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File #: 178868

January 15, 2021

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Compliance Filing with Respect to the Petition of PPL Electric Utilities Corporation for Approval of Its Default Service Plan for the Period of June 1, 2021 through May 31, 2025
Docket No. P-2020-3019356

Dear Secretary Chiavetta:

In compliance with the Pennsylvania Public Utility Commission's ("Commission") Order entered December 17, 2020, at the above referenced docket, enclosed for filing please find the following documents on behalf of PPL Electric Utilities Corporation ("PPL Electric"):

- Revised Default Service Supply Master Agreement ("Default Service SMA")
- Revised Default Service Request for Proposal Process and Rules ("Default Service RFP")
- Revised Default Service Block Supply Master Agreement ("Block SMA")
- Revised Default Service Block Request for Proposals Process and Rules ("Block RFP")
- Revised Alternative Energy Credits Supply Master Agreement ("AEC SMA")
- Revised Alternative Energy Credits Request for Proposals Process and Rules ("AEC RFP")

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- Pro Forma Revised Tariff Pages
- Revised Standard Offer Program Process and Rules

Please note that modifications have been made to the following to allow for the delivery and acceptance of performance assurance documents electronically: Sections 4.8.1, 4.9.1, 5.3.1, 6.1.4 and Appendix 7b of the Default Service RFP and Block RFP; Sections 4.7.1, 5.3.1, 6.1.4 and Appendix 7b of the AEC RFP; Sections 6.6, 6.7 and Exhibits 4a, 4b and 5 of the Default Service SMA; and Sections 6.6, 6.7 and Exhibits 3a, 3b and 4 of the Block SMA. Electronic delivery and acceptance of performance assurance documents is necessary to facilitate the solicitation given the ongoing COVID-19 pandemic.

PPL Electric will open its first solicitation under this Default Service Procurement Plan in late February for default service supply effective June 1, 2021. PPL Electric respectfully requests that the Commission approve this compliance filing by February 5, 2021, in order to provide sufficient time for PPL Electric to undertake the necessary pre-solicitation activities.

As indicated by the enclosed Certificate of Service, copies of this filing are being served upon all parties to the above referenced docket.

If there are any questions regarding this filing, please contact the undersigned.

Very truly yours,



Michael W. Hassell
Principal

MWH/kl
Enclosures

cc: Certificate of Service
Jeffrey McCracken, Pennsylvania Public Utility Commission

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant) and the Pennsylvania Public Utility Commission's March 20, 2020 Emergency Order at Docket No. M-2020-3019262.

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Date: January 15, 2021

Michael W. Hassell

DEFAULT SERVICE
SUPPLIER MASTER AGREEMENT (SMA)
BETWEEN
PPL ELECTRIC UTILITIES CORPORATION
AND
[DS SUPPLIER NAME]

DATED _____

DEFAULT SERVICE SUPPLIER MASTER AGREEMENT

Articles and Provisions

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PENNSYLVANIA DEFAULT SERVICE SUPPLIER MASTER AGREEMENT

THIS DEFAULT SERVICE SUPPLIER MASTER AGREEMENT, made and entered into this _____ day of _____, _____ (“Effective Date”), by and between PPL Electric Utilities Corporation (the “Company” and “Buyer”), a corporation and a public utility organized and existing under the laws of the Commonwealth of Pennsylvania and _____ (“DS Supplier”), the Company and the DS Supplier hereinafter sometimes referred to collectively as the “Parties”, or individually as a “Party”,

WITNESSETH:

WHEREAS, the Company is an electric public utility engaged, inter alia, in providing retail electric service within its service territory located in the Commonwealth of Pennsylvania; and

WHEREAS, the Pennsylvania Public Utility Commission (“PaPUC” or “Commission”) Orders issued pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801-2812, direct Buyer to supply electric service to Default Service Load within Buyer’s Pennsylvania franchise service territory; and

WHEREAS, the PaPUC has found that, for periods further identified in Appendix C and Transaction Confirmation(s) under this Agreement, it would serve the public interest for the Company to secure Default Service Supply (“DS Supply”) through a competitive procurement process (“DS Solicitation”) and the PaPUC has approved such a process; and

WHEREAS, the Company has conducted and completed a successful DS

Solicitation for the provision of DS Supply, and the DS Supplier was one of the winning bidders in the DS Solicitation; and

WHEREAS, pursuant to the competitive bidding procedures of the DS Solicitation, the Company and the DS Supplier desire to enter into this Agreement setting forth their respective rights and obligations concerning the provision of DS Supply.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby covenant, promise and agree as follows:

ARTICLE 1 DEFINITIONS

Any capitalized or abbreviated term not elsewhere defined in this Agreement shall have the definition set forth in this Article.

Alternative Energy Credit or “AEC” – Shall have the meaning ascribed thereto in the AEPS Act.

AEPS Act – The Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8.

Affiliate – Shall mean, 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.

Alternative Energy Portfolio Standards or “AEPS” – Shall have the meaning ascribed to it in the Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8, as amended from time to time.

Ancillary Services – Shall have the meaning ascribed thereto in the PJM Agreements.

Applicable Legal Authorities – Those federal and Pennsylvania statutes and administrative rules and regulations that govern the electric utility industry in Pennsylvania, as they may be amended from time to time.

Auction Revenue Rights or “ARRs” – The current or any successor congestion management mechanisms as may be employed by PJM (whether set forth in the PJM Agreements or elsewhere) for the purpose of allocating financial congestion hedges or financial transmission auction revenue rights. As currently defined by PJM, ARR are entitlements allocated annually by PJM which entitle the holder to receive an allocation of the revenues from the annual auction of financial transmission rights conducted by PJM pursuant to the PJM Agreements.

Bankruptcy Code – 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., as such laws may be amended, modified, replaced or superseded from time to time.

Billing Month – Each calendar month during the term of this Agreement.

Block Supply – Shall mean, such MWs of around-the-clock Energy, Capacity, transmission service, Ancillary Services and associated AECs, delivered to the Delivery Point, as established by the PaPUC Orders. Block Supply is currently scheduled to be 50 MW for the period June 1, 2021 through November 30, 2021, to be 100 MW for the period December 1, 2021 through May 31, 2026 and to be 50 MW for the period June 1, 2026 through November 30, 2026. The entirety of this Block Supply will be allocated to the Residential Customer Group.

Business Day – Any day on which the Company’s and PJM’s corporate offices are open for business and commercial banks are not authorized or required to close in New York, New York.

Capacity – “Unforced Capacity” as set forth in the PJM Agreements, or any successor, measurement of the capacity obligation of a Load Serving Entity as may be employed in PJM (whether set forth in the PJM Agreements or elsewhere).

Charge – Any fee, charge or other amount that is billable by the Company to the DS Supplier under this Agreement.

Company – PPL Electric Utilities Corporation.

Costs – With respect to the Non-Defaulting Party, brokerage fees, commissions and other similar transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace Transaction(s) under this Agreement; and all

reasonable attorneys' fees and expenses incurred by the Non-Defaulting Party in connection with the termination of this Agreement.

Credit Limit – Shall mean an unsecured line of credit pursuant to Article 6.

Customer – Any person or entity who enters a contractual agreement with the Company to receive retail electric service including, without limitation, all persons or entities taking service under a retail tariff, eligible to receive competitive electricity supply from an EGS or DS, respectively, in accordance with the Applicable Legal Authorities.

Customer Group – Shall have the meaning ascribed to it in Appendix C.

Damages – Financial compensation from the Defaulting Party to the Non-Defaulting Party associated with the occurrence of an Event of Default or an Early Termination of this Agreement. This compensation shall be assessed pursuant to Article 5 of this Agreement.

Defaulting Party – A Party to this Agreement that has caused or precipitated an Event of Default or an Early Termination of this Agreement.

Default Service or “DS” – Electric generation service that is provided at retail pursuant to the Applicable Legal Authorities under the Company's retail electric tariffs and under any other agreements or arrangements between the Company and Customers, to any Customer that is not being served by an EGS.

Default Allocation Assessment – Shall have the meaning ascribed to it under the PJM Agreements.

Default Service Customer(s) (“DS Customer(s)”) – Retail customers who are provided Default Service pursuant to the terms of this Agreement, the Applicable Legal Authorities and the Company's retail tariffs.

Default Service Fixed Price (“DS Fixed Price”) – The price in dollars per MWh as determined pursuant to the DS Solicitation.

Default Service Load (“DS Load”) – Shall mean the net total default service customer sales at the retail meter, plus any transmission and distribution losses and Unaccounted for Energy, adjusted for PJM's derating in conjunction with marginal loss implementation as appropriate, expressed in MWh or MW, as appropriate, for a particular class(es) of retail customers being served by Buyer pursuant to the PaPUC Orders, as such sales vary from hour to hour, in Buyer's Pennsylvania franchise service territory, as such territory exists on the Effective Date or may increase or decrease due to *de minimis* geographic border changes to the service territory that exists on the Effective Date, less excess generation purchased from net metering (customer generation) and less supply the Company is obligated to purchase pursuant to the Public Utility Regulatory Policies Act

(“PURPA”). Additionally, with respect to the Residential Customer Group, less a fractional percentage of committed energy and capacity obtained under long-term contract with Allegheny Electric Cooperative, Inc. for supply from the New York Power Authority (“NYPA”) and less Block Supply. For the purposes of this Agreement, Time-of-Use load will not be included in the calculation of DS Load unless required by an appropriate order of the Pennsylvania Public Utility Commission.

Default Service Solicitation (“DS Solicitation”) – The competitive bidding processes, procedures and rules employed by the Company to competitively procure DS Supply for purposes of this Agreement.

Default Service Supplier (“DS Supplier”) – An entity that (i) has been selected through the DS Solicitation and has accepted the obligations and associated rights to provide DS Supply to the Company for DS Customers in accordance with the Applicable Legal Authorities, (ii) has entered into this Agreement with the Company as a Party, and (iii) is a PJM Member and registered with PJM as an LSE.

Default Service Supplier Responsibility Share (“DS Supplier Responsibility Share”) – The fixed percentage share of the Company’s DS Load for a given Customer Group as indicated in the Transaction Confirmation which the DS Supplier is responsible.

Default Service Supply (“DS Supply”) – Shall mean Full Requirements Service as detailed in Appendix C that the DS Supplier is required to provide in order to meet the DS Supplier’s DS Supplier Responsibility Share.

Delivery Period – The period of months, as specified on an executed Transaction Confirmation, where a DS Supplier has an obligation to provide service.

Delivery Point – Means the applicable zone or aggregate of the Company as designated by PJM and set forth in the Transaction Confirmation.

Early Termination – Termination of this Agreement prior to the end of the term of all Transactions under this Agreement due to the occurrence of an Event of Default as specified in Section 5.1 of this Agreement and the declaration of Early Termination as specified in Section 5.4.

Early Termination Date – The date upon which an Early Termination becomes effective as specified in Section 5.4 of this Agreement.

Electric Distribution Company or “EDC” – A public utility providing facilities for the transmission and distribution of electricity to retail customers in Pennsylvania.

Electric Generation Supplier or “EGS” – A person or entity that is duly certified by the Commission to offer and provide competitive electric supply to retail customers located in the Commonwealth of Pennsylvania.

Emergency – (i) an abnormal system condition requiring manual or automatic action to maintain system frequency, or to prevent loss of firm load, equipment damage, or tripping of system elements that could adversely affect the reliability of an electric system or the safety of persons or property; or (ii) a condition that requires implementation of Emergency Operations Procedures as defined in the PJM Agreements or PJM manuals; or (iii) any other condition or situation that the Company or PJM deems imminently likely to endanger life or property or to affect or impair the Company’s electrical system or the electrical system(s) of other(s) to which the Company’s electrical system is directly or indirectly connected (a “Connected Entity”). Such a condition or situation may include, but shall not be limited to, potential overloading of the Company’s transmission and/or distribution circuits, PJM minimum generation (“light load”) conditions, or unusual operating conditions on either the Company’s or a Connected Entity’s electrical system, or conditions such that the Company is unable to accept Energy from the DS Supplier without jeopardizing the Company’s electrical system or a Connected Entity’s electrical system. Other additional emergencies can only be declared by PJM, FERC, or the PaPUC.

Energy – Three-phase, 60-cycle alternating current electric energy, expressed in units of kilowatt-hours or megawatt-hours.

Event of Default – A Party’s breach of obligations under this Agreement as set forth in Article 5 of this Agreement.

FERC – The Federal Energy Regulatory Commission or its successor.

Final Hourly Energy Allocation or “FHEA” – A quantity in MWh which, for any hour, is the PHEA, adjusted for any billing or metering errors found subsequent to the calculation of PHEA, of which PJM is notified within 60 days.

Final Monthly Energy Allocation or “FMEA” – A quantity of Energy which, for any Billing Month, is the PMEA adjusted for any billing or metering data received subsequent to the calculation of PMEA of which PJM is notified within 60 days.

Fixed Price Transaction – A Transaction for Full Requirements Service on a fixed price basis as indicated on the Transaction Confirmation.

Force Majeure - An event or circumstance which prevents one Party from performing its obligations under one or more transactions, including but not limited to, riots or revolutions, demands or embargoes of the United States Government, fire, flood, drought, insurrection, acts of God which are not within the reasonable control of, or the results 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 DS Supplier’s supply; (ii) DS Supplier’s ability to sell the DS Supply at a price greater

than that received under any Transaction; (iii) curtailment by a utility transmitting DS Supply; (iv) the Company's ability to purchase the DS Supply at a price lower than paid under any Transaction; (v) any change in requirements of any governmental authority; or (vi) labor stoppage or lockout.

Gains – 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 an Early Termination of this Agreement, determined in a commercially reasonable manner.

Guaranty – A guaranty, suretyship, hypothecation agreement, margins or security agreement or any other document in the form attached as Exhibit 5 to this Agreement or other form approved by the Company.

Guarantor – Any party having the authority and agreeing to guarantee the DS Supplier's financial obligations under this Agreement, recognizing that such party shall be obligated to meet the Company's creditworthiness requirements specified in this Agreement for such DS Supplier.

Interest Index – The average Federal Funds Effective Rate for the period of time the funds are on deposit. The Federal Funds Effective Rate is published daily on the Federal Reserve website (<http://www.federalreserve.gov/releases/h15/update/>).

Kilowatt or "kW" – Unit of measurement of useful power equivalent to 1000 watts.

Kilowatt-hour or "kWh" – One kilowatt of electric power used over a period of one hour.

Large Commercial and Industrial Customer Group – Group of Rate Schedules that comprise the large commercial and industrial class for DS Supply and itemized in Appendix C.

Load Serving Entity or "LSE" – Shall have the meaning ascribed to it in the PJM Agreements.

Losses – 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 an Early Termination of this Agreement, determined in a commercially reasonable manner.

Margin – The amount by which the Total Exposure Amount exceeds the DS Supplier's, or Guarantor's, Credit Limit as defined in Section 6.4.

Mark-to-Market ("MtM") Exposure Amount – Shall have the meaning ascribed to it in Section 6.3 of this Agreement.

Market Price Hub - A liquid pricing point located within PJM's geographic footprint, as specified in Appendix B.

Maximum Credit Limit – The lesser of the applicable percentage of TNW or the applicable Credit Limit Cap as specified in Appendix A of this Agreement.

Megawatt or MW – One thousand kilowatts.

Megawatt-hour or MWh – One megawatt of electric power used over a period of one hour.

Merger Event – When a DS Supplier consolidates or amalgamates with, or merges into or with, or transfers all or substantially all of its assets to another entity and either (i) the resulting entity fails to assume all of the obligations of such DS Supplier hereunder as determined in the reasonable discretion of the Company or (ii) the benefits of any credit support provided pursuant to Article 6 of this Agreement fail to extend to the performance by such resulting, surviving or transferee entity of the DS Supplier's obligations hereunder, and the resulting entity or its guarantor fails to meet the creditworthiness requirements of this Agreement as determined in the reasonable discretion of the Company.

Minimum Rating – A minimum senior unsecured debt rating as defined in Appendix A of this Agreement.

Minimum Transfer Amount - \$100,000.

NERC – The North American Electric Reliability Council or its successor.

Network Integration Transmission Service or "NITS" – "Network Integration Transmission Service" under the PJM Agreements in effect as of the date of this Agreement, or its successor, superseding or amended versions of the PJM Agreements that may take effect from time to time over the term of this Agreement. In the event the PJM Agreements are modified such that "Network Integration Transmission Service" is no longer offered, Network Integration Transmission Service shall mean the type of transmission service offered under the PJM Agreements that is accorded the highest level of priority for scheduling and curtailment purposes.

Non-Defaulting Party - A Party to this Agreement who, at the time an Event of Default occurs, is not itself in default of this Agreement and has not otherwise caused or precipitated an Event of Default or Early Termination of this Agreement.

Non-market-based Transmission Services - Shall mean Network Integration Transmission Services ("NITS"), Transmission Enhancement Costs, Expansion Cost Recovery Costs, Non-Firm Point-to-Point Transmission Service Credits, Regional

Transmission Expansion Plan (“RTEP”), and Generation Deactivation Charges. These terms shall have the meaning ascribed to them in the PJM Agreements.

Off-Peak Energy Forward Price - Means the price for Off-Peak Hours for each Billing Month of the delivery period stated in terms of \$/MWh as based on the most recent publicly available information and/or quotes from Reference Market Makers on forward energy transactions occurring at the Market Price Hub. In the event that the Market Price Hub is no longer available or no longer representative of a transparent trading hub, the Parties will negotiate in good faith to agree upon an alternate liquid price.

On-Peak Energy Forward Price – Means the price for On-Peak Hours for each Billing Month of the delivery period stated in terms of \$/MWh as based on the most recent publicly available information and/or quotes from Reference Market Makers on forward energy transactions occurring at the Market Price Hub. In the event that the Market Price Hub is no longer representative of a transparent trading hub, the Parties will negotiate in good faith to agree upon an alternate liquid price.

PaPUC or Commission – The Pennsylvania Public Utility Commission or its successor.

PJM – PJM Interconnection L.L.C. or its successor.

PJM Agreements – The PJM OATT, PJM RAA, PJM OA and all other PJM agreements, procedures, manuals and documents applicable to the Transactions covered by or relating to this Agreement.

PJM Control Area – That certain Control Area encompassing electric systems in parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia, as may be modified from time to time, and which is recognized by the North American Electric Reliability Council as the "PJM Control Area".

PJM Final Zonal Net Load Price– Shall have the meaning ascribed to it in the PJM Agreements.

PJM Member – A member in good standing of PJM that satisfies the requirements to conduct business with PJM.

PJM OA – The PJM Operating Agreement or the successor, superseding or amended version of the PJM Operating Agreement that may take effect from time to time.

PJM OATT – The PJM Open Access Transmission Tariff or the successor, superseding or amended version of the PJM Open Access Transmission Tariff that may take effect from time to time.

PJM OI – The PJM Office of Interconnection, the system operator for the PJM Control Area or its successor.

PJM RAA – The PJM Reliability Assurance Agreement or the successor, superseding or amended version of the PJM Reliability Assurance Agreement that may take effect from time to time.

PHEA/FHEA Adjustment Amount – For any Billing Month, the monetary amount due to the DS Supplier or the Company, as the case may be, in order to reconcile any difference between the PHEA used for the purpose of calculating estimated payments made to the DS Supplier for a given hour and the FHEA used for calculating the final payments due to the DS Supplier for such hour as more fully described in Article 9 hereof.

PMEA/FMEA Adjustment Amount – For any Billing Month, the monetary amount due to the DS Supplier or the Company, as the case may be, in order to reconcile any difference between the PMEA used for the purpose of calculating estimated payments made to DS Supplier for a given month and the FMEA used for calculating the final payments due to the DS Supplier for such month as more fully described in Article 9 hereof.

Preliminary Hourly Energy Allocation or “PHEA” – A quantity in MWh which, for any hour, is the preliminary calculation of the DS Supplier’s DS Supplier Responsibility Share for that hour.

Preliminary Monthly Energy Allocation or “PMEA” – A quantity of Energy which, for any Billing Month, is the preliminary calculation of the DS Supplier’s DS Supplier Responsibility Share for that Billing Month.

Rate Schedule(s) – Shall mean the specified existing, and modified or successor customer rate schedule(s) in the electric service tariff of the Company filed with the Commission.

Reference Market Maker – Shall mean any broker in energy products.

Reliability First Corporation or “RFC” – The approved regional NERC entity with responsibility for the Commonwealth of Pennsylvania or its successor.

Residential Customer Group – Group of Rate Schedules that comprise the residential class for the DS Supply and itemized in Appendix C.

Rounding Amount - \$100,000.

Settlement Amount – With respect to a Non-Defaulting Party, the net amount of the

Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of Early Termination, as set forth in Section 5.4(a) of this Agreement. For the purposes of calculating the Termination Payment, the Settlement Amount shall be considered an amount due to the Non-Defaulting Party under this Agreement 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 if the Gains exceed the total of the Losses and Costs.

Small Commercial and Industrial Customer Group – Group of Rate Schedules that comprise the small commercial and industrial class for DS Supply and itemized in Appendix C.

Spot Market Transaction – A Transaction for Full Requirements Service with spot market pricing as indicated on the Transaction Confirmation.

Statement – A monthly report prepared by the Company for the DS Supplier indicating the amount due to the DS Supplier by the Company as compensation for DS Supply supplied to DS Customers by the DS Supplier during a given Billing Month, in accordance with DS Supplier’s obligations under this Agreement.

Supply Day – Any calendar day during the term of this Agreement on which the DS Supplier is providing, or is obligated by this Agreement to provide, DS Supply to the Company’s DS Customers.

Tangible Net Worth or “TNW” – Total assets less intangible assets and total liabilities. Intangible assets include benefits such as goodwill, patents, copyrights and trademarks.

Termination Payment – A payment resulting from an Early Termination that is calculated in accordance with Section 5.4.

Total Exposure Amount – An amount calculated daily for the DS Supplier reflecting the total credit exposure to the Company and consisting of the sum of (i) the Mark-to-Market Exposure Amount for all Fixed Price Transactions for DS Supply arising under this Agreement; (ii) the amount designated as the “credit exposure” for all Spot Market Transactions under this Agreement; (iii) any amount(s) designated as the “Mark-to-Market Exposure” arising under any other agreements providing for “DS Supply” or similar default service on a fixed price basis minus amounts due pursuant to such transactions; and (iv) the amount designated as the “credit exposure” under any other agreements providing for DS Supply or similar default service; provided that in the event the amount calculated for any day is a negative number, it shall be deemed to be zero for such day.

Tranche – A fixed percentage share of the Company’s DS Load for the Customer Group as indicated in any given Transaction Confirmation.

Transaction – Means a particular agreement by which the Company purchases and the DS Supplier sells DS Supply pursuant to this Agreement, the details of which are more fully set forth in the Transaction Confirmation(s) in the form attached as Exhibit 1.

Transaction Confirmation – Shall have the meaning ascribed to it in Appendix C and shall be in a form substantially as set forth in Exhibit 1 of this Agreement.

Transaction Date – Means the date that a Transaction is effective as set forth in the Transaction Confirmation.

Unaccounted for Energy – Means an energy accounting adjustment for settlement purposes among retail energy suppliers at the Delivery Point. Unaccounted for Energy is distributed among all retail energy suppliers at the Delivery Point on an hourly basis.

ARTICLE 2

GENERAL TERMS AND CONDITIONS

2.1 Capacity In Which Company Is Entering Into This Agreement

The DS Supplier agrees and acknowledges that the Company is contracting for the provision of DS Supply from such DS Supplier for Customers receiving Default Service on the Company's electric system pursuant to the authorizations provided to the Company. The DS Supplier further agrees and acknowledges that the Company will administer and monitor the DS Supplier's performance in providing DS Supply under this Agreement and that the Company shall be entitled to enforce the DS Supplier's obligations related to the provision of DS Supply. The DS Supplier hereby agrees that the Company is entitled to seek enforcement of this Agreement on behalf of the Customers. It is the specific intention of the Parties hereto that Customers and Customer groups are not third party beneficiaries of this Agreement and that no Customer or Customer group shall seek enforcement of this Agreement against the DS Supplier on their own behalf, either independently or by joining in any legal proceeding brought by the Company.

The Parties acknowledge that the Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code ("USBC"), that each Party hereto is a "forward contract merchant" within the meaning of the USBC, that all setoffs, netting and liquidations contemplated hereunder constitute "settlement payments" within the meaning of the USBC, that each payment or transfer of performance assurance is a "margin payment", "settlement payment" or transfer within the meaning of the USBC,

and, accordingly, the Parties hereto are entitled to the protections of Section 556 of the Bankruptcy Code. The Parties therefore agree that the Agreement may be terminated by either Party upon the commencement of a proceeding by the other Party under any chapter of the Bankruptcy Code in accordance with Section 5.2 of this Agreement.

2.2 Parties' Obligations

(a) Obligations of DS Supplier

The DS Supplier hereby agrees as follows:

- (i) To provide service on a firm and continuous basis such that the supply delivered for the term of each Transaction under the Agreement meets the terms and conditions set forth in Appendix C and the applicable Transaction Confirmation;
- (ii) To provide sufficient quantities of DS Supply on an instantaneous basis at all times during the Delivery Period of each Transaction and supplied to the Delivery Point to meet the DS Supplier Responsibility Share;
- (iii) To procure those services provided by the PJM OI and to perform such functions as may be required by the PJM OI that are necessary for the delivery of DS Supply required hereunder;
- (iv) To cooperate with the Company in any regulatory compliance efforts that may be required to maintain the ongoing legitimacy and enforceability of the terms of this Agreement and to fulfill any regulatory reporting requirement associated with the provision of DS Supply before the PaPUC, the FERC or any other regulatory body asserting jurisdiction;

- (v) To become the LSE with respect to the provision of DS Supply for the DS Supplier Responsibility Share and to comply with all requirements of an LSE with respect to such DS Supplier Responsibility Share;
- (vi) To pay to the Company the PMEAFMEA Adjustment Amount for any Billing Month in which the PMEAFMEA exceeds the FMEA, and to pay to the Company adjustments pursuant to Sections 9.1(b)(iii) and 9.1(b)(iv) if applicable, as more fully described in Article 9 of this Agreement;
- (vii) To accept assignment of and to fulfill all obligations of an LSE that are assigned to it by this Agreement; and
- (viii) To comply in a timely manner with all obligations under this Agreement imposed upon the DS Supplier.

(b) Obligations of the Company

The Company hereby agrees as follows:

- (i) To pay to the DS Supplier every month an amount due, resulting from the calculations, as detailed in Article 9 of this Agreement, subject to the adjustments as expressed therein;
- (ii) To pay to the DS Supplier the PMEAFMEA Adjustment Amount for any Billing Month in which the FMEA exceeds the PMEAFMEA, and to pay to the DS Supplier adjustments pursuant to Sections 9.1(b)(iii) and 9.1(b)(iv) if applicable, as more fully described in Article 9 of this Agreement;
- (iii) To provide to the DS Supplier its estimated aggregate load obligation (Capacity MW value) for each Supply Day no less than five (5) calendar days prior to the day of delivery. Further, this information will be posted

in the DS Supplier's specific PJM eMTR account, or successor system or process;

- (iv) To comply in a timely manner with all obligations under this Agreement imposed upon the Company; and
- (v) Accept the delivery of DS Supply necessary to meet the DS Load.

2.3 Congestion and Congestion Management

The DS Supplier is responsible for any congestion costs incurred to meet the DS Supplier Responsibility Share. The Company shall transfer or assign to the DS Supplier the Company's rights to ARRs to which the Company is entitled as an LSE pursuant to the PJM Agreements, provided that such rights are related to the service being provided to meet the DS Supplier Responsibility Share and such rights are for the Delivery Period indicated in the Transaction Confirmation(s). All rights, liabilities and obligations associated with such ARRs will accrue and be assumed by the DS Supplier through the transfer or assignment from the Company to the DS Supplier including the responsibility and ability of the DS Supplier to request or nominate such ARRs when applicable and feasible. Should the conditions above not be met, the entity recognized by PJM as having the right to make the nominations will nominate such ARRs for the upcoming PJM planning period and such ARRs will be allocated to the DS Supplier in accordance with the PJM Agreements based upon its DS Supplier Responsibility Share.

2.4 PJM Services

- (a) The DS Supplier shall make all necessary arrangements for the delivery of DS Supply through the PJM OI. The Company will advise the PJM OI of

the magnitude and location of each DS Supplier's actual DS Supplier Responsibility Share, as required by the PJM OI, for the purpose of calculating such DS Supplier's appropriate DS Supply requirements related to the provision of service under this Agreement by DS Supplier arising under the PJM Agreements. The DS Supplier shall remain responsible to PJM for the performance of its LSE obligations associated with the provision of DS Supply under this Agreement until the effective date of the transfer of such LSE obligations.

- (b) The Company will manage PJM load response programs in accordance with PJM Agreements as amended from time to time and the provisions of its applicable riders and retail electric service tariffs, as amended and approved by the PaPUC from time to time, or the Company customer contracts, as amended by the Company from time to time. The Company will retain all of the benefits associated with its load response programs, including but not limited to all associated wholesale revenues from PJM for Capacity, Energy and Ancillary Services. Unless specifically prohibited by its retail electric service tariffs, DS Customers may, at their election, participate in demand response programs offered under the PJM Agreements.
- (c) DS Supplier will be responsible for any costs regarding demand response compensation in organized wholesale energy markets.
- (d) The Company and DS Supplier shall work with PJM to establish any PJM E-Accounts necessary for the DS Supplier to provide Full Requirements

Service. The Company shall generate and provide to DS Supplier PJM shortname(s) associated with supplier's unique contract type(s), as necessary. Unique shortname(s) may be generated for each differing contract type. DS Supplier shall complete all required forms and processing to PJM to create shortname(s) within the PJM system.

- (e) Upon DS Supplier's creation of new shortname(s), the Company shall establish PJM E-Account contract(s) for the entire duration of the Transaction(s).
- (f) The Company will complete and partially execute the PJM Declaration of Authority , Exhibit 3, and issue to the DS Supplier to execute. The PJM Declaration of Authority will be used to allocate PJM costs, in association with the shortnames created in accordance with Section 2.4(d) above, and Appendix C.
- (g) Following the Company's establishing new contracts within the PJM eSuite system, the DS Supplier shall review and confirm the PJM E-Account contract(s) for the entire duration of the Transaction(s).
- (h) For the period of time this Agreement is in effect, DS Supplier shall be: (i) a member in good standing of PJM; (ii) qualified as a PJM "Market Buyer" and "Market Seller" pursuant to the PJM Agreements; and (iii) qualified as a PJM "Load Serving Entity." For the period of time this Agreement is in effect, the Company shall be a member in good standing of PJM.
- (i) For the period of time this Agreement is in effect, both the Company and

DS Supplier shall have executed the PJM Declaration of Authority (Exhibit 3), which shall remain in effect during the term of each Transaction under this Agreement. In the event PJM requires that the Declaration of Authority be amended after execution by the DS Supplier, DS Supplier agrees to execute a revised PJM Declaration of Authority in accordance with PJM requirements.

2.5 PJM Billing

- (a) Buyer and Seller shall direct PJM to invoice Seller and Buyer for charges and credits relating to Seller's and Buyer's rights and obligations under this Agreement. If PJM is unable to invoice charges or credits in accordance with this Agreement, Buyer shall rectify such PJM invoice discrepancy in the invoice sent pursuant to Section 9 (Billing and Payment).
- (b) The Parties agree that the PJM bill may change from time to time. Allocation of any charges that are reflected in a PJM bill that are not included on or are inconsistent with this Agreement will be determined pursuant to Appendix C (DS Supply Specifications), Section 2.4 (PJM Services), and Section 2.6 (PJM Agreement Modifications) of this Agreement.

2.6 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 the DS Supplier's responsibility for changes in PJM products and pricing during the term of each Transaction under this Agreement.

2.7 PJM Member Default Cost Allocation

In the event PJM imposes a Default Allocation Assessment upon the Company relating to a default during the term of Transaction(s) under this Agreement, the Company shall invoice DS Supplier, and DS Supplier shall pay an amount equal to the product of (i) DS Supplier Responsibility Share and (ii) the Default Allocation Assessment, less the amounts of any types of charges allocated to the Company under this Agreement that are used by PJM in calculating such Default Allocation Assessment.

2.8 Other Fines and Penalties

If fees, fines, penalties, or costs are claimed or assessed against the Company by any Applicable Legal Authority or PJM due to non-compliance by the DS Supplier with this Agreement, any other requirements of law or the PJM Agreements, the DS Supplier

shall indemnify and hold the Company harmless against any and all losses, liabilities, damages, and claims suffered or incurred by the Company, including claims for indemnity or contribution made by third parties against the Company, except to the extent the Company recovers any such losses, liabilities or damages through other provisions of this Agreement.

2.9 Communications and Data Exchange

The DS Supplier and the Company shall supply to each other in a thorough and timely manner all data, materials or other information that is specified in this Agreement, or that may otherwise reasonably be required by DS Supplier or by the Company in connection with the provision of DS Supply by the DS Supplier to DS Customers, if required.

The DS Supplier shall be equipped with the communications capabilities necessary to comply with the communications and data exchange standards that are set by and as may, from time to time, be modified by PJM, and shall exclusively bear the costs of installing, maintaining, testing, and operating all required information technology systems that will enable it to send to and receive data from the Company and PJM and to satisfy its obligations under this Agreement, the PJM Agreements and all other relevant agreements.

2.10 Record Retention

The Company shall retain necessary records for the longer of four years or as required under applicable PaPUC requirements so as to permit DS Supplier to confirm the validity of payments due to DS Supplier hereunder; provided that if a DS Supplier has

provided notice pursuant to this Agreement that it disputes the validity of any payments, the Company agrees that it shall retain all records related to such dispute until the dispute is finally resolved.

2.11 Verification

In the event of a good faith dispute regarding any invoice issued or payment due under this Agreement, and provided that a mutually acceptable confidentiality agreement is executed by the Parties, each Party will have the right to verify, at its sole expense, the accuracy of the invoice or the calculation of the payment due by obtaining copies of relevant portions of the books and records of the other Party.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 DS Supplier's Representations and Warranties

The DS Supplier hereby represents, warrants and covenants to the Company as of the Effective Date and throughout the term of the Transaction(s) under this Agreement as follows:

- (a) It is a corporation, partnership, limited liability company or other legal entity, duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania or, if another jurisdiction, under the laws of such jurisdiction and, in such case, is duly registered and authorized to do business in such other jurisdiction and in the Commonwealth of Pennsylvania;

- (b) It has all requisite power and authority to execute and deliver this Agreement and to carry on the business to be conducted by it under this Agreement and to enter into and perform its obligations hereunder, including satisfaction of all applicable FERC requirements;
- (c) The execution and delivery of this Agreement and the performance of such DS Supplier's obligations hereunder have been duly authorized by all necessary action on the part of the DS Supplier and do not and will not conflict with, or constitute a breach of or default under, any of the terms, conditions, or provisions of the DS Supplier's certificate of incorporation or bylaws or other constituent instruments or any indenture, mortgage, other evidence of indebtedness, or other agreement or instrument or any statute or rule, regulation, order, judgment, or decree of any judicial or administrative body to which the DS Supplier is a party or by which the DS Supplier or any of its properties is bound or subject;
- (d) All necessary and appropriate action that is required on the DS Supplier's part to execute this Agreement has been completed;
- (e) This Agreement is the legal, valid and binding obligation of the DS Supplier, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights in general or by general principles of equity;
- (f) There are no actions at law, suits in equity, proceedings or claims pending or, to the DS Supplier's knowledge, threatened against the DS Supplier

before any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the DS Supplier's performance of its obligations under this Agreement;

- (g) It has entered into this Agreement and all Transactions under this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;
- (h) It is in good standing as an LSE in PJM, is a signatory to all applicable PJM Agreements, and is in compliance with, and will continue to comply with, all obligations, rules and regulations, as established and interpreted by the PJM OI, that are applicable to LSEs as defined by the PJM Agreements; provided that the DS Supplier shall not be obligated to become an LSE in PJM until the date it begins providing DS Supply;
- (i) It has made its trading and investment decisions (including regarding the suitability thereof) based upon its own judgment and any advice from such advisors as it has deemed necessary and not in reliance upon any view expressed by the Company;
- (j) It will comply with any and all information and data transfer protocols that may be adopted by the Company or that are set by, and from time to time modified by, the PaPUC; provided that DS Supplier shall be entitled to exercise its reserved right to challenge any such protocols in the appropriate forum;

- (k) It is not bankrupt or insolvent and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt or insolvent;
- (l) 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;
- (m) 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 the other Party is not acting as a fiduciary for or advisor to it in respect of this Agreement; and
- (n) It has entered into this Agreement and all Transactions under this Agreement in connection with the conduct of its business and it has the capacity or ability to provide or take delivery of DS Supply as required by this Agreement; and it is an “eligible contract participant” as defined in Section 1a(18) of the Commodity Exchange Act.

3.2 Company’s Representations and Warranties

The Company hereby represents, warrants and covenants to the DS Supplier as of the Effective Date and throughout the term of the Transaction(s) under this Agreement as follows:

- (a) The Company is an electric utility corporation duly organized, validly

existing and in good standing under the laws of the Commonwealth of Pennsylvania;

- (b) The Company has all requisite power and authority to carry on the business to be conducted by it under this Agreement and to enter into and perform its obligations hereunder;
- (c) The execution and delivery of this Agreement and the performance of the Company's obligations hereunder have been duly authorized by all necessary action on the part of the Company and do not and will not conflict with, or constitute a breach of or default under, any of the terms, conditions, or provisions of the Company's certificate of incorporation or bylaws or other constituent instruments or any indenture, mortgage, other evidence of indebtedness, or other agreement or instrument or any statute or rule, regulation, order, judgment, or decree of any judicial or administrative body to which the Company is a party or by which the Company or any of its properties is bound or subject;
- (d) All necessary and appropriate action that is required on the Company's part to execute this Agreement has been completed;
- (e) This Agreement is the legal, valid and binding obligation of the Company, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights in general or by general principles of equity and the Commission's power under section 508 of the Public Utility Code, 66 Pa.C.S. § 508, to amend or modify the contracts of

public utilities;

- (f) The ability of the Company to pay any and all amounts due and payable under this Agreement, or upon any potential breach thereof, is not conditioned upon any governmental or administrative appropriation by the Commission, the Commonwealth of Pennsylvania or any other governmental authority;
- (g) There are no actions at law, suits in equity, proceedings or claims pending or, to the Company's knowledge, threatened against the Company before any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the Company's performance of its obligations under this Agreement;
- (h) It has entered into this Agreement and all Transactions under this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;
- (i) It is in good standing with PJM, is a signatory to all applicable PJM Agreements, and is in compliance with, and will continue to comply with, all obligations, rules and regulations applicable to Company, as established and interpreted by the PJM OI;
- (j) The Company's performance under this Agreement is not contingent upon the performance of Customers or the ability of Customers to pay rates;
- (k) The Company shall have sole responsibility for metering and billing with respect to DS Customers;
- (l) The Company shall be responsible for electric distribution services and the

- DS Supplier shall not be responsible for distribution charges;
- (m) It has made its trading and investment decisions (including regarding the suitability thereof) based upon its own judgment and any advice from such advisors as it has deemed necessary and not in reliance upon any view expressed by the DS Supplier;
 - (n) It is not bankrupt or insolvent and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt or insolvent;
 - (o) 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;
 - (p) 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 the other Party is not acting as a fiduciary for or advisor to it in respect of this Agreement; and
 - (q) It has entered into this Agreement and all Transactions under this Agreement in connection with the conduct of its business and it has the capacity or ability to provide or take delivery of DS Supply as required by this Agreement; and it is an “eligible contract participant” as defined in Section 1a(18) of the Commodity Exchange Act.

3.3 Survival of Obligations

All representations and warranties contained in this Article must be maintained up through the termination or expiration of all Transactions under this Agreement. If a Party learns that any of the representations, warranties or covenants in this Agreement are no longer true during the term of any Transaction under this Agreement, the Party shall immediately notify the other Party via email, with a hard copy of the notice delivered by overnight mail, and Company may, in its reasonable discretion treat such occurrence as an Event of Default hereunder.

3.4 Joint Representations and Warranties

This Agreement is for the purchase and sale of Full Requirements Service 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 each Transaction under this Agreement that the Agreement will result in physical delivery and not financial settlement, and the quantity of Full Requirements Service that DS Supplier must deliver and Company must receive will be determined by the requirements of the applicable DS Load, and, as such, the Agreement does not provide for an option by either Party with respect to the quantity of Full Requirements Service to be delivered or received during performance of the Agreement. This Agreement has been drafted to effectuate Company's and DS Supplier's specific intent so that in accordance with Accounting Standards Codification 815 ("ASC 815"), as amended, Company would be able to elect to use accrual accounting for its purchases under this Agreement, while DS Supplier would be able to elect to use either accrual or mark-to-market accounting for

its sales under the Agreement. If either Company or DS Supplier determines, in good faith, that the intended accounting treatment has become jeopardized, due to a change in interpretations of ASC 815, as amended, or otherwise, then Company and DS Supplier 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.

ARTICLE 4 COMMENCEMENT AND TERMINATION OF AGREEMENT

4.1 Commencement and Termination

The term of this Agreement shall commence upon the Effective Date. Unless otherwise agreed upon by the Company and the DS Supplier, 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 the Agreement is terminated prematurely pursuant to the provisions of this Agreement.

4.2 Termination of Right to Supply

The DS Supplier agrees that termination of this Agreement for reason of an Event of Default shall terminate any right of the DS Supplier to provide DS Supply to the DS Customers and nullify any of the entitlements to which the DS Supplier became entitled as a result of being selected as a winning bidder in the DS Solicitation.

4.3 Survival of Obligations

Termination of this Agreement for any reason shall not relieve the Company or the DS Supplier of any obligation accrued or accruing prior to such termination. Applicable provisions of this Agreement shall continue in effect after termination to the extent necessary to provide for final billings including, without limitation, Article 4 (Commencement and Termination of Agreement), Article 5 (Breach and Default), Article 11 (Dispute Resolution), Article 13 (Limitations of Remedies, Liabilities and Damages), Article 14 (Indemnification) and Article 16 (Miscellaneous Provisions).

4.4 Mutual Termination

The Company and the DS Supplier may agree at any time during the term of this Agreement to terminate their respective rights and obligations hereunder on such terms and under such conditions that they mutually deem to be appropriate as set forth in a mutual termination agreement acceptable in form and substance to the Company and the DS Supplier (“Mutual Termination Agreement”); provided that Company may enter into such a Mutual Termination Agreement, which will discharge the terminating DS Supplier (the “Terminating DS Supplier”) with respect to liabilities other than surviving obligations set forth in Section 4.3 that arise after the effective date of the Mutual Termination Agreement if the following conditions precedent are met: (i) the Terminating DS Supplier identifies a replacement DS Supplier expressly assumes all obligations of the Terminating DS Supplier hereunder for the remaining term of Transactions under this Agreement (the “Replacement DS Supplier”); (ii) the Replacement DS Supplier demonstrates its compliance with Article 6 of this Agreement,

“Creditworthiness”, as of the effective date of the Mutual Termination Agreement, that determination to be made in the reasonable discretion of Company; (iii) the Replacement DS Supplier executes a counterpart signature page to this Agreement assuming all obligations of the Terminating DS Supplier hereunder and with respect to all Transaction Confirmation(s) that are currently in effect and thereby becomes a Party under this Agreement and all relevant Transaction(s), effective immediately following the effective date of the Mutual Termination Agreement; and (iv) the Terminating DS Supplier is not, to the belief or knowledge of the Company, subject to an Event of Default as of the effective date of the Mutual Termination Agreement or, if the Company believes that the Terminating DS Supplier may be subject to an Event of Default, either (a) the Company has determined that, as of the effective date of the Mutual Termination Agreement, it has not incurred any Damages as a result of the Event of Default or (b) if the Company has determined that, as of the effective date of the Mutual Termination Agreement, it may have incurred Damages as a result of the Event of Default, the Replacement DS Supplier has agreed in writing to be responsible for the payment of such Damages or to otherwise cure the Event of Default, in either case to the satisfaction of the Company in its reasonable discretion.

ARTICLE 5 BREACH AND DEFAULT

5.1 Events of Default

An Event of Default under this Agreement shall occur if a Party (the “Defaulting Party”):

- (a) Is the subject of a voluntary bankruptcy, insolvency or similar proceeding;
- (b) In the case of a DS Supplier, fails to comply with the requirements of Section 3.1(b) and (h) if such failure is not remedied within three (3) Business Days after written notice;
- (c) Makes an assignment for the benefit of its creditors;
- (d) Applies for, seeks consent to, or acquiesces in the appointment of a receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;
- (e) In the case of a DS Supplier, is dissolved or is the subject of a Merger Event;
- (f) Has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets;
- (g) Has a resolution passed for its winding-up, official management or liquidation;
- (h) In the case of a DS Supplier, PJM terminates the DS Supplier's ability to make purchases from PJM markets or PJM holds the Company responsible for the provision of DS Supply to meet the DS Supplier's DS Supplier Responsibility Share under this Agreement and PJM does not rescind such termination or assignment of responsibility within seven (7) Business Days;
- (i) Fails to comply with the creditworthiness requirements as set forth in

Article 6 of this Agreement, including, without limitation, compliance with the creditworthiness requirements to cover the Margin calculated under Section 6.3 or post any performance assurance collateral as set forth in Section 6.7 to cover Margin due under Section 6.5 of this Agreement, within the time frames set forth in this Agreement;

- (j) Is declared by PJM 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;
- (k) Fails to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after written notice;
- (l) Violates any federal, state or local code, regulation or statute applicable to the provision of DS Supply in a manner that materially, and adversely, affects the Party's performance under this Agreement, including by way of failure to continually satisfy all applicable FERC requirements, or, in the case of the DS Supplier, by way of failure to maintain any other governmental approvals required for participation in the Pennsylvania retail energy market, or defaults on any obligation or other failure to comply with PJM requirements under the PJM Agreements;
- (m) Is the subject of an involuntary bankruptcy or similar proceeding;
- (n) Subject to Section 5.3 (b) of this Agreement, in the case of the Company, fails to accept DS Supply properly tendered by the DS Supplier under this

Agreement;

- (o) Fails to perform or otherwise comply with any material covenant or obligation set forth in this Agreement, if such failure is not remedied within three (3) Business Days after written notice;
- (p) Makes a materially incorrect or misleading representation or warranty under this Agreement or under any response to the DS Solicitation;
- (q) Makes an omission or commits an act that constitutes an “Event of Default” under any other agreement(s) for the provision of DS Supply between the Company and the DS Supplier; and fails to remedy such condition, event or delinquency herein above described such that the other Party (the “Non-Defaulting Party”) is completely made whole with respect to such condition, event or delinquency, within three (3) Business Days of receipt of written notice thereof from such Non-Defaulting Party; provided, however, that an Event of Default shall be deemed to have occurred immediately, without any need for the provision of notice thereof by the Non-Defaulting Party and without any right of cure on the part of the Defaulting Party, in the event of the occurrence of a condition, event or delinquency described in subsections (a), (d), (e), (f), (g), (h), (i), and (j) above. Termination or modification of this Agreement or any Transactions hereunder by the PaPUC, other regulatory authority or court of law does not constitute an Event of Default under this Agreement; or
- (r) With respect to the DS Supplier’s Guarantor, if any:

1. any representation or warranty made by the Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;
2. Guarantor fails to make, when due, 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;
3. Guarantor's guaranty fails 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 the DS Supplier under this Agreement without the written consent of the Company; or
4. Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any guaranty in connection with this Agreement.

5.2 Rights upon Default

Upon and during the continuation of an Event of Default, 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 Sections 5.6 and 5.7. In addition to any other remedies available at law or in equity to the Non-Defaulting Party, subject to the dispute resolution provisions in Article 11 of this Agreement, if an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right to implement all of the following remedies:

- (i) Declare an Early Termination Date of this Agreement with respect to the obligations of the Defaulting Party without any liability or responsibility whatsoever except for obligations arising prior to the date of termination, by providing written notice to the Defaulting Party; provided, however, that this Agreement shall immediately terminate automatically and without notice in the case of any Event of Default in which a DS Supplier is the Defaulting Party occurring under subsections (a), (c), (d), (e), (f), (g), (h) and (i) of Section 5.1 of this Agreement and such date of automatic termination shall be deemed the Early Termination Date of this Agreement with respect to such DS Supplier; and
- (ii) Receive Damages in accordance with Section 5.3 of this Agreement.

5.3 Damages Resulting From an Event of Default

(a) DS Supplier's Failure to Supply DS Supply or Declaration of Early

Termination By Company: Damages resulting from (i) the DS Supplier's failure to (A) provide DS Supply in conformance with Section 2.2 hereof or (B) pay PJM for purchases of any products or services from PJM, or other failure to comply with PJM requirements, such that PJM holds the Company responsible for the provision of DS Supply to meet the DS Supplier's DS Supplier Responsibility Share under Transaction(s) of this Agreement or (ii) the occurrence of any Event of Default attributable to the DS Supplier resulting in Early Termination, shall include all Costs incurred by the Company, acting in a commercially reasonable manner consistent with any statutory or regulatory requirements imposed by the Applicable Legal Authorities, in obtaining replacement services or in obtaining a replacement DS Supplier, which Costs exceed the amounts that would have been payable to the defaulting DS Supplier under this Agreement. Costs incurred by the Company for the purpose of calculating Damages hereunder will consist of:

- (1) The cost of DS Supply allocated to the Company by the PJM OI due to the failure of the DS Supplier to meet obligations owing to the PJM OI in connection with its obligations under this Agreement;
- (2) The costs of DS Supply purchased by the Company to replace DS Supply that the DS Supplier was obligated to supply under this Agreement during the term hereof;
- (3) Administrative and legal costs associated with procuring replacement DS Supply; and

- (4) Financial hedging costs incurred by the Company on behalf of DS Customers as a result of having to procure DS Supply not provided by the DS Supplier.

The Parties further recognize and agree that the final calculation of Damages hereunder may not be known for some time since the level of such Damages may be dependent upon the arrangements made by the Company to obtain replacement services or a replacement DS Supplier. The Company and the DS Supplier agree that, until the calculation of Damages under this provision is completed, the amount and payment to the Company of the Settlement Amount on behalf of DS Customers in the event of an Early Termination as set forth in Section 5.4 of this Agreement shall be immediately due and owing as an estimate of all Damages ultimately determined to be due and owing. After Damages have been finally determined under this Section 5.3, the amounts of Damages due and owing will be reconciled with payments already made by the DS Supplier under Section 5.4 of this Agreement. The DS Supplier covenants that it shall, upon request of Company, execute any tolling agreement necessary in the event that final Damages have not been determined prior to the expiration of any applicable statute of limitations or other limitation of action rule or order of court or other legal authority relating to the Company's rights to recover Damages.

- (b) **Failure By Company on Behalf of Customers To Accept DS Supply Tendered By DS Supplier:** Damages resulting from the failure of the Company on behalf of Customers to accept DS Supply tendered by the DS Supplier necessary to meet the DS Supplier Responsibility Share of DS

Load under Transaction(s) of this Agreement shall consist of the positive difference (if any) between (i) the amounts that would have been payable to the DS Supplier hereunder had the Company accepted the DS Supply tendered by the DS Supplier necessary to meet the DS Supplier Responsibility Share of DS Load under Transaction(s) of this Agreement and (ii) the amount realized by the DS Supplier in disposing, in a commercially reasonable manner, of the DS Supply not accepted by the Company.

- (c) **Damages Resulting From Early Termination Due To An Event of Default Attributable To the Company:** Damages resulting from Early Termination due to an Event of Default attributable to the Company shall be as set forth in Section 5.4 of this Agreement. Damages calculated in accordance with said Section 5.4 shall be the exclusive remedy available to the DS Supplier in the event of Early Termination resulting from an Event of Default attributable to the Company.
- (d) **Other Damages:** Damages for Events of Default not specified above shall consist of the direct Damages incurred by the Non-Defaulting Party.
- (e) **Waiver of Event of Default:** If an Event of Default has occurred and the Non-Defaulting Party is the Company, then unless the Event of Default was a failure by the DS Supplier to meet any or all of its DS Supply obligations, the Company may elect, at its sole discretion, to offer to waive the default on such terms and conditions as the Company, at its sole discretion, may deem appropriate to propose a special remedy. Any such

special remedy can only be offered to the DS Supplier if it first is specifically approved by the PaPUC in accordance with Commission Orders.

5.4 Declaration of an Early Termination Date and Calculation of Settlement Amount and Termination Payment

- (a) **Settlement Amount.** If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the Non-Defaulting Party shall have the right (i) to designate a day, no earlier than the day such notice is effective and no later than twenty (20) days after such notice is effective, as the Early Termination Date to accelerate all amounts owing between the Parties and to liquidate and terminate the undertakings set forth in this Agreement, (ii) to withhold any payments due to the Defaulting Party under this Agreement, and (iii) to suspend performance as provided in Section 5.2 of this Agreement; provided however, that an Early Termination Date shall be deemed to occur automatically and concurrently with the Event of Default, without any requirement for the provision of notice by the Non-Defaulting Party, with respect to an Event of Default under subsections (a), (c), (d), (e), (f), (g), (h) and (i) of Section 5.1 of this Agreement. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount with respect to the obligations under this Agreement.

The DS Supplier may, in its sole discretion, add the following subsection 5.4(a)(1) by checking this box. If DS Supplier does not check this box, subsection 5.4(a)(1) will be deemed to be excluded from this

Agreement.

5.4. (a) (1) For the purposes of such determination, the DS Supply provided for under this Agreement for the period following the Early Termination Date through the remainder of the term of Transaction(s) under this Agreement shall be deemed to be those quantity amounts that would have been delivered on an hourly basis, had such Transaction(s) under this Agreement been in effect during the previous calendar year adjusted for such DS Load changes as may have occurred since the previous calendar year.

(b) **Net Out of Settlement Amounts.** The Non-Defaulting Party shall calculate a Termination Payment by aggregating all Settlement Amounts due under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply into a single amount by netting out (i) all Settlement Amounts that are due or will become 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 and actually received, liquidated and retained by the Non-Defaulting Party, plus any or all other amounts due to the Defaulting Party under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply against (ii) all Settlement Amounts that are due or will become due to the Non-Defaulting Party, plus any or all other amounts due to the Non-Defaulting Party under this Agreement or any other agreement(s) between the

Company and the DS Supplier for the provision of DS Supply, so that all such amounts shall be netted out to a single liquidated amount; provided, however, that if the DS Supplier is the Defaulting Party and the Termination Payment is due to the DS Supplier, the Company shall be entitled to retain a commercially reasonable portion of the Termination Payment, which may be equal to the entire amount of the Termination Payment, as security for additional amounts that may be determined to be due and owing by the DS Supplier as Damages and further provided that any previously attached security interest of the Company in such retained amounts shall continue. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate. If the Termination Payment has been retained by the Company as security for additional amounts that may be determined to be due and owing by the DS Supplier, and if, upon making a final determination of Damages, the Termination Payment, or any portion thereof, is to be made to the DS Supplier, the Company will pay simple interest on the Termination Payment amount being made to the DS Supplier. Simple interest will be calculated at the Interest Index.

- (c) **Notice of Termination Payment.** As soon as practicable after an Early Termination Date, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail

the calculation of such amount. Subject to Section 5.4(b) above, the Termination Payment shall be made by the Party that owes it within three (3) Business Days after such notice is effective (“Termination Payment Date”).

- (d) **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 three (3) Business Days of receipt of Non-Defaulting Party’s calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, 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 as specified in the notice of Termination Payment pursuant to Section 5.4(c).
- (e) **Multiple DS Supply Agreements.** It is the intention of the Company and the DS Supplier that, in the event the DS Supplier is a party to other agreements with the Company for the provision of DS Supply that existed prior to the Effective Date of this Agreement or are entered into after the Effective Date of this Agreement, all such agreements may be considered, at the Company’s reasonable discretion, to be in default, and the Company will calculate a single Termination Payment applicable to all such agreements as set forth herein.

5.5 Step-Up Provision

In the event of an early termination of a Default Service SMA between the Company and an entity other than the DS Supplier, the Company shall send a written notification to the DS Supplier which: (i) describes the individual supply obligations associated with the terminated transaction(s) for the remaining term(s) of such transaction(s); and (ii) requests the DS Supplier to agree to supply its full or partial amount of the supply obligation associated with each terminated transaction for the remaining term(s) of the terminated transaction(s), without change to the pricing, terms and conditions of the terminated Default Service SMA transaction(s). Such agreement to make additional supply available shall be termed a “Step-Up”.

In the event that the DS Supplier wishes to exercise its option to Step-Up when such an opportunity arises, the DS Supplier shall respond to Company of such within five (5) Business Days from the date of Company’s notification. In the DS Supplier’s response, the DS Supplier shall indicate: (i) the maximum amount of the increased obligation that the DS Supplier wishes to take on given the additional supply obligation available from the terminated transactions (which need not be all); and (ii) that it is willing to meet any additional collateral requirements related to the Step-Up. The DS Supplier’s response shall take place no later than five (5) Business Days of its receipt of the Company’s notification. The amount of supply obligation assigned to the DS Supplier following the DS Supplier’s Step-Up response will be the DS Supplier’s pro-rata share of the total of such Step-Up responses from all DS Suppliers and will be from zero up to and including the maximum amount that the DS Supplier indicates. The DS Supplier’s pro-rata share, as described in this paragraph, shall be the ratio of the DS Supplier’s amount

indicated in the DS Supplier's Step-Up response, stated on a PLC basis, to the total of amounts indicated in all DS Suppliers' Step-Up responses. The Company will determine the DS Supplier's pro-rata share within six (6) Business Days from the date of the Company's initial notification. Once the Company has determined the DS Supplier's pro-rata share, the Company will forward electronically, by immediate means acceptable to both Parties, to the DS Supplier a partially executed Transaction Confirmation(s). By 2:00 p.m. Eastern Prevailing Time ("EPT") on the second Business Day following the DS Supplier's receipt of such partially executed Transaction Confirmation(s), the DS Supplier shall return electronically, by immediate means acceptable to both Parties, to the Company one (1) fully executed Transaction Confirmation(s).

For the avoidance of doubt, in the event that the DS Supplier does not respond to the Company's Step-Up request within the relevant timeframe, the DS Supplier shall be deemed to have rejected the Company's request in full.

5.6 Setoff of Payment Obligations of the Non-Defaulting Party

Any payment obligations of the Non-Defaulting Party to the Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply shall be set off: (i) first, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply that are unsecured and not subject to any Guaranty; (ii) second, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS

Supplier for the provision of DS Supply that are unsecured, but which are subject to a Guaranty; and (iii) third, to satisfy any remaining payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply.

5.7 Preservation of Rights of Non-Defaulting Party

The rights of the Non-Defaulting Party under this Agreement, including without limitation Sections 5.4 and 5.6 of this Agreement, shall be supplemental to, and not in lieu of, any right of recoupment, lien, or set-off afforded by applicable law, and all such rights are expressly preserved for the benefit of the Non-Defaulting Party.

- (a) 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.

- (b) Return of Auction Revenue Rights – When the DS Supplier is the Defaulting Party, the DS Supplier will make best efforts to facilitate the transfer or reassignment to the entity which is the replacement DS Supplier on the Early Termination Date, any and all of the replacement DS Supplier’s rights to ARRs to which the replacement DS Supplier is entitled as an LSE pursuant to the PJM Agreements, which were transferred or assigned to the DS Supplier under Section 2.3 (Congestion and Congestion Management).

ARTICLE 6 CREDITWORTHINESS

6.1 Applicability

With respect to all Transactions under this Agreement and all other transactions for supply serving DS Load under other agreements executed between the Parties pursuant to the PaPUC Orders, if at any time and from time to time during the term of Transaction(s) under this Agreement, DS Supplier's aggregate credit exposure exceeds the Credit Limit on any Business Day, then the Company shall have the right to request that DS Supplier post performance assurance in an amount equal to the amount by which DS Supplier's aggregate exposure exceeds the Credit Limit (rounding upwards to the nearest \$100,000), less any performance assurance already posted with the Company. The Company's request for performance assurance shall not be disputed by DS Supplier in the absence of manifest error.

6.2 Creditworthiness Determination

The DS Supplier may submit and maintain a security deposit in accordance with Section 6.4(e) of this Agreement in lieu of submitting to or being qualified under a creditworthiness evaluation. The DS Supplier shall have the opportunity to request that the Company re-evaluate its creditworthiness whenever an event occurs that the DS Supplier believes would improve the determination made by the Company of its creditworthiness. The Company's credit re-evaluation must be completed as soon as possible but no longer than thirty (30) days after receiving a fully documented request. The Company must provide the rationale for its determination of the Credit Limit and any

resulting security requirement. The Company must perform its credit re-evaluation and associated security calculation in a non-discriminatory manner. DS Supplier shall provide the Company and its agents unrestricted access to audited financial statements; provided that if audited financial statements are not available, the Company, in its reasonable discretion, may specify other types of financial statements that will be accepted.

6.3 Credit Exposure

(a) Fixed Price Transactions

To calculate the daily exposure for each DS Supplier for Fixed Price Transactions, the MtM credit exposure methodology will be used. For each Fixed Price Transaction, the “initial marks” for each Billing Month will be determined at the time the DS Solicitation is completed based on the available On-Peak Energy Forward Price and Off-Peak Energy Forward Price. At the time the DS Solicitation is completed, the MtM credit exposure for Fixed Price Transaction(s) arising from such DS Solicitation shall be equal to zero. Subsequently, the differences between (i) the available On-Peak Energy Forward Prices and Off-Peak Energy Forward Prices on the valuation date and (ii) the “initial mark” prices for the corresponding Billing Months will be used to calculate the daily credit exposures for each DS Supplier. The MtM Exposure Amount for a given Fixed Price Transaction will be equal to 1.1 times the sum of the MtM credit exposures across all Billing Months of such Fixed Price Transaction minus amounts due pursuant to such Fixed Price Transaction to such DS Supplier for the

delivery of DS Supply. The methodology for calculation of the MtM credit exposure on a per Tranche basis is illustrated in Appendix B hereto.

(b) Spot Market Transactions

Credit exposure for Spot Market Transactions shall be the product of \$75,000 and the total number of Tranches awarded to DS Supplier for each Spot Market Transaction under this Agreement.

6.4 Credit Limit

The following criteria constitute the Company's creditworthiness requirements for the DS Supplier to cover the Total Exposure Amount. In all instances, the most current senior unsecured debt rating (or, if unavailable, the most current corporate issuer rating) will be used.

- (a) For a DS Supplier to be granted an unsecured line of credit, the DS Supplier must be rated by at least two of the following rating agencies: S&P, Moody's, or Fitch. The methodology for determining the credit rating to use is set forth in Appendix A of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount will be determined based on the credit matrix table in Appendix A of this Agreement.
- (b) The DS Supplier will be required to post cash or a letter of credit in an acceptable form as defined in Section 6.7(b) of this Agreement (see standard formats in Exhibits 4a and 4b) for the Margin due the Company as set forth in Section 6.5 of this Agreement.

(c) For a DS Supplier having a Guarantor, the Guarantor (i) must be rated by at least two of the following rating agencies: S&P, Moody's, or Fitch, and (ii) must have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating) equal to the Minimum Rating, as defined in Appendix A. If the Guarantor is rated by only two rating agencies, and the ratings are split, the rating will be established based on the methodology outlined in Appendix A of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount that could be provided through the Guaranty (see standard format in Exhibit 5) will be determined based on the credit matrix table for Guarantors on Appendix A. The DS Supplier will be granted a Credit Limit equal to the lesser of (i) the amount of the Guaranty as provided to the Company at the time this Agreement is executed as such amount may be modified in any amended or substitute Guaranty provided to the Company during the term of this Agreement, or (ii) the applicable Maximum Credit Limit as determined in Appendix A. The DS Supplier, however, may not increase or substitute its Guaranty for the purpose of increasing its applicable Credit Limit during the time period after the Company has made a Margin call, but before the DS Supplier has posted the required performance assurance collateral as set forth in Section 6.7 to cover Margin. Notwithstanding anything herein to the contrary, the DS Supplier may increase the limit of its Guaranty after satisfying a Margin call from the Company, and upon the Company's receipt of an amended or substitute Guaranty increasing the limit of the

Guaranty, the DS Supplier may request a return of the posted performance assurance collateral in accordance with Section 6.5 of this Agreement. The DS Supplier will be required to post cash or a letter of credit in an acceptable form as defined in Section 6.7(b) of this Agreement (see standard formats in Exhibits 4a and 4b) for the Margin due the Company as set forth in Section 6.5 of this Agreement.

- (d) For a Guarantor that has not been incorporated or otherwise formed under the laws of the United States; in addition to the requirements set forth in 6.4(c), they shall supply the following additional information:
- i. A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the Guaranty is, or upon completion of execution formalities will become, the binding obligation of the Guarantor 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 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 the Guarantor has approved the execution of the Guaranty;
 - iii. The sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the Guarantor has been authorized by its governing board to enter into agreements of the same type as the

Guaranty; and

iv. Such other documents and certificates as may be required by the Company in its reasonable discretion.

(e) If a DS Supplier chooses not to undertake a creditworthiness evaluation, it shall be required to post cash or a letter of credit for the Total Exposure Amount as set forth in Section 6.5 of this Agreement.

6.5 Posting Margin and Return of Surplus Margin

(a) If at any time and from time to time during the term of Transaction(s) under this Agreement, the Total Exposure Amount, rounded by the Rounding Amount, exceeds the DS Supplier's or the Guarantor's Credit Limit by the Minimum Transfer Amount, then the Company on any Business Day, may request that the DS Supplier provide cash or a letter of credit in an acceptable form as defined in Section 6.7(b) of this Agreement (see standard formats in Exhibits 4a and 4b), in an amount equal to the Margin (less any performance assurance collateral for Margin posted by the DS Supplier and held by the Company pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply). If the DS Supplier receives written notice for performance assurance collateral to cover Margin from the Company by 1:00 p.m. New York time on a Business Day, then the DS Supplier shall post the performance assurance collateral to cover Margin the next following Business Day, if posting cash, and by the second Business Day

following the date of notice, if posting a letter of credit, unless the Company agrees in writing to extend the period to provide performance assurance collateral to cover Margin. If the DS Supplier receives notice for performance assurance collateral to cover Margin from the Company after 1:00 p.m. New York time on a Business Day, whether posting cash or a letter of credit, then the DS Supplier must post performance assurance collateral to cover Margin the second Business Day following the date of notice unless the Company agrees in writing to extend the period to provide performance assurance collateral to cover Margin. The Company will not unreasonably deny a request for a one-day extension of such period. In the event that the DS Supplier fails to post performance assurance collateral to cover Margin when due in accordance with this Section 6.5, then an Event of Default under Article 5 of this Agreement will be deemed to have occurred and the Company will be entitled to the remedies set forth in Article 5 of this Agreement.

- (b) Surplus Margin being held by the Company that is not needed to satisfy the Total Exposure Amount, as determined above, will be returned to the DS Supplier upon receipt of a written request by the DS Supplier. Surplus Margin means cash or a letter of credit posted by the DS Supplier as a result of a request by the Company pursuant to Section 6.5(a) that exceeds the Total Exposure Amount less the DS Supplier's or the Guarantor's Credit Limit (rounded by the Rounding Amount). If the resulting surplus Margin amount is more than the Minimum Transfer Amount, it will be

returned to the DS Supplier. If the DS Supplier posted cash and notice is received by 1:00 p.m. New York time on a Business Day, the surplus Margin will be returned by the next following Business Day, and if the DS Supplier posted cash and notice is received by the Company after 1:00 p.m. New York time on a Business Day, the surplus Margin shall be returned by the second Business Day following the date of notice, unless the DS Supplier agrees in writing to extend the period to return the surplus Margin. If the DS Supplier posted a letter of credit, the surplus Margin shall be returned on the next Business Day following the Business Day on which the amendment to the letter of credit is received from the issuing bank, unless the DS Supplier agrees in writing to extend the period to return the surplus Margin. The DS Supplier will not unreasonably deny a request for a one-day extension of such period. In the event that the Company fails to return the surplus Margin when due in accordance with this Article, then an Event of Default under Article 5 of this Agreement will be deemed to have occurred and the DS Supplier will be entitled to the remedies set forth in Article 5 of this Agreement.

6.6 Grant of Security Interest/Remedies

To secure its obligations under this Agreement and to the extent that the DS Supplier posted performance assurance collateral to cover Margin hereunder, the DS Supplier hereby grants to the Company 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, the Company, and the DS Supplier and the Company agree to take such action as is reasonably required to perfect the secured Party's 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 or deemed occurrence and during the continuation of an Event of Default or an Early Termination Date, the Company may do any one or more of the following: (i) exercise any of the rights and remedies of the Company 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 the DS Supplier in the possession of the Company whether held in connection with this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply; (iii) draw on any outstanding letter of credit issued for its benefit; and (iv) liquidate all security held by or for the benefit of the Company free from any claim or right of any nature whatsoever of the DS Supplier, including any equity or right of purchase or redemption by the DS Supplier. The Company shall apply the proceeds of the collateral realized upon the exercise of such rights or remedies to reduce the DS Supplier's obligation under this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply (the DS Supplier remaining liable for any amounts owing to the Company after such application), subject to the Company's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

All notices, demands or requests regarding credit requirements and credit related

security or deposit transfers between a DS Supplier and the Company, other than posting or delivery of an LOC that allows for electronic issuance and presentation of documents (on the form provided in Exhibit 4b), which LOC will be posted and delivered by electronic issuance in accordance with the terms of such LOC), shall be in writing and shall be personally delivered or sent by overnight express mail, courier service or electronic transmission (with the original transmitted by any of the other aforementioned delivery methods) addressed as follows:

If to a DS Supplier to:

Copy to:

If to the Company to:

Attn: -Gregory Dill – Manager FP&A

Two North Ninth Street, TW20, Allentown, PA 18101

Copy to:

James M. Rouland – Regulatory Policy Manager

Two North Ninth Street, TW20, Allentown, PA 18101

Notice received after the close of the Business Day shall be deemed received on the next Business Day; provided that notice by electronic transmission shall be deemed to have been received by the recipient if the recipient confirms receipt telephonically or in writing.

6.7 Security Instruments

At each DS Supplier's choice, the following are deemed to be acceptable methods for posting security to satisfy Margin requirements, if required:

- (a) Cash; or
- (b) A standby irrevocable letter of credit acceptable to the Company, in its reasonable discretion, issued by a bank or other financial institution with a minimum "A-" senior unsecured debt rating (or, if unavailable, corporate issuer rating discounted one notch) from S&P and "A3" from Moody's. The letter of credit may be in a form that allows for electronic issuance and presentation of documents (see standard formats, with and without provisions allowing for electronic issuance and presentation of documents, in Exhibits 4a and 4b). The letter of credit shall state that it shall renew automatically for successive one-year or shorter periods, until terminated upon at least ninety (90) days prior written notice from the issuing financial institution. If the Company receives notice from the issuing financial institution that the letter of credit is being cancelled, the DS Supplier will be required to provide a substitute letter of credit from an alternative bank satisfying the minimum requirements. The receipt of the substitute letter of credit must be effective as of the cancellation date and delivered to the Company thirty (30) days before the cancellation date of the original letter of credit. If the DS Supplier fails to supply a substitute letter of credit as required, then the Company will have the right to draw on the existing letter of credit and to hold the amount as Margin.

- (c) If the credit rating of a bank or other financial institution from which a DS Supplier has obtained a letter of credit falls below the levels specified in Section 6.7(b) of this Agreement, the DS Supplier shall have two (2) Business Days following written notice by the Company to obtain a suitable letter of credit from another bank or other financial institution that meets those standards, unless such period is extended in writing by the Company. The Company shall have no obligation under this Agreement or otherwise to make or grant such extension.

6.8 Maintenance of Creditworthiness

(a) Reporting of Changes.

The DS Supplier shall promptly notify the Company within three (3) Business Days of any change in its credit rating or financial condition or that of its Guarantor. The DS Supplier or Guarantor shall also furnish evidence of an acceptable credit rating or financial condition upon the request of the Company.

(b) Change in Credit Standing.

The Company will re-evaluate the creditworthiness of a DS Supplier whenever it becomes aware of an adverse change, through the provision of notice by the DS Supplier or otherwise, in the DS Supplier's or Guarantor's credit standing. If the lowest credit rating (whether senior unsecured debt rating or corporate issuer rating) used to determine the DS Supplier's Maximum Credit Limit or its Credit Limit adversely changes, the Company will require additional security from the DS Supplier in accordance with Section 6.5 of this Agreement. The additional

security must be in a form acceptable to the Company in its reasonable discretion, as specified in Section 6.7 of this Agreement and must be posted as set forth in Section 6.5 of this Agreement.

6.9 Calling on Security

The Company may call upon the security posted by the DS Supplier if the DS Supplier fails to pay amounts due to the Company pursuant to this Agreement or any other agreement(s) between the Company and the DS Supplier for the provision of DS Supply after all of the following events occur:

- (a) Written Notice of Default is provided to the DS Supplier; and
- (b) Any applicable cure period associated with the written Notice of Default ends.

The foregoing notwithstanding, the security posted by the DS Supplier shall become due automatically without prior notice or right of cure in the case of any Event of Default arising under subsections (a), (c), (d), (e), (f), (g), (h) and (i) of Section 5.1 of this Agreement.

6.10 Interest on Cash Held by Company

The Company will pay simple interest calculated at the Interest Index on all cash held by the Company pursuant to this Agreement. Each Billing Month, the Company will prepare a statement of interest amounts due to the DS Supplier. The statement will be sent to the DS Supplier within three (3) Business Days after the end of the Billing Month via overnight mail or other expeditious means. The Company shall make interest payments on the first Business Day after the 5th day of each calendar month.

6.11 No Endorsement of DS Supplier

The Company's determination that a DS Supplier is creditworthy pursuant to the process set forth above, shall not be deemed to constitute an express or implied warranty or guarantee of any kind with respect to the financial or operational qualifications of the DS Supplier. The Company will treat all DS Suppliers in a non-discriminatory manner and shall provide no preference to any DS Supplier.

6.12 Multiple DS Supply Agreements

It is the intention of the Company and the DS Supplier that, in the event the DS Supplier is a party to other agreements with the Company for the provision of DS Supply that existed prior to the Effective Date of this Agreement, the Company will calculate the Margin applicable to all such agreements based upon the terms and conditions of the applicable agreements.

ARTICLE 7 Procedures For Energy Scheduling, Capacity Resource Submission And Transmission Procurement

7.1 Load Obligations

The Company and the DS Supplier acknowledge and agree that (1) the Company shall determine the DS Load, (2) the Company shall allocate the DS Supply obligation using the DS Supplier Responsibility Share, (3) the Company shall provide the DS Supplier's DS Supply obligation to PJM, and (4) the DS Supplier shall be responsible for meeting its DS Supply obligations as an LSE under the PJM Agreements.

7.2 Data Transmission

The procedures for transmitting load obligation data to PJM for the DS Supplier's DS Load shall be as set forth by PJM.

7.3 Energy Scheduling

The Company is not obligated to provide any day ahead scheduling services. If the Company chooses to provide such services, the information provided is not guaranteed by the Company.

ARTICLE 8 THE ENERGY SETTLEMENT/RECONCILIATION PROCESS

8.1 Energy Settlement By PJM

The settlement process occurs at PJM to reflect the DS Supplier's actual Energy obligations in a supply/usage reconciliation process. The Energy obligations for each DS Supplier will be determined based on the DS Supplier Responsibility Share of the DS Load. The reconciled total DS Supply obligation will be based on the final total Energy loads for the Customers receiving Default Service, including deration adjustments for marginal losses.

Any adjustments for billing and metering errors reported subsequent to the calculation of FMEA will be proportionally allocated by the Company to the DS Suppliers based on the respective DS Supplier Responsibility Share.

8.2 Energy Settlement by the Company

In the event that actual DS Customer consumption data is not available until after

the PJM deadline for conducting the final settlement, the Company will conduct the settlement process with the DS Supplier. In the event PJM imposes penalties against the Company as a result of the DS Supplier's Transactions or failure to meet PJM requirements, such penalties shall be passed through by the Company to the DS Supplier as part of this settlement process. In addition, all other applicable charges from PJM, including any billing adjustments, will be appropriately allocated to the DS Supplier.

ARTICLE 9 BILLING AND PAYMENT

9.1 The Company Payment of Obligations to the DS Supplier

The Company shall pay all amounts due to the DS Supplier hereunder in accordance with the following provisions. Unless specified otherwise, the following provisions apply to both Fixed Price Transactions and Spot Market Transactions. Specifically:

(a) Fixed Price Transactions:

- (i) With respect to each Fixed Price Transaction, for each Billing Month, the Company will prepare a Statement of amounts due to the DS Supplier. This Statement will show the aggregate amounts due based on the DS Fixed Price indicated in such Transaction Confirmation multiplied by the PMEA of the Billing Month.
- (ii) With respect to each Fixed Price Transaction, to the extent that the FMEA differs from the PMEA, the Company shall pay or charge the DS Supplier for the PMEA/FMEA Adjustment Amount within

the PJM deadline for conducting the final settlement.

(b) Spot Market Transactions:

- (i) With respect to each Spot Market Transaction, for each Billing Month, the Company will prepare a Statement of amounts due to the DS Supplier. This Statement will show the amounts due the DS Supplier, equal to the sum of: (a) an energy charge equal to sum of the products of each hour's load weighted, real-time spot market energy price for the Delivery Point, and the PHEA in each hour of the Billing Month, (b) a capacity charge equal to the sum of the product of the PJM Final Zonal Net Load Price for the Delivery Point in \$/MW-day and the daily amounts of Capacity reported as the DS Supplier's Capacity obligation by Buyer to PJM for each day of the Billing Month; and (c) the product of the DS Fixed Price and the PMEA.
- (ii) With respect to each Spot Market Transaction, to the extent that the FMEA differs from the PMEA, the Company shall pay or charge the DS Supplier for the PMEA/FMEA Adjustment Amount within the PJM deadline for conducting the final settlement. The PMEA/FMEA Adjustment Amounts apply only to payments unrelated to the energy charge or capacity charge as described in Section 9.1(b)(i) above.
- (iii) With respect to each Spot Market Transaction, to the extent that the FHEA differs from the PHEA, the Company will calculate the

PHEA/FHEA Adjustment Amount for each hour by multiplying the difference between the two amounts by the load weighted, real-time spot market energy price for the Delivery Point, and will sum the negative and positive dollar values over all hours to arrive at a net PHEA/FHEA Adjustment Amount for the Billing Month. Based on the calculated net PHEA/FHEA Adjustment Amount, the Company will pay or charge the DS Supplier for such billing adjustments within the PJM deadline for conducting the final settlement.

- (iv) With respect to each Spot Market Transaction, to the extent that the daily Capacity obligations used in the calculation detailed in Section 9.1(b)(i) are adjusted, the Company will pay or charge the DS Suppliers any net difference between the payment made and the payment calculated using the adjusted values. For avoidance of doubt, the MW of Capacity reported as DS Supplier's Capacity obligation shall be adjusted for any subsequent meter corrections reported to PJM, or as a result of any subsequent retail load settlement process. Any reduction in load as a result of Buyer's or PJM's operation of its load response programs shall be reflected as a reduction in the MW of Capacity.

(c) General Provisions:

- (i) The Statement(s) will be sent to the DS Supplier within eight (8) Business Days after the end of the Billing Month via overnight

mail or other expeditious means.

- (ii) The Company shall make payment on the first Business Day after the 19th day of each calendar month.
- (iii) If each Party owes an amount to the other Party pursuant to this Agreement, including any related interest, payments or credits, the Parties may satisfy their respective obligations to each other by netting the aggregate amounts due to one Party against the aggregate amounts due to the other Party, with the Party, if any, owing the greater aggregate amount paying the other Party the difference between the amounts owed.
- (iv) Payments shall be subject to adjustment for any arithmetic errors, computation errors, meter reading errors, or other errors, provided that the errors become known within one (1) year of the termination of all Transactions under this Agreement.
- (v) The Company shall make payments of funds payable to the DS Supplier by electronic transfer to a bank designated by the DS Supplier.
- (vi) If a good faith dispute arises between the Company and the DS Supplier regarding a Statement, the disputing Party shall be obligated to pay only the undisputed portion of the Statement, if any, and shall present the dispute in writing and submit supporting documentation to the non-disputing Party within one hundred twenty (120) calendar days from the date of the Statement in

dispute. Statement disputes shall be addressed promptly, and in accordance with the dispute resolution procedures set forth in Article 11 (Dispute Resolution) of this Agreement. Upon resolution of a Statement dispute, any payments made to either Party will include simple interest on the payment at the lower of the Interest Index or six (6) percent per annum payable from the date that notice of a Statement dispute was received by the non-disputing Party.

- (vii) If payment is made to the DS Supplier after the due date shown on the Statement, a late fee will be added to the unpaid balance until the entire Statement is paid. This late fee shall be the lesser of (a) 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%) or (b) the maximum rate permitted by applicable law.
- (viii) If DS Supplier has entered into more than one Transaction with Buyer, DS Supplier shall receive a single Statement listing the relevant information detailed above.

9.2 Billing for DS Supplier’s Obligations to Other Parties

Except as set forth in Sections 2.5 and 2.6, the Company shall have no responsibility for billing between the DS Supplier and PJM; the DS Supplier and any

Energy or Capacity source; or the DS Supplier and any other third party. The Company will be solely responsible for billing DS Customers for Default Service.

9.3 The DS Supplier Payment of Obligations to the Company

The DS Supplier shall pay all Charges it incurs hereunder in accordance with the following provisions:

- (a) Each Billing Month, the Company shall submit an invoice to the DS Supplier for all Charges owed by the DS Supplier under this Agreement. The DS Supplier shall make payment for Charges shown on the invoice. The due date will be on the first Business Day after the 19th day of each calendar month. The invoice will be sent to the DS Supplier within eight (8) Business Days after the end of the Billing Month via overnight mail or other expeditious means.
- (b) Invoices shall be subject to adjustment for any arithmetic errors, computation errors, meter reading errors, or other errors, provided that the errors become known within one (1) year of the termination of all Transactions of this Agreement.
- (c) The DS Supplier shall make payments of funds payable to the Company by electronic transfer to a bank designated by the Company.
- (d) If a good faith dispute arises between the Company and the DS Supplier regarding an invoice, the disputing Party shall be obligated to pay only the undisputed portion of the invoice, if any, and shall present the dispute in writing and submit supporting documentation to the non-disputing Party

within one hundred twenty (120) calendar days from the due date of the invoice in dispute. Billing disputes shall be addressed promptly, and in accordance with the dispute resolution procedures set forth in Article 11 of this Agreement. Upon resolution of a billing dispute, any payments made to either Party will include simple interest on the payment at the lower of the Interest Index or six (6) percent per annum payable from the date that notice of a bill dispute was received by the non-disputing Party.

- (e) If payment is made to the Company after the due date shown on the invoice, a late fee will be added to the unpaid balance until the entire invoice is paid. This late fee shall be the lesser of (a) 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%) or (b) the maximum rate permitted by applicable law.

ARTICLE 10 SYSTEM OPERATION

The Parties shall adhere to any applicable operational requirements of PJM necessary to protect the integrity of the transmission system within the PJM Control Area and the transmission systems of interconnected control areas, and shall satisfy any and all PJM, RFC and NERC criteria, when applicable. The DS Supplier shall also adhere to

any applicable operational requirements of the Company necessary to protect the integrity of the Company's local distribution system.

10.1 Disconnection and Curtailment By the Company

The Company shall have the right, without incurring any liability to the DS Suppliers, to disconnect (or otherwise curtail, interrupt or reduce deliveries from) the DS Suppliers or to disconnect (or otherwise curtail, interrupt or reduce deliveries to) any Customer whenever the Company determines in the exercise of its good faith discretion, or when the Company is directed by PJM, that such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any of the Company's facilities; or due to any other reason affecting the safe and reliable operation of the Company's or a Customer's facilities, including, without limitation, an Emergency, forced outage or potential overloading of the Company's transmission and/or distribution circuits, potential damage to any Customer's facilities or any risk of injury to persons or property.

10.2 Inadvertent Loss of Service to DS Customers

The Parties agree and acknowledge that service to DS Customers may be inadvertently lost due to storms, weather, accidents, breakage of equipment or other events beyond the reasonable control of the Company affecting the transmission and distribution system of the Company. Neither Party will have any liability to the other Party for the occurrence of such events. In no event will an inadvertent loss of service affect a Party's obligation to make any payments then due or becoming due with respect to performance rendered prior to such inadvertent loss of service.

10.3 PJM Requirements

The DS Supplier acknowledges and agrees that, as a member of PJM, the Company is bound by all PJM operating instructions, policies and procedures as are currently set forth in the PJM Operating Manual, which are available through the Internet on the PJM Home Page (<http://www.pjm.com>), as may be revised from time to time, which are needed to maintain the integrity of the PJM system. The DS Supplier acknowledges and agrees that it will cooperate with the Company so that the Company will be in compliance with all PJM Emergency Operations Procedures, which include, but are not limited to, those procedures pertaining to minimum and maximum generation Emergencies, and measures requiring involuntary Customer participation, such as supply voltage reduction or full interruption of Customer load by either manual or automatic means.

10.4 Compliance With Governmental Directives

The DS Supplier also acknowledges and agrees that the Company may need to act in response to governmental or civil authority directives which may affect DS Load. The DS Supplier agrees to cooperate with the Company in order to comply with said directives.

ARTICLE 11 DISPUTE RESOLUTION

11.1 Informal Resolution of Disputes

Before pursuing resolution of any dispute arising out of this Agreement (other than an Event of Default under Section 5.1 (a), (c), (d), (e), (f), (g), (h) and (i)), and as a

condition precedent thereto, 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 11.1 (Informal Resolution of Disputes), shall be paid within two (2) Business Days of such resolution and the payment shall include interest calculated at the Interest Index from the original due date through the date of payment.

11.2 Recourse to Agencies or Courts of Competent Jurisdiction

After the condition precedent requirements of Section 11.1 (Informal Resolution of Disputes) have been satisfied, all unresolved disputes, except as noted below, between the Parties shall be submitted to the appropriate authority as set forth in Section 16.5 of this Agreement. Nothing in this Agreement shall restrict the rights of either Party to file a complaint with the FERC under relevant provisions of the Federal Power Act (“FPA”) or with the PaPUC under relevant provisions of the Applicable Legal Authorities. The Company, but not the DS Supplier, may also elect, in its sole discretion, to pursue its remedies in the Lehigh County Court of Common Pleas, or the Eastern District Court of Pennsylvania in Allentown subject to Section 16.5 of this Agreement. The Party’s agreement hereunder is without prejudice to any Party’s right to contest the jurisdiction of the FERC or the PaPUC to which a complaint is brought, however, should the

Company elect Court, the DS Supplier hereby consents to the jurisdiction of the Lehigh County Court of Common Pleas, or the Eastern District Court of Pennsylvania and waives all rights to contest the Company's election of court whether based on forum non conveniens or otherwise.

The Parties hereby acknowledge and agree that both Parties entered into this Agreement and all Transactions under this Agreement freely and in good faith, both had the opportunity to have counsel review the Agreement, and agree that the terms of this Agreement 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 and absent agreement to the contrary, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives its rights to argue before any governmental authority that any review, modification, or rescission of this Agreement 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), affirmed by *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington, et al.*, 554 U.S. 527 (2008) (the "Mobile-Sierra Doctrine").

ARTICLE 12 REGULATORY AUTHORIZATIONS AND JURISDICTION

12.1 Compliance With Applicable Legal Authorities

The Company and the DS Supplier are subject to, and shall comply with, all existing or future applicable federal, state and local laws, all existing or future duly-promulgated orders or other duly-authorized actions of PJM or of Applicable Legal Authorities.

12.2 FERC Jurisdictional Matters

The inclusion herein of descriptions of procedures or processes utilized by PJM or otherwise subject to the jurisdiction of the FERC is intended solely for informational purposes. If anything stated herein is found by the FERC to conflict with or be inconsistent with any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA or if any existing procedures or processes utilized by PJM are duly modified, the applicable FERC rule, regulation, order, determination or modification shall control. To the extent required under any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA, the Company and/or the DS Supplier, if applicable, shall use reasonable commercial efforts to secure, from time to time, all appropriate orders, approvals and determinations from the FERC necessary to support this Agreement.

12.3 Energy Efficiency, Conservation, and Retail Market Programs

DS Supplier acknowledges that DS Customers may participate in new or existing energy efficiency and conservation programs, and retail market programs offered by the

Company (required by Applicable Legal Authorities or otherwise offered by the Company whether voluntarily or not), by PJM, or by other third parties, and that such participation may reduce or change the amount of DS Supply that DS Supplier is required to provide and the amount of monies it may receive under this Agreement. The Company shall have no obligation whatsoever to DS Supplier with respect to the effect, if any, of such programs. DS Supplier is solely responsible for determining the effect, if any, of such programs on future load requirements.

ARTICLE 13

LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

13.1 Limitations on Liability

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 direct actual Damages only, such direct actual 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, special, incidental, punitive, exemplary or indirect Damages, lost profits,

loss of financing, business or reputation 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 or any Party, whether such negligence by 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 it is agreed that the Damages calculated hereunder constitute a reasonable approximation of the harm or loss.

13.2 Risk of Loss

Solely for purposes of determining risk of loss and for determining the indemnity obligations under Article 14 of this Agreement, the Company shall be deemed to have custody and control of the electric Energy delivered by the DS Supplier upon receipt thereof into the Company's distribution system and until delivery thereof at the retail electric meter of the Customer; and the DS Supplier shall be deemed to have custody and control of the DS Supply at all times prior to receipt thereof by the Company. The Party deemed to have custody and control of DS Supply shall be responsible for all loss or damage to property or injury or death to persons arising in connection with such DS Supply while in its custody and control and shall indemnify the other Parties with respect to same as set forth in Article 14 of this Agreement.

ARTICLE 14 INDEMNIFICATION

14.1 Indemnification

- (a) Should the Company become the defendant in, or obligor for, any third party claims and/or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party's employees or any third parties, that were caused by or occur in connection with an act or omission of the DS Supplier with respect to an obligation arising under or in connection with this Agreement, or for which the DS Supplier has otherwise assumed liability under the terms of this Agreement, the DS Supplier shall defend (at the Company's option), indemnify and hold harmless the Company, and its Affiliates, its shareholders, board members, directors, officers and employees, agents, contractors, subcontractors, invitees, successors, representatives, and permitted assigns from and against any and all such third party claims and/or liabilities, and shall appoint counsel at DS Supplier's expense, subject to the approval of Company, to defend any such claims or liabilities, except in the event of and to the extent that there is a final determination by a court of competent jurisdiction determines that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of the Company in which event Company agrees to reimburse DS Supplier within sixty (60) days of DS Supplier's demand to the extent that such third party claims and/or liabilities is not covered by insurance

required to be maintained pursuant to this Contract solely for Company's share in contributing to the cause of such losses, penalties, expenses or damages. The Company may, at its own expense, retain counsel and participate in the defense of any such suit or action.

- (b) Should the DS Supplier (the "Indemnified DS Supplier") become the defendant in, or obligor for, any third party claims and/or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party's employees or any third parties, that were caused by or occur in connection with an act or omission of the Company with respect to an obligation arising under or in connection with this Agreement, or for which the Company has otherwise assumed liability under the terms of this Agreement, the Company shall defend (at the option of the Indemnified DS Supplier), indemnify and hold harmless the Indemnified DS Supplier, its shareholders, board members, directors, officers and employees, from and against any and all such third party claims and/or liabilities, except in the event of and to the extent that there is a final determination by a court of competent jurisdiction determines that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of the Indemnified DS Supplier. The Indemnified DS Supplier may, at its own expense, retain counsel and participate in the defense of any such suit or action.
- (c) If either Party intends to seek indemnification under Section 14.1(a) or Section 14.1(b), as applicable, from the other Party, the Party seeking

indemnification shall give the other Party notice of such claim within ninety (90) 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, conditioned or delayed.

- (d) In the event that a Party fails or refuses to indemnify an indemnitee hereunder, in addition to all other obligations and upon adjudication in favor of an indemnitee, the indemnitor shall be responsible for any and all costs associated with bringing such action, including but not limited to attorneys' fees and costs.

14.2 Survives Agreement

The obligation of a Party to defend, indemnify, and hold harmless another Party under this Article 14 (Indemnification) shall survive termination of this Agreement, and as such obligation relates to claims asserted by employees of the indemnified party or otherwise, shall not be limited in any way by any limitation on the amount or type of

damages, compensation or benefits payable by or for either Party under any statutory scheme, including any workers' compensation acts, disability benefit acts or other employee benefit acts and both Parties hereby waive any and all immunities or statutory protections under any workers' compensation act or similar statute.

ARTICLE 15 FORCE MAJEURE

15.1 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 15.2 (Notification).

15.2 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 16 MISCELLANEOUS PROVISIONS

16.1 Notices

Unless otherwise stated herein, all notices, demands or requests required or

permitted under this Agreement shall be in writing and shall be personally delivered or sent by overnight express mail or courier service. Notice may also be provided via e-mail transmission (with the original transmitted by any of the other delivery methods specified in the previous sentence) addressed per the notification information for the DS Supplier and Company as set forth in Exhibit 2 hereto.

Such notices, demands or requests shall also be provided to such other person at such other address as a Party may designate by like notice to the other Party. Notice received after the close of the Business Day shall be deemed received on the next Business Day.

16.2 No Prejudice of Rights

The failure of a Party to insist on any one or more instances upon strict performance of any provisions of this Agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder, which shall remain in full force and effect. No term or condition of this Agreement shall be deemed to have been waived and no breach excused unless such waiver or consent to excuse is in writing and signed by the Party claimed to have waived or consented to excuse.

16.3 Effect of Regulatory or Legislative Actions

- (a) The Parties agree that the Company's obligations under this Agreement are contingent on, and limited by, the Company's ability to recover all costs incurred by it under this Agreement from its retail customers in full and on a current basis. If any statutes, rules, regulations, or orders are enacted, amended, entered, or revoked which have the effect of depriving

the Company's full and current recovery of said costs, the Company may terminate this Agreement upon ten (10) days written notice. The Parties agree that any such termination shall not constitute an Event of Default under this Agreement.

- (b) If any statutes, rules, regulations, or orders are enacted, amended, entered, or revoked which transfers the Company's obligation to procure or supply DS Supply to third party, this Agreement may be transferred to such third party in accordance with the provisions of Section 16.4 below. The Parties agree that any such transfer shall not constitute an Event of Default under this Agreement.
- (c) In the event that this Agreement is terminated as a result of any of the reasons set forth in subsections (a) and (b) of Section 16.3 above, the Parties agree that the Company shall not be liable for any costs or damages incurred or otherwise associated with (i) the transfer of the Company's obligation to obtain or provide DS Supply to third party, or (ii) the elimination of the Company's obligation to obtain or provide DS Supply.

16.4 Assignment

Parties shall not assign any of their rights or obligations under this Agreement without obtaining the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld. 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. Any

assignment in violation of this Section 16.4 shall be void; provided, however, the Company may assign any or all of its rights and obligations under this Agreement notwithstanding anything contained herein to the contrary, without the DS Supplier's consent, to any entity succeeding to all or substantially all of the assets of the Company, or to a third party in accordance with 16.3(b), if such assignee agrees, in writing, to be bound by all of the terms and conditions hereof and all necessary regulatory approvals are obtained. The DS Supplier may, with prior written notice to the Company but without obtaining the approval of the Company, assign the accounts, revenues or proceeds under this Agreement to a third party. The Company agrees that, following receipt of such notice of the assignment of accounts, revenues or proceeds and such other documentation that the Company may reasonably request, the Company will pay amounts becoming due to the assigning DS Supplier 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 the DS Supplier and the right of such designated assignee to receive payments shall be subject to all defenses, offsets and claims of the Company arising under this Agreement.

16.5 Governing Law and Venue/Forum Selection

To the extent not subject to the jurisdiction of the FERC, questions including those concerning the formation, validity, interpretation, execution, amendment, termination and construction of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without regard to principles of conflicts of law. Except for matters jurisdictional to the FERC, the Parties agree that all disputes relating to

formation, validity, interpretation, execution, amendment, termination and construction of this Agreement not satisfied or resolved under the required resolution provisions of Section 11.1 of this Agreement shall be submitted to the PaPUC for determination, unless the Company, at its sole discretion, elects to submit any such dispute hereunder to the Lehigh County Court of Common Pleas, or the Eastern District Court of Pennsylvania in Allentown. If the Company elects Court, each Party hereby waives its respective rights to any jury trial with respect to any litigation arising under or in connection with this Agreement.

16.6 Regulatory Approvals

DS Supplier agrees to cooperate, to the fullest extent necessary, to obtain any and all required State, Federal or other regulatory approvals of the Agreement and/or Transaction Confirmations hereunder. The commencement of the Delivery Period of each Transaction and the obligations hereto are subject to (i) the receipt or waiver by Company of all Company required regulatory approvals, (ii) the receipt or waiver by DS Supplier of all DS Supplier required regulatory approvals, and (iii) PaPUC approval.

16.7 Headings

The headings and subheadings contained in this Agreement are used solely for convenience and do not constitute a part of the Agreement between the Parties hereto, nor should they be used to aid in any manner in the construction of this Agreement.

16.8 Third Party Beneficiaries

This Agreement is intended solely for the benefit of the Parties hereto and nothing in this Agreement shall be construed to create any duty, or standard of care with reference

to, or any liability to, any person not a Party to this Agreement.

16.9 General Miscellaneous Provisions

- (a) This Agreement shall not be interpreted or construed to create an association, joint venture, or partnership between the Parties, or to impose any partnership obligation or liability upon any Party. No Party shall have any right, power, or authority to enter into any agreement or undertaking for, or on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other Party.
- (b) Cancellation, expiration or Early Termination of this Agreement shall not relieve the Parties of obligations that by their nature survive such cancellation, expiration or termination, including warranties, remedies, promises of indemnity and confidentiality.
- (c) Should any provision of this Agreement be held invalid or unenforceable, such provision shall be invalid or unenforceable only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable any other provision hereof unless it materially changes the agreement of the Parties; 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.
- (d) Each of the Parties acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms. This Agreement is intended by the Parties as a final expression of their agreement. The

Parties further agree that this Agreement is the complete and exclusive statement of agreement and supersedes all proposals (oral or written), understandings, representations, conditions, warranties, covenants and all other communications between the Parties relating thereto. In the case of an actual or apparent inconsistency between this Agreement and the PPL Electric Utilities Corporation Default Service Request for Proposals Process and Rules (“RFP”), the provisions of this Agreement shall control. 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 or any Transaction.

16.10 Taxes

As between the Parties: (i) the DS Supplier is responsible for the payment of all taxes imposed by all present and future federal, state, municipal or other taxes imposed by any taxing authority on the wholesale sales of DS Supply under this Agreement; and (ii) the Company is responsible for the payment of all taxes imposed by all present and future federal, state, municipal or other taxes imposed by any taxing authority on retail sales of DS Supply. Should the DS Supplier be required to remit any Pennsylvania State sales and use taxes directly to the applicable taxing authority, other than taxes previously collected by the DS Supplier on behalf of the Company, the Company will defend and

indemnify the DS Supplier for such sales and use taxes and will pay to the DS Supplier all such tax amounts upon demand. If any Transaction is exempt from the payment of any sales and use taxes as defined above, the affected DS Supplier will, if requested, provide the Company with valid tax exemption certificates. Should the Company be required to remit any sales and use taxes directly to any applicable taxing authority, other than taxes previously collected by the Company directly from the DS Supplier, the DS Supplier will defend and indemnify the Company and will pay to the Company all applicable sales and use tax amounts upon demand.

16.11 Disclosure of Tax Treatment

Notwithstanding anything to the contrary in this Agreement or in the RFP and appendices thereto, DS Supplier and Company agree that: (i) any obligation of confidentiality with respect to the Parties' Transactions hereunder does not apply, and has not applied from the commencement of discussions between the Parties, to the tax treatment and tax structure of the Agreement and all Transactions thereunder, and (ii) DS Supplier and Company (and each of their respective employees, representatives, or agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Agreement and the Transactions thereunder, as well as any materials of any kind (including opinions or other tax analyses) that have been provided to the disclosing Party relating to such tax treatment and tax structure, all within the meaning of Treasury Regulations Section 1.6011-4; provided, however, that the foregoing is not intended to affect any privileges that each Party is entitled, at its reasonable discretion, to maintain, including with respect to any confidential

communications with its attorney or any confidential communications with a federally authorized tax practitioner under Section 7525 of the Internal Revenue Code.

16.12 Audit

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 Article 9 (Billing and Payment) of this Agreement.

16.13 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) References to the singular include the plural and vice versa;
- (c) References to Articles, Sections, Clauses and the Preamble are, unless the context indicates otherwise, references to Articles, Sections, Clauses and the Preamble of this Agreement;

- (d) In carrying out its rights, obligations and duties under this Agreement, each Party shall have an obligation of good faith and fair dealing; and
- (e) If any payment due under this Agreement would be, by operation of the terms and conditions of any provision hereof, due and payable on a day other than a Business Day, such payment shall be made on the next following Business Day.

16.14 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 provisions 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; (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; or (v) such disclosure is made to PJM or PaPUC and is necessary in order for the Transactions contemplated by this Agreement to be consummated or to otherwise comply with the provisions of this Agreement.

- (b) Notwithstanding any other provision of this Section 16.14, 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 16.14, and further provided that in no event shall a document or information be disclosed in violation of the standard of conduct requirements established by the 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 or is being disclosed to PJM or PaPUC in order for the Transactions contemplated by this Agreement to be consummated or to otherwise comply with the provisions of this Agreement, 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) 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 16.14. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the receiving Party breaches or threatens to breach its obligations under

this Section 16.14, 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.

16.15 Federal Acquisition Regulation

If any of the following clauses prescribed by the Federal Acquisition Regulation (“FAR”), 48 Code of Federal Regulations Chapter 1, should be deemed to apply to this Agreement, the DS Supplier shall comply with the requirements of such clause(s), and shall include the terms or substance of such clause(s) in its subcontracts, as and to the extent required by the FAR:

- 1) Clean Air and Water: § 52.223-2;
- 2) Contract Work Hours and Safety Standards Act-Overtime Compensation: § 52.222-4;
- 3) Equal Opportunity: § 52.222-26;
- 4) Affirmative Action for and Employment Reports on Special Disabled and Vietnam Era Veterans: § 52.222-35 and § 52.222-37;
- 5) Affirmative Action for Handicapped Workers: § 52.222-36;
- 6) Utilization of Small Business Concerns and Small Disadvantaged Business Concerns and Small Business and Small Disadvantaged Business Subcontracting Plan: § 52.219-8 and § 52.219-9.

In case of a conflict between the provisions of the FAR and the balance of this Agreement, the requirements of the FAR shall prevail.

16.16 Binding Terms

This Agreement and the rates, terms and conditions herein shall remain in effect for the entire term hereof and each Party agrees not to seek any change to such rates, terms and conditions pursuant to the FPA, if the FPA is deemed to have jurisdiction over this Agreement, including on the grounds that they are not just and reasonable.

16.17 Amendment

This Agreement, including the appendices hereto, cannot be amended without the written agreement of all Parties prior to such amendment becoming effective. Except as provided in Appendix C, the rates, terms and conditions contained in this Agreement are not subject to change under Sections 205 or 206 of the Federal Power Act absent the mutual written agreement of the Parties. To the extent permitted by law and absent agreement to the contrary, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives its rights to argue before any governmental authority that any review, modification, or rescission of this Agreement 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), affirmed by *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington, et al.*, 554 U.S. 527 (2008) (the “Mobile-Sierra Doctrine”).

16.18 Counterparts and Electronic Signatures

This Agreement including all Transaction Confirmations hereunder may be executed in counterparts, each of which will be considered an original, but all of which

shall constitute one instrument. Further, the Parties agree that the electronic signature of a Party to this Agreement and the forms appended herein shall be as valid as an original signature of such Party and shall be effective to bind such Party. The Parties agree that any electronically signed document shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the Parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither Party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means either a manually signed original signature or an electronic symbol or process attached to or logically associated with a record and executed or adopted by a Party with the intent to sign the record that is then transmitted by electronic means; transmitted by “electronic means” means email transmission, facsimile transmission or other similar electronic or digital means of communication providing evidence of transmission, including transmission via the internet as a “pdf” (portable document format) or equivalent format. The use of electronic signature shall be approved by PPL Electric prior to use by the DS Supplier. The requirement for Attestation and Witness is waived upon approval of electronic signature by PPL Electric.

16.19 Successors

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.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

ATTEST:

[DS SUPPLIER]

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

ATTEST:

**PPL ELECTRIC UTILITIES
CORPORATION**

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

APPENDIX A

Maximum Unsecured Credit

S&P	Moody's	Fitch	Percentage of TNW	Credit Limit Cap (\$)
A- and above	A3 and above	A- and above	5%	60M
BBB+	Baa1	BBB+	5%	40M
BBB	Baa2	BBB	5%	30M
BBB-	Baa3	BBB-	5%	15M
BB+	Ba1	BB+	5%	5M
BB	Ba2	BB	5%	3M
BB-	Ba3	BB-	5%	1M
Below BB-	Below Ba3	Below BB-	0	0

Credit Rating Determination Methodology

The DS Supplier or its Guarantor must have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating) equal to the Minimum Rating¹. If the DS Supplier or its Guarantor is rated by more than one rating agency, and the ratings are split, the lowest of the available ratings will be used. The Maximum Credit Limit shall be calculated as the lesser of the percentage of TNW or the Credit Limit Cap.

¹ **Minimum Rating** – The lowest credit rating, as set forth in this Appendix A, that a DS Supplier or Guarantor must have to obtain unsecured credit.

APPENDIX B

MtM Exposure Amount Calculation Information

Table 1 provides information that will be determined on each DS Solicitation Date for each month of the Delivery Period for each applicable Transaction. An average of broker quotes will be used to develop monthly on- and off-peak energy forward price marks when quotes are available for individual months, two-month blocks (e.g., January-February) or quarterly blocks (e.g., October-December)². For all the remaining months the Company will be using a proprietary method that reflects forward market conditions. The Company reserves the right to examine the quotes from sources for anomalies or inconsistencies and to discard anomalous quotes as appropriate in its reasonable discretion. The initial mark for each Billing Month is the On-Peak Energy Forward Price and the Off-Peak Energy Forward Price that was calculated on the date that the DS Solicitation closes and will not change over the life of the applicable Transaction.

After the close of the DS Solicitation On-Peak Energy Forward Prices and Off-Peak Energy Forward Prices will change. In addition, the on-peak and off-peak loads used to calculate the MtM credit exposures will be adjusted monthly to reflect the most current changes. If quotes are obtained from more than one broker for a month, the mark for that month will be the average mark over all sources that are available. If quotes for individual months are unavailable then the Company may make use of quotes that are available for a two-month block or a quarterly block to develop the monthly mark as

² If quotes are obtained from more than one broker for a month, the mark for that month will be the average mark over all sources that are available. If quotes for individual months are unavailable, then the Company may make use of quotes that are available for a two-month block or a quarterly block to develop the monthly mark. For example, when an On-Peak Energy Forward Price is available for a two-month block or a quarterly block and a component of the block are both quoted, the component will be equal to its quoted price and the other months in the block will be constructed so that the weighted average (weighted by on-peak hours in each month) of the block equals the quote for the block; e.g., Q4 2013 = \$50 and Oct 2013 = \$40; therefore, Oct 2013 = \$40 and Nov-Dec 2013 = \$55.61 (i.e., $(\$50 \times (336 + 320 + 368) + \$40 \times 336) / (336 + 320) = \55.61). If only the block is quoted, that price will be used for all relevant months; e.g., Jan/Feb 2014 = \$35, then Jan 2014 = \$35 and Feb 2014 = \$35.

described above. The Company reserves the right to examine the quotes from sources for anomalies or inconsistencies and to discard anomalous quotes as appropriate in its reasonable discretion. On-Peak Energy Forward Prices and Off-Peak Energy Forward Prices for the months, two-month blocks or quarterly blocks where broker quotes are unavailable will be equal to the last available broker quotes or in case they have not been quoted on the broker sheets since the applicable DS Solicitation closed, they will be equal to the marks set at the close of the applicable DS Solicitation.

MtM Calculation Example

Parameters

On the closing day of a DS Solicitation, the following parameters are set for each applicable Transaction:

- (a) The estimated monthly On-Peak Load per Tranche.
- (b) The estimated monthly Off-Peak Load per Tranche.
- (c) The monthly On-Peak Energy Forward Prices (to be used as the inception on-peak price “initial mark” for each month of the Delivery Period).
- (d) The monthly Off-Peak Energy Forward Prices (to be used as the inception off-peak price “initial mark” for each month of the Delivery Period)

All On-Peak Energy Forward Prices and Off-Peak Energy Forward Prices are based on a Market Price Hub that the Company will specify as follows: PJM Western Hub.

Table 1 - Data set on the Closing Day of the DS Solicitation (MWh/Tranche)

	On-Peak Volume ³	Off-Peak Volume ⁴	Initial Mark On-Peak Price ⁵	Initial Mark Off-Peak Price ⁶
Month 1				
Month 2				
Month 3				
Month 4				
Month 5				
Month 6				
Month 7				
Month 7				
Month 8				
Month 9				
Month 10				
Month 11				
Month 12				

Intentionally Left Blank (for expression purposes only)

EXAMPLE

Table 2 – Post DS Solicitation Close MTM Credit Exposure Calculation (MWh/Tranche)

	On-Peak Load per Tranche (MWh)	Off-Peak Load per Tranche (MWh)	Initial Mark On-Peak Price	Initial Mark Off-Peak Price	On-Peak Energy Forward Price ⁷	Off-Peak Energy Forward Price ⁸	MtM ⁹
Month 1							
Month 2							
Month 3							
Month 4							
Month 5							
Month 6							
Month 7							
Month 8							
Month 9							
Month 10							
Month 11							
Month 12							
							Total

Intentionally Left Blank (for expression purposes only)

³ On-peak and off-peak volumes will be adjusted monthly.

⁴ On-peak and off-peak volumes will be adjusted monthly.

⁵ Initial Mark On-peak price set at day DS Solicitation closes. Remains constant through term of applicable Transaction.

⁶ Initial Mark Off-peak price set at day DS Solicitation closes. Remains constant through term of applicable Transaction.

⁷ On-peak Energy Forward Price as available and quoted by Referenced Market Makers.

⁸ Off-peak Energy Forward as available and quoted by Referenced Market Makers.

⁹ $MTM = (On\text{-}Peak\ Load * (On\text{-}Peak\ Energy\ Forward\ Price - Initial\ Mark\ On\text{-}Peak\ Price)) + (Off\text{-}Peak\ Load * (Off\text{-}Peak\ Energy\ Forward\ Price - Initial\ Mark\ Off\text{-}Peak\ Price))$

APPENDIX C

DS Supply Specifications

- 1) With respect to a Transaction, DS Supplier shall provide Full Requirements Service on a firm and continuous basis. The terms of the Transaction shall be set forth in a Transaction Confirmation to this Agreement, in a form as set forth in Exhibit 1. Full Requirements Service shall mean, all of the following necessary services or products that are required to supply the DS Supplier Responsibility Share for the DS Customers associated with the Transaction Confirmation, including: Energy, Capacity, transmission (other than Non-market-based Transmission Services), Ancillary Services, transmission and distribution system losses, congestion management costs, and such other products and services (but excluding Pennsylvania Alternative Energy Portfolio Standard (“AEPS”) obligation) that are required except for distribution service.
- 2) With respect to a Transaction, the Company shall be responsible, at its sole cost and expense, for the costs of Non-market-based Transmission Services and for compliance with the AEPS Act in connection with the DS Load. Additionally, the Company will be responsible for any distribution service necessary to serve the DS Supplier Responsibility Share.
- 3) Except as provided in Paragraph 1 above, DS Supplier bears the risk of any other changes in PJM products and pricing during the term of all Transactions under this Agreement. However, if there are any other new FERC-approved PJM transmission charges other than those referred to in Paragraph 1 above or other

new PJM charges and costs, charged to network transmission customers, that DS Supplier believes the Company should recover through retail rates because they are directly related to the Company's obligations, then Company may file with the PaPUC a request for approval to recover such new costs. DS Supplier is required to intervene in any such proceeding before the PaPUC. Such new costs can only be charged to the Company to the extent that the PaPUC approves the Company's recovery of those costs. DS Supplier agrees to be bound by the decision of the PaPUC (subject to the normal rules for appeal of the decision of the PaPUC) and waives all claims concerning this issue before the FERC. Notwithstanding the foregoing, nothing in the Agreement shall preclude DS Supplier or Company from taking any position before the FERC regarding the creation and allocation of any such PJM charges.

Customer Group and Service Type:

Customer Group	Rate Schedule	Description
Residential	RS	RS – Residential Service
	RTS	RTS(R) – Residential Service – Thermal Storage
Small Commercial & Industrial	GS-1	GS-1 – Small General Service
	GS-3	GS-3 – Large General Service – Customers with less than 100 kW peak demand
	LP-4	LP-4 – Large General Service (12 KV or Higher) – Customers with less than 100 KW peak demand
	GH-2	GH-2(R) – Separate Meter General Space Heating Service
	BL	BL – Borderline Service – Electric Utilities
	SA	SA – Private Area Lighting
	SM	SM(R) – Mercury Vapor Street Lighting
	SHS	SHS – High Pressure Sodium Street Lighting
	SE	SE – Energy Only Street Lighting Service
	TS	TS(R) – Municipal Traffic Signal Lighting Service
	SI-1	SI-1(R) – Municipal Street Lighting
	Standby	Rule 6A – Standby Service for Qualifying Facilities applicable to customers in the above listed rate schedules.
Large Commercial & Industrial	GS-3	GS-3 – Large General Service – Customers with 100 KW or higher peak demand
	LP-4	LP-4 – Large General Service (12 KV or Higher) – Customers with 100 KW or higher peak demand
	LP-5	LP-5 – Large General Service (69 KV or Higher)
	LPEP	Power Service to Electric Propulsion
	Standby	Rule 6A – Standby Service for Qualifying Facilities applicable to customers in the above listed rate schedules.

Notes:

1. Rate schedules also may be subject to riders. Any such riders are set forth in PPL Electric Utilities Corporation General Tariff, Rules and Rate Schedules for Electric Service.
2. LPEP will be included in the Large C&I Customer Group only if Amtrak requests 60 Hz electricity supply.
3. Rate Schedule LP-4 customers with less than 100 KW peak demand will be included in the Small C&I Customer Group and Rate Schedule GS-3 customers with 100 KW or greater peak demand will be included in the Large C&I Customer Group. The initial determination of peak demand will be based on the customer’s ICAP peak load contribution assigned for the June 1, 2021 date by PJM Interconnection, LLC (“PJM”) and will take effect starting December 1, 2021. All following determinations of peak demand and classification of customers will be reassessed annually on June 1 each year thereafter, throughout the period of June 1, 2022 through May 31, 2025.
4. Time-of-Use load will be included in the calculation of Default Service Load.

EXHIBIT 1 – TRANSACTION CONFIRMATION EXAMPLE

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Default Service Supplier Master Agreement (“Agreement”) dated [INSERT SMA Effective DATE] between PPL Electric Utilities Corporation (“Company”) and [INSERT DS SUPPLIER NAME] (“DS Supplier”). 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 agreed to on [INSERT DS Solicitation PaPUC approval date] (“Transaction Date”).

Transaction Type: [Fixed Price Transaction / Spot Market Transaction]

Product: Full Requirements Service

Customer Group: Residential

Service Type: Rate Schedules RS and RTS.

Delivery Point: PPL_RESID_AGG

Delivery Period: [MONTH] [DAY], [YEAR] through [MONTH] [DAY], [YEAR]

The DS Supplier’s DS Supplier Responsibility Share is [INSERT]. DS Supplier will supply [INSERT] Tranche(s) at a DS Fixed Price of \$ [INSERT] per MWh for the duration of the Delivery Period.

Service Type	Total Tranches	% Size of a Tranche	PLC (MW)	MW-Measure
Rate Schedules RS and RTS	[INSERT]	[INSERT]	[INSERT]	[INSERT]

Please confirm that the terms stated herein accurately reflect the agreement reached on the date above between the DS Supplier and the Company by returning an executed copy of this Transaction Confirmation by pdf to the Company at pplpolr@pplweb.com. The signatories to this Transaction must have the authority to enter into this Transaction.

WITNESS:

**PPL ELECTRIC UTILITIES
CORPORATION**

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

WITNESS:

[DS SUPPLIER]

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

EXHIBIT 2 – FORM OF NOTICE

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

BUYER: PPL Electric Utilities Corporation

DS Supplier: [INSERT]

All Notices:

Street: **Two North Ninth Street**
City/State/Zip: **Allentown, PA 18101**
Attn: **James M. Rouland**
Facsimile: **N/A**
Duns: **00-790-9427**
Federal Tax ID Number: **23-0959590**
Email: **jmrouland@pplweb.com**

All Notices:

Street:
City/State/Zip:
Attn:
Facsimile:
Duns:
Federal Tax ID Number:
Email:

Invoices:

Attn: **James M. Rouland**
Phone: **610-774-3042**
Facsimile: **N/A**
Email: **jmrouland@pplweb.com**

Invoices:

Attn:
Phone:
Facsimile:
Email:

Scheduling:

Attn: **James M. Rouland**
Phone: **610-774-3042**
Facsimile: **N/A**
Email: **jmrouland@pplweb.com**

Scheduling:

Attn:
Phone:
Facsimile:
Email:

Payments:

Attn: **James M. Rouland**
Phone: **610-774-3042**
Facsimile: **N/A**
Email: **jmrouland@pplweb.com**

Payments:

Attn:
Phone:
Facsimile:
Email:

Wire Transfer
BNK: **Wells Fargo**
ABA: _____
ACCT: _____

Credit and Collections:
Attn: **Nathan Huber**
Phone: **610-774-7323**
Facsimile: N/A
Email: **NGHuber@pplweb.com**

**With Additional Notices of an
Event of Default to:**
Attn: **James M. Rouland**
Phone: **610-774-3042**
Facsimile: N/A
Email: **jmrouland@pplweb.com**

Wire Transfer
BNK:
ABA:
ACCT:

Credit and Collections:
Attn:
Phone:
Facsimile:
Email:

**With Additional Notices of an
Event of Default to:**
Attn:
Phone:
Facsimile:
Email:

EXHIBIT 3 – PJM DECLARATION OF AUTHORITY

This Declaration of Authority (“Declaration”) is made this ____ day of _____, 201_ by the following:

PARTY A: PPL Electric Utilities Corporation (“Party A”).

PARTY B: _____ (“Party B”).

RECITALS

WHEREAS, PJM is a Regional Transmission Organization (“RTO”) subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”);

WHEREAS, PJM Settlement, Inc (“PJM Settlement”) is a Pennsylvania Non-Profit Corporation, incorporated for the purpose of providing billing and settlement functions and credit and risk management functions for PJM. References to “PJM” in this Declaration are intended to apply to PJM and/or PJM Settlement, as appropriate, with regard to their respective functions.

WHEREAS, PJM and PJM Settlement administer centralized markets that clear various electric energy and energy-related products among multiple buyers and sellers;

WHEREAS, PJM additionally exercises operational control over its members’ transmission facilities whereby PJM provides open-access transmission service and control area functions, including economic dispatch and emergency response to ensure reliability;

WHEREAS, Party A is a PJM Member and seeks to obtain, or is obtaining, services provided or administered by PJM, seeks to participate, or is participating in, markets administered by PJM, or seeks to engage in, or is engaging in, operations that use or affect the integrated transmission system operated by PJM;

WHEREAS, such activities or contemplated activities by Party A and Party B are governed by rights and obligations established by or under the PJM Open Access Transmission Tariff (“Tariff”), the Amended and Restated Operating Agreement of PJM Interconnection, L.L.C. (“Operating Agreement”), the Reliability Assurance Agreement Among Load-serving Entities in the MAAC Control Zone (“RAA”), and other agreements, manuals, and practices of PJM (the Tariff, the Operating Agreement, the RAA, and such other agreements manuals, and practices of PJM, the “PJM Agreements”); and

WHEREAS, Party A and Party B desire to declare to PJM their respective authorities concerning such rights and obligations, intend that PJM rely upon such declaration, and acknowledge that PJM may rely upon such declaration to its detriment.

DECLARATION

NOW, THEREFORE, acknowledging that PJM will rely on the truth, accuracy and completeness of the declarations made below, Party A and Party B, as identified below, make the following declarations:

1. Exclusivity of Party B's Authority.

Pursuant to a binding, legally enforceable agreement, Party A has authorized Party B to act for Party A with respect to certain rights and responsibilities as specified in Section 2 of this Declaration ("the Authorized Rights and Responsibilities"). With respect to the Authorized Rights and Responsibilities, Party B is authorized to communicate and transact with PJM as Party A's sole and exclusive Party B, and PJM is authorized to communicate and transact directly and exclusively with Party B as Party A's Party B. With respect to Authorized Rights and Responsibilities, Party A will abide by any direction issued by PJM to Party B.

2. Specification of Authorized Rights and Responsibilities.

In the following parts (a) through (h), Party A and Party B specify the rights and responsibilities with respect to which Party B is authorized to act for Party A. Specification shall be effective only if both Party A and Party B have placed the initials of their authorized representatives in the space provided for each applicable right or responsibility from among the options provided below:

(a) Load Server Responsibilities.

_____ Party B is authorized to satisfy Party A's obligations as a Load-Serving Entity under the RAA, including, without limitation, its obligations to provide Unforced Capacity, submit capacity plans, provide or arrange for Capacity Resources, satisfy Accounted-for Obligations and Peak Season Maintenance Obligations, comply with any capacity audits, make payment of all deficiency, data submission, and emergency procedure charges incurred, coordinate planning and operation of Capacity Resources with other parties; and develop and submit planned outage schedules.

_____ Party B is authorized to satisfy Party A's obligations under the Tariff, RAA and to provide or arrange for transmission service to its loads; provide or arrange for sufficient reactive capability, voltage control facilities, and black start capability for service to its loads; submit firm

transmission service schedules, and designate Network Resources and other points of receipt and delivery for transmission service. Party B is authorized to request changes to the transmission service required for service to Party A's loads, and to enter into, on Party A's behalf, any feasibility, system impact, facilities study, or other agreements required to process such request for a change in service.

_____ Party B is authorized to satisfy Party A's rights and obligations under the Tariff and Operating Agreement to submit bids on, obtain, administer, and receive payments or credits for Financial Transmission Rights and Auction Revenue Rights with respect to service to Party A's loads.

_____ Party B is authorized to provide data required by PJM with respect to service to Party A's loads, including, but not limited to, data required for coordination of operations, accounting for all interchange transactions, preparation of required reports and maintenance schedules, and analysis of system disturbances.

_____ Party B is authorized to provide the facilities and personnel required to coordinate operations with PJM and other PJM Members.

(b) Electric Distributor Responsibilities.

_____ Party B is authorized to satisfy Party A's rights and obligations as an Electric Distributor under the Operating Agreement, including, but not limited to, assuring the continued compatibility of its local energy management, monitoring, and telecommunications systems with PJM's technical requirements; providing or arranging for the services of a 24-hour local control center to coordinate with PJM; providing to PJM all system, accounting, customer tracking, load forecasting, and other data necessary or appropriate to implement or administer the Operating Agreement, RAA; shedding connected load, initiating active load management programs, and taking such other coordination actions as may be necessary in accordance with PJM's directions in Emergencies; maintaining or arranging for a portion of its connected load to be subject to control by automatic underfrequency, under-voltage, or other load-shedding devices; and complying with the underfrequency relay obligations and charges specified in the Operating Agreement.

(c) Generator Responsibilities.

_____ Party B is authorized to operate the Party A's generation resources in all events, including, but not limited to, in the event of Emergencies, and shall operate such resources in a manner that is consistent with the standards,

requirements or directions of PJM and that will permit PJM to perform its obligations under the Operating Agreement, Tariff, RAA, and other applicable agreements, manuals, and practices.

_____ _____ Party B is authorized to ensure that the required portion of Party A's Capacity Resources have the ability to go from a shutdown condition to an operating condition and start delivering power without assistance from the power system.

- Or -

_____ _____ Party B is authorized to direct the operation of Party A's generation resources by relaying PJM's instructions to the resource in all events, including, but not limited to, in the event of Emergencies, and shall direct such resources in a manner that is consistent with the standards, requirements or directions of PJM and that will permit PJM to perform its obligations under the Operating Agreement, Tariff, RAA, and other applicable agreements, manuals, and practices.

_____ _____ Party B is authorized to communicate with PJM in all matters concerning the provision of capacity, energy, or ancillary services from Party A's generation resources, including, without limitation, information required in connection with Capacity Resources, dispatch of any unit, provision of reactive power, regulation, synchronous condensing, spinning or other reserves, establishment or maintenance of a unit as a Black-Start Unit, satisfaction of must-run obligations, and costs or revenue requirements for any product or service offered by any such unit.

_____ _____ Party B is authorized to provide information on outages of Party A's generation facilities, whether planned, forced, or for maintenance, and to coordinate such outages with PJM

_____ _____ Party B is authorized to act on behalf of Party A with respect to Party A's rights and obligations under any Feasibility Study, System Impact Study, or Facilities Study Agreements.

_____ _____ Party B is authorized to act on behalf of Party A with respect to Party A's rights and obligations under any Construction Service Agreements.

_____ _____ Party B is authorized to act on behalf of Party A with respect to Party A's rights and obligations under any Interconnection Service Agreements.

_____ _____ Party B is authorized to receive from PJM historic and real time data collected by PJM from, or provided to PJM by, Party A with respect to Party A's generation resources.

_____ _____ Party B is authorized to act on behalf of Party A for the following specific unit(s) in Party A primary and subaccounts:

Resource Name:

Resource ID:

(d) Market Buyer/Market Seller Responsibilities.

_____ _____ Party B is authorized to satisfy Party A's rights and obligations as a Market Buyer or Market Seller under the Operating Agreement, including, but not limited to, arranging for a Market Operations Center capable of real-time communication with PJM during normal and Emergency conditions; reporting to PJM sources of energy available for operation; providing to PJM scheduling and other information, including, but not limited to, maintenance and other anticipated outages of generation or transmission facilities, scheduling and related information on bilateral transactions and self-scheduled resources, and implementation of active load management, interruption of load, and other load reduction measures; obtaining Spot Market Backup for bilateral transactions; submitting to PJM binding offers to purchase or sell energy and ancillary services in compliance with all applicable Offer Data specifications; responding to PJM's directives to start, shut down or change output levels of generation units, or change scheduled voltages or reactive output levels; responding to PJM's directives to schedule delivery or change delivery schedules for external resources; and following PJM's directions to take actions to prevent, manage, alleviate or end an Emergency.

(e) Billing and Payment Responsibilities.

_____ _____ In connection with all rights and responsibilities specified by Party A and Party B in any of subparts (a) through (d) of this Section, Party B shall be billed for, and shall make payment to PJM for, all charges, penalties, costs and fees. (If this option is not specified, PJM will issue billings to, and collect amounts due from, Party A.)

_____ _____ In connection with all rights and responsibilities specified by Party A and Party B above, Party B is entitled to receive from PJM in Party B's account all credits, revenues, distributions, and disbursements. (If this option is not specified, PJM will pay such amounts to Party A.)

(f) General Membership Responsibilities.

_____ _____ Party B is authorized to participate and vote in all PJM committees, working groups, and other stakeholder bodies on Party A's behalf.

_____ Party B is authorized to participate on Party A's behalf in the regional transmission expansion planning process.

_____ Party B is authorized to provide information or otherwise cooperate on Party A's behalf in connection with any investigation or request for information by PJM or the PJM Market Monitoring Unit in accordance with the Operating Agreement and Attachment M to the Tariff. (If this option is specified, PJM and the PJM Market Monitoring Unit shall have the right to request and obtain such information from Party B and/or Party A.)

_____ Party B shall be billed for, and shall make payment of, Party A's costs of membership in PJM, including payment of the Membership fee, and payment of any other general assessments on the PJM members, including, but not limited to, amounts assessed as a consequence of defaults by other Members.

(g) Additional Responsibilities.

_____ Party B has been Authorized other rights and responsibilities of Party A as
(Initial) specified on Attachment "A" to this Declaration.

(h) Limitation on Responsibilities.

_____ The rights and responsibilities specified in parts (a) through (f) above apply to a limited portion of Party A's facilities or loads located in the PJM Region, as specified on Attachment "B" to this Declaration, and to no other facilities or loads of Party A.

3. Continuing Responsibilities and Liabilities of Party A.

3.1 The Authorized Rights and Responsibilities are the only rights and responsibilities under the PJM Agreements for which Party B is authorized to act for Party A, and Party A retains all rights and responsibilities under the PJM Agreements not specified by Party A and Party B in Section 2.

3.2 With respect to the Authorized Rights and Responsibilities, and notwithstanding any other provision of this Agreement, Party A shall remain liable to PJM for all amounts due or to become due to PJM under the PJM Agreements, and Party B's authorization to make payment of any such amounts hereunder (if specified in Section 2) shall not release Party A from liability for any financial obligations to PJM not satisfied by Party B.

4. Reliance and Indemnity, Duty to Inform, Liability Waiver, and Rules of Construction.

- 4.1 Party A and Party B each recognizes, accepts and intends that PJM will rely, upon on the truth, accuracy and completeness of the declarations herein in matters including but not limited to creditworthiness and in assuring compliance with the PJM Agreements. Party A and Party B each recognizes and accepts that PJM or its members may suffer losses and damages if any declaration is or becomes untrue, inaccurate or incomplete, and each agrees to indemnify PJM for any such losses and damages.
- 4.2 Party A and Party B each has a continuing duty to notify PJM if and when any declaration herein ceases to be truthful, accurate or complete. Until such time as PJM receives written notification of any change to any declaration, in accordance with the terms contained herein, PJM shall be entitled to rely perpetually on this Declaration as governing its relationship with Party A and Party B as to the subject matter of this Declaration. Written notice of changes to the declarations contained herein must be provided by Party A (PJM Member) to PJM at least thirty days in advance of their effectiveness. If Party B is also a PJM Member, then both parties will be required to provide thirty days prior written notification in order for such changes to be effective. Such notification is required for changes to the declarations and responsibilities contained herein and/or termination of this Declaration. Upon such termination, all rights, responsibilities and accounts will revert back to the original status quo prevailing before the Declaration became effective. Should less than thirty days' notice be provided, PJM shall use its best efforts to accommodate and process the declarations herein, but all attempts should be made to provide such notice.
- 4.3 Nothing in this Declaration shall be construed to create or give rise to any liability on the part of PJM and Party A and Party B expressly waive any claims that may arise against PJM under this Declaration. This Declaration shall not be construed to modify any of the PJM Agreements and in the event of conflict between this Declaration and a PJM Agreement, the applicable PJM Agreement shall control.
- 4.4 Capitalized terms used herein that are not defined herein have the meanings given in the PJM Agreements, as applicable.
- 4.5 The Recitals are hereby incorporated into the body of this Declaration.

IN WITNESS WHEREOF, Party A and Party B execute this Declaration to be effective as of the date written above or upon receipt of a fully executed original by PJM, whichever date is later.

PARTY A:

Signature: _____

Name: _____

Title: _____

Company Name:
PPL Electric Utilities Corporation

PARTY B:

Signature: _____

Name: _____

Title: _____

Company Name: _____

**EXHIBIT 4a - PERFORMANCE ASSURANCE EVERGREEN
LETTER OF CREDIT**

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

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____

ISSUE DATE _____

EXPIRY DATE: _____

APPLICANT

[NAME]

[ADDRESS]

BENEFICIARY

PPL ELECTRIC UTILITIES CORPORATION
TWO NORTH NINTH STREET
ALLENTOWN, PA 18101
ATTN: JAMES ROULAND

CURRENCY AMOUNT

USD *****\$ _____

WE (THE "ISSUER") HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE STANDBY 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 AT OUR COUNTERS LOCATED AT _____ [INSERT ISSUER'S PLACE FOR PRESENTATION], EFFECTIVE _____ AND EXPIRING ON _____ AT 5:00 PM NEW YORK, NEW YORK TIME 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 BY PHYSICAL DELIVERY OR BY FACSIMILE TRANSMISSION, PROVIDED THAT ANY PRESENTATION BY FACSIMILE TRANSMISSION SHALL ALSO BE FOLLOWED BY PHYSICAL DELIVERY OF DOCUMENTS WITHIN ONE (1) BUSINESS DAY THEREAFTER, 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 OR ANY AUTOMATICALLY EXTENDED EXPIRY DATE, AS PROVIDED HEREIN, OF THIS INSTRUMENT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT.

1. YOUR SIGNED STATEMENT, READING AS FOLLOWS (WITH BLANKS APPROPRIATELY COMPLETED AND BRACKETED INSTRUCTIONS DELETED):

“THE AMOUNT FOR THIS DRAWING, USD [INSERT AMOUNT], BEING MADE UNDER THE [INSERT NAME OF BANK] IRREVOCABLE STANDBY LETTER OF CREDIT NO. [INSERT LETTER OF CREDIT REFERENCE NUMBER], REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY FROM APPLICANT OR AN AFFILIATE OF APPLICANT UNDER THE PPL ELECTRIC UTILITIES CORPORATION DEFAULT SERVICE SUPPLIER MASTER AGREEMENT DATED [INSERT DATE OF SUCH AGREEMENT] BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY.”; OR

“AN EVENT OF DEFAULT UNDER THE PPL ELECTRIC UTILITIES CORPORATION DEFAULT SERVICE SUPPLIER MASTER AGREEMENT DATED [INSERT DATE OF SUCH AGREEMENT] BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY HAS OCCURRED AND THAT BENEFICIARY DEMANDS PAYMENT IN THE AMOUNT OF [INSERT AMOUNT UP TO ENTIRE REMAINING UNDRAWN AMOUNT] PURSUANT TO SUCH AGREEMENT.”; OR

“THE EXPIRY DATE OF IRREVOCABLE STANDBY LETTER OF CREDIT NO. [INSERT LETTER OF CREDIT REFERENCE NUMBER] IS LESS THAN THIRTY (30) DAYS FROM THE DATE OF THIS STATEMENT AND THAT THE APPLICANT UNDER SUCH LETTER OF CREDIT HAS FAILED TO PROVIDE A REPLACEMENT LETTER OF CREDIT THAT SATISFIES THE REQUIREMENTS UNDER THE PPL ELECTRIC UTILITIES CORPORATION DEFAULT SERVICE SUPPLIER MASTER AGREEMENT DATED _____ BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY. WE THEREFORE DEMAND PAYMENT IN THE AMOUNT OF [INSERT AMOUNT UP TO ENTIRE REMAINING UNDRAWN AMOUNT] PURSUANT TO SUCH AGREEMENT.”

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

AT THE BENEFICIARY’S REQUEST PRIOR TO THE EXPIRY DATE, THE ISSUER

WILL ISSUE TO THE BENEFICIARY A REPLACEMENT LETTER OF CREDIT (HAVING THE SAME TERMS AND CONDITIONS AS THIS LETTER OF CREDIT AND ANY AMENDMENTS HERETO) IF THE BENEFICIARY CERTIFIES TO THE ISSUER THAT THE ORIGINAL LETTER OF CREDIT HAS BEEN LOST, STOLEN, DESTROYED OR MUTILATED AND PROVIDES THE ISSUER WITH A REASONABLY ACCEPTABLE INDEMNITY.

PARTIAL AND MULTIPLE DRAWINGS ARE PERMITTED. IN THE EVENT OF ANY PARTIAL DRAWING WE WILL, PROMPTLY FOLLOWING PRESENTATION THEREOF, RETURN THE ORIGINAL LETTER OF CREDIT AND ALL AMENDMENTS TO YOU. ALL AMOUNTS PAID BY US TO BENEFICIARY IN COMPLIANCE WITH THIS LETTER OF CREDIT SHALL CONSTITUTE A PRO TANTO REDUCTION IN THE STATED AMOUNT OF THIS LETTER OF CREDIT.

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. ALL PAYMENTS MADE UNDER THIS LETTER OF CREDIT SHALL BE MADE BY MEANS OF WIRE TRANSFER IN IMMEDIATELY AVAILABLE UNITED STATES DOLLARS TO YOUR BANK ACCOUNT INDICATED BY BENEFICIARY.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENTS PRESENTED IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE DULY HONORED IF PRESENTED FOR PAYMENT ON OR BEFORE THE EXPIRY DATE, AS EXTENDED FROM TIME TO TIME IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

IN THE EVENT OF ANY NON-CONFORMING PRESENTATION, WE SHALL IMMEDIATELY NOTIFY BENEFICIARY BY EMAIL TO [INSERT PPL EMAIL ADDRESS FOR NOTICE OF NON-CONFORMING PRESENTATION] THAT THE PRESENTATION HAS BEEN REJECTED, WHICH NOTICE SHALL INDICATE THE REASONS FOR DISHONORING SUCH PRESENTATION AND SHALL PLACE AT THE DISPOSAL OF BENEFICIARY THE DOCUMENTS PRESENTED BY BENEFICIARY IN SUPPORT OF ITS DEMAND FOR PAYMENT. BENEFICIARY MAY THEREAFTER PRESENT DOCUMENTS AND RECEIVE PAYMENT HEREUNDER IN THE EVENT A CONFORMING PRESENTATION IS MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR FROM THE EXPIRY DATE HEREOF, OR ANY FUTURE EXPIRY DATE,

UNLESS AT LEAST 90 DAYS PRIOR TO ANY EXPIRY 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.

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.

ADDITIONAL TERMS AND CONDITIONS:

1. ALL COMMISSIONS, FEES, COSTS, AND OTHER BANKING CHARGES WILL BE BORNE BY THE APPLICANT.
2. THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 ("ISP98") THE UNIFORM CUSTOMS AND PRACTICES FOR DOCUMENTARY CREDITS, ICC PUBLICATION NO. 600, OR ANY SUCCESSOR PUBLICATION THERETO (THE "UCP"). AS TO MATTERS NOT GOVERNED BY UCP, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE [COMMONWEALTH OF PENNSYLVANIA; STATE OF NEW YORK], INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH THE UCP, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE [COMMONWEALTH OF PENNSYLVANIA; STATE OF NEW YORK].
3. ARTICLE 36 OF THE UCP AS IT APPLIES TO THIS LETTER OF CREDIT IS MODIFIED AS FOLLOWS: IF, ON THE LAST BUSINESS DAY FOR PRESENTATION THE PLACE FOR PRESENTATION STATED IN THIS LETTER OF CREDIT IS CLOSED FOR ANY REASON, THEN THE LAST DAY FOR PRESENTATION IS AUTOMATICALLY EXTENDED TO THE DAY THAT IS TEN (10) CALENDAR DAYS AFTER THE PLACE FOR PRESENTATION RE-OPENS OR THE ISSUER NOTIFIES THE BENEFICIARY OF AN ALTERNATIVE PLACE FOR PRESENTATION, WHICH ALTERNATIVE MUST BE IN THE UNITED STATES.
4. 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, AND THEN ONLY TO THE EXTENT THAT, THE BENEFICIARY OR AN AUTHORIZED AGENT OF THE BENEFICIARY SHALL HAVE SIGNED A DATED WRITTEN WAIVER EXPRESSLY WAIVING SUCH RIGHT OR RIGHTS.

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 ANY BREACH OR NON-COMPLIANCE AFTER THE WAIVER.

6. A FAILURE TO MAKE ANY 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 ANY SUBSEQUENT DEMAND OR 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 4b - PERFORMANCE ASSURANCE EVERGREEN
LETTER OF CREDIT**

(ELECTRONIC “eUCP CREDIT”)

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

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____

ISSUE DATE _____

EXPIRY DATE: _____

APPLICANT

[NAME]

[ADDRESS]

BENEFICIARY

PPL ELECTRIC UTILITIES CORPORATION
TWO NORTH NINTH STREET
ALLENTOWN, PA 18101
ATTN: JAMES ROULAND

ELECTRONIC ISSUE ADDRESS: [INSERT PPL DEDICATED EMAIL ADDRESS
FOR EUCP CREDITS]

CURRENCY AMOUNT

USD *****\$ _____

WE (THE “ISSUER”) HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO: _____ (THE “LETTER OF CREDIT,” WHICH SHALL BE AN “eUCP CREDIT”) 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 AT OUR COUNTERS LOCATED AT _____ [INSERT ISSUER’S PLACE FOR PRESENTATION], EFFECTIVE _____ AND EXPIRING ON _____ AT 5:00 PM NEW YORK, NEW YORK TIME 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 AS AN eUCP CREDIT, 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.

THIS ORIGINAL LETTER OF CREDIT HAS BEEN ISSUED VIA ELECTRONIC MEANS ONLY TO **[INSERT SAME PPL EMAIL ADDRESS AS AT THE TOP]**. WE CONFIRM THAT THE ELECTRONIC PDF FILE OF THIS LETTER OF CREDIT (TOGETHER WITH ELECTRONIC PDF FILES OF SUBSEQUENT AMENDMENTS, IF ANY) SERVES AS THE OPERATIVE INSTRUMENT, AND THAT THE BENEFICIARY MAY USE THE ELECTRONIC PDF FILE OF THE LETTER OF CREDIT (TOGETHER WITH ELECTRONIC PDF FILES OF SUBSEQUENT AMENDMENTS, IF ANY) AS IT WOULD A HARD COPY ORIGINAL.

DRAFTS, DOCUMENTS AND OTHER COMMUNICATIONS HEREUNDER MAY BE PRESENTED OR DELIVERED TO US BY EMAIL OR BY ANY OTHER ELECTRONIC MEANS. PRESENTATION OR DELIVERY BY EMAIL MUST BE MADE FROM **[ONE OF]YOUR EMAIL ADDRESS[ES]: _____ OR _____ [FILL IN ONE OR MORE PPL EMAIL ADDRESSES]** TO THE FOLLOWING ISSUER EMAIL ADDRESS: _____ [ISSUER TO INSERT ISSUER EMAIL ADDRESS], AND CONFIRMED BY TELEPHONE TO US AT ONE OF THE FOLLOWING NUMBER(S): _____ OR _____ [ISSUER TO INSERT TELEPHONE NUMBERS FOR CONFIRMATION]. IN THE EVENT OF A PRESENTATION BY EMAIL OR BY OTHER ELECTRONIC MEANS, NO REGULAR MAIL PRESENTATION OR DELIVERY IS NECESSARY, AND THE TRANSMISSION BY EMAIL OR BY OTHER ELECTRONIC MEANS WILL CONSTITUTE CONFORMING PRESENTATION OR DELIVERY.

THE BELOW MENTIONED DOCUMENT(S) MUST BE PRESENTED ON OR BEFORE THE EXPIRY DATE OR ANY AUTOMATICALLY EXTENDED EXPIRY DATE, AS PROVIDED HEREIN, OF THIS INSTRUMENT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT.

1. YOUR SIGNED STATEMENT, READING AS FOLLOWS (WITH BLANKS APPROPRIATELY COMPLETED AND BRACKETED INSTRUCTIONS DELETED):

“THE AMOUNT FOR THIS DRAWING, USD [INSERT AMOUNT], BEING MADE UNDER THE [INSERT NAME OF BANK] IRREVOCABLE STANDBY LETTER OF CREDIT NO. [INSERT LETTER OF CREDIT REFERENCE NUMBER], REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY FROM APPLICANT OR AN AFFILIATE OF APPLICANT UNDER THE

PPL ELECTRIC UTILITIES CORPORATION DEFAULT SERVICE SUPPLIER MASTER AGREEMENT DATED [INSERT DATE OF SUCH AGREEMENT] BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY, AND THIS STATEMENT SHALL BE THE NOTICE OF COMPLETENESS FOR THIS PRESENTATION UNDER THE ABOVE-REFERENCED LETTER OF CREDIT.”; OR

“AN EVENT OF DEFAULT UNDER THE PPL ELECTRIC UTILITIES CORPORATION DEFAULT SERVICE SUPPLIER MASTER AGREEMENT DATED [INSERT DATE OF SUCH AGREEMENT] BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY HAS OCCURRED AND THAT BENEFICIARY DEMANDS PAYMENT IN THE AMOUNT OF [INSERT AMOUNT UP TO ENTIRE REMAINING UNDRAWN AMOUNT] PURSUANT TO SUCH AGREEMENT, AND THIS STATEMENT SHALL BE THE NOTICE OF COMPLETENESS FOR THIS PRESENTATION UNDER THE ABOVE-REFERENCED LETTER OF CREDIT.”; OR

“THE EXPIRY DATE OF IRREVOCABLE STANDBY LETTER OF CREDIT NO. [INSERT LETTER OF CREDIT REFERENCE NUMBER] IS LESS THAN THIRTY (30) DAYS FROM THE DATE OF THIS STATEMENT AND THAT THE APPLICANT UNDER SUCH LETTER OF CREDIT HAS FAILED TO PROVIDE A REPLACEMENT LETTER OF CREDIT THAT SATISFIES THE REQUIREMENTS UNDER THE PPL ELECTRIC UTILITIES CORPORATION DEFAULT SERVICE SUPPLIER MASTER AGREEMENT DATED _____ BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY. WE THEREFORE DEMAND PAYMENT IN THE AMOUNT OF [INSERT AMOUNT UP TO ENTIRE REMAINING UNDRAWN AMOUNT] PURSUANT TO SUCH AGREEMENT, AND THIS STATEMENT SHALL BE THE NOTICE OF COMPLETENESS FOR THIS PRESENTATION UNDER THE ABOVE-REFERENCED LETTER OF CREDIT.”

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

AT THE BENEFICIARY’S REQUEST PRIOR TO THE EXPIRY DATE, THE ISSUER WILL ISSUE TO THE BENEFICIARY A REPLACEMENT LETTER OF CREDIT (HAVING THE SAME TERMS AND CONDITIONS AS THIS LETTER OF CREDIT AND ANY AMENDMENTS HERETO) IF THE BENEFICIARY CERTIFIES TO THE ISSUER THAT THE ORIGINAL LETTER OF CREDIT HAS BEEN LOST, STOLEN, DESTROYED OR MUTILATED AND PROVIDES THE ISSUER WITH A REASONABLY ACCEPTABLE INDEMNITY.

PARTIAL AND MULTIPLE DRAWINGS ARE PERMITTED. IN THE EVENT OF ANY PARTIAL DRAWING WE WILL, PROMPTLY FOLLOWING PRESENTATION THEREOF, RETURN THE ORIGINAL LETTER OF CREDIT AND ALL AMENDMENTS TO YOU. ALL AMOUNTS PAID BY US TO BENEFICIARY IN COMPLIANCE WITH THIS LETTER OF CREDIT SHALL CONSTITUTE A PRO TANTO REDUCTION IN THE STATED AMOUNT OF THIS LETTER OF CREDIT.

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. ALL PAYMENTS MADE UNDER THIS LETTER OF CREDIT SHALL BE MADE BY MEANS OF WIRE TRANSFER IN IMMEDIATELY AVAILABLE UNITED STATES DOLLARS TO YOUR BANK ACCOUNT INDICATED BY BENEFICIARY.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENTS PRESENTED IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE DULY HONORED IF PRESENTED FOR PAYMENT ON OR BEFORE THE EXPIRY DATE, AS EXTENDED FROM TIME TO TIME IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

IN THE EVENT OF ANY NON-CONFORMING PRESENTATION, WE SHALL IMMEDIATELY NOTIFY BENEFICIARY BY EMAIL TO [INSERT PPL EMAIL ADDRESS FOR NOTICE OF NON-CONFORMING PRESENTATION] THAT THE PRESENTATION HAS BEEN REJECTED, WHICH NOTICE SHALL INDICATE THE REASONS FOR DISHONORING SUCH PRESENTATION AND SHALL PLACE AT THE DISPOSAL OF BENEFICIARY THE DOCUMENTS PRESENTED BY BENEFICIARY IN SUPPORT OF ITS DEMAND FOR PAYMENT. BENEFICIARY MAY THEREAFTER PRESENT DOCUMENTS AND RECEIVE PAYMENT HEREUNDER IN THE EVENT A CONFORMING PRESENTATION IS MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR FROM THE EXPIRY DATE HEREOF, OR ANY FUTURE EXPIRY DATE, UNLESS AT LEAST 90 DAYS PRIOR TO ANY EXPIRY DATE WE NOTIFY YOU BY EMAIL TO [INSERT PPL EMAIL ADDRESS FOR NOTICE OF NON-RENEWAL] THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT RENEWED FOR ANY SUCH PERIOD.

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.

ADDITIONAL TERMS AND CONDITIONS:

1. ALL COMMISSIONS, FEES, COSTS, AND OTHER BANKING CHARGES WILL BE BORNE BY THE APPLICANT.
2. THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 (“ISP98”) THE UNIFORM CUSTOMS AND PRACTICES FOR DOCUMENTARY CREDITS, ICC PUBLICATION NO. 600, OR ANY SUCCESSOR PUBLICATION THERETO (THE “UCP”). AS TO MATTERS NOT GOVERNED BY THE UCP, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE [COMMONWEALTH OF PENNSYLVANIA; STATE OF NEW YORK], INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH THE UCP, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE [COMMONWEALTH OF PENNSYLVANIA; STATE OF NEW YORK].
3. ARTICLE 36 OF THE UCP AS IT APPLIES TO THIS LETTER OF CREDIT IS MODIFIED AS FOLLOWS: IF, ON THE LAST BUSINESS DAY FOR PRESENTATION THE PLACE FOR PRESENTATION STATED IN THIS LETTER OF CREDIT IS CLOSED FOR ANY REASON, THEN THE LAST DAY FOR PRESENTATION IS AUTOMATICALLY EXTENDED TO THE DAY THAT IS TEN (10) CALENDAR DAYS AFTER THE PLACE FOR PRESENTATION RE-OPENS OR THE ISSUER NOTIFIES THE BENEFICIARY OF AN ALTERNATIVE PLACE FOR PRESENTATION, WHICH ALTERNATIVE MUST BE IN THE UNITED STATES.
4. 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, AND THEN ONLY TO THE EXTENT THAT, THE BENEFICIARY OR AN AUTHORIZED AGENT OF THE BENEFICIARY SHALL HAVE SIGNED A DATED WRITTEN WAIVER EXPRESSLY WAIVING SUCH RIGHT OR RIGHTS. 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 ANY BREACH OR NON-COMPLIANCE AFTER THE WAIVER.

6. A FAILURE TO MAKE ANY 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 ANY SUBSEQUENT DEMAND OR DEMANDS FOR PAYMENT MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

AUTHORIZED
SIGNATURE: _____

TITLE: _____

PLEASE DIRECT ANY CORRESPONDENCE (OTHER THAN DRAFTS, DOCUMENTS OR OTHER COMMUNICATIONS REGARDING PRESENTMENT OR NOTICES REGARDING REJECTION OR NON-RENEWAL) TO:

[BANK NAME, EMAIL ADDRESS AND PHONE NUMBER]

EXHIBIT 5 – UNCONDITIONAL GUARANTY

THIS GUARANTY AGREEMENT (this “Guaranty”) is made and entered into as of this _____ day of _____, by _____ (the “Guarantor”), with an address at _____, in favor of PPL Electric Utilities Corporation (the “Buyer”), with an address at Two North Ninth Street, Allentown, PA 18101, in consideration of all Transactions for Default Service, Block Service and Alternative Energy Credits under Supplier Master Agreement(s) (“SMA(s)”) between PPL Electric Utilities Corporation and _____ (the “Seller”), including but not limited to all transactions under other agreements providing for default service or similar service, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. Unless otherwise defined herein, all capitalized terms used herein shall have the respective meanings assigned thereto in the applicable SMA(s).

Whereas, Seller is an affiliate of Guarantor, and Guarantor desires Buyer to enter into SMA(s) with Seller and Guarantor’s provision of this Guaranty is an

inducement for Buyer to be willing to enter into SMA(s) with Seller.

Now, therefore, intending to be legally bound hereby, Guarantor covenants and agrees as follows:

1. Guaranty of Obligations.

- (a) The Guarantor hereby irrevocably and unconditionally guarantees as primary obligor and not as a surety, with effect from date hereof, the prompt and complete payment in immediately available funds in the United States when due of all of Seller's obligations (present or future, direct or indirect, secured or unsecured, fixed or contingent and whenever due, whether on scheduled payment dates, upon demand, on a Termination Payment Date or otherwise) under the SMA(s), as well as, all reasonable out-of-pocket costs and expenses incurred by Buyer in the enforcement of the Guarantor's obligations or collection under this Guaranty, including reasonable attorney's fees and expenses (collectively, the "Obligations") provided only that the Buyer is the prevailing party in any judicial suit, action or proceeding arising out of, resulting from, or in any way relating to this Guaranty, or if by mutual agreement by Guarantor and Buyer. [Optional provision: Notwithstanding anything to the contrary herein, the liability of the Guarantor under this Guaranty and Buyer's right of recovery hereunder for all Obligations is limited to a total aggregate amount of \$_____ ("Guaranty Amount"), where Guaranty Amount shall be no less than Five Hundred Thousand US Dollars (\$500,000).]
- (b) The Guarantor shall not be required to pay any consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages except in each case to the extent that they constitute Obligations that are required to be paid under the applicable SMA(s).

2. Nature of Guaranty; Waivers

- (a) This is a guaranty of payment and not of collection and the Buyer shall not be required, as a condition of the Guarantor's liability, to proceed first against Seller or any performance assurance or any collateral that Guarantor may hold, or to pursue any rights which may be available to it with respect to any other person or entity who may be liable for the payment of the Obligations. This is not a guaranty of performance (other than of performance of payment obligations) and the Guarantor is not obligated to provide power under the SMA(s) or this Guaranty.
- (b) This Guaranty is an absolute, unconditional, irrevocable (subject to the provisions of Section 12 of this Guaranty) and continuing guaranty and will remain in full force and effect until all of the Obligations have been

indefeasibly paid in full, or until the SMA(s) have been terminated, whichever comes later. This Guaranty will not be affected by any surrender, exchange, acceptance, compromise or release by the Buyer or any other party, or any other guaranty, performance assurance or other security held by it for any of the Obligations, by any failure of the Buyer to take any steps to perfect or maintain its lien or security interest in or to preserve its rights to any security, performance assurance, or other collateral for any of the Obligations or any guaranty, or by any irregularity, unenforceability or invalidity of any of the Obligations or any part thereof.

- (c) Except as to any claims, defenses, or rights of set-off to which Seller is entitled under the SMA(s), exclusive of any claims, defenses, and rights of set-off that are based upon the insolvency, bankruptcy or reorganization of Seller, the power or authority to enter into and perform under the SMA(s) or the Transactions, all of which are expressly reserved under this Guaranty, the Guarantor's obligations hereunder shall not be affected, modified or impaired by any counterclaim, set-off, deduction or defense based upon any claim the Guarantor may have against Seller or the Buyer, including: (i) any change in the corporate existence (including its charter or other governing agreement, laws, rules, regulations or powers), structure or ownership of Seller or the Guarantor; or (ii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting Seller or its assets; or (iii) the invalidity or unenforceability in whole or in part of the SMA(s); or (iv) any provision of applicable law or regulations purporting to prohibit payment by Seller of amounts to be paid by it under the SMA(s) (other than any law or regulation that eliminates or nullifies the obligations under the SMA(s)).
- (d) Guarantor waives notice of acceptance of this Guaranty, diligence, presentment, notice of dishonor and protest and any requirement that at any time Buyer or any other person or entity exhaust any right to take any action against Seller or Seller's assets or any other guarantor, person or entity, and Buyer shall not be bound or obligated to exhaust its recourse against Seller or any other person or entity or against any performance assurance or other collateral it may hold or take any other action before being entitled to receive payment from Guarantor. Any failure of Buyer to give notice shall not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives all claims, defenses, and rights of set-off based on suretyship or impairment of collateral or any other defenses that would constitute a legal or equitable discharge of Guarantor's obligations, except any claims, defenses, or rights of set-off of Seller in respect of its obligations under the SMA(s) that are expressly reserved under Section 2(c) above.

- (e) The Buyer at any time and from time to time, without notice to or the consent of the Guarantor, and without impairing or releasing, discharging or modifying the Guarantor's liabilities hereunder, may (i) to the extent permitted by the SMA(s), change the manner, place, time or terms of payment or performance of, or other terms relating to, any of the Obligations; (ii) to the extent permitted by the SMA(s), renew, substitute, modify, amend or alter, or grant consents or waivers relating to any of the Obligations, or any other guaranties for any Obligations; (iii) settle, compromise or deal with any other person, including Seller, with respect to any Obligations in such manner as the Buyer deems appropriate at its reasonable discretion; (iv) substitute, exchange or release any performance assurance or any guaranty; or (v) take such actions and exercise such remedies hereunder or under the SMA(s) as Buyer deems appropriate in its reasonable discretion.

3. Representations and Warranties. The Guarantor hereby represents and warrants that:

- (a) it is a [limited liability company, corporation, limited partnership, general partnership] duly organized, validly existing and in good standing under the laws of the jurisdiction of its [formation, organization, incorporation] and has the [corporate power] [power] and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;
- (b) it has the [corporate power] [power] and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary [corporate action] [action] to authorize its execution, delivery and performance of this Guaranty;
- (c) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law);
- (d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the Guarantor;
- (e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery,

performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect; and

- (f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor that could reasonably be expected to have a material adverse effect on this Guaranty or Guarantor's ability to perform all of its obligations hereunder.
4. Repayments or Recovery from the Buyer. If any demand is made at any time upon the Buyer for the repayment or recovery of any amount received by it in payment or on account of any of the Obligations, including but not limited to upon the bankruptcy, insolvency, dissolution or reorganization of the Seller and if the Buyer repays all or any part of such amount by reason of any judgment, decree or order of any court or administrative body or by reason of any settlement or compromise of any such demand, the Guarantor shall be and remain liable hereunder for the amount so repaid or recovered to the same extent as if such amount had never been received originally by the Buyer. The provisions of this section will be and remain effective notwithstanding any contrary action which may have been taken by the Guarantor in reliance upon such payment, and any such contrary action so taken will be without prejudice to the Buyer's rights hereunder and will be deemed to have been conditioned upon such payment having become final and irrevocable. Furthermore, this Guaranty shall continue to be effective or be reinstated, as the case may be, without any release or discharge of any obligations if at any time any payment of any of the Obligations is rescinded, avoided, recovered or must otherwise be returned by Buyer upon the insolvency, bankruptcy, or reorganization of Seller, Guarantor or any other guarantor or any other person or entity or otherwise, all as though such payment had not been made.
5. Enforceability of Obligations. No modification, limitation or discharge of the obligations of Seller arising out of or by virtue of any bankruptcy, reorganization or similar proceeding for relief of debtors under federal or state law will affect, modify, limit or discharge the Guarantor's liability in any manner whatsoever and this Guaranty will remain and continue in full force and effect and will be enforceable against the Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted. The Guarantor waives all rights and benefits which might accrue to it by reason of any such proceeding and will be liable to the full extent hereunder, irrespective of any modification, limitation or discharge of the liability of Seller that may result from any such proceeding.
6. Postponement of Subrogation. Guarantor shall not be subrogated to any of the rights (or if subrogated by operation of law, such Guarantor hereby waives such

rights to the extent permitted by applicable law) of Buyer as the result of any payment or enforcement of any of the Obligations until all of the SMA(s) have terminated and all Obligations (other than contingent indemnities not then due) have been paid in full (such date, the "Obligations Full Payment Date"). If any amount shall be paid to Guarantor on account of subrogation at any time prior to the Obligations Full Payment Date, such amount shall be held by Guarantor in trust for Buyer, segregated from other funds of Guarantor, and shall, forthwith upon receipt by Guarantor, be turned over to Buyer in the exact form received by Guarantor (duly endorsed by Guarantor to Buyer, if required) to be applied against the Obligations, whether due or to become due, in such order as Buyer may determine. On the Obligations Full Payment Date, Buyer agrees that Guarantor shall be subrogated to the rights of Buyer against Seller to the extent of Guarantor's payments to Buyer hereunder that have not been rescinded, avoided or otherwise required to be returned.

7. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt. Such notices and other communications may be hand-delivered, sent by email to the address set forth below and confirmed by telephone to the number set forth below, sent by facsimile transmission with confirmation of delivery and a copy sent by first-class mail, or sent by nationally recognized overnight courier service, to the addresses for the Buyer and the Guarantor set forth below or to such other address as one may give to the other in writing for such purpose:

All communications to Buyer shall be directed to:

Attn: James Rouland
Phone: 610-774-3042
Fax: 610-774-2881
E-mail: jmrouland@pplweb.com
Address: 2 North 9th Street, TW20, Allentown, PA 18101

or such other address as the Buyer shall from time to time specify to Guarantor by notice given in accordance with this Section 7.

All communications to Guarantor shall be directed to:

Attn: _____
Phone: _____
Fax: _____
Email: _____
Address: _____

or such other address as the Guarantor shall from time to time specify to Buyer by notice given in accordance with this Section 7.

8. Preservation of Rights. No delay or omission on the Buyer's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Buyer's action or inaction impair any such right or power. The Buyer's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Buyer may have under other agreements with the Guarantor or in respect of any performance assurance or at law or in equity.
9. Illegality. In case any one or more of the provisions contained in this Guaranty should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
10. Amendments. No modification, amendment or waiver of any provision of this Guaranty nor consent to any departure by the Guarantor therefrom, will be effective unless made in a writing signed by the Buyer, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Guarantor in any case will entitle the Guarantor to any other or further notice or demand in the same, similar or other circumstance.
11. Entire Agreement. This Guaranty (including the documents and instruments referred to herein) constitutes the entire statement of the terms of this Guaranty and supersedes all other prior agreements and understandings, both written and oral, between the Guarantor and the Buyer with respect to the subject matter hereof.
12. Successors and Assigns. This Guaranty will be binding upon the successors and permitted assigns of Guarantor and inure to the benefit of the Buyer and its successors and assigns. Any assign must meet the requirements of a Guarantor under the SMA. Guarantor shall not assign this Guaranty in whole or in part without Buyer's prior written consent, which consent shall not be unreasonably withheld or delayed, except that this Section 12 shall not limit the Guarantor's right to assign this Guaranty, along with substantially all of the Guarantor's assets and business to a successor entity or Affiliate that concurrently assumes in a writing provided to the Buyer all of Guarantor's obligations hereunder and (i)

where the successor Guarantor's Lowest Credit Rating is equal to or greater than the Guarantor's Lowest Credit Rating or where the successor Guarantor's Lowest Credit Rating is equal to or greater than BB-, as rated by Standard & Poor's Financial Services LLC, a part of McGraw-Hill Financial (or its successor) ("S&P") or Fitch Ratings, Inc. (or its successor) ("Fitch"), or Ba3, as rated by Moody's Investors Service, Inc. (or its successor) ("Moody's"), and (ii) the Seller is in compliance with all of its obligations under the SMA(s) before and immediately after giving effect to such assignment and assumption. The "Lowest Credit Rating" shall mean the lowest of the senior unsecured long-term debt ratings (or, if unavailable, the most current corporate issuer rating) determined by S&P, Moody's or Fitch immediately before such transfer and assumption. Upon any such delegation and assumption of obligations by a successor Guarantor, the Guarantor shall be relieved of and fully discharged from all of its obligations hereunder, whether such obligations arose before or after the date of such delegation and assumption.

13. Interpretation. In this Guaranty, unless the Buyer and the Guarantor otherwise agree in writing, the singular includes the plural and the plural the singular; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; and references to sections or exhibits are to those of this Guaranty unless otherwise indicated. Section headings in this Guaranty are included for convenience of reference only and shall not constitute a part of this Guaranty for any other purpose.

14. Governing Law.
 - (a) This Guaranty has been delivered to and accepted by the Buyer. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, EXCLUDING ITS CONFLICT OF LAWS RULES THAT WOULD APPLY THE LAWS OF ANY OTHER JURISDICTION.

 - (b) The Guarantor hereby irrevocably consents to the non-exclusive jurisdiction of any federal court in the Commonwealth of Pennsylvania, but in the event that the Guarantor and the Buyer jointly determine in good faith that jurisdiction does not lay with such court or that such court refuses to exercise jurisdiction or venue over the Guarantor and the Buyer or any claims made pursuant to this Guaranty, then the Guarantor agrees to submit to the non-exclusive jurisdiction of the Pennsylvania State courts; provided that nothing contained in this Guaranty will prevent the Buyer from bringing any action, enforcing any award or judgment or exercising any rights against the Guarantor individually, against any

security or against any property of the Guarantor within any other county, state or other foreign or domestic jurisdiction. The Guarantor acknowledges and agrees that the venue provided above is the most convenient forum for both the Buyer and the Guarantor. The Guarantor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Guaranty. The Guarantor agrees that a PDF copy of this Guaranty transmitted to Buyer by electronic means, and maintained by Buyer in electronic form, shall constitute the original Guaranty and be admissible under the rules of evidence in any regulatory proceeding, or in court or other dispute resolution forum.

15. WAIVER OF JURY TRIAL. THE GUARANTOR AND BUYER IRREVOCABLY WAIVE ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS GUARANTY, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS GUARANTY OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE GUARANTOR AND BUYER ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.
16. Term. This Guaranty shall survive termination of the SMA(s) and remain in full force and effect until all amounts due hereunder, including all of the Obligations, have been paid in full.
17. Stay of Acceleration Ineffective with Respect to Guarantor. If acceleration of the time for payment of any amount payable by Seller under the SMA(s) is stayed upon the insolvency, bankruptcy or reorganization of Seller, all such amounts otherwise subject to acceleration or required to be paid upon an early termination pursuant to the terms of the SMA(s) shall nonetheless be payable by the Guarantor hereunder on written demand by Buyer.
18. Severability. Any provision contained in this Guaranty which is prohibited or severability in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
19. Electronic Signatures. The electronic signature of Guarantor shall be valid as an original signature of Guarantor and shall be effective to bind Guarantor. The Guarantor hereby acknowledges and agrees that PDF signatures of this Guaranty shall have the same force and effect as an original signature and a digital reproduction, portable document format (“.pdf”) or other reproduction of this Guaranty may be executed and delivered by electronic signature complying with

the U.S. federal ESIGN Act of 2000 (including signature via DocuSign, RightSignature or similar services), electronic mail or any similar electronic transmission device pursuant to which the signature of can be seen.

The Guarantor acknowledges that it has read and understood all the provisions of this Guaranty, and has been advised by counsel as necessary or appropriate.

[Guarantor]

By: _____

Name: _____

Title: _____

PPL Electric Utilities Corporation

Default Service

Request for Proposals (RFP) Process and Rules

[Month] [Day], 2021

DEFAULT SERVICE RFP PROCESS AND RULES

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ARTICLE 1 INTRODUCTION

1.1 Overview

- 1.1.1 Capitalized terms in this document, which are not defined explicitly herein, are defined in the PPL Electric Utilities Corporation Default Service Supplier Master Agreement (“Default SMA” or “Default Service SMA”) incorporated hereto as Appendix 1.
- 1.1.2 PPL Electric Utilities Corporation (“Company” or “PPL Electric”) has proposed a competitive bidding process to obtain electric supply sufficient for the Company to meet its default service obligations, pursuant to Chapter 28 of the Pennsylvania Public Utility Code, 66 Pa. C. S. §§ 2801-2812, and Pennsylvania Public Utility Commission (“PUC” or “Commission”) Orders and Regulations (“Default Service Supply”). This Request for Proposals (“RFP”) is being issued to select electricity suppliers for default service beginning on June 1, 2021.
- 1.1.3 PPL Electric is issuing this RFP to procure Default Service Supply for the period beginning June 1, 2021, under the terms described below, for each of three groupings of rate classes (“Customer Group”): Residential, Small Commercial and Industrial (“Small C&I”), and Large Commercial and Industrial (“Large C&I”). Each Customer Group is defined on the basis of the Company’s existing specific rate schedules as shown in the following table. To the extent an existing rate schedule is modified, or replaced by successor rate schedules, PPL Electric, at its sole discretion, will place that rate schedule in the appropriate Customer Group.

Customer Group	Rate Schedule	Description
Residential	RS	RS – Residential Service
	RTS	RTS(R) – Residential Service – Thermal Storage
Small Commercial & Industrial	GS-1	GS-1 – Small General Service
	GS-3	GS-3 – Large General Service – Customers with less than 100 kW peak demand
	LP-4	LP-4 – Large General Service (12 KV or Higher) – Customers with less than 100 KW peak demand
	GH-2	GH-2(R) – Separate Meter General Space Heating Service
	BL	BL – Borderline Service – Electric Utilities
	SA	SA – Private Area Lighting
	SM	SM(R) – Mercury Vapor Street Lighting
	SHS	SHS – High Pressure Sodium Street Lighting
	SE	SE – Energy Only Street Lighting Service
	TS	TS(R) – Municipal Traffic Signal Lighting Service
	SI-1	SI-1(R) – Municipal Street Lighting
	Standby	Rule 6A – Standby Service for Qualifying Facilities applicable to customers in the above listed rate schedules.

Large Commercial & Industrial	GS-3	GS-3 – Large General Service – Customers with 100 KW or higher peak demand
	LP-4	LP-4 – Large General Service (12 KV or Higher) – Customers with 100 KW or higher peak demand
	LP-5	LP-5 – Large General Service (69 KV or Higher)
	LPEP	Power Service to Electric Propulsion
	Standby	Rule 6A – Standby Service for Qualifying Facilities applicable to customers in the above listed rate schedules.

Notes:

1. Rate schedules also may be subject to riders. Any such riders are set forth in PPL Electric Utilities Corporation General Tariff, Rules and Rate Schedules for Electric Service.
2. LPEP will be included in the Large C&I Customer Group only if Amtrak requests 60 Hz electricity supply.
3. Rate Schedule LP-4 customers with less than 100 KW peak demand will be included in the Small C&I Customer Group and Rate Schedule GS-3 customers with 100 KW or greater peak demand will be included in the Large C&I Customer Group. The initial determination of peak demand will be based on the customer’s ICAP peak load contribution assigned for the June 1, 2021 date by PJM Interconnection, LLC (“PJM”) and will take effect starting December 1, 2021. All following determinations of peak demand and classification of customers will be reassessed annually on June 1 each year thereafter, throughout the period of June 1, 2022 through May 31, 2025.
4. For the purposes of this RFP, Time-of-Use load will be included in the calculation of Default Service Load.

1.1.4 The Default Service Load for each of these Customer Groups for purposes of this Default Service RFP is the Full Requirements Service as recorded by PPL Electric and reported to the PJM Interconnection, LLC (“PJM”) for PPL Electric’s retail customers within that Customer Group, excluding customers that have chosen to take service from an Electric Generation Supplier (“EGS”). For the purposes of this RFP, the Default Service Load will be reduced by any net excess generation purchased from net metering (customer generation) as well as supply the Company is obligated to purchase pursuant to the Public Utility Regulatory Policies Act (“PURPA”). In addition, for the Residential Customer Group, the Default Service Load will be reduced by PPL Electric’s fractional percentage of committed capacity and energy obtained under a long-term contract with the Allegheny Electric Cooperative, Inc. for supply from the New York Power Authority (“NYPA”), and supply associated with load supplied through 50 MW of energy and capacity to be purchased under separate block supply contracts for the period June 1, 2021 through May 31, 2026 and with load supplied through 50 MW of energy and capacity to be purchased under separate block supply contracts for the period December 1, 2021 through November 30, 2026 (referred to collectively herein as “Block Supply Purchases”). Appropriate contract and performance data will be provided on PPL Electric’s RFP Web site.

1.1.5 An electricity supplier selected through this RFP is to provide Default Service Supply for a portion of a particular Customer Group, and once approved by the PUC, becomes a Default Service Supplier for that Customer Group. A Default Service Supplier may be selected to provide Default Service Supply for one or more Customer Groups, and may be selected to supply Default Service Fixed Price Load and/or Default Service Spot

Market Load (i.e., be a Default Service Fixed Price Supplier and/or Default Service Spot Market Supplier, referred to collectively herein as “Default Service Suppliers” unless otherwise noted). Default Service Suppliers will be responsible for supplying the Full Requirements Service including, without limitation, energy, capacity, transmission (excluding Non-market-based Transmission Services as defined in the Default Service SMA), ancillary services, transmission and distribution losses, congestion management costs, and such other services or products that are required to supply Default Service to PPL Electric. PPL Electric will be responsible for complying with obligations under the Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1 1648.8, (“AEPS Act”) and all applicable PJM demand response operating rules. Default Service Suppliers are not required to provide Alternative Energy Credits (“AECs”) to PPL Electric as a component of this RFP.

- 1.1.6 A Default Service customer for the purposes of these RFP Rules is a PPL Electric retail customer in the Residential Customer Group, the Small C&I Customer Group, or the Large C&I Customer Group that is not taking service from an EGS. Any shopping customer (i.e., a customer served by an EGS) may return to Default Service in accordance with the Company’s standard switching requirements.
- 1.1.7 A “Product” is Default Service Supply provided: (i) for a given Customer Group; (ii) for a given period of time (“Delivery Period”); and (iii) under the terms of the Default Service SMA where supply is provided for Full Requirements Service at either an all-in fixed price or paid at the load weighted, real-time spot market energy price for the Delivery Point as defined in the Default Service SMA plus additional specified payments for other components of the Full Requirements Service. Products under the Default Service SMA will be referred to as “Fixed Price Products” for the Residential and Small C&I Customer Groups and “Spot Market Products” for the Large C&I Customer Group.
- 1.1.8 For each Customer Group, PPL Electric will provide Default Service from separate portfolios of products (i.e., one portfolio for the Residential Customer Group, a different portfolio for the Small C&I Customer Group and a different portfolio for the Large C&I Customer Group) from Default Service Suppliers, with no Default Service customer being assigned to a specific Default Service Supplier. The Delivery Period for each product begins at 12:00:00 a.m. Eastern Prevailing Time (“EPT”) of that product’s commencement date and ends at 11:59:59 p.m. EPT of that product’s expiration date. The Residential and Small C&I Customer Groups may receive Default Service from supply provided by Default Service Suppliers under a fixed rate from PPL Electric. For the Large C&I Customer Group, PPL Electric will provide Default Service with the Spot Market Product. Default Service Spot Market Suppliers for the Large C&I Customer Group will be selected to supply the Spot Market Product annually for 12-month Delivery Periods (e.g., the Delivery Period for the first annual Spot Market Product will be June 1, 2021 through May 31, 2022).
- 1.1.9 For the Residential Customer Group, the first solicitation seeks to procure 12-month Fixed Price Products serving 40.00% of the Default Service Load for the Residential Customer Group and 6-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group. The second solicitation seeks to

procure 12-month Fixed Price Products serving 40.00% of the Default Service Load for the Residential Customer Group and 6-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group. The third solicitation seeks to procure 12-month Fixed Price Products serving 40.00% of the Default Service Load for the Residential Customer Group and 6-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group. The fourth solicitation seeks to procure 12-month Fixed Price Products serving 40.00% of the Default Service Load for the Residential Customer Group and 6-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group. The fifth solicitation seeks to procure 12-month Fixed Price Products serving 40.00% of the Default Service Load for the Residential Customer Group and 6-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group. The sixth solicitation seeks to procure 12-month Fixed Price Products serving 40.00% of the Default Service Load for the Residential Customer Group and 6-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group. The seventh solicitation seeks to procure 12-month Fixed Price Products serving 40.00% of the Default Service Load for the Residential Customer Group and 6-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group. The eighth solicitation seeks to procure 12-month Fixed Price Products serving 40.00% of the Default Service Load for the Residential Customer Group and 6-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group.

- 1.1.10 For the Small C&I Customer Group, the first solicitation seeks to procure 12-month Fixed Price Products serving 30.00% of the Default Service Load for the Small C&I Customer Group and 6-month Fixed Price Products serving 45.00% of the Default Service Load for the Small C&I Customer Group. The second solicitation seeks to procure 12-month Fixed Price Products serving 25.00% of the Default Service Load for the Small C&I Customer Group and 6-month Fixed Price Products serving 45.00% of the Default Service Load for the Small C&I Customer Group. The third solicitation seeks to procure 12-month Fixed Price Products serving 30.00% of the Default Service Load for the Small C&I Customer Group and 6-month Fixed Price Products serving 45.00% of the Default Service Load for the Small C&I Customer Group. The fourth solicitation seeks to procure 12-month Fixed Price Products serving 25.00% of the Default Service Load for the Small C&I Customer Group and 6-month Fixed Price Products serving 45.00% of the Default Service Load for the Small C&I Customer Group. The fifth solicitation seeks to procure 12-month Fixed Price Products serving 30.00% of the Default Service Load for the Small C&I Customer Group and 6-month Fixed Price Products serving 45.00% of the Default Service Load for the Small C&I Customer Group. The sixth solicitation seeks to procure 12-month Fixed Price Products serving 25.00% of the Default Service Load for the Small C&I Customer Group and 6-month Fixed Price Products serving 45.00% of the Default Service Load for the Small C&I Customer Group. The seventh solicitation seeks to procure 12-month Fixed Price Products serving 30.00% of the Default Service Load for the Small C&I Customer Group and 6-month Fixed Price Products serving 45.00% of the Default Service Load for the Small C&I Customer Group. The eighth solicitation seeks to procure 12-month Fixed Price Products serving 25.00% of the Default Service

Load for the Small C&I Customer Group and 6-month Fixed Price Products serving 45.00% of the Default Service Load for the Small C&I Customer Group.

1.1.11 Each Product will be solicited separately for each Customer Group. The following table shows the commencement and expiration dates for the Products.

Products for Default Service			
Solicitation #	Product Term	Commencement Date and Time	Expiration Date and Time
1	6-month	12:00:00 a.m. EPT, June 1, 2021	11:59:59 p.m. EPT, November 30, 2021
1	12-month ¹	12:00:00 a.m. EPT, June 1, 2021	11:59:59 p.m. EPT, May 31, 2022
2	6-month	12:00:00 a.m. EPT, December 1, 2021	11:59:59 p.m. EPT, May 31, 2022
2	12-month	12:00:00 a.m. EPT, December 1, 2021	11:59:59 p.m. EPT, November 30, 2022
3	6-month	12:00:00 a.m. EPT, June 1, 2022	11:59:59 p.m. EPT, November 30, 2022
3	12-month ¹	12:00:00 a.m. EPT, June 1, 2022	11:59:59 p.m. EPT, May 31, 2023
4	6-month	12:00:00 a.m. EPT, December 1, 2022	11:59:59 p.m. EPT, May 31, 2023
4	12-month	12:00:00 a.m. EPT, December 1, 2022	11:59:59 p.m. EPT, November 30, 2023
5	6-month	12:00:00 a.m. EPT, June 1, 2023	11:59:59 p.m. EPT, November 30, 2023
5	12-month ¹	12:00:00 a.m. EPT, June 1, 2023	11:59:59 p.m. EPT, May 31, 2024
6	6-month	12:00:00 a.m. EPT, December 1, 2023	11:59:59 p.m. EPT, May 31, 2024
6	12-month	12:00:00 a.m. EPT, December 1, 2023	11:59:59 p.m. EPT, November 30, 2024
7	6-month	12:00:00 a.m. EPT, June 1, 2024	11:59:59 p.m. EPT, November 30, 2024
7	12-month ¹	12:00:00 a.m. EPT, June 1, 2024	11:59:59 p.m. EPT, May 31, 2025
8	6-month	12:00:00 a.m. EPT, December 1, 2024	11:59:59 p.m. EPT, May 31, 2025
8	12-month	12:00:00 a.m. EPT, December 1, 2024	11:59:59 p.m. EPT, November 30, 2025

¹ Includes the procurement of Spot Market Products for the Large C&I Customer Group.

1.1.12 A Default Service Fixed Price Supplier selected to supply a Fixed Price Product shall be paid under a firm price contract in which it will receive the price it bid. A Default Service Spot Market Supplier will receive the load weighted, real-time spot market energy price for the Delivery Point, PJM’s pre-determined capacity charge for the Delivery Point, and the price it bid covering all other components of the Default Service Supply necessary for PPL Electric to satisfy its obligations to its customers for that portion of the supply being served by the Default Service Spot Market Supplier.

1.1.13 Default Service Fixed Price Load for each Customer Group and Default Service Spot Market Load will be divided into tranches. A tranche represents a share of the Default Service Load for that Customer Group. A Default Service Supplier serving one tranche in a particular product for a Customer Group is responsible for serving a fixed percentage of that Customer Group’s Default Service Fixed Price Load or Default Service Spot Market Load represented by one tranche. The following tables show the percentage of Default Service Fixed Price Load and Default Service Spot Market Load provided by each of the products, the number of tranches for each of the products, and the tranche size.

Tranches and Tranche Size for Fixed Price and Spot Market Products					
Customer Group	Product Term ¹	Product Size (% of Load)	Total Tranches	Tranche Size (% of Load)	PLC (MW)
Residential	12-month (Solicitation #1)	40.00%	16	2.50%	2,937
	6-month (Solicitation #1)	20.00%	8	2.50%	
	12-month (Solicitation #2)	40.00%	16	2.50%	
	6-month (Solicitation #2)	20.00%	8	2.50%	
	12-month (Solicitation #3)	40.00%	16	2.50%	
	6-month (Solicitation #3)	20.00%	8	2.50%	
	12-month (Solicitation #4)	40.00%	16	2.50%	
	6-month (Solicitation #4)	20.00%	8	2.50%	
	12-month (Solicitation #5)	40.00%	16	2.50%	
	6-month (Solicitation #5)	20.00%	8	2.50%	
	12-month (Solicitation #6)	40.00%	16	2.50%	
	6-month (Solicitation #6)	20.00%	8	2.50%	
	12-month	40.00%	16	2.50%	

	(Solicitation #7)				
	6-month (Solicitation #7)	20.00%	8	2.50%	
	12-month (Solicitation #8)	40.00%	16	2.50%	
	6-month (Solicitation #8)	20.00%	8	2.50%	
Small Commercial and Industrial	12-month (Solicitation #1)	30.00%	6	5.00%	1,838
	6-month (Solicitation #1)	45.00%	9	5.00%	
	12-month (Solicitation #2)	25.00%	5	5.00%	
	6-month (Solicitation #2)	45.00%	9	5.00%	
	12-month (Solicitation #3)	30.00%	6	5.00%	
	6-month (Solicitation #3)	45.00%	9	5.00%	
	12-month (Solicitation #4)	25.00%	5	5.00%	
	6-month (Solicitation #4)	45.00%	9	5.00%	
	12-month (Solicitation #5)	30.00%	6	5.00%	
	6-month (Solicitation #5)	45.00%	9	5.00%	
	12-month (Solicitation #6)	25.00%	5	5.00%	
	6-month (Solicitation #6)	45.00%	9	5.00%	
	12-month (Solicitation #7)	30.00%	6	5.00%	
	6-month (Solicitation #7)	45.00%	9	5.00%	
	12-month (Solicitation #8)	25.00%	5	5.00%	
	6-month (Solicitation #8)	45.00%	9	5.00%	
Large Commercial and Industrial	12-month Spot Market (Solicitation #1)	100.00%	10	10.00%	1,916
	12-month Spot Market (Solicitation #3)	100.00%	10	10.00%	
	12-month Spot Market (Solicitation #5)	100.00%	10	10.00%	
	12-month Spot Market (Solicitation #7)	100.00%	10	10.00%	

¹ Unless otherwise noted the product type is a Fixed Price Product.

- 1.1.14 The actual Default Service Load for each Customer Group will depend upon many factors including, but not limited to, customer migration to EGSs and weather conditions. The maximum peak load of each Customer Group may be higher or lower than the Projected PLC. Respondents to this RFP (“RFP Bidders”) are responsible for evaluating the uncertainties associated with Default Service Load for each of the Customer Groups.
- 1.1.15 PPL Electric will issue solicitations beginning in 2021 to competitively procure electric supply sufficient for the Company to meet its Default Service obligations (the solicitation schedule can be modified based on the decision of the Commission). Each of the solicitations from 2021 through 2024 will obtain Products providing Default Service Supply for retail customers in the Residential Customer Group and the Small C&I Customer Group. The first, third, fifth, and seventh scheduled solicitations will also obtain the Default Service Spot Market Product providing supply for retail customers in the Large C&I Customer Group.
- 1.1.16 Any prospective supplier, including any PPL Electric generation supply affiliate, that can meet the Bidder Qualification requirements established in Article 4, and is willing to provide prices at which it will serve tranches of Default Service Load for any product serving any Customer Group, may respond to any solicitation in this RFP.
- 1.1.17 Any prospective respondent to this RFP must meet the Bidder Qualification requirements provided in Article 4, and submit Bid Proposal(s) as described in Articles 5 and 6. The Bidder Qualification requirements generally require the prospective RFP Bidder to provide certain evidence of being a recognized electricity supplier and, if applicable, to submit documents establishing the RFP Bidder’s credit. A Bid Proposal must include the RFP Bidder’s Bid(s) for each product for each Customer Group it is interested in bidding on, and must be accompanied by the executed Default Service SMA and sufficient Bid Assurance Collateral. A Bid is a price, in U.S. Dollars per megawatt-hour (“MWh”) for each product’s Delivery Period, at which the RFP Bidder is willing to serve a number of tranches of a given product for a given Customer Group.
- 1.1.18 All elements of this RFP will be carried out pursuant to the RFP Schedule developed pursuant to Section 2.2. In general, for each solicitation to be conducted under this RFP, there will be a pre-specified time period prior to the submission of Bid Proposals wherein RFP Bidders can: 1) express interest in offering supplies; 2) obtain data on supply obligations; 3) attend a Bidder Information Session; and 4) submit and receive answers to questions regarding the solicitation.
- 1.1.19 On the Bid Proposal Due Date of any solicitation, a qualified RFP Bidder may submit Bid Proposals for one or more products for any Customer Group, subject to the restrictions of this Article 1. In any solicitation, the RFP Bidder may only submit Bids for whole numbers of tranches. For each solicitation, the number of tranches across all product(s) for a Customer Group for which an RFP Bidder submits a Bid cannot exceed the multiplicative product of the Solicitation Load Cap for that Customer Group and the Available Tranches for that Customer Group in that solicitation. In addition, for each of

the Residential and the Small C&I Customer Groups, the number of tranches that an RFP Bidder bids and wins cannot exceed the Aggregate Load Cap for that Customer Group.

- 1.1.20 The Aggregate Load Cap for a Customer Group ensures that, at any given point in time during the period June 1, 2021 through May 31, 2025, the Customer Group has no more than a 50% exposure to any one Default Service Fixed Price Supplier selected pursuant to PPL Electric's current or prior default service program under Docket No. P-2020-3019356 or Docket No. P-2016-2526627, respectively. Thus, for each of the Residential and the Small C&I Customer Groups, the sum of: (i) the percentage of Default Service Load corresponding to the number of tranches across all product(s) for the Customer Group for which an RFP Bidder submits a Bid; and: (ii) the percentage of Default Service Load corresponding to tranches for which the RFP Bidder is a Default Service Fixed Price Supplier selected pursuant to PPL Electric's current or prior default service program under Docket No. P-2020-3019356 or Docket No. P-2016-2526627, respectively; must not exceed the Aggregate Load Cap at any given point in time during the period June 1, 2021 through May 31, 2025. The Solicitation Load Cap for each Customer Group and Aggregate Load Cap for each Customer Group are provided in Section 2.3.2. In any solicitation, when an RFP Bidder submits a Bid to supply a number of tranches in a product for a Customer Group, the RFP Bidder must submit a price at which that RFP Bidder is willing to serve each number of tranches up to and including that number of tranches in that product for that Customer Group. No Bid for any number of tranches in any product for any Customer Group may be made contingent upon winning or losing another Bid for some number of tranches in another product of some other Customer Group. Instructions for preparation of Bid Proposal(s) are addressed in Articles 5 and 6.
- 1.1.21 For each solicitation, the Bid Proposal Evaluation Team will present the results of that solicitation to the PUC within one (1) business day of the Bid Proposal Due Date of that solicitation. At that time, the PUC will have one (1) business day to consider the report of the Bid Proposal Evaluation Team and to render a final decision on the results of that solicitation. The PUC may either accept or reject all of the Bid Proposals presented for a Product, as defined in Section 1.1.7, in its entirety. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved.
- 1.1.22 If the PUC rejects all Bids for a given product for a given Customer Group in any solicitation, or if some tranches of a given product for a given Customer Group in a particular solicitation do not receive Bids, the Company will expeditiously seek guidance and approval from the PUC to address this shortfall in procurement of Default Service Supply. Subject to PUC approval, PPL Electric will issue a new RFP as soon as practicable, and if needed, the Company will obtain Default Supply through the spot market administered by PJM in the interim. In the event a Default Supplier defaults, PPL Electric will offer full requirements supply assignment as specified in Section 7.5.

1.2 Summary of RFP Documents

1.2.1 The following documents are appended to, and shall be considered an integral part of, this RFP:

Appendix 1:	PPL Electric Utilities Corporation Default Service SMA
Appendix 2:	Expression of Interest Form
Appendix 3:	Confidentiality Agreement
Appendix 4:	PJM Qualification Certification Form
Appendix 5:	FERC Authorization Certification Form
Appendix 6:	Credit Application
Appendix 6b:	Confirmation of Previously Submitted Credit and Financial Information
Appendix 7:	Bid Assurance Letter of Credit
Appendix 8:	Bid Proposal Spreadsheets
Appendix 9:	Binding Bid Agreement

1.3 Default Service Load and Supplier Obligations

1.3.1 This section contains a general description of the Default Service Load for each Customer Group, and a Default Service Supplier's obligations. It is only a summary and is subject to and qualified in its entirety by the Default Service SMA, incorporated hereto as Appendix 1.

1.3.2 Default Service Suppliers for a Customer Group shall serve the Company's Default Service Load for that Customer Group. Default Service Load for a Customer Group is the Company's Full Requirements Service including, without limitation, energy, capacity, transmission (excluding Non-market-based Transmission Services, as defined above), ancillary services, transmission and distribution losses, congestion management costs, and such other services or products that are required to supply the Default Service Load. Default Service Suppliers are not required to provide AECs to PPL Electric as a component of this RFP. In addition, as a requirement of any Bid Proposal, each RFP Bidder submitting a Bid for a product for a Customer Group must accept the obligations and associated rights to provide Default Service defined in the Default Service SMA.

1.3.3 Each Default Service Supplier for a product for a Customer Group will be paid a supplier-specific price expressed in U.S. Dollars for each MWh of electric load served as specified in a Transaction Confirmation to the Default Service SMA. The Supplier-specific price will be the Default Service Supplier's winning price for tranche(s) that the Default Service Supplier has been awarded in the product for that Customer Group.

ARTICLE 2 INFORMATION AND SCHEDULE

2.1 Information Provided to Potential Bidders

2.1.1 PPL Electric and its RFP Manager have established a Web site that will be the main source of information for this RFP. Prospective RFP Bidders are requested to use this Web site for current data and information about all aspects of this RFP and to access all essential RFP-related documents. Certain data may be password-protected at PPL Electric's sole discretion, in which case passwords would be provided upon execution of the Confidentiality Agreement as described in Section 4.3.

2.2 RFP Schedule

2.2.1 RFP schedules will be established by PPL Electric and its RFP Manager. PPL Electric may publish advertisements in daily and weekly energy publications and the RFP Manager will notify potential bidders to inform them of the upcoming solicitation. Beginning April 2021, Default Service solicitations will take place on a semi-annual basis. The Bid Proposal Due Dates will occur on or about the following dates:

- April 6, 2021
- October 12, 2021
- April 12, 2022
- October 11, 2022
- April 11, 2023
- October 10, 2023
- April 9, 2024
- October 8, 2024

As stated in Section 1.1.8, Default Service Spot Market Suppliers will be selected on an annual basis to administer spot market purchases for the Large C&I Customer Group.

2.2.2 Default Service solicitations will generally span a four-week to six-week time period. Solicitation activities are shown below. The expected completion date of each of the activities shown is expressed in the approximate number of weeks prior to the expected execution of default service contracts.

- Five weeks or more: RFP Addendum Issued, Bidder Interest Form and Confidentiality Agreement Available, RFP Data Room Opens;
- Three and one-half weeks: Bidder Information Session;
- Two and one-half weeks: Bidder Qualifications Due;
- Two weeks: Cure Deficiency Deadline;
- One and one-half weeks: Qualified Bidders Notified;
- Final week: Bid Proposals Due, PUC Decision Issued, Transaction Confirmations Issued.

2.2.3 The RFP Schedule for each solicitation will be provided in the RFP Addendum issued for that solicitation.

2.3 Multi-Solicitation Process

2.3.1 In each of the solicitations, PPL Electric will seek to procure Default Service Supply for Fixed Price Products for the Residential and Small C&I Customer Groups corresponding to each Customer Group's Default Service Load (see table below). In each of the solicitations held in Spring, PPL Electric will also seek to procure Default Service Supply for the Spot Market Product for the Large C&I Customer Group corresponding to 100% of the Customer Group's Default Service Load.

Available Tranches in Solicitations					
Customer Group	Product ¹ Term	Solicitation #1	Solicitation #2	Solicitation #3	Solicitation #4
Residential	6-month	8	8	8	8
	12-month	16	16	16	16
Small Commercial and Industrial	6-month	9	9	9	9
	12-month	6	5	6	5
Large Commercial and Industrial	Spot Market (12-month)	10		10	

Available Tranches in Solicitations					
Customer Group	Product ¹ Term	Solicitation #5	Solicitation #6	Solicitation #7	Solicitation #8
Residential	6-month	8	8	8	8
	12-month	16	16	16	16
Small Commercial and Industrial	6-month	9	9	9	9
	12-month	6	5	6	5
Large Commercial and Industrial	Spot Market (12-month)	10		10	

¹Unless otherwise noted, the product type is a Fixed Price Product.

2.3.2 The Available Tranches for each Product in a solicitation are the number of tranches the Company seeks to procure for that Product serving a given Customer Group in that solicitation. In the event that PPL Electric is unable to secure Default Service Suppliers for all of the Available Tranches for a product in a solicitation, the unfilled tranches in that solicitation will be procured as specified in Section 1.1.22. In each solicitation, an RFP Bidder's maximum number of tranches offered must be a whole number that does not exceed the multiplicative product of the Solicitation Load Cap (85%) for that Customer Group and Available Tranches for that Customer Group. In addition, for each of the Residential and the Small C&I Customer Groups, the number of tranches that an RFP Bidder bids and wins cannot exceed the Aggregate Load Cap for that Customer Group as explained in Section 1.1.20. The Aggregate Load Cap for the Residential Customer Group is 50% and the Aggregate Load Cap for the Small C&I Customer Group is 50%.

ARTICLE 3 GENERAL REQUIREMENTS FOR PROPOSALS

3.1 RFP General Requirements

- 3.1.1 A Proposal consists of Bidder Qualifications (a response to the Bidder Qualification requirements in Article 4 of this RFP) and one or several Bid Proposal(s) for a given solicitation with its accompanying documents (as described in Article 5). A respondent to this RFP is an RFP Bidder. An RFP Bidder that fulfills the Bidder Qualification requirements can submit a maximum of one Bid Proposal for each product for a Customer Group on each Bid Proposal Due Date in response to this RFP.
- 3.1.2 Bidder Qualifications and Bid Proposals must: (i) adhere to this RFP's terms and conditions; and (ii) fulfill all requirements in Articles 3 through 6 of this RFP.
- 3.1.3 Bidder Qualifications and Bid Proposals that do not adhere to the terms and conditions of this RFP and/or do not fulfill all requirements set forth in Articles 3 through 6 of this RFP will not be considered.
- 3.1.4 It is the intention, but not the obligation, of the Company to enter into a Default Service SMA with two or more winning RFP Bidders for each Customer Group.

- 3.1.5 PPL Electric is not responsible or liable for any costs incurred by the RFP Bidder in responding to this RFP, including any presentations, demonstrations, or travel, meals or other out-of-pocket expenses. In addition, PPL Electric is not responsible or liable to any broker, consultant, or other person or entity acting on your behalf for any brokerage or other fee or payment related directly or indirectly to the RFP proposal submission or to the selection of a RFP Bidder for Default Service Supply, whether or not a contract is awarded and executed.
- 3.1.6 The RFP Bidder, at its own cost and expense, shall defend PPL Electric, its parent company, and its 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, 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 statements or misrepresentations, intentional or unintentional, in the Bidder Qualifications and Bid Proposal or breach of any covenant by the RFP Bidder set forth herein. The RFP Bidder shall indemnify and hold harmless PPL Electric, its parent company, 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 against any and all liens, judgments, liabilities, losses, injuries, damages, fees (including consulting, expert and attorney fees), fines, costs or expenses which in any manner relate to, arise out of, or result from any false statements or misrepresentations, intentional or unintentional, in the Bidder Qualifications and Bid Proposal or breach of any warranty by the RFP Bidder as set forth herein.
- 3.1.7 The submission of any portion of a Proposal to the Company constitutes the RFP Bidder's acknowledgement and acceptance of all the terms and conditions of this RFP, regardless of the outcome of this RFP or the ultimate fate of such Proposal.
- 3.1.8 An Officer of the RFP Bidder is an individual empowered to undertake contracts and bind the RFP Bidder. The forms and/or agreements attached as Appendices 3, 4, 5 and 9, as well as Appendix 1 if an award is made to the RFP Bidder, shall be executed by individuals who are Officers of the RFP Bidder. Unless otherwise noted, all other representations with respect to this RFP must be made by an Officer of the RFP Bidder.
- 3.1.9 Each RFP Bidder must comply with all the Bidder Qualification requirements described in Article 4.
- 3.1.10 All information provided and certifications made in the Bidder Qualifications must remain valid and remain in full force until five (5) business days after the applicable Bid Proposal Due Date. Regardless of the reason, if any information provided in the Bidder Qualifications for a given solicitation changes or any certification fails to remain valid, it is the sole responsibility of the RFP Bidder to notify the Bidder Qualification Evaluation Team of such change at least three (3) business days before the submission of any Bid Proposal on a Bid Proposal Due Date. Failing to do so may result in disqualification of the RFP Bidder and the Bid Proposal for that solicitation. The Bidder Qualification

Evaluation Team reserves the right to vary the assessment of Bidder Qualifications based on the revised information provided by the RFP Bidder.

ARTICLE 4

BIDDER QUALIFICATION

4.1 Overview of Bidder Qualification Process

- 4.1.1 The purpose of the Bidder Qualification process is to determine the applicant's eligibility to bid. An applicant is qualified to bid in a given solicitation if, by the Cure Deficiency Deadline of that solicitation, it satisfactorily completes or updates the following: 1) submits an Expression of Interest Form; 2) executes the Confidentiality Agreement; 3) certifies that it meets the PJM membership and Federal Energy Regulatory Commission ("FERC") authorization requirements stated in Section 4.4 (Applicant's PJM Qualification and FERC Authorization Certifications); 4) submits the Credit Application and, if applicable, associated financial information requested in Section 4.5 (Credit Application and Financial Information); and, 5) submits an executed copy of the Binding Bid Agreement provided as Appendix 9. With the submission of a Bid Proposal, qualified RFP Bidders will be required to post Bid Assurance Collateral in an amount directly proportional to the amount of load bid upon. The Bid Assurance Collateral will be returned to the RFP Bidder subsequent to contract execution or the rejection of its bid(s), as described in Section 5.3 (Bid Assurance Collateral).
- 4.1.2 Bidder Qualifications will be available to be completed online by RFP Bidders through a Proposal Submission Web site as further explained in Section 6.1.2 and the electronic signature of a party to a form or document required as part of Bidder Qualifications shall be as valid as an original signature of such party and shall be effective to bind such party as further explained in Section 6.2.4.
- 4.1.3 Applicants are urged to provide the materials necessary to establish eligibility as soon as practicable. PPL Electric will endeavor, on a best efforts basis, to notify applicants of any deficiencies in their submittals in accordance with Section 7.2 no later than forty-eight hours before the Cure Deficiency Deadline for the appropriate solicitation as indicated in an RFP Schedule developed subject to Section 2.2. However, PPL Electric does not bear any responsibility for failure to notify applicants of deficiencies prior to the Cure Deficiency Deadline as indicated in an RFP Schedule developed subject to Section 2.2, and PPL Electric assumes no liability or obligation for a defective submission or for notifying any RFP Bidder of a defective submission. Early submittal of materials will provide the greatest flexibility to correct deficiencies prior to the Cure Deficiency Deadline and applicants are encouraged to submit Bidder Qualifications as soon as possible following the issuance of the RFP, or RFP Addendum. PPL Electric will notify applicants whether or not they have qualified by noon of the Qualified Bidders Notified Date.
- 4.1.4 After an RFP Bidder has qualified for a solicitation in the RFP, that RFP Bidder can qualify again for a subsequent solicitation by: a) verifying that the previously submitted credit and financial information is up-to-date and accurate by submitting Appendix 6b; and b) providing the executed Binding Bid Agreement for that solicitation. These documents must be provided by the Bidder Qualifications Due Date for that solicitation. Once qualified, the RFP Bidder will be required to submit the appropriate Bid Assurance

Collateral for that solicitation and to fulfill all requirements of the Bid Proposal(s) as specified in Article 5. It is the sole responsibility of the RFP Bidder to notify PPL Electric of any changes to the RFP Bidder's previously submitted Bidder Qualification materials.

4.2 Expression of Interest

- 4.2.1 Applicants will be required to express their non-binding interest to bid by completing and submitting the Expression of Interest Form (Appendix 2). An electronic copy of the Expression of Interest Form can be found on PPL Electric's Proposal Submission Web site. The applicant will not be eligible to submit a Bid Proposal until the completed Expression of Interest Form has been provided to PPL Electric. Applicants are required to complete and submit this form as directed in Section 6.1.2 no later than the Bidder Qualifications Due Date.
- 4.2.2 The Bidder Qualification Evaluation Team will not provide a deficiency notice to an applicant that submits an Expression of Interest Form but that submits none of the other documents required as part of the Bidder Qualification requirements.

4.3 Confidentiality Agreement

- 4.3.1 An applicant and PPL Electric will be required to execute the Confidentiality Agreement (Appendix 3). The applicant will not be eligible to submit a Bid Proposal until such agreement has been executed. An electronic copy of the Confidentiality Agreement can be found on PPL Electric's Proposal Submission Web site. This agreement must be signed by an Officer as defined in Section 3.1.8. The applicant must provide as part of its Bidder Qualifications the executed agreement as directed in Section 6.1.2. Applicants are required to submit this agreement no later than the Bidder Qualifications Due Date.
- 4.3.2 If PPL Electric is providing data or information on a confidential basis, upon submission of the executed Confidentiality Agreement, an applicant will be issued a password to access such data and information from the RFP Web site. Once the Confidentiality Agreement is received from the applicant, PPL Electric will complete the execution of the agreement and send a copy of the fully executed agreement to the applicant by e-mail.

4.4 Applicant's PJM Qualification and FERC Authorization Certifications

- 4.4.1 An applicant must certify that it is a member of PJM and qualified as a market buyer and market seller in good standing able to secure generation or otherwise obtain and deliver electricity in PJM through compliance with all applicable requirements of PJM to fulfill a Full Requirements Service obligation. In addition, an applicant must certify that it has been authorized by the FERC to make sales of energy, capacity and ancillary services at market-based rates. The PJM Qualification Certification Form (Appendix 4) and the FERC Authorization Certification Form (Appendix 5) can be found on PPL Electric's Proposal Submission Web site. Such certifications must be signed by an Officer as defined in Section 3.1.8. Applicants are required to submit such certifications no later than the Bidder Qualifications Due Date. The applicant must provide as part of its Bidder

Qualifications such certifications as directed in Section 6.1.2. The applicant will not be eligible to submit bids until such certifications have been provided to PPL Electric.

4.5 Credit Application and Financial Information

- 4.5.1 Applicants are required to submit the Credit Application (Appendix 6) and associated financial information to PPL Electric. An electronic copy of the Credit Application can be found on PPL Electric’s Proposal Submission Web site. Applicants are required to submit the Credit Application no later than the Bidder Qualifications Due Date. The applicant must provide as part of its Bidder Qualifications the completed Credit Application and one (1) copy of any supporting documents to this Credit Application including the associated financial information as directed in Section 6.1.2. Supporting documents to the Credit Application include for the entity on whose creditworthiness the RFP Bidder is relying: (i) documentation from the credit rating agencies showing the name of the rating agency, the type of rating, and the rating indicated in the Credit Application and (ii) the Securities and Exchange Commission (“SEC”) Form 10-Q or 10-K (whichever is more recent). If the SEC 10-Q or 10-K is unavailable, the supporting documents must include the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement); and the most recent quarterly, monthly or bi- annual financial information, if available.
- 4.5.2 All submitted information must be in the English language. Financial data must be denominated in U.S. Dollars and conform to Generally Accepted Accounting Principles (“GAAP”) in the United States. If the applicant's financial information is consolidated with other entities, then it is the applicant's responsibility to extract and submit as separate documents all data and information related solely to the applicant. This must include all financial information, associated notes, and all other information that would comprise a full financial report conforming to GAAP.
- 4.5.3 PPL Electric may, at its sole discretion, consider financial information of foreign Guarantors that are not denominated in U.S. Dollars or do not conform to GAAP in the United States. Such acceptability will be communicated to the applicant no later than forty-eight hours before the Cure Deficiency Deadline. Any Guarantor will be required to execute the Unconditional Guaranty as it appears in the Default Service SMA (Exhibit 5) and as such the Guarantor must be able to make all representations and warranties therein.
- 4.5.4 The following additional requirements apply only for RFP Bidders relying on the financial standing of a foreign Guarantor:
- An RFP Bidder relying on the financial standing of a foreign Guarantor may provide, in addition to supplying all required information and documents under Section 4.5.1, any additional evidence of creditworthiness for the Guarantor so as to provide PPL Electric 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.

- Under the terms of the Default Service SMA, the following additional documents are required for the foreign Guarantor to be granted unsecured credit and for the RFP Bidder to rely on the financial standing of the Guarantor: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Default Service SMA 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 (ii) the sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the person executing the guaranty pursuant to the Default Service SMA on behalf of the Guarantor has the authority to execute the guaranty pursuant to the Default Service SMA and that the governing board of such guarantor has approved the execution of the guaranty pursuant to the Default Service SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Default Service SMA.
- The RFP Bidder may, but is not required to, submit with its Bidder Qualifications a draft of these additional documents for review. If an RFP Bidder submits a draft of the documents for evaluation, the RFP Manager will provide this evaluation to the RFP Bidder on the Qualified Bidders Notified Date.

4.5.5 An RFP Bidder that is not seeking to be granted unsecured credit under the Default Service SMA is not required to provide any of the supporting documents to the Credit Application and must clearly state this intent in the Credit Application.

4.6 Binding Bid Agreement

4.6.1 An applicant must certify that as an RFP Bidder it agrees to be bound by the price quotes entered on any Bid Proposal Spreadsheet(s) submitted by the RFP Bidder, which shall constitute a firm offer to supply service in accordance with the Default Service SMA. The signatory to the Binding Bid Agreement must be an Officer, as defined in Section 3.1.8, binding the RFP Bidder to perform the terms and conditions of the Default Service SMA at the prices and for the load amounts specified in its Bid Proposal(s). In addition, by submitting the Binding Bid Agreement, the RFP Bidder certifies that it has met the conditions stipulated in Section 5.7 of this RFP. An electronic copy of the Binding Bid Agreement can be found on PPL Electric's Proposal Submission Web site. For each solicitation, applicants are required to submit such certification, in the form of Appendix 9, no later than the Bidder Qualifications Due Date for that solicitation. The applicant must send such certification as directed in Section 6.1.2.

4.7 Cure Time for Deficiencies in Qualification Requirements

4.7.1 In the event that an RFP Bidder has not met all of the Bidder Qualification requirements under Article 4 (Bidder Qualification), PPL Electric will endeavor, on a best efforts basis, to notify the RFP Bidder no later than forty-eight hours before the Cure Deficiency Deadline. It is understood and agreed that PPL Electric has no liability for any failure to notify an RFP Bidder of a deficiency. If the RFP Bidder fails to remedy any deficiencies

by the Cure Deficiency Deadline for a solicitation so as to not be qualified to submit Bid Proposals in that solicitation, such applicant will be allowed to cure any such deficiency and participate in subsequent solicitations, if the deficiency is cured no later than the Cure Deficiency Deadline for the next solicitation.

4.8 Bid Assurance Collateral and Alternative Letter of Credit Form

4.8.1 No later than two (2) business days before the Bid Proposal Due Date, each RFP Bidder must provide liquid Bid Assurance Collateral in an amount of \$500,000 per tranche bid. The purpose of this collateral is to assure commitment of the RFP Bidder to execute the Transaction Confirmations for the tranches awarded to the RFP Bidder. The form of collateral must be either cash or an irrevocable Letter of Credit (“LOC”), which LOC may be in a form that allows for electronic issuance and presentation of documents. An acceptable Bid Assurance LOC form is provided as Appendix 7a, and an acceptable Bid Assurance LOC form that allows for electronic issuance and presentation of documents is provided as Appendix 7b; electronic copies of each form can be found on PPL Electric’s RFP Web site or the Proposal Submission Web site. If the RFP Bidder is providing Bid Assurance Collateral in the form of a Bid Assurance LOC, the RFP Bidder may provide one Bid Assurance LOC for all Products under this RFP. If the RFP Bidder is participating in more than one RFP issued by the Company, the RFP Bidder must provide separate Bid Assurance LOC for each RFP. If the RFP Bidder is providing Bid Assurance Collateral in the form of cash, and if the RFP Bidder is also participating in other RFP(s) issued by the Company, the RFP Bidder must advise the Bid Proposal Evaluation Team as to the amount allocated as Bid Assurance Collateral for purposes of each RFP.

4.8.2 As part of the Bidder Qualifications, an applicant may propose modifications to one of the Bid Assurance LOC forms that are non-substantive or clarifying in nature. The applicant proposing modifications to one of the Bid Assurance LOC forms must provide an electronic copy in MS Word with all proposed modifications clearly marked and submit such document as directed in Section 6.1.2. The acceptability of such proposed modifications will be at PPL Electric’s sole discretion, and such acceptability will be communicated to the applicant no later than forty-eight hours before the Cure Deficiency Deadline. A list of all acceptable modifications to one of the Bid Assurance LOC forms will be posted to PPL Electric’s RFP Web site or the Proposal Submission Web site no later than seven (7) business days before the Bid Proposal Due Date.

4.9 Alternative Forms of Performance Assurance

4.9.1 Subsequent to the return of an applicant’s Bid Assurance Collateral, another instrument of performance assurance to secure PPL Electric’s exposure during the Delivery Period of a Transaction Confirmation to the Default Service SMA may be required, as set forth in the Default Service SMA. Any performance assurance required of the applicant determined in accordance with the Default SMA may be in the form of cash or LOC. An acceptable Performance Assurance LOC form is provided as Exhibit 4a in the Default Service SMA, and an acceptable Performance Assurance LOC form that allows for electronic issuance and presentation of documents is provided as Exhibit 4b in the Default Service SMA. An acceptable Unconditional Guaranty form is provided as Exhibit

5 in the Default Service SMA. As part of its Bidder Qualifications, an applicant may propose modifications to one of the Performance Assurance LOC forms or the Unconditional Guaranty form that are non-substantive or clarifying in nature. The applicant proposing modifications to one of the Performance Assurance LOC forms or the Unconditional Guaranty form must provide an electronic copy in MS Word with all proposed modifications clearly marked and submit such document as directed in Section 6.1.2. The acceptability of such proposed modifications to one of the Performance Assurance LOC forms or the Unconditional Guaranty form will be determined at PPL Electric's sole discretion, and such acceptability will be communicated to the applicant no later than forty-eight hours before the Cure Deficiency Deadline. A list of all acceptable modifications to one of the Performance Assurance LOC forms or the Unconditional Guaranty form will be posted to PPL Electric's RFP Web site or the Proposal Submission Web site.

ARTICLE 5 BID PROPOSAL REQUIREMENTS

5.1 Bid Proposal Format

- 5.1.1 RFP Bidders shall submit their Bid Proposal(s) using only the Bid Proposal Spreadsheets attached to this RFP as Appendix 8; an electronic copy is available on PPL Electric's RFP Web site or the Proposal Submission Web site. There is a separate Bid Proposal Spreadsheet for each solicitation and each product for a Customer Group, as indicated in the title area of each Bid Proposal Spreadsheet. The Bid Proposal Spreadsheets contain sections of information labeled Bidder Information, Tranche Information, and Bid Information. The Bid Proposal Spreadsheets contain shaded cells in which RFP Bidders provide information and their Bids. **In order to prevent any misunderstanding of an RFP Bidder's Bid Proposal, all shaded cells within a Bid Proposal Spreadsheet must be completed by the RFP Bidder. A Bid Proposal Spreadsheet submitted by an RFP Bidder that contains blank shaded cells will be deemed a non-conforming Bid Proposal, and will be eliminated from further consideration. Therefore, if it is the intent of an RFP Bidder to offer to supply a particular total number of tranches, the RFP Bidder must enter a price quote in the price cells associated with each of the total number of tranches up to and including that particular total number of tranches and must enter an "X" in price cells associated with each of the total number of tranches beyond that particular total number of tranches.** The non-shaded cells are read-only cells containing either fixed or computed amounts.
- 5.1.2 No Bid Proposal can be conditioned in any manner. PPL Electric reserves the right to accept or reject any RFP Bidder's Bid Proposal(s) in accordance with the proposal evaluation criteria set forth in Article 7 (Evaluation of Proposals).
- 5.1.3 Bidder Information – These cells are **RFP bidder input cells** and include Company Name, Contact Name and Phone Number, and must be provided by the RFP Bidder.
- 5.1.4 Tranche Information – The contents of these cells are provided by PPL Electric and include the Solicitation Load Cap, Aggregate Load Cap, Available Tranches and Tranche Size (% of Total Customer Group Default Service Load). The Available Tranches for a product represents an initial target consistent with the multi-solicitation structure described in Section 2.3 (Multi-Solicitation Process). However, as discussed in Section 2.3 (Multi-Solicitation Process), such targets are subject to change depending on the results of prior solicitations. In the event that the initial target changes, PPL Electric will, prior to a solicitation, revise such targets in the Bid Proposal Spreadsheets accordingly. The Solicitation Load Cap for each Customer Group is the maximum percentage of the sum of the Available Tranches for all products of that Customer Group that each RFP Bidder can bid and win in that solicitation. For each of the Residential and the Small C&I Customer Groups, the number of tranches that each RFP Bidder can bid and win cannot exceed the Aggregate Load Cap for that Customer Group as explained in Section 1.1.20 and Section 2.3.2. The Tranche Size (% of Total Customer Group Default Service Load) represents the share of the Customer Group's Default Service Load measured by one tranche. The Tranche Size is applicable to each rate schedule within the Customer

Group. For example, if there are three rate schedules being bid in aggregate within a Customer Group, and the Tranche Size is 2%, an RFP Bidder awarded one tranche will supply 2% of each of the three rate schedules in that Customer Group.

- 5.1.5 Total Tranches Supplied – These cells show the number of total tranches the RFP Bidder can offer to supply.
- 5.1.6 Bid Assurance Collateral Amount – The contents of these cells are computed as the product of the Total Tranches Supplied and \$500,000.
- 5.1.7 Price (U.S. \$/MWh) – These cells are **RFP Bidder input cells** for the RFP Bidder’s price quote corresponding to each Total Tranches Supplied. The price quotes shall be in terms of U.S. \$/MWh for the time period of the product’s delivery. As set forth in the Default Service SMA, the MWh of energy shall be equivalent to the amount of energy reported as the Supplier’s obligation by PPL Electric to PJM adjusted for losses in accordance with PPL Electric’s initial and subsequent retail load settlement process. All price quotes are limited to two decimal places. An RFP Bidder that wishes to offer to supply a particular Total Tranches Supplied must: 1) provide a price quote in the Price (U.S. \$/MWh) cell corresponding to each of the Total Tranches Supplied up to and including that particular Total Tranches Supplied; and 2) mark an “X” in the Price (U.S. \$/MWh) cell corresponding to each of the Total Tranches Supplied beyond that particular Total Tranches Supplied. For example, if an RFP Bidder wishes to offer to supply six Total Tranches Supplied, then the RFP Bidder must provide a price quote for each Total Tranches Supplied from one to six and mark an “X” for all Total Tranches Supplied greater than six.
- 5.1.8 Complete/Incomplete Flag – The content of this cell is computed and indicates whether or not the Bid Proposal Spreadsheet has been fully completed in accordance with Section 5.1 (Bid Proposal Format). An incomplete Bid Proposal Spreadsheet will be deemed non-conforming, as set forth in Section 5.5 (Conforming Bid Proposals).
- 5.1.9 The RFP Bidder may choose to bid in one or several of the three Customer Groups, subject to the restrictions of this Article 5. On any Bid Proposal Due Date, the number of tranches in a Customer Group for which an RFP Bidder submits a Bid Proposal must be a whole number and cannot exceed the multiplicative product of the Solicitation Load Cap for that Customer Group and the number of Available Tranches for that Customer Group in that solicitation. In addition, for each of the Residential and the Small C&I Customer Groups, the number of tranches that an RFP Bidder bids and wins cannot exceed the Aggregate Load Cap for that Customer Group as explained in Section 1.1.19 and Section 2.3.2. The Solicitation Load Cap, the Aggregate Load Cap and the number of Available Tranches for each product and each solicitation are provided in Section 2.3 (Multi-Solicitation Process).

5.2 Submittal of Bid Proposals

- 5.2.1 Each RFP Bidder shall only submit its Bid Proposal(s) using the Bid Proposal Spreadsheet described in Section 5.1 by secure electronic file transfer to the PPL secure

server between 10:00:00 a.m. EPT and 12:00:00 p.m. EPT on the Bid Proposal Due Date for each solicitation as indicated in Section 2.2 (RFP Schedule).

5.3 Bid Assurance Collateral

5.3.1 Each RFP Bidder must provide liquid Bid Assurance Collateral to support its Bid Proposal(s). The form of collateral must be either cash or an irrevocable LOC. An acceptable Bid Assurance LOC form is provided as Appendix 7a, and an acceptable Bid Assurance LOC form that allows for electronic issuance and presentation of documents is provided as Appendix 7b; electronic copies of each form can be found on PPL Electric's RFP Web site or Proposal Submission Web site. PPL Electric will consider modifications to the Bid Assurance LOC in accordance with the process provided in Article 4.

5.3.2 The RFP Bidder must provide, no later than two (2) business days before the Bid Proposal Due Date, Bid Assurance Collateral in an amount equal to the sum of \$500,000 times the total number of tranches bid in all its Bid Proposal(s). PPL Electric will hold the Bid Assurance Collateral until either the RFP Bidder is notified by PPL Electric that it has not been awarded tranches for a solicitation or until the RFP Bidder executes the Transaction Confirmation forms upon being awarded tranches. Upon either of the above two conditions, Bid Assurance Collateral in the form of cash will be returned within one (1) business day, and Bid Assurance Collateral in the form of an LOC will be returned within two (2) business days. The RFP Bidder may request that the Bid Assurance Collateral reside with PPL Electric through the entire multi-solicitation period. An RFP Bidder that is awarded tranche(s) and does not timely execute the Transaction Confirmation forms associated with such tranches shall forfeit its Bid Assurance Collateral.

5.3.3 Wire transfer instructions for RFP Bidders who intend to provide Bid Assurance Collateral in the form of cash is available upon request from the RFP Manager.

5.4 Submittal of Default Service SMA

5.4.1 No later than two (2) business days before the Bid Proposal Due Date, the RFP Bidder must submit an executed Default Service SMA, as instructed in Section 6.1.5, including the completed signature page of the Default SMA and Exhibit 3 of the Default SMA filled in with the appropriate contact information for the RFP Bidder. Other exhibits of the Default Service SMA either are samples or are documents that do not need to be completed until execution of the Transaction Confirmation form.

5.4.2 RFP Bidders must execute and submit the current form of Default Service SMA set forth in Appendix 1. SMAs executed as part of a prior Default Service Program (i.e. the Competitive Bridge Plan, Default Service Program I, Default Service Program II, Default Service Program III and Default Service Program IV) are not applicable to this Default Service Program and will not be accepted.

5.5 Conforming Bid Proposals

- 5.5.1 In order for a Bid Proposal to be conforming, the Bid Proposal must be: (i) submitted using the Bid Proposal Spreadsheet, completed in full and without modification; (ii) submitted by 12:00:00 pm EPT on the Bid Proposal Due Date; (iii) submitted by a qualified RFP Bidder as defined in Section 6.1.1; (iv) submitted by an RFP Bidder that has also submitted sufficient Bid Assurance Collateral; (v) submitted by an RFP Bidder that has also submitted the executed Default Service SMA as instructed in Section 5.4.1.

Bid Proposals deviating from the above criteria will be deemed non-conforming and eliminated from further consideration. Any such elimination of Bid Proposals will be communicated by the RFP Manager to the relevant RFP Bidder(s) as soon as practicable.

5.6 Expiration of Bid Proposals

- 5.6.1 An RFP Bidder's Bid Proposal shall expire the earlier of the time PPL Electric notifies the RFP Bidder that its Bid Proposal has been rejected or at midnight EPT three (3) business days after the scheduled day of awarding bids within each solicitation.

5.7 Additional Requirements

- 5.7.1 The RFP Bidder certifies, by its submission of a Binding Bid Agreement in its Bidder Qualifications, that it is bidding independently and that it has no knowledge of any Proposal being submitted by another RFP Bidder in response to this RFP.
- 5.7.2 The RFP Bidder certifies by its submission of a Binding Bid Agreement that, except for any communication with its financial institution for the purpose of preparing the Bid Assurance LOC, the RFP Bidder has not disclosed and will not disclose publicly or to any other party before the PUC has rendered a decision on the RFP results any information relating to its Proposal, which could have an effect on whether another party submits a Proposal to this RFP or on the contents of such Proposal that another RFP Bidder would be willing to submit in response to this RFP. 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; the RFP Bidder's number of tranches bid; the RFP Bidder's estimation of the value of a tranche; the RFP Bidder's estimation of the risks associated with serving Default Service Load; the RFP Bidder's preference for bidding on one or several Customer Groups; the RFP Bidder's preference for bidding on one or another Bid Proposal Due Date; and the RFP Bidder's contractual arrangements for power with a party to serve the Default Service Load were the RFP Bidder to become a Default Service Supplier.

ARTICLE 6
INSTRUCTIONS FOR PREPARATION OF BIDDER QUALIFICATIONS
AND BID PROPOSALS

6.1 General

- 6.1.1 An RFP Bidder must submit its Bidder Qualifications and Bid Proposal(s) separately. The RFP Bidder will first submit its Bidder Qualifications (responses to Bidder Qualification requirements) as required in Article 4 of this RFP. RFP Bidders that are notified that they are qualified RFP Bidders for a solicitation may submit a Bid Proposal for each product, along with all other required documents as described in Section 5.5, by the Bid Proposal Due Date as indicated in Section 2.2 (RFP Schedule).
- 6.1.2 Bidder Qualifications will be available to be completed online by RFP Bidders through a Proposal Submission Web site. Additional instructions will be provided to RFP Bidders in an addendum to these RFP Rules. The addendum contains instructions to be followed when the Proposal Submission Web site is available. Bidder Qualifications that do not adhere to the terms and conditions of this RFP or that are not submitted in accordance with the instructions provided in such addendum to these RFP Rules will not be considered.
- 6.1.3 Bidder Qualifications must be submitted by the Bidder Qualifications Due Date for the appropriate solicitation as indicated in the RFP Schedule developed pursuant to Section 2.2. Bidder Qualifications received after the due date will be considered for the next solicitation if there are remaining solicitations; otherwise the Bidder Qualifications will be rejected, and the RFP Bidder will have failed to qualify for submitting a Bid Proposal. Each RFP Bidder assumes full responsibility for timely submission of its Bidder Qualification materials.
- 6.1.4 Bid Assurance Collateral for a solicitation, if submitted in the form of a LOC without provisions for electronic issuance and presentation of documents (Appendix 7a), must be sent by certified mail, registered mail, hand delivery, or courier service to the following address:

PPL Electric Utilities Corporation
2 North 9th Street, GEN TW-20Allentown, PA 18101Attn: Energy
Procurement Team

Bid Assurance Collateral for a solicitation, if submitted in the form of an LOC that allows for electronic issuance and presentation of documents (Appendix 7b) must be submitted to the following email address:

Email: **[INSERT DEDICATED EMAIL ADDRESS – SAME AS ON FACE OF eUCP CREDIT]**

All Bid Assurance Collateral, in the form of LOC or cash, must be received no later than two (2) business days prior to the Bid Proposal Due Date for that solicitation. Bid

Assurance Collateral received after the second business day prior to the Bid Proposal Due Date will result in the rejection of the corresponding Bid Proposal(s). Each RFP Bidder assumes full responsibility for timely delivery to the address specified in this Section 6.1.4.

- 6.1.5 For the first solicitation in which an RFP Bidder is qualified and submits a Bid Proposal, the RFP Bidder must have signed the Default Service SMA as instructed in Section 5.4.1 and submitted these by noon EPT on the second business day prior to the Bid Proposal Due Date. If the RFP Bidder is awarded any tranches in any solicitation in this RFP, the signed Default Service SMA that was initially submitted will be executed by PPL Electric and provided to the RFP Bidder together with the partially executed Transaction Confirmation forms via e-mail. The execution of a Transaction Confirmation is all that will be required in subsequent solicitations wherein a RFP Bidder that has previously executed the Default Service SMA in a satisfactory manner is awarded additional tranches. If the RFP Bidder was not awarded tranches in the solicitation for which Default Service SMA was provided, PPL Electric will retain the Default Service SMA for any future solicitation in which the RFP Bidder may again submit a Bid Proposal, in which case it is the responsibility of the RFP Bidder to submit any updated pages of the Default Service SMA no later than two (2) business days prior to the Bid Proposal Due Date of the solicitation in which the RFP Bidder is participating.
- 6.1.6 Bid Proposals must be completed in the full legal name of the party that will execute the Default Service SMA with the Company should the party be a winning RFP Bidder and should the PUC approve the RFP results. Each RFP Bidder shall submit its Bid Proposal(s) using the Bid Proposal Spreadsheet described in Section 5.1 by secure electronic file transfer to the PPL secure server between 10:00:00 a.m. EPT and 12:00:00 p.m. EPT, on the Bid Proposal Due Date.

6.2 Submission of Materials

- 6.2.1 In response to this RFP, each RFP Bidder must provide to the RFP Manager its Bidder Qualifications by the Bidder Qualifications Due Date (and any supporting documents to the Credit Application including the associated financial information).
- 6.2.2 The qualified RFP Bidder must provide Bid Assurance Collateral supporting its Bid Proposal(s). The RFP Bidder must provide the executed Default Service SMA no later than two (2) business days prior to the Bid Proposal Due Date.
- 6.2.3 Only Bid Proposals using the Bid Proposal Spreadsheet submitted by secure electronic file transfer to the PPL secure server or through an alternate method if so directed by the RFP Manager will receive consideration.
- 6.2.4 Under this RFP, the electronic signature of a party to a form or document required as part of Bidder Qualifications and/or the Default Service SMA shall be as valid as an original signature of such party and shall be effective to bind such party. Any electronically signed document shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper

copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. PPL Electric will not contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule and the RFP Bidder hereby agrees not to contest the admissibility of such documents as a condition of qualification. For purposes hereof, “electronic signature” means either a manually signed original signature or an electronic symbol or process attached to or logically associated with a record and executed or adopted by a party with the intent to sign the record that is then transmitted by electronic means; “transmitted by electronic means” means documents delivered via an electronic format, including through the internet as a “pdf” (portable document format) or equivalent format. The use of electronic signature shall be approved by PPL Electric prior to use by the Default Service Supplier. The requirement for Attestation and Witness is waived upon approval of electronic signature by PPL Electric.

ARTICLE 7

EVALUATION OF PROPOSALS

7.1 Bidder Qualifications Processing

- 7.1.1 As determined by the RFP Manager, the Bidder Qualification Evaluation Team will consist of representatives of the RFP Manager, a credit representative from PPL Electric, and representatives on behalf of PPL Electric (including PPL Electric's Default Service RFP Manager).
- 7.1.2 All submissions containing Bidder Qualifications will be reviewed by the Bidder Qualification Evaluation Team. If requested, representatives from the PUC may be provided with such Bidder Qualifications. PPL Electric assumes no liability for any failure to notify RFP Bidders of a deficiency in a submission prior to the Cure Deficiency Deadline.
- 7.1.3 Bidder Qualifications of an RFP Bidder that do not comply with the submission instructions will not be considered.
- 7.1.4 Bidder Qualifications must include all documents and information required to satisfy the Bidder Qualification requirements as set out in Article 4.
- 7.1.5 The Bidder Qualification Evaluation Team will review Bidder Qualifications until the Cure Deficiency Deadline. The Bidder Qualification Evaluation Team will assess the Bidder Qualifications for completeness and compliance with the terms and conditions of this RFP, in accordance with the procedure in Section 7.2.

7.2 Bidder Qualifications Evaluation

- 7.2.1 The Bidder Qualification Evaluation Team will deem a response to the Bidder Qualifications to be complete and compliant if: (i) all information specified in Section 4.1.1 has been fully and satisfactorily provided; and (ii) all certifications and documents have been signed by an Officer of the RFP Bidder.
- 7.2.2 The Bidder Qualification Evaluation Team will review Bidder Qualifications upon receipt but no earlier than five (5) business days prior to the Bidder Qualifications Due Date. If the Bidder Qualification Evaluation Team determines that some portion of the RFP Bidder's response to the Bidder Qualifications is deficient because the response is incomplete or is not compliant with the terms of this RFP, the Bidder Qualification Evaluation Team will endeavor, on a best efforts basis, to issue a deficiency notice requesting that the RFP Bidder cure the deficiency with respect to that particular aspect of its Bidder Qualifications. The Bidder Qualification Evaluation Team will endeavor, on a best efforts basis, to notify RFP Bidders of any deficiencies in their Bidder Qualifications, and to provide a decision on the acceptability of proposed modifications to the Bid Assurance LOC or other instruments for Performance Assurance, no later than forty-eight hours before the Cure Deficiency Deadline. PPL Electric assumes no liability for any failure to notify RFP Bidders of a deficiency in a submission prior to the Cure

Deficiency Deadline. The RFP Manager communicates with the RFP Bidder by email. If an RFP Bidder receives a first deficiency notice from the RFP Manager, regarding any item of the Bidder Qualifications, the RFP Bidder has until 12:00:00 p.m. (noon) EPT, on the Bidder Qualifications Due Date, or until 6:00:00 p.m. EPT, on the second business day following the business day during which a first deficiency notice is sent to the Bidder, whichever comes later, to respond. If the Bidder does not correct or adequately explain the deficiency within the time allowed, the Bidder Qualifications may be rejected. The Bidder Qualification Evaluation Team will review all responses to deficiencies submitted. If a response to a deficiency is provided by an RFP Bidder within the time allowed and the response is not sufficient to cure the deficiency, the RFP Bidder may continue to provide the required clarification or additional information to cure the deficiency for that solicitation. In no event, notwithstanding the foregoing provisions, will a Bidder be allowed to respond after 12:00:00 p.m. EPT, on the Cure Deficiency Deadline.

- 7.2.3 If a deficiency notice is sent and the RFP Bidder does not respond within the time allowed and established by the Bidder Qualification Evaluation Team, or does not address the deficiency in a manner that is deemed satisfactory at the Bidder Qualification Evaluation Team's sole discretion, the RFP Bidder will not be qualified for that solicitation.
- 7.2.4 When the evaluation of the responses to the Bidder Qualifications is completed for all RFP Bidders, RFP Bidders will be either qualified or disqualified. RFP Bidders whose responses to the Bidder Qualifications, as may be supplemented or amended in response to a deficiency notice by the Bidder Qualification Evaluation Team, are found to be complete and compliant will be deemed qualified for that solicitation; all other RFP Bidders will be disqualified for that solicitation.
- 7.2.5 Bidders will be notified on the Qualified Bidders Notified Date in the RFP Schedule if they qualify to submit Bid Proposal(s) on the Bid Proposal Due Date. Only those RFP Bidders whose response to the Bidder Qualification requirements is complete and compliant with the terms of this RFP will be invited to submit Bid Proposal(s). An RFP Bidder acting in concert with another RFP Bidder may be disqualified by the Company in its sole and exclusive discretion at any point in the process.

7.3 Bid Proposal Processing

- 7.3.1 Bid Proposals will only be considered for those RFP Bidders that qualify as a result of the prior submission of a response to the Bidder Qualification requirements.
- 7.3.2 The Bid Proposal Evaluation Team will consist of representatives of the RFP Manager and representatives designated to act on behalf of the Company.
- 7.3.3 All Bid Proposals will be electronically and privately opened by the Bid Proposal Evaluation Team and will be evaluated at the same time. A representative of the PUC may be present to attend the opening and evaluation of the Bid Proposals. Information

regarding the content or status of any Bid Proposal will not be publicly released during the evaluation process.

- 7.3.4 The Bid Proposal Evaluation Team will assess the Bid Proposal(s) and all accompanying documents for completeness and compliance with the terms and conditions of this RFP, in accordance with the procedure in Section 7.4.
- 7.3.5 The Bid Proposal Evaluation Team may issue a deficiency notice with respect to any aspect of the Bid Proposal(s) and accompanying documents as described in Section 5.5.1, if practicable to do so before the 12:00:00 pm EPT deadline on the Bid Proposal Due Date. The Bid Proposal Evaluation Team is under no obligation to issue such a deficiency notice. Should the Bid Proposal Evaluation Team issue such a deficiency notice, the RFP Bidder will have until the 12:00:00 pm EPT deadline on the Bid Proposal Due Date to cure any such deficiency. All non-conforming Bid Proposals will be removed from consideration. If an RFP Bidder submits a Bid Proposal Spreadsheet for a Product more than once between 10:00:00 a.m. EPT and 12:00:00 p.m. EPT, the last Bid Proposal Spreadsheet for such Product that is submitted in accordance with all requirements of this RFP, including the requirements set forth in Section 5.1, automatically supersedes all previously submitted Bid Proposal Spreadsheet for such Product.

7.4 Bid Proposal Evaluation

- 7.4.1 Bid Proposals received from RFP Bidders may be eliminated from further consideration at any point, at the Bid Proposal Evaluation Team's sole and exclusive discretion, for any of the following reasons including (but not limited to): (i) failure to provide clarification of, or additional information relating to, a Bid Proposal as requested by the Bid Proposal Evaluation Team subsequent to the submission of a Bid Proposal; (ii) illegal conduct, attempts or the appearance of attempts to improperly influence the consideration or ranking of the Bids; and (iii) failure to honor representations made in a Proposal.
- 7.4.2 The Bid Proposal Evaluation Team will assess that all information required with the Bid Proposal(s), as specified in Article 5, has been submitted. If the required information has not been submitted by the Bid Proposal Due Date, the Bid Proposal(s) will be rejected.
- 7.4.3 Any Bid Proposal will be removed from consideration if: (i) it is not submitted electronically using the Bid Proposal Spreadsheet that the RFP Bidder was instructed to use in Section 5.1; or (ii) it is on a Bid Proposal Spreadsheet that includes extraneous information; or (iii) it is not supported by a Bid Assurance LOC acceptable to the Company; or (iv) the RFP Bidder has not submitted a signed Default Service SMA; or (v) the RFP Bidder has violated or has not complied with one or more material term or condition set forth in this RFP.
- 7.4.4 The Bid Proposal Evaluation Team will ensure that sufficient financial guarantees are provided to support the Bids. Financial guarantees will be sufficient if the amount of Bid Assurance Collateral is sufficient given the sum of the maximum number of tranches offered for each product by the RFP Bidder as specified in Section 4.8.
- 7.4.5 If a qualified RFP Bidder's Bid Assurance Collateral is insufficient to support the sum of the maximum number of tranches offered for each product by the RFP Bidder, the Bid Proposal Evaluation Team will modify that RFP Bidder's Bid Proposal Spreadsheets. The Bid Proposal Evaluation Team will determine for each such RFP Bidder the greatest number of whole tranches that its amount of Bid Assurance Collateral is sufficient to support. The Bid Proposal Evaluation Team will strike a Bid from a Bid Proposal Spreadsheet for any Total Tranches Supplied that is not supported by the amount of Bid Assurance Collateral. The Bid Proposal Evaluation Team will remove a Bid first from the product where there is the most competition, as measured by the ratio of the tranches bid to the number of tranches needed. If, within a Customer Group, the sum of the maximum number of tranches offered for Product(s) in that Customer Group exceeds the Solicitation Load Cap or the Aggregate Load Cap established for that Customer Group, the Bid Proposal Evaluation Team will modify that RFP Bidder's Bid Proposal Spreadsheets. The Bid Proposal Evaluation Team will determine for each such RFP Bidder the greatest number of whole tranches that the RFP Bidder will be allowed to offer for the Products within the Customer Group without violating the Solicitation Load Cap first. The Bid Proposal Evaluation Team will strike a Bid from a Bid Proposal Spreadsheet for any Total Tranches Supplied from such Product(s). If, after removal of Total Tranches Supplied from such Product(s) to enforce the Solicitation Load Cap, the sum of the maximum number of tranches offered for Product(s) in that Customer Group exceeds the Aggregate Load Cap established for that Customer Group, the Bid Proposal

Evaluation Team will strike a Bid from a Bid Proposal Spreadsheet for any Total Tranches Supplied from such Product(s). If there is more than one Product identified to enforce the Solicitation Load Cap or Aggregate Load Cap, the Bid Proposal Evaluation Team will remove a Bid first from the Product where there is the most competition, as measured by the ratio of the tranches bid to the number of tranches needed. By submitting a Bid Proposal in response to this RFP, each RFP Bidder is authorizing the Bid Proposal Evaluation Team to modify the RFP Bidder's Bid Proposal documents as specified in and as required by this Article 7.

- 7.4.6 The remaining Bid Proposals will be evaluated on a price-only basis as follows. The Bid Proposal Evaluation Team will, for each product, consider all combinations of Bid(s) (across RFP Bidders) whose sum of Total Tranches Supplied is equal to the Available Tranches for that product in that solicitation. In the event that the greatest sum of Total Tranches Supplied for any combination for that product is less than the Available Tranches in Solicitation for that product, the Bid Proposal Evaluation Team will consider all combinations of Bids for that product whose sum of Total Tranches Supplied equal the most obtainable given those Bids. For each combination, the Bid Proposal Evaluation Team will calculate the Combination Average Price ("CAP") equal to the average Price (U.S. \$/MWh) of the Bids in the combination weighted by their corresponding Total Tranches Supplied. The winning Bid(s) will be the Bid(s) contained in the combination with the lowest CAP. An RFP Bidder that is awarded tranches shall receive the Price (U.S. \$/MWh) corresponding to the winning Bid as stated in its Bid Proposal Spreadsheet under the Bid Information section.
- 7.4.7 In the event that two or more combinations have the lowest CAP for a given Customer Group, the winning Bid(s) will be the Bid(s) contained in the combination that is drawn randomly from the set of combinations with the lowest CAP.
- 7.4.8 After sufficient financial guarantees are determined, all combinations of Bid(s) are ranked from lowest to highest for each of the products, and the tied combinations, if any, are resolved, the Bid Proposal Evaluation Team will communicate with each RFP Bidder that has submitted at least one of the Bid(s) in the winning combination for each product and present the winning Bid(s) to the Commission. For each such RFP Bidder for a product, the Bid Proposal Evaluation Team will: (i) communicate the CAP of the winning combination for that product being presented to the PUC; and (ii) identify the Bid(s) submitted by such RFP Bidder that will be presented to the PUC for that product.

The Bid Proposal Evaluation Team will also communicate to the Company the CAP of the winning combination for each product and the number of Bids presented to the PUC.

- 7.4.9 An RFP Bidder acting in concert with another RFP Bidder may be disqualified by the Company at its sole and exclusive discretion.

7.5 Commission Approval and Review

- 7.5.1 The Bid Proposal Evaluation Team will prepare a report that presents the results of a solicitation to the PUC for approval. The Bid Proposal Evaluation Team's report will summarize the Bidder Qualification process and the Bid Proposals that were considered

on the Bid Proposal Due Date. The PUC will have one (1) business day to decide whether to approve the results. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved.

- 7.5.2 The winning RFP Bidders will receive a Transaction Confirmation(s) from PPL Electric on the date of the PUC's approval, or in the event the PUC does not act no later than the next business day following the date when the PUC was expected to act. Specifically, PPL Electric will forward by email or other acceptable means, to each winning RFP Bidder a partially executed Transaction Confirmation(s). By 2:00 p.m. EPT on the second Business Day following the RFP Bidder's receipt of such partially executed Transaction Confirmation(s) electronically, the RFP Bidder shall return by email or other acceptable means, to PPL Electric one (1) fully executed Transaction Confirmation(s). In addition, if such Transaction(s) is/are the initial Transaction(s) with the winning RFP Bidder under the current RFP solicitation, then PPL Electric will forward to the RFP Bidder one (1) fully executed Default Service SMA electronically. If a winning RFP Bidder fails to execute the Transaction Confirmation(s) as required under this Section 7.5.2, the winning RFP Bidder may forfeit its Bid Assurance Collateral.
- 7.5.3 If the PUC rejects all Bids for a given product, for a given Customer Group, in any solicitation, or if some tranches of a given Product, for a given Customer Group, in a particular solicitation do not receive bids, within one (1) business day, the RFP Manager will contact all RFP Bidders that are qualified in that solicitation, including RFP Bidders that are qualified but did not submit a Bid Proposal in that solicitation, and solicit information regarding the RFP Bidder's interests for that Product. The RFP Manager will submit a report to the PUC regarding the information it receives. Nothing in this Section 7.5.3 requires any RFP Bidder contacted by the RFP Manager pursuant to this section to provide confidential or proprietary business information.
- 7.5.4 If the PUC rejects all Bids for a given product, for a given Customer Group, in any solicitation, or if some tranches of a given product, for a given Customer Group, in a particular solicitation do not receive Bids, those tranches will be offered consistent with Section 1.1.22. In the event that a Default Supplier for a Product defaults, PPL Electric will offer full requirements supply assignment consistent with the Step-Up process described in the Default Service SMA.

ARTICLE 8 RESERVED RIGHTS

8.1 Non-Binding RFP

- 8.1.1 Prior to the submission of any Bid Proposals and with PUC approval, PPL Electric has the right to withdraw and terminate this RFP without any liability or responsibility to any RFP Bidder or any other party, for reasonable cause, including, but not limited to, adverse statutory changes or interpretations, issuance of new PUC orders and/or regulations, market conditions, etc., that preclude this RFP from being implemented in substantially the manner described herein.
- 8.1.2 Subject to PUC approval, the Company reserves the right to accept or reject, in whole or in part, any and all Proposals, without any liability or responsibility to any RFP Bidder or any other party, for reasons set forth in Section 7.4 of this RFP or for any other reasonable cause including, but not limited to, adverse statutory changes or interpretations, issuance of new PUC orders and/or regulations, market conditions, that preclude this RFP from being implemented in substantially the manner described herein.
- 8.1.3 PPL Electric will not be liable to any RFP Bidder or any other party for failure to execute a Default Service SMA. Nothing herein may be construed to bind the Company unless and until the PUC has approved winning Bid(s), and each Default Service SMA with an RFP Bidder has been executed and is effective. Once effective, the Default Service SMA will govern the relationship between and the responsibilities of the parties to that agreement and not the RFP or any documents relating thereto.
- 8.1.4 Pursuant to these RFP rules, PPL Electric or the Bid Proposal Evaluation Team shall reject Bid Proposals submitted in response to this RFP that are incomplete, or do not conform to the requirements of this RFP, or are submitted beyond the deadline for submission, or for any other reason set forth in Section 7.4 of this RFP.
- 8.1.5 The RFP Rules may be further updated to reflect additional decisions by the PUC, relevant changes in law, or non-material modifications to the processing of Proposals expected to improve potential participation by suppliers. Further, PPL Electric and its RFP Manager may amend the RFP Rules if necessary to correct typographical errors, cure inconsistencies in the provisions of this RFP or clarify the intent of the provisions of this RFP.

8.2 Proposals Become PPL Electric's Property

- 8.2.1 All Proposals submitted by RFP Bidders in response to this RFP will become the exclusive property of PPL Electric upon the receipt of such document(s).

Appendix 1
Default Service Supplier Master Agreement

Appendix 2

Expression of Interest Form Default Service Fixed Price and Spot Market Supply

Note that completion of all information is required.

This response is an indication of our interest in PPL Electric Utilities Corporation's Request for Proposals to provide wholesale fixed price and/or spot market service.

Date:

Company:

Contact Name:

Contact Title:

Address:

City:

State:

Zip:

Phone Number:

Email Address:

Appendix 3

Confidentiality Agreement

[Name and Address of Bidder]

[Date]

Ladies and Gentlemen,

This letter is a Confidentiality Agreement between PPL Electric Utilities Corporation (“PPL Electric”) and _____ (“RFP Bidder”) in connection with the RFP Bidder’s intent to participate in the Request for Proposals (“RFP”) to provide Full Requirements Service. This Confidentiality Agreement also pertains to the rights and obligations of PPL Electric and the RFP Bidder in the event the RFP Bidder ultimately is selected as a winner in the RFP and provides service pursuant to PPL Electric’s Default Service Supplier Master Agreement (“Default Service SMA”). PPL Electric and the RFP Bidder hereby agree to accept, and to be bound by the terms of, this Agreement.

DEFINITIONS:

(a) The following terms have the following meanings:

- 1 “Agreement” is this Confidentiality Agreement.
- 2 “Pennsylvania PUC” has the meaning set forth in Section 3(b).
- 3 “Confidential Information” has the meaning set forth in Section 5.
- 4 “Party” means PPL Electric or the RFP Bidder.
- 5 “Parties” means PPL Electric and the RFP Bidder collectively.
- 6 “Representatives” means the officers, directors, employees, advisors, lenders, and other persons, including but not limited to any affiliates who are actively and directly participating in evaluating, responding to, negotiating and consummating the RFP and/or the response to the RFP. A person or entity is not a “Representative” unless that person or entity agrees to preserve the confidentiality of the Confidential Information in accordance with the terms of this Agreement.
- 7 “Third Parties” means a party or parties other than PPL Electric, the RFP Bidder or their respective Representatives.

(b) Other capitalized terms used in this Agreement have the meaning set forth in this Agreement and/or the applicable Request for Proposals, and/or the applicable Default Service SMA.

TERMS:

1. Condition Precedent. PPL Electric and the RFP Bidder shall execute this Agreement as a condition precedent to PPL Electric's furnishing to the RFP Bidder or the RFP Bidder furnishing to PPL Electric a copy of any Confidential Information.

2. Purpose. The purpose of this Agreement is to protect the confidentiality of the Confidential Information and to restrict the use and disclosure of that information in the manner set forth below.

3. Limitations on Use and Disclosure.

(a) A Party shall use the other Party's Confidential Information only for the purpose of evaluating, responding to, negotiating and consummating the RFP and/or the response to the RFP, and/or consummating the Default Service SMA and not for any other purpose. Neither Party shall disclose to Third Parties any information about PPL Electric's or RFP Bidder's participation in the RFP or execution of a Default Service SMA, or the terms or conditions or any other facts relating thereto, including the fact that discussions are taking place with respect thereto, the status of those discussions, or the fact that Confidential Information has been made available by or to PPL Electric or RFP Bidder or their Representatives. Provided, however, that the identity of all (but no fewer than all) bidders who were awarded any load in the state may be released on a statewide basis on or after the first day of the service year, and that no winning bidder's name is to be associated with a particular PPL Electric Default Service Load.

(b) Notwithstanding the foregoing or any other provision of this Agreement, PPL Electric may share any Confidential Information with the Pennsylvania Public Utility Commission, or its Staff (collectively "Pennsylvania PUC") as requested by the Pennsylvania PUC. Any such information shared will be designated as confidential, and PPL Electric will ask the Pennsylvania PUC to hold and use it on a confidential basis.

4. Disclosure upon Default. Notwithstanding the foregoing or any other provision of the Agreement, PPL Electric may disclose Confidential Information in an Event of Default by RFP Bidder, as provided for in the Default Service SMA. PPL Electric may disclose to any RFP Bidder with whom it has executed the Default Service SMA and who is not a Defaulting Party the contract price of the Defaulting Party for the purpose of allowing the Bidder to make the election provided for in Section 5.5 of the Default Service SMA.

5. Definition of Confidential Information. Confidential Information shall consist of oral, electronic and written information that is confidential, proprietary, or generally not available to the public. Whenever possible, such Confidential Information shall be marked prior to or at the time of disclosure as being "Confidential Information". Confidential Information in the case of information provided by PPL Electric to the RFP Bidder shall include, without limitation, all data, reports, interpretations, forecasts or records relating to PPL Electric and/or its

customers, and any other document created by PPL Electric or others which directly or indirectly relates to all or any portion of the bid evaluation information provided to the RFP Bidder by PPL Electric. Confidential Information in the case of information provided by the RFP Bidder to PPL Electric shall include, without limitation, all data, reports, interpretations, forecasts, bids, credit information, credit collateral amounts and bidder identity, and shall also include information prepared by the RFP Bidder that includes directly or indirectly Confidential Information furnished by PPL Electric.

6. Non-Confidential Information. Notwithstanding the provisions of Section 5, information shall not be deemed confidential that: (i) becomes generally available to the public; (ii) is already known to the receiving Party at the time of receipt by the receiving Party; or (iii) is acquired after such receipt from a Third Party not known to the receiving Party to be prohibited from making disclosures. The receiving Party shall give prompt notice to the other Party in the event it believes that any of the other Party's information in its possession is not Confidential Information as a result of the provisions of this Section 6.

7. Property of PPL Electric or the RFP Bidder. Confidential Information belonging to PPL Electric shall consist of Confidential Information supplied by PPL Electric to the RFP Bidder and shall also include the portion of Confidential Information furnished by the RFP Bidder to PPL Electric that incorporates Confidential Information furnished to the RFP Bidder by PPL Electric. Confidential Information belonging to the RFP Bidder consists of all other Confidential Information supplied by the RFP Bidder to PPL Electric. PPL Electric and the RFP Bidder acknowledge that each Party's Confidential Information is and at all times remains the sole and exclusive property of that Party, who, it is agreed, has the exclusive right, title, and interest to its Confidential Information. Neither Party grants any right or license, by implication or otherwise, as a result of the provision of Confidential Information to the receiving Party.

8. Disclosure Prohibited Except Where Explicitly Permitted. Neither Party shall disclose or use the other Party's Confidential Information without the other Party's prior written consent except as explicitly stated in Sections 3, 4, 9 and 10 of this Agreement.

9. Disclosure For Bid Evaluation Purposes. A Party may disclose the other Party's Confidential Information to its Representatives for the purposes set forth in Section 3. The obligations and restrictions under this Agreement that apply to a Party also apply to a Party's Representatives.

10. Disclosure to Governmental Authorities Other than the Pennsylvania PUC.

(a) A Party (the "disclosing Party") may also disclose the other Party's Confidential Information to any governmental, judicial, or regulatory authority ("Authority") requiring such Confidential Information; provided that the disclosing Party a) promptly informs the other Party of the substance of any inquiries, requests or requirements in order to afford the other Party an opportunity to attempt to prevent or limit the disclosure of the Confidential Information; b) makes a good faith effort to persuade the Authority (i) that submission of the Confidential Information should not be required, or, if that effort fails, (ii) that submission of the Confidential Information on a non-public basis should be permitted; and c) endeavors in good faith to protect the Confidential Information provided to an Authority from disclosure to Third Parties. If an

Authority orders the disclosing Party to disclose any documents containing the other Party's Confidential Information, the disclosing Party shall a) attempt to obtain from the other Party, if the Authority allows the time, a "Public Disclosure Copy", or b) if the Authority does not allow such time, shall prepare itself a "Public Disclosure Copy" in which the Confidential Information has been redacted to the extent that such redaction is permitted by the Authority requiring disclosure. Confidential Information disclosed pursuant to this Section 10 on a non-public basis shall not lose its status as Confidential Information by virtue of such non-public disclosure.

(b) Notwithstanding the foregoing, the Parties agree that either party may be required to provide Confidential Information to the Federal Energy Regulatory Commission ("FERC") in order to comply with FERC Form 1 or FERC transaction reporting requirements. Each Party agrees that to the extent it is required to provide FERC any such information, the Party required to provide such information will provide only the information that is reasonably necessary to comply with such reporting requirements and shall not be required to comply with the provisions of Section 10(a) of this Agreement unless there have been substantive changes to the information required for FERC reporting purposes.

11. Termination of RFP Participation. If the RFP Bidder determines that it does not wish to proceed with the RFP, or if PPL Electric excludes the RFP Bidder from the RFP for any of the reasons set forth in the RFP, it will immediately notify the other Party of that decision. In such case, or if the RFP is not consummated, upon the written request of the Party (the "requesting Party"), the other Party (the "receiving Party") shall not retain and shall promptly return to the requesting Party all the requesting Party's written Confidential Information in the possession of the receiving Party or its Representatives, except for the portion ("said portion") of the requesting Party's Confidential Information that may be found in analyses, compilations, or other documents prepared by, or for, the receiving Party and its Representatives. The said portion and any oral Confidential Information furnished by the requesting Party and not so requested or returned will be held by the receiving Party and kept subject to the terms of this Agreement, or destroyed.

12. Liability and Relief. A Party or any of its Representatives shall be liable for any breach of this Agreement. In the event a non-breaching Party or its Representatives shall have knowledge of any breach of the confidentiality of, or the misappropriation of, any of the Confidential Information, the non-breaching Party shall promptly give notice thereof to the breaching Party. The Parties agree that breach of this confidentiality agreement may cause damages to which a dollar amount may be difficult or impossible to ascribe, however, that such a breach would be irremediable by damages alone and specifically agree to equitable relief as appropriate. The non-breaching Party shall be entitled to specific performance or other equitable relief by way of injunction or otherwise, if the other Party or any of its Representatives breach or threaten to breach any of the provisions of this Agreement. Such remedy shall not be deemed to be the exclusive remedy available to the non-breaching Party, but shall be in addition to all other available remedies. Neither failure nor delay by the non-breaching Party, in exercising any of its rights or privileges herein, shall operate as a waiver nor shall any single or partial exercise preclude any other or further exercise of any right, power or privilege.

13. Representatives, Successors and Assigns. This Agreement shall be binding upon and for the benefit of the Parties, and their respective Representatives, successors, and permitted

assigns. Neither Party may assign its rights or obligations hereunder without prior written consent of the other Party.

14. Controlling Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to conflicts of laws rules or principles.

15. Full Compliance Required. The failure in any instance to insist on full compliance with the terms of this Agreement shall not be deemed to be a waiver of the right to insist upon full compliance with these terms thereafter.

16. Signatures. The signatures below establish each Party's agreement to the terms hereof.

17. Termination. This Agreement shall terminate six years from the date hereof.

18. Counterparts. This Agreement may be executed in counterparts, each of which will be considered an original, but all of which shall constitute one instrument.

RFP BIDDER

By: _____

Name of Officer: _____

Title: _____

PPL ELECTRIC UTILITIES CORPORATION

By: _____

Name: _____

Title: _____

Appendix 4

PJM Qualification Certification Form

I, _____ (“Agent”) am an authorized signatory for
_____ (“Company”) and hereby certify that Company is a member of
the PJM Interconnection, LLC (“PJM”) and is qualified as a market buyer and market seller in
good standing able to secure generation or otherwise obtain and deliver electricity in PJM
through compliance with all applicable requirements of PJM to fulfill a Full Requirements
Service obligation.

Signed:

Date:

Type or Print Name of Officer:

Title:

Company:

Appendix 5

FERC Authorization Certification Form

I, _____ (“Agent”) am an authorized signatory for
_____ (“Company”) and hereby certify that Company has been
authorized by the Federal Energy Regulatory Commission (“FERC”) to make sales of energy,
capacity and ancillary services at market-based rates, pursuant to the Federal Power Act and the
provisions of FERC’s regulations promulgated thereunder. The Company’s authorization to
make such sales at market-based rates was granted in Docket No(s).

_____.

Signed:

Date:

Type or Print Name of Officer:

Title:

Company:

Appendix 6

Credit Application

1 Company Information

Type of Business

- Corporation
- Limited Liability Company
- Joint Venture
- Other (describe)

RFP Bidder Organization

Legal Corporate Name:

Street Address:

City, State, Zip Code:

DUNS Number:

Federal Tax ID Number:

For Corporation/Limited Liability Companies (please enter “n/a”, if this does not apply to you)

Date and State of Incorporation/Registration:

For Limited Partnerships (please enter “n/a”, if this does not apply to you)

Name of General Partner:

Address of General partner:

City, State, Zip Code:

2 Application for Credit

- The RFP Bidder is not seeking to be granted unsecured credit under the Default Service SMA. (If you check this option, this Credit Application is complete and you are not required to provide any supporting documentation).

This application for credit is to be based on the creditworthiness of the **Applicant indicated below.**

The RFP Bidder listed under Section 1.

The parent/guarantor company listed below.

Parent/Guarantor Company

Legal Corporate Name:

Street Address:

City, State, Zip Code:

DUNS Number:
Federal Tax ID Number:

Applicant Credit Contact Name

Name:
Title:
Street Address:
City, State, Zip Code:
Phone Number:

Email Address:

3 Credit Information

The Applicant indicated in Section 2 is required to provide the Securities and Exchange Commission (“SEC”) Form 10-Q or 10-K (whichever is more recent). If the SEC 10-Q or 10-K is unavailable, the supporting documents must include the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement); and the most recent quarterly, monthly or bi- annual financial information, if available. Indicate below what statements are being submitted.

SEC 10-K
 SEC 10-Q

If the SEC 10-K or 10-Q is unavailable, the Applicant must provide:

most recent audited annual financial information: (describe)
and
 most recent quarterly, monthly or bi- annual financial information, if available: (describe)

In the event the above information is inadequate to appropriately assess the Applicant's creditworthiness, the Applicant must provide evidence of its capability to provide collateral instruments, its capability to borrow and other sources of liquidity.

Subject to Section 4.5.2 of the Default Service RFP, submitted information must be in the English language, and financial data denominated in United States currency, and conform to generally accepted accounting principles (“GAAP”) in the United States. If the Applicant's financial information is consolidated with other entities, then it is the Applicant's responsibility to extract and submit as separate documents all data and information related solely to the Applicant. This must include all financial information, associated notes and all other information that would comprise a full financial report conforming to GAAP.

Has the Applicant or predecessor company declared bankruptcy in the last 5 years?

Yes

No

Are there any pending bankruptcies or other similar state or federal proceedings, outstanding judgments or pending claims or lawsuits that could affect the solvency of the Applicant?

Yes

No

If the answer is "Yes" to either of the above questions, please provide an addendum to this application describing the situation and how it affects the Applicant's ability to meet or not to meet its credit obligations.

4 Applicant's Credit Ratings (please enter "n/a" when the information requested in this item is unavailable)

Standard & Poor's

Current Rating: _____

(Senior Unsecured Long-Term Debt Rating or Issuer Rating)

Moody's Investor Services

Current Rating: _____

Indicate whether this rating is:

(Senior Unsecured Long-Term Debt Rating or Issuer Rating)

Fitch Ratings

Current Rating: _____

Indicate whether this rating is:

(Senior Unsecured Long-Term Debt Rating or Issuer Rating)

Along with the above information, attach the latest review from each of the agencies. Documentation showing the name of the rating agency, the type of rating, and the rating of the Applicant is acceptable.

5 Foreign Guarantor Requirements

Is the RFP Bidders relying on the financial standing of a foreign Guarantor?

No (Please proceed to Section 7)

Yes (Please complete this Section 6)

An RFP Bidder relying on the financial standing of a foreign Guarantor may provide any additional evidence of creditworthiness for the Guarantor so as to provide PPL Electric 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 indicate if you are including any such additional information:

- Yes: (Describe)
- No

Under the terms of the Default Service SMA, additional documents are required for the foreign Guarantor to be granted unsecured credit and for the RFP Bidder to rely on the financial standing of the Guarantor. The RFP Bidder may, but is not required to, submit with its Bidder Qualifications a draft of these additional documents for review. Please indicate if you are including any such additional information:

Yes, the Applicant is providing the following documents for review:

Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the guaranty pursuant to the Default Service SMA 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

Draft sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the person executing the guaranty pursuant to the Default Service SMA on behalf of the Guarantor has the authority to execute the guaranty pursuant to the Default Service SMA and that the governing board of such guarantor has approved the execution of the guaranty pursuant to the Default Service SMA

Draft sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the Default Service SMA.

No

If an RFP Bidder submits a draft of the documents for evaluation, the RFP Manager will provide this evaluation to the RFP Bidder on the Qualified Bidders Notified Date.

6 Authorization

The Applicant indicated in Section 2 hereby represents and warrants that all statements and representations made herein, including any supporting documents, are true to the best of Applicant’s knowledge and belief. The undersigned authorized official of the Applicant warrants that the Applicant agrees to be bound by these representations. The Applicant authorizes the above listed entities to release data requested by PPL Electric Utilities Corporation necessary to perform a credit check in connection with RFP Bidder’s interest to bid on this RFP.

Applicant’s Company Name: _____

Signature of Authorized Official: _____

Name of Authorized Official (print): _____

Title of Authorized Official (print): _____

Date Signed: _____

Appendix 6b

Confirmation of Previously Submitted Credit and Financial Information

The RFP Bidder, _____, has qualified for a prior solicitation in the Default Service RFP. I confirm that with the Exceptions indicated below and that are enclosed herein, all previously submitted credit and financial information remain up-to-date and accurate. I provide this statement as part of the abbreviated Qualifications process for the following solicitation of the PPL Electric Default Service RFP.

- October 2021 solicitation
- April 2022 solicitation
- October 2022 solicitation
- April 2023 solicitation
- October 2023 solicitation
- April 2024 solicitation
- October 2024 solicitation

Exceptions:

- None
- Updated SEC 10-K. Updated SEC 10-Q
- Updated most recent audited annual financial information: (describe)
- Updated most recent quarterly, monthly or bi- annual financial information: (describe)
- Updated credit ratings support documentation.

Signature: _____

Date: _____

RFP Bidder: _____

Name of Authorized Official: _____

Title: _____

APPENDIX 7a

**BID ASSURANCE LETTER OF CREDIT
SUPPLY FOR DEFAULT SERVICE LOAD**

**{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}
IRREVOCABLE STANDBY LETTER OF CREDIT NO.**

ISSUE DATE _____ EXPIRY DATE _____
APPLICANT
[NAME]
[ADDRESS]

BENEFICIARY PPL ELECTRIC UTILITIES CORPORATION
2 NORTH 9TH STREET, GEN TW-20
ALLENTOWN, PA 18101
ATTN: PPL ELECTRIC ENERGY PROCUREMENT TEAM

CURRENCY AMOUNT
USD *****\$

WE (THE “ISSUER”) HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE STANDBY 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 AT OUR COUNTERS LOCATED AT _____ [INSERT ISSUER’S PLACE FOR PRESENTATION], EFFECTIVE _____ AND EXPIRING ON _____ AT 5:00 PM NEW YORK, NEW YORK TIME, WHICH IS AT LEAST 60 DAYS FROM THE DATE OF ISSUANCE, UNLESS TERMINATED EARLIER IN ACCORDANCE WITH THE PROVISIONS OF THIS LETTER OF CREDIT OR OTHERWISE EXTENDED BY AMENDMENT.

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.

BENEFICIARY WILL HOLD THIS LETTER OF CREDIT UNTIL WE RECEIVE WRITTEN NOTIFICATION FROM THE BENEFICIARY THAT EITHER:

1. THE APPLICANT’S BID PROPOSAL IN THE PPL ELECTRIC DEFAULT SERVICE RFP SOLICITATION ON [INSERT DATE] (THE “SOLICITATION DATE”) HAS BEEN REJECTED IN WHOLE AND THE APPLICANT HAS BEEN NOTIFIED OF SUCH REJECTION; OR

2. THE APPLICANT HAS WON TRANCHES IN THE PPL ELECTRIC DEFAULT SERVICE RFP SOLICITATION ON THE SOLICITATION DATE AND HAS EXECUTED THE DEFAULT SERVICE SUPPLIER MASTER AGREEMENT (“SMA”) AND/OR TRANSACTION CONFIRMATIONS FOR SUCH TRANCHES.

UPON EITHER OF THE ABOVE TWO CONDITIONS, THIS LETTER OF CREDIT WILL BE RETURNED BY THE BENEFICIARY TO THE ISSUER WITHIN TWO BUSINESS DAYS. THE APPLICANT MAY REQUEST THAT THIS LETTER OF CREDIT RESIDE WITH THE BENEFICIARY THROUGH THE ENTIRE MULTI-SOLICITATION PERIOD OF THE PPL DEFAULT SERVICE RFP.

THIS LETTER OF CREDIT MAY ALSO BE TERMINATED PRIOR TO THE STATED EXPIRY DATE 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.

IF THE APPLICANT IS AWARDED TRANCHE(S) IN THE PPL DEFAULT SERVICE RFP SOLICITATION ON THE SOLICITATION DATE AND DOES NOT TIMELY EXECUTE THE TRANSACTION CONFIRMATIONS ASSOCIATED WITH SUCH TRANCHES, THE APPLICANT SHALL FORFEIT THE ENTIRE AMOUNT OF THIS LETTER OF CREDIT.

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

1. YOUR SIGNED STATEMENT, READING AS FOLLOWS:

“THE AMOUNT FOR THIS DRAWING, USD _____ [INSERT AMOUNT], BEING MADE UNDER LETTER OF CREDIT NUMBER _____ [INSERT LETTER OF CREDIT REFERENCE NUMBER], REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY PURSUANT TO THE TERMS OF SUCH LETTER OF CREDIT.”

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

AT THE BENEFICIARY’S REQUEST PRIOR TO THE EXPIRY DATE, THE ISSUER WILL ISSUE TO THE BENEFICIARY A REPLACEMENT LETTER OF CREDIT (HAVING THE SAME TERMS AND CONDITIONS AS THIS LETTER OF CREDIT AND ANY AMENDMENTS HERETO) IF THE BENEFICIARY CERTIFIES TO THE ISSUER THAT THE ORIGINAL LETTER OF CREDIT HAS BEEN LOST, STOLEN, DESTROYED OR MUTILATED AND PROVIDES THE ISSUER WITH A REASONABLY ACCEPTABLE INDEMNITY.

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, IN EITHER CASE BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS TO AN ACCOUNT DESIGNATED BY THE BENEFICIARY BY NOTICE TO THE ISSUER.

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 ISSUER UNDER THIS LETTER OF CREDIT AND ISSUER SHALL REMAIN LIABLE TO BENEFICIARY UNTIL THE EXPIRY DATE OF THIS LETTER OF CREDIT 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 UNIFORM CUSTOMS AND PRACTICES FOR DOCUMENTARY CREDITS, 2007 REVISION - ICC PUBLICATION NO. 600, OR ANY SUCCESSOR PUBLICATION THERETO (THE "UCP"). AS TO MATTERS NOT GOVERNED BY THE USP, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH THE UCP, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE COMMONWEALTH OF PENNSYLVANIA. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BENEFICIARY AND THE ISSUER.
5. ARTICLE 36 OF THE UCP AS IT APPLIES TO THIS LETTER OF CREDIT IS MODIFIED AS FOLLOWS: IF, ON THE LAST BUSINESS DAY FOR PRESENTATION THE PLACE FOR PRESENTATION STATED IN THIS LETTER OF CREDIT IS CLOSED FOR ANY REASON, THEN THE LAST DAY FOR

PRESENTATION IS AUTOMATICALLY EXTENDED TO THE DAY THAT IS TEN (10) CALENDAR DAYS AFTER THE PLACE FOR PRESENTATION RE-OPENS OR THE ISSUER NOTIFIES THE BENEFICIARY OF AN ALTERNATIVE PLACE FOR PRESENTATION, WHICH ALTERNATIVE MUST BE IN THE UNITED STATES.

6. 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.

7. 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: _____

NAME: _____

TITLE: _____

PLEASE DIRECT ANY WRITTEN CORRESPONDENCE, INCLUDING DRAWING OR INQUIRIES TO:

[BANK NAME, ADDRESS AND PHONE NUMBER]

APPENDIX 7b

**BID ASSURANCE LETTER OF CREDIT
(ELECTRONIC “eUCP CREDIT”)
SUPPLY FOR DEFAULT SERVICE LOAD**

**{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}
IRREVOCABLE STANDBY LETTER OF CREDIT NO.**

ISSUE DATE _____ EXPIRY DATE _____
APPLICANT
[NAME]
[ADDRESS]

BENEFICIARY
PPL ELECTRIC UTILITIES CORPORATION
2 NORTH 9TH STREET, GEN TW-20
ALLENTOWN, PA 18101
ATTN: ENERGY PROCUREMENT TEAM

ELECTRONIC ISSUE ADDRESS: **[INSERT PPL DEDICATED EMAIL ADDRESS FOR
eUCP CREDITS]**

CURRENCY AMOUNT
USD *****\$

WE (THE “ISSUER”) HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO: _____ (THIS “LETTER OF CREDIT,” WHICH SHALL BE AN “eUCP CREDIT”) 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 AT OUR COUNTERS LOCATED AT _____ [INSERT ISSUER’S PLACE FOR PRESENTATION]), EFFECTIVE _____ AND EXPIRING ON _____ AT 5:00 PM NEW YORK, NEW YORK TIME, WHICH IS AT LEAST 60 DAYS FROM THE DATE OF ISSUANCE, UNLESS TERMINATED EARLIER IN ACCORDANCE WITH THE PROVISIONS OF THIS LETTER OF CREDIT OR OTHERWISE EXTENDED BY AMENDMENT.

THIS LETTER OF CREDIT IS PRESENTABLE AND PAYABLE AS AN eUCP CREDIT, 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.

THIS ORIGINAL LETTER OF CREDIT HAS BEEN ISSUED VIA ELECTRONIC MEANS ONLY TO [INSERT SAME PPL EMAIL ADDRESS AS AT THE TOP]. WE CONFIRM THAT THE ELECTRONIC PDF FILE OF THIS LETTER OF CREDIT (TOGETHER WITH ELECTRONIC PDF FILES OF SUBSEQUENT AMENDMENTS, IF ANY) SERVES AS THE OPERATIVE INSTRUMENT, AND THAT THE BENEFICIARY MAY USE THE ELECTRONIC PDF FILE OF THE LETTER OF CREDIT (TOGETHER WITH ELECTRONIC PDF FILES OF SUBSEQUENT AMENDMENTS, IF ANY) AS IT WOULD A HARD COPY ORIGINAL

DRAFTS, DOCUMENTS AND OTHER COMMUNICATIONS HEREUNDER MAY BE PRESENTED OR DELIVERED TO US BY EMAIL OR BY ANY OTHER ELECTRONIC MEANS. PRESENTATION OR DELIVERY BY EMAIL MUST BE MADE FROM [ONE OF] YOUR EMAIL ADDRESS[ES]: _____ OR _____ [FILL IN ONE OR MORE PPL EMAIL ADDRESSES] TO THE FOLLOWING ISSUER EMAIL ADDRESS: _____ [ISSUER TO INSERT ISSUER EMAIL ADDRESS], AND CONFIRMED BY TELEPHONE TO US AT ONE OF THE FOLLOWING NUMBER(S): _____ OR _____ [ISSUER TO INSERT PHONE NUMBERS FOR CONFIRMATION]. IN THE EVENT OF A PRESENTATION BY EMAIL OR BY OTHER ELECTRONIC MEANS, NO REGULAR MAIL PRESENTATION OR DELIVERY IS NECESSARY, AND THE TRANSMISSION BY EMAIL OR BY OTHER ELECTRONIC MEANS WILL CONSTITUTE CONFORMING PRESENTATION OR DELIVERY.

BENEFICIARY WILL HOLD THIS LETTER OF CREDIT UNTIL WE RECEIVE WRITTEN NOTIFICATION FROM THE BENEFICIARY THAT EITHER:

1. THE APPLICANT'S BID PROPOSAL IN THE PPL ELECTRIC DEFAULT SERVICE RFP SOLICITATION ON [INSERT DATE] (THE "SOLICITATION DATE") HAS BEEN REJECTED IN WHOLE AND THE APPLICANT HAS BEEN NOTIFIED OF SUCH REJECTION; OR
2. THE APPLICANT HAS WON TRANCHES IN THE PPL ELECTRIC DEFAULT SERVICE RFP SOLICITATION ON THE SOLICITATION DATE AND HAS EXECUTED THE DEFAULT SERVICE SUPPLIER MASTER AGREEMENT ("SMA") AND/OR TRANSACTION CONFIRMATIONS FOR SUCH TRANCHES.

UPON EITHER OF THE ABOVE TWO CONDITIONS, THIS LETTER OF CREDIT WILL BE RETURNED BY THE BENEFICIARY TO THE ISSUER WITHIN TWO BUSINESS DAYS. THE APPLICANT MAY REQUEST THAT THIS LETTER OF CREDIT RESIDE WITH THE BENEFICIARY THROUGH THE ENTIRE MULTI-SOLICITATION PERIOD OF THE PPL DEFAULT SERVICE RFP.

THIS LETTER OF CREDIT MAY ALSO BE TERMINATED PRIOR TO THE STATED EXPIRY DATE 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.

IF THE APPLICANT IS AWARDED TRANCHE(S) IN THE PPL DEFAULT SERVICE RFP SOLICITATION ON THE SOLICITATION DATE AND DOES NOT TIMELY EXECUTE THE TRANSACTION CONFIRMATIONS ASSOCIATED WITH SUCH TRANCHES, THE APPLICANT SHALL FORFEIT THE ENTIRE AMOUNT OF THIS LETTER OF CREDIT.

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

1. YOUR SIGNED STATEMENT, READING AS FOLLOWS:

“THE AMOUNT FOR THIS DRAWING, USD _____ [INSERT AMOUNT], BEING MADE UNDER LETTER OF CREDIT NUMBER _____ [INSERT LETTER OF CREDIT REFERENCE NUMBER], REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY PURSUANT TO THE TERMS OF SUCH LETTER OF CREDIT, AND THIS STATEMENT SHALL BE THE NOTICE OF COMPLETENESS FOR THIS PRESENTATION UNDER THE ABOVE-REFERENCED LETTER OF CREDIT.”

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

AT THE BENEFICIARY’S REQUEST PRIOR TO THE EXPIRY DATE, THE ISSUER WILL ISSUE TO THE BENEFICIARY A REPLACEMENT LETTER OF CREDIT (HAVING THE SAME TERMS AND CONDITIONS AS THIS LETTER OF CREDIT AND ANY AMENDMENTS HERETO) IF THE BENEFICIARY CERTIFIES TO THE ISSUER THAT THE ORIGINAL LETTER OF CREDIT HAS BEEN LOST, STOLEN, DESTROYED OR MUTILATED AND PROVIDES THE ISSUER WITH A REASONABLY ACCEPTABLE INDEMNITY.

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, IN EITHER CASE BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS TO AN ACCOUNT DESIGNATED BY THE BENEFICIARY BY NOTICE TO THE ISSUER.

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 ISSUER UNDER THIS LETTER OF CREDIT AND ISSUER SHALL REMAIN LIABLE TO BENEFICIARY UNTIL THE EXPIRY DATE OF THIS LETTER OF CREDIT 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 UNIFORM CUSTOMS AND PRACTICES FOR DOCUMENTARY CREDITS, ICC PUBLICATION NO. 600, AS SUPPLEMENTED BY THE eUCP VERSION 2.0, OR ANY SUCCESSOR PUBLICATION THERETO (THE "eUCP"). AS TO MATTERS NOT GOVERNED BY THE UCP, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH THE UCP, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE COMMONWEALTH OF PENNSYLVANIA. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BENEFICIARY AND THE ISSUER.
5. ARTICLE 36 OF THE eUCP AS IT APPLIES TO THIS LETTER OF CREDIT IS MODIFIED AS FOLLOWS: IF, ON THE LAST BUSINESS DAY FOR PRESENTATION THE PLACE FOR PRESENTATION STATED IN THIS LETTER OF CREDIT IS CLOSED FOR ANY REASON, THEN THE LAST DAY FOR PRESENTATION IS AUTOMATICALLY EXTENDED TO THE DAY THAT IS TEN (10) CALENDAR DAYS AFTER THE PLACE FOR PRESENTATION RE-OPENS OR THE ISSUER NOTIFIES THE BENEFICIARY OF AN ALTERNATIVE PLACE FOR PRESENTATION, WHICH ALTERNATIVE MUST BE IN THE UNITED STATES.
6. 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.

7. 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: _____

NAME: _____

TITLE: _____

PLEASE DIRECT ANY INQUIRIES (OTHER THAN DRAFTS, DOCUMENTS OR OTHER COMMUNICATIONS REGARDING PRESENTATION) TO:

[BANK NAME, EMAIL ADDRESS AND PHONE NUMBER]

PPL Electric Utilities
Default Service RFP Process and Rules
APPENDIX 8

Example Bid Proposal Spreadsheet—Notes

Instructions:

The RFP Bidder must complete the Bid Proposal Spreadsheet as directed in Article 5.

All required information must be entered in the shaded cells. The absence of any required information will be deemed a non-conforming bid and will be eliminated from further consideration.

Residential -- is comprised of the following rate schedules:

RS* RS – Residential Service
RTS* RTS(R) – Residential Service – Thermal Storage

Small Commercial and Industrial -- is comprised of the following rate schedules:

GS-1* GS-1 – Small General Service
GS-3* GS-3 – Large General Service – Customers with less than 100 kW peak demand
LP-4 LP-4 – Large General Service (12 KV or Higher) – Customers with less than 100 KW peak demand
GH-2* GH-2(R) – Separate Meter General Space Heating Service
BL BL – Borderline Service – Electric Utilities
SA SA – Private Area Lighting
SM SM – Mercury Vapor Street Lighting
SHS SHS – High Pressure Sodium Street Lighting
SE SE – Energy Only Street Lighting Service
TS TS(R) – Municipal Traffic Signal Lighting Service
SI-1 SI-1(R) – Municipal Street Lighting
Standby Rule 6A – Standby Service for Qualifying Facilities applicable to customers in the above listed rate schedules.

Large Commercial and Industrial -- is comprised of the following rate schedules:

GS-3 GS-3 – Large General Service –Customers with 100 KW and higher peak demand
LP-4 LP-4 – Large General Service (12 KV or Higher) – Customers with 100 KW and higher peak demand
LP-5 LP-5 – Large General Service (69 KV or Higher)

LPEP Power Service to Electric Propulsion

Standby Rule 6A – Standby Service for Qualifying Facilities applicable to customers in the above listed rate schedules.

NOTES:

1. Rate schedules also may be subject to riders. Any such riders are set forth in PPL Electric Utilities Corporation General Tariff, Rules and Rate Schedules for Electric Service.
2. LPEP will be included in the Large C&I Customer Group only if Amtrak requests 60 Hz electricity supply.
3. Rate Schedule LP-4 customers with less than 100 KW peak demand will be included in the Small C&I Customer Group and Rate Schedule GS-3 customers with 100 KW or greater peak demand will be included in the Large C&I Customer Group. The initial determination of peak demand will be based on the customer's ICAP peak load contribution assigned for the June 1, 2021 date by PJM Interconnection, LLC ("PJM") and will take effect starting December 1, 2021. All following determinations of peak demand and classification of customers will be reassessed annually on June 1 each year thereafter, throughout the period of June 1, 2022 through May 31, 2025.
4. For the purposes of this RFP, Time-of-Use load will be included in the calculation of Default Service Load.

**PPL Electric Utilities Corporation
Default Service RFP Process and Rules**

APPENDIX 8

Example Bid Proposal Spreadsheet—Default Service Fixed Price Supply

Solicitation # <number>

Full Requirements Service

Bid Proposal Due Date: <month>, <day>, <year>

<Customer Group>

<number>-Month Delivery Period: <commencement date> - <expiration date>

Bidder Information:

Company Name

Contact Name

Phone Number

* Required Field

* Required Field

* Required Field

Tranche Information:

Solicitation Load Cap

85%

Aggregate Load Cap

50%

Total Available Tranches

Tranche Size (% of Total Residential Default

Service Load)

<percentage>%

Bid Information:

	Total Tranches Supplied	Bid Assurance Collateral Amount	Price (US\$/MWh)
Bids	1	\$500,000	
	2	\$1,000,000	
	3	\$1,500,000	
	4	\$2,000,000	
	5	\$2,500,000	

* Required Field

* Required Field

* Required Field

* Required Field

* Required Field

Complete/Incomplete:

**PPL Electric Utilities Corporation
Default Service RFP Process and Rules**

APPENDIX 8

Example Bid Proposal Spreadsheet—Default Service Spot Market Supply

Solicitation # <number>

Full Requirements Service

Bid Proposal Due Date: <month>, <day>, <year>

Large Commercial and Industrial

<number>-Month Delivery Period: <commencement date> - <expiration date>

Bidder Information:

Company Name

Contact Name

Phone Number

* Required Field

* Required Field

* Required Field

Tranche Information:

Solicitation Load Cap

85%

Total Available Tranches

Tranche Size (% of Total Large Commercial and Industrial

Default Service Load)

<percentage>%

Bid Information:

	Total Tranches Supplied	Bid Assurance Collateral Amount	Price (US\$/MWh)
Bids	1	\$500,000	
	2	\$1,000,000	
	3	\$1,500,000	
	4	\$2,000,000	

* Required Field

* Required Field

* Required Field

* Required Field

Complete/Incomplete:

Appendix 9

Binding Bid Agreement

Bid Proposal Due Date: <month> <day><year>

In consideration for the privilege of submitting bids as part of the Default Service Requests For Proposals process, _____ (“RFP Bidder”) agrees to be bound by the price quotes entered for Fixed Price and/or Spot Market Products on any Bid Proposal Spreadsheet(s), up to the expiration time of its proposal, as set forth in Section 5.6 (Expiration of Bid Proposals) of this Request For Proposals (“RFP”), submitted to PPL Electric Utilities Corporation (“PPL Electric”), in response to this multi-solicitation process, which shall constitute a firm offer to supply service in accordance with the Default Service Supplier Master Agreement (“Default Service SMA”) and applicable Pennsylvania law and regulations. Any bid is not subject to any contingencies or conditions precedent and, if accepted by PPL Electric, the RFP Bidder agrees to execute the Transaction Confirmation in a timely manner as set forth in Section 7.5.2 of the RFP Rules.

The submission of any binding offer to PPL Electric shall constitute the Bidder’s acknowledgment and acceptance of all the terms, conditions and requirements of this RFP.

The RFP Bidder certifies that it is bidding independently and that it has no knowledge of any Proposal being submitted by another RFP Bidder in response to this RFP. The RFP Bidder certifies that, except for any communication with its financial institution for the purpose of preparing the Bid Assurance Letter of Credit, the RFP Bidder has not disclosed and will not disclose publicly or to any other party before the Pennsylvania Public Utility Commission has rendered a decision on the RFP results any information relating to its Proposal, which could have an effect on whether another party submits a Proposal to this RFP or on the contents of such Proposal that another RFP Bidder would be willing to submit in response to this RFP.

The undersigned represents and warrants that he/she has the authority to act on behalf of, and to bind, the RFP Bidder to perform the terms and conditions and otherwise comply with all obligations stated herein.

Signature of Officer: _____

Name of Officer (*print*): _____

Title of Officer (*print*): _____

Date Signed: _____

DEFAULT SERVICE BLOCK
SUPPLIER MASTER AGREEMENT (SMA)
BETWEEN
PPL ELECTRIC UTILITIES CORPORATION
AND
[DSB SUPPLIER NAME]

DATED _____

DEFAULT SERVICE BLOCK SUPPLIER MASTER AGREEMENT

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PENNSYLVANIA DEFAULT SERVICE BLOCK SUPPLIER MASTER AGREEMENT

THIS DEFAULT SERVICE BLOCK SUPPLIER MASTER AGREEMENT,
made and entered into this _____ day of _____, _____
("Effective Date"), by and between PPL Electric Utilities Corporation (the "Company"
and "Buyer"), a corporation and a public utility organized and existing under the laws of
the Commonwealth of Pennsylvania and _____ ("DSB Supplier"), the Company and the
DSB Supplier hereinafter sometimes referred to collectively as the "Parties", or
individually as a "Party",

WITNESSETH:

WHEREAS, the Company is an electric public utility engaged, inter alia, in
providing retail electric service within its service territory located in the Commonwealth
of Pennsylvania; and

WHEREAS, the Pennsylvania Public Utility Commission ("PaPUC" or
"Commission") Orders issued pursuant to the Electricity Generation Customer Choice
and Competition Act, 66 Pa.C.S. §§ 2801-2812, direct Buyer to supply electric service to
Default Service Load within Buyer's Pennsylvania franchise service territory; and

WHEREAS, the PaPUC has found that, for periods further identified in
Appendix C and Transaction Confirmation(s) under this Agreement, it would serve the
public interest for the Company to secure Default Service Supply ("DSB Supply")
through a competitive procurement process ("DSB Solicitation") and the PaPUC has
approved such a process; and

WHEREAS, the Company has conducted and completed a successful DSB

Solicitation for the provision of DSB Supply, and the DSB Supplier was one of the winning bidders in the DSB Solicitation; and

WHEREAS, pursuant to the competitive bidding procedures of the DSB Solicitation, the Company and the DSB Supplier desire to enter into this Agreement setting forth their respective rights and obligations concerning the provision of DSB Supply.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby covenant, promise and agree as follows:

ARTICLE 1 DEFINITIONS

Any capitalized or abbreviated term not elsewhere defined in this Agreement shall have the definition set forth in this Article.

Alternative Energy Credit or “AEC” – Shall have the meaning ascribed thereto in the AEPS Act.

AEPS Act – The Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8.

Affiliate – Shall mean, 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.

Alternative Energy Portfolio Standards or “AEPS” – Shall have the meaning ascribed to it in the Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8, as amended from time to time.

Ancillary Services – Shall have the meaning ascribed thereto in the PJM Agreements.

Applicable Legal Authorities – Those federal and Pennsylvania statutes and administrative rules and regulations that govern the electric utility industry in Pennsylvania, as they may be amended from time to time.

Auction Revenue Rights or “ARRs” – The current or any successor congestion management mechanisms as may be employed by PJM (whether set forth in the PJM Agreements or elsewhere) for the purpose of allocating financial congestion hedges or financial transmission auction revenue rights. As currently defined by PJM, ARR are entitlements allocated annually by PJM which entitle the holder to receive an allocation of the revenues from the annual auction of financial transmission rights conducted by PJM pursuant to the PJM Agreements.

Bankruptcy Code – 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.*, as such laws may be amended, modified, replaced or superseded from time to time.

Billing Month – Each calendar month during the term of this Agreement.

Block Supply – Shall mean, such MWs of around-the-clock Energy, Capacity, transmission service, Ancillary Services and associated AECs, delivered to the Delivery Point, as established by the PaPUC Orders. Block Supply is currently scheduled to be 50 MW for the period June 1, 2021 through November 30, 2021, to be 100 MW for the period December 1, 2021 through May 31, 2026 and to be 50 MW for the period June 1, 2026 through November 30, 2026. The entirety of this Block Supply will be allocated to the Residential Customer Group.

Block Service means all necessary Energy, Transmission other than Non-market-based Transmission Services, transmission losses, congestion management costs, and such other services or products (but excluding Capacity, Ancillary Services, and Pennsylvania Alternative Energy Portfolio Standard (“AEPS”) obligation) that are required to supply the DSB Supplier Responsibility Amount delivered to the Delivery Point.

Business Day – Any day on which the Company’s and PJM’s corporate offices are open for business and commercial banks are not authorized or required to close in New York, New York.

Charge – Any fee, charge or other amount that is billable by the Company to the DSB Supplier under this Agreement.

Company – PPL Electric Utilities Corporation.

Costs – With respect to the Non-Defaulting Party, brokerage fees, commissions and other similar transaction costs and expenses reasonably incurred by such Party either in terminating any arrangement pursuant to which it has hedged its obligations or entering into new arrangements which replace Transaction(s) under this Agreement; and all reasonable attorneys’ fees and expenses incurred by the Non-Defaulting Party in connection with the termination of this Agreement.

Credit Limit – Shall mean an unsecured line of credit pursuant to Article 6.

Customer – Any person or entity who enters a contractual agreement with the Company to receive retail electric service including, without limitation, all persons or entities taking service under a retail tariff, eligible to receive competitive electricity supply from an EGS or DS provider, respectively, in accordance with the Applicable Legal Authorities.

Customer Group – Shall have the meaning ascribed to it in Appendix C.

Damages – Financial compensation from the Defaulting Party to the Non-Defaulting Party associated with the occurrence of an Event of Default or an Early Termination of this Agreement. This compensation shall be assessed pursuant to Article 5 of this Agreement.

Defaulting Party – A Party to this Agreement that has caused or precipitated an Event of Default or an Early Termination of this Agreement.

Default Service or “DS” – Electric generation service that is provided at retail pursuant to the Applicable Legal Authorities under the Company’s retail electric tariffs and under any other agreements or arrangements between the Company and Customers, to any Customer that is not being served by an EGS.

Default Allocation Assessment – Shall have the meaning ascribed to it under the PJM Agreements.

Default Service Customer(s) (“DS Customer(s)”) – Retail customers who are provided Default Service pursuant to the terms of this Agreement, the Applicable Legal Authorities and the Company’s retail tariffs.

Default Service Block Fixed Price (“DSB Fixed Price”) – The price in dollars per MWh as determined pursuant to the DSB Solicitation.

Default Service Load (“DS Load”) – Shall mean the net total default service customer sales at the retail meter, plus any transmission and distribution losses and Unaccounted for Energy, adjusted for PJM's derating in conjunction with marginal loss implementation as appropriate, expressed in MWh or MW, as appropriate, for a particular class(es) of retail customers being served by Buyer pursuant to the PaPUC Orders, as such sales vary from hour to hour, in Buyer's Pennsylvania franchise service territory, as such territory exists on the Effective Date or may increase or decrease due to *de minimis* geographic border changes to the service territory that exists on the Effective Date, less excess generation purchased from net metering (customer generation) and less supply the Company is obligated to purchase pursuant to the Public Utility Regulatory Policies Act (“PURPA”). Additionally, with respect to the Residential Customer Group, less a fractional percentage of committed energy and capacity obtained under long-term contract with Allegheny Electric Cooperative, Inc. for supply from the New York Power Authority (“NYPA”) and less Block Supply. For the purposes of this Agreement, Time-of-Use load will not be included in the calculation of DS Load unless required by an appropriate order of the Pennsylvania Public Utility Commission.

Default Service Block Solicitation (“DSB Solicitation”) – The competitive bidding processes, procedures and rules employed by the Company to competitively procure DSB Supply for purposes of this Agreement.

Default Service Block Supplier (“DSB Supplier”) – An entity that (i) has been selected through the DSB Solicitation and has accepted the obligations and associated rights to provide DSB Supply to the Company for DS Customers in accordance with the Applicable Legal Authorities, (ii) has entered into this Agreement with the Company as a Party, and (iii) is a PJM Member.

Default Service Block Supplier Responsibility Amount (“DSB Supplier Responsibility Amount”) – The amount in MW of Block Service as indicated in the Transaction Confirmation which the DSB Supplier is responsible.

Default Service Block Supply (“DSB Supply”) – Shall mean Block Service as detailed in Appendix C that the DSB Supplier is required to provide in order to meet the DSB Supplier's DSB Supplier Responsibility Amount.

Delivery Period – The period of months, as specified on an executed Transaction Confirmation, where a DSB Supplier has an obligation to provide service.

Delivery Point – Means the applicable zone or aggregate of the Company as designated by PJM and set forth in the Transaction Confirmation.

Early Termination – Termination of this Agreement prior to the end of the term of all Transactions under this Agreement due to the occurrence of an Event of Default as specified in Section 5.1 of this Agreement and the declaration of Early Termination as specified in Section 5.4.

Early Termination Date – The date upon which an Early Termination becomes effective as specified in Section 5.4 of this Agreement.

Electric Distribution Company or “EDC” – A public utility providing facilities for the transmission and distribution of electricity to retail customers in Pennsylvania.

Electric Generation Supplier or “EGS” – A person or entity that is duly certified by the Commission to offer and provide competitive electric supply to retail customers located in the Commonwealth of Pennsylvania.

Emergency – (i) an abnormal system condition requiring manual or automatic action to maintain system frequency, or to prevent loss of firm load, equipment damage, or tripping of system elements that could adversely affect the reliability of an electric system or the safety of persons or property; or (ii) a condition that requires implementation of Emergency Operations Procedures as defined in the PJM Agreements or PJM manuals; or (iii) any other condition or situation that the Company or PJM deems imminently likely to endanger life or property or to affect or impair the Company’s electrical system or the electrical system(s) of other(s) to which the Company’s electrical system is directly or indirectly connected (a “Connected Entity”). Such a condition or situation may include, but shall not be limited to, potential overloading of the Company’s transmission and/or distribution circuits, PJM minimum generation (“light load”) conditions, or unusual operating conditions on either the Company’s or a Connected Entity’s electrical system, or conditions such that the Company is unable to accept Energy from the DSB Supplier without jeopardizing the Company’s electrical system or a Connected Entity’s electrical system. Other additional emergencies can only be declared by PJM, FERC, or the PaPUC.

Energy – Three-phase, 60-cycle alternating current electric energy, expressed in units of kilowatt-hours or megawatt-hours.

Estimated Off-Peak Energy Quantity means, for each month in each Transaction, the product of: (i) the DSB Supplier Responsibility Amount; and (ii) the number of Off-Peak Hours remaining (excluding the current day) in each month.

Estimated On-Peak Energy Quantity means, for each month in each Transaction, the product of: (i) the DSB Supplier Responsibility Amount; and (ii) the number of On-Peak Hours remaining (excluding the current day) in each month.

Event of Default – A Party’s breach of obligations under this Agreement as set forth in Article 5 of this Agreement.

FERC – The Federal Energy Regulatory Commission or its successor.

Final Monthly Energy Allocation or “FMEA” – A quantity of Energy which, for any

Billing Month, is equal to the product of: (i) the DSB Supplier Responsibility Amount and (ii) the total number of hours in that month.

Fixed Price Transaction – A Transaction for Block Service on a fixed price basis as indicated on the Transaction Confirmation.

Force Majeure - An event or circumstance which prevents one Party from performing its obligations under one or more transactions, including but not limited to, riots or revolutions, demands or embargoes of the United States Government, fire, flood, drought, insurrection, acts of God which are not within the reasonable control of, or the results 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 DSB Supplier's supply; (ii) DSB Supplier's ability to sell the DSB Supply at a price greater than that received under any Transaction; (iii) curtailment by a utility transmitting DSB Supply; (iv) the Company's ability to purchase the DSB Supply at a price lower than paid under any Transaction; (v) any change in requirements of any governmental authority; or (vi) labor stoppage or lockout.

Gains – 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 an Early Termination of this Agreement, determined in a commercially reasonable manner.

Guaranty – A guaranty, suretyship, hypothecation agreement, margins or security agreement or any other document in the form attached as Exhibit 4 to this Agreement or other form approved by the Company.

Guarantor – Any party having the authority and agreeing to guarantee the DSB Supplier's financial obligations under this Agreement, recognizing that such party shall be obligated to meet the Company's creditworthiness requirements specified in this Agreement for such DSB Supplier.

Interest Index – The average Federal Funds Effective Rate for the period of time the funds are on deposit. The Federal Funds Effective Rate is published daily on the Federal Reserve website (<http://www.federalreserve.gov/releases/h15/update/>).

Kilowatt or "kW" – Unit of measurement of useful power equivalent to 1000 watts.

Kilowatt-hour or "kWh" – One kilowatt of electric power used over a period of one hour.

Load Serving Entity or "LSE" – Shall have the meaning ascribed to it in the PJM Agreements.

Losses – 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 an Early Termination of this Agreement, determined in a commercially reasonable manner.

Margin – The amount by which the Total Exposure Amount exceeds the DSB Supplier's, or Guarantor's, Credit Limit as defined in Section 6.4.

Mark-to-Market (“MtM”) Exposure Amount – Shall have the meaning ascribed to it in Section 6.3 of this Agreement.

Market Price Hub - A liquid pricing point located within PJM's geographic footprint, as specified in Appendix B.

Maximum Credit Limit – The lesser of the applicable percentage of TNW or the applicable Credit Limit Cap as specified in Appendix A of this Agreement.

Megawatt or MW – One thousand kilowatts.

Megawatt-hour or MWh – One megawatt of electric power used over a period of one hour.

Merger Event – When a DSB Supplier consolidates or amalgamates with, or merges into or with, or transfers all or substantially all of its assets to another entity and either (i) the resulting entity fails to assume all of the obligations of such DSB Supplier hereunder as determined in the reasonable discretion of the Company or (ii) the benefits of any credit support provided pursuant to Article 6 of this Agreement fail to extend to the performance by such resulting, surviving or transferee entity of the DSB Supplier's obligations hereunder, and the resulting entity or its guarantor fails to meet the creditworthiness requirements of this Agreement as determined in the reasonable discretion of the Company.

Minimum Rating – A minimum senior unsecured debt rating as defined in Appendix A of this Agreement.

Minimum Transfer Amount - \$100,000.

NERC – The North American Electric Reliability Council or its successor.

Network Integration Transmission Service or “NITS” – “Network Integration Transmission Service” under the PJM Agreements in effect as of the date of this Agreement, or its successor, superseding or amended versions of the PJM Agreements that may take effect from time to time over the term of this Agreement. In the event the PJM Agreements are modified such that “Network Integration Transmission Service” is no longer offered, Network Integration Transmission Service shall mean the type of

transmission service offered under the PJM Agreements that is accorded the highest level of priority for scheduling and curtailment purposes.

Non-Defaulting Party - A Party to this Agreement who, at the time an Event of Default occurs, is not itself in default of this Agreement and has not otherwise caused or precipitated an Event of Default or Early Termination of this Agreement.

Non-market-based Transmission Services - Shall mean Network Integration Transmission Services (“NITS”), Transmission Enhancement Costs, Expansion Cost Recovery Costs, Non-Firm Point-to-Point Transmission Service Credits, Regional Transmission Expansion Plan (“RTEP”), and Generation Deactivation Charges. These terms shall have the meaning ascribed to them in the PJM Agreements.

Off-Peak Energy Forward Price - Means the price for Off-Peak Hours for each Billing Month of the delivery period stated in terms of \$/MWh as based on the most recent publicly available information and/or quotes from Reference Market Makers on forward energy transactions occurring at the Market Price Hub. In the event that the Market Price Hub is no longer available or no longer representative of a transparent trading hub, the Parties will negotiate in good faith to agree upon an alternate liquid price.

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

On-Peak Energy Forward Price – Means the price for On-Peak Hours for each Billing Month of the delivery period stated in terms of \$/MWh as based on the most recent publicly available information and/or quotes from Reference Market Makers on forward energy transactions occurring at the Market Price Hub. In the event that the Market Price Hub is no longer representative of a transparent trading hub, the Parties will negotiate in good faith to agree upon an alternate liquid price.

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

PaPUC or Commission – The Pennsylvania Public Utility Commission or its successor.

PJM – PJM Interconnection L.L.C. or its successor.

PJM Agreements – The PJM OATT, PJM RAA, PJM OA and all other PJM agreements, procedures, manuals and documents applicable to the Transactions covered by or relating to this Agreement.

PJM Control Area – That certain Control Area encompassing electric systems in parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia, as may be modified from time to time, and which is recognized by the North American Electric Reliability Council as the "PJM Control Area".

PJM Member – A member in good standing of PJM that satisfies the requirements to conduct business with PJM.

PJM OA – The PJM Operating Agreement or the successor, superseding or amended version of the PJM Operating Agreement that may take effect from time to time.

PJM OATT – The PJM Open Access Transmission Tariff or the successor, superseding or amended version of the PJM Open Access Transmission Tariff that may take effect from time to time.

PJM OI – The PJM Office of Interconnection, the system operator for the PJM Control Area or its successor.

PJM RAA – The PJM Reliability Assurance Agreement or the successor, superseding or amended version of the PJM Reliability Assurance Agreement that may take effect from time to time.

Rate Schedule(s) – Shall mean the specified existing, and modified or successor customer rate schedule(s) in the electric service tariff of the Company filed with the Commission.

Reference Market Maker – Shall mean any broker in energy products.

Reliability First Corporation or “RFC” – The approved regional NERC entity with responsibility for the Commonwealth of Pennsylvania or its successor.

Residential Customer Group – Group of Rate Schedules that comprise the residential class for the DSB Supply and itemized in Appendix C.

Rounding Amount - \$100,000.

Settlement Amount – With respect to a Non-Defaulting Party, the net amount of the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of Early Termination, as set forth in Section 5.4(a) of this Agreement. For the purposes of calculating the Termination Payment, the Settlement Amount shall be considered an amount due to the Non-Defaulting Party under this Agreement 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 if the Gains exceed the total of the Losses and Costs.

Statement – A monthly report prepared by the Company for the DSB Supplier indicating the amount due to the DSB Supplier by the Company as compensation for DSB Supply supplied to DSB Customers by the DSB Supplier during a given Billing Month, in accordance with DSB Supplier’s obligations under this Agreement.

Supply Day – Any calendar day during the term of this Agreement on which the DSB Supplier is providing, or is obligated by this Agreement to provide, DSB Supply to the Company’s DS Customers.

Tangible Net Worth or “TNW” – Total assets less intangible assets and total liabilities. Intangible assets include benefits such as goodwill, patents, copyrights and trademarks.

Termination Payment – A payment resulting from an Early Termination that is calculated in accordance with Section 5.4.

Total Exposure Amount – An amount calculated daily for the DSB Supplier reflecting the total credit exposure to the Company and consisting of the sum of (i) the Mark-to-Market Exposure Amount for all Fixed Price Transactions for DSB Supply arising under this Agreement; (iii) any amount(s) designated as the “Mark-to-Market Exposure” arising under any other agreements providing for default service on a fixed price basis minus amounts due pursuant to such transactions; and (iv) the amount designated as the “credit exposure” under any other agreements providing for default service; provided that in the event the amount calculated for any day is a negative number, it shall be deemed to be zero for such day.

Tranche – A fixed amount in MW of Block Service as indicated in any given Transaction Confirmation.

Transaction – Means a particular agreement by which the Company purchases and the DSB Supplier sells DSB Supply pursuant to this Agreement, the details of which are more fully set forth in the Transaction Confirmation(s) in the form attached as Exhibit 1.

Transaction Confirmation – Shall have the meaning ascribed to it in Appendix C and shall be in a form substantially as set forth in Exhibit 1 of this Agreement.

Transaction Date – Means the date that a Transaction is effective as set forth in the Transaction Confirmation.

ARTICLE 2 GENERAL TERMS AND CONDITIONS

2.1 Capacity In Which Company Is Entering Into This Agreement

The DSB Supplier agrees and acknowledges that the Company is contracting for the provision of DSB Supply from such DSB Supplier for Customers receiving Default Service on the Company's electric system pursuant to the authorizations provided to the Company. The DSB Supplier further agrees and acknowledges that the Company will administer and monitor the DSB Supplier's performance in providing DSB Supply under this Agreement and that the Company shall be entitled to enforce the DSB Supplier's obligations related to the provision of DSB Supply. The DSB Supplier hereby agrees that the Company is entitled to seek enforcement of this Agreement on behalf of the Customers. It is the specific intention of the Parties hereto that Customers and Customer groups are not third party beneficiaries of this Agreement and that no Customer or Customer group shall seek enforcement of this Agreement against the DSB Supplier on their own behalf, either independently or by joining in any legal proceeding brought by the Company.

The Parties acknowledge that the Agreement is a "forward contract" within the meaning of the United States Bankruptcy Code ("USBC"), that each Party hereto is a "forward contract merchant" within the meaning of the USBC, that all setoffs, netting and liquidations contemplated hereunder constitute "settlement payments" within the meaning of the USBC, that each payment or transfer of performance assurance is a "margin payment", "settlement payment" or transfer within the meaning of the USBC,

and, accordingly, the Parties hereto are entitled to the protections of Section 556 of the Bankruptcy Code. The Parties therefore agree that the Agreement may be terminated by either Party upon the commencement of a proceeding by the other Party under any chapter of the Bankruptcy Code in accordance with Section 5.2 of this Agreement.

2.2 Parties' Obligations

(a) Obligations of DSB Supplier

The DSB Supplier hereby agrees as follows:

- (i) To provide service on a firm and continuous basis such that the supply delivered for the term of each Transaction under the Agreement meets the terms and conditions set forth in Appendix C and the applicable Transaction Confirmation;
- (ii) To provide sufficient quantities of DSB Supply on an instantaneous basis at all times during the Delivery Period of each Transaction and supplied to the Delivery Point to meet the DSB Supplier Responsibility Amount;
- (iii) To procure those services provided by the PJM OI and to perform such functions as may be required by the PJM OI that are necessary for the delivery of DSB Supply required hereunder;
- (iv) To cooperate with the Company in any regulatory compliance efforts that may be required to maintain the ongoing legitimacy and enforceability of the terms of this Agreement and to fulfill any regulatory reporting requirement associated with the provision of DSB Supply before the PaPUC, the FERC or any other regulatory body asserting jurisdiction; and

- (v) To comply in a timely manner with all obligations under this Agreement imposed upon the DSB Supplier.

(b) Obligations of the Company

The Company hereby agrees as follows:

- (i) To pay to the DSB Supplier every month an amount due, resulting from the calculations, as detailed in Article 9 of this Agreement, subject to the adjustments as expressed therein;
- (ii) To comply in a timely manner with all obligations under this Agreement imposed upon the Company; and
- (iii) Accept the delivery of DSB Supply.

2.3 Congestion and Congestion Management

The DSB Supplier is responsible for any congestion costs incurred to meet the DSB Supplier Responsibility Amount. The Company shall retain the rights to ARR to which the Company is entitled as an LSE pursuant to PJM Agreements and no ARRs will be transferred or assigned to the DSB Supplier. .

2.4 PJM Services

- (a) The DSB Supplier shall make all necessary arrangements for the delivery of DSB Supply through the PJM OI. The Company will advise the PJM OI of the magnitude and location of each DSB Supplier's actual DSB Supplier Responsibility Amount, as required by the PJM OI, for the purpose of calculating such DSB Supplier's appropriate DSB Supply

requirements related to the provision of service under this Agreement by DSB Supplier arising under the PJM Agreements.

- (b) The Company will manage PJM load response programs in accordance with PJM Agreements as amended from time to time and the provisions of its applicable riders and retail electric service tariffs, as amended and approved by the PaPUC from time to time, or the Company customer contracts, as amended by the Company from time to time. The Company will retain all of the benefits associated with its load response programs, including but not limited to all associated wholesale revenues from PJM for Capacity, Energy and Ancillary Services. Unless specifically prohibited by its retail electric service tariffs, DSB Customers may, at their election, participate in demand response programs offered under the PJM Agreements.
- (c) DSB Supplier will be responsible for any costs regarding demand response compensation in organized wholesale energy markets.
- (d) The Company and DSB Supplier shall work with PJM to establish any PJM E-Accounts necessary for the DSB Supplier to provide Block Service. The Company shall generate and provide to DSB Supplier PJM shortname(s) associated with supplier's unique contract type(s), as necessary. Unique shortname(s) may be generated for each differing contract type. DSB Supplier shall complete all required forms and processing to PJM to create shortname(s) within the PJM system.
- (e) Upon DSB Supplier's creation of new shortname(s), the Company shall

establish PJM E-Account contract(s) for the entire duration of the Transaction(s).

- (f) Following the Company's establishing new contracts within the PJM eSuite system, the DSB Supplier shall review and confirm the PJM E-Account contract(s) for the entire duration of the Transaction(s).
- (g) For the period of time this Agreement is in effect, DSB Supplier shall be:
 - (i) a member in good standing of PJM; (ii) qualified as a PJM "Market Buyer" and "Market Seller" pursuant to the PJM Agreements; and (iii) qualified as a PJM "Load Serving Entity." For the period of time this Agreement is in effect, the Company shall be a member in good standing of PJM.

2.5 PJM Billing

- (a) Buyer and Seller shall direct PJM to invoice Seller and Buyer for charges and credits relating to Seller's and Buyer's rights and obligations under this Agreement. If PJM is unable to invoice charges or credits in accordance with this Agreement, Buyer shall rectify such PJM invoice discrepancy in the invoice sent pursuant to Section 9 (Billing and Payment).
- (b) The Parties agree that the PJM bill may change from time to time. Allocation of any charges that are reflected in a PJM bill that are not included on or are inconsistent with this Agreement will be determined pursuant to Appendix C (DSB Supply Specifications), Section 2.4 (PJM

Services), and Section 2.6 (PJM Agreement Modifications) of this Agreement.

2.6 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 the DSB Supplier's responsibility for changes in PJM products and pricing during the term of each Transaction under this Agreement.

2.7 Other Fines and Penalties

If fees, fines, penalties, or costs are claimed or assessed against the Company by any Applicable Legal Authority or PJM due to non-compliance by the DSB Supplier with this Agreement, any other requirements of law or the PJM Agreements, the DSB Supplier shall indemnify and hold the Company harmless against any and all losses, liabilities, damages, and claims suffered or incurred by the Company, including claims for

indemnity or contribution made by third parties against the Company, except to the extent the Company recovers any such losses, liabilities or damages through other provisions of this Agreement.

2.8 Communications and Data Exchange

The DSB Supplier and the Company shall supply to each other in a thorough and timely manner all data, materials or other information that is specified in this Agreement, or that may otherwise reasonably be required by DSB Supplier or by the Company in connection with the provision of DSB Supply by the DSB Supplier to DS Customers, if required.

The DSB Supplier shall be equipped with the communications capabilities necessary to comply with the communications and data exchange standards that are set by and as may, from time to time, be modified by PJM, and shall exclusively bear the costs of installing, maintaining, testing, and operating all required information technology systems that will enable it to send to and receive data from the Company and PJM and to satisfy its obligations under this Agreement, the PJM Agreements and all other relevant agreements.

2.9 Record Retention

The Company shall retain necessary records for the longer of four years or as required under applicable PaPUC requirements so as to permit DSB Supplier to confirm the validity of payments due to DSB Supplier hereunder; provided that if a DSB Supplier has provided notice pursuant to this Agreement that it disputes the validity of any payments, the Company agrees that it shall retain all records related to such dispute until

the dispute is finally resolved.

2.10 Verification

In the event of a good faith dispute regarding any invoice issued or payment due under this Agreement, and provided that a mutually acceptable confidentiality agreement is executed by the Parties, each Party will have the right to verify, at its sole expense, the accuracy of the invoice or the calculation of the payment due by obtaining copies of relevant portions of the books and records of the other Party.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 DSB Supplier's Representations and Warranties

The DSB Supplier hereby represents, warrants and covenants to the Company as of the Effective Date and throughout the term of the Transaction(s) under this Agreement as follows:

- (a) It is a corporation, partnership, limited liability company or other legal entity, duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania or, if another jurisdiction, under the laws of such jurisdiction and, in such case, is duly registered and authorized to do business in such other jurisdiction and in the Commonwealth of Pennsylvania;
- (b) It has all requisite power and authority to execute and deliver this Agreement and to carry on the business to be conducted by it under this

Agreement and to enter into and perform its obligations hereunder, including satisfaction of all applicable FERC requirements;

- (c) The execution and delivery of this Agreement and the performance of such DSB Supplier's obligations hereunder have been duly authorized by all necessary action on the part of the DSB Supplier and do not and will not conflict with, or constitute a breach of or default under, any of the terms, conditions, or provisions of the DSB Supplier's certificate of incorporation or bylaws or other constituent instruments or any indenture, mortgage, other evidence of indebtedness, or other agreement or instrument or any statute or rule, regulation, order, judgment, or decree of any judicial or administrative body to which the DSB Supplier is a party or by which the DSB Supplier or any of its properties is bound or subject;
- (d) All necessary and appropriate action that is required on the DSB Supplier's part to execute this Agreement has been completed;
- (e) This Agreement is the legal, valid and binding obligation of the DSB Supplier, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights in general or by general principles of equity;
- (f) There are no actions at law, suits in equity, proceedings or claims pending or, to the DSB Supplier's knowledge, threatened against the DSB Supplier before any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the DSB

Supplier's performance of its obligations under this Agreement;

- (g) It has entered into this Agreement and all Transactions under this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;
- (h) It is in good standing in PJM, is a signatory to all applicable PJM Agreements, and is in compliance with, and will continue to comply with, all obligations, rules and regulations, as established and interpreted by the PJM OI, as defined by the PJM Agreements;
- (i) It has made its trading and investment decisions (including regarding the suitability thereof) based upon its own judgment and any advice from such advisors as it has deemed necessary and not in reliance upon any view expressed by the Company;
- (j) It will comply with any and all information and data transfer protocols that may be adopted by the Company or that are set by, and from time to time modified by, the PaPUC; provided that DSB Supplier shall be entitled to exercise its reserved right to challenge any such protocols in the appropriate forum;
- (k) It is not bankrupt or insolvent and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt or insolvent;

- (l) 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;
- (m) 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 the other Party is not acting as a fiduciary for or advisor to it in respect of this Agreement; and
- (n) It has entered into this Agreement and all Transactions under this Agreement in connection with the conduct of its business and it has the capacity or ability to provide or take delivery of DSB Supply as required by this Agreement; and it is an “eligible contract participant” as defined in Section 1a(18) of the Commodity Exchange Act.

3.2 Company’s Representations and Warranties

The Company hereby represents, warrants and covenants to the DSB Supplier as of the Effective Date and throughout the term of the Transaction(s) under this Agreement as follows:

- (a) The Company is an electric utility corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania;
- (b) The Company has all requisite power and authority to carry on the

business to be conducted by it under this Agreement and to enter into and perform its obligations hereunder;

- (c) The execution and delivery of this Agreement and the performance of the Company's obligations hereunder have been duly authorized by all necessary action on the part of the Company and do not and will not conflict with, or constitute a breach of or default under, any of the terms, conditions, or provisions of the Company's certificate of incorporation or bylaws or other constituent instruments or any indenture, mortgage, other evidence of indebtedness, or other agreement or instrument or any statute or rule, regulation, order, judgment, or decree of any judicial or administrative body to which the Company is a party or by which the Company or any of its properties is bound or subject;
- (d) All necessary and appropriate action that is required on the Company's part to execute this Agreement has been completed;
- (e) This Agreement is the legal, valid and binding obligation of the Company, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or similar laws from time to time in effect that affect creditors' rights in general or by general principles of equity and the Commission's power under section 508 of the Public Utility Code, 66 Pa.C.S. § 508, to amend or modify the contracts of public utilities;
- (f) The ability of the Company to pay any and all amounts due and payable under this Agreement, or upon any potential breach thereof, is not

conditioned upon any governmental or administrative appropriation by the Commission, the Commonwealth of Pennsylvania or any other governmental authority;

- (g) There are no actions at law, suits in equity, proceedings or claims pending or, to the Company's knowledge, threatened against the Company before any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the Company's performance of its obligations under this Agreement;
- (h) It has entered into this Agreement and all Transactions under this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;
- (i) It is in good standing with PJM, is a signatory to all applicable PJM Agreements, and is in compliance with, and will continue to comply with, all obligations, rules and regulations applicable to Company, as established and interpreted by the PJM OI;
- (j) The Company's performance under this Agreement is not contingent upon the performance of Customers or the ability of Customers to pay rates;
- (k) The Company shall have sole responsibility for metering and billing with respect to DSB Customers;
- (l) The Company shall be responsible for electric distribution services and the DSB Supplier shall not be responsible for distribution charges;
- (m) It has made its trading and investment decisions (including regarding the suitability thereof) based upon its own judgment and any advice from such

advisors as it has deemed necessary and not in reliance upon any view expressed by the DSB Supplier;

- (n) It is not bankrupt or insolvent and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt or insolvent;
- (o) 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;
- (p) 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 the other Party is not acting as a fiduciary for or advisor to it in respect of this Agreement; and
- (q) It has entered into this Agreement and all Transactions under this Agreement in connection with the conduct of its business and it has the capacity or ability to provide or take delivery of DSB Supply as required by this Agreement; and it is an “eligible contract participant” as defined in Section 1a(18) of the Commodity Exchange Act.

3.3 Survival of Obligations

All representations and warranties contained in this Article must be maintained up through the termination or expiration of all Transactions under this Agreement. If a Party learns that any of the representations, warranties or covenants in this Agreement are no

longer true during the term of any Transaction under this Agreement, the Party shall immediately notify the other Party via email, with a hard copy of the notice delivered by overnight mail, and Company may, in its reasonable discretion treat such occurrence as an Event of Default hereunder.

3.4 Joint Representations and Warranties

This Agreement is for the purchase and sale of Block Service 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 each Transaction under this Agreement that the Agreement will result in physical delivery and not financial settlement, and the quantity of Block Service that DS Supplier must deliver and Company must receive will be determined by the requirements of the DSB Supplier Responsibility Amount, and, as such, the Agreement does not provide for an option by either Party with respect to the quantity of Block Service to be delivered or received during performance of the Agreement. This Agreement has been drafted to effectuate Company's and DSB Supplier's specific intent so that in accordance with Accounting Standards Codification 815 ("ASC 815"), as amended, Company would be able to elect to use accrual accounting for its purchases under this Agreement, while DSB Supplier would be able to elect to use either accrual or mark-to-market accounting for its sales under the Agreement. If either Company or DSB Supplier determines, in good faith, that the intended accounting treatment has become jeopardized, due to a change in interpretations of ASC 815, as amended, or otherwise, then Company and DSB Supplier 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.

ARTICLE 4 COMMENCEMENT AND TERMINATION OF AGREEMENT

4.1 Commencement and Termination

The term of this Agreement shall commence upon the Effective Date. Unless otherwise agreed upon by the Company and the DSB Supplier, 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 the Agreement is terminated prematurely pursuant to the provisions of this Agreement.

4.2 Termination of Right to Supply

The DSB Supplier agrees that termination of this Agreement for reason of an Event of Default shall terminate any right of the DSB Supplier to provide DSB Supply to the DS Customers and nullify any of the entitlements to which the DSB Supplier became entitled as a result of being selected as a winning bidder in the DSB Solicitation.

4.3 Survival of Obligations

Termination of this Agreement for any reason shall not relieve the Company or the DSB Supplier of any obligation accrued or accruing prior to such termination. Applicable provisions of this Agreement shall continue in effect after termination to the extent necessary to provide for final billings including, without limitation, Article 4 (Commencement and Termination of Agreement), Article 5 (Breach and Default), Article

11 (Dispute Resolution), Article 13 (Limitations of Remedies, Liabilities and Damages), Article 14 (Indemnification) and Article 16 (Miscellaneous Provisions).

4.4 Mutual Termination

The Company and the DSB Supplier may agree at any time during the term of this Agreement to terminate their respective rights and obligations hereunder on such terms and under such conditions that they mutually deem to be appropriate as set forth in a mutual termination agreement acceptable in form and substance to the Company and the DSB Supplier (“Mutual Termination Agreement”); provided that Company may enter into such a Mutual Termination Agreement, which will discharge the terminating DSB Supplier (the “Terminating DSB Supplier”) with respect to liabilities other than surviving obligations set forth in Section 4.3 that arise after the effective date of the Mutual Termination Agreement if the following conditions precedent are met: (i) the Terminating DSB Supplier identifies a replacement DSB Supplier expressly assumes all obligations of the Terminating DSB Supplier hereunder for the remaining term of Transactions under this Agreement (the “Replacement DSB Supplier”); (ii) the Replacement DSB Supplier demonstrates its compliance with Article 6 of this Agreement, “Creditworthiness”, as of the effective date of the Mutual Termination Agreement, that determination to be made in the reasonable discretion of Company; (iii) the Replacement DSB Supplier executes a counterpart signature page to this Agreement assuming all obligations of the Terminating DSB Supplier hereunder and with respect to all Transaction Confirmation(s) that are currently in effect and thereby becomes a Party under this Agreement and all relevant Transaction(s), effective immediately following the

effective date of the Mutual Termination Agreement; and (iv) the Terminating DSB Supplier is not, to the belief or knowledge of the Company, subject to an Event of Default as of the effective date of the Mutual Termination Agreement or, if the Company believes that the Terminating DSB Supplier may be subject to an Event of Default, either (a) the Company has determined that, as of the effective date of the Mutual Termination Agreement, it has not incurred any Damages as a result of the Event of Default or (b) if the Company has determined that, as of the effective date of the Mutual Termination Agreement, it may have incurred Damages as a result of the Event of Default, the Replacement DSB Supplier has agreed in writing to be responsible for the payment of such Damages or to otherwise cure the Event of Default, in either case to the satisfaction of the Company in its reasonable discretion.

ARTICLE 5 BREACH AND DEFAULT

5.1 Events of Default

An Event of Default under this Agreement shall occur if a Party (the “Defaulting Party”):

- (a) Is the subject of a voluntary bankruptcy, insolvency or similar proceeding;
- (b) In the case of a DSB Supplier, fails to comply with the requirements of Section 3.1(b) and (h) if such failure is not remedied within three (3) Business Days after written notice;
- (c) Makes an assignment for the benefit of its creditors;
- (d) Applies for, seeks consent to, or acquiesces in the appointment of a

- receiver, custodian, trustee, liquidator or similar official to manage all or a substantial portion of its assets;
- (e) In the case of a DSB Supplier, is dissolved or is the subject of a Merger Event;
 - (f) Has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets;
 - (g) Has a resolution passed for its winding-up, official management or liquidation;
 - (h) In the case of a DSB Supplier, PJM terminates the DSB Supplier's ability to make purchases from PJM markets or PJM holds the Company responsible for the provision of DSB Supply to meet the DSB Supplier's DSB Supplier Responsibility Amount under this Agreement and PJM does not rescind such termination or assignment of responsibility within seven (7) Business Days;
 - (i) Fails to comply with the creditworthiness requirements as set forth in Article 6 of this Agreement, including, without limitation, compliance with the creditworthiness requirements to cover the Margin calculated under Section 6.3 or post any performance assurance collateral as set forth in Section 6.7 to cover Margin due under Section 6.5 of this Agreement, within the time frames set forth in this Agreement;
 - (j) Is declared by PJM 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;

- (k) Fails to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after written notice;
- (l) Violates any federal, state or local code, regulation or statute applicable to the provision of DSB Supply in a manner that materially, and adversely, affects the Party's performance under this Agreement, including by way of failure to continually satisfy all applicable FERC requirements, or, in the case of the DSB Supplier, by way of failure to maintain any other governmental approvals required for participation in the Pennsylvania retail energy market, or defaults on any obligation or other failure to comply with PJM requirements under the PJM Agreements;
- (m) Is the subject of an involuntary bankruptcy or similar proceeding;
- (n) Subject to Section 5.3 (b) of this Agreement, in the case of the Company, fails to accept DSB Supply properly tendered by the DSB Supplier under this Agreement;
- (o) Fails to perform or otherwise comply with any material covenant or obligation set forth in this Agreement, if such failure is not remedied within three (3) Business Days after written notice;
- (p) Makes a materially incorrect or misleading representation or warranty under this Agreement or under any response to the DSB Solicitation;

- (q) Makes an omission or commits an act that constitutes an “Event of Default” under any other agreement(s) for the provision of DSB Supply between the Company and the DSB Supplier; and fails to remedy such condition, event or delinquency herein above described such that the other Party (the “Non-Defaulting Party”) is completely made whole with respect to such condition, event or delinquency, within three (3) Business Days of receipt of written notice thereof from such Non-Defaulting Party; provided, however, that an Event of Default shall be deemed to have occurred immediately, without any need for the provision of notice thereof by the Non-Defaulting Party and without any right of cure on the part of the Defaulting Party, in the event of the occurrence of a condition, event or delinquency described in subsections (a), (d), (e), (f), (g), (h), (i), and (j) above. Termination or modification of this Agreement or any Transactions hereunder by the PaPUC, other regulatory authority or court of law does not constitute an Event of Default under this Agreement; or
- (r) With respect to the DSB Supplier’s Guarantor, if any:
1. any representation or warranty made by the Guarantor in connection with this Agreement is false or misleading in any material respect when made or when deemed made or repeated;
 2. Guarantor fails to make, when due, 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;

3. Guarantor's guaranty fails 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 the DSB Supplier under this Agreement without the written consent of the Company; or
4. Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any guaranty in connection with this Agreement.

5.2 Rights upon Default

Upon and during the continuation of an Event of Default, 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 Sections 5.6 and 5.7. 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, the Non-Defaulting Party, subject to the dispute resolution provisions in Article 11 of this Agreement, shall have the right to implement all of the following remedies:

- (i) Declare an Early Termination Date of this Agreement with respect to the obligations of the Defaulting Party without any liability or responsibility whatsoever except for obligations arising prior to the date of termination, by providing written notice to the Defaulting Party; provided, however, that this Agreement shall immediately terminate automatically and without notice in the case of any Event of Default in which a DSB Supplier is the Defaulting Party occurring under subsections (a), (c), (d), (e), (f), (g), (h) and (i) of Section 5.1 of this Agreement and such date of automatic termination shall be deemed the Early Termination Date of this Agreement with respect to such DSB Supplier; and
- (ii) Receive Damages in accordance with Section 5.3 of this Agreement.

5.3 Damages Resulting From an Event of Default

- (a) **DSB Supplier's Failure to Supply DSB Supply or Declaration of Early Termination By Company:** Damages resulting from (i) the DSB Supplier's failure to (A) provide DSB Supply in conformance with Section 2.2 hereof or (B) pay PJM for purchases of any products or services from PJM, or other failure to comply with PJM requirements, such that PJM holds the Company responsible for the provision of DSB Supply to meet the DSB Supplier's DSB Supplier Responsibility Amount under Transaction(s) of this Agreement or (ii) the occurrence of any Event of

Default attributable to the DSB Supplier resulting in Early Termination, shall include all Costs incurred by the Company, acting in a commercially reasonable manner consistent with any statutory or regulatory requirements imposed by the Applicable Legal Authorities, in obtaining replacement services or in obtaining a replacement DSB Supplier, which Costs exceed the amounts that would have been payable to the defaulting DSB Supplier under this Agreement. Costs incurred by the Company for the purpose of calculating Damages hereunder will consist of:

- (1) The cost of DSB Supply allocated to the Company by the PJM OI due to the failure of the DSB Supplier to meet obligations owing to the PJM OI in connection with its obligations under this Agreement;
- (2) The costs of DSB Supply purchased by the Company to replace DSB Supply that the DSB Supplier was obligated to supply under this Agreement during the term hereof;
- (3) Administrative and legal costs associated with procuring replacement DSB Supply; and
- (4) Financial hedging costs incurred by the Company on behalf of DSB Customers as a result of having to procure DSB Supply not provided by the DSB Supplier.

The Parties further recognize and agree that the final calculation of Damages hereunder may not be known for some time since the level of such Damages may be dependent upon the arrangements made by the Company to obtain replacement services or a replacement DSB Supplier. The Company and

the DSB Supplier agree that, until the calculation of Damages under this provision is completed, the amount and payment to the Company of the Settlement Amount on behalf of DSB Customers in the event of an Early Termination as set forth in Section 5.4 of this Agreement shall be immediately due and owing as an estimate of all Damages ultimately determined to be due and owing. After Damages have been finally determined under this Section 5.3, the amounts of Damages due and owing will be reconciled with payments already made by the DSB Supplier under Section 5.4 of this Agreement. The DSB Supplier covenants that it shall, upon request of Company, execute any tolling agreement necessary in the event that final Damages have not been determined prior to the expiration of any applicable statute of limitations or other limitation of action rule or order of court or other legal authority relating to the Company's rights to recover Damages.

(b) **Failure By Company on Behalf of Customers To Accept DSB Supply Tendered By DSB Supplier:** Damages resulting from the failure of the Company on behalf of Customers to accept DSB Supply tendered by the DSB Supplier necessary to meet the DSB Supplier Responsibility Amount under Transaction(s) of this Agreement shall consist of the positive difference (if any) between (i) the amounts that would have been payable to the DSB Supplier hereunder had the Company accepted the DSB Supply tendered by the DSB Supplier necessary to meet the DSB Supplier Responsibility Amount under Transaction(s) of this Agreement and (ii) the amount realized by the DSB Supplier in disposing, in a commercially

reasonable manner, of the DSB Supply not accepted by the Company.

- (c) **Damages Resulting From Early Termination Due To An Event of Default Attributable To the Company:** Damages resulting from Early Termination due to an Event of Default attributable to the Company shall be as set forth in Section 5.4 of this Agreement. Damages calculated in accordance with said Section 5.4 shall be the exclusive remedy available to the DSB Supplier in the event of Early Termination resulting from an Event of Default attributable to the Company.
- (d) **Other Damages:** Damages for Events of Default not specified above shall consist of the direct Damages incurred by the Non-Defaulting Party.
- (e) **Waiver of Event of Default:** If an Event of Default has occurred and the Non-Defaulting Party is the Company, then unless the Event of Default was a failure by the DSB Supplier to meet any or all of its DSB Supply obligations, the Company may elect, at its sole discretion, to offer to waive the default on such terms and conditions as the Company, at its sole discretion, may deem appropriate to propose a special remedy. Any such special remedy can only be offered to the DSB Supplier if it first is specifically approved by the PaPUC in accordance with Commission Orders.

5.4 Declaration of an Early Termination Date and Calculation of Settlement Amount and Termination Payment

- (a) **Settlement Amount.** If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the Non-Defaulting Party

shall have the right (i) to designate a day, no earlier than the day such notice is effective and no later than twenty (20) days after such notice is effective, as the Early Termination Date to accelerate all amounts owing between the Parties and to liquidate and terminate the undertakings set forth in this Agreement, (ii) to withhold any payments due to the Defaulting Party under this Agreement, and (iii) to suspend performance as provided in Section 5.2 of this Agreement; provided however, that an Early Termination Date shall be deemed to occur automatically and concurrently with the Event of Default, without any requirement for the provision of notice by the Non-Defaulting Party, with respect to an Event of Default under subsections (a), (c), (d), (e), (f), (g), (h) and (i) of Section 5.1 of this Agreement. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount with respect to the obligations under this Agreement.

The DSB Supplier may, in its sole discretion, add the following subsection 5.4(a)(1) by checking this box. If DSB Supplier does not check this box, subsection 5.4(a)(1) will be deemed to be excluded from this Agreement.

5.4. (a) (1) For the purposes of such determination, the DSB Supply provided for under this Agreement for the period following the Early Termination Date through the remainder of the term of Transaction(s) under this Agreement shall be deemed to be those quantity amounts that would have been delivered on an hourly basis, had such Transaction(s) under this Agreement been in effect during the previous calendar year

adjusted for such DSB Load changes as may have occurred since the previous calendar year.

- (b) **Net Out of Settlement Amounts.** The Non-Defaulting Party shall calculate a Termination Payment by aggregating all Settlement Amounts due under this Agreement or any other agreement(s) between the Company and the DSB Supplier for the provision of DSB Supply into a single amount by netting out (i) all Settlement Amounts that are due or will become 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 and actually received, liquidated and retained by the Non-Defaulting Party, plus any or all other amounts due to the Defaulting Party under this Agreement or any other agreement(s) between the Company and the DSB Supplier for the provision of DSB Supply against (ii) all Settlement Amounts that are due or will become due to the Non-Defaulting Party, plus any or all other amounts due to the Non-Defaulting Party under this Agreement or any other agreement(s) between the Company and the DSB Supplier for the provision of DSB Supply, so that all such amounts shall be netted out to a single liquidated amount; provided, however, that if the DSB Supplier is the Defaulting Party and the Termination Payment is due to the DSB Supplier, the Company shall be entitled to retain a commercially reasonable portion of the Termination Payment, which may be equal to the entire amount of the Termination Payment, as security for additional amounts that may be determined to be

due and owing by the DSB Supplier as Damages and further provided that any previously attached security interest of the Company in such retained amounts shall continue. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate. If the Termination Payment has been retained by the Company as security for additional amounts that may be determined to be due and owing by the DSB Supplier, and if, upon making a final determination of Damages, the Termination Payment, or any portion thereof, is to be made to the DSB Supplier, the Company will pay simple interest on the Termination Payment amount being made to the DSB Supplier. Simple interest will be calculated at the Interest Index.

- (c) **Notice of Termination Payment.** As soon as practicable after an Early Termination Date, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the amount of the Termination Payment and whether the Termination Payment is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount. Subject to Section 5.4(b) above, the Termination Payment shall be made by the Party that owes it within three (3) Business Days after such notice is effective (“Termination Payment Date”).
- (d) **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 three (3)

Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a detailed written explanation of the basis for such dispute; provided, however, that if the Termination Payment is due from the Defaulting Party, 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 as specified in the notice of Termination Payment pursuant to Section 5.4(c).

- (e) **Multiple Default Service or DSB Supply Agreements.** It is the intention of the Company and the DSB Supplier that, in the event the DSB Supplier is a party to other agreements with the Company for the provision of Default Service or DSB Supply that existed prior to the Effective Date of this Agreement or are entered into after the Effective Date of this Agreement, all such agreements may be considered, at the Company's reasonable discretion, to be in default, and the Company will calculate a single Termination Payment applicable to all such agreements as set forth herein.

5.5 Step-Up Provision

In the event of an early termination of a Default Service Block SMA between the Company and an entity other than the DSB Supplier, the Company shall send a written notification to the DSB Supplier which: (i) describes the individual supply obligations associated with the terminated transaction(s) for the remaining term(s) of such

transaction(s); and (ii) requests the DSB Supplier to agree to supply its full or partial amount of the supply obligation associated with each terminated transaction for the remaining term(s) of the terminated transaction(s), without change to the pricing, terms and conditions of the terminated Default Service Block SMA transaction(s). Such agreement to make additional supply available shall be termed a “Step-Up”.

In the event that the DSB Supplier wishes to exercise its option to Step-Up when such an opportunity arises, the DSB Supplier shall respond to Company of such within five (5) Business Days from the date of Company’s notification. In the DSB Supplier’s response, the DSB Supplier shall indicate: (i) the maximum amount of the increased obligation that the DSB Supplier wishes to take on given the additional supply obligation available from the terminated transactions (which need not be all); and (ii) that it is willing to meet any additional collateral requirements related to the Step-Up. The DSB Supplier’s response shall take place no later than five (5) Business Days of its receipt of the Company’s notification. The amount of supply obligation assigned to the DSB Supplier following the DSB Supplier’s Step-Up response will be the DSB Supplier’s pro-rata share of the total of such Step-Up responses from all DSB Suppliers and will be from zero up to and including the maximum amount that the DSB Supplier indicates. The DSB Supplier’s pro-rata share, as described in this paragraph, shall be the ratio of the DSB Supplier’s amount indicated in the DSB Supplier’s Step-Up response, stated on a MW basis, to the total of amounts indicated in all DSB Suppliers’ Step-Up responses. The Company will determine the DSB Supplier’s pro-rata share within six (6) Business Days from the date of the Company’s initial notification. Once the Company has determined the DSB Supplier’s pro-rata share, the Company will forward electronically, by

immediate means acceptable to both Parties, to the DSB Supplier a partially executed Transaction Confirmation(s). By 2:00 p.m. Eastern Prevailing Time (“EPT”) on the second Business Day following the DSB Supplier’s receipt of such partially executed Transaction Confirmation(s), the DSB Supplier shall return electronically, by immediate means acceptable to both Parties, to the Company one (1) fully executed Transaction Confirmation(s).

For the avoidance of doubt, in the event that the DSB Supplier does not respond to the Company’s Step-Up request within the relevant timeframe, the DSB Supplier shall be deemed to have rejected the Company’s request in full.

5.6 Setoff of Payment Obligations of the Non-Defaulting Party

Any payment obligations of the Non-Defaulting Party to the Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DSB Supplier for the provision of DSB Supply shall be set off: (i) first, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DSB Supplier for the provision of Default Service or DSB Supply that are unsecured and not subject to any Guaranty; (ii) second, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DSB Supplier for the provision of Default Service or DSB Supply that are unsecured, but which are subject to a Guaranty; and (iii) third, to satisfy any remaining payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the DSB

Supplier for the provision of Default Service or DSB Supply.

5.7 Preservation of Rights of Non-Defaulting Party

The rights of the Non-Defaulting Party under this Agreement, including without limitation Sections 5.4 and 5.6 of this Agreement, shall be supplemental to, and not in lieu of, any right of recoupment, lien, or set-off afforded by applicable law, and all such rights are expressly preserved for the benefit of the Non-Defaulting Party.

- (a) 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.

ARTICLE 6 CREDITWORTHINESS

6.1 Applicability

With respect to all Transactions under this Agreement and all other transactions for supply serving DSB Load under other agreements executed between the Parties pursuant to the PaPUC Orders, if at any time and from time to time during the term of Transaction(s) under this Agreement, DSB Supplier’s aggregate credit exposure exceeds the Credit Limit on any Business Day, then the Company shall have the right to request that DSB Supplier post performance assurance in an amount equal to the amount by which DSB Supplier’s aggregate exposure exceeds the Credit Limit (rounding upwards

to the nearest \$100,000), less any performance assurance already posted with the Company. The Company's request for performance assurance shall not be disputed by DSB Supplier in the absence of manifest error.

6.2 Creditworthiness Determination

The DSB Supplier may submit and maintain a security deposit in accordance with Section 6.4(e) of this Agreement in lieu of submitting to or being qualified under a creditworthiness evaluation. The DSB Supplier shall have the opportunity to request that the Company re-evaluate its creditworthiness whenever an event occurs that the DSB Supplier believes would improve the determination made by the Company of its creditworthiness. The Company's credit re-evaluation must be completed as soon as possible but no longer than thirty (30) days after receiving a fully documented request. The Company must provide the rationale for its determination of the Credit Limit and any resulting security requirement. The Company must perform its credit re-evaluation and associated security calculation in a non-discriminatory manner. DSB Supplier shall provide the Company and its agents unrestricted access to audited financial statements; provided that if audited financial statements are not available, the Company, in its reasonable discretion, may specify other types of financial statements that will be accepted.

6.3 Credit Exposure

(a) Fixed Price Transactions

To calculate the daily exposure for each DSB Supplier for Fixed Price Transactions, the MtM credit exposure methodology will be used. For each Fixed

Price Transaction, the “initial marks” for each Billing Month will be determined at the time the DSB Solicitation is completed based on the available On-Peak Energy Forward Price and Off-Peak Energy Forward Price. At the time the DSB Solicitation is completed, the MtM credit exposure for Fixed Price Transaction(s) arising from such DSB Solicitation shall be equal to zero. Subsequently, the differences between (i) the available On-Peak Energy Forward Prices and Off-Peak Energy Forward Prices on the valuation date and (ii) the “initial mark” prices for the corresponding Billing Months will be used to calculate the daily credit exposures for each DSB Supplier. The MtM Exposure Amount for a given Fixed Price Transaction will be equal to the sum of the MtM credit exposures across all Billing Months of such Fixed Price Transaction minus amounts due pursuant to such Fixed Price Transaction to such DSB Supplier for the delivery of DSB Supply. The methodology for calculation of the MtM credit exposure is illustrated in Appendix B hereto.

6.4 Credit Limit

The following criteria constitute the Company’s creditworthiness requirements for the DSB Supplier to cover the Total Exposure Amount. In all instances, the most current senior unsecured debt rating (or, if unavailable, the most current corporate issuer rating) will be used.

- (a) For a DSB Supplier to be granted an unsecured line of credit, the DSB Supplier must be rated by at least two of the following rating agencies: S&P, Moody’s, or Fitch. The methodology for determining the credit

rating to use is set forth in Appendix A of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount will be determined based on the credit matrix table in Appendix A of this Agreement.

- (b) The DSB Supplier will be required to post cash or a letter of credit in an acceptable form as defined in Section 6.7(b) of this Agreement (see standard formats in Exhibits 3a and 3b) for the Margin due the Company as set forth in Section 6.5 of this Agreement.
- (c) For a DSB Supplier having a Guarantor, the Guarantor (i) must be rated by at least two of the following rating agencies: S&P, Moody's, or Fitch, and (ii) must have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating) equal to the Minimum Rating, as defined in Appendix A. If the Guarantor is rated by only two rating agencies, and the ratings are split, the rating will be established based on the methodology outlined in Appendix A of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount that could be provided through the Guaranty (see standard format in Exhibit 4) will be determined based on the credit matrix table for Guarantors on Appendix A. The DSB Supplier will be granted a Credit Limit equal to the lesser of (i) the amount of the Guaranty as provided to the Company at the time this Agreement is executed as such amount may be modified in any amended or substitute Guaranty provided to the Company during the term of this Agreement, or (ii) the applicable Maximum Credit Limit as determined in Appendix A. The DSB Supplier, however, may not increase or substitute its Guaranty

for the purpose of increasing its applicable Credit Limit during the time period after the Company has made a Margin call, but before the DSB Supplier has posted the required performance assurance collateral as set forth in Section 6.7 to cover Margin. Notwithstanding anything herein to the contrary, the DSB Supplier may increase the limit of its Guaranty after satisfying a Margin call from the Company, and upon the Company's receipt of an amended or substitute Guaranty increasing the limit of the Guaranty, the DSB Supplier may request a return of the posted performance assurance collateral in accordance with Section 6.5 of this Agreement. The DSB Supplier will be required to post cash or a letter of credit in an acceptable form as defined in Section 6.7(b) of this Agreement (see standard formats in Exhibits 3a and 3b) for the Margin due the Company as set forth in Section 6.5 of this Agreement.

- (d) For a Guarantor that has not been incorporated or otherwise formed under the laws of the United States; in addition to the requirements set forth in 6.4(c), they shall supply the following additional information:
- i. A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the Guaranty is, or upon completion of execution formalities will become, the binding obligation of the Guarantor 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 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 the Guarantor has approved the execution of the Guaranty;

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

iv. Such other documents and certificates as may be required by the Company in its reasonable discretion.

(e) If a DSB Supplier chooses not to undertake a creditworthiness evaluation, it shall be required to post cash or a letter of credit for the Total Exposure Amount as set forth in Section 6.5 of this Agreement.

6.5 Posting Margin and Return of Surplus Margin

(a) If at any time and from time to time during the term of Transaction(s) under this Agreement, the Total Exposure Amount, rounded by the Rounding Amount, exceeds the DSB Supplier's or the Guarantor's Credit Limit by the Minimum Transfer Amount, then the Company on any Business Day, may request that the DSB Supplier provide cash or a letter of credit in an acceptable form as defined in Section 6.7(b) of this Agreement (see standard formats in Exhibits 3a and 3b), in an amount equal to the Margin (less any performance assurance collateral for Margin

posted by the DSB Supplier and held by the Company pursuant to this Agreement or any other agreement(s) between the Company and the DSB Supplier for the provision of DSB Supply). If the DSB Supplier receives written notice for performance assurance collateral to cover Margin from the Company by 1:00 p.m. New York time on a Business Day, then the DSB Supplier shall post the performance assurance collateral to cover Margin the next following Business Day, if posting cash, and by the second Business Day following the date of notice, if posting a letter of credit, unless the Company agrees in writing to extend the period to provide performance assurance collateral to cover Margin. If the DSB Supplier receives notice for performance assurance collateral to cover Margin from the Company after 1:00 p.m. New York time on a Business Day, whether posting cash or a letter of credit, then the DSB Supplier must post performance assurance collateral to cover Margin the second Business Day following the date of notice unless the Company agrees in writing to extend the period to provide performance assurance collateral to cover Margin. The Company will not unreasonably deny a request for a one-day extension of such period. In the event that the DSB Supplier fails to post performance assurance collateral to cover Margin when due in accordance with this Section 6.5, then an Event of Default under Article 5 of this Agreement will be deemed to have occurred and the Company will be entitled to the remedies set forth in Article 5 of this Agreement.

(b) Surplus Margin being held by the Company that is not needed to satisfy the Total Exposure Amount, as determined above, will be returned to the DSB Supplier upon receipt of a written request by the DSB Supplier. Surplus Margin means cash or a letter of credit posted by the DSB Supplier as a result of a request by the Company pursuant to Section 6.5(a) that exceeds the Total Exposure Amount less the DSB Supplier's or the Guarantor's Credit Limit (rounded by the Rounding Amount). If the resulting surplus Margin amount is more than the Minimum Transfer Amount, it will be returned to the DSB Supplier. If the DSB Supplier posted cash and notice is received by 1:00 p.m. New York time on a Business Day, the surplus Margin will be returned by the next following Business Day, and if the DSB Supplier posted cash and notice is received by the Company after 1:00 p.m. New York time on a Business Day, the surplus Margin shall be returned by the second Business Day following the date of notice, unless the DSB Supplier agrees in writing to extend the period to return the surplus Margin. If the DSB Supplier posted a letter of credit, the surplus Margin shall be returned on the next Business Day following the Business Day on which the amendment to the letter of credit is received from the issuing bank, unless the DSB Supplier agrees in writing to extend the period to return the surplus Margin. The DSB Supplier will not unreasonably deny a request for a one-day extension of such period. In the event that the Company fails to return the surplus Margin when due in accordance with this Article, then an Event of Default

under Article 5 of this Agreement will be deemed to have occurred and the DSB Supplier will be entitled to the remedies set forth in Article 5 of this Agreement.

6.6 Grant of Security Interest/Remedies

To secure its obligations under this Agreement and to the extent that the DSB Supplier posted performance assurance collateral to cover Margin hereunder, the DSB Supplier hereby grants to the Company 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, the Company, and the DSB Supplier and the Company agree to take such action as is reasonably required to perfect the secured Party's 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 or deemed occurrence and during the continuation of an Event of Default or an Early Termination Date, the Company may do any one or more of the following: (i) exercise any of the rights and remedies of the Company 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 the DSB Supplier in the possession of the Company whether held in connection with this Agreement or any other agreement(s) between the Company and the DSB Supplier for the provision of DSB Supply; (iii) draw on any outstanding letter of credit issued for its benefit; and (iv) liquidate all security held by or

for the benefit of the Company free from any claim or right of any nature whatsoever of the DSB Supplier, including any equity or right of purchase or redemption by the DSB Supplier. The Company shall apply the proceeds of the collateral realized upon the exercise of such rights or remedies to reduce the DSB Supplier's obligation under this Agreement or any other agreement(s) between the Company and the DSB Supplier for the provision of DSB Supply (the DSB Supplier remaining liable for any amounts owing to the Company after such application), subject to the Company's obligation to return any surplus proceeds remaining after such obligations are satisfied in full.

All notices, demands or requests regarding credit requirements and credit related security or deposit transfers between a DSB Supplier and the Company, other than posting or delivery of an LOC that allows for electronic issuance and presentation of documents (on the form provide in Exhibit 3b) which LOC will be posted and delivered by electronic issuance in accordance with the terms of such LOC), shall be in writing and shall be personally delivered or sent by overnight express mail, courier service or facsimile transmission (with the original transmitted by any of the other aforementioned delivery methods) addressed as follows:

If to a DSB Supplier to:

Copy to:

If to the Company to:

Attn: Gregory Dill– Manager FP&A

Two North Ninth Street, TW20, Allentown, PA 18101

Copy to:

James M. Rouland – Regulatory Policy Manager

Two North Ninth Street, TW20, Allentown, PA 18101

Notice received after the close of the Business Day shall be deemed received on the next Business Day; provided that notice by electronic transmission shall be deemed to have been received by the recipient if the recipient confirms receipt telephonically or in writing.

6.7 Security Instruments

At each DSB Supplier's choice, the following are deemed to be acceptable methods for posting security to satisfy Margin requirements, if required:

- (a) Cash; or
- (b) A standby irrevocable letter of credit acceptable to the Company, in its reasonable discretion, issued by a bank or other financial institution with a minimum "A-" senior unsecured debt rating (or, if unavailable, corporate issuer rating discounted one notch) from S&P and "A3" from Moody's. The letter of credit may be in a form that allows for electronic issuance and presentation of documents (see standard formats, with and without provisions allowing for electronic issuance and presentation of documents, in Exhibits 3a and 3b). The letter of credit shall state that it shall renew automatically for successive one-year or shorter periods, until terminated upon at least ninety (90) days prior written notice from the issuing

financial institution. If the Company receives notice from the issuing financial institution that the letter of credit is being cancelled, the DSB Supplier will be required to provide a substitute letter of credit from an alternative bank satisfying the minimum requirements. The receipt of the substitute letter of credit must be effective as of the cancellation date and delivered to the Company thirty (30) days before the cancellation date of the original letter of credit. If the DSB Supplier fails to supply a substitute letter of credit as required, then the Company will have the right to draw on the existing letter of credit and to hold the amount as Margin.

- (c) If the credit rating of a bank or other financial institution from which a DSB Supplier has obtained a letter of credit falls below the levels specified in Section 6.7(b) of this Agreement, the DSB Supplier shall have two (2) Business Days following written notice by the Company to obtain a suitable letter of credit from another bank or other financial institution that meets those standards, unless such period is extended in writing by the Company. The Company shall have no obligation under this Agreement or otherwise to make or grant such extension.

6.8 Maintenance of Creditworthiness

(a) Reporting of Changes.

The DSB Supplier shall promptly notify the Company within three (3) Business Days of any change in its credit rating or financial condition or that of its Guarantor. The DSB Supplier or Guarantor shall also furnish evidence of an

acceptable credit rating or financial condition upon the request of the Company.

(b) Change in Credit Standing.

The Company will re-evaluate the creditworthiness of a DSB Supplier whenever it becomes aware of an adverse change, through the provision of notice by the DSB Supplier or otherwise, in the DSB Supplier's or Guarantor's credit standing. If the lowest credit rating (whether senior unsecured debt rating or corporate issuer rating) used to determine the DSB Supplier's Maximum Credit Limit or its Credit Limit adversely changes, the Company will require additional security from the DSB Supplier in accordance with Section 6.5 of this Agreement. The additional security must be in a form acceptable to the Company in its reasonable discretion, as specified in Section 6.7 of this Agreement and must be posted as set forth in Section 6.5 of this Agreement.

6.9 Calling on Security

The Company may call upon the security posted by the DSB Supplier if the DSB Supplier fails to pay amounts due to the Company pursuant to this Agreement or any other agreement(s) between the Company and the DSB Supplier for the provision of DSB Supply after all of the following events occur:

- (a) Written Notice of Default is provided to the DSB Supplier; and
- (b) Any applicable cure period associated with the written Notice of Default ends.

The foregoing notwithstanding, the security posted by the DSB Supplier shall become due automatically without prior notice or right of cure in the case of any Event of

Default arising under subsections (a), (c), (d), (e), (f), (g), (h) and (i) of Section 5.1 of this Agreement.

6.10 Interest on Cash Held by Company

The Company will pay simple interest calculated at the Interest Index on all cash held by the Company pursuant to this Agreement. Each Billing Month, the Company will prepare a statement of interest amounts due to the DSB Supplier. The statement will be sent to the DSB Supplier within three (3) Business Days after the end of the Billing Month via overnight mail or other expeditious means. The Company shall make interest payments on the first Business Day after the 5th day of each calendar month.

6.11 No Endorsement of DSB Supplier

The Company's determination that a DSB Supplier is creditworthy pursuant to the process set forth above, shall not be deemed to constitute an express or implied warranty or guarantee of any kind with respect to the financial or operational qualifications of the DSB Supplier. The Company will treat all DSB Suppliers in a non-discriminatory manner and shall provide no preference to any DSB Supplier.

6.12 Multiple DSB Supply Agreements

It is the intention of the Company and the DSB Supplier that, in the event the DSB Supplier is a party to other agreements with the Company for the provision of Default Service or DSB Supply that existed prior to the Effective Date of this Agreement, the Company will calculate the Margin applicable to all such agreements based upon the terms and conditions of the applicable agreements.

ARTICLE 7

Procedures For Energy Scheduling, Capacity Resource Submission And Transmission Procurement

7.1 Load Obligations

The Company and the DSB Supplier acknowledge and agree that (1) the Company shall provide to the DSB Supplier and PJM all information required by PJM, for the purpose of calculating the DSB Supplier's DSB Supply obligations and (2) the DSB Supplier shall schedule DSB Supply obligations pursuant to the PJM Agreements.

7.2 Data Transmission

The procedures for transmitting load obligation data to PJM for the DSB Supplier's DSB Load shall be as set forth by PJM.

7.3 Energy Scheduling

The Company is not obligated to provide any day ahead scheduling services. If the Company chooses to provide such services, the information provided is not guaranteed by the Company.

ARTICLE 8

THE ENERGY SETTLEMENT/RECONCILIATION PROCESS

8.1 Energy Settlement By PJM

The settlement process occurs at PJM to reflect the DSB Supplier's actual Energy obligations in a supply/usage reconciliation process. The Energy obligations for each DSB Supplier will be determined based on the DSB Supplier Responsibility Amount.

8.2 Energy Settlement by the Company

In the event PJM imposes penalties against the Company as a result of the DSB Supplier's Transactions or failure to meet PJM requirements, such penalties shall be passed through by the Company to the DSB Supplier as part of this settlement process. In addition, all other applicable charges from PJM, including any billing adjustments, will be appropriately allocated to the DSB Supplier.

ARTICLE 9 BILLING AND PAYMENT

9.1 The Company Payment of Obligations to the DSB Supplier

The Company shall pay all amounts due to the DSB Supplier hereunder in accordance with the following provisions. Unless specified otherwise, the following provisions apply to both Fixed Price Transactions and Spot Market Transactions. Specifically:

(a) Fixed Price Transactions:

- (i) With respect to each Fixed Price Transaction, for each Billing Month, the Company will prepare a Statement of amounts due to the DSB Supplier. This Statement will show the aggregate amounts due based on the DSB Fixed Price indicated in such Transaction Confirmation multiplied by the FMEA of the Billing Month.

(b) General Provisions:

- (i) The Statement(s) will be sent to the DSB Supplier within eight (8) Business Days after the end of the Billing Month via overnight mail or other expeditious means.
- (ii) The Company shall make payment on the first Business Day after the 19th day of each calendar month.
- (iii) If each Party owes an amount to the other Party pursuant to this Agreement, including any related interest, payments or credits, the Parties may satisfy their respective obligations to each other by netting the aggregate amounts due to one Party against the aggregate amounts due to the other Party, with the Party, if any, owing the greater aggregate amount paying the other Party the difference between the amounts owed.
- (iv) Payments shall be subject to adjustment for any arithmetic errors, computation errors, meter reading errors, or other errors, provided that the errors become known within one (1) year of the termination of all Transactions under this Agreement.
- (v) The Company shall make payments of funds payable to the DSB Supplier by electronic transfer to a bank designated by the DSB Supplier.
- (vi) If a good faith dispute arises between the Company and the DSB Supplier regarding a Statement, the disputing Party shall be obligated to pay only the undisputed portion of the Statement, if any, and shall present the dispute in writing and submit supporting

documentation to the non-disputing Party within one hundred twenty (120) calendar days from the date of the Statement in dispute. Statement disputes shall be addressed promptly, and in accordance with the dispute resolution procedures set forth in Article 11 (Dispute Resolution) of this Agreement. Upon resolution of a Statement dispute, any payments made to either Party will include simple interest on the payment at the lower of the Interest Index or six (6) percent per annum payable from the date that notice of a Statement dispute was received by the non-disputing Party.

- (vii) If payment is made to the DSB Supplier after the due date shown on the Statement, a late fee will be added to the unpaid balance until the entire Statement is paid. This late fee shall be the lesser of (a) 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%) or (b) the maximum rate permitted by applicable law.
- (viii) If DSB Supplier has entered into more than one Transaction with Buyer, DSB Supplier shall receive a single Statement listing the relevant information detailed above.

9.2 Billing for DSB Supplier's Obligations to Other Parties

Except as set forth in Sections 2.5 and 2.6, the Company shall have no responsibility for billing between the DSB Supplier and PJM; the DSB Supplier and any Energy or Capacity source; or the DSB Supplier and any other third party. The Company will be solely responsible for billing DS Customers for Default Service.

9.3 The DSB Supplier Payment of Obligations to the Company

The DSB Supplier shall pay all Charges it incurs hereunder in accordance with the following provisions:

- (a) Each Billing Month, the Company shall submit an invoice to the DSB Supplier for all Charges owed by the DSB Supplier under this Agreement. The DSB Supplier shall make payment for Charges shown on the invoice. The due date will be on the first Business Day after the 19th day of each calendar month. The invoice will be sent to the DSB Supplier within eight (8) Business Days after the end of the Billing Month via overnight mail or other expeditious means.
- (b) Invoices shall be subject to adjustment for any arithmetic errors, computation errors, meter reading errors, or other errors, provided that the errors become known within one (1) year of the termination of all Transactions of this Agreement.
- (c) The DSB Supplier shall make payments of funds payable to the Company by electronic transfer to a bank designated by the Company.
- (d) If a good faith dispute arises between the Company and the DSB Supplier

regarding an invoice, the disputing Party shall be obligated to pay only the undisputed portion of the invoice, if any, and shall present the dispute in writing and submit supporting documentation to the non-disputing Party within one hundred twenty (120) calendar days from the due date of the invoice in dispute. Billing disputes shall be addressed promptly, and in accordance with the dispute resolution procedures set forth in Article 11 of this Agreement. Upon resolution of a billing dispute, any payments made to either Party will include simple interest on the payment at the lower of the Interest Index or six (6) percent per annum payable from the date that notice of a bill dispute was received by the non-disputing Party.

- (e) If payment is made to the Company after the due date shown on the invoice, a late fee will be added to the unpaid balance until the entire invoice is paid. This late fee shall be the lesser of (a) 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%) or (b) the maximum rate permitted by applicable law.

ARTICLE 10 SYSTEM OPERATION

The Parties shall adhere to any applicable operational requirements of PJM necessary to protect the integrity of the transmission system within the PJM Control Area

and the transmission systems of interconnected control areas, and shall satisfy any and all PJM, RFC and NERC criteria, when applicable. The DSB Supplier shall also adhere to any applicable operational requirements of the Company necessary to protect the integrity of the Company's local distribution system.

10.1 Disconnection and Curtailment By the Company

The Company shall have the right, without incurring any liability to the DSB Suppliers, to disconnect (or otherwise curtail, interrupt or reduce deliveries from) the DSB Suppliers or to disconnect (or otherwise curtail, interrupt or reduce deliveries to) any Customer whenever the Company determines in the exercise of its good faith discretion, or when the Company is directed by PJM, that such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any of the Company's facilities; or due to any other reason affecting the safe and reliable operation of the Company's or a Customer's facilities, including, without limitation, an Emergency, forced outage or potential overloading of the Company's transmission and/or distribution circuits, potential damage to any Customer's facilities or any risk of injury to persons or property.

10.2 Inadvertent Loss of Service to DS Customers

The Parties agree and acknowledge that service to DS Customers may be inadvertently lost due to storms, weather, accidents, breakage of equipment or other events beyond the reasonable control of the Company affecting the transmission and distribution system of the Company. Neither Party will have any liability to the other Party for the occurrence of such events. In no event will an inadvertent loss of service

affect a Party's obligation to make any payments then due or becoming due with respect to performance rendered prior to such inadvertent loss of service.

10.3 PJM Requirements

The DSB Supplier acknowledges and agrees that, as a member of PJM, the Company is bound by all PJM operating instructions, policies and procedures as are currently set forth in the PJM Operating Manual, which are available through the Internet on the PJM Home Page (<http://www.pjm.com>), as may be revised from time to time, which are needed to maintain the integrity of the PJM system. The DSB Supplier acknowledges and agrees that it will cooperate with the Company so that the Company will be in compliance with all PJM Emergency Operations Procedures, which include, but are not limited to, those procedures pertaining to minimum and maximum generation Emergencies, and measures requiring involuntary Customer participation, such as supply voltage reduction or full interruption of Customer load by either manual or automatic means.

10.4 Compliance With Governmental Directives

The DSB Supplier also acknowledges and agrees that the Company may need to act in response to governmental or civil authority directives which may affect DSB Load. The DSB Supplier agrees to cooperate with the Company in order to comply with said directives.

ARTICLE 11 DISPUTE RESOLUTION

11.1 Informal Resolution of Disputes

Before pursuing resolution of any dispute arising out of this Agreement (other than an Event of Default under Section 5.1 (a), (c), (d), (e), (f), (g), (h) and (i)), and as a condition precedent thereto 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 11.1 (Informal Resolution of Disputes), shall be paid within two (2) Business Days of such resolution and the payment shall include interest calculated at the Interest Index from the original due date through the date of payment.

11.2 Recourse to Agencies or Courts of Competent Jurisdiction

After the condition precedent requirements of Section 11.1 (Informal Resolution of Disputes) have been satisfied, all unresolved disputes, except as noted below, between the Parties shall be submitted to the appropriate authority as set forth in Section 16.5 of this Agreement. Nothing in this Agreement shall restrict the rights of either Party to file a complaint with the FERC under relevant provisions of the Federal Power Act (“FPA”) or with the PaPUC under relevant provisions of the Applicable Legal Authorities. The

Company, but not the DS Supplier, may also elect, in its sole discretion, to pursue its remedies in the Lehigh County Court of Common Pleas, or the Eastern District Court of Pennsylvania in Allentown subject to Section 16.5 of this Agreement. The Party's agreement hereunder is without prejudice to any Party's right to contest the jurisdiction of the FERC or the PaPUC to which a complaint is brought, however, should the Company elect Court, the DS Supplier hereby consents to the jurisdiction of the Lehigh County Court of Common Pleas, or the Eastern District Court of Pennsylvania and waives all rights to contest the Company's election of court whether based on forum non conveniens or otherwise.

The Parties hereby acknowledge and agree that both Parties entered into this Agreement and all Transactions under this Agreement freely and in good faith, both had the opportunity to have counsel review the Agreement, and agree that the terms of this Agreement 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 and absent agreement to the contrary, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives its rights to argue before any governmental authority that any review, modification, or rescission of this Agreement 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), affirmed by *Morgan Stanley Capital Group, Inc. v.*

Public Utility District No. 1 of Snohomish County, Washington, et al., 554 U.S. 527 (2008) (the “Mobile-Sierra Doctrine”).

ARTICLE 12 REGULATORY AUTHORIZATIONS AND JURISDICTION

12.1 Compliance With Applicable Legal Authorities

The Company and the DSB Supplier are subject to, and shall comply with, all existing or future applicable federal, state and local laws, all existing or future duly-promulgated orders or other duly-authorized actions of PJM or of Applicable Legal Authorities.

12.2 FERC Jurisdictional Matters

The inclusion herein of descriptions of procedures or processes utilized by PJM or otherwise subject to the jurisdiction of the FERC is intended solely for informational purposes. If anything stated herein is found by the FERC to conflict with or be inconsistent with any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA or if any existing procedures or processes utilized by PJM are duly modified, the applicable FERC rule, regulation, order, determination or modification shall control. To the extent required under any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA, the Company and/or the DSB Supplier, if applicable, shall use reasonable commercial efforts to secure, from time to time, all appropriate orders, approvals and determinations from the FERC necessary to support this Agreement.

ARTICLE 13

LIMITATION OF REMEDIES, LIABILITY AND DAMAGES

13.1 Limitations on Liability

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 direct actual Damages only, such direct actual 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, special incidental, punitive, exemplary or indirect Damages, lost profits, loss of financing, business or reputation 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 or any Party, whether such negligence by 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 it is agreed that the Damages

calculated hereunder constitute a reasonable approximation of the harm or loss.

13.2 Risk of Loss

Solely for purposes of determining risk of loss and for determining the indemnity obligations under Article 14 of this Agreement, the Company shall be deemed to have custody and control of the electric Energy delivered by the DSB Supplier upon receipt thereof into the Company's distribution system and until delivery thereof at the retail electric meter of the Customer; and the DSB Supplier shall be deemed to have custody and control of the DSB Supply at all times prior to receipt thereof by the Company. The Party deemed to have custody and control of DSB Supply shall be responsible for all loss or damage to property or injury or death to persons arising in connection with such DSB Supply while in its custody and control and shall indemnify the other Parties with respect to same as set forth in Article 14 of this Agreement.

ARTICLE 14 INDEMNIFICATION

14.1 Indemnification

- (a) Should the Company become the defendant in, or obligor for, any third party claims and/or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party's employees or any third parties, that were caused by or occur in connection with an act or omission of the DSB Supplier with respect to an obligation arising under or in connection with this Agreement, or for which the DSB Supplier has otherwise assumed liability under the terms of this Agreement, the DSB

Supplier shall defend (at the Company's option), indemnify and hold harmless the Company, and its Affiliates, its shareholders, board members, directors, officers and employees, agents, contractors, subcontractors, invitees, successors, representatives, and permitted assigns from and against any and all such third party claims and/or liabilities, and shall appoint counsel at DSB Supplier's expense, subject to the approval of Company to defend any such claims or liabilities, except in the event of and to the extent that there is a final determination by a court of competent jurisdiction determines that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of the Company in which event Company agrees to reimburse DS Supplier within sixty (60) days of DS Supplier's demand to the extent that such third party claims and/or liabilities is not covered by insurance required to be maintained pursuant to this Contract solely for Company's share in contributing to the cause of such losses, penalties, expenses or damages. The Company may, at its own expense, retain counsel and participate in the defense of any such suit or action.

- (b) Should the DSB Supplier (the "Indemnified DSB Supplier") become the defendant in, or obligor for, any third party claims and/or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party's employees or any third parties, that were caused by or occur in connection with an act or omission of the Company with respect to an obligation arising under or in connection with this

Agreement, or for which the Company has otherwise assumed liability under the terms of this Agreement, the Company shall defend (at the option of the Indemnified DSB Supplier), indemnify and hold harmless the Indemnified DSB Supplier, its shareholders, board members, directors, officers and employees, from and against any and all such third party claims and/or liabilities, except in the event of and to the extent that there is a final determination by a court of competent jurisdiction determines that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of the Indemnified DSB Supplier. The Indemnified DSB Supplier may, at its own expense, retain counsel and participate in the defense of any such suit or action.

- (c) If either Party intends to seek indemnification under Section 14.1(a) or Section 14.1(b), as applicable, from the other Party, the Party seeking indemnification shall give the other Party notice of such claim within ninety (90) 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, conditioned or delayed.

- d) In the event that a Party fails or refuses to indemnify an indemnitee hereunder, in addition to all other obligations and upon adjudication in favor of an indemnitee, the indemnitor shall be responsible for any and all costs associated with bringing such action, including but not limited to attorneys' fees and costs.

14.2 Survives Agreement

The obligation of a Party to defend, indemnify, and hold harmless another Party under this Article 14 (Indemnification) shall survive termination of this Agreement, and as such obligation relates to claims asserted by employees of the indemnified party or otherwise, shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for either Party under any statutory scheme, including any workers' compensation acts, disability benefit acts or other employee benefit acts and both Parties hereby waive any and all immunities or statutory protections under any workers' compensation act or similar statute.

ARTICLE 15 FORCE MAJEURE

15.1 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 15.2 (Notification).

15.2 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 16 MISCELLANEOUS PROVISIONS

16.1 Notices

Unless otherwise stated herein, all notices, demands or requests required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by overnight express mail or courier service. Notice may also be provided via e-mail or facsimile transmission (with the original transmitted by any of the other delivery methods specified in the previous sentence) addressed per the notification information for the DSB Supplier and Company as set forth in Exhibit 2 hereto.

Such notices, demands or requests shall also be provided to such other person at

such other address as a Party may designate by like notice to the other Party. Notice received after the close of the Business Day shall be deemed received on the next Business Day.

16.2 No Prejudice of Rights

The failure of a Party to insist on any one or more instances upon strict performance of any provisions of this Agreement, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder, which shall remain in full force and effect. No term or condition of this Agreement shall be deemed to have been waived and no breach excused unless such waiver or consent to excuse is in writing and signed by the Party claimed to have waived or consented to excuse.

16.3 Effect of Regulatory or Legislative Actions

- (a) The Parties agree that the Company's obligations under this Agreement are contingent on, and limited by, the Company's ability to recover all costs incurred by it under this Agreement from its retail customers in full and on a current basis. If any statutes, rules, regulations, or orders are enacted, amended, entered, or revoked which have the effect of depriving the Company's full and current recovery of said costs, the Company may terminate this Agreement upon ten (10) days written notice. The Parties agree that any such termination shall not constitute an Event of Default under this Agreement.
- (b) If any statutes, rules, regulations, or orders are enacted, amended, entered, or revoked which transfers the Company's obligation to procure or supply

DSB Supply to third party, this Agreement may be transferred to such third party in accordance with the provisions of Section 16.4 below. The Parties agree that any such transfer shall not constitute an Event of Default under this Agreement.

- (c) In the event that this Agreement is terminated as a result of any of the reasons set forth in subsections (a) and (b) of Section 16.3 above, the Parties agree that the Company shall not be liable for any costs or damages incurred or otherwise associated with (i) the transfer of the Company's obligation to obtain or provide DSB Supply to third party, or (ii) the elimination of the Company's obligation to obtain or provide DSB Supply.

16.4 Assignment

Parties shall not assign any of their rights or obligations under this Agreement without obtaining the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld. 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. Any assignment in violation of this Section 16.4 shall be void; provided, however, the Company may assign any or all of its rights and obligations under this Agreement notwithstanding anything contained herein to the contrary, without the DSB Supplier's consent, to any entity succeeding to all or substantially all of the assets of the Company, or to a third party in accordance with 16.3(b), if such assignee agrees, in writing, to be bound by all of the terms and conditions hereof and all necessary regulatory approvals are

obtained. The DSB Supplier may, with prior written notice to the Company but without obtaining the approval of the Company, assign the accounts, revenues or proceeds under this Agreement to a third party. The Company agrees that, following receipt of such notice of the assignment of accounts, revenues or proceeds and such other documentation that the Company may reasonably request, the Company will pay amounts becoming due to the assigning DSB Supplier 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 the DSB Supplier and the right of such designated assignee to receive payments shall be subject to all defenses, offsets and claims of the Company arising under this Agreement.

16.5 Governing Law and Venue/Forum Selection

To the extent not subject to the jurisdiction of the FERC, questions including those concerning the formation, validity, interpretation, execution, amendment, termination and construction of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without regard to principles of conflicts of law. Except for matters jurisdictional to the FERC, the Parties agree that all disputes relating to formation, validity, interpretation, execution, amendment, termination and construction of this Agreement not satisfied or resolved under the required resolution provisions of Section 11.1 of this Agreement shall be submitted to the PaPUC for determination, unless the Company, at its sole discretion, elects to submit any such dispute hereunder to the Lehigh County Court of Common Pleas, or the Eastern District Court of Pennsylvania in Allentown. If the Company elects Court, each Party hereby waives its respective rights

to any jury trial with respect to any litigation arising under or in connection with this Agreement.

16.6 Regulatory Approvals

DSB Supplier agrees to cooperate, to the fullest extent necessary, to obtain any and all required State, Federal or other regulatory approvals of the Agreement and/or Transaction Confirmations hereunder. The commencement of the Delivery Period of each Transaction and the obligations hereto are subject to (i) the receipt or waiver by Company of all Company required regulatory approvals, (ii) the receipt or waiver by DSB Supplier of all DSB Supplier required regulatory approvals, and (iii) PaPUC approval.

16.7 Headings

The headings and subheadings contained in this Agreement are used solely for convenience and do not constitute a part of the Agreement between the Parties hereto, nor should they be used to aid in any manner in the construction of this Agreement.

16.8 Third Party Beneficiaries

This Agreement is intended solely for the benefit of the Parties hereto and nothing in this Agreement shall be construed to create any duty, or standard of care with reference to, or any liability to, any person not a Party to this Agreement.

16.9 General Miscellaneous Provisions

- (a) This Agreement shall not be interpreted or construed to create an association, joint venture, or partnership between the Parties, or to impose any partnership obligation or liability upon any Party. No Party shall

have any right, power, or authority to enter into any agreement or undertaking for, or on behalf of, or to act as or be an agent or representative of, or to otherwise bind, any other Party.

- (b) Cancellation, expiration or Early Termination of this Agreement shall not relieve the Parties of obligations that by their nature survive such cancellation, expiration or termination, including warranties, remedies, promises of indemnity and confidentiality.
- (c) Should any provision of this Agreement be held invalid or unenforceable, such provision shall be invalid or unenforceable only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable any other provision hereof unless it materially changes the agreement of the Parties; 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.
- (d) Each of the Parties acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms. This Agreement is intended by the Parties as a final expression of their agreement. The Parties further agree that this Agreement is the complete and exclusive statement of agreement and supersedes all proposals (oral or written), understandings, representations, conditions, warranties, covenants and all other communications between the Parties relating thereto. In the case of an actual or apparent inconsistency between this Agreement and the PPL Electric Utilities Corporation Default Service Request for Proposals

Process and Rules (“RFP”), the provisions of this Agreement shall control. 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 or any Transaction.

16.10 Taxes

As between the Parties: (i) the DSB Supplier is responsible for the payment of all taxes imposed by all present and future federal, state, municipal or other taxes imposed by any taxing authority on the wholesale sales of DSB Supply under this Agreement; and (ii) the Company is responsible for the payment of all taxes imposed by all present and future federal, state, municipal or other taxes imposed by any taxing authority on retail sales of DSB Supply. Should the DSB Supplier be required to remit any Pennsylvania State sales and use taxes directly to the applicable taxing authority, other than taxes previously collected by the DSB Supplier on behalf of the Company, the Company will defend and indemnify the DSB Supplier for such sales and use taxes and will pay to the DSB Supplier all such tax amounts upon demand. If any Transaction is exempt from the payment of any sales and use taxes as defined above, the affected DSB Supplier will, if requested, provide the Company with valid tax exemption certificates. Should the Company be required to remit any sales and use taxes directly to any applicable taxing authority, other than taxes previously collected by the Company directly from the DSB

Supplier, the DSB Supplier will defend and indemnify the Company and will pay to the Company all applicable sales and use tax amounts upon demand.

16.11 Disclosure of Tax Treatment

Notwithstanding anything to the contrary in this Agreement or in the RFP and appendices thereto, DSB Supplier and Company agree that: (i) any obligation of confidentiality with respect to the Parties' Transactions hereunder does not apply, and has not applied from the commencement of discussions between the Parties, to the tax treatment and tax structure of the Agreement and all Transactions thereunder, and (ii) DSB Supplier and Company (and each of their respective employees, representatives, or agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Agreement and the Transactions thereunder, as well as any materials of any kind (including opinions or other tax analyses) that have been provided to the disclosing Party relating to such tax treatment and tax structure, all within the meaning of Treasury Regulations Section 1.6011-4; provided, however, that the foregoing is not intended to affect any privileges that each Party is entitled, at its reasonable discretion, to maintain, including with respect to any confidential communications with its attorney or any confidential communications with a federally authorized tax practitioner under Section 7525 of the Internal Revenue Code.

16.12 Audit

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 Article 9 (Billing and Payment) of this Agreement.

16.13 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) References to the singular include the plural and vice versa;
- (c) References to Articles, Sections, Clauses and the Preamble are, unless the context indicates otherwise, references to Articles, Sections, Clauses and the Preamble of this Agreement;
- (d) In carrying out its rights, obligations and duties under this Agreement, each Party shall have an obligation of good faith and fair dealing; and
- (e) If any payment due under this Agreement would be, by operation of the terms and conditions of any provision hereof, due and payable on a day other than a Business Day, such payment shall be made on the next following Business Day.

16.14 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 provisions 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; (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; or (v) such disclosure is made to PJM or PaPUC and is necessary in order for the Transactions contemplated by this Agreement to be consummated or to otherwise comply with the provisions of this Agreement.
- (b) Notwithstanding any other provision of this Section 16.14, 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 16.14, and further provided that in no event shall a document or information be

disclosed in violation of the standard of conduct requirements established by the 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 or is being disclosed to PJM or PaPUC in order for the Transactions contemplated by this Agreement to be consummated or to otherwise comply with the provisions of this Agreement, 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) 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 16.14. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the receiving Party breaches or threatens to breach its obligations under this Section 16.14, 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.

16.15 Federal Acquisition Regulation

If any of the following clauses prescribed by the Federal Acquisition Regulation

(“FAR”), 48 Code of Federal Regulations Chapter 1, should be deemed to apply to this Agreement, the DSB Supplier shall comply with the requirements of such clause(s), and shall include the terms or substance of such clause(s) in its subcontracts, as and to the extent required by the FAR:

- 1) Clean Air and Water: § 52.223-2;
- 2) Contract Work Hours and Safety Standards Act-Overtime Compensation: § 52.222-4;
- 3) Equal Opportunity: § 52.222-26;
- 4) Affirmative Action for and Employment Reports on Special Disabled and Vietnam Era Veterans: § 52.222-35 and § 52.222-37;
- 5) Affirmative Action for Handicapped Workers: § 52.222-36;
- 6) Utilization of Small Business Concerns and Small Disadvantaged Business Concerns and Small Business and Small Disadvantaged Business Subcontracting Plan: § 52.219-8 and § 52.219-9.

In case of a conflict between the provisions of the FAR and the balance of this Agreement, the requirements of the FAR shall prevail.

16.16 Binding Terms

This Agreement and the rates, terms and conditions herein shall remain in effect for the entire term hereof and each Party agrees not to seek any change to such rates, terms and conditions pursuant to the FPA, if the FPA is deemed to have jurisdiction over this Agreement, including on the grounds that they are not just and reasonable.

16.17 Amendment

This Agreement, including the appendices hereto, cannot be amended without the written agreement of all Parties prior to such amendment becoming effective. Except as provided in Appendix C, the rates, terms and conditions contained in this Agreement are not subject to change under Sections 205 or 206 of the Federal Power Act absent the mutual written agreement of the Parties. To the extent permitted by law and absent agreement to the contrary, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives its rights to argue before any governmental authority that any review, modification, or rescission of this Agreement 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), affirmed by *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington, et al.*, 554 U.S. 527 (2008) (the “Mobile-Sierra Doctrine”).

16.18 Counterparts and Electronic Signatures

This Agreement including all Transaction Confirmations hereunder may be executed in counterparts, each of which will be considered an original, but all of which shall constitute one instrument. Further, the Parties agree that the electronic signature of a Party to this Agreement and the forms appended herein shall be as valid as an original signature of such Party and shall be effective to bind such Party. The Parties agree that any electronically signed document shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the

ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the Parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither Party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means either a manually signed original signature or an electronic symbol or process attached to or logically associated with a record and executed or adopted by a Party with the intent to sign the record that is then transmitted by electronic means; transmitted by “electronic means” means email transmission, facsimile transmission or other similar electronic or digital means of communication providing evidence of transmission, including transmission via the internet as a “pdf” (portable document format) or equivalent format. The use of electronic signature shall be approved by PPL Electric prior to use by the DS Supplier. The requirement for Attestation and Witness is waived upon approval of electronic signature by PPL Electric.

16.19 Successors

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.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

ATTEST:

[DSB SUPPLIER]

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

ATTEST:

**PPL ELECTRIC UTILITIES
CORPORATION**

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

APPENDIX A

Maximum Unsecured Credit

S&P	Moody's	Fitch	Percentage of TNW	Credit Limit Cap (\$)
A- and above	A3 and above	A- and above	5%	60M
BBB+	Baa1	BBB+	5%	40M
BBB	Baa2	BBB	5%	30M
BBB-	Baa3	BBB-	5%	15M
BB+	Ba1	BB+	5%	5M
BB	Ba2	BB	5%	3M
BB-	Ba3	BB-	5%	1M
Below BB-	Below Ba3	Below BB-	0	0

Credit Rating Determination Methodology

The DSB Supplier or its Guarantor must have a minimum senior unsecured debt rating (or, if unavailable, corporate issuer rating) equal to the Minimum Rating¹. If the DSB Supplier or its Guarantor is rated by more than one rating agency, and the ratings are split, the lowest of the available ratings will be used. The Maximum Credit Limit shall be calculated as the lesser of the percentage of TNW or the Credit Limit Cap.

¹ **Minimum Rating** – The lowest credit rating, as set forth in this Appendix A, that a DSB Supplier or Guarantor must have to obtain unsecured credit.

APPENDIX B

MtM Exposure Amount Calculation Information

Table 1 provides information that will be determined on each DSB Solicitation Date for each month of the Delivery Period for each applicable Transaction. An average of broker quotes will be used to develop monthly on- and off-peak energy forward price marks when quotes are available for individual months, two-month blocks (e.g., January-February) or quarterly blocks (e.g., October-December)². For all the remaining months the Company will be using a proprietary method that reflects forward market conditions. The Company reserves the right to examine the quotes from sources for anomalies or inconsistencies and to discard anomalous quotes as appropriate in its reasonable discretion. The initial mark for each Billing Month is the On-Peak Energy Forward Price and the Off-Peak Energy Forward Price that was calculated on the date that the DSB Solicitation closes and will not change over the life of the applicable Transaction.

After the close of the DSB Solicitation On-Peak Energy Forward Prices and Off-Peak Energy Forward Prices will change. In addition, the on-peak and off-peak loads used to calculate the MtM credit exposures will be adjusted monthly to reflect the most current changes. If quotes are obtained from more than one broker for a month, the mark for that month will be the average mark over all sources that are available. If quotes for individual months are unavailable then the Company may make use of quotes that are available for a two-month block or a quarterly block to develop the monthly mark as

² If quotes are obtained from more than one broker for a month, the mark for that month will be the average mark over all sources that are available. If quotes for individual months are unavailable, then the Company may make use of quotes that are available for a two-month block or a quarterly block to develop the monthly mark. For example, when an On-Peak Energy Forward Price is available for a two-month block or a quarterly block and a component of the block are both quoted, the component will be equal to its quoted price and the other months in the block will be constructed so that the weighted average (weighted by on-peak hours in each month) of the block equals the quote for the block; e.g., Q4 2013 = \$50 and Oct 2013 = \$40; therefore, Oct 2013 = \$40 and Nov-Dec 2013 = \$55.61 (i.e., $(\$50 \times (336 + 320 + 368) + \$40 \times 336) / (336 + 320) = \55.61). If only the block is quoted, that price will be used for all relevant months; e.g., Jan/Feb 2014 = \$35, then Jan 2014 = \$35 and Feb 2014 = \$35.

described above. The Company reserves the right to examine the quotes from sources for anomalies or inconsistencies and to discard anomalous quotes as appropriate in its reasonable discretion. On-Peak Energy Forward Prices and Off-Peak Energy Forward Prices for the months, two-month blocks or quarterly blocks where broker quotes are unavailable will be equal to the last available broker quotes or in case they have not been quoted on the broker sheets since the applicable DSB Solicitation closed, they will be equal to the marks set at the close of the applicable DSB Solicitation.

MtM Calculation Example

Parameters

On each Business Day subsequent to the DSB Solicitation, the MtM Exposure will be calculated, with respect to each month remaining in the Delivery Period, as the sum of the following:

- (i) the relevant month On-Peak Energy Forward Price minus the relevant month Initial Mark On-Peak Price, multiplied by the Estimated On-Peak Energy Quantity; and
- (ii) the relevant month Off-Peak Energy Forward Price minus the relevant month Initial Mark Off-Peak Price, multiplied by the Estimated Off-Peak Energy Quantity.

(a)

All On-Peak Energy Forward Prices and Off-Peak Energy Forward Prices are based on a Market Price Hub that the Company will specify as follows: PJM Western Hub.

APPENDIX C

DSB Supply Specifications

- 1) With respect to a Transaction, DSB Supplier shall provide Block Service on a firm and continuous basis. The terms of the Transaction shall be set forth in a Transaction Confirmation to this Agreement, in a form as set forth in Exhibit 1. Block Service shall mean, all of the following necessary services or products that are required to supply the DSB Supplier Responsibility Amount for the DS Customers associated with the Transaction Confirmation, including: Energy, Transmission (other than Non-market-based Transmission Services), transmission losses, congestion management costs, and such other services or products (but excluding Capacity, Ancillary Services, and Pennsylvania Alternative Energy Portfolio Standard (“AEPS”) obligation) that are required to supply the DSB Supplier Responsibility Amount delivered to the Delivery Point.
- 2) With respect to a Transaction, the Company shall be responsible, at its sole cost and expense, for the costs of Non-market-based Transmission Services. Additionally, the Company will be responsible for any distribution service necessary to serve the DSB Supplier Responsibility Amount.
- 3) Except as provided in Paragraph 1 above, DSB Supplier bears the risk of any other changes in PJM products and pricing during the term of all Transactions under this Agreement. However, if there are any other new FERC-approved PJM transmission charges other than those referred to in Paragraph 1 above or other

new PJM charges and costs, charged to network transmission customers, that DSB Supplier believes the Company should recover through retail rates because they are directly related to the Company's obligations, then Company may file with the PaPUC a request for approval to recover such new costs. DSB Supplier is required to intervene in any such proceeding before the PaPUC. Such new costs can only be charged to the Company to the extent that the PaPUC approves the Company's recovery of those costs. DSB Supplier agrees to be bound by the decision of the PaPUC (subject to the normal rules for appeal of the decision of the PaPUC) and waives all claims concerning this issue before the FERC. Notwithstanding the foregoing, nothing in the Agreement shall preclude DSB Supplier or Company from taking any position before the FERC regarding the creation and allocation of any such PJM charges.

EXHIBIT 1 – TRANSACTION CONFIRMATION EXAMPLE

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Default Service Block Supplier Master Agreement (“Agreement”) dated [INSERT SMA Effective DATE] between PPL Electric Utilities Corporation (“Company”) and [INSERT DSB SUPPLIER NAME] (“DSB Supplier”). 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 agreed to on [INSERT DSB Solicitation PaPUC approval date] (“Transaction Date”).

Transaction Type: [Fixed Price Transaction]

Product: Block Service

Customer Group: Residential

Service Type: Rate Schedules RS and RTS.

Delivery Point: PPL_RESID_AGG

Delivery Period: [MONTH] [DAY], [YEAR] through [MONTH] [DAY], [YEAR]

The DSB Supplier’s DSB Supplier Responsibility Amount is [INSERT]. DSB Supplier will supply [INSERT] Tranche(s) at a DSB Fixed Price of \$ [INSERT] per MWh for the duration of the Delivery Period.

Service Type	Total Tranches	Size of a Tranche		
Rate Schedules RS and RTS	[INSERT]	25 MW		

Please confirm that the terms stated herein accurately reflect the agreement reached on the date above between the DSB Supplier and the Company by returning an executed copy of this Transaction Confirmation by pdf to the Company at pplpolr@pplweb.com. The signatories to this Transaction must have the authority to enter into this Transaction.

WITNESS:

**PPL ELECTRIC UTILITIES
CORPORATION**

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

WITNESS:

[DSB SUPPLIER]

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

EXHIBIT 2 – FORM OF NOTICE

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

BUYER: PPL Electric Utilities Corporation

DSB Supplier: [INSERT]

All Notices:

Street: **Two North Ninth Street**
City/State/Zip: **Allentown, PA 18101**
Attn: **James M. Rouland**
Facsimile: **N/A**
Duns: **00-790-9427**
Federal Tax ID Number: **23-0959590**
Email: **jmrouland@pplweb.com**

All Notices:

Street:
City/State/Zip:
Attn:
Facsimile:
Duns:
Federal Tax ID Number:
Email:

Invoices:

Attn: **James M. Rouland**
Phone: **610-774-3042**
Facsimile: **N/A**
Email: **jmrouland@pplweb.com**

Invoices:

Attn:
Phone:
Facsimile:
Email:

Scheduling:

Attn: **James M. Rouland**
Phone: **610-774-3042**
Facsimile: **N/A**
Email: **jmrouland@pplweb.com**

Scheduling:

Attn:
Phone:
Facsimile:
Email:

Payments:

Attn: **James M. Rouland**
Phone: **610-774-3042**
Facsimile: **N/A**
Email: **jmrouland@pplweb.com**

Payments:

Attn:
Phone:
Facsimile:
Email:

Wire Transfer
BNK: **Wells Fargo**
ABA: _____
ACCT: _____

Credit and Collections:
Attn: **Nathan Huber**
Phone: **610-774-7323**
Facsimile: N/A
Email: **NGHuber@pplweb.com**

**With Additional Notices of an
Event of Default to:**
Attn: **James M. Rouland**
Phone: **610-774-3042**
Facsimile: N/A
Email: jmrouland@pplweb.com

Wire Transfer
BNK:
ABA:
ACCT:

Credit and Collections:
Attn:
Phone:
Facsimile:
Email:

**With Additional Notices of an
Event of Default to:**
Attn:
Phone:
Facsimile:
Email:

**EXHIBIT 3a - PERFORMANCE ASSURANCE EVERGREEN
LETTER OF CREDIT**

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

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____

ISSUE DATE _____

EXPIRY DATE: _____

APPLICANT

[NAME]

[ADDRESS]

BENEFICIARY

PPL ELECTRIC UTILITIES CORPORATION
TWO NORTH NINTH STREET
ALLENTOWN, PA 18101
ATTN: JAMES ROULAND

CURRENCY AMOUNT

USD *****\$ _____

WE (THE "ISSUER") HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE STANDBY 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 AT OUR COUNTERS LOCATED AT ____ [INSERT ISSUER'S PLACE FOR PRESENTATION], EFFECTIVE _____ AND EXPIRING ON _____ AT 5:00 PM NEW YORK, NEW YORK TIME 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 BY PHYSICAL DELIVERY OR BY FACSIMILE TRANSMISSION, PROVIDED THAT ANY PRESENTATION BY FACSIMILE TRANSMISSION SHALL ALSO BE FOLLOWED BY PHYSICAL DELIVERY OF DOCUMENTS WITHIN ONE (1) BUSINESS DAY THEREAFTER, 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 OR ANY AUTOMATICALLY EXTENDED EXPIRY DATE, AS PROVIDED HEREIN, OF THIS INSTRUMENT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT.

1. YOUR SIGNED STATEMENT, READING AS FOLLOWS (WITH BLANKS APPROPRIATELY COMPLETED AND BRACKETED INSTRUCTIONS DELETED):

“THE AMOUNT FOR THIS DRAWING, USD [INSERT AMOUNT], BEING MADE UNDER THE [INSERT NAME OF BANK] IRREVOCABLE STANDBY LETTER OF CREDIT NO. [INSERT LETTER OF CREDIT REFERENCE NUMBER], REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY FROM APPLICANT OR AN AFFILIATE OF APPLICANT UNDER THE PPL ELECTRIC UTILITIES CORPORATION DEFAULT SERVICE BLOCK SUPPLIER MASTER AGREEMENT DATED [INSERT DATE OF SUCH AGREEMENT] BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY.”; OR

“AN EVENT OF DEFAULT UNDER THE PPL ELECTRIC UTILITIES CORPORATION DEFAULT SERVICE BLOCK SUPPLIER MASTER AGREEMENT DATED [INSERT DATE OF SUCH AGREEMENT] BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY HAS OCCURRED AND THAT BENEFICIARY DEMANDS PAYMENT IN THE AMOUNT OF [INSERT AMOUNT UP TO ENTIRE REMAINING UNDRAWN AMOUNT] PURSUANT TO SUCH AGREEMENT.”; OR

“THE EXPIRY DATE OF IRREVOCABLE STANDBY LETTER OF CREDIT NO. [INSERT LETTER OF CREDIT REFERENCE NUMBER] IS LESS THAN THIRTY (30) DAYS FROM THE DATE OF THIS STATEMENT AND THAT THE APPLICANT UNDER SUCH LETTER OF CREDIT HAS FAILED TO PROVIDE A REPLACEMENT LETTER OF CREDIT THAT SATISFIES THE REQUIREMENTS UNDER THE PPL ELECTRIC UTILITIES CORPORATION DEFAULT SERVICE BLOCK SUPPLIER MASTER AGREEMENT DATED _____ BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY. WE THEREFORE DEMAND PAYMENT IN THE AMOUNT OF [INSERT AMOUNT UP TO ENTIRE REMAINING UNDRAWN AMOUNT] PURSUANT TO SUCH AGREEMENT.”

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

AT THE BENEFICIARY’S REQUEST PRIOR TO THE EXPIRY DATE, THE ISSUER

WILL ISSUE TO THE BENEFICIARY A REPLACEMENT LETTER OF CREDIT (HAVING THE SAME TERMS AND CONDITIONS AS THIS LETTER OF CREDIT AND ANY AMENDMENTS HERETO) IF THE BENEFICIARY CERTIFIES TO THE ISSUER THAT THE ORIGINAL LETTER OF CREDIT HAS BEEN LOST, STOLEN, DESTROYED OR MUTILATED AND PROVIDES THE ISSUER WITH A REASONABLY ACCEPTABLE INDEMNITY.

PARTIAL AND MULTIPLE DRAWINGS ARE PERMITTED. IN THE EVENT OF ANY PARTIAL DRAWING WE WILL, PROMPTLY FOLLOWING PRESENTATION THEREOF, RETURN THE ORIGINAL LETTER OF CREDIT AND ALL AMENDMENTS TO YOU. ALL AMOUNTS PAID BY US TO BENEFICIARY IN COMPLIANCE WITH THIS LETTER OF CREDIT SHALL CONSTITUTE A PRO TANTO REDUCTION IN THE STATED AMOUNT OF THIS LETTER OF CREDIT.

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. ALL PAYMENTS MADE UNDER THIS LETTER OF CREDIT SHALL BE MADE BY MEANS OF WIRE TRANSFER IN IMMEDIATELY AVAILABLE UNITED STATES DOLLARS TO YOUR BANK ACCOUNT INDICATED BY BENEFICIARY.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENTS PRESENTED IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE DULY HONORED IF PRESENTED FOR PAYMENT ON OR BEFORE THE EXPIRY DATE, AS EXTENDED FROM TIME TO TIME IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

IN THE EVENT OF ANY NON-CONFORMING PRESENTATION, WE SHALL IMMEDIATELY NOTIFY BENEFICIARY BY EMAIL TO [INSERT PPL EMAIL ADDRESS FOR NOTICE OF NON-CONFORMING PRESENTATION] THAT THE PRESENTATION HAS BEEN REJECTED, WHICH NOTICE SHALL INDICATE THE REASONS FOR DISHONORING SUCH PRESENTATION AND SHALL PLACE AT THE DISPOSAL OF BENEFICIARY THE DOCUMENTS PRESENTED BY BENEFICIARY IN SUPPORT OF ITS DEMAND FOR PAYMENT. BENEFICIARY MAY THEREAFTER PRESENT DOCUMENTS AND RECEIVE PAYMENT HEREUNDER IN THE EVENT A CONFORMING PRESENTATION IS MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR FROM THE EXPIRY DATE HEREOF, OR ANY FUTURE EXPIRY DATE,

UNLESS AT LEAST 90 DAYS PRIOR TO ANY EXPIRY 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.

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.

ADDITIONAL TERMS AND CONDITIONS:

1. ALL COMMISSIONS, FEES, COSTS, AND OTHER BANKING CHARGES WILL BE BORNE BY THE APPLICANT.
2. THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 ("ISP98") THE UNIFORM CUSTOMS AND PRACTICES FOR DOCUMENTARY CREDITS, ICC PUBLICATION NO. 600, OR ANY SUCCESSOR PUBLICATION THERETO (THE "UCP"). AS TO MATTERS NOT GOVERNED BY UCP, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE [COMMONWEALTH OF PENNSYLVANIA; STATE OF NEW YORK], INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH THE UCP, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE [COMMONWEALTH OF PENNSYLVANIA; 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.
3. ARTICLE 36 OF THE UCP AS IT APPLIES TO THIS LETTER OF CREDIT IS MODIFIED AS FOLLOWS: IF, ON THE LAST BUSINESS DAY FOR PRESENTATION THE PLACE FOR PRESENTATION STATED IN THIS LETTER OF CREDIT IS CLOSED FOR ANY REASON, THEN THE LAST DAY FOR PRESENTATION IS AUTOMATICALLY EXTENDED TO THE DAY THAT IS TEN (10) CALENDAR DAYS AFTER THE PLACE FOR PRESENTATION RE-OPENS OR THE ISSUER NOTIFIES THE BENEFICIARY OF AN ALTERNATIVE PLACE FOR PRESENTATION, WHICH ALTERNATIVE MUST BE IN THE UNITED STATES.
4. THE BENEFICIARY SHALL NOT BE DEEMED TO HAVE WAIVED ANY RIGHTS UNDER THIS LETTER OF CREDIT, UNLESS, AND THEN ONLY TO THE EXTENT THAT, THE BENEFICIARY OR AN AUTHORIZED AGENT OF THE BENEFICIARY SHALL HAVE SIGNED A DATED WRITTEN WAIVER EXPRESSLY WAIVING SUCH RIGHT OR RIGHTS. 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 ANY BREACH OR NON-COMPLIANCE AFTER THE
WAIVER.

5. A FAILURE TO MAKE ANY 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 ANY
SUBSEQUENT DEMAND OR 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 3b - PERFORMANCE ASSURANCE EVERGREEN
LETTER OF CREDIT**

(ELECTRONIC “eUCP CREDIT”)

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

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____

ISSUE DATE _____

EXPIRY DATE: _____

APPLICANT

[NAME]

[ADDRESS]

BENEFICIARY

PPL ELECTRIC UTILITIES CORPORATION
TWO NORTH NINTH STREET
ALLENTOWN, PA 18101
ATTN: JAMES ROULAND

ELECTRONIC ISSUE ADDRESS: [INSERT PPL DEDICATED EMAIL ADDRESS
FOR EUCP CREDITS]

CURRENCY AMOUNT

USD *****\$ _____

WE (THE “ISSUER”) HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO: _____ (THE “LETTER OF CREDIT,” WHICH SHALL BE AN “eUCP CREDIT”) 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 AT OUR COUNTERS LOCATED AT _____ [INSERT ISSUER’S PLACE FOR PRESENTATION], EFFECTIVE _____ AND EXPIRING ON _____ AT 5:00 PM NEW YORK, NEW YORK TIME 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 AS AN eUCP CREDIT, 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.

THIS ORIGINAL LETTER OF CREDIT HAS BEEN ISSUED VIA ELECTRONIC MEANS ONLY TO **[INSERT SAME PPL EMAIL ADDRESS AS AT THE TOP]**. WE CONFIRM THAT THE ELECTRONIC PDF FILE OF THIS LETTER OF CREDIT (TOGETHER WITH ELECTRONIC PDF FILES OF SUBSEQUENT AMENDMENTS, IF ANY) SERVES AS THE OPERATIVE INSTRUMENT, AND THAT THE BENEFICIARY MAY USE THE ELECTRONIC PDF FILE OF THE LETTER OF CREDIT (TOGETHER WITH ELECTRONIC PDF FILES OF SUBSEQUENT AMENDMENTS, IF ANY) AS IT WOULD A HARD COPY ORIGINAL.

DRAFTS, DOCUMENTS AND OTHER COMMUNICATIONS HEREUNDER MAY BE PRESENTED OR DELIVERED TO US BY EMAIL OR BY ANY OTHER ELECTRONIC MEANS. PRESENTATION OR DELIVERY BY EMAIL MUST BE MADE FROM **[ONE OF]YOUR EMAIL ADDRESS[ES]: _____ OR _____ [FILL IN ONE OR MORE PPL EMAIL ADDRESSES]** TO THE FOLLOWING ISSUER EMAIL ADDRESS: _____ [ISSUER TO INSERT ISSUER EMAIL ADDRESS], AND CONFIRMED BY TELEPHONE TO US AT ONE OF THE FOLLOWING NUMBER(S): _____ OR _____ [ISSUER TO INSERT TELEPHONE NUMBERS FOR CONFIRMATION]. IN THE EVENT OF A PRESENTATION BY EMAIL OR BY OTHER ELECTRONIC MEANS, NO REGULAR MAIL PRESENTATION OR DELIVERY IS NECESSARY, AND THE TRANSMISSION BY EMAIL OR BY OTHER ELECTRONIC MEANS WILL CONSTITUTE CONFORMING PRESENTATION OR DELIVERY.

THE BELOW MENTIONED DOCUMENT(S) MUST BE PRESENTED ON OR BEFORE THE EXPIRY DATE OR ANY AUTOMATICALLY EXTENDED EXPIRY DATE, AS PROVIDED HEREIN, OF THIS INSTRUMENT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT.

1. YOUR SIGNED STATEMENT, READING AS FOLLOWS (WITH BLANKS APPROPRIATELY COMPLETED AND BRACKETED INSTRUCTIONS DELETED):

“THE AMOUNT FOR THIS DRAWING, USD [INSERT AMOUNT], BEING MADE UNDER THE [INSERT NAME OF BANK] IRREVOCABLE STANDBY LETTER OF CREDIT NO. [INSERT LETTER OF CREDIT REFERENCE NUMBER], REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY FROM APPLICANT OR AN AFFILIATE OF APPLICANT UNDER THE

PPL ELECTRIC UTILITIES CORPORATION DEFAULT SERVICE SUPPLIER MASTER AGREEMENT DATED [INSERT DATE OF SUCH AGREEMENT] BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY, AND THIS STATEMENT SHALL BE THE NOTICE OF COMPLETENESS FOR THIS PRESENTATION UNDER THE ABOVE-REFERENCED LETTER OF CREDIT.”; OR

“AN EVENT OF DEFAULT UNDER THE PPL ELECTRIC UTILITIES CORPORATION DEFAULT SERVICE SUPPLIER MASTER AGREEMENT DATED [INSERT DATE OF SUCH AGREEMENT] BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY HAS OCCURRED AND THAT BENEFICIARY DEMANDS PAYMENT IN THE AMOUNT OF [INSERT AMOUNT UP TO ENTIRE REMAINING UNDRAWN AMOUNT] PURSUANT TO SUCH AGREEMENT, AND THIS STATEMENT SHALL BE THE NOTICE OF COMPLETENESS FOR THIS PRESENTATION UNDER THE ABOVE-REFERENCED LETTER OF CREDIT.”; OR

“THE EXPIRY DATE OF IRREVOCABLE STANDBY LETTER OF CREDIT NO. [INSERT LETTER OF CREDIT REFERENCE NUMBER] IS LESS THAN THIRTY (30) DAYS FROM THE DATE OF THIS STATEMENT AND THAT THE APPLICANT UNDER SUCH LETTER OF CREDIT HAS FAILED TO PROVIDE A REPLACEMENT LETTER OF CREDIT THAT SATISFIES THE REQUIREMENTS UNDER THE PPL ELECTRIC UTILITIES CORPORATION DEFAULT SERVICE SUPPLIER MASTER AGREEMENT DATED _____ BETWEEN APPLICANT OR AN AFFILIATE OF APPLICANT AND BENEFICIARY. WE THEREFORE DEMAND PAYMENT IN THE AMOUNT OF [INSERT AMOUNT UP TO ENTIRE REMAINING UNDRAWN AMOUNT] PURSUANT TO SUCH AGREEMENT, AND THIS STATEMENT SHALL BE THE NOTICE OF COMPLETENESS FOR THIS PRESENTATION UNDER THE ABOVE-REFERENCED LETTER OF CREDIT.”

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

AT THE BENEFICIARY’S REQUEST PRIOR TO THE EXPIRY DATE, THE ISSUER WILL ISSUE TO THE BENEFICIARY A REPLACEMENT LETTER OF CREDIT (HAVING THE SAME TERMS AND CONDITIONS AS THIS LETTER OF CREDIT AND ANY AMENDMENTS HERETO) IF THE BENEFICIARY CERTIFIES TO THE ISSUER THAT THE ORIGINAL LETTER OF CREDIT HAS BEEN LOST, STOLEN, DESTROYED OR MUTILATED AND PROVIDES THE ISSUER WITH A REASONABLY ACCEPTABLE INDEMNITY.

PARTIAL AND MULTIPLE DRAWINGS ARE PERMITTED. IN THE EVENT OF ANY PARTIAL DRAWING WE WILL, PROMPTLY FOLLOWING PRESENTATION THEREOF, RETURN THE ORIGINAL LETTER OF CREDIT AND ALL AMENDMENTS TO YOU. ALL AMOUNTS PAID BY US TO BENEFICIARY IN COMPLIANCE WITH THIS LETTER OF CREDIT SHALL CONSTITUTE A PRO TANTO REDUCTION IN THE STATED AMOUNT OF THIS LETTER OF CREDIT.

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. ALL PAYMENTS MADE UNDER THIS LETTER OF CREDIT SHALL BE MADE BY MEANS OF WIRE TRANSFER IN IMMEDIATELY AVAILABLE UNITED STATES DOLLARS TO YOUR BANK ACCOUNT INDICATED BY BENEFICIARY.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENTS PRESENTED IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE DULY HONORED IF PRESENTED FOR PAYMENT ON OR BEFORE THE EXPIRY DATE, AS EXTENDED FROM TIME TO TIME IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

IN THE EVENT OF ANY NON-CONFORMING PRESENTATION, WE SHALL IMMEDIATELY NOTIFY BENEFICIARY BY EMAIL TO [INSERT PPL EMAIL ADDRESS FOR NOTICE OF NON-CONFORMING PRESENTATION] THAT THE PRESENTATION HAS BEEN REJECTED, WHICH NOTICE SHALL INDICATE THE REASONS FOR DISHONORING SUCH PRESENTATION AND SHALL PLACE AT THE DISPOSAL OF BENEFICIARY THE DOCUMENTS PRESENTED BY BENEFICIARY IN SUPPORT OF ITS DEMAND FOR PAYMENT. BENEFICIARY MAY THEREAFTER PRESENT DOCUMENTS AND RECEIVE PAYMENT HEREUNDER IN THE EVENT A CONFORMING PRESENTATION IS MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ONE YEAR FROM THE EXPIRY DATE HEREOF, OR ANY FUTURE EXPIRY DATE, UNLESS AT LEAST 90 DAYS PRIOR TO ANY EXPIRY DATE WE NOTIFY YOU BY EMAIL TO [INSERT PPL EMAIL ADDRESS FOR NOTICE OF NON-RENEWAL] THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT RENEWED FOR ANY SUCH PERIOD.

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.

ADDITIONAL TERMS AND CONDITIONS:

1. ALL COMMISSIONS, FEES, COSTS, AND OTHER BANKING CHARGES WILL BE BORNE BY THE APPLICANT.
2. THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 (“ISP98”) THE UNIFORM CUSTOMS AND PRACTICES FOR DOCUMENTARY CREDITS, ICC PUBLICATION NO. 600, OR ANY SUCCESSOR PUBLICATION THERETO (THE “UCP”). AS TO MATTERS NOT GOVERNED BY THE UCP, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE [COMMONWEALTH OF PENNSYLVANIA; STATE OF NEW YORK], INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH THE UCP, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE [COMMONWEALTH OF PENNSYLVANIA; STATE OF NEW YORK].
3. ARTICLE 36 OF THE UCP AS IT APPLIES TO THIS LETTER OF CREDIT IS MODIFIED AS FOLLOWS: IF, ON THE LAST BUSINESS DAY FOR PRESENTATION THE PLACE FOR PRESENTATION STATED IN THIS LETTER OF CREDIT IS CLOSED FOR ANY REASON, THEN THE LAST DAY FOR PRESENTATION IS AUTOMATICALLY EXTENDED TO THE DAY THAT IS TEN (10) CALENDAR DAYS AFTER THE PLACE FOR PRESENTATION RE-OPENS OR THE ISSUER NOTIFIES THE BENEFICIARY OF AN ALTERNATIVE PLACE FOR PRESENTATION, WHICH ALTERNATIVE MUST BE IN THE UNITED STATES.
4. 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, AND THEN ONLY TO THE EXTENT THAT, THE BENEFICIARY OR AN AUTHORIZED AGENT OF THE BENEFICIARY SHALL HAVE SIGNED A DATED WRITTEN WAIVER EXPRESSLY WAIVING SUCH RIGHT OR RIGHTS. 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 ANY BREACH OR NON-COMPLIANCE AFTER THE WAIVER.

6. A FAILURE TO MAKE ANY 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 ANY SUBSEQUENT DEMAND OR DEMANDS FOR PAYMENT MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

AUTHORIZED
SIGNATURE: _____

TITLE: _____

PLEASE DIRECT ANY CORRESPONDENCE (OTHER THAN DRAFTS, DOCUMENTS OR OTHER COMMUNICATIONS REGARDING PRESENTMENT OR NOTICES REGARDING REJECTION OR NON-RENEWAL) TO:

[BANK NAME, EMAIL ADDRESS AND PHONE NUMBER]

EXHIBIT 4 – UNCONDITIONAL GUARANTY

THIS GUARANTY AGREEMENT (this “Guaranty”) is made and entered into as of this _____ day of _____, by _____ (the “Guarantor”), with an address at _____, in favor of PPL Electric Utilities Corporation (the “Buyer”), with an address at Two North Ninth Street, Allentown, PA 18101, in consideration of all Transactions for Default Service, Block Service under Supplier Master Agreement(s) (“SMA(s)”) between PPL Electric Utilities Corporation and _____ (the “Seller”), including but not limited to all transactions under other agreements providing for default service or similar service, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. Unless otherwise defined herein, all capitalized terms used herein shall have the respective meanings assigned thereto in the applicable SMA(s).

Whereas, Seller is an affiliate of Guarantor, and Guarantor desires Buyer to enter into SMA(s) with Seller and Guarantor’s provision of this Guaranty is an inducement for Buyer to be willing to enter into SMA(s) with Seller.

Now, therefore, intending to be legally bound hereby, Guarantor covenants and agrees as follows:

1. Guaranty of Obligations.
 - (a) The Guarantor hereby irrevocably and unconditionally guarantees as primary obligor and not as a surety, with effect from date hereof, the prompt and complete payment in immediately available funds in the United States when due of all of Seller’s obligations (present or future, direct or indirect, secured or unsecured, fixed or contingent and whenever due, whether on scheduled payment dates, upon demand, on a Termination Payment Date or otherwise) under the SMA(s), as well as, all reasonable out-of-pocket costs and expenses incurred by Buyer in the enforcement of the Guarantor’s obligations or collection under this Guaranty, including reasonable attorney’s fees and expenses (collectively, the “Obligations”) provided only that the Buyer is the prevailing party in any judicial suit, action or proceeding arising out of, resulting from, or in any way relating to this Guaranty, or if by mutual agreement by Guarantor and Buyer. [Optional provision: Notwithstanding anything to the contrary herein, the liability of the Guarantor under this Guaranty and Buyer’s right of recovery hereunder for all Obligations is limited to a total aggregate amount of \$_____ (“Guaranty Amount”), where Guaranty Amount shall be no less than Five Hundred Thousand US Dollars (\$500,000).]
 - (b) The Guarantor shall not be required to pay any consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages except in each case to the extent that they constitute

Obligations that are required to be paid under the applicable SMA(s).

2. Nature of Guaranty; Waivers

- (a) This is a guaranty of payment and not of collection and the Buyer shall not be required, as a condition of the Guarantor's liability, to proceed first against Seller or any performance assurance or any collateral that Guarantor may hold, or to pursue any rights which may be available to it with respect to any other person or entity who may be liable for the payment of the Obligations. This is not a guaranty of performance (other than of performance of payment obligations) and the Guarantor is not obligated to provide power under the SMA(s) or this Guaranty.
- (b) This Guaranty is an absolute, unconditional, irrevocable (subject to the provisions of Section 12 of this Guaranty) and continuing guaranty and will remain in full force and effect until all of the Obligations have been indefeasibly paid in full, or until the SMA(s) have been terminated, whichever comes later. This Guaranty will not be affected by any surrender, exchange, acceptance, compromise or release by the Buyer or any other party, or any other guaranty, performance assurance or other security held by it for any of the Obligations, by any failure of the Buyer to take any steps to perfect or maintain its lien or security interest in or to preserve its rights to any security, performance assurance, or other collateral for any of the Obligations or any guaranty, or by any irregularity, unenforceability or invalidity of any of the Obligations or any part thereof.
- (c) Except as to any claims, defenses, or rights of set-off to which Seller is entitled under the SMA(s), exclusive of any claims, defenses, and rights of set-off that are based upon the insolvency, bankruptcy or reorganization of Seller, the power or authority to enter into and perform under the SMA(s) or the Transactions, all of which are expressly reserved under this Guaranty, the Guarantor's obligations hereunder shall not be affected, modified or impaired by any counterclaim, set-off, deduction or defense based upon any claim the Guarantor may have against Seller or the Buyer, including: (i) any change in the corporate existence (including its charter or other governing agreement, laws, rules, regulations or powers), structure or ownership of Seller or the Guarantor; or (ii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting Seller or its assets; or (iii) the invalidity or unenforceability in whole or in part of the SMA(s); or (iv) any provision of applicable law or regulations purporting to prohibit payment by Seller of amounts to be paid by it under the SMA(s) (other than any law or regulation that eliminates or nullifies the obligations under the SMA(s)).

- (d) Guarantor waives notice of acceptance of this Guaranty, diligence, presentment, notice of dishonor and protest and any requirement that at any time Buyer or any other person or entity exhaust any right to take any action against Seller or Seller's assets or any other guarantor, person or entity, and Buyer shall not be bound or obligated to exhaust its recourse against Seller or any other person or entity or against any performance assurance or other collateral it may hold or take any other action before being entitled to receive payment from Guarantor. Any failure of Buyer to give notice shall not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives all claims, defenses, and rights of set-off based on suretyship or impairment of collateral or any other defenses that would constitute a legal or equitable discharge of Guarantor's obligations, except any claims, defenses, or rights of set-off of Seller in respect of its obligations under the SMA(s) that are expressly reserved under Section 2(c) above.
 - (e) The Buyer at any time and from time to time, without notice to or the consent of the Guarantor, and without impairing or releasing, discharging or modifying the Guarantor's liabilities hereunder, may (i) to the extent permitted by the SMA(s), change the manner, place, time or terms of payment or performance of, or other terms relating to, any of the Obligations; (ii) to the extent permitted by the SMA(s), renew, substitute, modify, amend or alter, or grant consents or waivers relating to any of the Obligations, or any other guaranties for any Obligations; (iii) settle, compromise or deal with any other person, including Seller, with respect to any Obligations in such manner as the Buyer deems appropriate at its reasonable discretion; (iv) substitute, exchange or release any performance assurance or any guaranty; or (v) take such actions and exercise such remedies hereunder or under the SMA(s) as Buyer deems appropriate in its reasonable discretion.
3. Representations and Warranties. The Guarantor hereby represents and warrants that:
- (a) it is a [limited liability company, corporation, limited partnership, general partnership] duly organized, validly existing and in good standing under the laws of the jurisdiction of its [formation, organization, incorporation] and has the [corporate power] [power] and authority to conduct the business in which it is currently engaged and enter into and perform its obligations under this Guaranty;
 - (b) it has the [corporate power] [power] and authority and the legal right to execute and deliver, and to perform its obligations under, this Guaranty, and has taken all necessary [corporate action] [action] to authorize its execution, delivery and performance of this Guaranty;

- (c) this Guaranty constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law);
 - (d) the execution, delivery and performance of this Guaranty will not violate any provision of any requirement of law or contractual obligation of the Guarantor;
 - (e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty, other than any which have been obtained or made prior to the date hereof and remain in full force and effect; and
 - (f) no litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Guarantor, threatened by or against the Guarantor that could reasonably be expected to have a material adverse effect on this Guaranty or Guarantor's ability to perform all of its obligations hereunder.
4. Repayments or Recovery from the Buyer. If any demand is made at any time upon the Buyer for the repayment or recovery of any amount received by it in payment or on account of any of the Obligations, including but not limited to upon the bankruptcy, insolvency, dissolution or reorganization of the Seller and if the Buyer repays all or any part of such amount by reason of any judgment, decree or order of any court or administrative body or by reason of any settlement or compromise of any such demand, the Guarantor shall be and remain liable hereunder for the amount so repaid or recovered to the same extent as if such amount had never been received originally by the Buyer. The provisions of this section will be and remain effective notwithstanding any contrary action which may have been taken by the Guarantor in reliance upon such payment, and any such contrary action so taken will be without prejudice to the Buyer's rights hereunder and will be deemed to have been conditioned upon such payment having become final and irrevocable. Furthermore, this Guaranty shall continue to be effective or be reinstated, as the case may be, without any release or discharge of any obligations if at any time any payment of any of the Obligations is rescinded, avoided, recovered or must otherwise be returned by Buyer upon the insolvency, bankruptcy, or reorganization of Seller, Guarantor or any other guarantor or any other person or entity or otherwise, all as though such payment

had not been made.

5. Enforceability of Obligations. No modification, limitation or discharge of the obligations of Seller arising out of or by virtue of any bankruptcy, reorganization or similar proceeding for relief of debtors under federal or state law will affect, modify, limit or discharge the Guarantor's liability in any manner whatsoever and this Guaranty will remain and continue in full force and effect and will be enforceable against the Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted. The Guarantor waives all rights and benefits which might accrue to it by reason of any such proceeding and will be liable to the full extent hereunder, irrespective of any modification, limitation or discharge of the liability of Seller that may result from any such proceeding.
6. Postponement of Subrogation. Guarantor shall not be subrogated to any of the rights (or if subrogated by operation of law, such Guarantor hereby waives such rights to the extent permitted by applicable law) of Buyer as the result of any payment or enforcement of any of the Obligations until all of the SMA(s) have terminated and all Obligations (other than contingent indemnities not then due) have been paid in full (such date, the "Obligations Full Payment Date"). If any amount shall be paid to Guarantor on account of subrogation at any time prior to the Obligations Full Payment Date, such amount shall be held by Guarantor in trust for Buyer, segregated from other funds of Guarantor, and shall, forthwith upon receipt by Guarantor, be turned over to Buyer in the exact form received by Guarantor (duly endorsed by Guarantor to Buyer, if required) to be applied against the Obligations, whether due or to become due, in such order as Buyer may determine. On the Obligations Full Payment Date, Buyer agrees that Guarantor shall be subrogated to the rights of Buyer against Seller to the extent of Guarantor's payments to Buyer hereunder that have not been rescinded, avoided or otherwise required to be returned.
7. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt. Such notices and other communications may be hand-delivered, sent by email to the address set forth below and confirmed by telephone to the number set forth below, sent by facsimile transmission with confirmation of delivery and a copy sent by first-class mail, or sent by nationally recognized overnight courier service, to the addresses for the Buyer and the Guarantor set forth below or to such other address as one may give to the other in writing for such purpose:

All communications to Buyer shall be directed to:

Attn: James Rouland
Phone: 610-774-3042
Fax: 610-774-2881
E-mail: jmrouland@pplweb.com
Address: 2 North 9th Street, TW20, Allentown, PA 18101

or such other address as the Buyer shall from time to time specify to Guarantor by notice given in accordance with this Section 7.

All communications to Guarantor shall be directed to:

Attn: _____
Phone: _____
Fax: _____
Email: _____
Address: _____

or such other address as the Guarantor shall from time to time specify to Buyer by notice given in accordance with this Section 7.

8. Preservation of Rights. No delay or omission on the Buyer's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Buyer's action or inaction impair any such right or power. The Buyer's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Buyer may have under other agreements with the Guarantor or in respect of any performance assurance or at law or in equity.
9. Illegality. In case any one or more of the provisions contained in this Guaranty should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
10. Amendments. No modification, amendment or waiver of any provision of this Guaranty nor consent to any departure by the Guarantor therefrom, will be effective unless made in a writing signed by the Buyer, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Guarantor in any case will entitle the Guarantor to any other or further notice or demand in the same, similar or other circumstance.
11. Entire Agreement. This Guaranty (including the documents and instruments referred to herein) constitutes the entire statement of the terms of this Guaranty

and supersedes all other prior agreements and understandings, both written and oral, between the Guarantor and the Buyer with respect to the subject matter hereof.

12. Successors and Assigns. This Guaranty will be binding upon the successors and permitted assigns of Guarantor and inure to the benefit of the Buyer and its successors and assigns. Any assign must meet the requirements of a Guarantor under the SMA. Guarantor shall not assign this Guaranty in whole or in part without Buyer's prior written consent, which consent shall not be unreasonably withheld or delayed, except that this Section 12 shall not limit the Guarantor's right to assign this Guaranty, along with substantially all of the Guarantor's assets and business to a successor entity or Affiliate that concurrently assumes in a writing provided to the Buyer all of Guarantor's obligations hereunder and (i) where the successor Guarantor's Lowest Credit Rating is equal to or greater than the Guarantor's Lowest Credit Rating or where the successor Guarantor's Lowest Credit Rating is equal to or greater than BB-, as rated by Standard & Poor's Financial Services LLC, a part of McGraw-Hill Financial (or its successor) ("S&P") or Fitch Ratings, Inc. (or its successor) ("Fitch"), or Ba3, as rated by Moody's Investors Service, Inc. (or its successor) ("Moody's"), and (ii) the Seller is in compliance with all of its obligations under the SMA(s) before and immediately after giving effect to such assignment and assumption. The "Lowest Credit Rating" shall mean the lowest of the senior unsecured long-term debt ratings (or, if unavailable, the most current corporate issuer rating) determined by S&P, Moody's or Fitch immediately before such transfer and assumption. Upon any such delegation and assumption of obligations by a successor Guarantor, the Guarantor shall be relieved of and fully discharged from all of its obligations hereunder, whether such obligations arose before or after the date of such delegation and assumption.
13. Interpretation. In this Guaranty, unless the Buyer and the Guarantor otherwise agree in writing, the singular includes the plural and the plural the singular; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; and references to sections or exhibits are to those of this Guaranty unless otherwise indicated. Section headings in this Guaranty are included for convenience of reference only and shall not constitute a part of this Guaranty for any other purpose.
14. Governing Law.
 - (a) This Guaranty has been delivered to and accepted by the Buyer. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, EXCLUDING ITS CONFLICT OF LAWS RULES

THAT WOULD APPLY THE LAWS OF ANY OTHER JURISDICTION.

- (b) The Guarantor hereby irrevocably consents to the non-exclusive jurisdiction of any federal court in the Commonwealth of Pennsylvania, but in the event that the Guarantor and the Buyer jointly determine in good faith that jurisdiction does not lay with such court or that such court refuses to exercise jurisdiction or venue over the Guarantor and the Buyer or any claims made pursuant to this Guaranty, then the Guarantor agrees to submit to the non-exclusive jurisdiction of the Pennsylvania State courts; provided that nothing contained in this Guaranty will prevent the Buyer from bringing any action, enforcing any award or judgment or exercising any rights against the Guarantor individually, against any security or against any property of the Guarantor within any other county, state or other foreign or domestic jurisdiction. The Guarantor acknowledges and agrees that the venue provided above is the most convenient forum for both the Buyer and the Guarantor. The Guarantor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Guaranty. The Guarantor agrees that a PDF copy of this Guaranty transmitted to Buyer by electronic means, and maintained by Buyer in electronic form, shall constitute the original Guaranty and be admissible under the rules of evidence in any regulatory proceeding, or in court or other dispute resolution forum.

15. WAIVER OF JURY TRIAL. THE GUARANTOR AND BUYER IRREVOCABLY WAIVE ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS GUARANTY, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS GUARANTY OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE GUARANTOR AND BUYER ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.
16. Term. This Guaranty shall survive termination of the SMA(s) and remain in full force and effect until all amounts due hereunder, including all of the Obligations, have been paid in full.
17. Stay of Acceleration Ineffective with Respect to Guarantor. If acceleration of the time for payment of any amount payable by Seller under the SMA(s) is stayed upon the insolvency, bankruptcy or reorganization of Seller, all such amounts otherwise subject to acceleration or required to be paid upon an early termination pursuant to the terms of the SMA(s) shall nonetheless be payable by the Guarantor hereunder on written demand by Buyer.

18. Severability. Any provision contained in this Guaranty which is prohibited or severability in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
19. Electronic Signatures. The electronic signature of Guarantor shall be valid as an original signature of Guarantor and shall be effective to bind Guarantor. The Guarantor hereby acknowledges and agrees that PDF signatures of this Guaranty shall have the same force and effect as an original signature and a digital reproduction, portable document format (“pdf”) or other reproduction of this Guaranty may be executed and delivered by electronic signature complying with the U.S. federal ESIGN Act of 2000 (including signature via DocuSign, RightSignature or similar services), electronic mail or any similar electronic transmission device pursuant to which the signature of can be seen.

The Guarantor acknowledges that it has read and understood all the provisions of this Guaranty, and has been advised by counsel as necessary or appropriate.

[Guarantor]

By: _____

Name: _____

Title: _____

PPL Electric Utilities Corporation

**Default Service Block Supply
Request for Proposals (RFP) Process and Rules**

[Month] [Day], 2021

DEFAULT SERVICE BLOCK SUPPLY RFP PROCESS AND RULES

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ARTICLE 1 INTRODUCTION

1.1 Overview

- 1.1.1 Capitalized terms in this document, which are not defined explicitly herein, are defined in the PPL Electric Utilities Corporation Default Service Block Supplier Master Agreement (“DSB SMA”) incorporated hereto as Appendix 1.
- 1.1.2 PPL Electric Utilities Corporation (“Company” or “PPL Electric”) has proposed a competitive bidding process to obtain electric supply sufficient for the Company to meet its default service obligations, pursuant to Chapter 28 of the Pennsylvania Public Utility Code, 66 Pa. C. S. §§ 2801-2812, and Pennsylvania Public Utility Commission (“PUC” or “Commission”) Orders and Regulations. This Request for Proposals (“RFP”) is being issued to select electricity suppliers for block supply, which contributes to Residential default service supply beginning on June 1, 2021.
- 1.1.3 PPL Electric is issuing this RFP to procure electricity service under the terms described in the DSB SMA. Specifically, an electricity supplier selected through this RFP (i.e., Block Service Supplier) will supply PPL Electric with block electricity service in the form of Block Products. Being selected as a Block Service Supplier is subject to the approval by the Pennsylvania Public Utility Commission (“PUC” or “Commission”).
- 1.1.4 A “Block Product” is a fixed MW block of around-the-clock electricity service, for a given time period (“Delivery Period”), which includes all necessary energy, transmission (excluding Non-market-based Transmission Services as defined in the DSB SMA), transmission losses, congestion management costs, and such other services or products (but excluding capacity, ancillary services, and Alternative Energy Credits (“AECs”) to meet Pennsylvania’s Alternative Energy Portfolio Standards Act) that are required with that block supply. For purposes of this RFP, the quantity of Block Products to be procured will be expressed in tranches where each tranche is 25 MW of the Block Product.
- 1.1.5 Block Products must be provided under the terms of the DSB SMA, in which supply is provided at a single specified firm price (in \$/MWh) for delivery to the Delivery Point as defined in the DSB SMA. The single specified firm price will be the Block Service Supplier’s winning price for tranche(s) that the Block Service Supplier has been awarded. PPL Electric’s Residential Customer Group’s retail rates for default service supply will incorporate the prices of the Block Products.
- 1.1.6 PPL Electric seeks to procure Block Products under contracts for a 5-year term through two (2) solicitations held in April 2021 and October 2021. The Delivery Period for each Block Product begins at 12:00:00 a.m. Eastern Prevailing Time (“EPT”) of that product’s commencement date and ends at 11:59:59 p.m. EPT of that product’s expiration date. PPL Electric seeks to procure two (2) tranches of the Block Product corresponding to 50 MW of block supply for the period of June 1, 2021 through May 31, 2026 and an additional two (2) tranches of Block Product corresponding to 50 MW of block supply for the period of December 1, 2021 through November 30, 2026. The following table shows

available tranches, amounts (in MW), the commencement and expiration dates for the Five-Year Block Product for each solicitation.

5-Year Block Product				
Solicitation #	Available Tranches	Amount (MW)	Commencement Date and Time	Expiration Date and Time
1	2	50	12:00:00 a.m. EPT, June 1, 2021	11:59:59 p.m. EPT, May 31, 2026
2	2	50	12:00:00 a.m. EPT, December 1, 2021	11:59:59 p.m. EPT, November 30, 2026

- 1.1.7 Any prospective supplier, including any PPL Electric generation supply affiliate, that can meet the Bidder Qualification requirements established in Article 4, and is willing to provide prices at which it will supply Block Products, may respond to any solicitation in this RFP.
- 1.1.8 Any prospective respondent to this RFP must meet the Bidder Qualification requirements provided in Article 4, and submit a Bid Proposal as described in Articles 5 and 6. The Bidder Qualification requirements generally require the prospective RFP Bidder to provide certain evidence of being a recognized electricity supplier and, if applicable, to submit documents establishing the RFP Bidder’s credit. A Bid Proposal must include the RFP Bidder’s Bid(s), and must be accompanied by the executed DSB SMA and sufficient Bid Assurance Collateral. A Bid is a price, in U.S. Dollars per megawatt-hour (“MWh”) for the product’s Delivery Period, at which the RFP Bidder is willing to serve a number of tranches.
- 1.1.9 All elements of this RFP will be carried out pursuant to the RFP Schedule developed pursuant to Section 2.2. In general, for each solicitation to be conducted under this RFP, there will be a pre-specified time period prior to the submission of Bid Proposals wherein RFP Bidders can: 1) express interest in offering supplies; 2) obtain data on supply obligations; 3) attend a Bidder Information Session; and 4) submit and receive answers to questions regarding the solicitation.
- 1.1.10 On the Bid Proposal Due Date of any solicitation, a qualified RFP Bidder may submit Bid Proposals, subject to the restrictions of this Article 1. In any solicitation, the RFP Bidder may only submit Bids for whole numbers of tranches. The number of tranches for which an RFP Bidder submits a Bid cannot exceed the Available Tranches in the solicitation. An RFP Bidder cannot be awarded tranches for supply exceeding the Aggregate Load Cap of 50MW across all solicitations. The Aggregate Load Cap ensures that, at any given point in time during the period June 1, 2021 through November 30, 2026, the Residential Customer Group has no more than a 50% exposure to any one Block Service Supplier selected pursuant to this RFP. Thus, an RFP Bidder can bid and

win at most two (2) tranches corresponding to a total of 50MW of block supply across the two (2) solicitations under this RFP. In any solicitation, when an RFP Bidder submits a Bid to supply a number of tranches, the RFP Bidder must submit a price at which that RFP Bidder is willing to serve each number of tranches up to and including that number of tranches. Instructions for preparation of a Bid Proposal are addressed in Articles 5 and 6.

- 1.1.11 For each solicitation, the Bid Proposal Evaluation Team will present the results of that solicitation to the PUC within one (1) business day of the Bid Proposal Due Date of that solicitation. At that time, the PUC will have one (1) business day to consider the report of the Bid Proposal Evaluation Team and to render a final decision on the results of that solicitation. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved.
- 1.1.12 If the PUC rejects all Bids in any solicitation, or if some tranches in a particular solicitation do not receive Bids, the Company will expeditiously seek guidance and approval from the PUC to address this shortfall. Subject to PUC approval, PPL Electric will rollover unfilled tranches from the first solicitation to second solicitation with the unfilled tranches adjusted to have the same Delivery Period as products in the second solicitation or issue a new RFP as soon as practicable if there is a shortfall in the second solicitation, and if needed, the Company will obtain Block Product through the spot market administered by PJM in the interim. In the event a Block Product defaults, PPL Electric will offer Block Product supply assignment as specified in Section 7.5.

1.2 Summary of RFP Documents

1.2.1 The following documents are appended to, and shall be considered an integral part of, this RFP:

Appendix 1:	PPL Electric Utilities Corporation DSB SMA
Appendix 2:	Expression of Interest Form
Appendix 3:	Confidentiality Agreement
Appendix 4:	PJM Qualification Certification Form
Appendix 5:	FERC Authorization Certification Form
Appendix 6:	Credit Application
Appendix 6b:	Confirmation of Previously Submitted Credit and Financial Information
Appendix 7:	Bid Assurance Letter of Credit
Appendix 8:	Bid Proposal Spreadsheet
Appendix 9:	Binding Bid Agreement

ARTICLE 2 INFORMATION AND SCHEDULE

2.1 Information Provided to Potential Bidders

2.1.1 PPL Electric and its RFP Manager have established a Web site that will be the main source of information for this RFP. Prospective RFP Bidders are requested to use this Web site for current data and information about all aspects of this RFP and to access all essential RFP-related documents. Certain data may be password-protected at PPL Electric's sole discretion, in which case passwords would be provided upon execution of the Confidentiality Agreement as described in Section 4.3.

2.2 RFP Schedule

2.2.1 RFP schedules will be established by PPL Electric and its RFP Manager. PPL Electric may publish advertisements in daily and weekly energy publications and the RFP Manager will notify potential bidders to inform them of the upcoming solicitation. The Bid Proposal Due Dates will occur on or about the following dates:

- April 6, 2021
- October 12, 2021

2.2.2 Each solicitation will generally span a four-week to six-week time period. Solicitation activities are shown below. The expected completion date of each of the activities shown is expressed in the approximate number of weeks prior to the expected execution of default service contracts.

- Five weeks or more: RFP Addendum Issued, Bidder Interest Form and Confidentiality Agreement Available, RFP Data Room Opens;
- Three and one-half weeks: Bidder Information Session;
- Two and one-half weeks: Bidder Qualifications Due;
- Two weeks: Cure Deficiency Deadline;
- One and one-half weeks: Qualified Bidders Notified;
- Final week: Bid Proposals Due, PUC Decision Issued, Transaction Confirmations Issued.

2.2.3 The RFP Schedule for each solicitation will be provided in the RFP Addendum issued for that solicitation.

ARTICLE 3

GENERAL REQUIREMENTS FOR PROPOSALS

3.1 RFP General Requirements

- 3.1.1 A Proposal consists of Bidder Qualifications (a response to the Bidder Qualification requirements in Article 4 of this RFP) and one Bid Proposal for a given solicitation with its accompanying documents (as described in Article 5). A respondent to this RFP is an RFP Bidder. An RFP Bidder that fulfills the Bidder Qualification requirements can submit a maximum of one Bid Proposal on each Bid Proposal Due Date in response to this RFP.
- 3.1.2 Bidder Qualifications and Bid Proposals must: (i) adhere to this RFP's terms and conditions; and (ii) fulfill all requirements in Articles 3 through 6 of this RFP.
- 3.1.3 Bidder Qualifications and Bid Proposals that do not adhere to the terms and conditions of this RFP and/or do not fulfill all requirements set forth in Articles 3 through 6 of this RFP will not be considered.
- 3.1.4 It is the intention, but not the obligation, of the Company to enter into a DSB SMA with two or more winning RFP Bidders.
- 3.1.5 PPL Electric is not responsible or liable for any costs incurred by the RFP Bidder in responding to this RFP, including any presentations, demonstrations, or travel, meals or other out-of-pocket expenses. In addition, PPL Electric is not responsible or liable to any broker, consultant, or other person or entity acting on your behalf for any brokerage or other fee or payment related directly or indirectly to the RFP proposal submission or to the selection of a RFP Bidder for Default Service Supply, whether or not a contract is awarded and executed.

- 3.1.6 The RFP Bidder, at its own cost and expense, shall defend PPL Electric, its parent company, and its 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, 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 statements or misrepresentations, intentional or unintentional, in the Bidder Qualifications and Bid Proposal or breach of any covenant by the RFP Bidder set forth herein. The RFP Bidder shall indemnify and hold harmless PPL Electric, its parent company, 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 against any and all liens, judgments, liabilities, losses, injuries, damages, fees (including consulting, expert and attorney fees), fines, costs or expenses which in any manner relate to, arise out of, or result from any false statements or misrepresentations, intentional or unintentional, in the Bidder Qualifications and Bid Proposal or breach of any warranty by the RFP Bidder as set forth herein.
- 3.1.7 The submission of any portion of a Proposal to the Company constitutes the RFP Bidder's acknowledgement and acceptance of all the terms and conditions of this RFP, regardless of the outcome of this RFP or the ultimate fate of such Proposal.
- 3.1.8 An Officer of the RFP Bidder is an individual empowered to undertake contracts and bind the RFP Bidder. The forms and/or agreements attached as Appendices 3, 4, 5 and 9, as well as Appendix 1 if an award is made to the RFP Bidder, shall be executed by individuals who are Officers of the RFP Bidder. Unless otherwise noted, all other representations with respect to this RFP must be made by an Officer of the RFP Bidder.
- 3.1.9 Each RFP Bidder must comply with all the Bidder Qualification requirements described in Article 4.
- 3.1.10 All information provided, and certifications made in the Bidder Qualifications must remain valid and remain in full force until five (5) business days after the applicable Bid Proposal Due Date. Regardless of the reason, if any information provided in the Bidder Qualifications for a given solicitation changes or any certification fails to remain valid, it is the sole responsibility of the RFP Bidder to notify the Bidder Qualification Evaluation Team of such change at least three (3) business days before the submission of any Bid Proposal on a Bid Proposal Due Date. Failing to do so may result in disqualification of the RFP Bidder and the Bid Proposal for that solicitation. The Bidder Qualification Evaluation Team reserves the right to vary the assessment of Bidder Qualifications based on the revised information provided by the RFP Bidder.

ARTICLE 4

BIDDER QUALIFICATION

4.1 Overview of Bidder Qualification Process

- 4.1.1 The purpose of the Bidder Qualification process is to determine the applicant's eligibility to bid. An applicant is qualified to bid in a given solicitation if, by the Cure Deficiency Deadline of that solicitation, it satisfactorily completes or updates the following: 1) submits an Expression of Interest Form; 2) executes the Confidentiality Agreement; 3) certifies that it meets the PJM membership and Federal Energy Regulatory Commission ("FERC") authorization requirements stated in Section 4.4 (Applicant's PJM Qualification and FERC Authorization Certifications); 4) submits the Credit Application and, if applicable, associated financial information requested in Section 4.5 (Credit Application and Financial Information); and, 5) submits an executed copy of the Binding Bid Agreement provided as Appendix 9. With the submission of a Bid Proposal, qualified RFP Bidders will be required to post Bid Assurance Collateral in an amount directly proportional to the amount of load bid upon. The Bid Assurance Collateral will be returned to the RFP Bidder subsequent to contract execution or the rejection of its bid(s), as described in Section 5.3 (Bid Assurance Collateral).
- 4.1.2 Bidder Qualifications will be available to be completed online by RFP Bidders through a Proposal Submission Web site as further explained in Section 6.1.2 and the electronic signature of a party to a form or document required as part of Bidder Qualifications shall be as valid as an original signature of such party and shall be effective to bind such party as further explained in Section 6.2.4.
- 4.1.3 Applicants are urged to provide the materials necessary to establish eligibility as soon as practicable. PPL Electric will endeavor, on a best efforts basis, to notify applicants of any deficiencies in their submittals in accordance with Section 7.2 no later than forty-eight hours before the Cure Deficiency Deadline for the appropriate solicitation as indicated in an RFP Schedule developed subject to Section 2.2. However, PPL Electric does not bear any responsibility for failure to notify applicants of deficiencies prior to the Cure Deficiency Deadline as indicated in an RFP Schedule developed subject to Section 2.2, and PPL Electric assumes no liability or obligation for a defective submission or for notifying any RFP Bidder of a defective submission. Early submittal of materials will provide the greatest flexibility to correct deficiencies prior to the Cure Deficiency Deadline and applicants are encouraged to submit Bidder Qualifications as soon as possible following the issuance of the RFP, or RFP Addendum. PPL Electric will notify applicants whether or not they have qualified by noon of the Qualified Bidders Notified Date.
- 4.1.4 After an RFP Bidder has qualified for a solicitation in the RFP, that RFP Bidder can qualify again for a subsequent solicitation by: a) verifying that the previously submitted credit and financial information is up-to-date and accurate by submitting Appendix 6b; and b) providing the executed Binding Bid Agreement for that solicitation. These documents must be provided by the Bidder Qualifications Due Date for that solicitation. Once qualified, the RFP Bidder will be required to submit the appropriate Bid Assurance

Collateral for that solicitation and to fulfill all requirements of the Bid Proposal as specified in Article 5. It is the sole responsibility of the RFP Bidder to notify PPL Electric of any changes to the RFP Bidder's previously submitted Bidder Qualification materials.

4.2 Expression of Interest

- 4.2.1 Applicants will be required to express their non-binding interest to bid by completing and submitting the Expression of Interest Form (Appendix 2). An electronic copy of the Expression of Interest Form can be found on PPL Electric's Proposal Submission Web site. The applicant will not be eligible to submit a Bid Proposal until the completed Expression of Interest Form has been provided to PPL Electric. Applicants are required to complete and submit this form as directed in Section 6.1.2 no later than the Bidder Qualifications Due Date.
- 4.2.2 The Bidder Qualification Evaluation Team will not provide a deficiency notice to an applicant that submits an Expression of Interest Form but that submits none of the other documents required as part of the Bidder Qualification requirements.

4.3 Confidentiality Agreement

- 4.3.1 An applicant and PPL Electric will be required to execute the Confidentiality Agreement (Appendix 3). The applicant will not be eligible to submit a Bid Proposal until such agreement has been executed. An electronic copy of the Confidentiality Agreement can be found on PPL Electric's Proposal Submission Web site. This agreement must be signed by an Officer as defined in Section 3.1.7. The applicant must provide as part of its Bidder Qualifications the executed agreement as directed in Section 6.1.2. Applicants are required to submit this agreement no later than the Bidder Qualifications Due Date.
- 4.3.2 If PPL Electric is providing data or information on a confidential basis, upon submission of the executed Confidentiality Agreement, an applicant will be issued a password to access such data and information from the RFP Web site. Once the Confidentiality Agreement is received from the applicant, PPL Electric will complete the execution of the agreement and send a copy of the fully executed agreement to the applicant by e-mail.

4.4 Applicant's PJM Qualification and FERC Authorization Certifications

- 4.4.1 An applicant must certify that it is a member of PJM and qualified as a market buyer and market seller in good standing able to secure generation or otherwise obtain and deliver electricity in PJM through compliance with all applicable requirements of PJM to fulfill Block Service obligation. In addition, an applicant must certify that it has been authorized by the FERC to make sales of energy, capacity and ancillary services at market-based rates. The PJM Qualification Certification Form (Appendix 4) and the FERC Authorization Certification Form (Appendix 5) can be found on PPL Electric's Proposal Submission Web site. Such certifications must be signed by an Officer as defined in Section 3.1.7. Applicants are required to submit such certifications no later than the Bidder Qualifications Due Date. The applicant must provide as part of its Bidder

Qualifications such certifications as directed in Section 6.1.2. The applicant will not be eligible to submit bids until such certifications have been provided to PPL Electric.

4.5 Credit Application and Financial Information

- 4.5.1 Applicants are required to submit the Credit Application (Appendix 6) and associated financial information to PPL Electric. An electronic copy of the Credit Application can be found on PPL Electric’s Proposal Submission Web site. Applicants are required to submit the Credit Application no later than the Bidder Qualifications Due Date. The applicant must provide as part of its Bidder Qualifications the completed Credit Application and one (1) copy of any supporting documents to this Credit Application including the associated financial information as directed in Section 6.1.2. Supporting documents to the Credit Application include for the entity on whose creditworthiness the RFP Bidder is relying: (i) documentation from the credit rating agencies showing the name of the rating agency, the type of rating, and the rating indicated in the Credit Application and (ii) the Securities and Exchange Commission (“SEC”) Form 10-Q or 10-K (whichever is more recent). If the SEC 10-Q or 10-K is unavailable, the supporting documents must include the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement); and the most recent quarterly, monthly or bi- annual financial information, if available.
- 4.5.2 All submitted information must be in the English language. Financial data must be denominated in U.S. Dollars and conform to Generally Accepted Accounting Principles (“GAAP”) in the United States. If the applicant's financial information is consolidated with other entities, then it is the applicant's responsibility to extract and submit as separate documents all data and information related solely to the applicant. This must include all financial information, associated notes, and all other information that would comprise a full financial report conforming to GAAP.
- 4.5.3 PPL Electric may, at its sole discretion, consider financial information of foreign Guarantors that are not denominated in U.S. Dollars or do not conform to GAAP in the United States. Such acceptability will be communicated to the applicant no later than forty-eight hours before the Cure Deficiency Deadline. Any Guarantor will be required to execute the Unconditional Guaranty as it appears in the DSB SMA (Exhibit 4) and as such the Guarantor must be able to make all representations and warranties therein.
- 4.5.4 The following additional requirements apply only for RFP Bidders relying on the financial standing of a foreign Guarantor:
- An RFP Bidder relying on the financial standing of a foreign Guarantor may provide, in addition to supplying all required information and documents under Section 4.5.1, any additional evidence of creditworthiness for the Guarantor so as to provide PPL Electric 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.
 - Under the terms of the DSB SMA, the following additional documents are required for the foreign Guarantor to be granted unsecured credit and for the RFP Bidder to

rely on the financial standing of the Guarantor: (i) a legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the guaranty pursuant to the DSB SMA 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 (ii) the sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the person executing the guaranty pursuant to the DSB SMA on behalf of the Guarantor has the authority to execute the guaranty pursuant to the DSB SMA and that the governing board of such guarantor has approved the execution of the guaranty pursuant to the DSB SMA; and (iii) the sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the DSB SMA.

- The RFP Bidder may, but is not required to, submit with its Bidder Qualifications a draft of these additional documents for review. If an RFP Bidder submits a draft of the documents for evaluation, the RFP Manager will provide this evaluation to the RFP Bidder on the Qualified Bidders Notified Date.

4.5.5 An RFP Bidder that is not seeking to be granted unsecured credit under the DSB SMA is not required to provide any of the supporting documents to the Credit Application and must clearly state this intent in the Credit Application.

4.6 Binding Bid Agreement

4.6.1 An applicant must certify that as an RFP Bidder it agrees to be bound by the price quotes entered on any Bid Proposal Spreadsheet submitted by the RFP Bidder, which shall constitute a firm offer to supply service in accordance with the DSB SMA. The signatory to the Binding Bid Agreement must be an Officer, as defined in Section 3.1.7, binding the RFP Bidder to perform the terms and conditions of the DSB SMA at the prices and for the load amounts specified in its Bid Proposal. In addition, by submitting the Binding Bid Agreement, the RFP Bidder certifies that it has met the conditions stipulated in Section 5.7 of this RFP. An electronic copy of the Binding Bid Agreement can be found on PPL Electric's Proposal Submission Web site. For each solicitation, applicants are required to submit such certification, in the form of Appendix 9, no later than the Bidder Qualifications Due Date for that solicitation. The applicant must send such certification as directed in Section 6.1.2.

4.7 Cure Time for Deficiencies in Qualification Requirements

4.7.1 In the event that an RFP Bidder has not met all of the Bidder Qualification requirements under Article 4 (Bidder Qualification), PPL Electric will endeavor, on a best efforts basis, to notify the RFP Bidder no later than forty-eight hours before the Cure Deficiency Deadline. It is understood and agreed that PPL Electric has no liability for any failure to notify an RFP Bidder of a deficiency. If the RFP Bidder fails to remedy any deficiencies by the Cure Deficiency Deadline for a solicitation so as to not be qualified to submit a Bid Proposal in that solicitation, such applicant will be allowed to cure any such

deficiency and participate in subsequent solicitations, if the deficiency is cured no later than the Cure Deficiency Deadline for the next solicitation.

4.8 Bid Assurance Collateral and Alternative Letter of Credit Form

- 4.8.1 No later than two (2) business days before the Bid Proposal Due Date, each RFP Bidder must provide liquid Bid Assurance Collateral in an amount of \$500,000 per tranche bid. The purpose of this collateral is to assure commitment of the RFP Bidder to execute the Transaction Confirmations for the tranches awarded to the RFP Bidder. The form of collateral must be either cash or an irrevocable Letter of Credit (“LOC”), which LOC may be in a form that allows electronic issuance and presentation of documents. An acceptable Bid Assurance LOC form is provided as Appendix 7a, and an acceptable Bid Assurance LOC form that allows for electric issuance and presentation of documents is provided as Appendix 7b; electronic copies of each form can be found on PPL Electric’s RFP Web site or the Proposal Submission Web site. If the RFP Bidder is participating in more than one RFP issued by the Company, the RFP Bidder must provide separate Bid Assurance LOC for each RFP. If the RFP Bidder is providing Bid Assurance Collateral in the form of cash, and if the RFP Bidder is also participating in other RFP(s) issued by the Company, the RFP Bidder must advise the Bid Proposal Evaluation Team as to the amount allocated as Bid Assurance Collateral for purposes of each RFP.
- 4.8.2 As part of the Bidder Qualifications, an applicant may propose modifications to one of the Bid Assurance LOC forms that are non-substantive or clarifying in nature. The applicant proposing modifications to one of the Bid Assurance LOC forms must provide an electronic copy in MS Word with all proposed modifications clearly marked and submit such document as directed in Section 6.1.2. The acceptability of such proposed modifications will be at PPL Electric’s sole discretion, and such acceptability will be communicated to the applicant no later than forty-eight hours before the Cure Deficiency Deadline. A list of all acceptable modifications to one of the Bid Assurance LOC forms will be posted to PPL Electric’s RFP Web site or the Proposal Submission Web site no later than seven (7) business days before the Bid Proposal Due Date.

4.9 Alternative Forms of Performance Assurance

- 4.9.1 Subsequent to the return of an applicant’s Bid Assurance Collateral, another instrument of performance assurance to secure PPL Electric’s exposure during the Delivery Period of a Transaction Confirmation to the DSB SMA may be required, as set forth in the DSB SMA. Any performance assurance required of the applicant determined in accordance with the DSB SMA may be in the form of cash or LOC. An acceptable Performance Assurance LOC form is provided as Exhibit 3a in the DSB SMA, and an acceptable Performance Assurance LOC form that allows for electronic issuance and presentation of documents is provided as Exhibit 3b in the DSB SMA. An acceptable Unconditional Guaranty form is provided as Exhibit 4 in the DSB SMA. As part of its Bidder Qualifications, an applicant may propose modifications to one of the Performance Assurance LOC forms or the Unconditional Guaranty form that are non-substantive or clarifying in nature. The applicant proposing modifications to one of the Performance Assurance LOC forms or the Unconditional Guaranty form must provide an electronic copy in MS Word with all proposed modifications clearly marked and submit such

document as directed in Section 6.1.2. The acceptability of such proposed modifications to one of the Performance Assurance LOC forms or the Unconditional Guaranty form will be determined at PPL Electric's sole discretion, and such acceptability will be communicated to the applicant no later than forty-eight hours before the Cure Deficiency Deadline. A list of all acceptable modifications to one of the Performance Assurance LOC forms or the Unconditional Guaranty form will be posted to PPL Electric's RFP Web site or the Proposal Submission Web site.

ARTICLE 5 BID PROPOSAL REQUIREMENTS

5.1 Bid Proposal Format

- 5.1.1 RFP Bidders shall submit their Bid Proposal using only the Bid Proposal Spreadsheet attached to this RFP as Appendix 8; an electronic copy is available on PPL Electric's RFP Web site or the Proposal Submission Web site. There is a separate Bid Proposal Spreadsheet for each solicitation, as indicated in the title area of each Bid Proposal Spreadsheet. The Bid Proposal Spreadsheet contains sections of information labeled Bidder Information, Tranche Information, and Bid Information. The Bid Proposal Spreadsheet contains shaded cells in which RFP Bidders provide information and their Bids. **In order to prevent any misunderstanding of an RFP Bidder's Bid Proposal, all shaded cells within a Bid Proposal Spreadsheet must be completed by the RFP Bidder. A Bid Proposal Spreadsheet submitted by an RFP Bidder that contains blank shaded cells will be deemed a non-conforming Bid Proposal, and will be eliminated from further consideration. Therefore, if it is the intent of an RFP Bidder to offer to supply a particular total number of tranches, the RFP Bidder must enter a price quote in the price cells associated with each of the total number of tranches up to and including that particular total number of tranches and must enter an "X" in price cells associated with each of the total number of tranches beyond that particular total number of tranches.** The non-shaded cells are read-only cells containing either fixed or computed amounts.
- 5.1.2 No Bid Proposal can be conditioned in any manner. PPL Electric reserves the right to accept or reject any RFP Bidder's Bid Proposal in accordance with the proposal evaluation criteria set forth in Article 7 (Evaluation of Proposals).
- 5.1.3 Bidder Information – These cells are **RFP bidder input cells** and include Company Name, Contact Name and Phone Number, and must be provided by the RFP Bidder.
- 5.1.4 Tranche Information – The contents of these cells are provided by PPL Electric and include the Aggregate Load Cap and Available Tranches. The number of tranches that each RFP Bidder can bid and win cannot exceed the Aggregate Load Cap.
- 5.1.5 Total Tranches Supplied – These cells show the number of total tranches the RFP Bidder can offer to supply.
- 5.1.6 Bid Assurance Collateral Amount – The contents of these cells are computed as the product of the Total Tranches Supplied and \$500,000.
- 5.1.7 Price (U.S. \$/MWh) – These cells are **RFP Bidder input cells** for the RFP Bidder's price quote corresponding to each Total Tranches Supplied. The price quotes shall be in terms of U.S. \$/MWh for the time period of the product's delivery. As set forth in the DSB SMA, the MWh of energy shall be equivalent to 25 MW of energy delivered to the Delivery Point as defined in the DSB SMA for one hour. All price quotes are limited to two decimal places. An RFP Bidder that wishes to offer to supply a particular Total

Tranches Supplied must: 1) provide a price quote in the Price (U.S. \$/MWh) cell corresponding to each of the Total Tranches Supplied up to and including that particular Total Tranches Supplied; and 2) mark an “X” in the Price (U.S. \$/MWh) cell corresponding to each of the Total Tranches Supplied beyond that particular Total Tranches Supplied. For example, if an RFP Bidder wishes to offer to supply two Total Tranches Supplied, then the RFP Bidder must provide a price quote for one Total Tranche Supplied as well; and if an RFP Bidder wishes to offer to supply one Total Tranche Supplied, then the RFP Bidder must provide a price quote for one Total Tranche Supplied and mark an “X” for two Total Tranches Supplied.

- 5.1.8 Complete/Incomplete Flag – The content of this cell is computed and indicates whether or not the Bid Proposal Spreadsheet has been fully completed in accordance with Section 5.1 (Bid Proposal Format). An incomplete Bid Proposal Spreadsheet will be deemed non-conforming, as set forth in Section 5.5 (Conforming Bid Proposals).
- 5.1.9 On any Bid Proposal Due Date, the number of tranches for which an RFP Bidder submits a Bid Proposal must be a whole number and cannot exceed the number of Available Tranches in that solicitation. In addition, the number of tranches that an RFP Bidder bids and wins cannot exceed the Aggregate Load Cap.

5.2 Submittal of Bid Proposals

- 5.2.1 Each RFP Bidder shall only submit its Bid Proposal using the Bid Proposal Spreadsheet described in Section 5.1 by secure electronic file transfer to the PPL secure server between 10:00:00 a.m. EPT and 12:00:00 p.m. EPT on the Bid Proposal Due Date for each solicitation as indicated in Section 2.2 (RFP Schedule).

5.3 Bid Assurance Collateral

- 5.3.1 Each RFP Bidder must provide liquid Bid Assurance Collateral to support its Bid Proposal. The form of collateral must be either cash or an irrevocable LOC. An acceptable Bid Assurance LOC form is provided as Appendix 7a, and an acceptable Bid Assurance LOC form that allows for electronic issuance and presentation of documents is provided as Appendix 7b; electronic copies of each form can be found on PPL Electric’s RFP Web site or Proposal Submission Web site. PPL Electric will consider modifications to the Bid Assurance LOC in accordance with the process provided in Article 4.
- 5.3.2 The RFP Bidder must provide, no later than two (2) business days before the Bid Proposal Due Date, Bid Assurance Collateral in an amount equal to the sum of \$500,000 times the total number of tranches bid in all its Bid Proposal. PPL Electric will hold the Bid Assurance Collateral until either the RFP Bidder is notified by PPL Electric that it has not been awarded tranches for a solicitation or until the RFP Bidder executes the Transaction Confirmation forms upon being awarded tranches. Upon either of the above two conditions, Bid Assurance Collateral in the form of cash will be returned within one (1) business day, and Bid Assurance Collateral in the form of an LOC will be returned within two (2) business days. The RFP Bidder may request that the Bid Assurance Collateral reside with PPL Electric through the entire multi-solicitation period. An RFP

Bidder that is awarded tranche(s) and does not timely execute the Transaction Confirmation forms associated with such tranches shall forfeit its Bid Assurance Collateral.

- 5.3.3 Wire transfer instructions for RFP Bidders who intend to provide Bid Assurance Collateral in the form of cash is available upon request from the RFP Manager.

5.4 Submittal of DSB SMA

- 5.4.1 No later than two (2) business days before the Bid Proposal Due Date, the RFP Bidder must submit an executed DSB SMA, as instructed in Section 6.1.5, including the completed signature page of the DSB SMA and Exhibit 2 of the DSB SMA filled in with the appropriate contact information for the RFP Bidder. Other exhibits of the DSB SMA either are samples or are documents that do not need to be completed until execution of the Transaction Confirmation form.
- 5.4.2 RFP Bidders must execute and submit the current form of DSB SMA set forth in Appendix 1. SMAs executed as part of a prior Default Service Program (i.e. the Competitive Bridge Plan, Default Service Program I, Default Service Program II, Default Service Program III and Default Service Program IV) are not applicable to this Default Service Program and will not be accepted.

5.5 Conforming Bid Proposals

- 5.5.1 In order for a Bid Proposal to be conforming, the Bid Proposal must be: (i) submitted using the Bid Proposal Spreadsheet, completed in full and without modification; (ii) submitted by 12:00:00 pm EPT on the Bid Proposal Due Date; (iii) submitted by a qualified RFP Bidder as defined in Section 6.1.1; (iv) submitted by an RFP Bidder that has also submitted sufficient Bid Assurance Collateral; (v) submitted by an RFP Bidder that has also submitted the executed DSB SMA as instructed in Section 5.4.1.

Bid Proposals deviating from the above criteria will be deemed non-conforming and eliminated from further consideration. Any such elimination of Bid Proposals will be communicated by the RFP Manager to the relevant RFP Bidder(s) as soon as practicable.

5.6 Expiration of Bid Proposals

- 5.6.1 An RFP Bidder's Bid Proposal shall expire the earlier of the time PPL Electric notifies the RFP Bidder that its Bid Proposal has been rejected or at midnight EPT three (3) business days after the scheduled day of awarding bids within each solicitation.

5.7 Additional Requirements

- 5.7.1 The RFP Bidder certifies, by its submission of a Binding Bid Agreement in its Bidder Qualifications, that it is bidding independently and that it has no knowledge of any Proposal being submitted by another RFP Bidder in response to this RFP.
- 5.7.2 The RFP Bidder certifies by its submission of a Binding Bid Agreement that, except for any communication with its financial institution for the purpose of preparing the Bid Assurance LOC, the RFP Bidder has not disclosed and will not disclose publicly or to any other party before the PUC has rendered a decision on the RFP results any information relating to its Proposal, which could have an effect on whether another party submits a Proposal to this RFP or on the contents of such Proposal that another RFP Bidder would be willing to submit in response to this RFP. 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; the RFP Bidder's number of tranches bid; the RFP Bidder's estimation of the value of a tranche; the RFP Bidder's preference for bidding on one or another Bid Proposal Due Date; and the RFP Bidder's contractual arrangements for power with a party to provide the supply associated with a Block Product were the RFP Bidder to become a Block Service Supplier.

ARTICLE 6
INSTRUCTIONS FOR PREPARATION OF BIDDER QUALIFICATIONS
AND BID PROPOSALS

6.1 General

- 6.1.1 An RFP Bidder must submit its Bidder Qualifications and Bid Proposal separately. The RFP Bidder will first submit its Bidder Qualifications (responses to Bidder Qualification requirements) as required in Article 4 of this RFP. RFP Bidders that are notified that they are qualified RFP Bidders for a solicitation may submit a Bid Proposal, along with all other required documents as described in Section 5.5, by the Bid Proposal Due Date as indicated in Section 2.2 (RFP Schedule).
- 6.1.2 Bidder Qualifications will be available to be completed online by RFP Bidders through a Proposal Submission Web site. Additional instructions will be provided to RFP Bidders in an addendum to these RFP Rules. The addendum contains instructions to be followed when the Proposal Submission Web site is available. Bidder Qualifications that do not adhere to the terms and conditions of this RFP or that are not submitted in accordance with the instructions provided in such addendum to these RFP Rules will not be considered.
- 6.1.3 Bidder Qualifications must be submitted by the Bidder Qualifications Due Date for the appropriate solicitation as indicated in the RFP Schedule developed pursuant to Section 2.2. Bidder Qualifications received after the due date will be considered for the next solicitation if there are remaining solicitations; otherwise the Bidder Qualifications will be rejected, and the RFP Bidder will have failed to qualify for submitting a Bid Proposal. Each RFP Bidder assumes full responsibility for timely submission of its Bidder Qualification materials.
- 6.1.4 Bid Assurance Collateral for a solicitation, if submitted in the form of a LOC without provisions for electric insurance and presentation of documents (Appendix 7a), must be sent by certified mail, registered mail, hand delivery, or courier service to the following address:

PPL Electric Utilities Corporation
2 N 9th Street, GEN TW-20
Allentown, PA 18101
Attn: Energy Procurement Team.

Bid Assurance Collateral for a solicitation, if submitted in the form of an LOC that allows for electronic issuance and presentation of documents (Appendix 7b) must be submitted to the following email address:

Email: **[INSERT DEDICATED EMAIL ADDRESS – SAME AS ON FACE OF eUCP CREDIT]**

All Bid Assurance Collateral, in the form of LOC or cash, must be received no later than two (2) business days prior to the Bid Proposal Due Date for that solicitation. Bid Assurance Collateral received after the second business day prior to the Bid Proposal Due Date will result in the rejection of the corresponding Bid Proposal. Each RFP Bidder assumes full responsibility for timely delivery to the address specified in this Section 6.1.4.

- 6.1.5 For the first solicitation in which an RFP Bidder is qualified and submits a Bid Proposal, the RFP Bidder must have signed the DSB SMA as instructed in Section 5.4.1 and submitted these by noon EPT on the second business day prior to the Bid Proposal Due Date. If the RFP Bidder is awarded any tranches in any solicitation in this RFP, the signed DSB SMA that was initially submitted will be executed by PPL Electric and provided to the RFP Bidder together with the partially executed Transaction Confirmation forms via e-mail. The execution of a Transaction Confirmation is all that will be required in subsequent solicitations wherein an RFP Bidder that has previously executed the DSB SMA in a satisfactory manner is awarded additional tranches. If the RFP Bidder was not awarded tranches in the solicitation for which a DSB SMA was provided, PPL Electric will retain the DSB SMA for any future solicitation in which the RFP Bidder may again submit a Bid Proposal, in which case it is the responsibility of the RFP Bidder to submit any updated pages of the DSB SMA no later than two (2) business days prior to the Bid Proposal Due Date of the solicitation in which the RFP Bidder is participating.
- 6.1.6 Bid Proposals must be completed in the full legal name of the party that will execute the DSB SMA with the Company should the party be a winning RFP Bidder and should the PUC approve the RFP results. Each RFP Bidder shall submit its Bid Proposal using the Bid Proposal Spreadsheet described in Section 5.1 by secure electronic file transfer to the PPL secure server between 10:00:00 a.m. EPT and 12:00:00 p.m. EPT, on the Bid Proposal Due Date.

6.2 Submission of Materials

- 6.2.1 In response to this RFP, each RFP Bidder must provide to the RFP Manager its Bidder Qualifications by the Bidder Qualifications Due Date (and any supporting documents to the Credit Application including the associated financial information).
- 6.2.2 The qualified RFP Bidder must provide Bid Assurance Collateral supporting its Bid Proposal. The RFP Bidder must provide the executed DSB SMA no later than two (2) business days prior to the Bid Proposal Due Date.
- 6.2.3 Only Bid Proposals using the Bid Proposal Spreadsheet submitted by secure electronic file transfer to the PPL secure server or through an alternate method if so directed by the RFP Manager will receive consideration.
- 6.2.4 Under this RFP, the electronic signature of a party to a form or document required as part of Bidder Qualifications and/or the DSB SMA shall be as valid as an original signature of such party and shall be effective to bind such party. Any electronically signed document shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to

constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. PPL Electric will not contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule and the RFP Bidder hereby agrees not to contest the admissibility of such documents as a condition of qualification. For purposes hereof, “electronic signature” means either a manually signed original signature or an electronic symbol or process attached to or logically associated with a record and executed or adopted by a party with the intent to sign the record that is then transmitted by electronic means; “transmitted by electronic means” means documents delivered via an electronic format, including through the internet as a “pdf” (portable document format) or equivalent format. The use of electronic signature shall be approved by PPL Electric prior to use by the Default Service Supplier. The requirement for Attestation and Witness is waived upon approval of electronic signature by PPL Electric.

ARTICLE 7

EVALUATION OF PROPOSALS

7.1 Bidder Qualifications Processing

- 7.1.1 As determined by the RFP Manager, the Bidder Qualification Evaluation Team will consist of representatives of the RFP Manager, a credit representative from PPL Electric, and representatives on behalf of PPL Electric (including PPL Electric's Default Service Block Supply RFP Manager).
- 7.1.2 All submissions containing Bidder Qualifications will be reviewed by the Bidder Qualification Evaluation Team. If requested, representatives from the PUC may be provided with such Bidder Qualifications. PPL Electric assumes no liability for any failure to notify RFP Bidders of a deficiency in a submission prior to the Cure Deficiency Deadline.
- 7.1.3 Bidder Qualifications of an RFP Bidder that do not comply with the submission instructions will not be considered.
- 7.1.4 Bidder Qualifications must include all documents and information required to satisfy the Bidder Qualification requirements as set out in Article 4.
- 7.1.5 The Bidder Qualification Evaluation Team will review Bidder Qualifications until the Cure Deficiency Deadline. The Bidder Qualification Evaluation Team will assess the Bidder Qualifications for completeness and compliance with the terms and conditions of this RFP, in accordance with the procedure in Section 7.2.

7.2 Bidder Qualifications Evaluation

- 7.2.1 The Bidder Qualification Evaluation Team will deem a response to the Bidder Qualifications to be complete and compliant if: (i) all information specified in Section 4.1.1 has been fully and satisfactorily provided; and (ii) all certifications and documents have been signed by an Officer of the RFP Bidder.
- 7.2.2 The Bidder Qualification Evaluation Team will review Bidder Qualifications upon receipt but no earlier than five (5) business days prior to the Bidder Qualifications Due Date. If the Bidder Qualification Evaluation Team determines that some portion of the RFP Bidder's response to the Bidder Qualifications is deficient because the response is incomplete or is not compliant with the terms of this RFP, the Bidder Qualification Evaluation Team will endeavor, on a best efforts basis, to issue a deficiency notice requesting that the RFP Bidder cure the deficiency with respect to that particular aspect of its Bidder Qualifications. The Bidder Qualification Evaluation Team will endeavor, on a best efforts basis, to notify RFP Bidders of any deficiencies in their Bidder Qualifications, and to provide a decision on the acceptability of proposed modifications to the Bid Assurance LOC or other instruments for Performance Assurance, no later than forty-eight hours before the Cure Deficiency Deadline. PPL Electric assumes no liability for any failure to notify RFP Bidders of a deficiency in a submission prior to the Cure

Deficiency Deadline. The RFP Manager communicates with the RFP Bidder by email. If an RFP Bidder receives a first deficiency notice from the RFP Manager, regarding any item of the Bidder Qualifications, the RFP Bidder has until 12:00:00 p.m. (noon) EPT, on the Bidder Qualifications Due Date, or until 6:00:00 p.m. EPT, on the second business day following the business day during which a first deficiency notice is sent to the Bidder, whichever comes later, to respond. If the Bidder does not correct or adequately explain the deficiency within the time allowed, the Bidder Qualifications may be rejected. The Bidder Qualification Evaluation Team will review all responses to deficiencies submitted. If a response to a deficiency is provided by an RFP Bidder within the time allowed and the response is not sufficient to cure the deficiency, the RFP Bidder may continue to provide the required clarification or additional information to cure the deficiency for that solicitation. In no event, notwithstanding the foregoing provisions, will a Bidder be allowed to respond after 12:00:00 p.m. EPT, on the Cure Deficiency Deadline.

- 7.2.3 If a deficiency notice is sent and the RFP Bidder does not respond within the time allowed and established by the Bidder Qualification Evaluation Team, or does not address the deficiency in a manner that is deemed satisfactory at the Bidder Qualification Evaluation Team's sole discretion, the RFP Bidder will not be qualified for that solicitation.
- 7.2.4 When the evaluation of the responses to the Bidder Qualifications is completed for all RFP Bidders, RFP Bidders will be either qualified or disqualified. RFP Bidders whose responses to the Bidder Qualifications, as may be supplemented or amended in response to a deficiency notice by the Bidder Qualification Evaluation Team, are found to be complete and compliant will be deemed qualified for that solicitation; all other RFP Bidders will be disqualified for that solicitation.
- 7.2.5 Bidders will be notified on the Qualified Bidders Notified Date in the RFP Schedule if they qualify to submit Bid Proposal on the Bid Proposal Due Date. Only those RFP Bidders whose response to the Bidder Qualification requirements is complete and compliant with the terms of this RFP will be invited to submit Bid Proposal. An RFP Bidder acting in concert with another RFP Bidder may be disqualified by the Company in its sole and exclusive discretion at any point in the process.

7.3 Bid Proposal Processing

- 7.3.1 Bid Proposals will only be considered for those RFP Bidders that qualify as a result of the prior submission of a response to the Bidder Qualification requirements.
- 7.3.2 The Bid Proposal Evaluation Team will consist of representatives of the RFP Manager and representatives designated to act on behalf of the Company.
- 7.3.3 All Bid Proposals will be electronically and privately opened by the Bid Proposal Evaluation Team and will be evaluated at the same time. A representative of the PUC may be present to attend the opening and evaluation of the Bid Proposals. Information regarding the content or status of any Bid Proposal will not be publicly released during the evaluation process.

- 7.3.4 The Bid Proposal Evaluation Team will assess the Bid Proposal(s) and all accompanying documents for completeness and compliance with the terms and conditions of this RFP, in accordance with the procedure in Section 7.4.
- 7.3.5 The Bid Proposal Evaluation Team may issue a deficiency notice with respect to any aspect of the Bid Proposal and accompanying documents as described in Section 5.5.1, if practicable to do so before the 12:00:00 pm EPT deadline on the Bid Proposal Due Date. The Bid Proposal Evaluation Team is under no obligation to issue such a deficiency notice. Should the Bid Proposal Evaluation Team issue such a deficiency notice, the RFP Bidder will have until the 12:00:00 pm EPT deadline on the Bid Proposal Due Date to cure any such deficiency. All non-conforming Bid Proposals will be removed from consideration. If an RFP Bidder submits a Bid Proposal Spreadsheet more than once between 10:00:00 a.m. EPT and 12:00:00 p.m. EPT, the last Bid Proposal Spreadsheet that is submitted in accordance with all requirements of this RFP, including the requirements set forth in Section 5.1, automatically supersedes all previously submitted Bid Proposal Spreadsheets.

7.4 Bid Proposal Evaluation

- 7.4.1 Bid Proposals received from RFP Bidders may be eliminated from further consideration at any point, at the Bid Proposal Evaluation Team's sole and exclusive discretion, for any of the following reasons including (but not limited to): (i) failure to provide clarification of, or additional information relating to, a Bid Proposal as requested by the Bid Proposal Evaluation Team subsequent to the submission of a Bid Proposal; (ii) illegal conduct, attempts or the appearance of attempts to improperly influence the consideration or ranking of the Bids; and (iii) failure to honor representations made in a Proposal.
- 7.4.2 The Bid Proposal Evaluation Team will assess that all information required with the Bid Proposal, as specified in Article 5, has been submitted. If the required information has not been submitted by the Bid Proposal Due Date, the Bid Proposal will be rejected.
- 7.4.3 Any Bid Proposal will be removed from consideration if: (i) it is not submitted electronically using the Bid Proposal Spreadsheet that the RFP Bidder was instructed to use in Section 5.1; or (ii) it is on a Bid Proposal Spreadsheet that includes extraneous information; or (iii) it is not supported by a Bid Assurance LOC acceptable to the Company; or (iv) the RFP Bidder has not submitted a signed DSB SMA; or (v) the RFP Bidder has violated or has not complied with one or more material term or condition set forth in this RFP.
- 7.4.4 The Bid Proposal Evaluation Team will ensure that sufficient financial guarantees are provided to support the Bids. Financial guarantees will be sufficient if the amount of Bid Assurance Collateral is sufficient given the sum of the maximum number of tranches offered for the product by the RFP Bidder as specified in Section 4.8.
- 7.4.5 If a qualified RFP Bidder's Bid Assurance Collateral is insufficient to support the sum of the maximum number of tranches offered for the product by the RFP Bidder, the Bid Proposal Evaluation Team will modify that RFP Bidder's Bid Proposal Spreadsheet. The

Bid Proposal Evaluation Team will determine for each such RFP Bidder the greatest number of whole tranches that its amount of Bid Assurance Collateral is sufficient to support and that would not cause the Aggregate Load Cap to be violated. The Bid Proposal Evaluation Team will strike a Bid from a Bid Proposal Spreadsheet for any Total Tranches Supplied that is not supported by the amount of Bid Assurance Collateral or that would cause the Aggregate Load Cap to be violated. By submitting a Bid Proposal in response to this RFP, each RFP Bidder is authorizing the Bid Proposal Evaluation Team to modify the RFP Bidder's Bid Proposal documents as specified in and as required by this Article 7.

- 7.4.6 The remaining Bid Proposals will be evaluated on a price-only basis as follows. The Bid Proposal Evaluation Team will consider all combinations of Bid(s) (across RFP Bidders) whose sum of Total Tranches Supplied is equal to the Available Tranches for that product in that solicitation. In the event that the greatest sum of Total Tranches Supplied for any combination for that product is less than the Available Tranches in Solicitation for that product, the Bid Proposal Evaluation Team will consider all combinations of Bids for that product whose sum of Total Tranches Supplied equal the most obtainable given those Bids. For each combination, the Bid Proposal Evaluation Team will calculate the Combination Average Price ("CAP") equal to the average Price (U.S. \$/MWh) of the Bids in the combination weighted by their corresponding Total Tranches Supplied. The winning Bid(s) will be the Bid(s) contained in the combination with the lowest CAP. An RFP Bidder that is awarded tranches shall receive the Price (U.S. \$/MWh) corresponding to the winning Bid as stated in its Bid Proposal Spreadsheet under the Bid Information section.
- 7.4.7 In the event that two or more combinations have the lowest CAP, the winning Bid(s) will be the Bid(s) contained in the combination that is drawn randomly from the set of combinations with the lowest CAP.
- 7.4.8 After sufficient financial guarantees are determined, all combinations of Bid(s) are ranked from lowest to highest for the product, and the tied combinations, if any, are resolved, the Bid Proposal Evaluation Team will communicate with each RFP Bidder that has submitted at least one of the Bid(s) in the winning combination and present the winning Bid(s) to the Commission. For each such RFP Bidder, the Bid Proposal Evaluation Team will: (i) communicate the CAP of the winning combination being presented to the PUC; and (ii) identify the Bid submitted by such RFP Bidder that will be presented to the PUC.

The Bid Proposal Evaluation Team will also communicate to the Company the CAP of the winning combination and the number of Bids presented to the PUC.

- 7.4.9 An RFP Bidder acting in concert with another RFP Bidder may be disqualified by the Company at its sole and exclusive discretion.

7.5 Commission Approval and Review

- 7.5.1 The Bid Proposal Evaluation Team will prepare a report that presents the results of a solicitation to the PUC for approval. The Bid Proposal Evaluation Team's report will

summarize the Bidder Qualification process and the Bid Proposals that were considered on the Bid Proposal Due Date. The PUC will have one (1) business day to decide whether to approve the results. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved.

- 7.5.2 The winning RFP Bidders will receive a Transaction Confirmation from PPL Electric on the date of the PUC's approval, or in the event the PUC does not act no later than the next business day following the date when the PUC was expected to act. Specifically, PPL Electric will forward by e-mail or other acceptable means, to each winning RFP Bidder a partially executed Transaction Confirmation. By 2:00 p.m. EPT on the second Business Day following the RFP Bidder's receipt of such partially executed Transaction Confirmation electronically, the RFP Bidder shall return by email or other acceptable means, to PPL Electric one (1) fully executed Transaction Confirmation. In addition, if such Transaction is the initial Transaction with the winning RFP Bidder under the current RFP solicitation, then PPL Electric will forward to the RFP Bidder one (1) fully executed DSB SMA electronically. If a winning RFP Bidder fails to execute the Transaction Confirmation as required under this Section 7.5.2, the winning RFP Bidder may forfeit its Bid Assurance Collateral.
- 7.5.3 If the PUC rejects all Bids in any solicitation, or if some tranches in a particular solicitation do not receive bids, within one (1) business day, the RFP Manager will contact all RFP Bidders that are qualified in that solicitation, including RFP Bidders that are qualified but did not submit a Bid Proposal in that solicitation, and solicit information regarding the RFP Bidder's interests for that Product. The RFP Manager will submit a report to the PUC regarding the information it receives. Nothing in this Section 7.5.3 requires any RFP Bidder contacted by the RFP Manager pursuant to this section to provide confidential or proprietary business information.
- 7.5.4 If the PUC rejects all Bids in any solicitation, or if some tranches in a particular solicitation do not receive Bids, those tranches will be offered consistent with Section 1.1.12. In the event that a Block Service Supplier defaults, PPL Electric will offer supply assignment consistent with the Step-Up process described in the DSB SMA.

ARTICLE 8 RESERVED RIGHTS

8.1 Non-Binding RFP

- 8.1.1 Prior to the submission of any Bid Proposals and with PUC approval, PPL Electric has the right to withdraw and terminate this RFP without any liability or responsibility to any RFP Bidder or any other party, for reasonable cause, including, but not limited to, adverse statutory changes or interpretations, issuance of new PUC orders and/or regulations, market conditions, etc., that preclude this RFP from being implemented in substantially the manner described herein.
- 8.1.2 Subject to PUC approval, the Company reserves the right to accept or reject, in whole or in part, any and all Proposals, without any liability or responsibility to any RFP Bidder or any other party, for reasons set forth in Section 7.4 of this RFP or for any other reasonable cause including, but not limited to, adverse statutory changes or interpretations, issuance of new PUC orders and/or regulations, market conditions, that preclude this RFP from being implemented in substantially the manner described herein.
- 8.1.3 PPL Electric will not be liable to any RFP Bidder or any other party for failure to execute a DSB SMA. Nothing herein may be construed to bind the Company unless and until the PUC has approved winning Bid(s), and each DSB SMA with an RFP Bidder has been executed and is effective. Once effective, the DSB SMA will govern the relationship between and the responsibilities of the parties to that agreement and not the RFP or any documents relating thereto.
- 8.1.4 Pursuant to these RFP rules, PPL Electric or the Bid Proposal Evaluation Team shall reject Bid Proposals submitted in response to this RFP that are incomplete, or do not conform to the requirements of this RFP, or are submitted beyond the deadline for submission, or for any other reason set forth in Section 7.4 of this RFP.
- 8.1.5 The RFP Rules may be further updated to reflect additional decisions by the PUC, relevant changes in law, or non-material modifications to the processing of Proposals expected to improve potential participation by suppliers. Further, PPL Electric and its RFP Manager may amend the RFP Rules if necessary to correct typographical errors, cure inconsistencies in the provisions of this RFP or clarify the intent of the provisions of this RFP.

8.2 Proposals Become PPL Electric's Property

- 8.2.1 All Proposals submitted by RFP Bidders in response to this RFP will become the exclusive property of PPL Electric upon the receipt of such document(s).

Appendix 1

Default Service Block Supplier Master Agreement

Appendix 2

Expression of Interest Form Default Service Block Supply

Note that completion of all information is required.

This response is an indication of our interest in PPL Electric Utilities Corporation's Request for Proposals to provide block supply service.

Date:

Company:

Contact Name:

Contact Title:

Address:

City:

State:

Zip:

Phone Number:

Email Address:

Appendix 3

Confidentiality Agreement

[Name and Address of Bidder]

[Date]

Ladies and Gentlemen,

This letter is a Confidentiality Agreement between PPL Electric Utilities Corporation (“PPL Electric”) and _____ (“RFP Bidder”) in connection with the RFP Bidder’s intent to participate in the Request for Proposals (“RFP”) to provide around the clock electricity service through Block Products. This Confidentiality Agreement also pertains to the rights and obligations of PPL Electric and the RFP Bidder in the event the RFP Bidder ultimately is selected as a winner in the RFP and provides service pursuant to PPL Electric’s Default Service Block Supplier Master Agreement (“DSB SMA”). PPL Electric and the RFP Bidder hereby agree to accept, and to be bound by the terms of, this Agreement.

DEFINITIONS:

(a) The following terms have the following meanings:

- 1 “Agreement” is this Confidentiality Agreement.
- 2 “Pennsylvania PUC” has the meaning set forth in Section 3(b).
- 3 “Confidential Information” has the meaning set forth in Section 5.
- 4 “Party” means PPL Electric or the RFP Bidder.
- 5 “Parties” means PPL Electric and the RFP Bidder collectively.
- 6 “Representatives” means the officers, directors, employees, advisors, lenders, and other persons, including but not limited to any affiliates who are actively and directly participating in evaluating, responding to, negotiating and consummating the RFP and/or the response to the RFP. A person or entity is not a “Representative” unless that person or entity agrees to preserve the confidentiality of the Confidential Information in accordance with the terms of this Agreement.
- 7 “Third Parties” means a party or parties other than PPL Electric, the RFP Bidder or their respective Representatives.

(b) Other capitalized terms used in this Agreement have the meaning set forth in this Agreement and/or the applicable Request for Proposals, and/or the applicable DSB SMA.

TERMS:

1. Condition Precedent. PPL Electric and the RFP Bidder shall execute this Agreement as a condition precedent to PPL Electric's furnishing to the RFP Bidder or the RFP Bidder furnishing to PPL Electric a copy of any Confidential Information.

2. Purpose. The purpose of this Agreement is to protect the confidentiality of the Confidential Information and to restrict the use and disclosure of that information in the manner set forth below.

3. Limitations on Use and Disclosure.

(a) A Party shall use the other Party's Confidential Information only for the purpose of evaluating, responding to, negotiating and consummating the RFP and/or the response to the RFP, and/or consummating the DSB SMA and not for any other purpose. Neither Party shall disclose to Third Parties any information about PPL Electric's or RFP Bidder's participation in the RFP or execution of a DSB SMA, or the terms or conditions or any other facts relating thereto, including the fact that discussions are taking place with respect thereto, the status of those discussions, or the fact that Confidential Information has been made available by or to PPL Electric or RFP Bidder or their Representatives. Provided, however, that the identity of all (but no fewer than all) bidders who were awarded any supply in the state may be released on a statewide basis on or after the first day of the service year, and that no winning bidder's name is to be associated with a particular PPL Electric Default Service Load.

(b) Notwithstanding the foregoing or any other provision of this Agreement, PPL Electric may share any Confidential Information with the Pennsylvania Public Utility Commission, or its Staff (collectively "Pennsylvania PUC") as requested by the Pennsylvania PUC. Any such information shared will be designated as confidential, and PPL Electric will ask the Pennsylvania PUC to hold and use it on a confidential basis.

4. Disclosure upon Default. Notwithstanding the foregoing or any other provision of the Agreement, PPL Electric may disclose Confidential Information in an Event of Default by RFP Bidder, as provided for in the DSB SMA. PPL Electric may disclose to any RFP Bidder with whom it has executed the DSB SMA and who is not a Defaulting Party the contract price of the Defaulting Party for the purpose of allowing the Bidder to make the election provided for in Section 5.5 of the DSB SMA.

5. Definition of Confidential Information. Confidential Information shall consist of oral, electronic and written information that is confidential, proprietary, or generally not available to the public. Whenever possible, such Confidential Information shall be marked prior to or at the time of disclosure as being "Confidential Information". Confidential Information in the case of information provided by PPL Electric to the RFP Bidder shall include, without limitation, all data, reports, interpretations, forecasts or records relating to PPL Electric and/or its

customers, and any other document created by PPL Electric or others which directly or indirectly relates to all or any portion of the bid evaluation information provided to the RFP Bidder by PPL Electric. Confidential Information in the case of information provided by the RFP Bidder to PPL Electric shall include, without limitation, all data, reports, interpretations, forecasts, bids, credit information, credit collateral amounts and bidder identity, and shall also include information prepared by the RFP Bidder that includes directly or indirectly Confidential Information furnished by PPL Electric.

6. Non-Confidential Information. Notwithstanding the provisions of Section 5, information shall not be deemed confidential that: (i) becomes generally available to the public; (ii) is already known to the receiving Party at the time of receipt by the receiving Party; or (iii) is acquired after such receipt from a Third Party not known to the receiving Party to be prohibited from making disclosures. The receiving Party shall give prompt notice to the other Party in the event it believes that any of the other Party's information in its possession is not Confidential Information as a result of the provisions of this Section 6.

7. Property of PPL Electric or the RFP Bidder. Confidential Information belonging to PPL Electric shall consist of Confidential Information supplied by PPL Electric to the RFP Bidder and shall also include the portion of Confidential Information furnished by the RFP Bidder to PPL Electric that incorporates Confidential Information furnished to the RFP Bidder by PPL Electric. Confidential Information belonging to the RFP Bidder consists of all other Confidential Information supplied by the RFP Bidder to PPL Electric. PPL Electric and the RFP Bidder acknowledge that each Party's Confidential Information is and at all times remains the sole and exclusive property of that Party, who, it is agreed, has the exclusive right, title, and interest to its Confidential Information. Neither Party grants any right or license, by implication or otherwise, as a result of the provision of Confidential Information to the receiving Party.

8. Disclosure Prohibited Except Where Explicitly Permitted. Neither Party shall disclose or use the other Party's Confidential Information without the other Party's prior written consent except as explicitly stated in Sections 3, 4, 9 and 10 of this Agreement.

9. Disclosure For Bid Evaluation Purposes. A Party may disclose the other Party's Confidential Information to its Representatives for the purposes set forth in Section 3. The obligations and restrictions under this Agreement that apply to a Party also apply to a Party's Representatives.

10. Disclosure to Governmental Authorities Other than the Pennsylvania PUC.

(a) A Party (the "disclosing Party") may also disclose the other Party's Confidential Information to any governmental, judicial, or regulatory authority ("Authority") requiring such Confidential Information; provided that the disclosing Party a) promptly informs the other Party of the substance of any inquiries, requests or requirements in order to afford the other Party an opportunity to attempt to prevent or limit the disclosure of the Confidential Information; b) makes a good faith effort to persuade the Authority (i) that submission of the Confidential Information should not be required, or, if that effort fails, (ii) that submission of the Confidential Information on a non-public basis should be permitted; and c) endeavors in good faith to protect the Confidential Information provided to an Authority from disclosure to Third Parties. If an

Authority orders the disclosing Party to disclose any documents containing the other Party's Confidential Information, the disclosing Party shall a) attempt to obtain from the other Party, if the Authority allows the time, a "Public Disclosure Copy", or b) if the Authority does not allow such time, shall prepare itself a "Public Disclosure Copy" in which the Confidential Information has been redacted to the extent that such redaction is permitted by the Authority requiring disclosure. Confidential Information disclosed pursuant to this Section 10 on a non-public basis shall not lose its status as Confidential Information by virtue of such non-public disclosure.

(b) Notwithstanding the foregoing, the Parties agree that either party may be required to provide Confidential Information to the Federal Energy Regulatory Commission ("FERC") in order to comply with FERC Form 1 or FERC transaction reporting requirements. Each Party agrees that to the extent it is required to provide FERC any such information, the Party required to provide such information will provide only the information that is reasonably necessary to comply with such reporting requirements and shall not be required to comply with the provisions of Section 10(a) of this Agreement unless there have been substantive changes to the information required for FERC reporting purposes.

11. Termination of RFP Participation. If the RFP Bidder determines that it does not wish to proceed with the RFP, or if PPL Electric excludes the RFP Bidder from the RFP for any of the reasons set forth in the RFP, it will immediately notify the other Party of that decision. In such case, or if the RFP is not consummated, upon the written request of the Party (the "requesting Party"), the other Party (the "receiving Party") shall not retain and shall promptly return to the requesting Party all the requesting Party's written Confidential Information in the possession of the receiving Party or its Representatives, except for the portion ("said portion") of the requesting Party's Confidential Information that may be found in analyses, compilations, or other documents prepared by, or for, the receiving Party and its Representatives. The said portion and any oral Confidential Information furnished by the requesting Party and not so requested or returned will be held by the receiving Party and kept subject to the terms of this Agreement, or destroyed.

12. Liability and Relief. A Party or any of its Representatives shall be liable for any breach of this Agreement. In the event a non-breaching Party or its Representatives shall have knowledge of any breach of the confidentiality of, or the misappropriation of, any of the Confidential Information, the non-breaching Party shall promptly give notice thereof to the breaching Party. The Parties agree that breach of this confidentiality agreement may cause damages to which a dollar amount may be difficult or impossible to ascribe, however, that such a breach would be irremediable by damages alone and specifically agree to equitable relief as appropriate. The non-breaching Party shall be entitled to specific performance or other equitable relief by way of injunction or otherwise, if the other Party or any of its Representatives breach or threaten to breach any of the provisions of this Agreement. Such remedy shall not be deemed to be the exclusive remedy available to the non-breaching Party, but shall be in addition to all other available remedies. Neither failure nor delay by the non-breaching Party, in exercising any of its rights or privileges herein, shall operate as a waiver nor shall any single or partial exercise preclude any other or further exercise of any right, power or privilege.

13. Representatives, Successors and Assigns. This Agreement shall be binding upon and for the benefit of the Parties, and their respective Representatives, successors, and permitted

assigns. Neither Party may assign its rights or obligations hereunder without prior written consent of the other Party.

14. Controlling Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to conflicts of laws rules or principles.

15. Full Compliance Required. The failure in any instance to insist on full compliance with the terms of this Agreement shall not be deemed to be a waiver of the right to insist upon full compliance with these terms thereafter.

16. Signatures. The signatures below establish each Party's agreement to the terms hereof.

17. Termination. This Agreement shall terminate six years from the date hereof.

18. Counterparts. This Agreement may be executed in counterparts, each of which will be considered an original, but all of which shall constitute one instrument.

RFP BIDDER

By: _____

Name of Officer: _____

Title: _____

PPL ELECTRIC UTILITIES CORPORATION

By: _____

Name: _____

Title: _____

Appendix 4

PJM Qualification Certification Form

I, _____ (“Agent”) am an authorized signatory for
_____ (“Company”) and hereby certify that Company is a member of
the PJM Interconnection, LLC (“PJM”) and is qualified as a market buyer and market seller in
good standing able to secure generation or otherwise obtain and deliver electricity in PJM
through compliance with all applicable requirements of PJM to fulfill a Block Service obligation.

Signed:

Date:

Type or Print Name of Officer:

Title:

Company:

Appendix 5

FERC Authorization Certification Form

I, _____ (“Agent”) am an authorized signatory for
_____ (“Company”) and hereby certify that Company has been
authorized by the Federal Energy Regulatory Commission (“FERC”) to make sales of energy,
capacity and ancillary services at market-based rates, pursuant to the Federal Power Act and the
provisions of FERC’s regulations promulgated thereunder. The Company’s authorization to
make such sales at market-based rates was granted in Docket No(s).

_____.

Signed:

Date:

Type or Print Name of Officer:

Title:

Company:

Appendix 6

Credit Application

1 Company Information

Type of Business

- Corporation
- Limited Liability Company
- Joint Venture
- Other (describe)

RFP Bidder Organization

Legal Corporate Name:

Street Address:

City, State, Zip Code:

DUNS Number:

Federal Tax ID Number:

For Corporation/Limited Liability Companies (please enter “n/a”, if this does not apply to you)

Date and State of Incorporation/Registration:

For Limited Partnerships (please enter “n/a”, if this does not apply to you)

Name of General Partner:

Address of General partner:

City, State, Zip Code:

2 Application for Credit

- The RFP Bidder is not seeking to be granted unsecured credit under the DSB SMA. (If you check this option, this Credit Application is complete and you are not required to provide any supporting documentation).

This application for credit is to be based on the creditworthiness of the **Applicant indicated below.**

The RFP Bidder listed under Section 1.

The parent/guarantor company listed below.

Parent/Guarantor Company

Legal Corporate Name:

Street Address:

City, State, Zip Code:

DUNS Number:

Federal Tax ID Number:

Applicant Credit Contact Name

Name:
Title:
Street Address:
City, State, Zip Code:
Phone Number:
Email Address:

3 Credit Information

The Applicant indicated in Section 2 is required to provide the Securities and Exchange Commission (“SEC”) Form 10-Q or 10-K (whichever is more recent). If the SEC 10-Q or 10-K is unavailable, the supporting documents must include the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement); and the most recent quarterly, monthly or bi- annual financial information, if available. Indicate below what statements are being submitted.

SEC 10-K
 SEC 10-Q

If the SEC 10-K or 10-Q is unavailable, the Applicant must provide:

most recent audited annual financial information: (describe)
and
 most recent quarterly, monthly or bi- annual financial information, if available: (describe)

In the event the above information is inadequate to appropriately assess the Applicant's creditworthiness, the Applicant must provide evidence of its capability to provide collateral instruments, its capability to borrow and other sources of liquidity.

Subject to Section 4.5.2 of the DSB RFP, submitted information must be in the English language, and financial data denominated in United States currency, and conform to generally accepted accounting principles (“GAAP”) in the United States. If the Applicant's financial information is consolidated with other entities, then it is the Applicant's responsibility to extract and submit as separate documents all data and information related solely to the Applicant. This must include all financial information, associated notes and all other information that would comprise a full financial report conforming to GAAP.

Has the Applicant or predecessor company declared bankruptcy in the last 5 years?

Yes
 No

Are there any pending bankruptcies or other similar state or federal proceedings, outstanding judgments or pending claims or lawsuits that could affect the solvency of the Applicant?

Yes

No

If the answer is "Yes" to either of the above questions, please provide an addendum to this application describing the situation and how it affects the Applicant's ability to meet or not to meet its credit obligations.

4 Applicant's Credit Ratings (please enter "n/a" when the information requested in this item is unavailable)

Standard & Poor's

Current Rating: _____

(Senior Unsecured Long-Term Debt Rating or Issuer Rating)

Moody's Investor Services

Current Rating: _____

(Senior Unsecured Long-Term Debt Rating or Issuer Rating)

Fitch Ratings

Current Rating: _____

(Senior Unsecured Long-Term Debt Rating or Issuer Rating)

Along with the above information, attach the latest review from each of the agencies. Documentation showing the name of the rating agency, the type of rating, and the rating of the Applicant is acceptable.

5 Foreign Guarantor Requirements

Is the RFP Bidders relying on the financial standing of a foreign Guarantor?

No (Please proceed to Section 7)

Yes (Please complete this Section 6)

An RFP Bidder relying on the financial standing of a foreign Guarantor may provide any additional evidence of creditworthiness for the Guarantor so as to provide PPL Electric 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 indicate if you are including any such additional information:

Yes: (Describe)

No

Under the terms of the DSB SMA, additional documents are required for the foreign Guarantor to be granted unsecured credit and for the RFP Bidder to rely on the financial standing of the Guarantor. The RFP Bidder may, but is not required to, submit with its Bidder Qualifications a draft of these additional documents for review. Please indicate if you are including any such additional information:

Yes, the Applicant is providing the following documents for review:

Draft legal opinion of outside counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that the guaranty pursuant to the DSB SMA 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.

Draft sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the person executing the guaranty pursuant to the DSB SMA on behalf of the Guarantor has the authority to execute the guaranty pursuant to the DSB SMA and that the governing board of such guarantor has approved the execution of the guaranty pursuant to the DSB SMA.

Draft sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the Guarantor has been authorized by its governing board to enter into agreements of the same type as the guaranty pursuant to the DSB SMA.

No

If an RFP Bidder submits a draft of the documents for evaluation, the RFP Manager will provide this evaluation to the RFP Bidder on the Qualified Bidders Notified Date.

6 Authorization

The Applicant indicated in Section 2 hereby represents and warrants that all statements and representations made herein, including any supporting documents, are true to the best of Applicant's knowledge and belief. The undersigned authorized official of the Applicant warrants that the Applicant agrees to be bound by these representations. The Applicant authorizes the above listed entities to release data requested by PPL Electric Utilities Corporation necessary to perform a credit check in connection with RFP Bidder's interest to bid on this RFP.

Applicant's Company Name: _____

Signature of Authorized Official: _____

Name of Authorized Official (print): _____

Title of Authorized Official (print): _____

Date Signed: _____

Appendix 6b

Confirmation of Previously Submitted Credit and Financial Information

The RFP Bidder, _____, has qualified for a prior solicitation in the Default Service Block Supply RFP. I confirm that with the Exceptions indicated below and that are enclosed herein, all previously submitted credit and financial information remain up-to-date and accurate. I provide this statement as part of the abbreviated Qualifications process for the following solicitation of the PPL Electric Default Service Block Supply RFP.

October 2021 solicitation

Exceptions:

None

Updated SEC 10-K. Updated SEC 10-Q

Updated most recent audited annual financial information: (describe)

Updated most recent quarterly, monthly or bi- annual financial information: (describe)

Updated credit ratings support documentation.

Signature: _____

Date: _____

RFP Bidder: _____

Name of Authorized Official: _____

Title: _____

APPENDIX 7a

**BID ASSURANCE LETTER OF CREDIT
DEFAULT SERVICE BLOCK SUPPLY**

**{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}
IRREVOCABLE STANDBY LETTER OF CREDIT NO.**

ISSUE DATE _____ EXPIRY DATE _____

APPLICANT
[NAME]
[ADDRESS]

BENEFICIARY
PPL ELECTRIC UTILITIES CORPORATION
2 NORTH 9TH STREET, GEN TW-20
ALLENTOWN, PA 18101
ATTN: PPL ELECTRIC ENERGY PROCUREMENT TEAM

CURRENCY AMOUNT
USD *****\$

WE (THE “ISSUER”) HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE STANDBY 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 AT OUR COUNTERS LOCATED _____ [INSERT ISSUER’S PLACE FOR PRESENTATION], EFFECTIVE _____ AND EXPIRING ON _____ AT 5:00 PM NEW YORK, NEW YORK TIME, WHICH IS AT LEAST 60 DAYS FROM THE DATE OF ISSUANCE, UNLESS TERMINATED EARLIER IN ACCORDANCE WITH THE PROVISIONS OF THIS LETTER OF CREDIT OR OTHERWISE EXTENDED BY AMENDMENT.

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.

BENEFICIARY WILL HOLD THIS LETTER OF CREDIT UNTIL WE RECEIVE WRITTEN NOTIFICATION FROM THE BENEFICIARY THAT EITHER:

1. THE APPLICANT’S BID PROPOSAL IN THE PPL ELECTRIC DEFAULT SERVICE BLOCK SUPPLY RFP SOLICITATION ON [INSERT DATE] (THE “SOLICITATION

DATE”) HAS BEEN REJECTED IN WHOLE AND THE APPLICANT HAS BEEN NOTIFIED OF SUCH REJECTION; OR

2. THE APPLICANT HAS WON TRANCHES IN THE PPL ELECTRIC DEFAULT SERVICE BLOCK SUPPLY RFP SOLICITATION ON THE SOLICITATION DATE AND HAS EXECUTED THE DEFAULT SERVICE BLOCK SUPPLIER MASTER AGREEMENT (“SMA”) AND/OR TRANSACTION CONFIRMATIONS FOR SUCH TRANCHES.

UPON EITHER OF THE ABOVE TWO CONDITIONS, THIS LETTER OF CREDIT WILL BE RETURNED BY THE BENEFICIARY TO THE ISSUER WITHIN TWO BUSINESS DAYS. THE APPLICANT MAY REQUEST THAT THIS LETTER OF CREDIT RESIDE WITH THE BENEFICIARY THROUGH THE ENTIRE MULTI-SOLICITATION PERIOD OF THE PPL DEFAULT SERVICE BLOCK SUPPLY RFP.

THIS LETTER OF CREDIT MAY ALSO BE TERMINATED PRIOR TO THE STATED EXPIRY DATE 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.

IF THE APPLICANT IS AWARDED TRANCHE(S) IN THE PPL DEFAULT SERVICE BLOCK SUPPLY RFP SOLICITATION ON THE SOLICITATION DATE AND DOES NOT TIMELY EXECUTE THE TRANSACTION CONFIRMATIONS ASSOCIATED WITH SUCH TRANCHES, THE APPLICANT SHALL FORFEIT THE ENTIRE AMOUNT OF THIS LETTER OF CREDIT.

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

1. YOUR SIGNED STATEMENT, READING AS FOLLOWS:

“THE AMOUNT FOR THIS DRAWING, USD _____ [INSERT AMOUNT], BEING MADE UNDER LETTER OF CREDIT NUMBER _____ [INSERT LETTER OF CREDIT REFERENCE NUMBER], REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY PURSUANT TO THE TERMS OF SUCH LETTER OF CREDIT.”

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

AT THE BENEFICIARY’S REQUEST PRIOR TO THE EXPIRY DATE, THE ISSUER WILL ISSUE TO THE BENEFICIARY A REPLACEMENT LETTER OF CREDIT (HAVING THE SAME TERMS AND CONDITIONS AS THIS LETTER OF CREDIT AND ANY AMENDMENTS HERETO) IF THE BENEFICIARY CERTIFIES TO THE ISSUER THAT THE ORIGINAL LETTER OF CREDIT HAS BEEN LOST, STOLEN, DESTROYED OR

MUTILATED AND PROVIDES THE ISSUER WITH A REASONABLY ACCEPTABLE INDEMNITY.

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, IN EITHER CASE BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS TO AN ACCOUNT DESIGNATED BY THE BENEFICIARY BY NOTICE TO THE ISSUER.

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 ISSUER UNDER THIS LETTER OF CREDIT AND ISSUER SHALL REMAIN LIABLE TO BENEFICIARY UNTIL THE EXPIRY DATE OF THIS LETTER OF CREDIT 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 UNIFORM CUSTOMS AND PRACTICES FOR DOCUMENTARY CREDITS, ICC PUBLICATION NO. 600, OR ANY SUCCESSOR PUBLICATION THERETO (THE "UCP"). AS TO MATTERS NOT GOVERNED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH THE UCP, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE COMMONWEALTH OF PENNSYLVANIA. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BENEFICIARY AND THE ISSUER.

5. ARTICLE 36 OF THE UCP AS IT APPLIES TO THIS LETTER OF CREDIT IS MODIFIED AS FOLLOWS: IF, ON THE LAST BUSINESS DAY FOR PRESENTATION THE PLACE FOR PRESENTATION STATED IN THIS LETTER OF CREDIT IS CLOSED FOR ANY REASON, THEN THE LAST DAY FOR PRESENTATION IS AUTOMATICALLY EXTENDED TO THE DAY THAT IS TEN (10) CALENDAR DAYS AFTER THE PLACE FOR PRESENTATION RE-OPENS OR THE ISSUER NOTIFIES THE BENEFICIARY OF AN ALTERNATIVE PLACE FOR PRESENTATION, WHICH ALTERNATIVE MUST BE IN THE UNITED STATES.
6. 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.
7. 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: _____

NAME: _____

TITLE: _____

PLEASE DIRECT ANY WRITTEN CORRESPONDENCE, INCLUDING DRAWING OR INQUIRIES TO:

[BANK NAME, ADDRESS AND PHONE NUMBER]

APPENDIX 7b

**BID ASSURANCE LETTER OF CREDIT
(ELECTRONIC “eUCP CREDIT”)
SUPPLY FOR DEFAULT SERVICE LOAD**

**{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}
IRREVOCABLE STANDBY LETTER OF CREDIT NO.**

ISSUE DATE _____ EXPIRY DATE _____
APPLICANT _____
[NAME]
[ADDRESS]

BENEFICIARY
PPL ELECTRIC UTILITIES CORPORATION
2 NORTH 9TH STREET, GEN TW-20
ALLENTOWN, PA 18101
ATTN: ENERGY PROCUREMENT TEAM

ELECTRONIC ISSUE ADDRESS: [INSERT PPL DEDICATED EMAIL ADDRESS FOR
eUCP CREDITS]

CURRENCY AMOUNT
USD *****\$

WE (THE “ISSUER”) HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO: _____ (THIS “LETTER OF CREDIT,” WHICH SHALL BE AN “eUCP CREDIT”) 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 AT OUR COUNTERS LOCATED AT _____ [INSERT ISSUER’S PLACE FOR PRESENTATION], EFFECTIVE _____ AND EXPIRING ON _____ AT 5:00 PM NEW YORK, NEW YORK TIME, WHICH IS AT LEAST 60 DAYS FROM THE DATE OF ISSUANCE, UNLESS TERMINATED EARLIER IN ACCORDANCE WITH THE PROVISIONS OF THIS LETTER OF CREDIT OR OTHERWISE EXTENDED BY AMENDMENT.

THIS LETTER OF CREDIT IS PRESENTABLE AND PAYABLE AS AN eUCP CREDIT, 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.

THIS ORIGINAL LETTER OF CREDIT HAS BEEN ISSUED VIA ELECTRONIC MEANS ONLY TO [INSERT SAME PPL EMAIL ADDRESS AS AT THE TOP]. WE CONFIRM

THAT THE ELECTRONIC PDF FILE OF THIS LETTER OF CREDIT (TOGETHER WITH ELECTRONIC PDF FILES OF SUBSEQUENT AMENDMENTS, IF ANY) SERVES AS THE OPERATIVE INSTRUMENT, AND THAT THE BENEFICIARY MAY USE THE ELECTRONIC PDF FILE OF THE LETTER OF CREDIT (TOGETHER WITH ELECTRONIC PDF FILES OF SUBSEQUENT AMENDMENTS, IF ANY) AS IT WOULD A HARD COPY ORIGINAL

DRAFTS, DOCUMENTS AND OTHER COMMUNICATIONS HEREUNDER MAY BE PRESENTED OR DELIVERED TO US BY EMAIL OR BY ANY OTHER ELECTRONIC MEANS. PRESENTATION OR DELIVERY BY EMAIL MUST BE MADE FROM [ONE OF] YOUR EMAIL ADDRESS[ES]: _____ OR _____ [FILL IN ONE OR MORE PPL EMAIL ADDRESSES] TO THE FOLLOWING ISSUER EMAIL ADDRESS: _____ [ISSUER TO INSERT ISSUER EMAIL ADDRESS], AND CONFIRMED BY TELEPHONE TO US AT ONE OF THE FOLLOWING NUMBER(S): _____ OR _____ [ISSUER TO INSERT PHONE NUMBERS FOR CONFIRMATION]. IN THE EVENT OF A PRESENTATION BY EMAIL OR BY OTHER ELECTRONIC MEANS, NO REGULAR MAIL PRESENTATION OR DELIVERY IS NECESSARY, AND THE TRANSMISSION BY EMAIL OR BY OTHER ELECTRONIC MEANS WILL CONSTITUTE CONFORMING PRESENTATION OR DELIVERY.

BENEFICIARY WILL HOLD THIS LETTER OF CREDIT UNTIL WE RECEIVE WRITTEN NOTIFICATION FROM THE BENEFICIARY THAT EITHER:

1. THE APPLICANT'S BID PROPOSAL IN THE PPL ELECTRIC DEFAULT SERVICE RFP SOLICITATION ON [INSERT DATE] (THE "SOLICITATION DATE") HAS BEEN REJECTED IN WHOLE AND THE APPLICANT HAS BEEN NOTIFIED OF SUCH REJECTION; OR
2. THE APPLICANT HAS WON TRANCHES IN THE PPL ELECTRIC DEFAULT SERVICE RFP SOLICITATION ON THE SOLICITATION DATE AND HAS EXECUTED THE DEFAULT SERVICE SUPPLIER MASTER AGREEMENT ("SMA") AND/OR TRANSACTION CONFIRMATIONS FOR SUCH TRANCHES.

UPON EITHER OF THE ABOVE TWO CONDITIONS, THIS LETTER OF CREDIT WILL BE RETURNED BY THE BENEFICIARY TO THE ISSUER WITHIN TWO BUSINESS DAYS. THE APPLICANT MAY REQUEST THAT THIS LETTER OF CREDIT RESIDE WITH THE BENEFICIARY THROUGH THE ENTIRE MULTI-SOLICITATION PERIOD OF THE PPL DEFAULT SERVICE RFP.

THIS LETTER OF CREDIT MAY ALSO BE TERMINATED PRIOR TO THE STATED EXPIRY DATE 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.

IF THE APPLICANT IS AWARDED TRANCHE(S) IN THE PPL DEFAULT SERVICE RFP SOLICITATION ON THE SOLICITATION DATE AND DOES NOT TIMELY EXECUTE THE TRANSACTION CONFIRMATIONS ASSOCIATED WITH SUCH TRANCHES, THE APPLICANT SHALL FORFEIT THE ENTIRE AMOUNT OF THIS LETTER OF CREDIT.

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

1. YOUR SIGNED STATEMENT, READING AS FOLLOWS:

“THE AMOUNT FOR THIS DRAWING, USD _____ [INSERT AMOUNT], BEING MADE UNDER LETTER OF CREDIT NUMBER _____ [INSERT LETTER OF CREDIT REFERENCE NUMBER], REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY PURSUANT TO THE TERMS OF SUCH LETTER OF CREDIT, AND THIS STATEMENT SHALL BE THE NOTICE OF COMPLETENESS FOR THIS PRESENTATION UNDER THE ABOVE-REFERENCED LETTER OF CREDIT.”

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

AT THE BENEFICIARY’S REQUEST PRIOR TO THE EXPIRY DATE, THE ISSUER WILL ISSUE TO THE BENEFICIARY A REPLACEMENT LETTER OF CREDIT (HAVING THE SAME TERMS AND CONDITIONS AS THIS LETTER OF CREDIT AND ANY AMENDMENTS HERETO) IF THE BENEFICIARY CERTIFIES TO THE ISSUER THAT THE ORIGINAL LETTER OF CREDIT HAS BEEN LOST, STOLEN, DESTROYED OR MUTILATED AND PROVIDES THE ISSUER WITH A REASONABLY ACCEPTABLE INDEMNITY.

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, IN EITHER CASE BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS TO AN ACCOUNT DESIGNATED BY THE BENEFICIARY BY NOTICE TO THE ISSUER.

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 ISSUER UNDER THIS LETTER OF CREDIT AND

ISSUER SHALL REMAIN LIABLE TO BENEFICIARY UNTIL THE EXPIRY DATE OF THIS LETTER OF CREDIT 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 UNIFORM CUSTOMS AND PRACTICES FOR DOCUMENTARY CREDITS, ICC PUBLICATION NO. 600, AS SUPPLEMENTED BY THE eUCP VERSION 2.0, OR ANY SUCCESSOR PUBLICATION THERETO (THE "eUCP"). AS TO MATTERS NOT GOVERNED BY THE UCP, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH THE UCP, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE COMMONWEALTH OF PENNSYLVANIA. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BENEFICIARY AND THE ISSUER.
5. ARTICLE 36 OF THE eUCP AS IT APPLIES TO THIS LETTER OF CREDIT IS MODIFIED AS FOLLOWS: IF, ON THE LAST BUSINESS DAY FOR PRESENTATION THE PLACE FOR PRESENTATION STATED IN THIS LETTER OF CREDIT IS CLOSED FOR ANY REASON, THEN THE LAST DAY FOR PRESENTATION IS AUTOMATICALLY EXTENDED TO THE DAY THAT IS TEN (10) CALENDAR DAYS AFTER THE PLACE FOR PRESENTATION RE-OPENS OR THE ISSUER NOTIFIES THE BENEFICIARY OF AN ALTERNATIVE PLACE FOR PRESENTATION, WHICH ALTERNATIVE MUST BE IN THE UNITED STATES.
6. 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.
7. 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: _____

NAME: _____

TITLE: _____

PLEASE DIRECT ANY INQUIRIES (OTHER THAN DRAFTS, DOCUMENTS OR OTHER COMMUNICATIONS REGARDING PRESENTATION) TO:

[BANK NAME, EMAIL ADDRESS AND PHONE NUMBER]

PPL Electric Utilities
Block Product RFP Process and Rules
APPENDIX 8

Example Bid Proposal Spreadsheet—Notes

Instructions:

The RFP Bidder must complete the Bid Proposal Spreadsheet as directed in Article 5.

All required information must be entered in the shaded cells. The absence of any required information will be deemed a non-conforming bid and will be eliminated from further consideration.

Residential -- is comprised of the following rate schedules:

RS*	RS – Residential Service
RTS*	RTS(R) – Residential Service – Thermal Storage

NOTES:

1. Rate schedules also may be subject to riders. Any such riders are set forth in PPL Electric Utilities Corporation General Tariff, Rules and Rate Schedules for Electric Service.

**PPL Electric Utilities Corporation
Default Service Block Supply RFP Process and Rules**

**APPENDIX 8
Example Bid Proposal Spreadsheet—Default Service Block Supply**

Solicitation # <number>
Block Supply
Bid Proposal Due Date: <month>, <day>, <year>

Residential
<number>-Month Delivery Period: <commencement date> - <expiration date>

Bidder Information:

Company Name		* Required Field
Contact Name		* Required Field
Phone Number		* Required Field

Tranche Information:

Aggregate Load Cap (across solicitations)	50MW
Total Available Tranches	
Tranche Size	25MW

Bid Information:

	Total Tranches Supplied	Bid Assurance Collateral Amount	Price (US\$/MWh)	
Bids	1	\$500,000		* Required Field
	2	\$1,000,000		* Required Field

Complete/Incomplete:

Appendix 9

Binding Bid Agreement

Bid Proposal Due Date: <month> <day><year>

In consideration for the privilege of submitting bids as part of the Default Service Block Supply Requests For Proposals process, _____ (“RFP Bidder”) agrees to be bound by the price quotes entered for block supply on any Bid Proposal Spreadsheet, up to the expiration time of its proposal, as set forth in Section 5.6 (Expiration of Bid Proposals) of this Request For Proposals (“RFP”), submitted to PPL Electric Utilities Corporation (“PPL Electric”), in response to this multi-solicitation process, which shall constitute a firm offer to supply service in accordance with the Default Service Block Supplier Master Agreement (“DSB SMA”) and applicable Pennsylvania law and regulations. Any bid is not subject to any contingencies or conditions precedent and, if accepted by PPL Electric, the RFP Bidder agrees to execute the Transaction Confirmation in a timely manner as set forth in Section 7.5.2 of the RFP Rules.

The submission of any binding offer to PPL Electric shall constitute the Bidder’s acknowledgment and acceptance of all the terms, conditions and requirements of this RFP.

The RFP Bidder certifies that it is bidding independently and that it has no knowledge of any Proposal being submitted by another RFP Bidder in response to this RFP. The RFP Bidder certifies that, except for any communication with its financial institution for the purpose of preparing the Bid Assurance Letter of Credit, the RFP Bidder has not disclosed and will not disclose publicly or to any other party before the Pennsylvania Public Utility Commission has rendered a decision on the RFP results any information relating to its Proposal, which could have an effect on whether another party submits a Proposal to this RFP or on the contents of such Proposal that another RFP Bidder would be willing to submit in response to this RFP.

The undersigned represents and warrants that he/she has the authority to act on behalf of, and to bind, the RFP Bidder to perform the terms and conditions and otherwise comply with all obligations stated herein.

Signature of Officer: _____

Name of Officer (*print*): _____

Title of Officer (*print*): _____

Date Signed: _____

**ALTERNATIVE ENERGY CREDIT
SUPPLY MASTER AGREEMENT (SMA)
BETWEEN
PPL ELECTRIC UTILITIES CORPORATION
AND
[SELLER NAME]**

DATED _____

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THIS ALTERNATIVE ENERGY CREDITS SUPPLIER MASTER AGREEMENT, made and entered into this _____ day of _____, _____ (“Effective Date”), by and between PPL Electric Utilities Corporation (the “Company” and “Buyer”), a corporation and a public utility organized and existing under the laws of the Commonwealth of Pennsylvania and _____ (“AEC Supplier” or “Seller”), the Company and the AEC Supplier hereinafter sometimes referred to collectively as the “Parties”, or individually as a “Party”.

RECITALS

WHEREAS, Seller has the ownership rights, or possesses all necessary rights as a marketer, to the Environmental Attributes to certain renewable resources (the "Projects");

WHEREAS, the Projects also represent and create certain characteristics that arise from the generation of electricity using a renewable energy source, referred to herein as Alternative Energy Credits or AECs;

WHEREAS, Seller is in the business of owning and operating such Projects or marketing AECs from producers and reselling them to retail and wholesale customers; and

WHEREAS, Seller wishes to sell AECs created by the Projects and Buyer wishes to buy such AECs from Seller.

NOW, THEREFORE, in consideration of the above recitals and the mutual promises of the parties set forth below, the Parties hereto and intending to be legally bound hereby, agree as follows:

ARTICLE 1 TERM OF AGREEMENT

The term of this Agreement shall commence on the Effective Date and shall remain in effect through May 31, 2025, unless terminated earlier in accordance with the terms of this Agreement.

ARTICLE 2 DEFINITIONS

As used in this Agreement, the following terms have the respective meanings set forth below. Other capitalized terms are defined elsewhere in this Agreement.

Agreement means all provisions, exhibits incorporated as part of this Agreement, and documents incorporated by reference and all amendments and addenda thereto.

Alternative Energy Credit ("AEC") - shall have, the meaning set forth in the AEPS Act.

Alternative Energy Portfolio Standards ("AEPS") - standards requiring that a certain amount of electric energy sold from Alternative Energy Resources be included as part of the sources of electric generation by electric utilities within the Commonwealth of Pennsylvania in accordance with the Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8, as may be amended from time to time.

Alternative Energy Portfolio Standards Act ("AEPS Act") - the Pennsylvania statute found at 73 P.S. §§ 1648.1-1648.8, as amended from time to time which, among other things, establishes the AEPS.

Alternative Energy Resource - means an electric power generator producing electric power from Solar Photovoltaic, Tier I (non-Solar Photovoltaic) or Tier II as set forth in the AEPS Act.

Business Day - any day on which the Buyer's and PJM's corporate offices are open for business and commercial banks are not authorized or required to close in New York, New York.

Confidential Information - means all information or material, whether tangible or intangible and in whatever form, that is exchanged between the Parties with respect to the subject matter of this Agreement. The following information or materials do not constitute Confidential Information for purposes of this Agreement: (i) information or materials already known to the receiving Party before receipt from the disclosing Party; (ii) it is or becomes publicly available other than through the acts of the receiving Party; (iii) it is received by the receiving Party from a third party who, to the receiving Party's knowledge, is not prohibited from disclosing the information to the receiving Party by a contractual, fiduciary or other duty; (iv) developed or derived by the receiving Party without the aid, application or use of the Confidential Information; (v) authorized for disclosure in writing by the disclosing Party, to the extent of such authorization; or (vi) the receiving Party is advised by legal counsel that it is required to disclose by law or legal process, provided, however, that prior to any such disclosure, the receiving Party will give the disclosing Party as much advance notice of the requirement as is practical, will cooperate with the disclosing Party at the disclosing Party's expense to protect against disclosure, and if disclosure is still required, then disclose only such part of the Confidential Information that its legal counsel advises it must disclose and only to the extent of its compliance with such law or legal process.

Contract Quantity - means the total number of AECs to be delivered under this contract and pursuant to the Transaction Confirmation.

Delivery Date - means with respect to a Transaction, the last date on which Seller must initiate a transfer order for the Product to Buyer's PJM GATS account.

Interest Rate - means a per annum rate of interest equal to two (2%) percent over the prime lending rate as published from time to time in the Wall Street Journal under "Money Rates" on such due date (or if not published on such day on the most recent preceding day on which published), but in no event to exceed the maximum lawful rate.

Party or Parties means Buyer and Seller, individually or collectively, as applicable.

PJM GATS means the environmental registry and information system, which is administered by PJM Environmental Information Services, Inc., that tracks the environmental and fuel attributes of generation, and any successor tracking system that both Parties agree in their reasonable commercial judgment facilitates the sale and purchase of Product.

Product - Seller represents the Product sold hereunder meets the definition of "Alternative Energy Credit" as that term is defined in the AEPS Act, *et seq.*, as of the Effective Date.

Product Delivery - Seller shall initiate transfer order(s) for the Contract Quantity

or Product to Buyer's PJM GATS account on or before the date set forth in Exhibit A. Upon receiving electronic confirmation from PJM GATS that a transfer order has been initiated by Seller, Buyer shall confirm the transfer order in PJM GATS within five (5) Business Days.

Replacement Price - means the alternative compliance payment required by the AEPS Act for each AEC not delivered. If the alternative compliance payment required by the AEPS Act is not known for a Reporting Year for which the AECs have been intended for AEPS compliance by Buyer, then the last reported alternative compliance payment for such Product shall be used.

Reporting Year - with respect to Pennsylvania, means the period beginning June 1 of the prior year and continuing until May 31 of the subject year (e.g. Reporting Period 2020 means June 1, 2020 through May 31, 2021).

Transaction – means a particular agreement by which the Company purchases and the AEC Supplier sells AECs pursuant to this Agreement, the details of which are more fully set forth in the Transaction Confirmation(s) in the form attached as Exhibit A.

Transaction Confirmation – means a schedule in a form substantially as set forth in Exhibit A of this Agreement that contains quantity, pricing and delivery details of a Transaction.

Transaction Date - means with respect to a Transaction, the date the Pennsylvania Public Utility Commission approved the bid results associated with such Transaction.

Vintage – means the acceptable period for which the renewable energy supporting the AEC is generated as set forth in the Transaction Confirmation.

ARTICLE 3 AEC PROVISIONS

3.1 Provisions

Seller agrees to sell and Buyer agrees to purchase all of Seller's right, title and interest in and to the AECs to be provided on the date and otherwise as set forth on an applicable Transaction Confirmation. In selling the AECs to Buyer, Seller hereby represents and warrants that it transfers, conveys and sells to Buyer all present and future rights, title and interest of Seller in and to the AECs as set forth in Exhibit A to the

extent: (i) Seller will have such rights, title, and interest in and to such AECs and shall be deemed to be the sole and exclusive owner of such AECs under applicable law; and (ii) such transfer and sale to Buyer is not in violation of any applicable law at the time of such transfer and sale. Seller represents and warrants that it has exclusive rights to the full and good, unencumbered and marketable title and interest in and to the AECs being transferred to Buyer and will transfer the same to Buyer on the dates provided in an applicable Transaction Confirmation. Seller covenants that it has not and will not transfer any portion of the right, title and interest in and to the AECs to any other person. Seller shall take such action as may be necessary to transfer and evidence such transfer of AECs to Buyer including the registration and Product Delivery of AECs with PJM GATS.

3.2 Reporting

Seller shall be obligated to assist Buyer in the event of any discrepancies from transferring RECs to the Buyer's PJM GATS account.

ARTICLE 4 BILLING AND PAYMENT

Within ten (10) Business Days of Buyer's receipt of electronic confirmation from PJM GATS that the transfer order has been completed and an invoice has been received, Buyer shall pay Seller the Contract Price for the Product delivered in accordance with this Agreement. If payment is not made within the time specified herein, the past due amount shall carry interest at the Interest Rate.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of Both Parties

As of the Effective Date, each Party hereby 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;
- (c) it has the full right, power and authority to enter into this Agreement, to grant the rights granted hereunder, and to perform its obligations hereunder;
- (d) the execution, delivery and performance of this Agreement is 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;
- (e) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms;
- (f) no Event of Default (as defined in ARTICLE 10 below) 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;
- (g) it is acting for its own account, has made its own independent decision to

enter into this Agreement, has had its own legal counsel review the Agreement or had the opportunity for its own legal counsel to review the Agreement and elected to not have such a review, and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement;

(h) it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code;

(i) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of all Products referred to in the Agreement to which it is a Party; and

(j) with respect to this Agreement, it is a producer, processor, commercial user or merchant handling the Product, and it is entering into such Agreement for purposes related to its business as such.

5.2 Representations and Warranties of Seller

As of each Delivery Date, Seller hereby represents and warrants to Buyer that:

(a) it has the full right, interest, and/or title to sell the Product;

(b) the Product has never been sold for any other purpose or use;

(c) such transfer and sale to Buyer is not in violation of any applicable law at the time of such transfer and sale or the rights of any third party;

(d) the Product is free and clear of all liens or other encumbrances or clouds

on title or marketability; and

(e) the Product is based on renewable energy generation that occurred during the eligible Vintage Period.

ARTICLE 6 TAXES AND FEES

Each Party shall be responsible for any taxes or other fees associated with its respective purchase and sale hereunder. As used herein "taxes" means, but is not limited to, any or all ad valorem, property, occupation, severance, first use, conservation, gross receipts, privilege, sales, use, consumption, excise, lease, transfer, transaction, surcharges, business license, and other taxes, governmental charges, licenses, fees, permits and assessments, or increases therein, other than taxes based on net income or net worth. A tax is not a penalty or a fine.

ARTICLE 7 ASSIGNMENT

Neither Buyer nor Seller shall assign this Agreement nor delegate any of its duties hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided that Seller may assign this Agreement without the consent of Buyer as collateral security to any lender (and in connection therewith, Buyer shall execute and deliver to such lender a consent agreement in a form reasonably acceptable to Buyer) or to a successor of all or substantially all of the assets of Seller

through merger, reorganization, consolidation or acquisition.

ARTICLE 8 CHANGE IN LAW

If any statutes, rules, regulations, permits or authorizations are enacted, amended, granted or revoked which have the effect of changing the transfer and sale procedure set forth in this Agreement so that the implementation of this Agreement becomes impossible or impracticable, or otherwise revokes or eliminates the Pennsylvania Alternative Energy Portfolio Standards, the Parties hereto agree to exercise reasonable efforts to negotiate an amendment to this Agreement to conform with such new statutes, regulations, or rules in order to maintain the original intent of the Parties under this Agreement.

ARTICLE 9 INDEMNIFICATION

(a) Should Buyer become the defendant in, or obligor for, any third party claims and/or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party's employees or any third parties, that were caused by or occur in connection with an act or omission of Seller with respect to an obligation arising under or in connection with this Agreement, or for which Seller has otherwise assumed liability under the terms of this Agreement, Seller shall defend (at Buyer's option), indemnify and hold harmless Buyer and its Affiliates and each of their respective shareholders, board

members, directors, officers and employees, agents, contractors, subcontractors, invitees, successors, representatives, and permitted assigns from and against any and all such third party claims and/or liabilities, and shall appoint counsel at Seller's expense, subject to the approval of Buyer, to defend any such claims or liabilities, except in the event of and to the extent that there is a final determination by a court of competent jurisdiction that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of Buyer in which event Buyer agrees to reimburse Seller within sixty (60) days of Seller's demand to the extent that such third party claims and/or liabilities is not covered by insurance required to be maintained pursuant to this Agreement solely for Buyer's share in contributing to the cause of such losses, penalties, expenses or damages. Buyer may, at its own expense, retain counsel and participate in the defense of any such suit or action.

(b) Should Seller (the "Indemnified Seller") become the defendant in, or obligor for, any third party claims and/or liabilities for losses, penalties, expenses, damage to property, injury to or death of any person including a Party's employees or any third parties, that were caused by or occur in connection with an act or omission of Buyer with respect to an obligation arising under or in connection with this Agreement, or for which Buyer has otherwise assumed liability under the terms of this Agreement, Buyer shall defend (at the option of the Indemnified Seller), indemnify and hold harmless the Indemnified Seller, its shareholders, board members, directors, officers and employees, from and against any and all such third party claims and/or liabilities, except in the event of and to the extent that there is a final determination by a court of competent jurisdiction

that the losses, penalties, expenses or damages were caused wholly or in part by the gross negligence or willful misconduct of the Indemnified Seller. The Indemnified Seller may, at its own expense, retain counsel and participate in the defense of any such suit or action.

(c) If either Party intends to seek indemnification under Section 9 or 9, as applicable, from the other Party, the Party seeking indemnification shall give the other Party notice of such claim within ninety (90) 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, conditioned or delayed.

(d) In the event that a Party fails or refuses to indemnify an indemnitee hereunder, in addition to all other obligations and upon adjudication in favor of an indemnitee, the indemnitor shall be responsible for any and all costs associated with bringing such action, including but not limited to attorneys' fees and costs.

(e) The obligation of a Party to defend, indemnify, and hold harmless another Party under this Article 9 (Indemnification) shall survive termination of this Agreement, and as such obligation relates to claims asserted by employees of the indemnified party or otherwise, shall not be limited in any way by any limitation on the amount or type of

damages, compensation or benefits payable by or for either Party under any statutory scheme, including any workers' compensation acts, disability benefit acts or other employee benefit acts and both Parties hereby waive any and all immunities or statutory protections under any workers' compensation act or similar statute.

ARTICLE 10 EVENTS OF DEFAULT

For purposes of this Agreement, a Party shall be in default (each of the following, an "Event of Default"):

- (a) if that Party materially breaches any or all of its obligations as described in this Agreement and such breach is not cured within five (5) Business Days of written notice of such breach from the other Party;
- (b) if any representation or warranty made by a Party in Article 5 of this Agreement proves to have been misleading or false in any material respect when made and such Party does not cure the underlying facts so as to make such representation and warranty correct and not misleading within five (5) Business Days of written notice from the other Party; or
- (c) if a Party:
 - (i) makes an assignment or any general arrangement for the benefit of its creditors,
 - (ii) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause under any

bankruptcy or similar law for the protection of creditors, or has such a petition filed against it,

- (iii) otherwise becomes bankrupt or insolvent (however evidenced),
- (iv) has a resolution passed for its winding-up, official management or liquidation; or
- (v) be unable to pay its debts as they fall due.

(d) if Seller fails to deliver AECs to Buyer's PJM GATS account within ten (10) Business Days of the approval of the bid results by the Pennsylvania Public Utility Commission, or if Seller delivered AECs to Buyer's PJM GATS account, but such AECs do not conform to the requirements of this Agreement or allow Buyer to comply with the AEPS Act, and such non-compliant AECs are not replaced with compliant AECs within five (5) Business Days of Buyer's notice to Seller of such non-compliance; or

(e) if a Seller violates any federal, state or local code, regulation or statute applicable to the provision of AECs in a manner that materially, and adversely, affects the Party's performance under this Agreement.

ARTICLE 11 REMEDIES UPON DEFAULT

11.1 Remedies

If either Party is in default, as set forth in Article 10 at any time during the Term, the non-defaulting Party may select any or all of the following remedies: (i) upon two (2) Business Days written notice to the defaulting Party terminate this Agreement, (ii) withhold any payments due in respect of this Agreement and any other agreements between the Parties to the extent of its damages pursuant to this Article 11, and (iii) exercise such remedies as provided in this Agreement, including an action for damages (except as limited by Section 11.7) subject to the dispute resolution provisions in Article 13 of this Agreement.

11.2 Termination By Seller

If Buyer is in default and Seller elects to terminate this Agreement, then Buyer shall pay Seller, within ten (10) Business Days of invoice receipt, an amount equal to the Contract Price for any Product delivered to Buyer for which Seller has not been paid.

11.3 Termination By Buyer

If Seller is in default pursuant to Article 10 and Buyer elects to terminate this Agreement, then Seller shall be obligated to pay Buyer, within ten (10) Business Days of invoice receipt, an amount equal the Replacement Price for any undelivered or non-compliant Product.

11.4 Interest

All overdue payments hereunder shall bear interest from (and including) the due date to (but excluding) the date of payment at the Interest Rate.

11.5 No Penalty

Both Parties hereby stipulate that the payment obligations set forth in this Article 11 are reasonable in light of the anticipated harm and the difficulty of estimation or calculation of actual damages, and each Party hereby waives the right to contest such payments as an unreasonable penalty.

11.6 Exclusive Remedy

THE REMEDIES SET FORTH IN THIS ARTICLE 11 ARE THE SOLE AND EXCLUSIVE REMEDIES IN THE EVENT OF A DEFAULT OF A PARTY'S OBLIGATIONS TO SELL OR PURCHASE PRODUCT, AND A PARTY'S LIABILITY SHALL BE LIMITED AS SET FORTH IN THIS ARTICLE. ALL OTHER REMEDIES OR DAMAGES FOR FAILURE TO SELL OR PURCHASE PRODUCT AT LAW ARE HEREBY WAIVED.

11.7 Limitation of Liability

IN THE EVENT OF A DEFAULT, THE DEFAULTING PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT, ACTUAL DAMAGES ONLY, AND SUCH DIRECT AND ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER. IN NO EVENT SHALL ANY OTHER LIABILITY BE INCURRED BY EITHER PARTY FOR ANY OBLIGATIONS WHICH ARISE UNDER THIS AGREEMENT, INCLUDING (BUT NOT LIMITED TO) CONSEQUENTIAL, SPECIAL, INCIDENTAL, TREBLE, PUNITIVE, EXEMPLARY, OR INDIRECT DAMAGES, LOST PROFITS, LOSS OF FINANCING, BUSINESS OR REPUTATION, WHEN IN TORT, CONTRACT, OR OTHERWISE.

ARTICLE 12 CONFIDENTIALITY

12.1 Confidentiality.

Except as provided in this Article, neither Party shall publish, disclose, or otherwise divulge Confidential Information to any person at any time during or after the term of this Agreement, without the other Party's prior express written consent. Each Party shall permit knowledge of and access to Confidential Information only to those of its affiliates and to persons investing in, providing funding to or acquiring it or its affiliates, and to its and the foregoing persons' respective attorneys, accountants, representatives, agents and employees who have a need to know such Confidential Information related to this Agreement. If Seller defaults and this Agreement is terminated pursuant to ARTICLE 11, Buyer may disclose the terms of this Agreement and any Transaction Confirmation to all other non-defaulting suppliers providing AECs to Buyer pursuant to the PUC Orders. Such disclosure by Buyer shall be made for the purpose of allowing each non-defaulting supplier to make its Step-Up elections described in ARTICLE 19 below.

12.2 **Required Disclosure.**

If required by any law, statute, ordinance, decision, order or regulation passed, adopted, issued or promulgated by a court, governmental agency or authority having jurisdiction over a Party, as determined by legal counsel for a Party, that Party may release Confidential Information, or a portion thereof, to the court, governmental agency or authority, as required by the applicable law, statute, ordinance, decision, order or regulation, and a Party may disclose Confidential Information to accountants in connection with audits, provided that such Party has notified the other Party of the required disclosure, such that the other Party may attempt (if such Party so chooses) to cause that court, governmental agency, authority or accountant to treat such information in a confidential manner and to prevent such information from being disclosed or otherwise becoming part of the public domain.

12.3 **Tax.**

Notwithstanding any provision of this Agreement to the contrary, the legal obligations of confidentiality hereunder do not extend to the U.S. federal or state tax structure or the U.S. federal or state tax treatment of any transaction hereunder. If any U.S. federal or state tax analyses or materials are provided to a Party, such Party is free to disclose any such analyses or materials without limitation.

12.4 **Survival.**

The Parties obligations under this Article 12 shall survive for a period of three (3) years following the expiration or termination of this Agreement.

ARTICLE 13
GOVERNING LAW; DISPUTE RESOLUTION; FORM
SELECTION; WAIVER OF TRIAL BY JURY

This Agreement shall be construed, enforced, and performed in accordance with the laws of the Commonwealth of Pennsylvania, without recourse to principles governing conflicts of law.

In the event of any dispute, claim, question or disagreement arising from or relating to this Agreement or breach thereof, including but not limited to claims for equitable relief, to the extent not subject to the jurisdiction of the FERC, the Parties agree that all such disputes arising under this Agreement not satisfied or resolved under the required informal resolution provisions of this Article 13 shall be submitted to the Pennsylvania Public Utility Commission for determination, unless the Buyer, at its sole discretion, elects to submit any such dispute hereunder to the Lehigh County Court of Common Pleas, or the Eastern District Court of Pennsylvania in Allentown.

AS A MATERIAL INDUCEMENT TO EACH PARTY TO ENTER INTO THIS AGREEMENT, IF THE BUYER ELECTS COURT, THE PARTIES EACH HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING HERETO, ANY PRODUCT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

In the event that the Buyer elects Court, the Seller hereby consents to the jurisdiction of the Lehigh County Court of Common Pleas, or the Eastern District Court of Pennsylvania and waives all rights to contest the Buyer's election of court whether based on forum non conveniens or otherwise.

ARTICLE 14 ENTIRE AGREEMENT

This Agreement, together with any attachments or exhibits specifically referenced herein, constitutes the entire agreement between the Seller and the Buyer with respect to the subject matter hereof, supersedes all prior oral or written representations and contracts, and may be modified only by a written amendment signed by Buyer and Seller.

ARTICLE 15 RECORDING

Each Party consents to the recording of its trading, marketing and scheduling representatives' telephone conversations without any further notice. Any tape recordings may be submitted in evidence to any court or in any legal proceeding for the purpose of establishing any matter relating to the Transaction. In addition, the Parties agree not to contest the authority of either Party's employees to enter into the Transaction evidenced by this Confirmation. Notwithstanding the foregoing, any agreement with respect to the Transaction shall be in a writing signed by both Parties.

ARTICLE 16 WAIVER

No delay or omission by a Party in the exercise of any right under this Agreement shall be taken, construed or considered as a waiver or relinquishment thereof, and any such right may be exercised from time to time and as often as may be deemed expedient. If any of the terms and conditions hereof are breached and thereafter waived by a Party, such waiver shall be limited to the particular breach so waived and is not deemed to waive any other breach hereunder.

ARTICLE 17 MISCELLANEOUS

- (a) In the event that any provision of the Agreement shall be found to be void or unenforceable, such findings shall not be construed to render any other provision of the Agreement either void or unenforceable, and all other provisions shall remain in full force and effect unless the provisions which are void or unenforceable shall substantially affect the rights or obligations granted to or undertaken by either Party.
- (b) Neither Party shall issue or release any announcement, statement, press release or other publicity or marketing materials relating to this Agreement, or otherwise use the other Party's trademarks, service marks, trade names, logos, symbols or brand names, in each case, without the prior written consent of the

other Party.

(c) This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto.

(d) This Agreement including all Transaction Confirmations hereunder may be executed in counterparts, each of which will be considered an original, but all of which shall constitute one instrument. Further, the Parties agree that the electronic signature of a Party to this Agreement and the forms appended herein shall be as valid as an original signature of such Party and shall be effective to bind such Party. For purposes hereof, “electronic signature” means either a manually signed original signature or an electronic symbol or process attached to or logically associated with a record and executed or adopted by a party with the intent to sign the record that is then transmitted by electronic means; “transmitted by electronic means” means email transmission, facsimile transmission or other similar electronic or digital means of communication providing evidence of transmission, including through the internet as a “pdf” (portable document format) or equivalent format. The use of electronic signature shall be approved by Buyer prior to use by Seller.

ARTICLE 18

NOTICES

All notices, payments and other formal communications which either Party

may give to the other under or in connection with this Agreement shall be in writing and shall be sent electronically and by any of the following methods: hand delivery; reputable overnight courier; certified mail, return receipt requested; or, with respect to communications other than payments, by electronic means, if the original communication is delivered by reputable overnight courier. The communications shall be sent to the following addresses, and shall be effective when received:

If to PPL Electric Utilities Corporation:

PPL Electric Utilities Corporation

Attn: James M. Rouland

Telephone: 610.774.3042

Email: jmrouland@pplweb.com

If to _____(Seller):

Attn:

Telephone:

Email: [Insert Email]

ARTICLE 19 SELLER'S STEP UP RIGHT

In the event of an early termination of a AEC SMA between Buyer and an entity other than the Seller, Buyer shall send a written notification to Seller which: (i) describes the individual supply obligations associated with the terminated

transaction(s); and (ii) requests Seller to agree to supply its full or partial amount of the supply obligation associated with such terminated transaction, without change to the pricing, terms and conditions of the terminated agreement and transaction(s). Such agreement to make additional supply available shall be termed a “Step-Up”.

In the event that Seller wishes to exercise its option to Step-Up when such an opportunity arises, Seller shall respond to Buyer of such within five (5) Business Days from the date of Buyer’s notification. In Seller’s response, Seller shall indicate: (i) the maximum amount of the increased obligation that Seller wishes to take on given the additional supply obligation available from the terminated transactions (which need not be all). The amount of supply obligation assigned to Seller following Seller’s Step-Up response will be Seller’s pro-rata share of the total of such Step-Up responses from all sellers and will be from zero up to and including the maximum amount that the Seller indicates. Seller’s pro-rata share, as described in this paragraph, shall be the ratio of Seller’s amount indicated in Seller’s Step-Up response to the total of amounts indicated in all sellers’ Step-Up responses. Once Buyer has determined Seller’s pro-rata share, the Seller is obligated to execute a Transaction Confirmation in the amount of the pro-rata share within one (1) business day. The Delivery Date for such Transaction shall be the 10th Business Day from the Transaction Date.

For the avoidance of doubt, in the event that Seller does not respond to Buyer’s Step-Up request within the relevant timeframe, Seller shall be deemed to have rejected the Buyer’s request in full.

WITNESS WHEREOF, each of the parties hereto acknowledge that they have read the terms and conditions contained herein, understand and agree to the same and agree to be bound thereby and have caused this Agreement to be executed in duplicate originals by its duly authorized representative on the respective dates entered below.

[AEC SUPPLIER]
("SELLER")

PPL Electric Utilities Corporation
("BUYER")

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

EXHIBIT A

TRANSACTION CONFIRMATION EXAMPLE

(One per Product)

This Transaction Confirmation letter is being provided pursuant to and in accordance with the AEC Supplier Master Agreement (“Agreement”) dated _____ between PPL Electric Utilities Corporation (“Company” or “Buyer”) and _____ (“AEC Supplier” or “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 agreed to on [INSERT AEC RFP Solicitation PaPUC approval date] (“Transaction Date”).

Buyer and Seller are each referred to as a "Party" and, collectively, as the "Parties".

The terms of the Transaction to which this Letter relates are as follows:

Delivery Date: _____, which shall be the 10th Business Day after the Transaction Date.

Product: Pennsylvania [Insert Tier] Alternative Energy Credits ("AEC") as defined in this Agreement.

Vintage: _____ through _____.

Contract Quantity: _____ AEC

Contract Price: \$XX.XX per AEC

Transaction Value: \$_____

Seller: _____

Buyer: PPL Electric Utilities Corporation

Capitalized terms used but not defined herein shall have the meanings given to them in the AEC SMA.

SELLER (“SELLER”)

BUYER (“BUYER”)

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

PPL Electric Utilities Corporation

Alternative Energy Credits

Request for Proposals (RFP) Process and Rules

[Month] [Day], 2021

ALTERNATIVE ENERGY CREDITS RFP PROCESS AND RULES

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ARTICLE 1

INTRODUCTION

1.1 Overview

- 1.1.1 Capitalized terms in this document, which are not defined explicitly herein, are defined in the PPL Electric Utilities Corporation Alternative Energy Credits Supplier Master Agreement (“AEC SMA”) incorporated hereto as Appendix 1.
- 1.1.2 PPL Electric Utilities Corporation (“Company” or “PPL Electric”) has proposed a competitive bidding process to obtain Alternative Energy Credits (“AEC”) for the Company to meet its obligations, pursuant to Pennsylvania’s Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8 (“AEPS Act”). An AEC is a tradable instrument that is used to establish, verify, and monitor compliance with the AEPS Obligation; one AEC equals one megawatt hour of electricity from an alternative energy source.
- 1.1.3 PPL Electric is issuing this RFP to procure AECs necessary to meet the obligations under the AEPS Act associated with PPL Electric’s provision of default service pursuant to Chapter 28 of the Pennsylvania Public Utility Code, 66 Pa. C. S. §§ 2801-2812, and Pennsylvania Public Utility Commission (“PUC” or “Commission”) Orders and Regulations for the period beginning June 1, 2021 through May 31, 2025. The AECs will be procured through multiple solicitations to meet PPL Electric’s Tier 1, Tier 2, and Photo-voltaic (a subset of the Tier 1 AECs) obligations associated with the AEPS Act. Each type of AECs (i.e., Tier 1, Tier 2, and Photo-voltaic) will be solicited separately.
- 1.1.4 A “Product” is an AEC provided: (i) for a given type of AEPS Obligation (i.e., Tier I, Tier II, and Photo-voltaic); (ii) associated with a given vintage period (period when the electricity is generated for which the AEC is based on); and (iii) under the terms of the AEC SMA. An AEC Supplier selected to supply a Product or Products shall be paid under a firm price contract in which it will receive the price it bid.
- 1.1.5 For each Product, the RFP will solicit a quantity of AECs known as the Target Quantity in each solicitation. The Target Quantity of a Product in a solicitation will be divided into tranches. A tranche of a Product represents an equal quantity of AECs of the Target Quantity of such Product.
- 1.1.6 Any prospective supplier, including any PPL Electric affiliate that can meet the Bidder Qualification requirements established in Article 4, and is willing to provide prices at which it will supply tranches of any Product, may respond to any solicitation in this RFP.
- 1.1.7 Any prospective respondent to this RFP must meet the Bidder Qualification requirements provided in Article 4 and submit Bid Proposal(s) as described in Articles 5 and 6. The Bidder Qualification requirements generally require the prospective RFP Bidder to provide certain evidence of being a recognized energy market participant. A Bid Proposal must include the RFP Bidder’s Bid(s) for each Product it is interested in bidding on and must be accompanied by the executed AEC SMA and sufficient Bid Assurance

Collateral. A Bid is a price, in U.S. Dollars per AEC for each Product, at which the RFP Bidder is willing to supply a number of tranches of a given Product.

- 1.1.8 All elements of this RFP will be carried out pursuant to the RFP Schedule developed pursuant to Section 2.2. In general, for each solicitation to be conducted under this RFP, there will be a pre-specified time period prior to the submission of Bid Proposals wherein RFP Bidders can: 1) express interest in offering supplies; 2) obtain data on supply obligations; 3) attend a Bidder Information Session; and 4) submit and receive answers to questions regarding the solicitation.
- 1.1.9 On the Bid Proposal Due Date of any solicitation, a qualified RFP Bidder may submit Bid Proposals for one or more Products, subject to the restrictions of this Article 1. In any solicitation, the RFP Bidder may only submit Bids for whole numbers of tranches. No Bid for any number of tranches of any Product may be made contingent upon winning or losing another Bid for some number of tranches of another Product.
- 1.1.10 For each solicitation, the Bid Proposal Evaluation Team will present the results of that solicitation to the PUC within one (1) business day of the Bid Proposal Due Date of that solicitation. At that time, the PUC will have one (1) business day to consider the report of the Bid Proposal Evaluation Team and to render a final decision on the results of that solicitation. The PUC may either accept or reject all of the Bid Proposals presented for a Product, as defined in Section 1.1.4, in its entirety. If the PUC does not act within one (1) business day from its receipt of the bid results, the winning Bids are deemed to be approved.
- 1.1.11 If, for a given Product, the PUC rejects all Bids in any solicitation, or if some tranches remain unfilled, the unfilled tranches will be included in the next solicitation provided there remains another solicitation for the procurement of AECs and the Product is not needed for Buyer's compliance of the AEPS Act prior to the next solicitation. In the event an AEC Supplier defaults, PPL Electric will offer AEC supply assignment as specified in Section 7.5. If AECs are required to comply with AEPS Act requirements, PPL Electric will obtain the necessary AECs through brokers in the interim. If some AEPS obligation remains unprocured, the Company will expeditiously seek guidance and approval from the PUC to address this shortfall.

1.2 Summary of RFP Documents

- 1.2.1 The following documents are appended to, and shall be considered an integral part of, this RFP:

- Appendix 1: PPL Electric Utilities Corporation AEC SMA
- Appendix 2: Expression of Interest Form
- Appendix 3: Confidentiality Agreement
- Appendix 4: AEC Delivery Timing Acknowledgement Form
- Appendix 5: Bid Assurance Letter of Credit
- Appendix 6: Bid Proposal Spreadsheets
- Appendix 7: Binding Bid Agreement

1.3 AEC Supplier Obligations

- 1.3.1 This section contains a general description of the AECs, and an AEC Supplier's obligations. It is only a summary and is subject to and qualified in its entirety by the AEC SMA, incorporated hereto as Appendix 1.
- 1.3.2 The AEC SMA executed pursuant to this RFP will be for AECs only. AEC Supplier must enable PPL Electric to comply with the Alternative Energy Portfolio Standards, including the regulations adopted thereunder, (together the AEPS Obligation) and shall provide AECs to fulfill PPL Electric's AEPS Obligation as set forth in the AEPS Act and PUC rules and Orders in the amounts it is awarded. Information related to the acceptable vintage period for AECs to be procured for a solicitation will be provided in the RFP Addendum issued for that solicitation.
- 1.3.3 AEC Supplier and PPL Electric will work together to establish the proper accounts within the PJM-EIS Generation Attribute Tracking System ("GATS"), or its successor as approved by the PUC. AEC Supplier shall be a subscriber to GATS and is responsible for paying its annual subscription fee. The AEC Supplier shall transfer AECs into PPL Electric's GATS account(s) equal to the number and type awarded within ten (10) business days of the approval of the bid results by the PUC. AEC Suppliers will be required to participate exclusively in GATS to demonstrate proof of performance and will be responsible for any costs, expenses, and penalties incurred by PPL Electric associated with non-performance.
- 1.3.4 Subject to the AEC SMA, failure to provide AECs may require the AEC Supplier to pay PPL Electric in an amount equal to the alternative compliance payment required by the Act for each AEC not delivered, as well as damages.
- 1.3.5 AEC Supplier will provide to PPL Electric all information regarding the AECs it provides that may be required by the PUC rules governing reporting and auditing of PPL Electric's compliance with the AEPS Obligation.

ARTICLE 2

INFORMATION AND SCHEDULE

2.1 Information Provided to Potential Bidders

2.1.1 PPL Electric and its RFP Manager have established a Web site that will be the main source of information for this RFP. Prospective RFP Bidders are requested to use this Web site for current data and information about all aspects of this RFP and to access all essential RFP-related documents. Certain data may be password-protected at PPL Electric's sole discretion, in which case passwords would be provided upon execution of the Confidentiality Agreement as described in Section 4.3.

2.2 RFP Schedule

2.2.1 RFP schedules will be established by PPL Electric and its RFP Manager. PPL Electric may publish advertisements in daily and weekly energy publications and the RFP Manager will notify potential bidders to inform them of the upcoming solicitation. AEC RFP solicitations will take place on a semi-annual basis. The Bid Proposal Due Dates will occur on or about the following dates:

- July 27, 2021
- January 18, 2022
- July 26, 2022
- January 17, 2023
- July 25, 2023
- January 16, 2024
- July 30, 2024
- January 21, 2025

2.2.2 AEC solicitations will generally span a four-week to six-week time period. Solicitation activities are shown below. The expected completion date of each of the activities shown is expressed in the approximate number of weeks prior to the expected execution of contracts for AECs.

- Three weeks or more: RFP Addendum Issued, Bidder Interest Form and Confidentiality Agreement Available;
- Two weeks: Bidder Qualifications Due;
- One-half weeks: Cure Deficiency Deadline;
- One week: Qualified Bidders Notified;
- Final week: Bid Proposals Due, PUC Decision Issued, Transaction Confirmations Issued.

2.2.3 The RFP Schedule and Tier 1, Tier 2, and Photo-voltaic AEC quantities to be procured (each such quantity, the "Target Quantity" of a Product), the number of Available Tranches for each Product and the Bid Assurance Collateral requirements for each solicitation will be provided in the RFP Addendum issued for that solicitation.

2.3 Available Tranches

- 2.3.1 The Available Tranches for each Product in a solicitation are the number of tranches the Company seeks to procure for that Product in that solicitation. In the event that PPL Electric is unable to secure AEC Suppliers for all of the Available Tranches for a Product in a solicitation, the unfilled tranches in that solicitation will be procured as specified in Section 1.1.11.

ARTICLE 3 GENERAL REQUIREMENTS FOR PROPOSALS

3.1 RFP General Requirements

- 3.1.1 A Proposal consists of Bidder Qualifications (a response to the Bidder Qualification requirements in Article 4 of this RFP) and one or several Bid Proposal(s) for a given solicitation with its accompanying documents (as described in Article 5). A respondent to this RFP is an RFP Bidder. An RFP Bidder that fulfills the Bidder Qualification requirements can submit a maximum of one Bid Proposal for each Product on each Bid Proposal Due Date in response to this RFP.
- 3.1.2 Bidder Qualifications and Bid Proposals must: (i) adhere to this RFP's terms and conditions; and (ii) fulfill all requirements in Articles 3 through 6 of this RFP.
- 3.1.3 Bidder Qualifications and Bid Proposals that do not adhere to the terms and conditions of this RFP and/or do not fulfill all requirements set forth in Articles 3 through 6 of this RFP, will not be considered.
- 3.1.4 It is the intention, but not the obligation, of the Company to enter into an AEC SMA with at least one winning RFP Bidder.
- 3.1.5 PPL Electric is not responsible or liable for any costs incurred by the RFP Bidder in responding to this RFP, including any presentations, demonstrations, or travel, meals or other out-of-pocket expenses. In addition, PPL Electric is not responsible or liable to any broker, consultant, or other person or entity acting on your behalf for any brokerage or other fee or payment related directly or indirectly to the RFP proposal submission or to the selection of a RFP Bidder for Default Service Supply, whether or not a contract is awarded and executed.
- 3.1.6 The RFP Bidder, at its own cost and expense, shall defend PPL Electric, its parent company, and its 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, 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 statements or misrepresentations, intentional or unintentional, in the Bidder Qualifications and Bid Proposal or breach of any covenant by

the RFP Bidder set forth herein. The RFP Bidder shall indemnify and hold harmless PPL Electric, its parent company, 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 against any and all liens, judgments, liabilities, losses, injuries, damages, fees (including consulting expert and attorney fees), fines, costs or expenses which in any manner relate to, arise out of, or result from any false statements or misrepresentations, intentional or unintentional, in the Bidder Qualifications and Bid Proposal or breach of any warranty by the RFP Bidder as set forth herein.

- 3.1.7 The submission of any portion of a Proposal to the Company constitutes the RFP Bidder's acknowledgement and acceptance of all the terms and conditions of this RFP, regardless of the outcome of this RFP or the ultimate fate of such Proposal.
- 3.1.8 An Officer of the RFP Bidder is an individual empowered to undertake contracts and bind the RFP Bidder. The forms and/or agreements attached as Appendices 3, 4 and 7, as well as Appendix 1 if an award is made to the RFP Bidder, shall be executed by individuals who are Officers of the RFP Bidder. Unless otherwise noted, all other representations with respect to this RFP must be made by an Officer of the RFP Bidder.
- 3.1.9 Each RFP Bidder must comply with all the Bidder Qualification requirements described in Article 4.
- 3.1.10 All information provided, and certifications made in the Bidder Qualifications, must remain valid and remain in full force until fifteen (15) business days after the day scheduled for the approval of the bid results by the PUC. Regardless of the reason, if any information provided in the Bidder Qualifications for a given solicitation changes or any certification fails to remain valid, it is the sole responsibility of the RFP Bidder to notify the Bidder Qualification Evaluation Team of such change at least three (3) business days before the submission of any Bid Proposal on a Bid Proposal Due Date. Failing to do so may result in disqualification of the RFP Bidder and the Bid Proposal for that solicitation. The Bidder Qualification Evaluation Team reserves the right to vary the assessment of Bidder Qualifications based on the revised information provided by the RFP Bidder.

ARTICLE 4

BIDDER QUALIFICATION

4.1 Overview of Bidder Qualification Process

- 4.1.1 The purpose of the Bidder Qualification process is to determine the applicant's eligibility to bid. An applicant is qualified to bid in a given solicitation if, by the Cure Deficiency Deadline of that solicitation, it satisfactorily completes or updates the following: 1) submits an Expression of Interest Form; 2) executes the Confidentiality Agreement; 3) demonstrate that it has a GATS account and submits an executed copy of the AEC Delivery Timing Acknowledgment provided as Appendix 4; 4) submits an executed copy of the Binding Bid Agreement provided as Appendix 7; and 5) provides a fully executed Electronic Funds Transfer form and Bidder W-9, if applicable. With the submission of a Bid Proposal, qualified RFP Bidders will be required to post Bid Assurance Collateral in an amount directly proportional to the number of tranches bid upon. The Bid Assurance Collateral will be returned to the RFP Bidder subsequent to contract execution and delivery of AECs or the rejection of its bid(s), as described in Section 5.3 (Bid Assurance Collateral).
- 4.1.2 Bidder Qualifications will be available to be completed online by RFP Bidders through a Proposal Submission Web site as further explained in Section 6.1.2 and the electronic signature of a party to a form or document required as part of Bidder Qualifications shall be as valid as an original signature of such party and shall be effective to bind such party as further explained in Section 6.2.4.
- 4.1.3 Applicants are urged to provide the materials necessary to establish eligibility as soon as practicable. PPL Electric will, exercising reasonable efforts, notify applicants of any deficiencies in their submittals in accordance with Section 7.2 no later than forty-eight hours before the Cure Deficiency Deadline for the appropriate solicitation as indicated in an RFP Schedule developed subject to Section 2.2. However, PPL Electric does not bear any responsibility for failure to notify applicants of deficiencies prior to the Cure Deficiency Deadline as indicated in an RFP Schedule developed subject to Section 2.2, and PPL Electric assumes no liability or obligation for a defective submission or for notifying any RFP Bidder of a defective submission. Early submittal of materials will provide the greatest flexibility to correct deficiencies prior to the Cure Deficiency Deadline and applicants are encouraged to submit Bidder Qualifications as soon as possible following the issuance of the RFP, or RFP Addendum. PPL Electric will notify applicants whether or not they have qualified by noon of the Qualified Bidders Notified Date.
- 4.1.4 After an RFP Bidder has qualified for a solicitation in the RFP, that RFP Bidder can qualify again for a subsequent solicitation by providing the executed Binding Bid Agreement for that solicitation. The executed Binding Bid Agreement must be provided by the Bidder Qualifications Due Date for that solicitation. Once qualified, the RFP Bidder will be required to submit the appropriate Bid Assurance Collateral for that solicitation and to fulfill all requirements of the Bid Proposal(s) as specified in Article 5.

It is the sole responsibility of the RFP Bidder to notify PPL Electric of any changes to the RFP Bidder's previously submitted Bidder Qualification materials.

4.2 Expression of Interest

- 4.2.1 Applicants will be required to express their non-binding interest to bid by completing and submitting the Expression of Interest Form (Appendix 2). An electronic copy of the Expression of Interest Form can be found on PPL Electric's Proposal Submission Web site. The applicant will not be eligible to submit a Bid Proposal until the completed Expression of Interest Form has been provided to PPL Electric. Applicants are required to complete and submit this form as directed in Section 6.1.2 no later than the Bidder Qualifications Due Date.
- 4.2.2 The Bidder Qualification Evaluation Team will not provide a deficiency notice to an applicant that submits an Expression of Interest Form but that submits none of the other documents required as part of the Bidder Qualification requirements.

4.3 Confidentiality Agreement

- 4.3.1 An applicant and PPL Electric will be required to execute the Confidentiality Agreement (Appendix 3). The applicant will not be eligible to submit a Bid Proposal until such agreement has been executed. An electronic copy of the Confidentiality Agreement can be found on PPL Electric's Proposal Submission Web site. This agreement must be signed by an Officer as defined in Section 3.1.8. The applicant must provide as part of its Bidder Qualifications the executed agreement as directed in Section 6.1.2. Applicants are required to submit this agreement no later than the Bidder Qualifications Due Date.
- 4.3.2 If PPL Electric is providing data or information on a confidential basis, upon submission of the executed Confidentiality Agreement, an applicant will be issued a password to access such data and information from the RFP Web site. Once the Confidentiality Agreement is received from the applicant, PPL Electric will complete the execution of the agreement and send a copy of the fully executed agreement to the applicant by e-mail.

4.4 AEC Delivery Timing Acknowledgment

- 4.4.1 An applicant must certify that it has a GATS account and that it acknowledges that if it is awarded AEC quantities, it will deliver AEC Delivery within 5 business days of the approval of the bid results by the PUC by submitting the AEC Delivery Timing Acknowledgement Form (Appendix 4). The AEC Delivery Timing Acknowledgement Form (Appendix 4) can be found on PPL Electric's Proposal Submission Web site. Such certifications must be signed by an Officer as defined in Section 3.1.8. Applicants are required to submit such certifications no later than the Bidder Qualifications Due Date. The applicant must provide as part of its Bidder Qualifications such certifications as directed in Section 6.1.2. The applicant will not be eligible to submit bids until such certifications have been provided to PPL Electric.

4.5 Binding Bid Agreement

4.5.1 An applicant must certify that as an RFP Bidder it agrees to be bound by the price quotes entered on any Bid Proposal Spreadsheet(s) submitted by the RFP Bidder, which shall constitute a firm offer to supply product in accordance with the AEC SMA. The signatory to the Binding Bid Agreement must be an Officer, as defined in Section 3.1.78, binding the RFP Bidder to perform the terms and conditions of the AEC SMA at the prices and for the AEC quantities specified in its Bid Proposal(s). In addition, by submitting the Binding Bid Agreement, the RFP Bidder certifies that it has met the conditions stipulated in Section 5.7 of this RFP. An electronic copy of the Binding Bid Agreement can be found on PPL Electric's Proposal Submission Web site. For each solicitation, applicants are required to submit such certification, in the form of Appendix 7, no later than the Bidder Qualifications Due Date for that solicitation. The applicant must send such certification as directed in Section 6.1.2.

4.6 Cure Time for Deficiencies in Qualification Requirements

4.6.1 In the event that an RFP Bidder has not met all of the Bidder Qualification requirements under Article 4 (Bidder Qualification), PPL Electric will, exercising reasonable efforts, notify the RFP Bidder no later than forty-eight hours before the Cure Deficiency Deadline. It is understood and agreed that PPL Electric has no liability for any failure to notify an RFP Bidder of a deficiency. If the RFP Bidder fails to remedy any deficiencies by the Cure Deficiency Deadline for a solicitation so as to not be qualified to submit Bid Proposals in that solicitation, such applicant will be allowed to cure any such deficiency and participate in subsequent solicitations, if the deficiency is cured no later than the Cure Deficiency Deadline for the next solicitation.

4.7 Bid Assurance Collateral and Alternative Letter of Credit Form

4.7.1 No later than two (2) business days before the Bid Proposal Due Date, each RFP Bidder must provide liquid Bid Assurance Collateral in an amount consistent with the requirements provided in the RFP Addendum issued at the beginning of a solicitation. The form of collateral must be either cash or an irrevocable Letter of Credit ("LOC"), which LOC may be in a form that allows electronic issuance and presentation of documents. In lieu of providing the Bid Assurance Collateral, the RFP Bidder may elect to transfer AECs to PPL Electric's GATS account as further explained in Section 5.3.4. An acceptable Bid Assurance LOC form is provided as Appendix 5a, and an acceptable Bid Assurance LOC form that allows for electronic issuance and presentation of documents is provided as Appendix 5b; electronic copies of each form can be found on PPL Electric's RFP Web site or the Proposal Submission Web site. If the RFP Bidder is providing Bid Assurance Collateral in the form of a Bid Assurance LOC, the RFP Bidder may provide one Bid Assurance LOC for all Products under this RFP.

4.7.2 As part of the Bidder Qualifications, an applicant may propose modifications to one of the Bid Assurance LOC forms that are non-substantive or clarifying in nature. The applicant proposing modifications to one of the Bid Assurance LOC forms must provide an electronic copy in MS Word with all proposed modifications clearly marked and submit such document as directed in Section 6.1.2. The acceptability of such proposed modifications will be at PPL Electric's sole discretion, and such acceptability will be communicated to the applicant no later than forty-eight hours before the Cure Deficiency

Deadline. A list of all acceptable modifications to one of the Bid Assurance LOC forms will be posted to PPL Electric's RFP Web site or the Proposal Submission Web site no later than seven (7) business days before the Bid Proposal Due Date.

ARTICLE 5 BID PROPOSAL REQUIREMENTS

5.1 Bid Proposal Format

- 5.1.1 RFP Bidders shall submit their Bid Proposal(s) using only the Bid Proposal Spreadsheets attached to this RFP as Appendix 6; an electronic copy is available on PPL Electric's RFP Web site or the Proposal Submission Web site. There is a separate Bid Proposal Spreadsheet for each solicitation and each Product, as indicated in the title area of each Bid Proposal Spreadsheet. The Bid Proposal Spreadsheets contain sections of information labeled Bidder Information, Tranche Information and Bid Information. The Bid Proposal Spreadsheets contain shaded cells in which RFP Bidders provide information and their Bids. **In order to prevent any misunderstanding of an RFP Bidder's Bid Proposal, all shaded cells within a Bid Proposal Spreadsheet must be completed by the RFP Bidder. A Bid Proposal Spreadsheet submitted by an RFP Bidder that contains blank shaded cells will be deemed a non-conforming Bid Proposal and will be eliminated from further consideration. Therefore, if it is the intent of an RFP Bidder to offer to supply a particular total number of tranches, the RFP Bidder must enter a price quote in the price cells associated with each of the total number of tranches up to and including that particular total number of tranches and must enter an "X" in price cells associated with each of the total number of tranches beyond that particular total number of tranches.** The non-shaded cells are read-only cells containing either fixed or computed amounts.
- 5.1.2 No Bid Proposal can be conditioned in any manner. PPL Electric reserves the right to accept or reject any RFP Bidder's Bid Proposal(s) in accordance with the proposal evaluation criteria set forth in Article 7 (Evaluation of Proposals).
- 5.1.3 Bidder Information – These cells are **RFP bidder input cells** and include Company Name, Contact Name, Phone Number, and must be provided by the RFP Bidder.
- 5.1.4 Tranche Information – The contents of these cells are provided by PPL Electric and include the Available Tranches and Tranche Size (AEC quantity per Tranche).
- 5.1.5 Total Tranches Supplied – These cells show the number of total tranches the RFP Bidder can offer to supply.
- 5.1.6 Price (U.S. \$/AEC) – These cells are **RFP Bidder input cells** for the RFP Bidder's price quote corresponding to each Total Tranches Supplied. The price quotes shall be in terms of U.S. \$/AEC. All price quotes are limited to two decimal places. An RFP Bidder that wishes to offer to supply a particular Total Tranches Supplied must: 1) provide a price quote in the Price (U.S. \$/AEC) cell corresponding to each of the Total Tranches Supplied up to and including that particular Total Tranches Supplied; and 2) mark an "X" in the Price (U.S. \$/MWh) cell corresponding to each of the Total Tranches Supplied beyond that particular Total Tranches Supplied. For example, if an RFP Bidder wishes to offer to supply six Total Tranches Supplied, then the RFP Bidder must provide a price

quote for each Total Tranches Supplied from one to six and mark an “X” for all Total Tranches Supplied greater than six.

5.1.7 Complete/Incomplete Flag – The content of this cell is computed and indicates whether or not the Bid Proposal Spreadsheet has been fully completed in accordance with Section 5.1 (Bid Proposal Format). An incomplete Bid Proposal Spreadsheet will be deemed non-conforming, as set forth in Section 5.5 (Conforming Bid Proposals).

5.1.8 The RFP Bidder may choose to bid in one or several Products, subject to the restrictions of this Article 5. On any Bid Proposal Due Date, the number of tranches for which an RFP Bidder submits a Bid Proposal must be a whole number.

5.2 Submittal of Bid Proposals

5.2.1 Each RFP Bidder shall only submit its Bid Proposal(s) using the Bid Proposal Spreadsheet described in Section 5.1 by secure electronic file transfer to the PPL secure server between 10:00:00 a.m. EPT and 12:00:00 p.m. EPT on the Bid Proposal Due Date for each solicitation as indicated in Section 2.2 (RFP Schedule).

5.3 Bid Assurance Collateral

5.3.1 Each RFP Bidder must provide liquid Bid Assurance Collateral to support its Bid Proposal(s). The form of collateral must be either cash or an irrevocable LOC. An acceptable Bid Assurance LOC form is provided as Appendix 5a, and an acceptable Bid Assurance LOC form that allows for electronic issuance and presentation of documents is provided as Appendix 5b; electronic copies of each form can be found on PPL Electric’s RFP Web site or Proposal Submission Web site. PPL Electric will consider modifications to the Bid Assurance LOC in accordance with the process provided in Article 4.

5.3.2 Unless an RFP Bidder transfers AECs in accordance with Section 5.3.4, the RFP Bidder must provide, no later than two (2) business days before the Bid Proposal Due Date, Bid Assurance Collateral in an amount consistent with the requirements provided in the RFP Addendum issued at the beginning of a solicitation. The RFP Bidder must confirm the number of maximum tranches it is intending to bid for each Product. PPL Electric will hold the Bid Assurance Collateral until either 1) the RFP Bidder is notified by PPL Electric that it has not been awarded tranches for a solicitation or 2) the RFP Bidder executes the Transaction Confirmation forms upon being awarded tranches and delivers the AECs pursuant to the AEC SMA. Upon either of the above two conditions, Bid Assurance Collateral in the form of cash will be returned within one (1) business day, and Bid Assurance Collateral in the form of a LOC will be returned within two (2) business days. The RFP Bidder may request that the Bid Assurance Collateral reside with PPL Electric through the entire multi-solicitation period. An RFP Bidder that is awarded tranche(s) and does not timely execute the Transaction Confirmation forms associated with such tranches or deliver AECs within 5 business days of the approval of the bid results by the PUC shall forfeit its Bid Assurance Collateral.

- 5.3.3 Wire transfer instructions for RFP Bidders who intend to provide Bid Assurance Collateral in the form of cash is available upon request from the RFP Manager.
- 5.3.4 In lieu of providing the Bid Assurance Collateral, the RFP Bidder may elect to transfer AECs to PPL Electric's GATS account. AECs transferred must be for the Product and in the quantity of such Product the RFP Bidder intends to submit a bid. If the RFP Bidder is notified by PPL Electric that it has not been awarded tranches for a solicitation or has been awarded fewer tranches than the maximum bid by the RFP Bidder, excess AECs transferred in lieu of Bid Assurance Collateral will be returned within two (2) business days.

5.4 Submittal of AEC SMA

- 5.4.1 No later than two (2) business days before the Bid Proposal Due Date, the RFP Bidder must submit an executed AEC SMA, as instructed in Section 6.1.5, including the completed signature page of the AEC SMA and Exhibit 3 of the AEC SMA filled in with the appropriate contact information for the RFP Bidder. Other exhibits of the AEC SMA either are samples or are documents that do not need to be completed until execution of the Transaction Confirmation form.
- 5.4.2 RFP Bidders must execute and submit the current form of AEC SMA set forth in Appendix 1. AEC SMAs executed as part of a prior Default Service Program are not applicable to this Default Service Program and will not be accepted.

5.5 Conforming Bid Proposals

- 5.5.1 In order for a Bid Proposal to be conforming, the Bid Proposal must be: (i) submitted using the Bid Proposal Spreadsheet, completed in full and without modification; (ii) submitted by 12:00:00 pm EPT on the Bid Proposal Due Date; (iii) submitted by a qualified RFP Bidder as defined in Section 6.1.1; (iv) submitted by an RFP Bidder that has also submitted sufficient Bid Assurance Collateral or AECs in lieu of Bid Assurance Collateral; (v) submitted by an RFP Bidder that has also submitted the executed AEC SMA as instructed in Section 5.4.1.

Bid Proposals deviating from the above criteria will be deemed non-conforming and eliminated from further consideration. Any such elimination of Bid Proposals will be communicated by the RFP Manager to the relevant RFP Bidder(s) as soon as practicable.

5.6 Expiration of Bid Proposals

- 5.6.1 An RFP Bidder's Bid Proposal shall expire the earlier of the time PPL Electric notifies the RFP Bidder that its Bid Proposal has been rejected or at midnight EPT fifteen (15) business days after the scheduled day of awarding bids within each solicitation.

5.7 Additional Requirements

- 5.7.1 The RFP Bidder certifies, by its submission of a Binding Bid Agreement in its Bidder Qualifications, that it is bidding independently and that it has no knowledge of any Proposal being submitted by another RFP Bidder in response to this RFP.
- 5.7.2 The RFP Bidder certifies by its submission of a Binding Bid Agreement that, except for any communication with its financial institution for the purpose of preparing the Bid Assurance LOC the RFP Bidder has not disclosed and will not disclose publicly or to any other party before the PUC has rendered a decision on the RFP results any information relating to its Proposal, which could have an effect on whether another party submits a Proposal to this RFP or on the contents of such Proposal that another RFP Bidder would be willing to submit in response to this RFP. 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; the RFP Bidder's number of tranches bid; the RFP Bidder's estimation of the value of a tranche of a Product; the RFP Bidder's estimation of the risks associated with supply of AECs; the RFP Bidder's preference for bidding on one or several Products; the RFP Bidder's preference for bidding on one or another Bid Proposal Due Date; and the RFP Bidder's contractual arrangements for supply of AECs were the RFP Bidder to become an AEC Supplier.

ARTICLE 6
INSTRUCTIONS FOR PREPARATION OF BIDDER QUALIFICATIONS
AND BID PROPOSALS

6.1 General

- 6.1.1 An RFP Bidder must submit its Bidder Qualifications and Bid Proposal(s) separately. The RFP Bidder will first submit its Bidder Qualifications (responses to Bidder Qualification requirements) as required in Article 4 of this RFP. RFP Bidders that are notified that they are qualified RFP Bidders for a solicitation may submit a Bid Proposal for each Product, along with all other required documents as described in Section 5.5, by the Bid Proposal Due Date as indicated in Section 2.2 (RFP Schedule).
- 6.1.2 Bidder Qualifications will be available to be completed online by RFP Bidders through a Proposal Submission Web site. Additional instructions will be provided to RFP Bidders in an addendum to these RFP Rules. The addendum contains instructions to be followed when the Proposal Submission Web site is available. Bidder Qualifications that do not adhere to the terms and conditions of this RFP or that are not submitted in accordance with the instructions provided in such addendum to these RFP Rules will not be considered.
- 6.1.3 Bidder Qualifications must be submitted by the Bidder Qualifications Due Date for the appropriate solicitation as indicated in the RFP Schedule developed pursuant to Section 2.2. Bidder Qualifications received after the due date will be considered for the next solicitation if there are remaining solicitations; otherwise the Bidder Qualifications will be rejected, and the RFP Bidder will have failed to qualify for submitting a Bid Proposal. Each RFP Bidder assumes full responsibility for timely submission of its Bidder Qualification materials.
- 6.1.4 Bid Assurance Collateral for a solicitation, if submitted in the form of a LOC without provisions for electronic issuance and presentation of documents (Appendix 5a), must be sent by certified mail, registered mail, hand delivery, or courier service to the following address:

PPL Electric Utilities Corporation
2 N. 9th Street, GEN TW-20
Allentown, PA 18101
Attn: Energy Procurement Team

Bid Assurance Collateral for a solicitation, if submitted in the form of an LOC that allows for electronic issuance and presentation of documents (Appendix 5b) must be submitted to the following email address:

Email: **[INSERT DEDICATED EMAIL ADDRESS – SAME AS ON FACE OF eUCP CREDIT]**

All Bid Assurance Collateral, in the form of LOC or cash or AECs transferred in lieu of Bid Assurance Collateral, must be received no later than two (2) business days prior to the Bid Proposal Due Date for that solicitation. Bid Assurance Collateral or AECs received after the second business day prior to the Bid Proposal Due Date will result in the rejection of the corresponding Bid Proposal(s). Each RFP Bidder assumes full responsibility for timely delivery to the address specified in this Section 6.1.4.

- 6.1.5 For the first solicitation in which an RFP Bidder is qualified and submits a Bid Proposal, the RFP Bidder must have signed the AEC SMA as instructed in Section 5.4.1 and submitted these by noon EPT on the second business day prior to the Bid Proposal Due Date. If the RFP Bidder is awarded any tranches in any solicitation in this RFP, the signed AEC SMA that were initially submitted will be executed by PPL Electric and provided to the RFP Bidder together with the partially executed Transaction Confirmation forms via e-mail. The execution of a Transaction Confirmation is all that will be required in subsequent solicitations wherein an RFP Bidder that has previously executed the AEC SMA in a satisfactory manner is awarded additional tranches. If the RFP Bidder was not awarded tranches in the solicitation for which AEC SMA was provided, PPL Electric will retain the AEC SMA for any future solicitation in which the RFP Bidder may again submit a Bid Proposal, in which case it is the responsibility of the RFP Bidder to submit any updated pages of the AEC SMA no later than two (2) business days prior to the Bid Proposal Due Date of the solicitation in which the RFP Bidder is participating.
- 6.1.6 Bid Proposals must be completed in the full legal name of the party that will execute the AEC SMA with the Company should the party be a winning RFP Bidder and should the PUC approve the RFP results. Each RFP Bidder shall submit its Bid Proposal(s) using the Bid Proposal Spreadsheet described in Section 5.1 by secure electronic file transfer to the PPL secure server between 10:00:00 a.m. EPT and 12:00:00 p.m. EPT, on the Bid Proposal Due Date.

6.2 Submission of Materials

- 6.2.1 In response to this RFP, each RFP Bidder must provide to the RFP Manager its Bidder Qualifications by the Bidder Qualifications Due Date.
- 6.2.2 The qualified RFP Bidder must provide Bid Assurance Collateral or transfer the required AECs to PPL Electric's GATS account supporting its Bid Proposal(s). The RFP Bidder must provide the executed AEC SMA no later than two (2) business days prior to the Bid Proposal Due Date.
- 6.2.3 Only Bid Proposals using the Bid Proposal Spreadsheet submitted by secure electronic file transfer to the PPL secure server or through an alternate method if so directed by the RFP Manager will receive consideration.
- 6.2.4 Under this RFP, the electronic signature of a party to a form or document required as part of Bidder Qualifications and/or the AEC SMA shall be as valid as an original signature of such party and shall be effective to bind such party. Any electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to

constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. PPL Electric will not contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule and the RFP Bidder hereby agrees not to contest the admissibility of such documents as a condition of qualification. For purposes hereof, “electronic signature” means either a manually signed original signature or an electronic symbol or process attached to or logically associated with a record and executed or adopted by a party with the intent to sign the record that is then transmitted by electronic means; “transmitted by electronic means” means documents delivered via an electronic format, including through the internet as a “pdf” (portable document format) or equivalent format. The use of electronic signature shall be approved by PPL Electric prior to use by the Default Service Supplier. The requirement for Attestation and Witness is waived upon approval of electronic signature by PPL Electric.

ARTICLE 7

EVALUATION OF PROPOSALS

7.1 Bidder Qualifications Processing

- 7.1.1 As determined by the RFP Manager, the Bidder Qualification Evaluation Team will consist of representatives of the RFP Manager and representatives on behalf of PPL Electric.
- 7.1.2 All submissions containing Bidder Qualifications will be reviewed by the Bidder Qualification Evaluation Team. If requested, representatives from the PUC may be provided with such Bidder Qualifications. PPL Electric assumes no liability for any failure to notify RFP Bidders of a deficiency in a submission prior to the Cure Deficiency Deadline.
- 7.1.3 Bidder Qualifications of an RFP Bidder that do not comply with the submission instructions will not be considered.
- 7.1.4 Bidder Qualifications must include all documents and information required to satisfy the Bidder Qualification requirements as set out in Article 4.
- 7.1.5 The Bidder Qualification Evaluation Team will review Bidder Qualifications until the Cure Deficiency Deadline. The Bidder Qualification Evaluation Team will assess the Bidder Qualifications for completeness and compliance with the terms and conditions of this RFP, in accordance with the procedure in Section 7.2.

7.2 Bidder Qualifications Evaluation

- 7.2.1 The Bidder Qualification Evaluation Team will deem a response to the Bidder Qualifications to be complete and compliant if: (i) all information specified in Section 4.1.1 has been fully and satisfactorily provided; and (ii) all certifications and documents have been signed by an Officer of the RFP Bidder.
- 7.2.2 The Bidder Qualification Evaluation Team will review Bidder Qualifications upon receipt but no earlier than five (5) business days prior to the Bidder Qualifications Due Date. If the Bidder Qualification Evaluation Team determines that some portion of the RFP Bidder's response to the Bidder Qualifications is deficient because the response is incomplete or is not compliant with the terms of this RFP, the Bidder Qualification Evaluation Team will, exercising reasonable efforts, issue a deficiency notice requesting that the RFP Bidder cure the deficiency with respect to that particular aspect of its Bidder Qualifications. The Bidder Qualification Evaluation Team will, exercising reasonable efforts, notify RFP Bidders of any deficiencies in their Bidder Qualifications, and to provide a decision on the acceptability of proposed modifications to the Bid Assurance LOC or other instruments for Performance Assurance, no later than forty-eight hours before the Cure Deficiency Deadline. PPL Electric assumes no liability for any failure to notify RFP Bidders of a deficiency in a submission prior to the Cure Deficiency Deadline. The RFP Manager communicates with the RFP Bidder by email. If an RFP

Bidder receives a first deficiency notice from the RFP Manager, regarding any item of the Bidder Qualifications, the RFP Bidder has until 12:00:00 p.m. (noon) EPT, on the Bidder Qualifications Due Date, or until 6:00:00 p.m. EPT, on the second business day following the business day during which a first deficiency notice is sent to the Bidder, whichever comes later, to respond. If the Bidder does not correct or adequately explain the deficiency within the time allowed, the Bidder Qualifications may be rejected. The Bidder Qualification Evaluation Team will review all responses to deficiencies submitted. If a response to a deficiency is provided by an RFP Bidder within the time allowed and the response is not sufficient to cure the deficiency, the RFP Bidder may continue to provide the required clarification or additional information to cure the deficiency for that solicitation. In no event, notwithstanding the foregoing provisions, will a Bidder be allowed to respond after 12:00:00 p.m. EPT, on the Cure Deficiency Deadline.

- 7.2.3 If a deficiency notice is sent and the RFP Bidder does not respond within the time allowed and established by the Bidder Qualification Evaluation Team or does not address the deficiency in a manner that is deemed satisfactory at the Bidder Qualification Evaluation Team's sole discretion, the RFP Bidder will not be qualified for that solicitation.
- 7.2.4 When the evaluation of the responses to the Bidder Qualifications is completed for all RFP Bidders, RFP Bidders will be either qualified or disqualified. RFP Bidders whose responses to the Bidder Qualifications, as may be supplemented or amended in response to a deficiency notice by the Bidder Qualification Evaluation Team, are found to be complete and compliant will be deemed qualified for that solicitation; all other RFP Bidders will be disqualified for that solicitation.
- 7.2.5 Bidders will be notified on the Qualified Bidders Notified Date in the RFP Schedule if they qualify to submit Bid Proposal(s) on the Bid Proposal Due Date. Only those RFP Bidders whose response to the Bidder Qualification requirements is complete and compliant with the terms of this RFP will be invited to submit Bid Proposal(s). An RFP Bidder acting in concert with another RFP Bidder may be disqualified by the Company in its sole and exclusive discretion at any point in the process.

7.3 Bid Proposal Processing

- 7.3.1 Bid Proposals will only be considered for those RFP Bidders that qualify as a result of the prior submission of a response to the Bidder Qualification requirements.
- 7.3.2 The Bid Proposal Evaluation Team will consist of representatives of the RFP Manager and representatives designated to act on behalf of the Company.
- 7.3.3 All Bid Proposals will be electronically and privately opened by the Bid Proposal Evaluation Team and will be evaluated at the same time. A representative of the PUC may be present to attend the opening and evaluation of the Bid Proposals. Information regarding the content or status of any Bid Proposal will not be publicly released during the evaluation process.

- 7.3.4 The Bid Proposal Evaluation Team will assess the Bid Proposal(s) and all accompanying documents for completeness and compliance with the terms and conditions of this RFP, in accordance with the procedure in Section 7.4.
- 7.3.5 The Bid Proposal Evaluation Team may issue a deficiency notice with respect to any aspect of the Bid Proposal(s) and accompanying documents as described in Section 5.5.1, if practicable to do so before the Bid Proposal Due Date. The Bid Proposal Evaluation Team is under no obligation to issue such a deficiency notice. Should the Bid Proposal Evaluation Team issue such a deficiency notice, the RFP Bidder will have until the Bid Proposal Due Date to cure any such deficiency. All non-conforming Bid Proposals will be removed from consideration. If an RFP Bidder submits a Bid Proposal Spreadsheet for a Product more than once between 10:00:00 a.m. EPT and 12:00:00 p.m. EPT, the last Bid Proposal Spreadsheet for such Product that is submitted in accordance with all requirements of this RFP, including the requirements set forth in Section 5.1, automatically supersedes all previously submitted Bid Proposal Spreadsheet for such Product.

7.4 Bid Proposal Evaluation

- 7.4.1 Bid Proposals received from RFP Bidders may be eliminated from further consideration at any point, at the Bid Proposal Evaluation Team's sole and exclusive discretion, for any of the following reasons including (but not limited to): (i) failure to provide clarification of, or additional information relating to, a Bid Proposal as requested by the Bid Proposal Evaluation Team subsequent to the submission of a Bid Proposal; (ii) illegal conduct, attempts or the appearance of attempts to improperly influence the consideration or ranking of the Bids; and (iii) failure to honor representations made in a Proposal.
- 7.4.2 The Bid Proposal Evaluation Team will assess that all information required with the Bid Proposal(s), as specified in Article 5, has been submitted. If the required information has not been submitted by the Bid Proposal Due Date, the Bid Proposal(s) will be rejected.
- 7.4.3 Any Bid Proposal will be removed from consideration if: (i) it is not submitted electronically using the Bid Proposal Spreadsheet that the RFP Bidder was instructed to use in Section 5.1; or (ii) it is on a Bid Proposal Spreadsheet that includes extraneous information; or (iii) it is not supported by Bid Assurance Collateral or AECs in lieu of Bid Assurance Collateral; or (iv) the RFP Bidder has not submitted a signed AEC SMA; or (v) the RFP Bidder has violated or has not complied with one or more material term or condition set forth in this RFP.
- 7.4.4 The Bid Proposal Evaluation Team will ensure that sufficient financial guarantees or AEC transfer are provided to support the Bids. Financial guarantees will be sufficient if the amount of Bid Assurance Collateral is sufficient given the sum of the maximum number of tranches offered for each Product by the RFP Bidder as specified in Section 5.3.
- 7.4.5 If a qualified RFP Bidder's Bid Assurance Collateral is insufficient to support the sum of the maximum number of tranches offered for each Product by the RFP Bidder, the Bid Proposal Evaluation Team will modify that RFP Bidder's Bid Proposal Spreadsheets.

The Bid Proposal Evaluation Team will determine for each such RFP Bidder the greatest number of whole tranches that its amount of Bid Assurance Collateral is sufficient to support. The Bid Proposal Evaluation Team will strike a Bid from a Bid Proposal Spreadsheet for any Total Tranches Supplied that is not supported by the amount of Bid Assurance Collateral or AECs in lieu of Bid Assurance Collateral. For each Product, the greatest number of whole tranches that its amount of Bid Assurance Collateral or AECs is sufficient to support will be based on the maximum tranches that the RFP Bidder confirmed it intended to bid for such Product when it submitted its Bid Assurance Collateral or AECs. By submitting a Bid Proposal in response to this RFP, each RFP Bidder is authorizing the Bid Proposal Evaluation Team to modify the RFP Bidder's Bid Proposal documents as specified in and as required by this Article 7.

- 7.4.6 The remaining Bid Proposals will be evaluated on a price-only basis as follows. The Bid Proposal Evaluation Team will, for each Product, consider all combinations of Bid(s) (across RFP Bidders) whose sum of Total Tranches Supplied is equal to the Available Tranches for that Product in that solicitation. In the event that the greatest sum of Total Tranches Supplied for any combination for that Product is less than the Available Tranches in Solicitation for that Product, the Bid Proposal Evaluation Team will consider all combinations of Bids for that Product whose sum of Total Tranches Supplied equal the most obtainable given those Bids. For each combination, the Bid Proposal Evaluation Team will calculate the Combination Average Price ("CAP") equal to the average Price (U.S. \$/AEC) of the Bids in the combination weighted by their corresponding Total Tranches Supplied. The winning Bid(s) will be the Bid(s) contained in the combination with the lowest CAP. An RFP Bidder that is awarded tranches shall receive the Price (U.S. \$/AEC) corresponding to the winning Bid as stated in its Bid Proposal Spreadsheet under the Bid Information section.
- 7.4.7 In the event that two or more combinations have the lowest CAP for a given Product, the winning Bid(s) will be the Bid(s) contained in the combination that is drawn randomly from the set of combinations with the lowest CAP.
- 7.4.8 After sufficient financial guarantees are determined, all combinations of Bid(s) are ranked from lowest to highest for each of the Products, and the tied combinations, if any, are resolved, the Bid Proposal Evaluation Team will communicate with each RFP Bidder that has submitted at least one of the Bid(s) in the winning combination for each Product and present the winning Bid(s) to the Commission. For each such RFP Bidder for a Product, the Bid Proposal Evaluation Team will: (i) communicate the CAP of the winning combination for that Product being presented to the PUC; and (ii) identify the Bid(s) submitted by such RFP Bidder that will be presented to the PUC for that Product.

The Bid Proposal Evaluation Team will also communicate to the Company the CAP of the winning combination for each Product and the number of Bids presented to the PUC.

- 7.4.9 An RFP Bidder acting in concert with another RFP Bidder may be disqualified by the Company at its sole and exclusive discretion.

7.5 Commission Approval and Review

- 7.5.1 The Bid Proposal Evaluation Team will prepare a report that presents the results of a solicitation to the PUC for approval. The Bid Proposal Evaluation Team's report will summarize the Bidder Qualification process and the Bid Proposals that were considered on the Bid Proposal Due Date. The PUC will have one (1) business day to decide whether to approve the results. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved.
- 7.5.2 The winning RFP Bidders will receive a Transaction Confirmation(s) from PPL Electric on the date of the PUC's approval, or in the event the PUC does not act no later than the next business day following the date when the PUC was expected to act. Specifically, PPL Electric will forward by email or other acceptable means, to each winning RFP Bidder a partially executed Transaction Confirmation(s). By 2:00 p.m. EPT on the second Business Day following the RFP Bidder's receipt of such partially executed Transaction Confirmation(s) electronically, the RFP Bidder shall return by email or other acceptable means, to PPL Electric one (1) fully executed Transaction Confirmation(s). In addition, if such Transaction(s) is the initial Transaction(s) with the winning RFP Bidder under the current RFP solicitation, then PPL Electric will forward to the RFP Bidder one (1) fully executed AEC SMA electronically. If a winning RFP Bidder fails to execute the Transaction Confirmation(s) as required under this Section 7.5.2, the winning RFP Bidder may forfeit its Bid Assurance Collateral or AECs submitted in lieu of Bid Assurance Collateral.
- 7.5.3 If the PUC rejects all Bids for a given Product, in any solicitation, or if some tranches of a given Product, in a particular solicitation do not receive Bids, those tranches will be offered consistent with Section 1.1.11. In the event that an AEC Supplier for a Product defaults, PPL Electric will offer supply assignment consistent with the Step-Up process described in the AEC SMA.

ARTICLE 8 RESERVED RIGHTS

8.1 Non-Binding RFP

- 8.1.1 Prior to the submission of any Bid Proposals and with PUC approval, PPL Electric has the right to withdraw and terminate this RFP without any liability or responsibility to any RFP Bidder or any other party, for reasonable cause, including, but not limited to, adverse statutory changes or interpretations, issuance of new PUC orders and/or regulations, market conditions, etc., that preclude this RFP from being implemented in substantially the manner described herein.
- 8.1.2 Subject to PUC approval, the Company reserves the right to accept or reject, in whole or in part, any and all Proposals, without any liability or responsibility to any RFP Bidder or any other party, for reasons set forth in Section 7.4 of this RFP or for any other reasonable cause including, but not limited to, adverse statutory changes or interpretations, issuance of new PUC orders and/or regulations, market conditions, etc., that preclude this RFP from being implemented in substantially the manner described herein.
- 8.1.3 PPL Electric will not be liable to any RFP Bidder or any other party for failure to execute a AEC SMA. Nothing herein may be construed to bind the Company unless and until the PUC has approved winning Bid(s), and each AEC SMA with an RFP Bidder has been executed and is effective. Once effective, the AEC SMA will govern the relationship between and the responsibilities of the parties to that agreement and not the RFP or any documents relating thereto.
- 8.1.4 Pursuant to these RFP rules, PPL Electric or the Bid Proposal Evaluation Team shall reject Bid Proposals submitted in response to this RFP that are incomplete, or do not conform to the requirements of this RFP, or are submitted beyond the deadline for submission or for any other reason set forth in Section 7.4 of this RFP.
- 8.1.5 The RFP Rules may be further updated to reflect additional decisions by the PUC, relevant changes in law, or non-material modifications to the processing of Proposals expected to improve potential participation by suppliers. Further, PPL Electric and its RFP Manager may amend the RFP Rules if necessary to correct typographical errors, cure inconsistencies in the provisions of this RFP or clarify the intent of the provisions of this RFP.

8.2 Proposals Become PPL Electric's Property

- 8.2.1 All Proposals submitted by RFP Bidders in response to this RFP will become the exclusive property of PPL Electric upon the receipt of such document(s).

Appendix 1

Alternative Energy Credits Supplier Master Agreement

Appendix 2

Expression of Interest Form AEC Supply

Note that completion of all information is required.

This response is an indication of our interest in PPL Electric Utilities Corporation's Request for Proposals to provide Alternative Energy Credits.

Date:

Company:

Contact Name:

Contact Title:

Address:

City:

State:

Zip:

Phone Number:

Email Address:

Appendix 3

Confidentiality Agreement

[Name and Address of Bidder]

[Date]

Ladies and Gentlemen,

This letter is a Confidentiality Agreement between PPL Electric Utilities Corporation (“PPL Electric”) and _____ (“RFP Bidder”) in connection with the RFP Bidder’s intent to participate in the Request for Proposals (“RFP”) to provide Alternative Energy Credits. This Confidentiality Agreement also pertains to the rights and obligations of PPL Electric and the RFP Bidder in the event the RFP Bidder ultimately is selected as a winner in the RFP and provides service pursuant to PPL Electric’s Alternative Energy Credits Supplier Master Agreement (“AEC SMA”). PPL Electric and the RFP Bidder hereby agree to accept, and to be bound by the terms of this Agreement.

DEFINITIONS:

(a) The following terms have the following meanings:

- 1 “Agreement” is this Confidentiality Agreement.
- 2 “Pennsylvania PUC” has the meaning set forth in Section 3(b).
- 3 “Confidential Information” has the meaning set forth in Section 5.
- 4 “Party” means PPL Electric or the RFP Bidder.
- 5 “Parties” means PPL Electric and the RFP Bidder collectively.
- 6 “Representatives” means the officers, directors, employees, advisors, lenders, and other persons, including but not limited to any affiliates who are actively and directly participating in evaluating, responding to, negotiating and consummating the RFP and/or the response to the RFP. A person or entity is not a “Representative” unless that person or entity agrees to preserve the confidentiality of the Confidential Information in accordance with the terms of this Agreement.
- 7 “Third Parties” means a party or parties other than PPL Electric, the RFP Bidder or their respective Representatives.

(b) Other capitalized terms used in this Agreement have the meaning set forth in this Agreement and/or the applicable Request for Proposals, and/or the applicable AEC SMA.

TERMS:

1. Condition Precedent. PPL Electric and the RFP Bidder shall execute this Agreement as a condition precedent to PPL Electric's furnishing to the RFP Bidder or the RFP Bidder furnishing to PPL Electric a copy of any Confidential Information.

2. Purpose. The purpose of this Agreement is to protect the confidentiality of the Confidential Information and to restrict the use and disclosure of that information in the manner set forth below.

3. Limitations on Use and Disclosure.

(a) A Party shall use the other Party's Confidential Information only for the purpose of evaluating, responding to, negotiating and consummating the RFP and/or the response to the RFP, and/or consummating the AEC SMA and not for any other purpose. Neither Party shall disclose to Third Parties any information about PPL Electric's or RFP Bidder's participation in the RFP or execution of a AEC SMA, or the terms or conditions or any other facts relating thereto, including the fact that discussions are taking place with respect thereto, the status of those discussions, or the fact that Confidential Information has been made available by or to PPL Electric or RFP Bidder or their Representatives. Provided, however, that the identity of all (but no fewer than all) bidders who were awarded any AEC quantity in the state may be released on a statewide basis on or after the first day of the service year.

(b) Notwithstanding the foregoing or any other provision of this Agreement, PPL Electric may share any Confidential Information with the Pennsylvania Public Utility Commission, or its Staff (collectively "Pennsylvania PUC") as requested by the Pennsylvania PUC. Any such information shared will be designated as confidential, and PPL Electric will ask the Pennsylvania PUC to hold and use it on a confidential basis.

4. Disclosure upon Default. Notwithstanding the foregoing or any other provision of the Agreement, PPL Electric may disclose Confidential Information in an Event of Default by RFP Bidder, as provided for in the AEC SMA. PPL Electric may disclose to any RFP Bidder with whom it has executed the AEC SMA and who is not a Defaulting Party, the contract price of the Defaulting Party for the purpose of allowing the Bidder to make the election provided for in Article 19 of the AEC SMA.

5. Definition of Confidential Information. Confidential Information shall consist of oral, electronic and written information that is confidential, proprietary, or generally not available to the public. Whenever possible, such Confidential Information shall be marked prior to or at the time of disclosure as being "Confidential Information". Confidential Information in the case of information provided by PPL Electric to the RFP Bidder shall include, without limitation, all data, reports, interpretations, forecasts or records relating to PPL Electric and/or its customers, and any other document created by PPL Electric or others which directly or indirectly

relates to all or any portion of the bid evaluation information provided to the RFP Bidder by PPL Electric. Confidential Information in the case of information provided by the RFP Bidder to PPL Electric shall include, without limitation, all data, reports, interpretations, forecasts, bids, credit information, credit collateral amounts, bidder identity, and shall also include information prepared by the RFP Bidder that includes directly or indirectly Confidential Information furnished by PPL Electric.

6. Non-Confidential Information. Notwithstanding the provisions of Section 5, information shall not be deemed confidential that: (i) becomes generally available to the public; (ii) is already known to the receiving Party at the time of receipt by the receiving Party; or (iii) is acquired after such receipt from a Third Party not known to the receiving Party to be prohibited from making disclosures. The receiving Party shall give prompt notice to the other Party in the event it believes that any of the other Party's information in its possession is not Confidential Information as a result of the provisions of this Section 6.

7. Property of PPL Electric or the RFP Bidder. Confidential Information belonging to PPL Electric shall consist of Confidential Information supplied by PPL Electric to the RFP Bidder and shall also include the portion of Confidential Information furnished by the RFP Bidder to PPL Electric that incorporates Confidential Information furnished to the RFP Bidder by PPL Electric. Confidential Information belonging to the RFP Bidder consists of all other Confidential Information supplied by the RFP Bidder to PPL Electric. PPL Electric and the RFP Bidder acknowledge that each Party's Confidential Information is and at all times remains the sole and exclusive property of that Party, who, it is agreed, has the exclusive right, title, and interest to its Confidential Information. Neither Party grants any right or license, by implication or otherwise, as a result of the provision of Confidential Information to the receiving Party.

8. Disclosure Prohibited Except Where Explicitly Permitted. Neither Party shall disclose or use the other Party's Confidential Information without the other Party's prior written consent except as explicitly stated in Sections 3, 4, 9 and 10 of this Agreement.

9. Disclosure For Bid Evaluation Purposes. A Party may disclose the other Party's Confidential Information to its Representatives for the purposes set forth in Section 3. The obligations and restrictions under this Agreement that apply to a Party also apply to a Party's Representatives.

10. Disclosure to Governmental Authorities Other than the Pennsylvania PUC.

(a) A Party (the "disclosing Party") may also disclose the other Party's Confidential Information to any governmental, judicial, or regulatory authority ("Authority") requiring such Confidential Information; provided that, the disclosing Party a) promptly informs the other Party of the substance of any inquiries, requests or requirements in order to afford the other Party an opportunity to attempt to prevent or limit the disclosure of the Confidential Information; b) makes a good faith effort to persuade the Authority (i) that submission of the Confidential Information should not be required, or, if that effort fails, (ii) that submission of the Confidential Information on a non-public basis should be permitted; and c) endeavors in good faith to protect the Confidential Information provided to an Authority from disclosure to Third Parties. If an Authority orders the disclosing Party to disclose any documents containing the other Party's

Confidential Information, the disclosing Party shall a) attempt to obtain from the other Party, if the Authority allows the time, a “Public Disclosure Copy”, or b) if the Authority does not allow such time, shall prepare itself a “Public Disclosure Copy” in which the Confidential Information has been redacted to the extent that such redaction is permitted by the Authority requiring disclosure. Confidential Information disclosed pursuant to this Section 10 on a non-public basis shall not lose its status as Confidential Information by virtue of such non-public disclosure.

(b) Notwithstanding the foregoing, the Parties agree that either party may be required to provide Confidential Information to Federal Energy Regulatory Commission (“FERC”) in order to comply with FERC Form 1 or FERC transaction reporting requirements. Each Party agrees that to the extent it is required to provide FERC any such information, the Party required to provide such information will provide only the information that is reasonably necessary to comply with such reporting requirements and shall not be required to comply with the provisions of Section 10(a) of this Agreement unless there have been substantive changes to the information required for FERC reporting purposes.

11. Termination of RFP Participation. If the RFP Bidder determines that it does not wish to proceed with the RFP, or if PPL Electric excludes the RFP Bidder from the RFP for any of the reasons set forth in the RFP, it will immediately notify the other Party of that decision. In such case, or if the RFP is not consummated, upon the written request of the Party (the “requesting Party”), the other Party (the “receiving Party”) shall not retain and shall promptly return to the requesting Party all the requesting Party’s written Confidential Information in the possession of the receiving Party or its Representatives, except for the portion (“said portion”) of the requesting Party’s Confidential Information that may be found in analyses, compilations, or other documents prepared by, or for, the receiving Party and its Representatives. The said portion and any oral Confidential Information furnished by the requesting Party and not so requested or returned will be held by the receiving Party and kept subject to the terms of this Agreement, or destroyed.

12. Liability and Relief. A Party or any of its Representatives shall be liable for any breach of this Agreement. In the event a non-breaching Party or its Representatives shall have knowledge of any breach of the confidentiality of, or the misappropriation of, any of the Confidential Information, the non-breaching Party shall promptly give notice thereof to the breaching Party. The Parties agree that breach of this confidentiality agreement may cause damages to which a dollar amount may be difficult or impossible to ascribe, however, that such a breach would be irremediable by damages alone and specifically agree to equitable relief as appropriate. The non-breaching Party shall be entitled to specific performance or other equitable relief by way of injunction or otherwise, if the other Party or any of its Representatives breach or threaten to breach any of the provisions of this Agreement. Such remedy shall not be deemed to be the exclusive remedy available to the non-breaching Party, but shall be in addition to all other available remedies. Neither failure nor delay by the non-breaching Party, in exercising any of its rights or privileges herein, shall operate as a waiver nor shall any single or partial exercise preclude any other or further exercise of any right, power or privilege.

13. Representatives, Successors and Assigns. This Agreement shall be binding upon and for the benefit of the Parties, and their respective Representatives, successors, and permitted

assigns. Neither Party may assign its rights or obligations hereunder without prior written consent of the other Party.

14. Controlling Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to conflicts of laws rules or principles.

15. Full Compliance Required. The failure in any instance to insist on full compliance with the terms of this Agreement shall not be deemed to be a waiver of the right to insist upon full compliance with these terms thereafter.

16. Signatures. The signatures below establish each Party's agreement to the terms hereof.

17. Termination. This Agreement shall terminate six years from the date hereof.

18. Counterparts. This Agreement may be executed in counterparts, each of which will be considered an original, but all of which shall constitute one instrument.

RFP BIDDER

By: _____

Name of Officer: _____

Title: _____

PPL ELECTRIC UTILITIES CORPORATION

By: _____

Name: _____

Title: _____

Appendix 4

AEC Delivery Timing Acknowledgment Form

I, _____ am an authorized signatory for _____ (“Company”) and hereby certify that Company has an account with PJM-EIS Generation Attribute Tracking System (“GATS”). Further, the Company acknowledges that if it is awarded a contract to sell Alternative Energy Credits (“AECs”) to PPL Electric Utilities Corporation (“PPL Electric”), it will transfer AECs of the appropriate Product type and quantities into PPL Electric’s GATS account(s) within 5 business days of the approval of the bid results by the Pennsylvania Public Utility Commission. Failure to deliver AECs in accordance with the terms of the AEC Supplier Master Agreement in a timely manner shall result in the forfeiture of its Bid Assurance Collateral. For such failure to deliver AECs, PPL Electric shall be entitled to payment by the Company of the alternative compliance payment established by the Commonwealth of Pennsylvania. The Company acknowledges that (A) PPL Electric shall be damaged by the failure of the Company to Deliver AECs in a timely manner, (B) it would be impracticable or extremely difficult to determine the actual damages resulting therefrom, (C) the remedies specified herein are fair and reasonable and do not constitute a penalty, and (D) the remedies specified herein shall be PPL Electric’s sole and exclusive remedy in the event that Company fails to deliver AECs in a timely manner.

Signed:

Type or Print Name of Officer:

Title:

Company:

Date:

APPENDIX 5a

**BID ASSURANCE LETTER OF CREDIT
SUPPLY FOR ALTERNATIVE ENERGY CREDITS**

**{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}
IRREVOCABLE STANDBY LETTER OF CREDIT NO.**

ISSUE DATE _____ EXPIRY DATE _____

APPLICANT
[NAME]
[ADDRESS]

BENEFICIARY
PPL ELECTRIC UTILITIES CORPORATION
2 NORTH 9TH STREET, GEN TW-20
ALLENTOWN, PA 18101
ATTN: PPL ELECTRIC ENERGY PROCUREMENT TEAM

CURRENCY AMOUNT
USD *****\$

WE (THE “ISSUER”) HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE STANDBY 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 AT OUR COUNTERS LOCATED AT _____ [INSERT ISSUER’S PLACE FOR PRESENTATION], EFFECTIVE _____ AND EXPIRING ON _____ AT 5:00 PM NEW YORK, NEW YORK TIME, WHICH IS AT LEAST 60 DAYS FROM THE DATE OF ISSUANCE, UNLESS TERMINATED EARLIER IN ACCORDANCE WITH THE PROVISIONS OF THIS LETTER OF CREDIT OR OTHERWISE EXTENDED BY AMENDMENT.

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.

BENEFICIARY WILL HOLD THIS LETTER OF CREDIT UNTIL WE RECEIVE WRITTEN NOTIFICATION FROM THE BENEFICIARY THAT EITHER:

1. THE APPLICANT’S BID PROPOSAL IN THE PPL ELECTRIC ALTERNATIVE ENERGY CREDIT RFP SOLICITATION ON [INSERT DATE] (THE “SOLICITATION

DATE”) HAS BEEN REJECTED IN WHOLE AND THE APPLICANT HAS BEEN NOTIFIED OF SUCH REJECTION; OR

2. THE APPLICANT HAS WON TRANCHES IN THE PPL ELECTRIC AEC RFP SOLICITATION ON THE SOLICITATION DATE AND HAS EXECUTED THE AEC SUPPLIER MASTER AGREEMENT (“SMA”) AND/OR TRANSACTION CONFIRMATIONS FOR SUCH TRANCHES AND HAS DELIVERED THE ALTERNATIVE ENERGY CREDITS TO PPL ELECTRIC.

UPON EITHER OF THE ABOVE TWO CONDITIONS, THIS LETTER OF CREDIT WILL BE RETURNED BY THE BENEFICIARY TO THE ISSUER WITHIN TWO BUSINESS DAYS. THE APPLICANT MAY REQUEST THAT THIS LETTER OF CREDIT RESIDE WITH THE BENEFICIARY THROUGH THE ENTIRE MULTI-SOLICITATION PERIOD OF THE PPL AEC RFP.

THIS LETTER OF CREDIT MAY ALSO BE TERMINATED PRIOR TO THE STATED EXPIRY DATE 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.

IF THE APPLICANT IS AWARDED TRANCHE(S) IN THE PPL AEC RFP SOLICITATION ON THE SOLICITATION DATE AND DOES NOT TIMELY EXECUTE THE TRANSACTION CONFIRMATIONS ASSOCIATED WITH SUCH TRANCHES OR DOES NOT TIMELY DELIVER THE ALTERNATIVE ENERGY CREDITS TO PPL ELECTRIC, THE APPLICANT SHALL FORFEIT THE ENTIRE AMOUNT OF THIS LETTER OF CREDIT.

THE BELOW MENTIONED DOCUMENT(S) MUST BE PRESENTED ON OR BEFORE THE EXPIRY DATE OF THIS LETTER OF CREDIT 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 LETTER OF CREDIT NUMBER _____ [INSERT LETTER OF CREDIT REFERENCE NUMBER], REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY PURSUANT TO THE TERMS OF SUCH LETTER OF CREDIT.”

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

AT THE BENEFICIARY’S REQUEST PRIOR TO THE EXPIRY DATE, THE ISSUER WILL ISSUE TO THE BENEFICIARY A REPLACEMENT LETTER OF CREDIT (HAVING THE SAME TERMS AND CONDITIONS AS THIS LETTER OF CREDIT AND ANY AMENDMENTS HERETO) IF THE BENEFICIARY CERTIFIES TO THE ISSUER THAT

THE ORIGINAL LETTER OF CREDIT HAS BEEN LOST, STOLEN, DESTROYED OR MUTILATED AND PROVIDES THE ISSUER WITH A REASONABLY ACCEPTABLE INDEMNITY.

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, IN EITHER CASE BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS TO AN ACCOUNT DESIGNATED BY THE BENEFICIARY BY NOTICE TO THE ISSUER.

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 ISSUER UNDER THIS LETTER OF CREDIT AND ISSUER SHALL REMAIN LIABLE TO BENEFICIARY UNTIL THE EXPIRY DATE OF THIS LETTER OF CREDIT 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 UNIFORM CUSTOMS AND PRACTICES FOR DOCUMENTARY CREDITS, ICC PUBLICATION NO. 600, OR ANY SUCCESSOR PUBLICATION THERETO (THE “UCP”). AS TO MATTERS NOT GOVERNED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH UCP, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE COMMONWEALTH OF PENNSYLVANIA. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BENEFICIARY AND THE ISSUER.

5. ARTICLE 36 OF THE UCP AS IT APPLIES TO THIS LETTER OF CREDIT IS MODIFIED AS FOLLOWS: IF, ON THE LAST BUSINESS DAY FOR PRESENTATION THE PLACE FOR PRESENTATION STATED IN THIS LETTER OF CREDIT IS CLOSED FOR ANY REASON, THEN THE LAST DAY FOR PRESENTATION IS AUTOMATICALLY EXTENDED TO THE DAY THAT IS TEN (10) CALENDAR DAYS AFTER THE PLACE FOR PRESENTATION RE-OPENS OR THE ISSUER NOTIFIES THE BENEFICIARY OF AN ALTERNATIVE PLACE FOR PRESENTATION, WHICH ALTERNATIVE MUST BE IN THE UNITED STATES.
6. 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.
7. 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: _____

NAME: _____

TITLE: _____

PLEASE DIRECT ANY WRITTEN CORRESPONDENCE, INCLUDING DRAWING OR INQUIRIES TO:

[BANK NAME, ADDRESS AND PHONE NUMBER]

APPENDIX 7b

**BID ASSURANCE LETTER OF CREDIT
(ELECTRONIC “eUCP CREDIT”)
SUPPLY FOR DEFAULT SERVICE LOAD**

**{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}
IRREVOCABLE STANDBY LETTER OF CREDIT NO.**

ISSUE DATE _____ EXPIRY DATE _____
APPLICANT _____
[NAME]
[ADDRESS]

BENEFICIARY
PPL ELECTRIC UTILITIES CORPORATION
2 NORTH 9TH STREET, GEN TW-20
ALLENTOWN, PA 18101
ATTN: ENERGY PROCUREMENT TEAM

ELECTRONIC ISSUE ADDRESS: [INSERT PPL DEDICATED EMAIL ADDRESS FOR
eUCP CREDITS]

CURRENCY AMOUNT
USD *****\$

WE (THE “ISSUER”) HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO: _____ (THIS “LETTER OF CREDIT,” WHICH SHALL BE AN “eUCP CREDIT”) 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 AT OUR COUNTERS LOCATED AT _____ [INSERT ISSUER’S PLACE FOR PRESENTATION], EFFECTIVE _____ AND EXPIRING ON _____ AT 5:00 PM NEW YORK, NEW YORK TIME, WHICH IS AT LEAST 60 DAYS FROM THE DATE OF ISSUANCE, UNLESS TERMINATED EARLIER IN ACCORDANCE WITH THE PROVISIONS OF THIS LETTER OF CREDIT OR OTHERWISE EXTENDED BY AMENDMENT.

THIS LETTER OF CREDIT IS PRESENTABLE AND PAYABLE AS AN eUCP CREDIT, 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.

THIS ORIGINAL LETTER OF CREDIT HAS BEEN ISSUED VIA ELECTRONIC MEANS ONLY TO [INSERT SAME PPL EMAIL ADDRESS AS AT THE TOP]. WE CONFIRM

THAT THE ELECTRONIC PDF FILE OF THIS LETTER OF CREDIT (TOGETHER WITH ELECTRONIC PDF FILES OF SUBSEQUENT AMENDMENTS, IF ANY) SERVES AS THE OPERATIVE INSTRUMENT, AND THAT THE BENEFICIARY MAY USE THE ELECTRONIC PDF FILE OF THE LETTER OF CREDIT (TOGETHER WITH ELECTRONIC PDF FILES OF SUBSEQUENT AMENDMENTS, IF ANY) AS IT WOULD A HARD COPY ORIGINAL

DRAFTS, DOCUMENTS AND OTHER COMMUNICATIONS HEREUNDER MAY BE PRESENTED OR DELIVERED TO US BY EMAIL OR BY ANY OTHER ELECTRONIC MEANS. PRESENTATION OR DELIVERY BY EMAIL MUST BE MADE FROM [ONE OF] YOUR EMAIL ADDRESS[ES]: _____ OR _____ [FILL IN ONE OR MORE PPL EMAIL ADDRESSES] TO THE FOLLOWING ISSUER EMAIL ADDRESS: _____ [ISSUER TO INSERT ISSUER EMAIL ADDRESS], AND CONFIRMED BY TELEPHONE TO US AT ONE OF THE FOLLOWING NUMBER(S): _____ OR _____ [ISSUER TO INSERT PHONE NUMBERS FOR CONFIRMATION]. IN THE EVENT OF A PRESENTATION BY EMAIL OR BY OTHER ELECTRONIC MEANS, NO REGULAR MAIL PRESENTATION OR DELIVERY IS NECESSARY, AND THE TRANSMISSION BY EMAIL OR BY OTHER ELECTRONIC MEANS WILL CONSTITUTE CONFORMING PRESENTATION OR DELIVERY.

BENEFICIARY WILL HOLD THIS LETTER OF CREDIT UNTIL WE RECEIVE WRITTEN NOTIFICATION FROM THE BENEFICIARY THAT EITHER:

1. THE APPLICANT'S BID PROPOSAL IN THE PPL ELECTRIC DEFAULT SERVICE RFP SOLICITATION ON [INSERT DATE] (THE "SOLICITATION DATE") HAS BEEN REJECTED IN WHOLE AND THE APPLICANT HAS BEEN NOTIFIED OF SUCH REJECTION; OR
2. THE APPLICANT HAS WON TRANCHES IN THE PPL ELECTRIC DEFAULT SERVICE RFP SOLICITATION ON THE SOLICITATION DATE AND HAS EXECUTED THE DEFAULT SERVICE SUPPLIER MASTER AGREEMENT ("SMA") AND/OR TRANSACTION CONFIRMATIONS FOR SUCH TRANCHES.

UPON EITHER OF THE ABOVE TWO CONDITIONS, THIS LETTER OF CREDIT WILL BE RETURNED BY THE BENEFICIARY TO THE ISSUER WITHIN TWO BUSINESS DAYS. THE APPLICANT MAY REQUEST THAT THIS LETTER OF CREDIT RESIDE WITH THE BENEFICIARY THROUGH THE ENTIRE MULTI-SOLICITATION PERIOD OF THE PPL DEFAULT SERVICE RFP.

THIS LETTER OF CREDIT MAY ALSO BE TERMINATED PRIOR TO THE STATED EXPIRY DATE 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.

IF THE APPLICANT IS AWARDED TRANCHE(S) IN THE PPL DEFAULT SERVICE RFP SOLICITATION ON THE SOLICITATION DATE AND DOES NOT TIMELY EXECUTE THE TRANSACTION CONFIRMATIONS ASSOCIATED WITH SUCH TRANCHES, THE APPLICANT SHALL FORFEIT THE ENTIRE AMOUNT OF THIS LETTER OF CREDIT.

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

1. YOUR SIGNED STATEMENT, READING AS FOLLOWS:

“THE AMOUNT FOR THIS DRAWING, USD _____ [INSERT AMOUNT], BEING MADE UNDER LETTER OF CREDIT NUMBER _____ [INSERT LETTER OF CREDIT REFERENCE NUMBER], REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY PURSUANT TO THE TERMS OF SUCH LETTER OF CREDIT, AND THIS STATEMENT SHALL BE THE NOTICE OF COMPLETENESS FOR THIS PRESENTATION UNDER THE ABOVE-REFERENCED LETTER OF CREDIT.”

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

AT THE BENEFICIARY’S REQUEST PRIOR TO THE EXPIRY DATE, THE ISSUER WILL ISSUE TO THE BENEFICIARY A REPLACEMENT LETTER OF CREDIT (HAVING THE SAME TERMS AND CONDITIONS AS THIS LETTER OF CREDIT AND ANY AMENDMENTS HERETO) IF THE BENEFICIARY CERTIFIES TO THE ISSUER THAT THE ORIGINAL LETTER OF CREDIT HAS BEEN LOST, STOLEN, DESTROYED OR MUTILATED AND PROVIDES THE ISSUER WITH A REASONABLY ACCEPTABLE INDEMNITY.

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, IN EITHER CASE BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS TO AN ACCOUNT DESIGNATED BY THE BENEFICIARY BY NOTICE TO THE ISSUER.

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 ISSUER UNDER THIS LETTER OF CREDIT AND

ISSUER SHALL REMAIN LIABLE TO BENEFICIARY UNTIL THE EXPIRY DATE OF THIS LETTER OF CREDIT 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 UNIFORM CUSTOMS AND PRACTICES FOR DOCUMENTARY CREDITS, ICC PUBLICATION NO. 600, AS SUPPLEMENTED BY THE eUCP VERSION 2.0, OR ANY SUCCESSOR PUBLICATION THERETO (THE "eUCP"). AS TO MATTERS NOT GOVERNED BY THE UCP, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH THE UCP, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE COMMONWEALTH OF PENNSYLVANIA. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BENEFICIARY AND THE ISSUER.
5. ARTICLE 36 OF THE eUCP AS IT APPLIES TO THIS LETTER OF CREDIT IS MODIFIED AS FOLLOWS: IF, ON THE LAST BUSINESS DAY FOR PRESENTATION THE PLACE FOR PRESENTATION STATED IN THIS LETTER OF CREDIT IS CLOSED FOR ANY REASON, THEN THE LAST DAY FOR PRESENTATION IS AUTOMATICALLY EXTENDED TO THE DAY THAT IS TEN (10) CALENDAR DAYS AFTER THE PLACE FOR PRESENTATION RE-OPENS OR THE ISSUER NOTIFIES THE BENEFICIARY OF AN ALTERNATIVE PLACE FOR PRESENTATION, WHICH ALTERNATIVE MUST BE IN THE UNITED STATES.
6. 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.
7. 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: _____

NAME: _____

TITLE: _____

PLEASE DIRECT ANY INQUIRIES (OTHER THAN DRAFTS, DOCUMENTS OR OTHER COMMUNICATIONS REGARDING PRESENTATION) TO:

[BANK NAME, EMAIL ADDRESS AND PHONE NUMBER]

**PPL Electric Utilities Corporation
AEC RFP Process and Rules**

**APPENDIX 6
Example Bid Proposal Spreadsheet**

Solicitation # <number>
AEC RFP

Bid Proposal Due Date: <month>, <day>, <year>

<Product>

<number>-Month Delivery Period: <commencement date> - <expiration date>

Bidder Information:

Company Name
Contact Name
Phone Number

* Required Field
* Required Field
* Required Field

Tranche Information:

Total Available Tranches
Tranche Size (AECs per Tranche)

Bid Information:

	Total Tranches Supplied	Bid Assurance Collateral Amount	Price (US\$/AEC)
Bids	1	\$[]	
	2	\$[]	
	3	\$[]	
	4	\$[]	
	5	\$[]	

* Required Field
* Required Field
* Required Field
* Required Field
* Required Field

Complete/Incomplete:

Appendix 7

Binding Bid Agreement

Bid Proposal Due Date: <month> <day><year>

In consideration for the privilege of submitting bids as part of the AEC Requests For Proposals process, _____ (“RFP Bidder”) agrees to be bound by the price quotes entered for Products on any Bid Proposal Spreadsheet(s), up to the expiration time of its proposal, as set forth in Section 5.6 (Expiration of Bid Proposals) of this Request For Proposals (“RFP”), submitted to PPL Electric Utilities Corporation (“PPL Electric”), in response to this multi-solicitation process, which shall constitute a firm offer to supply service in accordance with the AEC Supplier Master Agreement (“AEC SMA”) and applicable Pennsylvania law and regulations. Any bid is not subject to any contingencies or conditions precedent and, if accepted by PPL Electric, the RFP Bidder agrees to execute the Transaction Confirmation in a timely manner as set forth in Section 7.5.2 of the RFP Rules.

The submission of any binding offer to PPL Electric shall constitute the Bidder’s acknowledgment and acceptance of all the terms, conditions and requirements of this RFP.

The RFP Bidder certifies that it is bidding independently and that it has no knowledge of any Proposal being submitted by another RFP Bidder in response to this RFP. The RFP Bidder certifies that, except for any communication with its financial institution for the purpose of preparing the Bid Assurance Letter of Credit, the RFP Bidder has not disclosed and will not disclose publicly or to any other party before the Pennsylvania Public Utility Commission has rendered a decision on the RFP results any information relating to its Proposal, which could have an effect on whether another party submits a Proposal to this RFP or on the contents of such Proposal that another RFP Bidder would be willing to submit in response to this RFP.

The undersigned represents and warrants that he/she has the authority to act on behalf of, and to bind, the RFP Bidder to perform the terms and conditions and otherwise comply with all obligations stated herein.

Signature of Officer: _____

Name of Officer (*print*): _____

Title of Officer (*print*): _____

Date Signed: _____



PPL Electric Utilities Corporation

GENERAL TARIFF

RULES AND RATE SCHEDULES FOR ELECTRIC SERVICE

In the territory listed on pages 4, 4A, and 4B
and in the adjacent territory served.

ISSUED: TBD

EFFECTIVE: June 1, 2021

GREGORY N. DUDKIN, PRESIDENT

Two North Ninth Street
Allentown, PA 18101-1179

NOTICE

THIS TARIFF MAKES CHANGES (C) IN EXISTING RATES. SEE PAGE TWO.

GENERATION SUPPLY CHARGE-1

(C)

The Generation Supply Charge-1 (GSC-1) shall be applied to each kilowatt-hour supplied to residential customers who take Basic Utility Supply Service (“BUSS”) from the Company under Rate Schedules RS and RTS (R), small commercial and industrial customers who take BUSS service under Rate Schedules GS-1, GS-3, BL, SA, SM (R), SHS, SLE, SE, TS (R) and GH-2 (R), and standby service for the foregoing rate schedules. The GSC-1 will not apply to those Rate Schedule GS-3 customers who have a peak demand of 100 kW or greater, but the GSC-1 will apply to those Rate Schedule LP-4 customers who have a peak demand of less than 100 kW. This peak demand will be based on the customer’s ICAP peak load contribution to PJM peak load assigned for the most recent PJM Planning Year. The GSC-1 shall have the options listed below.

(C)

FIXED PRICE OPTION – RESIDENTIAL & SMALL COMMERCIAL/INDUSTRIAL

PURPOSE

The Fixed Price Option provides eligible customers in the Residential and Small Commercial & Industrial Customer Class with default electric service for those customers who have not selected a retail electric generation supplier (EGS) or the Time of Use Program.

PRICING PROVISIONS

The Fixed Price GSC-1, determined in accordance with the formula set forth below, shall be applied to all kilowatt-hours billed for service provided during the billing period:

$$\text{Fixed Price GSC-1} = \left[\left(\frac{GS_{fp}}{S_{fp}} \right) - \left(\frac{E}{S_{fp}} \right) \right] \times \frac{1}{(1-T)}$$

Where:

GSC-1 = The Generation Supply Charge-1, stated in cents per kilowatt hour, shall be calculated separately for each of the following two Customer Classes: (1) residential, and (2) small commercial and industrial as designated above.

GS_{fp} = The total estimated direct and indirect costs incurred by the Company to acquire generation supply from any source on behalf of participating BUSS customers on the Fixed Price Option in the applicable Customer Class. These costs shall be reduced by any revenue received by the Company from the sale of Alternative Energy Credits that otherwise would have expired.

The computation period shall be the six calendar months over which the Fixed Price GSC-1, as computed, will apply. Projections of the Company’s costs to acquire generation supply, adjusted for losses and including Alternative Energy Credits, for the computation quarter shall include all direct and indirect costs of generation supply to be acquired by the Company from any source plus any associated generation supply-related procurement and administration costs. Any costs incurred prior to June 1, 2021, shall be amortized ratably over the 48-month period June 1, 2021, through May 31, 2025, and the 6-month amortization amount shall be included in the computation of the GSC-1.

(C)

(Continued)

GENERATION SUPPLY CHARGE – 1 (Continued)

(C)

FIXED PRICE SERVICE – RESIDENTIAL & SMALL COMMERCIAL/INDUSTRIAL (Continued)

- E** = Experienced net over or undercollection of costs associated with the acquisition of generation supply for participating BUSS customers in the applicable Customer Class. These costs will be computed as stated in the GSC – 1 RECONCILIATION PROVISIONS and will include applicable interest. Interest shall be computed monthly from the month the over or undercollection occurs to the month in which the overcollection is refunded or the undercollection is recouped. Interest on recoveries of overcollections and undercollections shall be calculated at the prime rate for commercial borrowing in effect on the last day of the month the over or undercollection occurred. **(C)**
- S_{fp}** = The Company’s total retail KWH sales to participating BUSS customers on the Fixed Price Option in the applicable Customer Class, projected for the computation quarter.
- T** = The Pennsylvania gross receipts tax rate (exclusive of Part 2 of the State Tax Adjustment Surcharge (STAS) within this tariff) in effect during the billing month, expressed in decimal form.

Minimum bills shall not be reduced by reason of the GSC-1, nor shall GSC-1 charges be a part of the monthly rate schedule minimum. The GSC-1 shall not be subject to any credits or discounts and Part 2 of the STAS shall apply.

The following GSC-1 charges apply for the Fixed Price Option during the period June 1, 2021 through November 30, 2021. **(C)**

Customer Class	Small C&I	Residential
Rate Schedule / Charge	GS-1, GS-3 (< 100 kW), LP-4 (< 100 kW), BL, and GH-2 (R) \$#.##/KWH	RS and RTS (R) \$#.##/KWH

Small C&I – Street Lights										
Rate Schedule/ Charge	SA		SM (R)		SHS		SLE		SE	TS (R)
	Nominal Lumens	Charge	Nominal Lumens	\$/Lamp	Nominal Lumens	\$/Lamp	Nominal Lumens	\$/Fixture	\$/KWH	\$/Watt
	HPS 9,500	\$/Lamp	3,350		5,800		2,600			
6,650				9,500		3,300				
10,500				16,000		3,800				
\$/Fixture		20,000		25,500		4,900				
		34,000		50,000		7,500				
		51,000				15,000				
						20,000				

(Continued)

GENERATION SUPPLY CHARGE -1 (Continued)

FIXED PRICE SERVICE – RESIDENTIAL & SMALL COMMERCIAL/INDUSTRIAL (Continued)

GSC – 1 RECONCILIATION PROVISIONS -

For the Fixed Price Option, the Company will file with the Commission thirty (30) days prior to each annual period (June 1 through May 31), a reconciliation of GSC-1 actual billed revenues and actual incurred costs for a twelve-month period ending March 31 of each year, pursuant to 66 Ps. C.S. §1307. The reconciliation shall become effective for service rendered during the 2 six-month computation periods. (C)

The reconciliation will be calculated separately for each of the two Customer Classes. The reconciliation will include a calculation of any over/under collection that will be reflected in the GSC-1 charges for the subsequent 2 six-month computation periods. The GSC-1 will be reconciled every twelve months, using over/under collection balance for the twelve-month period ending two months prior to each annual period. (C)

Application of the GSC-1 shall be subject to continuous review and audit by the Commission at intervals it shall determine. The Commission shall review the reasonableness and lawfulness of the level of charges produced by the GSC-1 and the costs included therein.

TIME OF USE PROGRAM – RESIDENTIAL AND SMALL COMMERCIAL/INDUSTRIAL (C)

PURPOSE

Beginning on June 1, 2019, this Time-of-Use (TOU) Program provides for the voluntary participation of eligible existing and new residential and small commercial & industrial customers in a year-round TOU Program. Eligible customers must meet the APPLICATION PROVISIONS of this TOU Program. The objective of this TOU Program is to provide eligible residential and small commercial & industrial customers with an opportunity to shift energy usage away from the on-peak periods, when wholesale electricity demand and prices are high, to off-peak periods, when demands and prices are lower.

(Continued)

GENERATION SUPPLY CHARGE – 1 (Continued)

TIME-OF-USE PROGRAM – RESIDENTIAL AND SMALL COMMERCIAL/INDUSTRIAL **(C)**
 (Continued)

PRICING PROVISIONS

The following Generation Supply Charges apply for service under the TOU Program during the period June 1, 2021 through November 30, 2021. On-Peak hours will be set based on schedule **(C)** below Monday through Friday, excluding weekends and holidays.

Rate Schedule RS and RTS (R)	Winter On-Peak Hours (4:00 PM to 8:00 PM) <u>December 1 to May 31</u>	Summer On-Peak Hours (2:00 PM to 6:00 PM) <u>June 1 to November 30</u>
On-Peak Hours	### cts per kWh	### cts per kWh
Off Peak Hours	### cts per kWh	### cts per kWh

Rate Schedules GS-1, GS-3 (< 100 kW), LP-4 (<100kW), BL, and GH-2 (R)	Winter On-Peak Hours (4:00 PM to 8:00 PM) <u>December 1 to May 31</u>	Summer On-Peak Hours (2:00 PM to 6:00 PM) <u>June 1 to November 30</u>
On-Peak Hours	### cts per kWh	### cts per kWh
Off Peak Hours	### cts per kWh	### cts per kWh

The TOU GSC-1, determined in accordance with the formula set forth below, shall be applied to all kilowatt-hours billed for BUSS service provided during the billing month:

$$\text{Summer On-Peak TOU GSC-1} = \left[\left[\frac{GS_{OFF}}{S} \times GS_M \right] + \left[\frac{GS_{IND} - E}{S} \right] \right] \times \frac{1}{(1-T)}$$

$$\text{Winter On-Peak TOU GSC-1} = \left[\left[\frac{GS_{OFF}}{S} \times GS_M \right] + \left[\frac{GS_{IND} - E}{S} \right] \right] \times \frac{1}{(1-T)}$$

(Continued)

GENERATION SUPPLY CHARGE – 1 (Continued)

TIME-OF-USE PROGRAM – RESIDENTIAL AND SMALL COMMERCIAL/INDUSTRIAL (C)
 (Continued)

$$\text{Summer Off-Peak TOU GSC-1} = \left[\left[\frac{GS_{GEN}}{S} \times 0.90 \right] + \left[\frac{GS_{IND - E}}{S} \right] \right] \times \frac{1}{(1-T)}$$

$$\text{Winter Off-Peak TOU GSC-1} = \left[\left[\frac{GS_{GEN}}{S} \times 0.90 \right] + \left[\frac{GS_{IND - E}}{S} \right] \right] \times \frac{1}{(1-T)}$$

Where:

- GSC-1 = The Generation Supply Charge-1, stated in cents per kilowatt hour, shall be calculated separately for each of the following two Customer Classes: (1) residential, and (2) small commercial and industrial (taking service at secondary voltage levels) as designated above.
- GS_{GEN} = The total generation component for the respective customer classes' fixed price default service rate.
- GS_{OFF} = The total Off-Peak generation component for the respective customer classes' fixed price default service rate.
- GS_{IND} = The total estimated indirect costs incurred by the Company to acquire generation supply from any source on behalf of participating BUSS customers in the applicable Customer Class.
- E = Experienced net over or undercollection of costs associated with the acquisition of generation supply for participating BUSS customers in the applicable Customer Class. These costs will be computed as stated in the GSC – 1 RECONCILIATION PROVISIONS and will include applicable interest. Interest shall be computed monthly from the month the over or undercollection occurs to the month in which the overcollection is refunded or the undercollection is recouped. Interest on recoveries of overcollections and undercollections shall be calculated at the prime rate for commercial borrowing in effect on the last day of the month the over or undercollection occurred. (C)
- GS_M = Seasonal Multiplier based on historic data.
- S = The Company's total retail KWH sales to participating BUSS customers in the applicable Customer Class, projected for the computation period.
- T = The Pennsylvania gross receipts tax rate in effect during the billing month, expressed in decimal form.

(Continued)

(C) Indicates Change

GENERATION SUPPLY CHARGE – 1 (Continued)

TIME-OF-USE PROGRAM – RESIDENTIAL AND SMALL COMMERCIAL/INDUSTRIAL (C)
(Continued)

APPLICATION PROVISIONS

This TOU Program is available to existing and new residential and small commercial/ industrial customers who are served, or qualify to be served, under Rate Schedules RS, RTS(R), GS-1, GS-3 (customers with peak demands less than 100 KW), LP-4 (customers with peak demands less than 100KW), BL and GH-2 (R). This includes Volunteer/Non-Profit organizations (Volunteer Fire Companies, Non-Profit Senior Citizen Centers, Non-Profit Rescue Squads, and Non-Profit Ambulance Services) served under Rate Schedules GS-1 and GS-3, but does not include customers in the Company's OnTrack program. Customers taking service under the above-referenced rate schedules, who also participate in the Company's Net Metering for Renewable Customer Generator programs, are eligible for the TOU Program. (C)

TERMINATING PARTICIPATION

A customer may leave this TOU Program after providing notice to the Company. The customer, if still receiving BUSS, will return to the standard Fixed Price GSC-1.

GENERATION SUPPLY CHARGE-2

(C)

The Generation Supply Charge-2 (GSC-2) shall be charged to customers in the Large Commercial & Industrial Customer Class who take Basic Utility Supply Service ("BUSS") from the Company under Rate Schedules GS-3, LP-4, LP-5, LPEP, and standby service for the foregoing rate schedules. The GSC-2 will not apply to those Rate Schedule LP-4 customers who have a peak demand of less than 100 kW, but the GSC-2 will apply to those Rate Schedule GS-3 customers who have a peak demand of 100 kW or greater. This peak demand will be based on the customer's ICAP peak load contribution assigned for the most recent PJM Planning Year. The GSC-2 shall have one rate option provision: Hourly Default Service Option.

(C)

PURPOSE

The Hourly Default Service Option provides default electric generation service to eligible customers in the Large Commercial & Industrial Customer Class who have not selected an alternative generation supplier.

PRICING PROVISIONS

All of the following charges apply to this rate option.

- GSC-2 Energy Charge per KWH: The product of actual real-time Locational Marginal Prices at the PPL Residual Aggregate Node as reported by PJM Interconnection, LLC. (PJM) for each hour of the billing month expressed in cents per KWH times the customer's actual energy use, adjusted for losses, during each hour of the billing month.
- GSC-2 Capacity Charge: The product of the PJM Reliability Pricing Model ("RPM") price of capacity expressed in dollars per KW-Day, as reported by PJM for the PL Zone, for the applicable billing month times the customer's fixed peak load capacity obligation, as determined by the Company in accordance with the applicable PJM Agreements, times the number of days in the billing month.
- GSC-2 Administrative Charge per KWH: The product of all administrative charges (both the supplier's charges and PPL Electric's charges) expressed in cents per KWH times the customer's actual energy use, adjusted for losses, during each hour of the billing month. The supplier's charges shall be the supplier's winning bid in PPL Electric's most recent solicitation for supply of default service to customers in the Large C&I Customer Class. The supplier's charges may include, but are not limited to, the costs of transmission service (other than non-market-based transmission service charges), ancillary services, congestion management costs, and such other services or products that are required to supply hourly default service to customers in the Large C&I Customer Class, including Alternative Energy Credits. PPL Electric's charges shall be a monthly pro rata amortization of the actual costs incurred by the Company to acquire generation supply from any source for the Large C&I Customer Class during the most recent 12-month period ended May 31 (as determined by amortizing such costs ratably over a 12-month period) plus the monthly amortization of the cost of administering that program prior to June 1, 2021 (as determined by amortizing such costs ratably over the 48-month period June 1, 2021 through May 31, 2025). In addition, the initial computation period will include any remaining over or undercollection balance related to application of the GSC-2 for the Large Commercial and Industrial Customer Class.

(C)

(Continued)

GENERATION SUPPLY CHARGE-2 (CONTINUED)

The following rate components of the GSC-2 shall be filed with the Pennsylvania Public Utility Commission (Commission) thirty (30) days prior to each application year (June 1 through May 31). The rate components subject to this filing requirement are: (1) the supplier's charges to be included in the GSC-2 Administrative Charge and (2) PPL Electric's charges to be included in the GSC-2 Administrative Charge. The reconciliation of the GSC-2 will be the difference between the actual administration costs incurred and the applicable billed revenue for the computation period. These rate components, as well as any net over or undercollection of these rate components as of the end of the 12-month period ending March 31 immediately preceding the computation period and set forth as a separate E-factor reconciliation component, shall become effective for BUSS rendered on and after the following June 1, and shall remain in effect for a period of one year.

By May 1 of each year, the Company will file with the Commission the experienced net over or undercollection of the GSC-2 associated with the above-identified costs that are incurred to provide generation supply for participating BUSS customers as of the end of the calendar month ending two months prior to the computation period, including applicable interest. Interest shall be computed monthly from the month the over or undercollection occurs to the month in which the overcollection is refunded or the undercollection is recouped. Interest on recoveries of undercollections shall be calculated at the prime rate of interest. Interest on refunds of overcollections shall be calculated at the prime rate of interest.

The Pennsylvania gross receipts tax rate (exclusive of Part 2 of the State Tax Adjustment Surcharge (STAS) within the tariff) in effect during the billing month shall apply to charges under the GSC-2.

Minimum bills shall not be reduced by reason of the GSC-2, nor shall GSC-2 charges be a part of the monthly rate schedule minimum. The GSC-2 shall not be subject to any credits or discounts, but Part 2 of the STAS shall apply.

Application of the GSC-2 shall be subject to continuous review and audit by the Commission at intervals it shall determine. The Commission shall review the reasonableness and lawfulness of the level of charges produced by the GSC-2 and the costs included therein.

PPL Electric Utilities Corporation

Standard Offer Program Process and Rules

Dated: [EFFECTIVE DATE]

STANDARD OFFER PROGRAM PROCESS and RULES

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ARTICLE 1 INTRODUCTION

1.0 Introduction

- 1.1 This Standard Offer Program Process and Rules document (“SOP Rules”) defines the processes and rules for PPL Electric Utilities Corporation’s (“Company” or “PPL Electric”) Standard Offer Program (“SOP” or “Program”), implemented pursuant to the Pennsylvania Public Utility Commission’s (“PA PUC” or “Commission”) Final Order to PPL Electric Utilities Corporation Default Service Program and Procurement Plan V at Docket No. P-2020-3019356.
- 1.2 PPL Electric is issuing this SOP Rules document, as a continuous program from June 1, 2021 through May 31, 2025, to solicit participation from Retail Electric Generation Suppliers (“EGS”) in a customer referral program, to serve Residential and Small Commercial & Industrial (“Small C&I”) Customer Groups. Customers who are participating in OnTrack¹ are not eligible to participate in SOP. The Residential Customer Group is defined on the basis of the Company’s existing specific rate schedules as shown in the following table. The Small C&I Customer Group is defined as those customers under 25kW demand and subsequently on the basis of the Company’s existing specific rate schedules as shown in the following table. To the extent an existing rate schedule is modified, or replaced by successor rate schedules, PPL Electric, at its sole discretion, will place that rate schedule in the appropriate Customer Group.

Customer Group	Rate Schedule	Description
Residential	RS	RS – Residential Service
	RTS	RTS(R) – Residential Service – Thermal Storage
Small Commercial & Industrial	GS-1	GS-1 – Small General Service
	GS-3	GS-3 – Large General Service – Customers with less than 100 kW peak demand
	GH-2	GH-2(R) – Separate Meter General Space Heating Service
	LP-4	LP-4 – Large General Service (12 KV or Higher) – Customers with less than 100 KW peak demand
	BL	BL – Borderline Service – Electric Utilities
	SA	SA – Private Area Lighting
	SM	SM(R) – Mercury Vapor Street Lighting
	SHS	SHS – High Pressure Sodium Street Lighting
	SE	SE – Energy Only Street Lighting Service
	SLE	SLE – Light Emitting Diode (LED) Street Lighting Service
TS	TS(R) – Municipal Traffic Signal Lighting Service	

¹ OnTrack is PPL Electric Customer Assistance Program.

SI-1	SI-1(R) – Municipal Street Lighting
Standby	Rule 6A – Standby Service for Qualifying Facilities applicable to customers in the above listed rate schedules.

- 1.3 Customers participating in the SOP will receive a fixed rate for a twelve-month period that is equal to a 7% discount off the Price-to-Compare (“PTC” or “Default Service”) in effect at the time the customer enrolls in the SOP.
- 1.4 A participating EGS, subject to the qualification requirements discussed in Article 4, will provide retail supply for eligible Residential and/or Small C&I customers who elect to participate in the Program and who are successfully enrolled into the Program as discussed in Article 5. Any Participating Customer may return to Default Service or choose another EGS in accordance with the Company’s standard switching requirements, without penalty.
- 1.5 EGSs interested in participating in the Program must initially meet Pre-Qualification Requirements to participate as provided in Section 4.2.
- 1.6 Once all Pre-Qualification Requirements are met, an EGS must meet the SOP Period Qualification Requirements in order to be an EGS Participant in any SOP Period (hereinafter defined). Section 4.3 details the Qualification requirements.
- 1.7 If during any SOP Period there are no EGSs meeting the Pre-Qualification Requirements to participate in the Program, or if no pre-qualified EGSs have met the SOP Period Qualification Requirements, the program will not be offered for that SOP Period. There must be at least one (1) qualified EGS with a submitted rate code for either the Residential or Small C&I Program. If a rate code is not submitted for either customer class, then that class (without a rate code) will not have a Program offering for that SOP Period.
- 1.8 Each Participating EGS must pay its share of the Program costs as set forth in Article 7.
- 1.9 EGSs are required to independently maintain their own data and information for all customers enrolled in the Program. The Company is not responsible for the reporting of any information on the Program for Participating EGSs. See Article 8 for more information.
- 1.10 Definitions:** In addition to terms defined elsewhere in this SOP Rules, the following definitions shall apply:

“CAP customers” means a residential customer enrolled in PPL Electric’s Customer Assistance Program, OnTrack.

“EDI” – Electronic Data Interchange, which is a standardized format for the electronic transfer of data between entities.

“Electric Generation Supplier” or “EGS” is defined as a retail generation supplier.

“Eligible Customers” include any default service Residential customer, with the exception of CAP customers, or Small Commercial & Industrial customer less than 25kW who contacts PPL Electric’s Call Center, other than for termination or emergency calls. This also includes any eligible shopping customer that actively requests participation in the Program. See Section 1.2 for a list of eligible customer rate classes by customer group.

“Participating EGS” or “EGS Participant” is an EGS that has successfully met Pre-Qualification and SOP Period Requirements.

“Participating Customer” means any eligible Residential customer or Small Commercial and Industrial customer under 25kW in PPL Electric’s service territory that affirmatively elects to participate and successfully enrolls in the Program.

“Program Costs” means the costs that PPL Electric will incur to administer and communicate the Program to Eligible Customers.

“Program Term” means the period beginning on June 1, 2021 through May 31, 2025.

“Price-to-Compare Period” or “SOP Period” means the six (6) calendar month periods as follows: June – November and December –March.

“Pre-Qualification Requirements” are those requirements that any interested EGS must complete to initially qualify for the Program, as set forth in Article 4 of this SOP Rules document.

“SOP Period Qualification Requirements” are those SOP Period requirements, corresponding to the Price-to-Compare Period, that an EGS must complete once meeting all Pre-Qualification Requirements, as set forth in Article 4 of this SOP Rules document.

“Rate Ready Billing” billing scenario in which the EGS provides the Company its billing rates so that the Company can complete the billing calculation and bill delivery.

ARTICLE 2 INFORMATION AND SCHEDULE

2.0 Information and Schedule

- 2.1 PPL Electric will post information for this Program on the PPL Electric website on its General Supplier Information webpage: <https://www.pplelectric.com/utility/about-us/for-generation-suppliers/general-supplier-reference-information/standard-offer-program.aspx>. This website will serve as the main source of information for the Standard Offer Program. Prospective EGS Participants are requested to use this website for current information about all aspects of this Program and to access all essential documents.
- 2.2 The Program will be offered by PPL Electric to all eligible non-shopping Residential customers and Small C&I customers under 25kW starting in June 2021. The Program will be offered on a semi-annual basis based upon the SOP Period.

ARTICLE 3 GENERAL REQUIREMENTS

3.0 General Requirements

- 3.1 Participating EGSs must adhere to the terms and conditions of the Program and fulfill all requirements of this SOP Rules document and Standard Offer Program Binding Participation Form. In the event an EGS fails to adhere to the Program terms and conditions the EGS will not be allowed to participate in the Program.
- 3.2 The submission of the Standard Offer Program Binding Participation Form to the Company constitutes the EGS's acknowledgement and acceptance of all the terms and conditions of this SOP Rules document.
- 3.3 All Representations in this Program and documents executed must be done by an individual authorized to 1) make contractual commitments on behalf of the EGS to provide retail customer generation supply and 2) to financially bind the Participating EGS.
- 3.4 Participation in this Program shall constitute an Agreement by EGS to abide by the terms and conditions of the Program as set forth herein. In the event of a material default by an EGS in any of its obligations under this Program, PPL Electric shall have the right to terminate the EGS's participation in the Program upon providing 10 business day written notice of the default to the EGS, directed to the contact listed in Exhibit 2. The EGS shall be permitted to continue participating in the Program if it cures the default during the 10 business day notice period. PPL Electric also may seek whatever remedies, including but not limited to reasonable

attorneys' fees, to which it may be entitled before the Commission, or a court of competent jurisdiction. The venue for any court action shall be in the Court of Common Pleas for Lehigh County or in the District Court for the Eastern District of Pennsylvania in Allentown.

ARTICLE 4

EGS Qualification Requirements

4.0 EGS Qualification Requirements

4.1 The EGS Qualification requirements are broken down into two components: 1) Pre-Qualifications (Section 4.2) and 2) SOP Period Qualifications (Section 4.3).

4.2 Pre-Qualification Requirements:

4.2.1 All EGSs must complete a one-time, pre-qualification process to allow the EGS access and future participation in the Program. Pre-qualification is composed of two primary steps: 1) Certification requirements (Section 4.2.2) and 2) Document completion and execution (Section 4.2.3).

4.2.2 Pre-qualification initially opens July 1, 2013 and remains open on a rolling basis. In order to pre-qualify for participation in any SOP Period, EGSs must submit all materials (as defined in this Article 4) at least 5 business days prior to the start of a new SOP Period. Pre-qualification is a one-time submission event.

4.2.3 Certification:

4.2.3.1 An EGS must be licensed as an EGS by the Commission with authority to provide service to Residential and/or Small C&I customers in PPL Electric's service territory. If an EGS loses its license to serve customers in PPL Electric's service territory it may not participate in the Program.

4.2.3.2 An EGS must be registered with PJM as an EGS to participate in the Program.

4.2.3.3 An EGS must be certified by PPL Electric to exchange data using the EDI process, through the EDC consolidated billing level. EGSs must be certified by PPL Electric as Rate Ready Billing.

4.2.3.4 All EGSs must meet the certification requirements on or before 5 business days prior to the start of a SOP Period to be

eligible to participate in the Program (contingent upon completion of the additional qualification requirements set forth in Section 4.2 and 4.3). Furthermore, EGSs must meet the certification requirements prior to PPL Electric accepting the Standard Offer Program Binding Participation Form and Standard Offer Program Contact Form.

4.2.3.5 Any EGS that is already Rate Ready Billing certified by the Company is already deemed certified and does not have to recertify to pre-qualify.

4.2.4 Documentation:

4.2.4.1 Every EGS must complete and execute the Standard Offer Program Binding Participation Form (Exhibit 1). The Standard Offer Program Binding Participation Form must be executed by an Authorized Individual of the EGS. Additionally, every EGS must fully complete the Standard Offer Program Contact Form.

4.2.4.2 Hardcopies of both the Standard Offer Program Binding Participation Form and Standard Offer Program Contact Form must be received in hard-copy format by PPL Electric at least 5 business days prior to the start of a SOP Period in order for the EGS to be eligible to participate in the Program (contingent upon completion of the additional qualification requirements set forth in Section 4.2 and 4.3). Any EGS failing to execute these documents will result in PPL Electric eliminating that EGS from participating in the Program until such time that the EGS submits completed and executed materials. It is of the sole responsibility of the EGS to cure any deficiency in the documentation materials.

4.2.4.3 All correspondence should be mailed to:

PPL Electric Utilities Corporation
Standard Offer Program
827 Hausman Road, LEHSC
Allentown, PA 18104
Attn: Manager – Billing Operations

4.3 SOP Period Qualification Requirements

4.3.1 Each EGS that is pre-qualified must notify the Company via e-mail of their intent to participate in the upcoming SOP Period, including identifying the Customer Groups in which they intend to serve. The

EGS must notify the Company by e-mail (see Section 4.3.2 for the contact e-mail address) on or before 5 business days prior to the start of the SOP Period. If the EGS does not notify the Company of their intent to participate, they will not be included in that SOP Period's Program.

- 4.3.2 All communications regarding an EGSs intent to participate in an SOP Period Program must be made to the following e-mail address: PPLUtilitiesSupplier@pplweb.com.

ARTICLE 5

Customer Communications and Customer Allocation Process

5.0 Customer Communications and Customer Allocation Process

- 5.1 The Program will be initially offered by the Company to all eligible PPL Electric Default Service customers who contact the Company call center, with the exception of those defined in Section 5.1.4. Before offering the Program, the Company will first resolve the customer's concerns or inquiry that was the reason for the call. The initial Program offering will only include a summary overview of the Program – upon interest of the customer, they will be transferred to a third-party to learn more information and enroll.
- 5.1.1 The Company will offer the Program to new or moving customers upon completing new account set-up.
- 5.1.2 Enrolled Customer Assistance Program (CAP) customers are not eligible to participate in this Program.
- 5.1.3 Residential and Small C&I less than 25kW shopping customers in the PPL Service territory calling the Company will not be actively offered the Program. If a shopping customer actively inquires about the Program, the Company will allow for the customer's participation and inclusion. The Company will explain to the customer that terminating their existing shopping contract to participate in SOP may trigger early termination fees.
- 5.1.4 The Company will not offer the Program to Default Service customers calling for an emergency or for termination of service.
- 5.2 Customers interested in the Program will be transferred from PPL Electric to a third-party vendor, who will then give the customer additional information on the Program and allow the customer to enroll. Customers who have a specific EGS in mind may enroll with that EGS. Otherwise, customers will be told that they will be randomly assigned to a Participating EGS.

- 5.3 If during any SOP Period there are no EGSs meeting the SOP Period Qualification Requirements, the Program will not be offered to customers for that SOP Period. If such an event occurs, Company call scripts will be modified to not offer the Program.
- 5.4 The Company will utilize an algorithm to randomly assign customers to participating EGSs. The algorithm is designed to assign an equal amount of customers to participating EGSs. As the customer accounts get assigned to an EGS, the accounts will be added to each EGS's referral report, real time.
- 5.5 At any point during the day, an EGS can access customer-specific data and information for those customers which have been assigned to the EGS through the supplier portal. This data is available via the Company's Supplier portal for each participating supplier at:
<https://supplier.prod.pplweb.com/eusupplierportal/Secured/Retail/SOReferrals.aspx>

ARTICLE 6

EGS Obligations

6.0 EGS Obligations

- 6.1 All Participating EGSs, upon receipt of the customer assignment data file (see Article 5.5), must begin the customer enrollment process. This process includes communicating the terms and conditions of the Program to the customer (Section 6.2) and the completion and submission and processing of the EDI 814 enrollment request transaction with the Company (Section 6.3).
- 6.2 Within three (3) business days upon an EGS receiving a list of customer assignments, the EGS must issue a letter to the customer detailing the terms and conditions of the Program. Additionally, the EGS is obligated to comply with all rules and requirements set forth in 52 Pennsylvania Code Chapter 54. The terms and conditions of the Program that shall be communicated to the customer include:
- 6.2.1 The generation rate will be set at 7% below the PTC at the time the customer elects the Program. Additionally, the rate must remain fixed for a 12 billing cycle term.
- 6.2.2 There will be no early termination fee or penalties.
- 6.2.3 The customer will remain on the EGS's service at the conclusion of the contract on a month-to-month contract, at a rate set by the EGS, until the customer elects a different rate by the EGS, chooses an alternative supplier, or returns to default service.

- 6.3 Within 3 business days following the customer's rescission period for enrollment, the EGS must enroll assigned customers through the EDI 814 enrollment process. The Company will respond to the EGS with an EDI 814 enrollment response transaction indicating to the EGS whether the enrollment has been accepted or rejected by the Company and if accepted, the date the EGS should begin serving the customer.
- 6.3.1 An EGS may not limit or reject any customer assigned to it through the Company's assignment process.
- 6.4 Following the submission of the EDI 814 enrollment, a customer will begin supply with the EGS on the date communicated to the EGS by the Company via the EDI 814 enrollment response transaction. This date is calculated according to the 3 Business Day Switching Rule with an exception noted in Section 6.4.2, below.
- 6.4.1 Customers may choose to remain in their current shopping contract or on Default Service without taking service from their assigned EGS during the 3-day contract rescission period.
- 6.4.2 New and Moving customers will begin supply with the EGS on the date communicated to the EGS by the Company via the EDI 814 enrollment response transactions. The enrollment response will not be generated until the new account is active. The Company provides a separate pending enrollment report for each EGS that includes all accounts that have not been activated. An EGS will begin supplying the customer as of the customer's connect date.

ARTICLE 7

Program Costs and Invoicing

7.0 Program Costs and Invoicing

- 7.1 Participating EGSs are required to pay a fee of \$28 per referred customer. Any remaining costs shall be included and recovered in the Company's Competitive Enhancement Rider. The allocation of these costs to the Customer Groups will be determined consistent with the cost allocations accepted by the Commission in PPL Electric's most recent base-rate proceeding.
- 7.2 Invoices will be issued within 10 business days following the conclusion of the month. Invoices will be issued via e-mail to the EGS based upon the contact information provided.
- 7.3 Once issued an invoice, the EGS is required to pay the invoice within 20 business days to PPL Electric. Payment must be made via Electronic Funds Transfer (EFT). The Company will issue banking information upon successful completion of Pre-Qualification requirements.

ARTICLE 8 REPORTING REQUIREMENTS

8.0 Reporting Requirements

- 8.1 Each Participating EGS is independently responsible to maintain data and information regarding its participation and assigned customer participation in the Program. It is also the Participating EGS's responsibility to provide support or evidence, if called upon, in the event of a formal or informal complaint filed at the PUC by or for a customer with regards to a customer's participation in the Program.
- 8.2 The Company will not be responsible for tracking or reporting on the Program for the benefit of the EGS. Any actions taken by the Company to monitor the program will be completed on its own behalf.

ARTICLE 9 RESERVED RIGHTS

9.0 Non-Binding Program

- 9.1 Prior to the commencement of any SOP Period Program offering and with PA PUC approval, PPL Electric has the right to withdraw and terminate this Program without any liability or responsibility to any Participating EGS or any other party.
- 9.2 Subject to PA PUC approval, the Company reserves the right to accept or reject, in whole or in part, any and all Agreements, without any liability or responsibility to any Participating EGS or any other party, for reasonable cause including, but not limited to, adverse statutory changes or interpretations, issuance of new PA PUC orders and/or regulations, market conditions, etc., that preclude this Program from being implemented in substantially the manner described herein. Pursuant to these SOP Rules, PPL Electric shall reject any documents or agreements, including but not limited to the Standard Offer Program Binding Participation Form and Standard Offer Program Contact Form, submitted in response to this Program that are incomplete, or do not conform to the requirements of this Program, or are submitted beyond the deadline for submission. If the SOP Binding Participation Form or Contact form are incomplete or do not conform to Program requirements, the EGS will be given written notice and will have 48 hours to cure non-conformance. In no event shall cure period extend or toll the 5 business day qualification submission requirements (see Article 4 for details).
- 9.3 All documents and agreements submitted by Participating EGSs in response to this Program will become the exclusive property of PPL Electric upon the receipt of such document(s).

Exhibit 1

Standard Offer Program Binding Participation Form

To be included in PPL Electric Utilities Corporation's ("PPL Electric") Standard Offer Program, _____ ("EGS Participant") agrees to be bound by the terms set forth below.

The Standard Offer EGS Participant hereby agrees that:

- (1) It acknowledges, understands and will abide by the rules set forth in the Standard Offer Program (SOP) Process and Rules document;
- (2) It is obligated to pay a fee of \$28 per customer referred, as incurred by PPL Electric Utilities from the third-party provider, within 20 business days of being invoiced;
- (3) It will issue an EDI 814 enrollment upon notification from PPL Electric of customer being assigned to it. The EDI enrollment will be processed by the Standard Offer EGS Participant no later than 3 business days after the expiration of the rescission period for enrollment;
- (4) It must accept all Standard Offer Customers who elect to participate and are assigned to it under the Standard Offer Program;
- (5) It must accept customers enrolled in the Standard Offer Program and implement a new SOP rate code. If the customer was previously enrolled with the EGS Participant under a different SOP Period rate code assignment, the EGS Participant must send an EDI 814 rate code change transaction no later than 3 business days after the expiration of the rescission period for enrollment or change;
- (6) Once notification is received that a SOP Customer is enrolled, the EGS Participant will send notification to such customer and include the following terms as part of its disclaimer:
 - a. the terms and conditions of the Program;
 - b. the Standard Offer price, herein described below, for a term of twelve (12) billing cycles;
 - c. notification that there is no early termination penalty to any customer who leaves the Program at any time during the twelve (12) billing cycles;
 - d. any additional terms or conditions as set forth in Title 52, Chapter 54 of the Pennsylvania Code;
- (7) The SOP customer's price must reflect a 7% discount to PPL Electric's Price to Compare ("PTC") in effect at the time the customer elects service under the Program. This price will be maintained for all 12 billing cycles for which the customer participates in the Program; and,
- (8) In accordance with the provisions of 52 Pennsylvania Code Chapter 54, prior to the termination of the contract with a customer under this Program, the EGS will notify the customer regarding the conclusion of the contract.

The EGS Participant warrants and agrees that it hereby undertakes all responsibilities and service delineated herein as to SOP customers, and expressly absolves PPL Electric from any and all liability for EGS Participant's failure to perform and/ or its default with respect to such responsibilities and service.

Participation in this Program shall constitute an Agreement by EGS to abide by the terms and conditions of the Program as set forth herein. In the event of a material default by an EGS in any of its obligations under this Program, PPL Electric shall have the right to terminate the EGS's participation in the Program upon providing 10 business day written notice of the default to the EGS, directed to the contact listed in Exhibit 2. The EGS shall be permitted to continue participating in the Program if it cures the default during the 10 business day notice period. PPL Electric also may seek whatever remedies, including but not limited to reasonable attorneys' fees, to which it may be entitled before the Commission, or a court of competent jurisdiction. The venue for any court action shall be in the Court of Common Pleas for Lehigh County or in the District Court for the Eastern District of Pennsylvania in Allentown.

The EGS Participant acknowledges that if PPL Electric is not able to confirm that the EGS Participant is licensed by the PUC, approved to participate in PPL Electric's service territory, is registered as an EGS at PJM, or has passed EDI "Rate Ready Billing" certification for the PPL Electric service territory as of the Submission Due Date, the EGS Participant will not be qualified to participate in the Program and will be excluded from the Program until such time as all deficiencies have been rectified. Furthermore, it is of the responsibility of the EGS Participant to cure such deficiencies.

The EGS Participant need only execute and submit this Form to PPL Electric once, unless the Standard Offer Program Binding Participation Form terms have been updated by PPL Electric. However, in order to be a participant during each SOP Period, the EGS Participant must utilize distinct Rate Codes for each SOP Period through the PPL Electric EDI system and notify the Company via e-mail of its intent to participate per Article 4 of the SOP Rules. Any EGS failing to notify the Company of its intent to participate in the Program will be excluded from that SOP Period.

The submission of this Form to PPL Electric shall constitute the Standard Offer EGS Participant's acknowledgment and acceptance of all the terms, conditions and requirements of this Standard Offer Program.

The undersigned represents and warrants that he/she has the authority to act on behalf of, and to bind, the Standard Offer EGS Participant to perform the terms and conditions and otherwise comply with all obligations stated herein.

Customer Group Participation:

Residential _____ Small C&I < 25kW _____ Both _____

Signature of Authorized Individual: _____

Name of Authorized Individual (*print*): _____

Title of Authorized Individual (*print*): _____

Date Signed: _____

As part of your submission to participate in the Standard Offer Program, please send one (1) original of this Form to:

PPL Electric Utilities Corporation
Standard Offer Program
827 Hausman Road, LEHSC
Allentown, PA 18104
Attn: Manager – Billing Operations

EXHIBIT 2
Standard Offer Program Contact Form

Please provide contact information for purposes of the SOP (*items with an * are required*):

Company:* _____

Contact Name:* _____

Contact Title:* _____

Address:

Street 1* _____

Street 2 _____

City* _____

State* _____

Zip Code* _____

Phone Number:* _____

E-mail Address:* _____

Fax (Optional):
