

**ADDENDUM 2**  
**DEFAULT SERVICE**  
**SUPPLY MASTER AGREEMENT**

THIS ADDENDUM to the Default Service Supply Master Agreement (“Default SMA”), is made and entered into as of \_\_\_\_\_ (“Effective Date”), by and between \_\_\_\_\_, hereinafter referred to as “Seller” and PPL Electric Utilities Corporation, hereinafter referred to as “Buyer” (each hereinafter referred to individually as “Party” and collectively as “Parties”).

**WITNESSETH:**

WHEREAS, the Parties have executed and agreed to be bound by the terms and conditions of the Default SMA; and

WHEREAS, under Article 16.10 of the Default SMA, the Parties shall not amend, modify, or supplement any provision of the Default SMA unless mutually agreed, in writing, by the Parties; and

WHEREAS, the Parties desire to prospectively amend, modify, or supplement certain provisions of the Default SMA to permit Buyer to establish a Seller’s share of the Buyer’s AEPS Obligation under the Default SMA, as more fully described herein; and

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

1. Term

1.1 The Effective Date of this Addendum shall be the date first written above, subject only to the receipt of any required regulatory approvals from the Pennsylvania Public Utility Commission. The Parties acknowledge and agree that this Addendum is subject to and contingent upon the prior approval of the Pennsylvania Public Utility Commission.

1.2 This Addendum will apply prospectively to Transaction Confirmations executed on or after October 18, 2011. Contracts in place for 2011 prior to Commission approval of the proposed Addendum would not be affected.

1.3 Unless other wise agreed upon by the Buyer and Seller, this Addendum shall continue in full force and effect pursuant to Article 5 of the Default SMA.

2. Scope of Addendum.

2.1 Article 4.4 of the Default SMA is superseded and replaced, in its entirety, as follows:

**4.4 Alternative Energy Portfolio Standards Obligation.**

- (a) Seller shall enable the Buyer to comply with the Alternative Energy Portfolio Standards, including regulations adopted thereunder, (together the AEPS Obligation) and shall provide the share of AECs to fulfill Seller's AEPS Obligation under this Agreement as set forth in Exhibit B.
- (b) Seller and Buyer shall work together to establish the proper accounts within the GATS. Seller shall be a subscriber to GATS and is responsible for paying its annual subscription fee. Seller shall transfer AECs into the Buyer's account(s) in the amount necessary to fulfill Seller's AEPS Obligation under this Agreement. Seller shall be responsible for paying the volumetric fees associated with LSE GATS fee requirements in proportion to Seller's Full Requirements Service.
- (c) Within 20 days after the end of each calendar month during the Delivery Period the Seller shall transfer AECs into the Buyer's GATS account(s) in an amount commensurate with the AECs applicable to the requirements service provided by the Seller during said calendar month in the amount necessary to fulfill the Seller's AEPS Obligation under this Agreement.
- (d) At the conclusion of the Delivery Period, Seller shall complete its transfer of any AECs, not transferred in accordance with subsection (c) of this Section 4.4, into the Buyer's GATS account(s) in the amount necessary to fulfill the Seller's AEPS Obligation under this Agreement no later than 30 calendar days following the completion of the Delivery Period.
- (e) In addition to the Remedies stated in Article 9.1 and Article 12 of this Agreement, Buyer shall have the right, in its sole discretion, to withhold any and all payments pursuant to Article 7 of this Agreement in the event that the Seller does not satisfy its obligations under this Section 4.4, and to pursue any other remedies at law or in equity which may be available including, but not limited to those enumerated in Article 9.1. Moreover, the Seller will be liable for any costs directly or indirectly related to the procurement of AECs by the Buyer or related to any penalties associated with non-compliance of the AEPS Act in the event that the Seller defaults on its obligations under this Section 4.4.
- (f) Seller shall provide to the Buyer all information regarding its share of the AEPS Obligation that may be required by the PUC rules governing reporting and auditing of Buyer's compliance with the AEPS Obligation.

The Buyer will provide the Seller with a version of Exhibit B to this Agreement at the same time that it provides the Transaction Confirmation. Exhibit B as provided with the Transaction Confirmation will apply during the term of the Agreement and will be used to determine the Seller's AEPS Obligation.

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

ATTEST:

PPL ELECTRIC UTILITES CORPORATION

\_\_\_\_\_

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

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

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

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

ATTEST:

[SELLER]

\_\_\_\_\_

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

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

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

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