantor that is a Foreign Entity:</u></p> <p>He/She acknowledges that the following additional documents are required with the Part 2 Proposal for the RFP Guarantor to be granted unsecured credit and for the RFP Bidder to rely on the financial standing of the RFP Guarantor under the terms of the Block Energy SMA: an executed legal opinion of counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Block Energy SMA is binding, a sworn certificate of the corporate secretary that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Block Energy SMA, and a sworn certificate of the corporate secretary that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Block Energy SMA in the past.</p> <p>1) Provide draft opinion letter that the guaranty is binding (optional);</p> <p>2) Provide draft sworn certificate that the person executing the guaranty is authorized and approved by the Board (optional);</p> <p>3) Provide draft sworn certificate that the governing board has authorized agreement of the same type as the guaranty pursuant to the Block Energy SMA in the past (optional).</p>	Not needed.
Section 6	<u>Acknowledgment by Officer of the RFP Bidder if RFP Bidder is submitting a</u>	Not needed.

Section	Description of Requirement in First Solicitation	Abbreviated Process
	<p><u>Proposal under an Agency Agreement and the Principal is a Foreign Entity:</u></p> <p>He/She acknowledges that the following additional documents are required with the Part 2 Proposal for the RFP Bidder and its Principal to be granted unsecured credit under the terms of the Block Energy SMA: an executed legal opinion of counsel qualified to practice in the foreign jurisdiction that the Block Energy SMA is binding and a sworn certificate of the corporate secretary that its governing board has authorized agreements of the same type as the Block Energy SMA in the past.</p> <ol style="list-style-type: none"><li>1) Provide draft opinion letter that the Block Energy SMA is binding (optional);</li><li>2) Provide draft sworn certificate that the governing board has authorized agreement of the same type as the Block Energy SMA in the past (optional).</li></ol>	

**Part 2 Proposal Requirements**

The Block Energy SMA, including all necessary exhibits and two (2) signed originals of the guaranty are returned to losing RFP Bidders within 2 business days of the Bid Date. In subsequent solicitations, RFP Bidders who are Block Energy Suppliers need not provide certain Block Energy SMA documents. All RFP Bidders that are relying on the financial standing of an RFP Guarantor must provide two (2) signed originals of the guaranty. Should the RFP Bidder win additional blocks in the solicitation, the submitted guaranty will replace the existing guaranty, which will be returned to the RFP Bidder.

This next table provides, for each requirement of the Part 2 Proposal, a comparison of the requirements in a first solicitation with the requirements under an abbreviated process.

Section	Description of Requirement in First Solicitation	Abbreviated Process
Section 1	<p><u>Contact information:</u></p> <p>Along with the RFP Bidder's Part 1 Notification, the Independent Evaluator provides a Record of Contact Information, the Officer of the RFP Bidder must:</p> <ol style="list-style-type: none"> <li>1) Confirm Record of Contact Information; or</li> <li>2) Provide correction to contact information.</li> </ol>	To correct or confirm contact information.
Section 1	<p><u>Representations of the Officer of the RFP Bidder:</u></p> <ol style="list-style-type: none"> <li>1) He/She certifies that the Part 2 Proposal will remain valid and remain in full force and effect until five (5) business days after the Bid Date.</li> <li>2) He/She certifies that all information provided in the Part 2 Proposal is true and accurate to the best of his/her knowledge and belief.</li> <li>3) He/She certifies that the RFP Bidder is bidding independently and that it has no knowledge of any information concerning a Proposal being submitted by another RFP Bidder (Block Energy or Full Requirements) in response to this solicitation or any future solicitation in this Block Energy RFP or in the Full Requirements RFP.</li> <li>4) He/She certifies that the RFP Bidder has maintained and will continue to maintain the confidentiality of its Proposal during the preparation of the Proposal, including in communicating with its financial institution for the purpose of preparing the Pre-Bid Letter of Credit or in communicating with advisors, if any.</li> <li>5) He/She certifies that, with only the exceptions noted in (4) above, the RFP Bidder has not disclosed, and will not otherwise disclose, publicly or to any other party any information relating to its Proposal, which could have an effect on whether another party submits a Proposal in</li> </ol>	To make the listed representations.

Section	Description of Requirement in First Solicitation	Abbreviated Process
	<p>any solicitation under one or both of the RFPs (Block Energy RFP or Full Requirements RFP), or on the contents of the Proposal that another RFP Bidder (Block Energy or Full Requirements) would be willing to submit in response to one or both of the RFPs.</p> <p>6) He/She certifies that any Bid on any product submitted in response to this RFP for the current solicitation is binding until five (5) business days after the Bid Date and constitutes a binding and irrevocable offer to provide supply under the terms of the Block Energy SMA at the price specified in the Bid.</p> <p>7) He/She certifies that if the Commission approves some or all of the RFP Bidder's Bids, he/she will execute all Transaction Confirmation(s) required by the Commission's decision under the Block Energy SMA by 2:00 PM of the fourth business day after the Bid Date.</p> <p>8) He/She confirms that the RFP Bidder has received all information from the Independent Evaluator for the submission of Bids, including the RFP Bidder's username, password, and security codes. He/She certifies that the information was received intact and that no one but authorized personnel of the RFP Bidder has had access to this information.</p>	
Section 2	<p><u>Pre-Bid Letter of Credit:</u></p> <p>The RFP Bidder must provide an executed Pre-Bid Letter of Credit, drawn for the account of the RFP Bidder.</p> <p>PECO and the Independent Evaluator will release the Pre-Bid Letter of Credit no later than five (5) business days after the Bid Date. If the Commission does not approve any of a particular RFP Bidder's Bids, PECO and the Independent Evaluator will release that RFP Bidder's Pre-Bid Letter of Credit within two (2) business days after Bid Date.</p> <p>With the Part 2 Form, the RFP Bidder:</p>	To provide confirmation and return instructions if applicable.

Section	Description of Requirement in First Solicitation	Abbreviated Process
	<ol style="list-style-type: none"> <li>1) Confirms Pre-Bid Letter of Credit is included;</li> <li>2) Provides return Instructions for Pre-Bid Letter of Credit (optional).</li> </ol>	
Section 3	<p><u>Block Energy SMA Documents:</u></p> <p>With the RFP Bidders' Part 1 Notification, the Independent Evaluator sends to the RFP Bidder the Block Energy SMA, including all necessary exhibits.</p> <p>In the Part 2 Form, the RFP Bidder confirms that the Block Energy SMA, including all necessary exhibits are included, which includes:</p> <ol style="list-style-type: none"> <li>1) Two (2) signed originals of the Block Energy SMA;</li> <li>2) Two (2) copies of the Mark-to-Market exposure calculation methodology (Exhibit E);</li> <li>3) Two (2) completed originals of the Form of Notice (Exhibit H).</li> </ol>	<p>Existing Suppliers pursuant to a previous solicitation in this RFP have already fully executed the Block Energy SMA and do not need to provide this again.</p> <p>All other RFP Bidders must submit the Block Energy SMA, including all necessary exhibits.</p>
Section 3	<p><u>Guaranty Documents:</u></p> <p>If the RFP Bidder is relying on the financial standing of an RFP Guarantor, with the RFP Bidders' Part 1 Notification, the Independent Evaluator sends to the RFP Bidder the guaranty.</p> <p>In the Part 2 Form, the RFP Bidder confirms that two (2) signed originals of the guaranty are included.</p> <p>The amount of the guaranty equals or exceeds the lesser of: (a) TNW Amount; and (b) the total number of blocks bid (for all products) times \$50,000.</p>	<p>To submit a guaranty. The amount of the guaranty equals or exceeds the lesser of: (a) TNW Amount; and (b) the total number of blocks bid (for all products) times \$50,000.</p> <p>For an existing supplier, if the supplier wins additional tranches under the current solicitation, the new guaranty will replace the existing guaranty, which will be returned to the RFP Bidder.</p>
Section 4	If the RFP Bidder is submitting a Proposal under an <u>Agency Agreement</u> , the	Documents must be resubmitted.

Section	Description of Requirement in First Solicitation	Abbreviated Process
	<p>following must be provided:</p> <ol style="list-style-type: none"> <li>1) Officers' Certificate.</li> <li>2) If the Officer of the RFP Bidder cannot execute transaction confirmation(s) should the RFP Bidder win tranches in the solicitation, the RFP Bidder must provide the name and contact information of an officer of the Principal who can execute the transaction confirmation(s). This individual must sign the Block Energy SMA and all necessary exhibits.</li> </ol>	
Section 5	<p>If the RFP Bidder is a Foreign RFP Bidder, the following must be provided for the Foreign RFP Bidder to be granted unsecured credit under the terms of the Block Energy SMA:</p> <ol style="list-style-type: none"> <li>1) one (1) executed original legal opinion of counsel that the Block Energy SMA is, or upon the completion of execution formalities will become, the binding obligation of the Foreign RFP Bidder in the jurisdiction in which it has been incorporated or otherwise formed;</li> <li>2) one (1) executed original sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Block Energy SMA on behalf of the Foreign RFP Bidder has the authority to execute the Block Energy SMA and that the governing board of such Foreign RFP Bidder has approved the execution of the Block Energy SMA;</li> <li>3) one (1) executed original sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Block Energy SMA.</li> </ol>	To state that information provided in previous solicitation remains up-to-date and accurate, or to resubmit information required by this section.
Section 5	If RFP Bidder is relying on the financial standing of an RFP Guarantor that is a Foreign Entity, the following must be provided for the RFP Guarantor to be granted unsecured credit and for the RFP Bidder to rely on the financial	To state that information provided in previous solicitation remains up-to-date and accurate, or to resubmit information required by this

Section	Description of Requirement in First Solicitation	Abbreviated Process
	<p>standing of the RFP Guarantor under the terms of the Block Energy SMA:</p> <ol style="list-style-type: none"> <li>1) one (1) executed original legal opinion of counsel that the guaranty pursuant to the Block Energy SMA is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed;</li> <li>2) one (1) executed original sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Block Energy SMA on behalf of the RFP Guarantor has the authority to execute the guaranty pursuant to the Block Energy SMA and that the governing board of such RFP Guarantor has approved the execution of the guaranty pursuant to the Block Energy SMA;</li> <li>3) one (1) executed original sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Block Energy SMA.</li> </ol>	<p>section.</p>
Section 5	<p>If RFP Bidder is submitting a Proposal under an Agency Agreement with a Foreign Entity as Principal, the following must be provided for the RFP Bidder and its Principal to be granted unsecured credit under the terms of the Block Energy SMA:</p> <ol style="list-style-type: none"> <li>1) one (1) executed original legal opinion of counsel that the Block Energy SMA is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed;</li> <li>one (1) executed original sworn certificate of the corporate secretary (or similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Block Energy SMA.</li> </ol>	<p>To state that information provided in previous solicitation remains up-to-date and accurate, or to resubmit information required by this section.</p>



## **APPENDIX D-3**

## Appendix 3 - Guaranty Process

This Guaranty Process has two parts with two distinct purposes. First, the Guaranty Process allows a prospective supplier unable to use the Form of Guaranty provided as Exhibit F to the Default Service Program Block Energy Supply Master Agreement ("Block Energy SMA") to submit for consideration by PECO Energy Company ("PECO") an alternate guaranty form that the prospective supplier uses in its normal course of business. This first process is explained in Section 1 of this document. Second, the Guaranty Process allows a prospective supplier able to use the Form of Guaranty to propose modifications to the Form of Guaranty that are non-material in nature or are modifications advantageous to both PECO and the prospective supplier. This second process is explained in Section 2 of this document.

### **Section 1. Guaranty Process: Submission of an Alternate Guaranty Form**

Any prospective supplier can apply to use an alternate guaranty form. Any alternate guaranty form, as is the case with the Form of Guaranty, must be a financial guaranty. While alternate forms of financial guaranty may be acceptable, performance guaranties are not acceptable.

The proposed process for submitting an alternate guaranty form and the ground rules for PECO's consideration of alternate guaranty forms are as follows:

1. PECO will consider alternate guaranty forms only if the guaranty is for unlimited liability. (A prospective supplier can utilize the safe harbor provided by the Form of Guaranty, which has a liability limit.)
2. PECO has specified a list of minimum requirements that any alternate guaranty form must satisfy. This list is under the heading: "Minimum Requirements for the Alternate Guaranty Form" below.
3. The Independent Evaluator will receive the alternate guaranty form, remove any information identifying the prospective supplier, and forward it to PECO and to outside counsel retained on behalf of PECO. PECO will determine, with the consultation of outside counsel and the Independent Evaluator as necessary, whether the alternate guaranty form provides sufficient assurances of payment, taking into account the following general considerations:
  - a. whether the alternate guaranty form conforms to the minimum requirements identified by PECO;
  - b. whether the alternate guaranty form provides substantially similar credit protections to the credit protections provided to PECO by the Form of Guaranty; and
  - c. whether the alternate guaranty form includes defenses in favor of the guarantor not found in the Form of Guaranty.

PECO may also identify specific changes that would permit the alternate guaranty form to be acceptable.

4. The Independent Evaluator will inform the prospective supplier of PECO's decision. The Independent Evaluator will inform the prospective supplier of any specific changes that may be required for the proposed alternate guaranty form to be acceptable to PECO. Prospective suppliers will be given an opportunity to resubmit the alternate guaranty form if changes are

identified by PECO. Alternate guaranty forms that have been resubmitted may be rejected if they do not include the changes identified by PECO.

5. An alternate guaranty form approved through this Guaranty Process will be acceptable to PECO. This alternate guaranty form may be used by the prospective supplier may be used for the first three solicitations of this RFP (through Spring 2010) barring changes in the applicable law or changes to the RFP as may be ordered by the Pennsylvania Public Utility Commission.

#### **Minimum Requirements for the Alternate Guaranty Form**

Below are the minimum requirements that must be met in order for any alternate guaranty form to be acceptable. As stated above, in determining whether an alternate guaranty form is acceptable and provides sufficient assurances of payment, PECO takes into account several general considerations, including whether the alternate guaranty form fulfills the following minimum requirements:

1. The guaranty must be an unconditional guaranty of payment of all amounts due by the Seller to PECO under the Block Energy SMA. To clarify the meaning of the term “unconditional guaranty of payment”, sample language is provided in the last section of this document. The Block Energy SMA must be expressly identified and the satisfaction of obligations through performance may not be authorized.
2. The guaranty may be terminated upon no less than thirty (30) calendar days advance written notice to PECO and termination will not discharge liabilities and obligations of the guarantor that have been incurred up to and including the effective date of the termination. The termination of an alternate guaranty will be effective only upon the receipt of substitute security or credit support that is acceptable to PECO.
3. The guaranty must not be subject to any monetary limit.
4. The guaranty must be accompanied by a certification from the guarantor that the alternate guaranty form, subject to changes needed to conform to the minimum requirements specified herein or to the specific changes identified by PECO, has been in general use by the prospective supplier in its ordinary course of business over the past twelve (12) months.
5. The guaranty must be a guaranty of payment and not of collection.
6. Assignment of the guaranty will not be permitted except with the prior written consent of PECO, except in the case of a Successor Guarantor as defined below (see sample assignment language).
7. The prospective supplier must provide an enforceability opinion with respect to the alternate guaranty form from its outside counsel. The enforceability opinion must be from a law firm of national (i.e., United States) standing. The prospective supplier must name the law firm that is offering the enforceability opinion in its submission. The enforceability opinion must not be weaker than would be the industry norm and must contain only those qualifications that would be typical. The opinion will name PECO and explicitly state that PECO is entitled to rely on the opinion. The enforceability opinion must not be qualified by or conditioned on any of the following:

- a. the valid existence and good standing of the parties to the Block Energy SMA;
- b. the power and authority of the prospective supplier and guarantor to execute, deliver, and perform their respective agreements;
- c. due execution of the Block Energy SMA and the alternate guaranty form; or
- d. that the Block Energy SMA is legal, valid, binding, and enforceable against all parties.

At the time that the prospective supplier submits its alternate guaranty form and supporting documentation, the opinion may be unsigned. If the prospective supplier becomes an RFP Bidder, the RFP Bidder will be required to submit, with its Part 2 Proposal, the enforceability opinion exactly as approved, duly signed, and on letterhead of a law firm of national standing.

### Timetable

Prospective suppliers that wish to secure approval of an alternate guaranty form must make their submission according to the following timetable. This timetable ensures that a prospective supplier is aware of whether its alternate guaranty form is accepted before the prospective supplier must submit its qualifications in the Part 1 Proposal. No late submission will be accepted under any circumstances.

The deadline to submit an alternate guaranty form, with all the required documentation including a certification from the guarantor and an enforceability opinion as specified in the Minimum Requirements above, is 12:00 PM (noon<sup>1</sup>) on May 8, 2009. Materials should be sent by certified mail, registered mail, hand delivery, or overnight delivery service to the Independent Evaluator at the following address: Independent Evaluator, [[insert Address]].

By May 14, 2009, the Independent Evaluator will inform each prospective supplier whether its alternate guaranty form is acceptable or whether it must modify its alternate guaranty form for it to be acceptable to PECO. A prospective supplier will have no less than two (2) business days to incorporate any necessary changes identified by PECO and to resubmit the alternate guaranty form. The deadline for resubmitting a revised enforceability opinion is 12:00 PM (noon) on May 19, 2009. The deadline for resubmitting the alternate guaranty form and any other supporting documentation is 12:00 PM (noon) on May 19, 2009. The Independent Evaluator will advise prospective suppliers of the final decision with respect to the alternate guaranty form in writing on or before May 22, 2009.

Timetable for Submission of Alternate Guaranty Forms	
Deadline to submit alternate guaranty form and all required documentation	Noon on May 8, 2009

<sup>1</sup> All times are Eastern Prevailing Times.

Independent Evaluator informs prospective suppliers of any required changes	May 14, 2009
Deadline to submit required modifications or revisions to the alternate guaranty form or other required documents	Noon on May 19, 2009
Deadline to submit revised enforceability opinion	Noon on May 19, 2009
Independent Evaluator informs prospective suppliers of PECO's decision	May 22, 2009

### Sample Language

The process for submission of alternate guaranty forms is designed to give prospective suppliers some flexibility while at the same time assuring adequate credit protection for PECO and its customers. PECO provides sample language below for the purpose of clarifying certain aspects of the minimum requirements for alternate guaranty forms. This language is not required, but would be deemed acceptable to PECO. PECO reserves the right to reject alternate guaranty forms that do not contain language that, in PECO's view, provides substantially comparable protections to the language set forth below.

Subject	Sample Language
Unconditional Guaranty	"Guarantor agrees that its obligations hereunder are unconditional and will not be discharged except by complete payment of all amounts due under the Block Energy SMA, irrespective of any claim or dispute as to the Block Energy SMA's validity, regularity or enforceability, or the lack of authority of the RFP Bidder to enter into the Block Energy SMA."
Assignment	"Guarantor may not assign its rights nor delegate its obligations under this Guaranty, in whole or in part, without the prior written consent of PECO, and any purported assignment or delegation absent such consent is void, except for an assignment and delegation of all of Guarantor's rights and obligations hereunder to a Successor Guarantor. For purposes of this paragraph, a "Successor Guarantor" means a partnership, corporation, trust or other organization in whatever form that succeeds to all or substantially all of the Guarantor's assets and business and that assumes all of the Guarantor's obligations hereunder by contract or operation of law; provided, that, such Successor Guarantor will have a long-term unsubordinated debt rating that is not lower than the lesser of (i) A2/A or (ii) the rating of the Guarantor immediately prior to such assumption."

## **Section 2. Process to Propose Modifications to the Form of Guaranty**

A prospective supplier can utilize the safe harbor provided by the Form of Guaranty appended as Exhibit F to the Block Energy SMA. This section describes the process by which a prospective supplier may request modifications to this Form of Guaranty.

A prospective supplier may request modifications to the Form of Guaranty that are non-material in nature, or that are advantageous to both PECO and the prospective supplier. A prospective supplier requests modifications to the Form of Guaranty by submitting a Draft Guaranty using substantially the Form of Guaranty and indicating clearly any and all modifications to the Form of Guaranty. A Draft Guaranty that does not substantially use the Form of Guaranty will not be considered or evaluated.

The prospective supplier can only submit one (1) Draft Guaranty. Any review communicated to the prospective supplier of the Draft Guaranty is final. The prospective supplier cannot submit a subsequent request for changes on the basis of this review.

All approved modifications to the Form of Guaranty will be posted to the RFP Web site. All modifications accepted to the Form of Guaranty for the benefit of a single prospective supplier will be made available to all prospective suppliers using the Form of Guaranty on an optional basis.

### **Timetable**

Prospective suppliers that wish to propose modifications to the Form of Guaranty must make their submission according to the timetable below. This timetable ensures that a prospective supplier is aware of whether its proposed modifications accepted before the prospective supplier must submit its qualifications in the Part 1 Proposal. No late submission will be accepted under any circumstances.

The Draft Guaranty must be submitted electronically, in Microsoft Word with tracked changes, and may be saved to a CD and sent to the Independent Evaluator, or it may be emailed to the Independent Evaluator at [[insert: Email Address]]. If saved to a CD, please send CD by certified mail, registered mail, hand delivery, or overnight delivery service to the Independent Evaluator at the following address: Independent Evaluator, [[insert Address]].

The deadline to submit proposed modifications to the Form of Guaranty is 12:00 PM (noon) on May 8, 2009. By May 13, 2009, the Independent Evaluator will inform the prospective supplier whether its proposed modifications are acceptable to PECO.

The document containing all acceptable modifications will be posted to the RFP Web site by 6:00 PM on May 13, 2009.

<b>Timetable for Process to Propose Modifications to the Form of Guaranty</b>	
Deadline to submit proposed modifications to the Form of Guaranty	Noon on May 8, 2009
Independent Evaluator informs proposing parties of PECO's decision and posts document containing all acceptable modifications	May 13, 2009

## **APPENDIX D-4**

*Name of RFP Bidder*

**BLOCK ENERGY PART 1 FORM  
DEFAULT SERVICE PROGRAM  
REQUEST FOR PROPOSALS  
FOR BLOCK ENERGY SUPPLY  
PART 1 DATE: May 27, 2009**

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PECO Energy Company (“Company” or “PECO”) is intending to obtain blocks of energy to meet a portion of its obligations as Default Service Provider through this Request for Proposals (“RFP”). PECO is also intending to purchase full requirements products through a second RFP. Whenever necessary to avoid confusion, these two RFPs will be referred to as the “Block Energy RFP” and the “Full Requirements RFP” respectively.

This Part 1 Form is the only form that may be used to submit a Part 1 Proposal in the Block Energy RFP. The only form that may be used to present a Part 1 Proposal for the Full Requirements RFP is a different and separate document entitled “Full Requirements Part 1 Form”. In the present document, “Part 1 Form” designates the “Block Energy Part 1 Form” unless specifically stated otherwise.

Before completing this Part 1 Form, please review the RFP including the Default Service Program Block Energy Supply Master Agreement so that you understand the conditions under which the RFP will be conducted. These documents are posted at [www.pecoprocurement.com](http://www.pecoprocurement.com) when they become available.

By submitting a Part 1 Proposal in response to this RFP, you are agreeing to all terms and conditions of this RFP.

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***Any information provided by an RFP Bidder in this Part 1 Proposal is provided on a confidential basis to the Independent Evaluator, and may be provided on a confidential basis to the Staff of the Pennsylvania Public Utility Commission. PECO representatives will review the information provided to fulfill the requirements of Section 2, Section 5 and Section 6, and will participate in the evaluation of the creditworthiness of each RFP Bidder.***

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***After the Guaranty Process has been held, a supplement to the Part 1 Form will be issued. This supplement will include all approved modifications to the Form of the Guaranty (Exhibit F of the Default Service Program Block Energy Supply Master Agreement). RFP Bidders relying on the financial standing of an RFP Guarantor will be required to submit this supplement as an integral part of their Part 1 Proposal.***



\_\_\_\_\_  
*Name of RFP Bidder*

## INSTRUCTIONS FOR PROPOSAL

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RFP Bidders submit this Part 1 Form and all documents required herein to respond to the qualification standards for the RFP. An RFP Bidder that is qualified after complying with all qualification requirements of the Part 1 Proposal may submit a Part 2 Proposal.

This Part 1 Form must be used to submit a Part 1 Proposal in the RFP.

### **Please complete all sections.**

#### **I. Part 1 Proposal Submission**

An RFP Bidder must:

- Submit **three (3) original** completed Part 1 Forms (with original signatures);
- Submit **one (1) copy** (one hard copy or one electronic copy) of documents required to support the Part 1 Form as specified in Section 2 and Section 5;

and

- Manually insert the name of the RFP Bidder **on every page** of the Part 1 Form.

*The completed Part 1 Proposal MUST be received by the Independent Evaluator no later than 12:00 PM (noon) EPT<sup>1</sup> on May 27, 2009 (the Part 1 Date) at:*

Independent Evaluator  
PECO Default Service Program RFPs  
TBD

Inquiries may be directed to the Independent Evaluator by:

- telephone                      TBD
- fax                                TBD
- through the “Ask a Question” page on the RFP Web site at  
[www.pecoprocurement.com](http://www.pecoprocurement.com)

**Photocopies and facsimiles of completed forms will not be accepted under any circumstances.**

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<sup>1</sup> All times are Eastern Prevailing Times (“EPT”).

Name of RFP Bidder

## **II. Part 1 Proposal Submission**

### Confirmation

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

### Timing of Part 1 Proposal Review

The Part 1 Proposal Window opens at 8:00 AM on May 19, 2009 and closes at 12:00 PM (noon) on May 27, 2009. The Independent Evaluator performs an initial review of all Part 1 Proposals during the Part 1 Proposal Window. Part 1 Proposals received prior to the Part 1 Proposal Window are processed on May 19, 2009. Part 1 Proposals received during the Part 1 Proposal Window are processed on the day they are received. Proposals received after the Part 1 Proposal Window are late proposals and are not processed.

### Incomplete Part 1 Proposals

If your Part 1 Proposal is incomplete or requires clarification, the Independent Evaluator will send a deficiency notice to you by fax. You will have until noon on the Part 1 Date, or until 6:00 PM on the business day following the business day during which a deficiency notice is faxed to you, whichever comes later, to respond. If you do not correct or adequately explain the deficiency within the time allowed, your Part 1 Proposal may be rejected and you may be unable to participate in the RFP. One copy of your Part 1 Form will be returned to you.

### Late Part 1 Proposals

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

### Part 1 Notification

An RFP Bidder who submits a Part 1 Proposal during the Part 1 Proposal Window and who is qualified pursuant to its Part 1 Proposal may submit a Part 2 Proposal for the RFP. Each RFP Bidder that submits a Part 1 Proposal will be notified by fax whether it has qualified to submit a Part 2 Proposal for the RFP no later than 6 PM on June 1, 2009 (Part 1 Notification Date).

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*Name of RFP Bidder*

### RFP Bidders Under Agency Agreements

An RFP Bidder submitting a Proposal under an Agency Agreement is required to provide additional information in Section 5 of this Part 1 Form.

### Foreign RFP Bidders and Foreign Entities

An RFP Bidder that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia (“Foreign RFP Bidder”), or an RFP Bidder that is relying on the financial standing of an entity (an RFP Guarantor or a Principal) that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia (a “Foreign Entity”) is required to provide additional information in Section 6 of this Part 1 Form.

Name of RFP Bidder

## **PART 1 FORM**

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### **1. Contact Information and Representations**

**COMPLETE ALL INFORMATION IN THIS SECTION 1 OF THIS PART 1 FORM.**

*Please note that fields will expand to accommodate text.*

#### Name and Address of the RFP Bidder

*Legal Name of RFP Bidder*

*Street Address*

*City*

*State*

*Zip Code*

#### Officer of the RFP Bidder

The contact information in this section is the contact information for an individual who is an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service Program Block Energy Supply Master Agreement) and bind the RFP Bidder. The Officer of the RFP Bidder named below must make all representations required in the Part 1 Proposal. Should the RFP Bidder submit a Part 2 Proposal, the individual named as Officer of the RFP Bidder will sign the Default Service Program Block Energy Supply Master Agreement. Should the RFP Bidder have any Bids approved by the Commission, the individual named as Officer of the RFP Bidder will sign the Transaction Confirmation(s).

*Last Name*

*Given Name(s)*

*Mr/Mrs/Ms/Dr/(other)*

*Title*

*Company*

Name of RFP BidderStreet AddressCityStateZip CodeTelephone No.Fax No.Email AddressRepresentative of the RFP Bidder

The Officer of the RFP Bidder must name a Representative of the RFP Bidder. The Officer of the RFP Bidder may name himself or herself as the Representative. The Representative is the point of contact if the Independent Evaluator has questions on the documentation provided by the RFP Bidder in response to this RFP or requires additional information. The Independent Evaluator sends all correspondence related to the solicitation to the Representative, including confidential information required to submit Bids on the Bid Date. The Independent Evaluator, for the purposes of this RFP, will communicate exclusively with the Representative or the Officer. Below, the Representative is designated by the Officer of the RFP Bidder.

\_\_\_\_ (the Officer of the RFP Bidder named above) hereby designates \_\_\_\_\_, whose contact information is immediately below, to serve as the Representative of the RFP Bidder.

Signature of OfficerDatePrinted NameLast NameGiven Name(s)Mr./Mrs./Ms./Dr./ (other)TitleCompanyStreet AddressCityStateZip Code

\_\_\_\_\_  
*Name of RFP Bidder*

*Telephone No.*

*Alternate Telephone No.  
 (If Available)*

*Email Address*

**COMMUNICATIONS WITH THE REPRESENTATIVE WILL TYPICALLY BE DONE VIA FAX AND BY OVERNIGHT DELIVERY SERVICE. PLEASE PROVIDE A FAX NUMBER AT WHICH THE REPRESENTATIVE WILL BE ABLE TO RECEIVE FAXES FROM THE INDEPENDENT EVALUATOR IN A SECURE AND TIMELY MANNER.**

*Fax No.*

**ANY NOTIFICATION OR OTHER COMMUNICATION GIVEN BY THE INDEPENDENT EVALUATOR TO THE RFP BIDDER WILL BE DELIVERED BY OVERNIGHT DELIVERY SERVICE TO THE ADDRESS PROVIDED ABOVE FOR THE REPRESENTATIVE OR SENT BY FAX TO THE FAX NUMBER PROVIDED ABOVE FOR THE REPRESENTATIVE. ANY SUCH NOTIFICATION OR COMMUNICATION WILL BE DEEMED RECEIVED BY THE RFP BIDDER AT THE TIME OF DELIVERY OR TRANSMISSION, PROVIDED THAT WHERE DELIVERY OR TRANSMISSION OCCURS AFTER 6 PM ON A BUSINESS DAY OR OCCURS ON A DAY THAT IS NOT A BUSINESS DAY, RECEIPT WILL BE DEEMED TO OCCUR AT 9 AM ON THE FOLLOWING BUSINESS DAY.**

Representations of the Officer of the RFP Bidder

**THESE CERTIFICATIONS MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER AND THE SIGNATURE MUST BE NOTARIZED OR ATTESTED WITH THE CORPORATE SEAL.**

I certify that:

- (1) I am an officer, a director, or an individual otherwise authorized to undertake contracts (including the Default Service Program Block Energy Supply Master Agreement) and bind the RFP Bidder.
- (2) This Part 1 Proposal will remain valid and remain in full force and effect until five (5) business days after the Bid Date.
- (3) To the best of my knowledge and belief, all information provided in this Part 1 Proposal is true and accurate.
- (4) If, for any reason or due to any circumstance, any information provided in this Part 1 Proposal changes or any previous certification fails to remain valid before the fifth business day after the Bid Date, I or the Representative will notify the Independent Evaluator of such changes as soon as practicable.

\_\_\_\_\_  
 Signature of Officer

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Signature and Seal from Notary Public

\_\_\_\_\_  
 Date

*Name of RFP Bidder*

## 2. Financial Requirements

**PROVIDE ALL INFORMATION REQUESTED IN THIS SECTION 2 OF THIS PART 1 FORM.**

*Please note that fields will expand to accommodate text.*

### Name of Entity on Whose Financial Standing the RFP Bidder Relies

For purposes of a creditworthiness evaluation, the RFP Bidder must clearly select by checking one of the two boxes below whether the RFP Bidder is: (a) relying on its own financial standing; or (b) relying on the financial standing of another entity. The other entity on whose financial standing the RFP Bidder is relying must be named below and is either an RFP Guarantor, or a Principal if the RFP Bidder is submitting a Proposal under an Agency Agreement.

☐ (a) the RFP Bidder is relying on its own financial standing

☐ (b) the RFP Bidder is relying on the financial standing of \_\_\_\_\_, which is either (check one): ☐ an RFP Guarantor or: ☐ a Principal

The financial and credit information provided in this section must pertain to the entity named above (either the RFP Bidder, an RFP Guarantor or a Principal). All RFP Bidders submitting a Proposal under an Agency Agreement must select option (b) above. If the RFP Bidder is acting as an agent for multiple Principals, the RFP Bidder must identify the Principal with the lowest credit rating as the entity on whose financial standing the RFP Bidder relies.

### Financial Information

**THE FINANCIAL INFORMATION REQUESTED IN THIS SECTION MAY BE PROVIDED EITHER IN HARD COPY, OR ELECTRONICALLY ON A CD. IF PROVIDING HARD COPIES OF FINANCIAL STATEMENTS, ONE COPY IS SUFFICIENT.**

The required financial information is the most recent most recent quarterly financial information, including a balance sheet, income statement, cash flow statement, and any accompanying notes and schedules. If available, the most recent Securities and Exchange Commission ("SEC") Form 10-Q must be submitted to fulfill this requirement.

If the SEC Form 10-Q is unavailable, the RFP Bidder must submit the entity's most recent quarterly, monthly, or bi-annual financial information accompanied by an attestation by the entity's Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the entity. The requirements for this attestation are more specifically provided in Appendix 7 of the RFP Rules.

If the RFP Bidder is relying on its own financial standing, and if financial information is unavailable for the RFP Bidder, the RFP Bidder must clearly state this fact in Section 7 of this Part 1 Form. If the RFP Bidder is relying on the financial standing of another entity, financial information **must be available** for that entity.

\_\_\_\_\_  
*Name of RFP Bidder*

Please indicate here the information provided (check only one)

- ☐ SEC Form 10-Q (most recent); or  
☐ Other quarterly, monthly, or bi-annual financial information with an attestation of the Chief Financial Officer.

### Credit Ratings

The RFP Bidder must submit all available ratings from the following rating agencies for the entity: Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's"), and Fitch Ratings ("Fitch").

1. Is the entity rated by S&P?

☐ yes ☐ no

**If yes**, please provide:

- The entity's rating \_\_\_\_\_
- The type of rating \_\_\_\_\_
- A print-out of S&P's web site or other documentation from the agency providing the name of the rating agency, the type of rating, and the rating of the entity.

2. Is the entity rated by Moody's?

☐ yes ☐ no

**If yes**, please provide:

- The entity's rating \_\_\_\_\_
- The type of rating \_\_\_\_\_
- A print-out of Moody's web site or other documentation from the agency providing the name of the rating agency, the type of rating, and the rating of the entity.

3. Is the entity rated by Fitch?

☐ yes ☐ no

**If yes**, please provide:

- The entity's rating \_\_\_\_\_
- The type of rating \_\_\_\_\_
- A print-out of Fitch's web site or other documentation from the agency providing the name of the rating agency, the type of rating, and the rating of the entity.

**WHEN PROVIDING DOCUMENTATION FROM THE RATING AGENCIES, ONE HARD COPY IS SUFFICIENT.**



\_\_\_\_\_  
*Name of RFP Bidder*

Draft Pre-Bid Letter of Credit

**IF YOU ARE SUBMITTING A DRAFT PRE-BID LETTER OF CREDIT, PLEASE CHECK HERE ☐.**

An RFP Bidder may request modifications to the Standard Pre-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Pre-Bid Letter of Credit by submitting a Draft Pre-Bid Letter of Credit substantially in the form of the Standard Pre-Bid Letter of Credit indicating clearly any and all modifications to the Standard Pre-Bid Letter of Credit. The Draft Pre-Bid Letter of Credit must be submitted electronically, in Microsoft Word with tracked changes, and may be saved to a CD that is included with this Part 1 Proposal, or it may be emailed to the Independent Evaluator at [[insert Email Address]]. A Draft Pre-Bid Letter of Credit that is not substantially in the form of the Standard Pre-Bid Letter of Credit will not be considered or evaluated.

Draft Post-Bid Letter of Credit

**IF YOU ARE SUBMITTING A DRAFT POST-BID LETTER OF CREDIT, PLEASE CHECK HERE ☐.**

An RFP Bidder may request modifications to the Standard Post-Bid Letter of Credit that are non-material in nature, or that are advantageous to both PECO and the RFP Bidder. An RFP Bidder requests modifications to the Standard Post-Bid Letter of Credit by submitting a Draft Post-Bid Letter of Credit substantially in the form of the Standard Post-Bid Letter of Credit indicating clearly any and all modifications to the Standard Post-Bid Letter of Credit. The Draft Post-Bid Letter of Credit must be submitted electronically, in Microsoft Word with tracked changes, and may be saved to a CD that is included with this Part 1 Proposal, or it may be emailed to the Independent Evaluator at [[insert Email Address]]. A Draft Post-Bid Letter of Credit that is not substantially in the form of the Standard Post-Bid Letter of Credit will not be considered or evaluated.

**ALL APPROVED MODIFICATIONS TO THE STANDARD PRE-BID LETTER OF CREDIT AND THE STANDARD POST-BID LETTER OF CREDIT WILL BE POSTED TO THE RFP WEB SITE. EACH RFP BIDDER MAY USE ANY OF THE APPROVED MODIFICATIONS, REGARDLESS OF WHETHER THE RFP BIDDER ITSELF OR ANOTHER RFP BIDDER PROPOSED THE MODIFICATION.**

Certification Regarding Ability to Perform

I certify that the RFP Bidder has no pending legal proceedings or, to its knowledge, threatened legal proceedings against it or any of its affiliates that could materially adversely affect its ability to perform its obligations under the Default Service Program Block Energy Supply Master Agreement and each Transaction Confirmation

\_\_\_\_\_  
 Signature of Officer

\_\_\_\_\_  
 Date

Name of RFP Bidder

**Information Needed to Prepare the Default Service Program Block Energy Supply Master Agreement and Its Exhibits**

The Independent Evaluator sends, along with the Part 1 Notification, the Default Service Program Block Energy Supply Master Agreement to each RFP Bidder that qualified pursuant to a successful Part 1 Proposal. The RFP Bidder, in its Part 1 Proposal, must provide all information needed to prepare for execution the Default Service Program Block Energy Supply Master Agreement, including all necessary exhibits.

1. The information that you provide below will be used to complete Exhibit H (Form of Notice) to the Default Service Program Block Energy Supply Master Agreement.

- (a) All Notices:

<i>Last Name</i>	<i>Given Name(s)</i>	<i>Mr/Mrs/Ms/Dr/(other)</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<i>Street Address</i>		
<input type="text"/>		
<input type="text"/>		
<i>City</i>	<i>State</i>	<i>Zip Code</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<i>Telephone No.</i>	<i>Fax No.</i>	
<input type="text"/>	<input type="text"/>	
<i>DUNS</i>	<i>Federal Tax I.D. Number</i>	
<input type="text"/>	<input type="text"/>	

- (b) Invoices:

<i>ATTN:</i>		
<i>Last Name</i>	<i>Given Name(s)</i>	<i>Mr/Mrs/Ms/Dr/(other)</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<i>Telephone No.</i>	<i>Fax No.</i>	
<input type="text"/>	<input type="text"/>	

- (c) Scheduling:

<i>ATTN:</i>		
<i>Last Name</i>	<i>Given Name(s)</i>	<i>Mr/Mrs/Ms/Dr/(other)</i>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<i>Telephone No.</i>	<i>Fax No.</i>	
<input type="text"/>	<input type="text"/>	

*Name of RFP Bidder*

(d) **Payments:**

*ATTN:*

*Last Name*

*Given Name(s)*

*Mr/Mrs/Ms/Dr/(other)*

*Telephone No.*

*Fax No.*

(e) **Wire Transfer:**

*Bank*

*ABA*

*ACCT*

(f) **Credit and Collections:**

*ATTN:*

*Last Name*

*Given Name(s)*

*Mr/Mrs/Ms/Dr/(other)*

*Telephone No.*

*Fax No.*

(g) **Additional Notices of an Event of Default to:**

*ATTN:*

*Last Name*

*Given Name(s)*

*Mr/Mrs/Ms/Dr/(other)*

*Telephone No.*

*Fax No.*

*Name of RFP Bidder*

**ONLY RFP BIDDERS RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR ARE REQUIRED TO FILL IN THE INFORMATION REQUESTED BELOW. IF YOU ARE NOT RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR, PLEASE CHECK HERE ☐ AND PROCEED TO SECTION 3 OF THIS PART 1 FORM. IF YOU ARE RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR, PLEASE FILL IN THE INFORMATION REQUESTED BELOW.**

**2. Information Needed to Prepare the Guaranty**

- (a) Please provide the following information regarding the RFP Guarantor:

*Name of RFP Guarantor*

*Please state whether the RFP Guarantor is a Corporation, Partnership, etc.*

*Jurisdiction under whose laws the RFP Guarantor is existing and organized.*

- (b) Please provide the following information regarding the RFP Bidder

*Please state whether the RFP Bidder is a Corporation, Partnership, etc.*

*Jurisdiction under whose laws the RFP Bidder is existing and organized.*

- (c) Please provide the name and contact information for the person to whom notices and other communications will be sent under the guaranty:

*Last Name*

*Given Name(s)*

*Mr/Mrs/Ms/Dr/(other)*

*Title*

*Company*

*Street Address*



*City*

*State*

*Zip Code*

*Name of RFP Bidder*

(d) Please provide the name and title of the person who will be signing the guaranty:

<i>Last Name</i>	<i>Given Name(s)</i>	<i>Mr/Mrs/Ms/Dr/(other)</i>
<div></div>	<div></div>	<div></div>
<i>Title</i>		
<div></div>		

**ALL MODIFICATIONS TO THE FORM OF GUARANTY ACCEPTED PURSUANT TO THE GUARANTY PROCESS WILL BE MADE AVAILABLE TO ALL RFP BIDDERS ON AN OPTIONAL BASIS. THESE ELECTIONS WILL BE INCLUDED IN THE SUPPLEMENT TO THE PART 1 FORM THAT WILL BE POSTED AT: WWW.PECOPROCUREMENT.COM AS SOON AS IT BECOMES AVAILABLE.**

\_\_\_\_\_  
*Name of RFP Bidder*

### 3. Regulatory Representation

**THESE CERTIFICATIONS MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER.**

I certify that:

- (1) The RFP Bidder has FERC authorization to make sales of energy at market-based rates in PJM. I acknowledge that although a copy of the FERC Order granting such authority is not required, PECO may request a copy of this Order if the RFP Bidder becomes a Block Energy Supplier.
- (2) The RFP Bidder (i) is a member in good standing of PJM; and (ii) is qualified as a PJM “Market Buyer” and “Market Seller” pursuant to the PJM Agreements.

\_\_\_\_\_  
Signature of Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
*Name of RFP Bidder*

#### **4. Additional Representations**

**THESE CERTIFICATIONS MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER.**

I certify that:

- (1) I have read the Default Service Program Block Energy Supply Master Agreement, that the RFP Bidder accepts all of the terms of the Default Service Program Block Energy Supply Master Agreement without modifications, and that the RFP Bidder will execute Transaction Confirmation(s) for all Bids approved by the Commission.
- (2) I acknowledge that the submission of this Part 1 Proposal constitutes the RFP Bidder's acknowledgement and acceptance of all the terms and conditions of this RFP, regardless of the outcome of the solicitation or the outcome of such Proposal.
- (3) I certify that the RFP Bidder is not part of a bidding agreement, a joint venture for purposes of participating in any solicitation for this Block Energy RFP or for the Full Requirements RFP, a bidding consortium, or any other type of agreement related to bidding in any solicitation of these RFPs.

\_\_\_\_\_  
Signature of Officer

\_\_\_\_\_  
Date

An RFP Bidder (Block Energy) found to be acting in concert with another RFP Bidder (a Full Requirements RFP Bidder or a Block Energy RFP Bidder) may be disqualified by the Independent Evaluator.

\_\_\_\_\_  
*Name of RFP Bidder*

## 5. RFP Bidders Under Agency Agreements

**ONLY RFP BIDDERS SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT ARE REQUIRED TO COMPLETE THIS SECTION. IF YOU ARE NOT SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT, PLEASE CHECK HERE ☐ AND PROCEED TO SECTION 6 OF THIS PART 1 FORM. IF YOU ARE SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT, PLEASE COMPLETE ALL INFORMATION REQUIRED IN THIS SECTION 5 OF THIS PART 1 FORM.**

*Please note that fields will expand to accommodate text.*

### Basic Information for the Principal or Principals

If more than one entity is serving as Principal, please list each entity under “Name of Principal or Principals”.

*Name of Principal or Principals*

--

### Agency Agreement

A copy of the Agency Agreement is required. Please submit one copy (either in hard copy or electronically on a CD) with this Part 1 Proposal.

### Financial Information

In Section 2, you must select option (b) and name as the entity upon whose financial standing you are relying the Principal with the lowest credit rating.

### Additional Representation

I certify that I have the authority to bind the Principal(s) under the Agency Agreement provided with this Part 1 Proposal. I acknowledge that with the Part 2 Proposal, I will be required to submit an Officers' Certificate signed by an officer of each Principal substantially in the form of Appendix 8 to the RFP Rules.

\_\_\_\_\_  
Signature of Officer

\_\_\_\_\_  
Date



\_\_\_\_\_  
*Name of RFP Bidder*

The RFP Bidder may, but is not required to, submit a draft Officers' Certificate with this Part 1 Proposal for evaluation. If a draft Officers' Certificate is submitted for evaluation, the Independent Evaluator will inform the RFP Bidder of any changes required.

PLEASE CHECK HERE ☐ IF YOU ARE SUBMITTING A DRAFT OFFICERS' CERTIFICATE.

\_\_\_\_\_  
*Name of RFP Bidder*

## 6. Foreign RFP Bidders and Foreign Entities

**ONLY FOREIGN RFP BIDDERS OR RFP BIDDERS RELYING ON THE FINANCIAL STANDING OF A FOREIGN ENTITY (RFP GUARANTOR OR PRINCIPAL) ARE REQUIRED TO COMPLETE THIS SECTION. IF THIS DOES NOT APPLY TO YOU, PLEASE CHECK HERE ☐ AND PROCEED TO SECTION 7 OF THIS PART 1 FORM. IF YOU ARE A FOREIGN RFP BIDDER OR AN RFP BIDDER RELYING ON THE FINANCIAL STANDING OF A FOREIGN ENTITY, PLEASE COMPLETE ALL INFORMATION REQUIRED IN THIS SECTION 6 OF THIS PART 1 FORM.**

### Evidence of Creditworthiness

In addition to supplying all required information and documents under Section 2 of this Part 1 Form, a Foreign RFP Bidder or an RFP Bidder relying on the financial standing of a Foreign Entity may provide any additional evidence of creditworthiness for the Foreign RFP Bidder or the Foreign Entity so as to provide PECO with comparable assurances of creditworthiness as is applicable for an entity that has been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia.

Please check here ☐ if you are submitting any additional evidence of creditworthiness for the Foreign RFP Bidder or for a Foreign Entity.

### Representations

#### **THE OFFICER OF A FOREIGN RFP BIDDER MUST MAKE THE FOLLOWING CERTIFICATION:**

I acknowledge that the following additional documents are required with the Part 2 Proposal for the Foreign RFP Bidder to be granted unsecured credit under the terms of the Default Service Program Block Energy Supply Master Agreement: (i) a legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Foreign RFP Bidder is incorporated or otherwise formed that the Default Service Program Block Energy Supply Master Agreement is, or upon the completion of execution formalities will become, the binding obligation of the Foreign RFP Bidder in the jurisdiction in which it has been incorporated or otherwise formed; (ii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Default Service Program Block Energy Supply Master Agreement on behalf of the Foreign RFP Bidder has the authority to execute the Default Service Program Block Energy Supply Master Agreement and that the governing board of such Foreign RFP Bidder has approved the execution of the Default Service Program Block Energy Supply Master Agreement; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Default Service Program Block Energy Supply Master Agreement.

\_\_\_\_\_  
 Signature of Officer of the Foreign RFP Bidder

\_\_\_\_\_  
 Date

---

*Name of RFP Bidder*

**THE OFFICER OF AN RFP BIDDER RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR THAT IS A FOREIGN ENTITY MUST MAKE THE FOLLOWING CERTIFICATION:**

I acknowledge that the following additional documents are required with the Part 2 Proposal for the RFP Guarantor to be granted unsecured credit and for the RFP Bidder to rely on the financial standing of the RFP Guarantor under the terms of the Default Service Program Block Energy Supply Master Agreement: (i) a legal opinion of counsel qualified to practice in the foreign jurisdiction in which the RFP Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Default Service Program Block Energy Supply Master Agreement is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Default Service Program Block Energy Supply Master Agreement on behalf of the RFP Guarantor has the authority to execute the guaranty pursuant to the Default Service Program Block Energy Supply Master Agreement and that the governing board of such RFP Guarantor has approved the execution of the guaranty pursuant to the Default Service Program Block Energy Supply Master Agreement; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Default Service Program Block Energy Supply Master Agreement.

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Signature of Officer of the RFP Bidder relying on the financial  
standing of an RFP Guarantor that is a Foreign Entity

---

Date

**THE OFFICER OF AN RFP BIDDER THAT IS SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT WITH A PRINCIPAL THAT IS A FOREIGN ENTITY MUST MAKE THE FOLLOWING CERTIFICATION:**

I acknowledge that the following additional documents are required with the Part 2 Proposal for the RFP Bidder and its Principal to be granted unsecured credit under the terms of the Default Service Program Block Energy Supply Master Agreement: (i) a legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Principal is incorporated or otherwise formed that the Default Service Program Block Energy Supply Master Agreement is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed; and (ii) the sworn certificate of the corporate secretary (or similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Default Service Program Block Energy Supply Master Agreement.

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Signature of Officer of the RFP Bidder submitting a Proposal  
Under an Agency Agreement and the Principal is a Foreign Entity

---

Date

*Name of RFP Bidder*

### Draft Documents

The Officer of the RFP Bidder has acknowledged in the immediately preceding certifications that certain documents are required with the Part 2 Proposal for unsecured credit to be granted under the terms of the Default Service Program Block Energy Supply Master Agreement. The RFP Bidder may, but is not required to, submit a draft of these documents, in hard copy or electronically on a CD, with its Part 1 Proposal.

**THE FOREIGN RFP BIDDER INDICATES THE DRAFT DOCUMENTS THAT ARE BEING SUBMITTED WITH THE PART 1 PROPOSAL FOR EVALUATION BY CHECKING ALL BOXES THAT APPLY BELOW:**

- ☐ Draft legal opinion of counsel qualified to practice in the foreign jurisdiction that the Default Service Program Block Energy Supply Master Agreement is binding. Exhibit G to the Default Service Program Block Energy Supply Master Agreement includes a sample of this legal opinion.
- ☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that the person executing the Default Service Program Block Energy Supply Master Agreement is so authorized and that its governing board has approved the execution of the Default Service Program Block Energy Supply Master Agreement.
- ☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that its governing board has authorized the execution of agreements of the same type as the Default Service Program Block Energy Supply Master Agreement in the past.

**THE RFP BIDDER RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR THAT IS A FOREIGN ENTITY INDICATES THE DRAFT DOCUMENTS THAT ARE BEING SUBMITTED WITH THE PART 1 PROPOSAL FOR EVALUATION BY CHECKING ALL BOXES THAT APPLY BELOW:**

- ☐ Draft legal opinion of counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Default Service Program Block Energy Supply Master Agreement is binding. Exhibit G to Default Service Program Block Energy Supply Master Agreement includes a sample of this legal opinion.
- ☐ Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Default Service Program Block Energy Supply Master Agreement.
- ☐ Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Default Service Program Block Energy Supply Master Agreement in the past.

**THE RFP BIDDER SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT WITH A PRINCIPAL THAT IS A FOREIGN ENTITY INDICATES THE DRAFT DOCUMENTS THAT ARE BEING SUBMITTED WITH THE PART 1 PROPOSAL FOR EVALUATION BY CHECKING ALL BOXES THAT APPLY BELOW:**

- ☐ Draft legal opinion of counsel qualified to practice in the foreign jurisdiction that the Default Service Program Block Energy Supply Master Agreement is binding. Exhibit G to the Default Service Program Block Energy Supply Master Agreement includes a sample of this legal opinion.

☐ Draft sworn certificate of the corporate secretary (or similar officer) of the Principal that its governing board has authorized the execution of agreements of the same type as the Default Service Program Block Energy Supply Master Agreement in the past.

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*Name of RFP Bidder*

## **7. Justification of Omissions**

If you are unable to provide all documents or information required with this Part 1 Form, please justify fully any omissions in the space provided below.

*Name of RFP Bidder*

### **Checklist**

**This is a checklist of documents that must be included in the Part 1 Proposal.**

- ☐ **Three (3) originals** of the completed Part 1 Form (with original signatures and original notarized signatures where required) *[Instructions]*
- ☐ **One (1) copy** (hard copy or electronically on a CD): If submitting a Proposal under an Agency Agreement, a copy of the Agency Agreement. *[Section 5]*

For the entity (the RFP Bidder, a Guarantor, or a Principal) on whose financial standing the RFP Bidder relies:

- ☐ **One (1) copy** (hard copy or electronically on a CD): most recent SEC Form 10-Q; if unavailable, the most recent quarterly, monthly or bi-annual financial information accompanied by an attestation by the entity's Chief Financial Officer (or equivalent position) that the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of the entity. *[Section 2]*
- ☐ **One (1) copy** (hard copy): Documentation showing the name of the rating agency, the type of rating, and the rating of the entity *[Section 2]*

**This is a checklist of documents that may be submitted with the Part 1 Form:**

- ☐ **One (1) copy** (electronically on a CD or via email): Draft Pre-Bid Letter of Credit. *[Section 2]*
- ☐ **One (1) copy** (electronically on a CD or via email): Draft Post-Bid Letter of Credit. *[Section 2]*

An RFP Bidder submitting a Proposal under an Agency Agreement may also provide the following draft document for evaluation:

- ☐ **One (1) copy** (hard copy or electronically on a CD): Draft Officers' Certificate. *[Section 5]*

An RFP Bidder submitting a Proposal under an Agency Agreement with a Principal that is a Foreign Entity may also provide the following draft documents for evaluation:

- ☐ **One (1) copy** (hard copy or electronically on a CD): Draft legal opinion of counsel qualified to practice in the foreign jurisdiction that the Default Service Program Block Energy Supply Master Agreement is binding. *[Section 6]*
- ☐ **One (1) copy** (hard copy or electronically on a CD): Draft sworn certificate of the corporate secretary (or similar officer) of the Principal that its governing board has authorized the execution of agreements of the same type as the Default Service Program Block Energy Supply Master Agreement in the past. *[Section 6]*

*Name of RFP Bidder*

A Foreign RFP Bidder may also provide the following draft documents for evaluation:

- ☐ **One (1) copy** (hard copy or electronically on a CD): Draft legal opinion of counsel qualified to practice in the foreign jurisdiction that the Default Service Program Block Energy Supply Master Agreement is binding. *[Section 6]*
- ☐ **One (1) copy** (hard copy or electronically on a CD): Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that the person executing the Default Service Program Block Energy Supply Master Agreement is so authorized and that its governing board has approved the execution of the Default Service Program Block Energy Supply Master Agreement. *[Section 6]*
- ☐ **One (1) copy** (hard copy or electronically on a CD): Draft sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that its governing board has authorized the execution of agreements of the same type as the Default Service Program Block Energy Supply Master Agreement in the past. *[Section 6]*

An RFP Bidder relying on the financial standing of an RFP Guarantor that is a Foreign Entity may also provide the following draft documents for evaluation:

- ☐ **One (1) copy** (hard copy or electronically on a CD): Draft legal opinion of counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Default Service Program Block Energy Supply Master Agreement is binding. *[Section 6]*
- ☐ **One (1) copy** (hard copy or electronically on a CD): Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Default Service Program Block Energy Supply Master Agreement. *[Section 6]*
- ☐ **One (1) copy** (hard copy or electronically on a CD): Draft sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Default Service Program Block Energy Supply Master Agreement in the past. *[Section 6]*

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***End of Part 1 Form***

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## **APPENDIX D-5**

Name of RFP Bidder

**BLOCK ENERGY PART 2 FORM  
DEFAULT SERVICE PROGRAM  
REQUEST FOR PROPOSALS  
FOR BLOCK ENERGY SUPPLY  
PART 2 DATE: June 9, 2009**

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PECO Energy Company (“Company” or “PECO”) is intending to obtain blocks of energy to meet a portion of its obligations as Default Service Provider through this Request for Proposals (“RFP”). PECO is also intending to purchase full requirements products through a second RFP. Whenever necessary to avoid confusion, these two RFPs will be referred to as the “Block Energy RFP” and the “Full Requirements RFP” respectively.

This Part 2 Form is the only form that may be used to submit a Part 2 Proposal in the Block Energy RFP. The only form that may be used to present a Part 2 Proposal for the Full Requirements RFP is a different and separate document entitled “Full Requirements Part 2 Form”. In the present document, “Part 2 Form” designates the “Block Energy Part 2 Form” unless specifically stated otherwise.

Before completing this Part 2 Form, please review the RFP including the Default Service Program Block Energy Supply Master Agreement so that you understand the conditions under which the RFP will be conducted. These documents are posted at [www.pecoprocedure.com](http://www.pecoprocedure.com) when they become available.

By having submitted a Part 1 Proposal in response to this RFP, you agreed to all terms and conditions of this RFP.

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*Any information provided by an RFP Bidder in this Part 2 Proposal is provided on a confidential basis to the Independent Evaluator, and may be provided on a confidential basis to the Staff of the Pennsylvania Public Utility Commission (“Commission”). PECO representatives will review the information provided to fulfill the requirements of Section 4 and Section 5, and will participate in the evaluation of the Pre-Bid Letter of Credit with the name of the RFP Bidder and the amount redacted.*

\_\_\_\_\_  
*Name of RFP Bidder*

## **INSTRUCTIONS FOR PROPOSAL**

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RFP Bidders submit the Part 1 Form and all documents required therein to respond to the qualification standards for the RFP. An RFP Bidder that is qualified after complying with all qualification requirements of the Part 1 Proposal may submit a Part 2 Proposal.

This Part 2 Form must be used to submit a Part 2 Proposal in the RFP.

### **Please complete all sections.**

#### **I. Part 2 Proposal Submission**

An RFP Bidder must:

- Submit **three (3) original** completed Part 2 Forms (with original signatures);
  - Submit documents required to support the Part 2 Form as specified in Sections 2 and 3;
- and
- Manually insert the name of the RFP Bidder **on every page** of the Part 2 Form.

In addition, an RFP Bidder must respond to Sections 4 and 5 of the Part 2 Form and submit documents requested as applicable to the RFP Bidder.

*The completed Part 2 Proposal MUST be received by the Independent Evaluator no later than 12:00 PM (noon) EPT<sup>1</sup> on June 9, 2009 (the Part 2 Date) at:*

Independent Evaluator  
PECO Default Service Program RFPs  
TBD

Inquiries may be directed to the Independent Evaluator by:

- telephone                      TBD
- fax                                TBD
- through the “Ask a Question” page on the web site at  
[www.pecoprocurement.com](http://www.pecoprocurement.com)

**Photocopies and facsimiles of completed forms will not be accepted under any circumstances.**

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<sup>1</sup> Unless noted otherwise, all times refer to the Eastern Prevailing Time (EPT) zone.

Name of RFP Bidder

## **II. Part 2 Proposal Submission**

### Confirmation

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

### Timing of Part 2 Proposal Review

The Part 2 Proposal Window opens at 8:00 AM on June 2, 2009 and closes at 12:00 PM (noon) on June 9, 2009. The last day of the Part 2 Proposal Window, June 9, 2009, is called the Part 2 Date. The Independent Evaluator performs an initial review of all Part 2 Proposals during the Part 2 Proposal Window. Part 2 Proposals received prior to the Part 2 Proposal Window are processed on June 2, 2009. Part 2 Proposals received during the Part 2 Proposal Window are processed on the day they are received. Proposals received after the proposal window are late proposals and are not processed.

### Incomplete Part 2 Proposals

If your Part 2 Proposal is incomplete or requires clarification, the Independent Evaluator will send a deficiency notice to you by fax. If the deficiency or request for clarification concerns your Pre-Bid Letter of Credit, or your guaranty, or documents required to fulfill the requirements of Section 0 and Section 0 of this Part 2 Form, you will have until noon on the Part 2 Date, or until 6:00 PM of the second business day following the business day during which you are notified, whichever comes later, to respond. For any other deficiencies or requests for clarification you will have until 12:00 PM (noon) on the Part 2 Date, or until 6:00 PM 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 Proposal may be rejected and you may be unable to participate in the RFP. One (1) copy of the Part 2 Form and all documents except for the Pre-Bid Letter of Credit will be returned to you.

### Late Part 2 Proposals

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

### Part 2 Notification

When your Part 2 Proposal is complete, the Independent Evaluator will send a complete notice to your Representative by fax with a photocopy of the first page of your Part 2 Form stamped "complete". Each RFP Bidder that submits a Part 2 Proposal will be notified whether it has qualified to submit a Bid on Bid Date for the RFP no later than 6 PM on June 12, 2009 (Part 2 Notification Date).

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*Name of RFP Bidder*

### RFP Bidders Under Agency Agreements

An RFP Bidder submitting a Proposal under an Agency Agreement is required to submit additional documents as specified in Section 0.

### Foreign RFP Bidders and Foreign Entities

An RFP Bidder that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia ("Foreign RFP Bidder"), or an RFP Bidder that is relying on the financial standing of an entity (an RFP Guarantor or a Principal) that has not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia (a "Foreign Entity"), is required to provide additional information in Section 5 of this Part 2 Form.

Name of RFP Bidder

## **PART 2 FORM**

### **1. Contact Information and Representations**

**COMPLETE ALL INFORMATION IN THIS SECTION 1 OF THIS PART 2 FORM.**

#### Name and Address of the RFP Bidder

The Independent Evaluator sent you a Record of Contact Information along with your Part 1 Notification. This Record of Contact Information contains the contact information that we have on record for you from the Part 1 Proposal.

**PLEASE CHECK HERE ☐ IF THE INFORMATION IN THE RECORD OF CONTACT INFORMATION IS CORRECT AND PROCEED TO THE REPRESENTATIONS ON PAGE 7 OF THIS FORM. OTHERWISE, PLEASE MAKE ANY CORRECTIONS IN THE SPACE PROVIDED BELOW.**

*Please note that fields will expand to accommodate text.*

*Legal Name of RFP Bidder*

*Street Address*



*City*

*State*

*Zip Code*

*Last Name of Officer of the RFP Bidder*

*Given Name(s)*

*Mr/Mrs/Ms/Dr/(other)*

*Title of Officer of the RFP Bidder*

*Company*

The Officer of the RFP Bidder named in the Part 1 Proposal will make all representations and certifications in this Part 2 Proposal and will execute the Default Service Program Block Energy Supply Master Agreement ("Block Energy SMA") including all necessary exhibits, as required in Section 3. If the RFP Bidder must change the individual who serves as Officer of the RFP Bidder, the RFP Bidder must re-submit by the Part 2 Date its Part 1 Form in its entirety naming the new individual as Officer of the RFP Bidder, and that Officer of the RFP Bidder must make all representations and certifications required in this RFP for this solicitation.

*Name of RFP Bidder*

*Street Address*

*City*

*State*

*Zip Code*

*Telephone No.*

*Fax No.*

*Email Address*

The Representative and the Officer of the RFP Bidder are the contacts between the RFP Bidder and the Independent Evaluator. The Representative will receive all documentation related to the RFP including confidential information required to submit bids on the Bid Date.

*Last Name of Representative*

*Given Name(s)*

*Mr/Mrs/Ms/Dr/(other)*

*Title*

*Company*

*Street Address*

*City*

*State*

*Zip Code*

*Telephone No. of Representative*

*Alternate Telephone No.*

*Email Address of Representative*

*Fax No. of Representative*

Name of RFP Bidder

Representations of the Officer of the RFP Bidder

**THE FOLLOWING CERTIFICATIONS MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER AND THE SIGNATURE MUST BE NOTARIZED OR ATTESTED WITH THE CORPORATE SEAL.**

- (1) I certify that this Part 2 Proposal will remain valid and remain in full force and effect until five (5) business days after the Bid Date.
- (2) I certify that all information provided in this Part 2 Proposal is true and accurate to the best of my knowledge and belief.
- (3) I certify that the RFP Bidder must certify that the RFP Bidder is bidding independently and that it has no knowledge of any information concerning a Proposal being submitted by another RFP Bidder (Block Energy or Full Requirements) in response to this solicitation or any future solicitation in this Block Energy RFP or in the Full Requirements RFP. Such information includes, but is not limited to: the fact that another RFP Bidder (Block Energy or Full Requirements) is submitting a Proposal in response to this Block Energy RFP or the Full Requirements RFP; the Bids by another RFP Bidder in this or in a subsequent solicitation under this RFP; the price offers by another RFP Bidder (Full Requirements) in this or in a subsequent solicitation under the Full Requirements RFP; the number of blocks bid by another RFP Bidder for any product in this or in a subsequent solicitation under this RFP; the number of tranches bid by another RFP Bidder (Full Requirements) for any product in this or in a subsequent solicitation under the Full Requirements RFP; the estimation by another RFP Bidder (Block Energy) of the value of a block of a product; the estimation by another RFP Bidder (Full Requirements) of the value of a tranche of a product; the estimation by another RFP Bidder (Block Energy) of the risks associated with providing supply under the Block Energy SMA; the estimation by another RFP Bidder (Full Requirements) of the risks associated with providing supply under the Default Service Program Supply Master Agreement ("Default Service SMA"); the preference of another RFP Bidder (Full Requirements or Block Energy) for bidding on specific products in this or in a subsequent solicitation under one or both of the RFPs; and the contractual arrangements for power of another RFP Bidder to serve tranches of Default Service Load were that RFP Bidder to become a Supplier under the Default Service SMA. This certification must be binding and in effect until the Commission has either approved or rejected each of the winning Bids for this solicitation.
- (4) I certify that the RFP Bidder has maintained and will continue to maintain the confidentiality of its Proposal during the preparation of the Proposal, including in communicating with its financial institution for the purpose of preparing the Pre-Bid Letter of Credit or in communicating with advisors, if any.



*Name of RFP Bidder*

- (5) I certify that, with only the exceptions noted in (4) above, the RFP Bidder has not disclosed, and will not otherwise disclose, publicly or to any other party any information relating to its Proposal, which could have an effect on whether another party submits a Proposal in any solicitation under one or both of the RFPs (Block Energy RFP or Full Requirements RFP), or on the contents of such Proposal that another RFP Bidder (Block Energy or Full Requirements) would be willing to submit in response to one or both of the RFPs. Such information includes, but is not limited to: the fact that the RFP Bidder is submitting a Proposal in response to this RFP; the RFP Bidder's Bids in this or in a subsequent solicitation under this RFP; the RFP Bidder's number of blocks bid for any product in this or in a subsequent solicitation under this RFP; the RFP Bidder's estimation of the value of a block of a product; the RFP Bidder's estimation of the risks associated with providing supply under the Block Energy SMA; and the RFP Bidder's preference for bidding on specific products in this or in a subsequent solicitation under this RFP. This certification must be binding and in effect until the Commission has either approved or rejected each of the winning Bids for this solicitation.
- (6) I certify that any Bid on any product submitted in response to this RFP for this solicitation is binding until five (5) business days after the Bid Date and constitutes a binding and irrevocable offer to supply under the terms of the Block Energy SMA at the price specified in the Bid.
- (7) I certify that if the Commission approves some or all of the RFP Bidder's Bids, I will execute all Transaction Confirmation(s) required by the Commission's decision under the Block Energy SMA by 2:00 PM of the fourth business day after the Bid Date.
- (8) I confirm that the RFP Bidder has received all information from the Independent Evaluator for the submission of Bids, including the RFP Bidder's username, password, and security codes. I further certify that the information was received intact and that no one but authorized personnel of the RFP Bidder has had access to this information.

\_\_\_\_\_  
 Signature of Officer

\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Signature and Seal from Notary Public

\_\_\_\_\_  
 Date

Name of RFP Bidder

## 2. Pre-Bid Letter of Credit

**PROVIDE ALL INFORMATION REQUESTED IN THIS SECTION 2 OF THIS PART 2 FORM.**

*Please note that fields will expand to accommodate text.*

### Pre-Bid Letter of Credit

The RFP Bidder must either use the Standard Pre-Bid Letter of Credit provided in Appendix 9 to these RFP Rules, or the RFP Bidder must submit a Pre-Bid Letter of Credit that incorporates only those modifications to the Standard Pre-Bid Letter of Credit accepted as a result of the evaluation of the Part 1 Proposals.

The RFP bidder is submitting an executed Pre-Bid Letter of Credit (check one):

- ☐ using the Standard Pre-Bid Letter of Credit; or
- ☐ incorporating only approved modifications.

### Amount of the Pre-Bid Letter of Credit

The RFP Bidder must provide an executed Pre-Bid Letter of Credit, drawn for the account of the RFP Bidder, in an amount of \$20,000 per block bid. A single Pre-Bid Letter of Credit is submitted even if the RFP Bidder bids on several products.

### Release of the Pre-Bid Letter of Credit

PECO and the Independent Evaluator will release the Pre-Bid Letter of Credit no later than five (5) business days after the Bid Date. If the Commission does not approve any of a particular RFP Bidder's Bids, PECO and the Independent Evaluator will release that RFP Bidder's Pre-Bid Letter of Credit within two (2) business days of the Bid Date. Please provide any special instructions for returning the Pre-Bid Letter of Credit below.

--

Name of RFP Bidder

### 3. Block Energy SMA Documents

**PROVIDE ALL INFORMATION REQUESTED IN THIS SECTION 3 OF THIS PART 2 FORM.**

The Block Energy SMA including all necessary Exhibits

Check the boxes below to indicate the documents that you are including with your Part 2 Form. If any documents are not included with your Part 2 Form, please indicate in Section 6 how and when these documents will be provided.

- ☐ Two (2) signed originals of the Block Energy SMA with the following exhibits:
- ☐ Two (2) copies of the Mark-to-Market exposure calculation methodology (Exhibit E);
  - ☐ Two (2) completed originals of the form of Notice (Exhibit H).

**THE TWO (2) ORIGINALS OF THE BLOCK ENERGY SMA, INCLUDING ALL NECESSARY EXHIBITS, MUST BE SIGNED BY THE OFFICER OF THE RFP BIDDER DESIGNATED IN THE PART 1 PROPOSAL AND WHOSE CONTACT INFORMATION IS CONFIRMED IN SECTION 1 OF THIS PART 2 FORM.**

RFP Bidders Relying on the Financial Standing of an RFP Guarantor

**THE FOLLOWING ITEMS APPLY ONLY TO RFP BIDDERS RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR. IF THIS DOES NOT APPLY TO YOU, PLEASE CHECK HERE ☐ AND PROCEED TO SECTION 4.**

An RFP Bidder relying on the financial standing of an RFP Guarantor must provide two (2) signed originals of the guaranty with the Part 2 Proposal.

Please check the box below to indicate that you are providing the guaranty with this Part 2 Form. If the guaranty is not included with your Part 2 Form, please indicate in Section 6 how and when this document will be provided.

- ☐ Two (2) signed originals of the guaranty

**FOR RFP BIDDERS USING THE FORM OF GUARANTY, INCLUDING ANY APPROVED MODIFICATIONS, THE GUARANTY AMOUNT MUST EQUAL OR EXCEED THE LESSER OF: (A) THE TANGIBLE NET WORTH ("TNW") AMOUNT AS DEFINED IN THE BLOCK ENERGY SMA; AND (B) THE TOTAL NUMBER OF BLOCKS BID TIMES \$50,000.**

\_\_\_\_\_  
*Name of RFP Bidder*

RFP Bidders using an alternate guaranty form approved by PECO are required to provide an executed enforceability opinion for this alternate guaranty form on the letterhead of a law firm of national standing. Please check the box below to indicate that you are providing the required enforceability opinion with this Part 2 Form. If the enforceability opinion is not included with your Part 2 Form, please indicate in Section 6 how and when this document will be provided.

☐ Enforceability Opinion

**AN RFP BIDDER USING AN ALTERNATE GUARANTY FORM APPROVED BY PECO PURSUANT TO THE GUARANTY PROCESS MUST SUBMIT A GUARANTY WITH NO MONETARY LIMIT.**

*Name of RFP Bidder*

#### 4. RFP Bidders Under Agency Agreements

**THIS APPLIES ONLY TO RFP BIDDERS SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT. IF YOU ARE NOT SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT, PLEASE CHECK HERE ☐ AND PROCEED TO THE NEXT SECTION.**

Please check the box below to indicate that you are providing the required Officers' Certificate, signed by an officer of each Principal, with this Part 2 Form. If the Officers' Certificate is not included with your Part 2 Form, please indicate in Section 6 how and when this document will be provided. The Independent Evaluator and PECO will determine whether the document provided is sufficient, without any liability or obligation to the RFP Bidder or its Principal(s).

☐ Officers' Certificate

**IF A REPRESENTATIVE OF THE RFP BIDDER IS AUTHORIZED TO EXECUTE TRANSACTION CONFIRMATIONS PURSUANT TO THE BLOCK ENERGY SMA, PLEASE CHECK HERE ☐ AND PROCEED TO THE NEXT SECTION. OTHERWISE, PLEASE PROVIDE THE INFORMATION REQUESTED BELOW.**

If no representative of the RFP Bidder is authorized to execute a Transaction Confirmation pursuant to the Block Energy SMA, the RFP Bidder must name a representative of a Principal that is so authorized. This individual must also execute the two (2) originals of the Block Energy SMA signature page that are submitted with the Part 2 Proposal.

Please provide the name and contact information of this representative below.

*Last Name of Representative*

*Given Name(s)*

*Mr/Mrs/Ms/Dr/(other)*

*Telephone No. of Representative*

*Alternate Telephone No.*

*Email Address of Representative*

*Fax No. of Representative*

*Name of RFP Bidder*

## 5. Foreign RFP Bidders and Foreign Entities

**ONLY FOREIGN RFP BIDDERS OR RFP BIDDERS RELYING ON THE FINANCIAL STANDING OF A FOREIGN ENTITY (RFP GUARANTOR OR PRINCIPAL) ARE REQUIRED TO COMPLETE THIS SECTION. IF THIS DOES NOT APPLY TO YOU, PLEASE CHECK HERE ☐ AND PROCEED TO THE SECTION 6. IF YOU ARE A FOREIGN RFP BIDDER OR AN RFP BIDDER RELYING ON THE FINANCIAL STANDING OF A FOREIGN ENTITY, PLEASE COMPLETE ALL INFORMATION REQUIRED IN THIS SECTION 5 OF THIS PART 2 FORM.**

**A FOREIGN RFP BIDDER MUST PROVIDE THE ADDITIONAL DOCUMENTS LISTED BELOW FOR THE FOREIGN RFP BIDDER TO BE GRANTED UNSECURED CREDIT UNDER THE TERMS OF THE BLOCK ENERGY SMA.**

Please check the boxes below to indicate that you are providing the documents listed below with this Part 2 Form. If one or more of these documents is not included with your Part 2 Form, please indicate in Section 6 whether this document or these documents will be provided.

☐ **one (1) executed original** legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Foreign RFP Bidder is incorporated or otherwise formed that the Block Energy SMA is, or upon the completion of execution formalities will become, the binding obligation of the Foreign RFP Bidder in the jurisdiction in which it has been incorporated or otherwise formed. Exhibit G to the Block Energy SMA includes a sample of this legal opinion.

☐ **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the person executing the Block Energy SMA on behalf of the Foreign RFP Bidder has the authority to execute the Block Energy SMA and that the governing board of such Foreign RFP Bidder has approved the execution of the Block Energy SMA.

☐ **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such Foreign RFP Bidder that the Foreign RFP Bidder has been authorized by its governing board to enter into agreements of the same type as the Block Energy SMA.

If the Foreign RFP Bidder does not submit these documents, or if these documents are not sufficient, the Foreign RFP Bidder is not granted unsecured credit under the terms of the Block Energy SMA.

**AN RFP BIDDER RELYING ON THE FINANCIAL STANDING OF AN RFP GUARANTOR THAT IS A FOREIGN ENTITY MUST PROVIDE THE ADDITIONAL DOCUMENTS LISTED BELOW FOR THE RFP GUARANTOR TO BE GRANTED UNSECURED CREDIT UNDER THE TERMS OF THE BLOCK ENERGY SMA.**

Please check the boxes below to indicate that you are providing the documents listed below with this Part 2 Form. If one or more of these documents is not included with your Part 2 Form, please indicate in Section 6 whether this document or these documents will be provided.

☐ **one (1) executed original** legal opinion of counsel qualified to practice in the foreign jurisdiction in which the RFP Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Block Energy SMA is, or upon the completion of execution formalities will become, the binding obligation of the RFP Guarantor in the jurisdiction in which it has been incorporated or otherwise formed. Exhibit G to the Block Energy SMA includes a sample of this legal opinion.

*Name of RFP Bidder*

☐ **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the person executing the guaranty pursuant to the Block Energy SMA on behalf of the RFP Guarantor has the authority to execute the guaranty pursuant to the Block Energy SMA and that the governing board of such RFP Guarantor has approved the execution of the guaranty pursuant to the Block Energy SMA;

☐ **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such RFP Guarantor that the RFP Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Block Energy SMA.

If the RFP Bidder does not submit these documents, or if these documents are not sufficient, the Foreign RFP Guarantor is not granted unsecured credit under the terms of the Block Energy SMA. In that case, the RFP Bidder may not rely on the financial standing of the RFP Guarantor. Any guaranty submitted with the Part 2 Proposal will be removed from consideration and the Independent Evaluator may request additional financial or credit information regarding the RFP Bidder.

**AN RFP BIDDER SUBMITTING A PROPOSAL UNDER AN AGENCY AGREEMENT WITH A PRINCIPAL THAT IS A FOREIGN ENTITY MUST PROVIDE THE ADDITIONAL DOCUMENTS LISTED BELOW FOR THE RFP BIDDER AND ITS PRINCIPAL TO BE GRANTED UNSECURED CREDIT UNDER THE TERMS OF THE BLOCK ENERGY SMA.**

Please check the boxes below to indicate that you are providing the documents listed below with this Part 2 Form. If one or more of these documents is not included with your Part 2 Form, please indicate in Section 6 whether this document or these documents will be provided.

☐ **one (1) executed original** legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Principal is incorporated or otherwise formed that the Block Energy SMA is, or upon the completion of execution formalities will become, the binding obligation of the Principal in the jurisdiction in which it has been incorporated or otherwise formed. Exhibit G to the Block Energy SMA includes a sample of this legal opinion.

☐ **one (1) executed original** sworn certificate of the corporate secretary (or similar officer) of such Principal that the Principal has been authorized by its governing board to enter into agreements of the same type as the Block Energy SMA.

If the RFP Bidder does not submit these documents, or if these documents are not sufficient, the RFP Bidder and its Principal(s) are not granted unsecured credit under the terms of the Block Energy SMA.

---

*Name of RFP Bidder*

## **6. Justification of Omissions**

If you are unable to provide all documents or information with this Part 2 Form, please justify fully any omissions in the space provided below.



\_\_\_\_\_  
*Name of RFP Bidder*

## **Checklist**

**This is a checklist of documents that must be included in the Part 2 Proposal.**

- ☐ **Three (3) originals** of the completed Part 2 Form (with original signatures and original notarized signatures where required) *[Instructions Part I]*
- ☐ **One (1) executed original** Pre-Bid Letter of Credit, drawn for the account of the RFP Bidder in an amount of \$20,000 per block bid that either uses the Standard Pre-Bid Letter of Credit provided in Appendix 9 to the RFP Rules, or a Pre-Bid Letter of Credit that incorporates only those modifications to the Standard Pre-Bid Letter of Credit accepted as a result of the evaluation of the Part 1 Proposals. *[Section 2]*
- ☐ **Two (2) signed originals** of the Block Energy SMA, including all necessary exhibits *[Section 3]*
- ☐ **Two (2) signed originals** of the guaranty if the RFP Bidder is relying on the financial standing of an RFP Guarantor. *[Section 3]*
- ☐ **One (1) executed original** Enforceability Opinion Letter if the RFP Bidder is submitting an alternate guaranty approved by PECO pursuant to the Guaranty Process. *[Section 3]*
- ☐ **One (1) executed** Officers' Certificate if the RFP Bidder is submitting a Proposal under an Agency Agreement. *[Section 4]*

An RFP Bidder submitting a Proposal under an Agency Agreement with a Principal that is a Foreign Entity, as a condition of being granted unsecured credit, must also provide the following executed documents:

- ☐ **One (1) executed** legal opinion of counsel qualified to practice in the foreign jurisdiction that the Block Energy SMA is binding. *[Section 5]*
- ☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the Principal that its governing board has authorized the execution of agreements of the same type as the Block Energy SMA in the past. *[Section 5]*

---

*Name of RFP Bidder*

A Foreign RFP Bidder, as a condition of being granted unsecured credit, must also provide the following documents:

- ☐ **One (1) executed** legal opinion of counsel qualified to practice in the foreign jurisdiction that the Block Energy SMA is binding. *[Section 5]*
- ☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that the person executing the Block Energy SMA is so authorized and that its governing board has approved the execution of the Block Energy SMA. *[Section 5]*
- ☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the Foreign RFP Bidder that its governing board has authorized the execution of agreements of the same type as the Block Energy SMA in the past. *[Section 5]*

An RFP Bidder relying on the financial standing of an RFP Guarantor that is a Foreign Entity, as a condition of being granted unsecured credit, must also provide the following documents:

- ☐ **One (1) executed** legal opinion of counsel qualified to practice in the foreign jurisdiction that the guaranty pursuant to the Block Energy SMA is binding. *[Section 5]*
- ☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that the person executing the guaranty is so authorized and that its governing board has approved the execution of the guaranty pursuant to the Block Energy SMA. *[Section 5]*
- ☐ **One (1) executed** sworn certificate of the corporate secretary (or similar officer) of the RFP Guarantor that its governing board has authorized the execution of a guaranty of the same type as the guaranty pursuant to the Block Energy SMA in the past. *[Section 5]*

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***End of Part 2 Form***

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## **APPENDIX D-6**



**PECO Energy Company  
Default Service Program RFP For Block Energy Supply  
Spring 2009 Solicitation**

**Bids**

**Bid Date: June 15, 2009**

**Bids**

- A 'Bid' is a price in \$/MWh for one block of a given product.
- A 'Bid' is rounded to the nearest cent.
- A RFP Bidder can offer to supply one product.
- A RFP Bidder may submit different Bids for different blocks of a given product.
- Bids should be entered from top to bottom, without skipping rows.

**Bids (All Bids are in \$/MWh)**

B-12-Jan2011	
Bid (\$/MWh)	
1	
2	

**Number of Tranches bid**

B-12-Jan2011

## **APPENDIX D-7**

**Appendix 7 - Requirements for Chief Financial Officer Attestation**

The attestation by the Chief Financial Officer, if required by Article IV, must fulfill the following requirements:

1. the attestation is a notarized affidavit attached to the financial information provided by the entity;
2. the attestation identifies the person making the affidavit as the Chief Financial Officer (or equivalent position);
3. the Chief Financial Officer (or equivalent) attests that "the information contained in the financial statements fairly presents in all material respects the financial condition and results of the operations of \_\_\_\_\_(name of entity)".

## **APPENDIX D-8**



## **Appendix 8 - Officers' Certificate (RFP Bidders Under an Agency Agreement)**

### **Sample**

The undersigned hereby certify that they are duly elected, qualified and acting officers holding the offices set forth below their respective names of \_\_\_\_\_ [name of Principal(s)], the "Principal" or together the "Principals". As such, they are familiar with the affairs of the Principal(s) and the Proposal submitted in response to PECO Energy Company's Default Service Program RFP for Block Energy Supply ("Block Energy RFP"), including the agency authorization submitted with the Proposal (the "Agency Agreement"). They are authorized to execute and deliver this certificate on behalf of the Principal(s).

They further certify that:

- (i) the copy of the Agency Agreement submitted with the Proposal is a true and complete copy of the Agency Agreement as currently in effect;
- (ii) the Agency Agreement will remain valid and remain in full force and effect until five (5) business days after the Bid Date;
- (iii) there are no proceedings pending for the amendment or termination of the Agency Agreement, or contemplated by the RFP Bidder, or contemplated by the Principal(s) to the RFP Bidder's knowledge;
- (iv) each individual who has executed this officers' certificate, the Agency Agreement, and the Default Service Program Block Energy Supply Master Agreement ("Block Energy SMA") submitted with the Part 2 Proposal is (or was at the time of the execution of such documents) authorized to execute and deliver such documents on behalf of the Principal(s); and
- (v) \_\_\_\_\_ [insert name], the Officer of the RFP Bidder named in the Part 1 Proposal, is authorized to execute any Transaction Confirmations pursuant to the Block Energy SMA on behalf of the Principal(s).

Capitalized terms used in this officers' certificate without definition have the meanings assigned to such terms in the RFP Rules.

## **APPENDIX D-9**

## Appendix 9 - Standard Pre-Bid Letter of Credit

[On Issuing Bank's Letterhead]

### IRREVOCABLE STANDBY LETTER OF CREDIT

\_\_\_\_\_ ("Date of Issuance")

Letter of Credit No. \_\_\_\_\_

**Beneficiary:**

PECO Energy Company ("PECO")  
c/o NERA Economic Consulting, Inc. ("NERA")  
Independent Evaluator  
[Address]

**Applicant:**

[Name of RFP Bidder]  
[Address]

1. We, \_\_\_\_\_ (the "Issuing Bank"), hereby establish this Irrevocable Standby Letter of Credit (this "Letter of Credit") in your favor in the amount of USD \$\_\_\_\_\_, effective immediately and available to you at sight upon demand at our counters at \_\_\_\_\_ [designate Issuing Bank's location for presentments] and expiring at 5:00 PM (New York, NY time<sup>1</sup>) on \_\_\_\_\_ [no earlier than ten (10) business days after the Bid Date] (the "Expiration Date"), unless terminated earlier in accordance with the provisions of Paragraph 9 hereof.
2. This Letter of Credit is issued at the request and for the account of \_\_\_\_\_ (including its successors and assigns, the "Bidder"). This Letter of Credit may be drawn by presenting the documents required by paragraph 3 hereof, including your certificate stating that:
  - a) "the Bidder has made a material omission or misrepresentation in the Part 1 Proposal or the Part 2 Proposal submitted in connection with this solicitation"; or
  - b) "the Bidder has disclosed information relating to its Proposal publicly or to any other party before the PUC has rendered its decision on the results of the solicitation"; or
  - c) "the Bidder has one or more Bids approved by the PUC and the RFP Bidder fails to execute all Transaction Confirmations in the timeframe required by the Block Energy SMA".
3. We hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the amount available under this Letter of Credit from time to time, subject to reduction as provided in Paragraph 8. A partial or full drawing hereunder may be presented by you on any Business Day on or prior to the Expiration Date by delivering or transmitting to the Issuing Bank at \_\_\_\_\_ [U.S. address], (a) a notice executed by you

<sup>1</sup> If the issuer of the Letter of Credit is located in an area that is not in the Eastern Time zone, this time and all other times in this Letter of Credit, and the definition of a Business Day should be adjusted accordingly, here and in Paragraphs 5 and 9.

substantially in the form of Annex 1 hereto, appropriately completed and duly signed by an Authorized Officer of PECO, and (b) your draft substantially in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of PECO.

4. Drafts, document(s) and other communications hereunder may be presented or delivered to us by facsimile transmission. Presentation of documents to effect a draw by facsimile must be made to the following facsimile number: \_\_\_\_\_, and confirmed by telephone to us at the following number: \_\_\_\_\_. In the event of a presentation via facsimile transmission, no mail confirmation is necessary and the facsimile transmission will constitute the operative drawing documents.
5. We will honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in your draft (or so much thereof as is available hereunder) delivered or transmitted to us in connection with such drawing to the account designated as provided below, by 3:00 PM (New York, NY time) on the date of such drawing, if delivery or transmission of the requisite documents pursuant to Paragraph 3 hereof is made prior to 11:00 AM (New York, NY time) on a Business Day, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery or transmission of the requisite documents pursuant to Paragraph 3 hereof is made on or after 11:00 AM (New York, NY time) on any Business Day.
6. 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 notice not later than the time provided in Paragraph 5 above for honor of a drawing presented to us, 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 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.
7. Unless otherwise hereafter designated in writing to us by an Authorized Officer of PECO, all payments made by us under this Letter of Credit shall be transmitted by wire transfer to PECO pursuant to the following instructions:  
  
 PECO Energy Company  
 Account No.: \_\_\_\_\_  
 Bank: \_\_\_\_\_  
 Bank's Address: \_\_\_\_\_  
 \_\_\_\_\_  
 ABA Routing No.: \_\_\_\_\_  
 Contact: \_\_\_\_\_  
 Telephone No.: \_\_\_\_\_
8. Partial drawings are permitted hereunder and multiple drawings are permitted hereunder. The amount available for drawing 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. Presentation of demands for drawings in amounts that exceed the amount available to be drawn hereunder shall not be deemed a failure to comply with the requirements of Paragraph 3 hereof, provided that the amounts payable on any such demand shall thus be limited to the amount then available to be drawn under this Letter of Credit.
9. This Letter of Credit shall terminate on the earliest of the date (a) you have made drawings which exhaust the amounts available to be drawn under this Letter of Credit, (b) we receive from you a

Certificate of Cancellation in the form of Annex 3 hereto together with the original of this Letter of Credit returned for cancellation, or (c) 5:00 PM (New York, NY time) on the Expiration Date.

10. 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.
11. Article 36 of the UCP as it applies to this Letter of Credit is hereby modified to provide as follows:

If on the last Business Day for presentation the place for presentation stated in this Letter of Credit is for any reason closed, then the last day for presentation is automatically extended to the day occurring thirty calendar days after the place for presentation re-opens for business.

Article 36 of the UCP as it applies to this Letter of Credit is hereby further modified by providing that any alternate place for presentation we may designate pursuant to this rule must be in the United States.

12. As used herein:

"Authorized Officer" shall mean President, Treasurer, any Vice President or Senior Vice President or any Assistant Treasurer.

"Bids" shall mean the price offers submitted by the Applicant in response to PECO Energy Company's Default Service Program RFP for Block Energy Supply.

"Bid Date" shall mean the day on which the Bidder may submit Bids in the solicitation.

"Bidder" shall mean an entity that has successfully completed the Part 1 Proposal, and that submits the Part 2 Proposal.

"Business Day" shall mean any day on which commercial banks are not authorized or required to close in New York, NY and any day on which payments can be effected on the Fedwire system.

"Block Energy SMA" shall mean the Default Service Program Block Energy Supply Master Agreement by which PECO can contract with winners of blocks of energy from this solicitation.

"Independent Evaluator" shall mean the administrator of PECO Energy Company's Default Service Program RFP for Block Energy Supply.

"PUC" shall mean the Pennsylvania Utility Commission.

"Proposal" shall mean a response by the Applicant to PECO Energy Company's Default Service Program RFP for Block Energy Supply in a solicitation, including the Part 1 Proposal and the Part 2 Proposal.

"Transaction Confirmation" shall mean an agreement pursuant to the Block Energy SMA that documents certain terms of a transaction between the Applicant and PECO Energy Company.

13. 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. Except as otherwise expressly stated herein, this Letter of Credit may not be amended or modified by us without the consent of an Authorized Officer of the Independent Evaluator.

14. We, the Issuing Bank, certify that as of the Date of Issuance our senior unsecured debt is rated "A" or better by Standard & Poor's, or "A2" or higher from Moody's Investors Service.
15. This original Letter of Credit has been sent to the Independent Evaluator at [address] (as per Bidder's instructions, the Independent Evaluator holds the Letter of Credit for the benefit of PECO). The aggregate amount paid to PECO 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 PECO. Acceptance or rejection of any amendments to this Letter of Credit must be signed by an Authorized Officer of PECO or an Authorized Officer of the Independent Evaluator on behalf of PECO.

Very truly yours,  
[Issuing Bank]

Signature: \_\_\_\_\_

Name:

Title:

Date:

***Annex 1 to Letter of Credit***

DRAWING UNDER LETTER OF CREDIT NO. \_\_\_\_\_

\_\_\_\_\_, 20\_\_

To: [Issuing Bank]  
[Address]

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned is making a drawing under Your Letter of Credit No. \_\_\_\_\_ (the "Letter of Credit") in the amount specified below and hereby certifies to you as follows:

1. Capitalized terms used herein that are not defined herein shall have the meanings ascribed thereto in the Letter of Credit.
2. The undersigned is making a drawing under the Letter of Credit. The amount to be received by PECO is (USD) \$\_\_\_\_\_.
3. Pursuant to Paragraph 2 of the Letter of Credit No. \_\_\_\_\_, dated \_\_\_\_\_, the undersigned is entitled to make a drawing under the Letter of Credit in as much as the Bidder has \_\_\_\_\_ [state a reason from conditions (a) - (c) of Paragraph 2 of the Letter of Credit].
4. The undersigned acknowledges that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by the amount of this drawing honored by you.

Very truly yours,

PECO Energy Company

By \_\_\_\_\_

Name:

Title:

Date:

cc: \_\_\_\_\_ [Bidder]

***Annex 2 to Letter of Credit***

SIGHT DRAFT

Amount: \$ \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_

At sight, pay to the order of PECO Energy Company the sum of \_\_\_\_\_ U.S.  
Dollars.

Drawn under Irrevocable Letter of Credit No. \_\_\_\_\_ of  
\_\_\_\_\_ [identify Issuing Bank] dated  
\_\_\_\_\_, 200\_\_.

To: \_\_\_\_\_ [Issuing Bank]  
\_\_\_\_\_ [Address]  
\_\_\_\_\_

PECO Energy Company

By \_\_\_\_\_  
Name:  
Title:  
Date:



***Annex 3 to Letter of Credit***

## CERTIFICATE OF CANCELLATION

\_\_\_\_\_, 20\_\_

To: [Issuing Bank]  
[Address]

Attention: Standby Letter of Credit Unit/Your Letter of Credit No. \_\_\_\_\_

Ladies and Gentlemen:

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

PECO Energy Company

By \_\_\_\_\_  
Name:  
Title:  
Date:

cc: \_\_\_\_\_ [Bidder]

## **APPENDIX D-10**

**Appendix 10 - Confidentiality Statement**

I, \_\_\_\_\_{name of person}, am employed by \_\_\_\_\_{name of employer}.

I will be considering, reviewing and evaluating responses from RFP Bidders in the Block Energy RFP. In this capacity, I sign below and hereby acknowledge and understand the Confidentiality Provisions of the RFP Rules and, consistent with those rules, agree to take all reasonable precautions to ensure that all data and information supplied by all RFP Bidders are maintained in confidence and not disclosed to individuals other than those that have signed this Confidentiality Statement. My signature is witnessed by the Independent Evaluator.

A list of signatories of this Confidentiality Statement is maintained by the Independent Evaluator and available to all signatories and to RFP Bidders upon request.

If any data or information supplied by an RFP Bidder is disclosed publicly by that RFP Bidder itself or by the Pennsylvania Public Utility Commission, such information will cease to be Confidential.

\_\_\_\_\_  
Signature  
  
\_\_\_\_\_  
Title  
  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness Name  
  
\_\_\_\_\_  
Witness Signature  
  
\_\_\_\_\_  
Title  
  
\_\_\_\_\_  
Date