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March 12, 2024

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: Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2025 through May 31, 2029
Docket No. P-2024-_____**

Dear Secretary Chiavetta:

Enclosed please find the Petition of PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2025 through May 31, 2029 (“DSP VI Program”). This filing contains the following items in support of the DSP VI Program:

- PPL Electric’s Petition
- Attachment A – Default Service Request for Proposals Process and Rules
- Attachment B - Default Service Supplier Master Agreement
- Attachment C – Long-Term Block Request for Proposals Process and Rules
- Attachment D – Long-Term Block Supplier Master Agreement
- Attachment E – Long-Term PA Solar AEC Request for Proposals Process and Rules
- Attachment F – Long-Term PA Solar AEC Supplier Master Agreement
- Attachment G - Alternative Energy Credit Request for Proposals Process and Rules

- Attachment H – Alternative Energy Credit Supplier Master Agreement
- Attachment I – contingency Block Energy Request for Proposals Process and Rules
- Attachment J – contingency Block Energy Supplier Master Agreement
- Attachment K - *Pro Forma* Tariff provisions for the Generation Supply Charge-1, the Generation Supply Charge-2, and the Transmission Service Charge
- PPL Electric Statement No. 1 - the Direct Testimony of Andy Castanaro, Manager-Energy Procurement for PPL Electric, and associated exhibits.
- PPL Electric Statement No. 2 - the Direct Testimony of A. Joseph Cavicchi, Executive Vice President at the Analysis Group, and associated exhibits.
- PPL Electric Statement No. 3 - the Direct Testimony of Melinda Stumpf, Director Customer Programs, in PPL Electric's Customer Services Department, and associated exhibits.
- PPL Electric Statement No. 4 - the Direct Testimony of Bethany Johnson, Senior Director of Regulatory for PPL Services Corporation, and associated exhibits.

Due to the number of electric generation suppliers ("EGS") and marketers licensed in the Company's service territory, EGSs/marketers that did not actively participate in the Company's last default service proceeding are being electronically served with a copy of this filing letter and the attached Certificate of Service. A complete copy of the filing is electronically available on the Company's website at: <https://ppldsp.com/background/regulatory-background/>. PPL Electric will also notify EGSs/marketers of the filing via a communication through the Company's Supplier Portal.

As stated in the petition, PPL Electric respectfully requests that the Commission act on the Petition no later than December 20, 2024, in order to provide sufficient time to undertake the first procurements under the DSP VI Program. With this date, the Company would request that the Commission consider the Petition at its scheduled Public Meeting on December 5, 2024.

Please feel free to contact the undersigned should you have any questions.

Respectfully submitted,



Michael W. Hassell

Rosemary Chiavetta, Secretary
March 12, 2024
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MWH/kl
Enclosures

cc: Certificate of Service

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).

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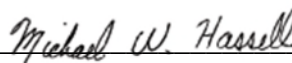
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Date: March 12, 2024



Michael W. Hassell

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation :
for Approval of a Default Service Program and : Docket No. P-2024-_____
Procurement Plan for the Period June 1, 2025 :
through May 31, 2029 :

**PETITION OF PPL ELECTRIC UTILITIES CORPORATION
FOR APPROVAL OF A DEFAULT SERVICE
PROGRAM AND PROCUREMENT PLAN**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to Section 2807 of the Public Utility Code, 66 Pa.C.S. § 2807, and 52 Pa. Code §§ 54.181-54.189, PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) hereby requests approval of its sixth Default Service Program and Procurement Plan (“DSP VI Program”) to establish the terms and conditions under which PPL Electric will acquire and supply default service or provider of last resort service (“Default Service”) from June 1, 2025 through May 31, 2029 (the “DSP VI Program Period”).¹ As explained below, the DSP VI Program, *inter alia*, consists of a proposal for competitive procurement of Default Service supply and related Alternative Energy Credits (“AECs”) during the DSP VI Program Period; an implementation plan; a proposed rate design, including a Time-of-Use (“TOU”) rate option for Default Service during the DSP VI Program Period; a proposal to modify the Company’s current Standard Offer Referral Program (“SOP”); a change to the date on which the Company files an

¹ The Pennsylvania Public Utility Commission’s Statement of Policy on Default Service and Retail Electric Markets (“DSP Policy Statement”) states that the program terms for default service programs should be for two years, unless otherwise directed by the Commission. 52 Pa. Code § 69.1804. As explained in this Petition, PPL Electric proposes that the term of DSP VI be a four-year period, which is the term for PPL Electric’s currently-effective DSP V.

update to its Transmission Service Charge (“TSC”); a change to the process for customers who are shopping to enroll in the Company’s OnTrack Customer Assistance Program (“CAP”), a proposal to return to wholesale suppliers the obligation to provide a proportionate share of AEC credits under the Full Requirements contracts for all customer classes; and a contingency plan for the DSP VI Program.

The Company’s primary goal with respect to the DSP VI Program is to obtain a portfolio of Default Service supply contracts that provide power for non-shopping customers from June 1, 2025, through May 31, 2029. To meet this objective, PPL Electric proposes to use a portfolio of long-term block contracts providing a fixed amount of energy and capacity, a long-term contract to provide PA Solar AECs and fixed-price, load-following, full requirements electricity supply contracts to meet the demand of its Residential customers, fixed-price, load-following, full requirements contracts to meet the demand of Small Commercial and Industrial (“Small C&I”) customers, and load-following, full requirements, spot market supply contracts to meet the demand of its Large Commercial and Industrial (“Large C&I”) customers (individually, “Fixed-Price Full Requirements” and “Spot Market Full Requirements,” and collectively “Full Requirements” contracts). The proposed program will continue the semi-annual procurement process and comparable terms for the Full Requirements products adopted for the currently-effective DSP program (“DSP V Program”); however, the Fixed-Price Full Requirements contracts for Residential and Small C&I Customers will be for 12 and 24 months instead of six and 12 months, and wholesale suppliers of the Full Requirements products will be required to provide a proportionate share of AECs.

PPL Electric requests that the Pennsylvania Public Utility Commission (“Commission”) approve the DSP VI Program, as further described in this Petition, within nine months, or no

later than December 20, 2024, to provide sufficient time to implement procurement under the DSP VI Program. The June 1, 2025, start date for the DSP VI Program coincides with the scheduled May 31, 2025, expiration of PPL Electric's Commission-approved DSP V Program.

I. INTRODUCTION

1. This Application is filed by PPL Electric, a public utility subject to the regulatory jurisdiction of the Commission.

2. PPL Electric's address is PPL Electric Utilities Corporation, 827 Hausman Rd., 1st Floor, Allentown, PA 18104.

3. PPL Electric's attorneys are:

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4. PPL Electric furnishes electric distribution, transmission and default supply services to approximately 1.5 million customers throughout its certificated service territory, which includes all or portions of twenty-nine counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania.

5. PPL Electric is a “public utility,” an “electric distribution company” (“EDC”), and a “default service provider” as defined in Sections 102 and 2803 of the Pennsylvania Public Utility Code, 66 Pa.C.S. §§ 102, 2803.

6. On January 1, 1997, the Electricity Generation Customer Choice and Competition Act (“Customer Choice Act”) became effective, adding Chapter 28 to the Public Utility Code. Among other things, Chapter 28 deregulated the generation of electricity and created the framework for a competitive retail electric market in which customers could choose among competing electric generation suppliers (“EGSs”). Pertinent to this Petition, Section 2807 requires each EDC to act as the Default Service provider for its non-shopping customers until the end of the EDC’s transition period, and thereafter in accordance with regulations to be promulgated by the Commission.

7. The Commission’s Default Service regulations provide that the Default Service provider shall be the EDC in its certificated service territory unless the Commission assigns the Default Service obligation to another entity. A Default Service provider is responsible for the reliable provision of Default Service to retail customers who do not choose to receive generation services from an EGS, or whose EGS has failed to deliver electric energy.

8. Act 129 of 2008 (“Act 129”) became effective on October 15, 2008. Among other provisions, Act 129 amended the Customer Choice Act to require EDCs, in their role as Default Service providers, to procure supply through competitive processes utilizing a “prudent mix” of contracts, and to offer a TOU rate option to customers with smart meters.

9. PPL Electric’s current Commission-approved DSP V Program expires on May 31, 2025. To meet its statutory and regulatory Default Service obligation after the expiration of thuds V Program, PPL Electric herein proposes the DSP VI Program to establish the terms and

conditions under which PPL Electric will acquire and supply Default Service during the DSP VI Program Period.

10. The Company's primary goal with respect to the DSP VI Program is to obtain a ladder portfolio of Default Service supply contracts that provide generation supply for non-shopping customers from June 1, 2025, through May 31, 2029. To meet this objective, PPL Electric plans to acquire the generation supply and related services needed to meet its Default Service obligation for the DSP VI Program Period through procedures similar to those previously approved by the Commission and used by PPL Electric to acquire Default Service supply under the DSP V Program.

11. Through the Default Service procurement process, the Company will purchase energy, capacity, transmission (other than Non-market-based Transmission Services²), ancillary services, congestion management costs, transmission and distribution losses, AECs and such other services or products that are required to supply Default Service to PPL Electric's retail customers for each Customer Class, and will recover the cost of obtaining these services from Default Service customers in that Customer Class.

12. For Residential and Small C&I Default Service customers, the DSP VI Program provides for the purchase of Fixed-Price Full Requirements products with 12- and 24-month contract terms using a ladder approach so that the procurements are staggered to avoid

² The Non-market-based Transmission Services that will not be purchased by the Company through the Default Service procurement process include: Network Integration Transmission Services; Transmission Enhancement Costs; Expansion Cost Recovery Costs; Non-Firm Point-to-Point Transmission Service Credits; Regional Transmission Expansion Plan; and Generation Deactivation Charges. PPL Electric is billed by PJM Interconnection, LLC for these Non-market-based Transmission Services for default service customers and recovers those costs through its Transmission Service Charge ("TSC").

procuring 100% of the Default Service products at the same time.³ In addition, for Default Service Residential customers, the Company will procure 10-year Long-Term Block contracts totaling 150 MWs. These contracts also provide for capacity credits. In addition, to serve Default Service Residential customers, PPL Electric proposes to enter into one or more long-term (20-year) contracts to procure up to 30,000 PA Solar⁴ AECs annually.

13. For Large C&I Default Service customers, the DSP VI Program provides for the purchase of power supply through 12-month, Spot Market Full Requirements contracts.

14. PPL Electric proposes to require full requirements wholesale suppliers to provide a proportionate share of AECs to enable PPL Electric to fulfill its Alternative Energy Portfolio Standards Act (“AEPS Act”) requirements. *See* 73 P.S. § 1648.3. PPL Electric will continue its current process of separately procuring AECs through an auction process for load provided pursuant to DSP V full requirements and block contracts whose terms extend beyond June 1, 2025, as well as to procure certain AECs to satisfy the AEPS Act requirements associated with the new 150 MW Long-Term Block contracts, above those to be procured through the PA Solar AEC contracts.⁵

15. As part of the DSP VI Program, PPL Electric proposes to continue to provide a TOU rate option to eligible Default Service Residential and Small C&I customers. The Company proposes to secure the generation to serve TOU customers through the Default Service

³ The first solicitation under DSP VI will include a small percentage of 6-month fixed-price, full requirements, load-following contracts to transition from the use of 6-month and 12-month full requirements contracts to the use of 12-month and 24-month full requirements contracts.

⁴ PA Solar refers to AEC credits that qualify for Tier I Solar shares under 73 P.S. § 1648.3(b) of the AEPS Act.

⁵ As explained in the direct testimony of Mr. Castanaro, the PA Solar procurement will not be sufficient to meet all of the Tier I requirements of the AEPS Act associated with the Long-Term Block product. Therefore, additional Tier I AECs, and Tier II AECs, will need to be procured through the auction process.

auction process without a TOU-specific auction. This is consistent with the approach used in DSP V.

16. This filing contains the following items in support of the DSP VI Program:

- PPL Electric's Petition
- Attachment A – Default Service Request for Proposals Process and Rules (“RFP”)
- Attachment B - Default Service Supplier Master Agreement (“SMA”)
- Attachment C – Long-Term Block Request for Proposals Process and Rules (“Long-Term Block RFP”)
- Attachment D – Long-Term Block Supplier Master Agreement (“Long-Term Block SMA”)
- Attachment E – Long-Term PA Solar AEC Request for Proposals Process and Rules (“PA Solar AEC RFP”)
- Attachment F – Long-Term PA Solar AEC Supplier Master Agreement (“PA Solar AEC SMA”)
- Attachment G – Alternative Energy Credit Request for Proposals Process and Rules (“AEC RFP”)
- Attachment H – Alternative Energy Credit Supplier Master Agreement (“AEC SMA”)
- Attachment I – contingency Block Energy Request for Proposals Process and Rules (“contingency Block RFP”)
- Attachment J – contingency Block Energy Supplier Master Agreement (contingency Block SMA”)
- Attachment K - *Pro Forma* Tariff provisions for the Generation Supply Charge-1 (“GSC-1”), the Generation Supply Charge-2 (“GSC-2”) and the TSC.

17. In support of this Petition, PPL Electric has also filed and served the following written direct testimony, with accompanying exhibits:

- PPL Electric Statement No. 1 - the Direct Testimony of Andy Castanaro, Manager-Energy Procurement for PPL Electric.

- PPL Electric Statement No. 2 - the Direct Testimony of A. Joseph Cavicchi, Executive Vice President at the Analysis Group.
- PPL Electric Statement No. 3 - the Direct Testimony of Melinda Stumpf, Director Customer Programs, in PPL Electric's Customer Services Department.
- PPL Electric Statement No. 4 - the Direct Testimony of Bethany Johnson, Senior Director of Regulatory for PPL Services Corporation.

Therein, PPL Electric more fully explains the details of the proposed DSP VI Program, and why the Company believes that the proposed DSP VI Program includes and/or addresses all of the elements prescribed by Section 2807(e) of the Public Utility Code, and the Commission's regulations and policies for a Default Service plan.

18. Consistent with 66 Pa.C.S. § 2807(e)(3.6), PPL Electric requests that the Commission issue an order approving the DSP VI Program within nine months from the date of this filing, or no later than December 20, 2024 to provide sufficient time to implement procurement under the DSP VI Program. This will allow the Company time to implement and conduct the first proposed auction in February 2025 in advance of the June 1, 2025, start date of the DSP VI Program.

II. LEGAL STANDARDS

19. Pursuant to 52 Pa. Code § 54.185, a Default Service provider must file a Default Service program with the Commission no later than 12 months prior to the conclusion of the currently effective Default Service program. 52 Pa. Code § 54.185(a). PPL Electric's DSP V Program will conclude May 31, 2025.

20. The Commission's regulations provide that after the first Default Service program, the program term will be determined by the Commission. 52 Pa. Code § 54.185(c). Section 69.1804 of the Commission's *DSP Policy Statement*, 52 Pa. Code § 69.1804, provides that default service plans should be for two years, unless otherwise directed by the Commission.

As explained later in this Petition, PPL Electric requests that the DSP VI Program be in place for a period of four years, from June 1, 2025 through May 31, 2029. Four years is the term for the current DSP V.

21. Sections 2807(e)(3.1), (3.2), (3.4) of the Public Utility Code, 66 Pa.C.S. §§ 2807(e)(3.1), (3.2), (3.4) , provide, among other things, that:

- The Default Service provider shall provide electric generation supply service to customers pursuant to a Commission-approved competitive procurement plan.
- The electric power acquired shall be procured through competitive procurement processes and shall include one or more of the following: (i) auctions; (ii) requests for proposal; and (iii) bilateral agreements.
- The electric power procured shall include a prudent mix of the following: (i) spot market purchases; (ii) short-term contracts; and (iii) long-term purchase contracts, entered into as a result of an auction, request for proposal or bilateral contract.
- The prudent mix of contracts shall be designed to ensure: (i) adequate and reliable service; (ii) the least cost to customers over time; and (iii) compliance with the requirements of Section 2807(e)(3.1).

22. In addition, pursuant to 52 Pa. Code §§ 54.185(d)(1)-(6), a Default Service program must include, among other things, the following elements:

- (1) A procurement plan identifying the default service provider's electric generation supply acquisition strategy for the period of service. The procurement plan should identify the means of satisfying the minimum portfolio requirements of the Alternative Energy Portfolio Standards Act (73 P.S. §§ 1648.1 – 1648.8) for the period of service.
- (2) An implementation plan identifying the schedules and technical requirements of competitive bid solicitations and spot market energy purchases, consistent with § 54.186 (relating to default service procurement and implementation plans).
- (3) A rate design plan recovering all reasonable costs of default service, including a schedule of rates, rules and conditions of default service in the form of proposed revisions to its tariff.

(4) Documentation that the program is consistent with the legal and technical requirements pertaining to the generation, sale and transmission of electricity of the RTO or other entity in whose control area the default service provider is providing service. The default service procurement plan's period of service must align with the planning period of that RTO or other entity.

(5) Contingency plans to ensure the reliable provision of default service when a wholesale generation supplier fails to meet its contractual obligations.

(6) Copies of agreements or forms to be used in the procurement of electric generation supply for default service customers. This includes all documents used as part of the implementation plan, including supply master agreements, request for proposals documents, credit documents and confidentiality agreements. When applicable, the default service provider shall use standardized forms and agreements that have been approved by the Commission.

23. Pursuant to 66 Pa.C.S. § 2807(f)(5), as the default service provider, PPL Electric also is required to offer a TOU rate option to its Default Service customers.

24. The AEPS Act and the Commission's implementing regulations further require EDCs to obtain AECs in an amount equal to certain percentages of electric energy sold to retail customers in this Commonwealth. *See* 52 Pa. Code § 54.182.

25. In addition to addressing each of these requirements, this Petition and the DSP VI Program also address the various other guidelines established by the Commission's *DSP Policy Statement* and the Commission's Final Order in *Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service*, Docket No. I-2011-2237952, 2013 Pa. PUC LEXIS 306; 303 P.U.R.4th 28 (February 15, 2013) ("*End State Order*").

26. An explanation of the DSP VI Program and how the program satisfies the requirements of the aforementioned statutory provisions, regulations and orders is set forth below and in the direct testimony submitted in support of this Petition.

27. In addition to the approvals requested herein, the Company requests certain waivers pursuant to 52 Pa. Code § 54.185(f). The requested waivers are described in Section VIII below.

III. PPL ELECTRIC'S CURRENT DSP PROGRAM

28. PPL Electric plans to acquire the generation supply and related services needed to meet its Default Service obligation for the DSP VI Program Period through procedures similar to those previously approved by the Commission and used by PPL Electric for its Default Service supply under the DSP V Program. Therefore, before describing the proposed DSP VI Program, this Petition first provides a summary of the existing DSP V Program.

29. PPL Electric's current DSP V Program was approved by the Commission on December 17, 2020. *See Petition of PPL Electric Utilities Corporation For Approval of Its Default Service Program and Procurement Plan for the Period June 1, 2021 Through May 31, 2025*, Docket No. P-2020-3029356 (December 17, 2020) ("*DSP V Order*"). The *DSP V Order* approved a Joint Petition for Partial Settlement ("*DSP V Settlement*") and ruled on remaining issues. The term of the DSP V Program is four years, from June 1, 2021 through May 31, 2025.

30. PPL Electric's DSP V Program relies on a portfolio of Fixed-Price Full Requirements supplies for Residential and Small C&I customers. The Residential customer portfolio also includes a meaningful percentage (100 MW, or approximately 10%) of long-term, 5-year fixed-price block supply. The product mixture is designed around the purchase of Fixed-Price Full Requirements products with 6- and 12-month contract terms using a ladder

procurement approach.⁶ The Company conducts competitive solicitations to purchase these Default Service products.

31. For its Large C&I customers, PPL Electric's DSP V Program provides full requirements, load-following power supply contracts with an energy component priced at wholesale electricity spot market prices on a real-time hourly basis to meet the Default Service demand of those customers electing to receive such service.

32. PPL Electric also offers a Default Service TOU rate option to Residential and Small C&I customers. Pursuant to PPL Electric's Default Service TOU rate option, the Company, as the Default Service Provider, procures generation to serve TOU customers from existing wholesale suppliers who provide supplies used to serve all other Default Service customers. The on-peak and off-peak rates are set pursuant to multipliers applied to the generation portion of the Price-to-Compare ("PTC") for the respective customer classes.

33. Energy supply contracts in DSP V do not require wholesale suppliers to provide AECs. Instead, PPL Electric acquires AECs for Default Service load under a separate auction process, pursuant to a pilot program that was included in the *DSP V Settlement*.

34. PPL Electric has successfully procured fixed-priced full requirements supply and spot market full requirements supply as part of its product portfolio going back to at least July 2007, when PPL Electric first began procuring supplies for its 2010 Competitive Bridge Plan, through its most recent DSP V solicitation. The results from PPL Electric's solicitations confirm that these Default Service products draw numerous competitors and that multiple bidders are

⁶ Under the laddered procurement approach, the procurements are staggered rather than procuring all of the products at the same time. Under the DSP V Program, a 12-month product, reflecting 40% of load requirements, net of the 100 MW long-term block products, continues in effect through November 30, 2025, for the Residential Class and a 12-month product, reflecting 25% of load requirements, continues in effect through November 30, 2025, for the Small C&I Class. In addition, for the Residential Class, one 50 MW block contract remains in effect through May 31, 2026, and the second 50 MW block contract expires November 30, 2026.

successful suppliers. There currently is substantial competition to supply the fixed-price full requirements products.

35. The DSP V Program's procurement process is administered by an independent third-party, NERA Economic Consulting ("NERA"). NERA monitors the results of each solicitation to ensure that they are consistent with prevailing market prices. NERA also submits confidential reports to the Commission evaluating the solicitation process and the results of each solicitation.

36. The DSP VI Program incorporates the best practices and lessons learned from the DSP V Program, and includes several modifications designed to better address customer needs for the DSP VI Program Period. These modifications include:

- Adopting 12-month and 24-month terms for the Fixed-Price Full Requirements, consistent with the terms of other Pennsylvania EDCs' DSPs;
- Including AECs as part of the Fixed-Price, Full Requirements products, which is a return to the procurement process prior to DSP V;
- Incorporating a new, 10-year block product to replace expiring five-year block products for the Residential Class;
- Procuring a new, 20-year product to obtain PA Solar AECs;
- Undertaking earlier semi-annual procurements (February and July of each year);
- Changing the annual effective date of the TSC, to more closely align to the effective date of PPL Electric's Federal Energy Regulatory Commission ("FERC") formula transmission rate;
- Certain changes to the form of SMA;
- Revisions to the Company's Standard Offer Program; and
- Changes to how customers who are shopping enroll in OnTrack .

IV. PROPOSED DSP VI PROGRAM

A. PROGRAM TERM

37. PPL Electric's past two DSP programs were each for a term of four years. *See DSP V Order; Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2017 Through May 31, 2021*, Docket No. P-2016-2526627 (Order entered October 27, 2016) ("*DSP IV Order*"). PPL Electric proposes to continue the four-year term for its Default Service Program so that the DSP VI Program will be in effect from June 1, 2025 through May 31, 2029. Continuing the four-year term of PPL Electric's Default Service Program will save litigation time and cost for PPL Electric, and other parties that participate in the DSP proceedings and the Commission. Lower Default Service Program costs will ultimately benefit participating customers with lower PTCs.

B. PROCUREMENT AND RATE DESIGN

38. The DSP VI Program will continue to rely upon Full Requirements contracts to meet the majority of the requirements of Default Service customers. The Company will continue to undertake separate procurements for Residential, Small C&I and Large C&I Customer Classes.

39. For the Residential Customer Class, PPL Electric proposes to rely substantially upon layered 12-month and 24-month Fixed-Price Full Requirements products. The Company proposes that procurements occur twice per year, in February and July, with the first procurement occurring in February, 2025 for Default Service beginning June 1, 2025. PPL Electric proposes to procure 150 MW of 10-year Long-Term Block products effective June 1, 2026. The Long-Term Block product will provide block supply and capacity credits. Exclusive of the Long-Term Block product for the Residential Class, the procurements will be approximately 10% of load under 12-month contracts, and 20% of load under 24-month contracts. *See* PPL Electric Exhibit JC-2. In addition, PPL Electric proposes to enter into one or

more new, long-term (20-year) contracts to acquire up to 30,000 PA Solar AECs annually. Treatment of the resulting AECs is explained in further detail in Section IV.B.4 of this Petition.

40. For the Small C&I Customer Class, PPL Electric proposes to procure layered 12-month and 24-month Fixed-price Full Requirements products. The procurements will be approximately 10% of load under 12-month contracts and 20% of load under 24-month contracts. See PPL Electric Exhibit JC-3.

41. The Large C&I Customer Class will continue to be served by 12-month, Spot Market Full Requirements contracts procured once a year.

42. As explained in Section IV.B.4, *infra*, the Company proposes to substantially end the pilot procurement of Default Service AECs separately through biannual competitive auctions, and return to requiring the suppliers of Full Requirements contracts for all customer classes to provide their proportionate share of AECs. Some AECs will continue to be procured through an annual auction, as explained further in Section IV B.4 of this Petition.

43. As explained in Section V, *infra*, the Company also proposes to continue to procure generation to serve TOU customers from wholesale suppliers as part of the regular Default Service auction.

1. Residential Fixed-Price Procurement and Rate Design

44. The Residential Customer Class is comprised of customers served under current PPL Electric Rate Schedules RS and RTS.

45. Under the proposed DSP VI Program, PPL Electric will acquire Residential Customer Class Default Service supply, through (1) a series of Fixed-Price Full Requirements contracts (approximately 85%) and (2) Long-Term Block contracts (approximately 15%). Under the Fixed-Price Full Requirements contracts, the Company will purchase energy, capacity, transmission (other than Non-market-based Transmission Services), ancillary services,

congestion management costs, transmission and distribution losses, AECs and such other services or products that are required to supply Default Service to PPL Electric's retail Residential customers. The Long-Term Block contracts will not procure AECs. To meet the AEC requirements for the supply procured through the Long-Term Block contracts, the Company will procure AECs separately through the PA Solar contract and auctions, as described in Section IV.B.4., *infra*.

46. The DSP VI Program provides for the purchase of Fixed-Price Full Requirements products with 12-month and 24-month contract terms on a semi-annual basis, using a ladder or staggered approach so that all of the products are not procured at the same time.⁷ The proposed schedule of procurements is set forth in Exhibits JC-2 and JC-3. As explained above, the Residential Customer Class also will be served with block supply procured pursuant to Long-Term Block contracts.

47. The costs incurred by PPL Electric to provide Default Service to the Residential Customer Class will be recovered through the GSC-1, separately computed with respect to the Residential Customer Class.

48. Costs recovered in the GSC-1 will include, among other costs, costs incurred under the various supplier contracts, costs incurred to separately procure AECs, and other services not otherwise provided under the supplier contracts, and costs incurred to acquire the supply and administer the DSP VI Program. The costs incurred prior to June 1, 2025, related to procurement of supply and other costs related to development and implementation of the DSP VI

⁷ The first solicitation under DSP VI will include a small percentage of 6-month fixed-price, full requirements, load-following contracts to transition from the use of 6-month and 12-month full requirements contracts to the use of 12-month and 24-month full requirements contracts.

Program, will be included in the GSC-1, as applicable, and will be amortized ratably over the 48-month term of the DSP VI Program.

49. The GSC-1 will be adjusted every six months to reflect the cost of the Default Service supply contracts in place for the upcoming six-month period. The GSC-1 will be reconciled every six months for over- and under recoveries by Customer Class.⁸ *Pro forma* tariff pages for the GSC-1 rate are attached in Attachment K.

2. Small C&I Fixed-Price Procurement and Rate Design

50. The Small C&I Customer Class is comprised of customers served under current PPL Electric Rate Schedules GS-1, GS-3 (under 100 kW), LP-4 (under 100 kW), GH-2, BL, SA, SM, SHS, SLE, SE, TS, and standby service for qualifying facilities. This is unchanged from the Small C&I Customer Class definition currently in effect for DSP V. The classification of individual C&I customers on Rate Schedules GS-3 and LP-4 as either Small C&I or Large C&I will be refreshed on June 1, 2025, based upon demand data for each customer's peak load contribution assigned for the 2024-2025 PJM Planning Year. This classification will be updated annually thereafter on June 1 of each year based upon the updated peak load contribution for each successive PJM Planning Year. Under the proposed DSP VI Program, PPL Electric will acquire 100% of the Small C&I Customer Class's Default Service supply through a series of Fixed-Price Full Requirements supply contracts. The Company will purchase energy, capacity, transmission (other than Non-market-based Transmission Services), ancillary services, congestion management costs, transmission and distribution losses, AECs and such other services or products that are required to supply Default Service to PPL Electric's retail Small

⁸ Also, any remaining under/over collections from the DSP V Program will be included in this reconciliation, including the time-of-use under/over collection within the respective customer classes.

C&I customers. Consistent with the procurement plan for the Small C&I Customer Class in DSP V, the Company does not propose to procure block supply for the Class in DSP VI.

51. The DSP VI Program provides for the purchase of Fixed-Price Full Requirements products with 12-month and 24-month contract terms on a semi-annual basis using a ladder or staggered approach so that all of the products are not procured at the same time.⁹ The proposed schedule of procurements is set forth in Attachment A.

52. The costs incurred by PPL Electric to provide Default Service to the Small C&I Customer Class will be recovered through the GSC-1, separately computed with respect to the Small C&I Customer Class.

53. Costs recovered in the GSC-1 will include, among other costs, costs incurred under the various supplier contracts, costs incurred to separately procure AECs, as needed, and other services not otherwise provided under the supplier contracts, and costs incurred to acquire the supply and administer the DSP VI Program. The Company's costs incurred prior to June 1, 2025, related to the procurement of supply for and other costs related to development and implementation of the DSP VI Program will be included in the GSC-1, as applicable, and will be amortized ratably over the 48-month term of the DSP VI Program.

54. The GSC-1 will be adjusted every six months to reflect the cost of Default Service supply contracts in place for the upcoming six-month period. The GSC-1 will be reconciled every six months for over- and under recoveries by Customer Class.¹⁰ *Pro forma* tariff pages for the GSC-1 rate are attached as Attachment I.

⁹ The first solicitation under DSP VI will include a small percentage of 6-month fixed-price, full requirements, load-following contracts to transition from the use of 6-month and 12-month full requirements contracts to the use of 12-month and 24-month full requirements contracts.

¹⁰ Also, any remaining under/over collections from the DSP V Program will be included in this reconciliation, including the time-of-use under/over collection within the respective customer classes.

3. Large C&I Procurement and Rate Design

55. The proposed Large C&I Customer Class under the DSP VI Program includes customers served under current PPL Electric Rate Schedules GS-3 (over 100 kW), LP-4 (over 100 kW), LPEP, LP-5, LP-6, and standby service for qualifying facilities. This is the same customer classification in effect for DSP V.

56. For the Large C&I Customer Class, the Company proposes to continue to obtain Default Service supply on a real-time hourly basis through the PJM spot market. PPL Electric proposes to issue a single annual solicitation to obtain competitive offers from suppliers to provide the Default Service spot market supply to the Large C&I Customer Class. These annual procurements will coincide with the PJM Planning Period. Annual solicitations will be held in February for the upcoming PJM planning period. This is the same solicitation process and basic product for Large C&I customers currently used in the Commission-approved DSP V Program and used under prior DSP programs.

57. The costs incurred by PPL Electric to provide Default Service to the Large C&I Customer Class will be recovered through the GSC-2, which remains unchanged from the GSC-2 tariff provisions approved in the DSP V Program.

58. Costs recovered in the GSC-2 will include PJM spot market energy, PJM capacity charges, the suppliers' charge for all other services based upon winning bids in the annual solicitation, costs incurred to separately procure AECs, as needed, and PPL Electric's costs to acquire the supply and administer the DSP VI Program. Customers in the Large C&I Customer Class will continue to pay the following three charges for Default Service under the GSC-2:

- An energy charge per kWh based on the real-time hourly spot-market price and the customer's actual hourly energy use.
- A capacity charge per kW based on the PJM RPM price for capacity and the customer's peak load contribution.

- An energy charge per kWh to recover all supplier charges and costs of any separately procured AECs, PPL Electric's cost of administration, both prospective costs and an amortization of previously incurred costs over the term of the DSP VI Program.

59. The GSC-2 will be revised annually, effective June 1 on thirty days advance notice, to reflect changes in costs.

60. The GSC-2 will continue to be reconciled on an annual basis. Also, any remaining under/over collections from the DSP V Program will be included in this reconciliation. *Pro forma* tariff pages for the GSC-2 rate are attached as Attachment K.

4. AEPS Procurement

61. Under the DSP V Program, PPL Electric procures all needed AECs pursuant to a semi-annual auction process. The separate procurement of AECs was approved as a pilot program for the DSP V period in the *DSP V Order*.

62. As explained in the direct testimony of Mr. Castanaro, PPL Electric has reviewed the separate procurement of AECs under DSP V to date, and has decided to substantially eliminate the separate AEC auction process. Therefore, under the DSP VI Program, PPL Electric proposes to reincorporate AECs as part of the Full Requirements contracts for all customer classes. AECs are not part of the supply requirements under the Long-Term Block product.

63. The Company proposes to retain the AEC auction process for several limited purposes. First, under DSP V, there are 12 month Fixed-Price Full Requirements contracts for Residential and Small C&I Customer Classes that are effective December 1, 2028. Because these contracts will continue in effect through the first six months of the DSP VI Period, it will

be necessary to separately procure AECs for those contracts.¹¹ Second, the Company's two existing Block contracts under DSP V will carry over to June and November, 2026, respectively. Third, the Company needs to reconcile for all customer classes the quantity of AECs needed through the end of the DSP V period to the amount of AECs actually procured for that period (June 1, 2024 through May 31, 2025). Fourth, the Company's proposed 10-year Long-Term Block contracts for the Residential Customer Class will not include AECs. Therefore, it will be necessary to retain the AEC auction process to procure needed AECs for that load, net of the AECs procured under the proposed Long-Term PA Solar contract.

64. As explained previously, PPL Electric also proposes to enter into a Long-Term contract to acquire 30,000 PA Solar AECs annually. The resulting AECs will be used to meet part of the AEC requirement associated with the Long-Term Block contracts for Residential Customers, thereby reducing the AECs that will need to be procured through the AEC auction process.

65. PPL Electric will procure needed AECs, beyond those provided by the Full Requirements contracts and the Long-Term PA Solar contracts, through annual competitive auctions held each July.¹² The auctions will be open to any qualified AEC aggregator or broker, and there is no supply cap for each auction. Further details regarding the AEC auction process are presented in the direct testimony of Mr. Castanaro (PPL Electric Statement No. 1).

¹¹ Because the full requirements contracts for the Large C&I class are procured annually effective June 1, there are no carryover contracts for that class.

¹² The Company anticipates that AEC procurement for the Small C&I and Large C&I Customer Classes will only be necessary for the initial six months of the DSP VI Program Period.

66. All costs incurred to procure AECs will be recovered through the GSC-1 and GSC-2, as applicable to the respective customer classes.¹³ Costs will be allocated to Default Service sales to the three customer classes, Residential, Small C&I and Large C&I, in proportion to the amount of separate AECs to be procured for each class.

67. Although PPL Electric anticipates that the proposed method for procuring AECs will result in minimal banking of AECs, if any excess AECs are obtained that cannot be used before expiration, PPL Electric will attempt to sell such excess AECs, with any revenues received from such sales credited to customers through the GSC.

5. TSC

68. The TSC recovers the demand-related (kW) portion of the costs that the Company incurs to provide transmission service, as well as other non-kW based charges incurred to provide transmission service to customers who receive Default Service from the Company. The TSC is charged to all customer classes, pursuant to the Company's TSC rate schedule. *See* Attachment K.

69. Under DSP V, the TSC is computed annually, for the twelve-month period June 1 through May 31. The TSC is also reconciled on an annual basis, effective June 1, for the twelve-month period ended March 31 of each year.

70. For DSP VI, the Company proposes to change the twelve-month effective period of the TSC to December 1 through November 30. The reconciliation period also will change from the twelve-month period ending March 31 to the twelve-month period ending September 30. As explained in greater detail in the direct testimony of Ms. Johnson, the Company proposes

¹³ There will be no separate price designation for AECs procured from wholesale suppliers pursuant to the Full Requirements contracts for all classes.

this change because PPL Electric's FERC-approved transmission formula rate, as recognized in the PJM Open Access Transmission Tariff, has changed and has been approved to be effective January 1 of each year. Revising the TSC rate effective date to December 1 will allow the Company to more accurately project TSC costs for the computation period, because the Company will know, prior to filing the new TSC charges, what the new transmission rates will be effective January 1.

6. DSP VI Program Procurements Represent a Prudent Mix of Supplies

71. The various procurements proposed for the different customer classes represent a prudent mix of supplies considering the success of retail competition in the Company's service territory, ongoing plans to continue supporting retail competition and the goal of providing reliable supply at reasonably stable rates over time.

72. The DSP VI Program product portfolio provides for Residential and Small C&I customer rates to change on a semiannual basis. For Large C&I customers, supply contracts will be procured on an annual basis, and will reflect an energy charge per kWh based on the real-time hourly spot-market price and the customer's actual hourly energy use. These portfolios ensure that customers have continued opportunities to assess competitive retail alternatives, while striking an appropriate balance between price stability and market-reflective prices. Further, the DSP VI Program product portfolio will be obtained through transparent competitive solicitations that have been successful in the Company's prior DSP procurements and elsewhere throughout Pennsylvania and the Mid-Atlantic U.S.

73. The proposed DSP VI Program continues to use a ladder approach whereby Fixed-Price Full Requirements products for Residential and Small C&I customers are purchased to establish Default Service pricing for 6-month periods, and in doing so, provides market reflective prices while continuing to reduce the risk of price volatility.

74. PPL Electric's proposed DSP VI Program product portfolio for its Residential customers continues to rely primarily, and for its Small C&I customers exclusively, on Fixed-Price Full Requirements products, which have a proven track record as prudent Default Service products. In addition, these products are well known throughout the industry and can be procured by PPL Electric to obtain competitively priced, reliable power supplies for Default Service. These Fixed-Price Full Requirements products support retail competition by tracking ongoing changes in wholesale electricity market prices and will provide the benefit of reasonable price stability. Further, Default Service rates are re-set through semiannual solicitations for Residential and Small C&I customers.

75. In addition, PPL Electric's proposed portfolio will include 10-year, Long-Term Block products, totaling 150 MW, to serve the Residential Customer Class, as well as a long-term (20-year) contract to procure 30,000 PA Solar AECs annually. These products will enable the Company to provide a more stable PTC for Residential Customers and support future resource adequacy, as explained in the direct testimonies of Mr. Cavicchi and Mr. Castanaro.

76. PPL Electric's proposed DSP VI Program product portfolio for its Large C&I customers continues the existing successful approach of using a full requirements, load-following, spot market product that is bid annually. There currently are very few Large C&I customers taking Default Service within PPL Electric's service territory. Based on the success of retail competition for Large C&I customers, and the Company's prior experience where a fixed-price, full requirements, load-following product for Large C&I customers did not attract sufficient bids, the Company proposes to continue its successful Large C&I spot market default service.

77. Further support for the Company's position that the proposed DSP VI Program product portfolio is prudent will be provided in the testimony submitted in support of this Petition.

C. DSP VI PROGRAM RFP PROCESS

78. PPL Electric will implement the DSP VI Program by holding solicitations pursuant to RFPs to obtain the Default Service products described above from competitive wholesale power suppliers. The *pro forma* Default Service RFP, the *pro forma* Long-Term Block RFP, the PA Solar AEC RFP and the AEC RFP are provided as Attachments A, C, E, and G, respectively. A contingency Block RFP is included as Attachment I.

79. PPL Electric based the *pro forma* Default Service RFP on the documents approved by the Commission in the DSP V Program proceeding. The direct testimony of PPL Electric witness Mr. Castanaro identifies changes that were made to the RFP. The RFP incorporates considerable experience obtained in other procurement proceedings and represents a transparent, well-defined and objective approach for PPL Electric's DSP VI Program. The Long-Term Block, PA Solar AEC and AEC RFPs are modeled after the Default Service RFP, with modifications consistent with the products being procured.

80. Separate bids will be solicited for the various products for Residential, Small C&I, and Large C&I Customer Classes. The Company proposes to hold solicitations consistent with the schedule presented in PPL Electric Exhibits JC-2 and JC-3. The schedule proposes to hold Full Requirements solicitations in February and July of each year, as compared to the April and October solicitation periods in DSP V. As explained in the direct testimony of Mr. Castanaro, the Company has determined that auctions held in February and July tend to produce more favorable results than April and October solicitations. The three Long-Term Block contracts will be procured in the October 2025, auction under DSP VI, for delivery beginning

June 1, 2026. The PA Solar AEC contracts will be procured in October 2025, for delivery beginning June 1, 2026. AEC contracts will be procured annually in July.

81. PPL Electric requests that the Commission approve the results of each competitive solicitation. As stated in the RFPs, the results for each solicitation will be presented to the Commission within one business day of the bid proposal due date for that solicitation. At that time, the Commission will have one business day to review those results and render a final decision. The Commission may either accept or reject all the winning bids presented for a customer group in their entirety. This is the same approval procedure used in the DSP V Program.

82. After receiving Commission approval of the solicitation results, PPL Electric will then execute transaction confirmations with the winning suppliers. The prices in the resulting wholesale supply agreements will form the basis of the rates charged to each of the customer classes. This is the same process used in the DSP V Program.

83. Each Full Requirements Default Service solicitation will be designed to procure a percentage of the Default Service load for each customer class. *See* PPL Electric Exhibits JC-2 and JC-3. The percentage of total Default Service supply included in each Full Requirements solicitation is further divided into “tranches,” which each represent a small percentage of Default Service load. For both the Residential and Small C&I Customer Classes, each tranche is a fixed percentage of the total Customer Class Default Service load, 2.5% for the Residential Customer Class and 5% for the Small C&I Customer Class.

84. The Default Service RFP tranche percentages are estimated to produce approximately 75 MW (for the Residential Customer Class) and 100 MW (for the Small C&I Customer Class) of peak load per tranche based on current PPL Electric forecasts and the

Customer Classes' 2024-2025 projected peak load contribution with PJM. The actual MW size of each tranche will depend on the Company's actual Default Service load at the time of delivery. Full Requirements supply must be load-following.

85. For the Large C&I Customer Class, the Default Service tranche sizes for the Large C&I Customer Class will be 10% per tranche to ensure that the load is sufficiently sized to obtain competitive bids. The Large C&I customer tranche size is approximately 200 MW per tranche, based upon current PPL Electric forecasts and the Customer Class's 2024-2025 projected peak load contributions with PJM.

86. As the Default Service RFP describes in detail, each winning supplier must provide the products and services required by the Company to fulfill its obligations as Default Service provider, including energy, capacity, transmission (other than Non-market-based Transmission Services), ancillary services, congestion management costs, transmission and distribution losses, AECs and such other services or products that are required to supply Default Service to PPL Electric's retail customers. As a result, each supplier will become the load-serving entity ("LSE") in PJM for its share of PPL Electric's Default Service load. PPL Electric, however, will remain the Default Service supplier for its retail customers.

87. All qualified suppliers, including the Company's affiliates, will have an opportunity to respond to PPL Electric's RFPs. Qualification is straightforward and requires primarily that the supplier be a member of PJM in good standing and meet certain fundamental credit-worthiness criteria. An individual bidder cannot bid on more than 85% of the available tranches for a Customer Class offered in each Default Service solicitation. In addition, for the Residential and Small C&I Customer Classes, an individual bidder cannot supply more than 50% of the Default Service load for a Customer Class during the DSP VI period. These limitations,

which are unchanged from DSP V, will encourage continued development of the competitive wholesale market by ensuring that all qualified competitors will have a true opportunity to be a winning supplier while aggregate exposure to any one fixed-price Default Service Customer Class supplier will be limited to 50%. There will be no solicitation or load cap applied to the other product procurements, and the Long-Term Block product will not be used in calculating a supplier's load cap.

88. As has been required under prior DSP programs, PPL Electric proposes that suppliers selected to serve any portion of PPL Electric's Default Service load be required to provide performance assurance. Such assurance is required to enable PPL Electric to recover costs arising from a supplier default. Depending upon its credit rating, a supplier will be extended an unsecured credit amount, and the required performance assurance will be a calculated amount in excess of any unsecured credit. The Company proposes that the performance assurance will be recalculated every business day based upon forward prices for energy and capacity to be delivered under the contract, as has been the practice in prior DSP programs.

D. SUPPLIER MASTER AGREEMENT

89. PPL Electric's proposed Default Service SMA is substantially unchanged from the current SMA approved by the Commission as part of PPL Electric's DSP V Program. The direct testimony of PPL Electric witness Mr. Castanaro identifies changes contained in the proposed SMA. In addition to adding back provisions concerning AEPS Act obligations, the Default Service SMA contains clarifications to supplier secured credit provisions, incorporates the International Swaps and Derivatives Association ("ISDA") 2018 U.S. Resolution Stay Protocol, and establishes a Capacity Proxy Price. Separate SMAs are proposed for the

Company's Full Requirements, Long-Term Block, PA Solar AEC and AEC products as well as a contingency Block SMA in the event the Long-Term Block procurement is unsuccessful.

90. PPL Electric's *pro forma* Default Service SMA is provided as Attachment B to this Petition. PPL Electric's *pro forma* SMAs for the Long-Term Block, PA Solar AEC, AEC and contingency Block products are provided as Attachments D, F, H and J respectively.

E. THIRD-PARTY MANAGER

91. PPL Electric has retained NERA as the independent third-party to administer each procurement, analyze the results of the solicitations for each Customer Class, select the supplier(s) that will provide services at the lowest cost, and submit all necessary reports to the Commission.

92. NERA has administered all of PPL Electric's DSP program procurements to date. NERA also is the administrator for other Default Service programs in Pennsylvania and elsewhere, and has substantial expertise in this arena. Based on NERA's proven track record and significant experience, the Company proposes to continue to retain NERA to administer the DSP VI Program.

F. RTO COMPLIANCE

93. Section 54.185(d)(4) of the Commission's regulations requires Default Service plans to include documentation that the program is consistent with the requirements regarding the generation, sale and transmission of electricity of the RTO in the control area where the Default Service provider is providing service. 52 Pa. Code § 54.185(d)(4). PPL Electric's DSP VI Program fully meets this requirement.

94. The SMAs and the RFP Rules require that both PPL Electric and any bidder in the procurement process must be in compliance with PJM requirements. For example, the *pro forma*

Default Service SMA recognizes PJM's authority and assures that each party is in compliance with PJM's tariff, operating agreement, reliability agreement, and business practices.

95. Additionally, Article 4 of the Full Requirements, Long-Term Block, and contingency Block RFPs require that an applicant must certify that it is a member of PJM, qualified as a market buyer, and market seller in good standing that is able to secure generation or otherwise obtain and deliver electricity in PJM through compliance with all applicable requirements of PJM to fulfill its obligation. An applicant must also certify that it has been authorized by FERC to make sales of energy, capacity and ancillary services at market-based rates.

G. CONTINGENCY PLANNING

96. Section 54.185(d)(5) of the Commission's regulations requires that Default Service plans include contingency plans to ensure the reliable provision of Default Service if a wholesale generation supplier fails to meet its contractual obligations. 52 Pa. Code § 54.185(d)(5). The DSP VI Program meets these requirements.

97. The DSP VI Default Service contingency plan is the same as that approved for DSP V. If the Commission rejects all bids for a given product, in a solicitation, or if some tranches of a given product in a particular solicitation do not receive bids, the Company will expeditiously seek guidance and approval from the Commission to address this shortfall in procurement of Default Service supply. If the Long-Term Block procurement fails to procure a minimum of 100 MW, the Company will seek to procure the product over a shorter term, using the Block product. If the Commission rejects all bids for the Block product, or if there are not at least two wholesale suppliers submitting offers for the Block energy tranches, the Company will offer the unsuccessful Block energy tranches during the next default service auction. The term of the Block contract will remain at five years when rebid. Following the third unsuccessful

auction for the Block products, PPL Electric will cease offering the Block product and instead seek Commission guidance.

98. If PPL Electric is unable to procure PA Solar AECs through the RFP, the Company will use the annual July AEC auction to procure the AECs needed. If PPL Electric does not garner enough bidder activity for the AEC portion of the July auctions, the Company will revert to using at least 3 brokers to procure AECs to satisfy the AEPS obligations. If brokers are unable to provide the Company with the necessary amount of AECs, PPL Electric will pay the Alternative Compliance Payment (“ACP”) to remain compliant with the AEPS Act. For AEC products, procurements will roll over the next solicitation, and if there is insufficient time to procure, the Company will solicit credits from brokers.

99. To the extent that unfilled tranches remain at the commencement of delivery for a given product, the Company will obtain Default Service supply through the spot market administered by PJM. Specifically, PPL Electric will supply the unserved load by purchasing energy and all other necessary services through the PJM-administered markets, including, but not limited to, the PJM energy, capacity, and ancillary services markets, and any other service required by PJM to serve such unserved load. PPL Electric proposes to recover all the costs of such purchases from Default Service customers in the retail rates charged for the service for which the purchases are made.

100. In the event a supplier defaults, PPL Electric will offer full requirements supply assignment to other winning bidders for the same product consistent with the step-up process described in the Default Service SMA. If this assignment is not successful, PPL Electric will offer full requirements supply assignment to all Default Service suppliers consistent with the Default Service SMA, even if a Default Service supplier does not serve tranches for that product.

These assignments will be offered at the original bid price in the event of default(s), or at the average price from the last successful bid for that product in the event of insufficient bids. If no supplier accepts, PPL Electric will seek guidance from the Commission. In the event a supplier of the Long-Term Block product defaults, PPL Electric will offer the remaining contract term to other suppliers at the contract price, pursuant to the step-up process detailed in the Long-Term Block SMA. In the event a supplier of the PA Solar AEC product defaults, PPL Electric will offer the remaining contract term to other suppliers at the contract price, pursuant to the step-up process detailed in the Long-Term PA Solar AEC SMA. If the Company incurs additional costs, including increased costs of supply, due to a supplier default, the Company will recover such costs through the applicable GSC, and all recoveries from the defaulting supplier shall be credited to the applicable GSC.

H. STANDARD OFFER REFERRAL PROGRAM

101. Retail competition is strong in PPL Electric's service territory. A significant number of customers in PPL Electric's service territory are taking competitive supply from EGSs, and there continues to be a large number of licensed EGSs serving residential customers in PPL Electric's service territory. However, EGS participation in the SOP has been inconsistent, which makes the program difficult to manage.

102. As part of PPL Electric's DSP V Program, the Commission approved the continuation of PPL Electric's SOP.¹⁴ The SOP is available to all non-CAP Residential customers, and Small C&I customers under 25 kW peak demand. The SOP provides participants with a standard 7% discount off the then-current PTC for a twelve-month term. A customer who elects the standard offer price may choose to receive service from a particular EGS participating

¹⁴ The SOP was first established in PPL Electric's DSP II Program.

in the program, and customers who do not chose a specific EGS will be randomly assigned to an EGS. Customers may exit a standard offer contract at any time without penalty, either to re-enroll in the SOP with a new rate, select another EGS or to return to Default Service.

103. PPL Electric has utilized a third-party to administer the SOP. Any customer who is interested in the SOP is transferred from PPL Electric to a separate, dedicated third-party service provider that will provide more detail regarding the SOP and enroll customers in the SOP.¹⁵ EGSs pay a fixed fee of \$28 per referred customer, which is remitted to the third-party service provider. In addition, customers who have elected to utilize PPL Electric’s Web Self Service program can choose to participate in the SOP without using the third-party service provider. In these instances, the supplier is not charged a referral fee. PPL Electric plans to continue using a third-party to administer its SOP. However, PPL Electric is proposing to increase the referral fee to \$33 per customer referral as explained in Ms. Stumpf’s direct testimony (PPL Electric Statement No. 3).

104. In DSP VI, PPL Electric seeks to address several issues that it has identified with the SOP. PPL Electric has experienced a lack of consistent EGS participation in the SOP, which can be frustrating for customers. PPL Electric has also found that the SOP creates “brand confusion” for customers because many customers are unaware that the SOP is a supplier product and not a PPL Electric product. Further, a review of historical data demonstrates that customers who enroll in the SOP pay more than Default Service rates if they fail to act after their SOP contract expires.

¹⁵ On June 5, 2023, PPL Electric notified the Commission that it was considering changing its SOP vendor from Hansen Solutions to First Contact, LLC d/b/a iQor.

105. In response to these concerns, PPL Electric is proposing to continue its SOP with several modifications, including: (1) requiring SOP suppliers to automatically transfer SOP customers to Default Service upon the expiration of the SOP contract unless the customer affirmatively elects to remain a shopping customer; (2) requiring suppliers to lock-in their participation status in the SOP 20 days before the start of the period rather than 5 days; (3) allowing PPL Electric to communicate with customers to inform them that their SOP contract is ending; and (4) requiring customer service representatives to offer the SOP to customers only once per month. PPL Electric is also proposing to modify the SOP script to adjust for any changes that may be approved by the Commission.

106. PPL Electric's proposed modifications to the SOP are further discussed in the direct testimony of Ms. Stumpf.

V. TIME OF USE PROCUREMENT AND RATE DESIGN

107. As the Default Service provider, PPL Electric is required to offer TOU rates to eligible customers. *See* 66 Pa. C.S. § 2087(f)(5); *DCIDA v. PUC*, 123 A3d 1124 (Pa. Cmwlth. 2015). The Company's currently-effective TOU Program was implemented pursuant to the Commission-approved settlement in *Proceeding Initiated to Comply with Directives Arising from the Commonwealth Court Order in DCIDA v. PUC, 123 A3d 1124 (Pa. Cmwlth 2015) Reversing and Remanding the order of the Commission Entered September 22, 2014 at Docket Number P-2013-2389572 in which the Commission had Approved PPL's Time of Use Plan*, Docket Nos. P-2016-2526627, et al. (Order entered May 17, 2018), and was modified in PPL Electric's DSP V case.¹⁶

¹⁶ *See Petition of PPL Electric Utilities Corporation for Approval of its Default Service Plan For the Period June 1, 2023 Through May 31, 2025* (Order entered Dec. 17, 2020).

108. The current TOU program implements a summer and winter term – the summer term runs June 1 through November 30, and the winter term runs December 1 through May 31. The summer term on-peak hours are 2:00 PM through 6:00 PM, Monday through Friday, excluding holidays off-peak hours are all other hours not deemed on-peak and include weekends and holidays. The winter term on-peak hours are 4:00 PM through 8:00 PM, Monday through Friday, excluding holidays. Off-peak hours are all other hours, including weekends and holidays.

109. On-peak and off-peak rates are based on the applicable generation rate for each respective customer class. Energy is procured from the wholesale suppliers serving Default Service. Wholesale suppliers are paid their bid price, as contracted, not the calculated TOU rates. The off-peak multiplier is 90% relative to the generation portion of the PTC in effect. The on-peak multiplier reflects the price differential between on-peak and off-peak spot market prices at the PPL Residual Aggregation Point, based upon a rolling five-year average. The rolling five-year average is recalculated each summer and winter. The remaining rate components of the PTC continue to apply to the calculated TOU rate. TOU reconciliation occurs across the Residential and Small C&I Customer Classes.

110. In the Commission-approved *DSP V Settlement*, PPL Electric agreed to perform additional analyses and reporting on the TOU program, including an evaluation of PPL Electric's Residual Aggregation Point Locational Margin Prices, and residential and small commercial and industrial load, by hour, for the preceding two calendar years.¹⁷ The results of these analyses are explained in the direct testimony of Mr. Castanaro.

¹⁷ See *DSP V Settlement* at ¶¶ 27-28, at 9-10.

111. Based upon the Company's analyses, PPL Electric proposes to change the TOU on-peak hours to 3:00 PM to 7:00 PM annually, eliminating the separate summer and winter terms. In all other respects, the Company proposes to continue the TOU as established in DSP V.

112. PPL Electric's website has also been updated with additional information regarding TOU, as required by the *DSP V Settlement*.¹⁸

VI. ONTRACK ENROLLMENT AND DEFAULT SERVICE

113. The Commission's DSP V Order established that OnTrack customers are not permitted to have a supplier contract. The current OnTrack rules require a customer to cancel their supplier contract as a condition of enrollment in OnTrack.

114. However, requiring customers to cancel their supplier contracts on their own, rather than allowing the Company to return them to default service, can be a barrier to customer enrollment. Therefore, PPL Electric proposes to modify its procedures so that the Company can automatically return OnTrack customers to default service upon enrollment in OnTrack. Additionally, the Company requests that the Commission order that suppliers are prohibited from charging early termination fees to customers who terminate their contracts to enroll in OnTrack.

VII. ADDITIONAL REQUESTED RULING PURSUANT TO 66 PA.C.S. § 2102

115. In addition to approving all aspects of the DSP VI Program and the requested waivers, PPL Electric respectfully requests that the Commission approve the SMAs as affiliated interest agreements under 66 Pa.C.S. § 2102 and include such approval in its final order.

116. Under 52 Pa. Code § 54.186(b)(5), an affiliated supplier may participate in a Default Service provider's competitive bid solicitations for generation service. PPL Electric

¹⁸ *Id.*

currently does not have any affiliated suppliers.¹⁹ However, in the event any suppliers were to become affiliated with PPL Electric during the DSP VI Program Period, any such unregulated affiliates will be permitted to participate in the Company's Default Service, Long-Term Block, PA Solar AEC, contingency Block or AEC supply solicitations. If one of those affiliates is the successful bidder for one or more tranches of supply, PPL Electric would enter into an SMA with that affiliate.

117. It would not be practical or efficient, in light of the procurement schedule noted above, for the Commission to review the SMAs under 66 Pa.C.S. § 2102 following the solicitation processes. Rejection or significant modification of these agreements after a solicitation has concluded, and winning bidders have been selected, could significantly disrupt the Company's Default Service procurement process.

118. The Company notes that prior DSP programs' SMAs were approved by the Commission under 66 Pa.C.S. § 2102(b) in advance of the execution of contracts with PPL Electric's affiliate.

VIII. WAIVERS

119. Pursuant to 52 Pa. Code § 54.185(f), a Default Service provider "shall include requests for waivers from the provisions of this subchapter in their Default Service program

¹⁹ See *Joint Application of PPL Interstate Energy Company and PPL Electric Utilities Corporation for All of the Necessary Authority, Approvals, and Certificates of Public Convenience (1) for the Transfer of PPL Corporation's Ownership Interest in PPL Interstate Energy Company to Talen Energy Corporation, and Certain Post Closing Transactions Associated therewith; (2) for the Transfer of Certain Property Interests Between PPL Electric Utilities Corporation and PPL Energy Supply, LLC, and its Subsidiaries in Conjunction with the Transfer of All of the Interests of PPL Energy Supply, LLC and its Subsidiaries to Talen Energy Corporation; (3) for any Modification or Amendment of Associated Affiliated Interest Agreements; and (4) for any Other Approvals Necessary to Complete the Contemplated Transactions*, Docket Nos. A-2014-2435752, A-2014-2435833, 2015 Pa. PUC LEXIS 157 (Order entered April 15, 2015).

filings.”²⁰ Consistent with the Commission’s regulations, PPL Electric requests a waiver of a limited number of the Commission’s regulations as identified below.

120. In the *End State Order*, the Commission directed EDCs to offer quarterly PTCs that are synchronized with the PJM energy year for Residential and Small C&I Customer Classes. Further, the Commission directed that the EDC auctions be held far enough in advance to permit EDCs to establish a final PTC no less than 45 days prior to the effective date of the PTC.

121. PPL Electric seeks a waiver of the quarterly PTC requirement and, instead, proposes to continue to offer semi-annual PTC changes. The semi-annual PTC was approved in DSP III and continued through DSP V. The six-month PTC changes, and associated six-month reconciliations, reduce volatility in the PTC. Moreover, the six-month PTC changes support retail competition by providing customers greater certainty when evaluating shopping opportunities and by providing EGSs greater certainty when developing offers. The PTC changes will continue to be synchronized to the PJM energy year (twelve months ended May 31).

122. PPL Electric also seeks a waiver from the requirement to issue a final PTC 45 days prior to the effective date of the PTC, and to continue the issuance of the PTC 30 days in advance of the effective date that was approved for DSP III through DSP V.

123. Section 69.1804 of the Commission’s DSP Policy Statement, 52 Pa. Code § 69.1804, provides that default service plans should be for two years, unless otherwise directed by the Commission. As explained previously, PPL Electric proposes that the term of DSP VI Program be for four years. As a policy statement, 52 Pa. Code § 69.1804 does not have the force

²⁰ See also 52 Pa. Code § 1.91 (2008).

of law, and no waiver is required. Nonetheless, for reasons explained in Section IV.A of this Petition, PPL Electric requests that the Commission approve DSP VI for a period of four years.

124. To the extent waiver of the Commission's regulation is necessary to implement PPL Electric's SOP proposal, the Company requests waiver of 52 Pa. Code § 54.10(3) to automatically return customers to default service upon conclusion of their SOP contract unless the customer affirmatively elects otherwise.

IX. DSP VI PROGRAM IS IN THE PUBLIC INTEREST

125. PPL Electric believes that the proposed DSP VI Program is in the public interest because it contains many features that support the continued development of retail competition in Pennsylvania. The Company will procure contracts for its Default Service supply needs through transparent competitive solicitations with all qualified wholesale suppliers being eligible to participate. EGSs will continue to have an ability to compete to supply PPL Electric's retail customers.

126. The DSP VI Program, consistent with 66 Pa.C.S. § 2807(3.7), will obtain supply at least cost, and provide adequate and reliable service to customers via a prudent mix of products. Specifically, the DSP VI Program proposes to obtain supply through the use of 12-month Full Requirements, 24-month Full Requirements, 10-year Block and PA Solar contracts and Spot Market purchases.

127. The proposed DSP VI Program satisfies "least cost" requirements by regularly holding transparent solicitations in which wholesale suppliers can compete with one another to provide Default Service supply. Over time this approach will produce Default Service prices that are least cost given the underlying energy market conditions.

128. The DSP VI Program also includes prudent steps to obtain supply contracts. PPL Electric has designed its proposal to incorporate both third-party administration and Commission

oversight. PPL Electric anticipates that the independent third-party procurement manager will work closely with the Commission and that the Commission will monitor each step of the process, including implementation of each RFP, the evaluation of bids and final selection of winning bidders.

129. Furthermore, PPL Electric is proposing a proven RFP process, which will continue to promote competition among wholesale suppliers.

130. The DSP VI Program procurement and rate design reflects a careful and appropriate balance of customer and competitive interests. Default Service supply for Residential and Small C&I customers will include fixed-price procurement, and customer rates will change every six months. Through this process, customers will be exposed to changing market conditions and prices, but in a way that reduces price volatility. Large C&I customers will be more fully exposed to market prices through the procurement of electric energy at spot market prices.

131. Section 2807(e)(3.7) requires that the Commission make a specific finding, *inter alia*, that “[n]either the default service provider nor its affiliated interest has withheld from the market any generation supply in a manner that violates Federal law.” 66 Pa.C.S. § 2807(e)(3.7). In addition, under the various FERC codes of conduct, PPL Electric is precluded from discussing any market-related issues with its affiliates that own generation. As explained above, PPL Electric currently does not have any affiliated suppliers.

X. CUSTOMER NOTICE

132. The Company will provide public notice of this filing.

133. First, PPL Electric has served copies of the filing on the Pennsylvania Office of Consumer Advocate, Pennsylvania Office of Small Business Advocate, the Commission’s

Bureau of Investigation and Enforcement, EGSs registered in its service territory²¹ and PJM as required by the Commission's regulations at 52 Pa. Code § 54.185(b).

134. Second, PPL Electric will publish a notice describing the DSP VI Program and comment procedures in major newspapers serving its service territory. *See* 52 Pa. Code § 54.188(e)(1), referencing 52 Pa. Code § 53.68. That notice will inform customers about this filing, explain where to obtain copies of the filing, and describe the procedure for filing comments or complaints with the Commission.

135. Third, consistent with 52 Pa. Code § 54.185(c), the filing will be posted on PPL Electric's web site at www.pplelectric.com.

136. Finally, the Company requests that the Commission publish notice of this filing in the Pennsylvania Bulletin, and that a reasonable deadline for intervention be set as part of that notice.

137. PPL Electric believes that these various communications initiatives will provide all interested parties with full notice of the Company's proposals and an opportunity to participate in any Commission proceeding addressing those proposals. However, if the Commission concludes that additional notice would be appropriate, the Company will provide such additional notice as the Commission may direct.

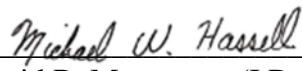
²¹ Due to the number of EGSs registered in PPL Electric's service territory, the Company is providing an electronic link to a full copy of the Petition and supporting Attachments to the EGSs that did not actively participate in the Company's last DSP proceeding. Hard copies will be made available upon request.

XI. CONCLUSION

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission approve the Default Service Program and Procurement Plan for the Period June 1, 2025 through May 31, 2029, as set forth in this Petition and the attachments hereto, to establish the terms and conditions under which PPL Electric will obtain supply for its Provider of Last Resort obligation, approve recovery of all costs of obtaining that supply, approve the contracts as affiliated interest agreements, and grant the requested waivers explained above to implement the DSP VI Program. PPL Electric respectfully requests that the Commission enter its final order approving the DSP VI Program within nine months or no later than December 20, 2024.

Respectfully submitted,

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Dated: March 12, 2024

Attorneys for PPL Electric Utilities Corporation

Attachment A

PPL Electric Utilities Corporation

Default Service

Request for Proposals (RFP) Process and Rules

[Month] [Day], 2024

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, 2025.
- 1.1.3 PPL Electric is issuing this RFP to procure Default Service Supply for the period beginning June 1, 2025, 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. All determinations of peak demand and classification of customers will be reassessed annually on June 1 each year, throughout the period of June 1, 2026 through May 31, 2029.
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 1) 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”), 2) supply purchased in prior default service program under Docket No. P-2020-3019356 associated with load supplied through 50 MW of energy and capacity for the period June 1, 2021 through May 31, 2026 and with load supplied through 50 MW of energy and capacity for the period December 1, 2021 through November 30, 2026, and 3) supply associated with load supplied through Long term power supply contracts¹ for the period June 1, 2026 through May 31, 2036. (referred to collectively herein as “Block Supply Purchases”). Appropriate contract and performance data will be provided on PPL Electric’s RFP Web site.

¹ Long term power supply is contracted for 150 MW of block service and bilateral transferred capacity for the period of June 1, 2026 – May 31, 2036 under the current default service program under Docket No. P-2024-[-]. The Long Term Power Supply RFP is scheduled to be held in October 2025. Should the RFP be unsuccessful, PPL Electric intends to hold a contingency event to procure a quantity of block supply for a 5-year term. The results of the Long Term Power Supply RFP or contingency block supply product procurement will be posted to the procurement Web site and Default Service Suppliers will be notified.

- 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. In addition, Default Service Suppliers will also be responsible for providing Alternative Energy Credits (“AECs”) necessary for PPL Electric to meet its obligations under the Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1 1648.8, (“AEPS Act”) as set forth in Appendix D and Exhibit 2 of the Default Service SMA, during the Delivery Period of a Transaction Confirmation. PPL Electric will obtain a limited amount of AECs from separate AEPS procurement(s) approved by the Commission. PPL Electric, at its option, will reduce the amount of AECs that Default Service Suppliers must provide by a pro rata share of the separately acquired AECs. Prior to each solicitation, PPL Electric will inform RFP Bidders of the amounts of AECs allocated for this purpose for each tranche of each product for which Default Supply is procured in that solicitation. PPL Electric will be responsible for complying with all applicable PJM demand response operating rules.
- 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, 2025 through May 31, 2026).

- 1.1.9 For the Residential Customer Group, the first solicitation seeks to procure 24-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group, 12-month Fixed Price Products serving 30.00% of the Default Service Load for the Residential Customer Group, and 6-month Fixed Price Products serving 10.00% of the Default Service Load for the Residential Customer Group. The second solicitation seeks to procure 24-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group and 12-month Fixed Price Products serving 30.00% of the Default Service Load for the Residential Customer Group. The third solicitation seeks to procure 24-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group and 12-month Fixed Price Products serving 10.00% of the Default Service Load for the Residential Customer Group. The fourth solicitation seeks to procure 24-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group and 12-month Fixed Price Products serving 10.00% of the Default Service Load for the Residential Customer Group. The fifth solicitation seeks to procure 24-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group and 12-month Fixed Price Products serving 10.00% of the Default Service Load for the Residential Customer Group. The sixth solicitation seeks to procure 24-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group and 12-month Fixed Price Products serving 10.00% of the Default Service Load for the Residential Customer Group. The seventh solicitation seeks to procure 24-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group and 12-month Fixed Price Products serving 10.00% of the Default Service Load for the Residential Customer Group. The eighth solicitation seeks to procure 24-month Fixed Price Products serving 20.00% of the Default Service Load for the Residential Customer Group and 12-month Fixed Price Products serving 10.00% 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 24-month Fixed Price Products serving 20.00% of the Default Service Load for the Small C&I Customer Group, 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 10.00% of the Default Service Load for the Small C&I Customer Group. The second solicitation seeks to procure 24-month Fixed Price Products serving 20.00% of the Default Service Load for the Small C&I Customer Group and 12-month Fixed Price Products serving 30.00% of the Default Service Load for the Small C&I Customer Group. The third solicitation seeks to procure 24-month Fixed Price Products serving 20.00% of the Default Service Load for

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- 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, 2025	11:59:59 p.m. EPT, November 30, 2025
1	12-month ¹	12:00:00 a.m. EPT, June 1, 2025	11:59:59 p.m. EPT, May 31, 2026
1	24-month	12:00:00 a.m. EPT, June 1, 2025	11:59:59 p.m. EPT, May 31, 2027
2	12-month	12:00:00 a.m. EPT, December 1, 2025	11:59:59 p.m. EPT, November 30, 2026
2	24-month	12:00:00 a.m. EPT, December 1, 2025	11:59:59 p.m. EPT, November 30, 2027
3	12-month ¹	12:00:00 a.m. EPT, June 1, 2026	11:59:59 p.m. EPT, May 31, 2027
3	24-month	12:00:00 a.m. EPT, June 1, 2026	11:59:59 p.m. EPT, May 31, 2028
4	12-month	12:00:00 a.m. EPT, December 1, 2026	11:59:59 p.m. EPT, November 30, 2027
4	24-month	12:00:00 a.m. EPT, December 1, 2026	11:59:59 p.m. EPT, November 30, 2028
5	12-month ¹	12:00:00 a.m. EPT, June 1, 2027	11:59:59 p.m. EPT, May 31, 2028



5	24-month	12:00:00 a.m. EPT, June 1, 2027	11:59:59 p.m. EPT, May 31, 2029
6	12-month	12:00:00 a.m. EPT, December 1, 2027	11:59:59 p.m. EPT, November 30, 2028
6	24-month	12:00:00 a.m. EPT, December 1, 2027	11:59:59 p.m. EPT, November 30, 2029
7	12-month ¹	12:00:00 a.m. EPT, June 1, 2028	11:59:59 p.m. EPT, May 31, 2029
7	24-month	12:00:00 a.m. EPT, June 1, 2028	11:59:59 p.m. EPT, May 31, 2030
8	12-month	12:00:00 a.m. EPT, December 1, 2028	11:59:59 p.m. EPT, November 30, 2029
8	24-month	12:00:00 a.m. EPT, December 1, 2028	11:59:59 p.m. EPT, November 30, 2030

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	6-month (Solicitation #1)	10.00%	4	2.50%	2,987
	12-month (Solicitation #1)	30.00%	12	2.50%	
	24-month (Solicitation #1)	20.00%	8	2.50%	
	12-month (Solicitation #2)	30.00%	12	2.50%	
	24-month (Solicitation #2)	20.00%	8	2.50%	
	12-month (Solicitation #3)	10.00%	4	2.50%	
	24-month (Solicitation #3)	20.00%	8	2.50%	
	12-month (Solicitation #4)	10.00%	4	2.50%	
	24-month (Solicitation #4)	20.00%	8	2.50%	
	12-month (Solicitation #5)	10.00%	4	2.50%	
	24-month (Solicitation #5)	20.00%	8	2.50%	
	12-month (Solicitation #6)	10.00%	4	2.50%	
	24-month	20.00%	8	2.50%	

	(Solicitation #6)				
	12-month (Solicitation #7)	10.00%	4	2.50%	
	24-month (Solicitation #7)	20.00%	8	2.50%	
	12-month (Solicitation #8)	10.00%	4	2.50%	
	24-month (Solicitation #8)	20.00%	8	2.50%	
Small Commercial and Industrial	6-month (Solicitation #1)	10.00%	2	5.00%	1,943
	12-month (Solicitation #1)	30.00%	6	5.00%	
	24-month (Solicitation #1)	20.00%	4	5.00%	
	12-month (Solicitation #2)	30.00%	6	5.00%	
	24-month (Solicitation #2)	20.00%	4	5.00%	
	12-month (Solicitation #3)	10.00%	2	5.00%	
	24-month (Solicitation #3)	20.00%	4	5.00%	
	12-month (Solicitation #4)	10.00%	2	5.00%	
	4-month (Solicitation #4)	20.00%	4	5.00%	
	12-month (Solicitation #5)	10.00%	2	5.00%	
	24-month (Solicitation #5)	20.00%	4	5.00%	
	12-month (Solicitation #6)	10.00%	2	5.00%	
	24-month (Solicitation #6)	20.00%	4	5.00%	
	12-month (Solicitation #7)	10.00%	2	5.00%	
	24-month (Solicitation #7)	20.00%	4	5.00%	
	12-month (Solicitation #8)	10.00%	2	5.00%	
	24-month (Solicitation #8)	20.00%	4	5.00%	
Large Commercial and Industrial	12-month Spot Market (Solicitation #1)	100.00%	10	10.00%	1,759
	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 2025 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 2025 through 2028 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, 2025 through May 31, 2029, 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-2024-[REDACTED] or Docket No. P-2020-3019356, 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-2024-[REDACTED] or Docket No. P-2020-3019356, respectively; must not exceed the Aggregate Load Cap at any given point in time during the period June 1, 2025 through May 31, 2029. 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 (electronic issuance and presentation)
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 Default Service Suppliers are also responsible for providing AECs necessary for PPL Electric to meet its obligations under the AEPS Act during the Delivery Period as specified in Appendix D and Exhibit 2 of the Default Service SMA. Default Service Suppliers will be required to participate exclusively in the PJM-Environmental Information System ("EIS") Generation Attribute Tracking System ("GATS") to demonstrate proof of performance and will be responsible for any costs and penalties incurred by PPL Electric associated with non-performance.
- 1.3.4 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 February 2025, Default Service solicitations will take place on a semi-annual basis. The Bid Proposal Due Dates will occur in or about the following months:

- February/March 2025
- July/August 2025
- February/March 2026
- July/August 2026
- February/March 2027
- July/August 2027
- February/March 2028
- July/August 2028

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 contracts for Default Service Supply.

- Five weeks or more: RFP Addendum Issued, Bidder Interest Form and Confidentiality Agreement Available, RFP Data Room Opens;
- Three and one-half weeks or more: Bidder Information Session;
- Two and one-half weeks or more: 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 February or March, 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	4			
	12-month	12	12	4	4
	24-month	8	8	8	8
Small Commercial and Industrial	6-month	2			
	12-month	6	6	2	2
	24-month	4	4	4	4
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	12-month	4	4	4	4
	24-month	8	8	8	8

Small Commercial and Industrial	12-month	2	2	2	2
	24-month	4	4	4	4
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 an 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); 5) submits a completed **Electronic Funds Transfer Authorization Form and a W-9 Form**, if applicable; and, 6) submits an executed copy of the Binding Bid Agreement provided as Appendix 9 through PPL Electric's Proposal Submission Web site. 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 The exclusive method of responding to Bidder Qualifications is through the 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 through PPL Electric's Proposal Submission Web site 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. If an applicant is notified of any deficiencies, such applicant is required to respond to the deficiency notice by the deadline specified in the deficiency notice in accordance with Section 7.2.2. 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 or indicate that the RFP Bidder is not seeking to be granted unsecured credit under the Default Service SMA; 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) online through 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.

4.3 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 through PPL Electric's Proposal Submission Web site 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 email.

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 3.1.7. Applicants are required to submit such certifications through PPL Electric's Proposal Submission Web site 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 through PPL Electric's Proposal Submission Web site 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 6) 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 3.1.7, 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, through PPL Electric's Proposal Submission

Web site 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 an RFP Bidder is notified of any deficiencies, such RFP Bidder is required to respond to the deficiency notice by the deadline specified in the deficiency notice in accordance with Section 7.2.2.

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 must be in a form that allows for electronic issuance and presentation of documents. An acceptable Bid Assurance LOC form that allows for electronic issuance and presentation of documents is provided as Appendix 7 and 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 the Bid Assurance LOC form that are non-substantive or clarifying in nature. The applicant proposing modifications to the Bid Assurance LOC 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 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 the Bid Assurance LOC form 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 that allows for electronic issuance and presentation of documents is provided as **Exhibit 5** in the Default Service SMA. An acceptable Unconditional Guaranty form is provided as **Exhibit 6** in the Default Service SMA. As part of its Bidder Qualifications, an applicant may propose modifications to the Performance Assurance LOC form or the Unconditional Guaranty form that are non-substantive or clarifying in nature. The applicant proposing modifications to the Performance Assurance LOC form 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 the Performance Assurance LOC form 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 the Performance Assurance LOC form 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 must be positive and 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 1.1.20 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 that allows for electronic issuance and presentation of documents is provided as Appendix 7; electronic copies of the 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 form 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, Default Service Program IV, and Default Service Program V) 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. Each RFP Bidder assumes full responsibility for timely submission of its Bidder Qualification materials.
- 6.1.4 Bid Assurance Collateral for a solicitation in the form of an LOC must be in a form that allows for electronic issuance and presentation of documents (Appendix 7) and must be submitted to the following email address:

Email: PPLELECTRIC_BIDLC@PPLWEB.COM

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. Each RFP Bidder assumes full responsibility for timely delivery of its Bid Assurance Collateral. For avoidance of doubt, a hardcopy LOC is not an acceptable form of Bid Assurance Collateral.

- 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 email. The execution of a Transaction Confirmation is all that will be required in subsequent solicitations wherein an 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 email 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 RFP Bidder.

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 is not obligated to review Bidder Qualifications 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 or prior to 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(s) for such Product. For avoidance of doubt, if a Bid Proposal Spreadsheet is submitted more than once for a Product, only the last submitted Bid Proposal Spreadsheet will be evaluated and the earlier submissions will be considered void.

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 in a form 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 no later than the next business day following the PUC approval in the event the PUC approves the results prior to the expected decision date, or no later than the next business day following the expected decision date in the event the PUC does not 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 (not supported by third-party credit enhancements, or, if unavailable, the most current corporate issuer rating)

Moody's Investor Services

Current Rating: _____

(Senior Unsecured Long-Term Debt Rating (not supported by third-party credit enhancements, or, if unavailable, the most current corporate issuer rating)

Fitch Ratings

Current Rating: _____

(Senior Unsecured Long-Term Debt Rating (not supported by third-party credit enhancements, or, if unavailable, the most current corporate 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.

- ☐ July/August 2025 solicitation
- ☐ February/March 2026 solicitation
- ☐ July/August 2026 solicitation
- ☐ February/March 2027 solicitation
- ☐ July/August 2027 solicitation
- ☐ February/March 2028 solicitation
- ☐ July/August 2028 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 7

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
827 HAUSMAN RD., 1ST FLOOR
ALLENTOWN, PA 18104
ATTN: PPL ELECTRIC ENERGY PROCUREMENT TEAM

ELECTRONIC ISSUE ADDRESS: PPLELECTRIC_BIDLC@PPLWEB.COM

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 PPLELECTRIC_BIDLC@PPLWEB.COM. 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 YOUR EMAIL ADDRESS: PPLELECTRIC_BIDLC@PPLWEB.COM TO THE FOLLOWING ISSUER EMAIL ADDRESS: _____[INSERT ISSUER EMAIL ADDRESS], AND CONFIRMED BY TELEPHONE TO US AT ONE OF THE FOLLOWING NUMBER(S): _____ OR _____[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 ELECTRIC 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 ELECTRIC 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 PRACTICE FOR DOCUMENTARY CREDITS, 2007 REVISION - ICC PUBLICATION NO. 600, AS SUPPLEMENTED BY THE eUCP VERSION 2.0, 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, 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 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. All determinations of peak demand and classification of customers will be reassessed annually on June 1 each year, throughout the period of June 1, 2026 through May 31, 2029..
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		* Required Field
Contact Name		* Required Field
Phone Number		* 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		* Required Field
	2	\$1,000,000		* Required Field
	3	\$1,500,000		* Required Field
	4	\$2,000,000		* 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		* Required Field
Contact Name		* Required Field
Phone Number		* 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:

Bids	Total Tranches Supplied	Bid Assurance Collateral Amount	Price (US\$/MWh)	
	1	\$500,000		* Required Field
	2	\$1,000,000		* Required Field
	3	\$1,500,000		* Required Field
	4	\$2,000,000		* Required Field
	5	\$2,500,000		* Required Field
	6	\$3,000,000		* Required Field
	7	\$3,500,000		* Required Field
	8	\$4,000,000		* Required Field
	9	\$4,500,000		* Required Field
	10	\$5,000,000		* 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 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: _____

Attachment B

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

DATED _____

DEFAULT SERVICE SUPPLIER MASTER AGREEMENT

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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.

Allocated AECs – Shall mean the types and amounts of AECs specified on Appendix D and Exhibit 2.

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.

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 Supplier, 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 be included in the calculation of DS Load.

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 – Shall mean 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.

Generator Attribute Tracking System or “GATS” - The system owned and operated by PJM Environmental Information Services, Inc. to provide reporting and tracking services to its subscribers in support of the AEPS Act, or any successor credit registry selected by the PaPUC (as specified in Appendix D).

Guaranty – A guaranty, suretyship, hypothecation agreement, margins or security agreement or any other document in the form attached as EXHIBIT 6 – UNCONDITIONAL GUARANTY 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 Credit Limit.

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 CREDITWORTHINESS 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 long-term debt rating as defined in Appendix A of this Agreement.

Minimum Transfer Amount - \$100,000.00.

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 - Shall mean the price for Off-Peak Hours for each Billing Month of the delivery period stated in terms of \$/MWh as based on commercially available market prices 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 – Shall mean those hours which are not On-Peak Hours.

On-Peak Energy Forward Price – Shall mean the price for On-Peak Hours for each Billing Month of the delivery period stated in terms of \$/MWh as based on commercially available market prices 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 Hours – Shall mean 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 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.

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” – Shareholder equity less intangible assets, prepayments, and other relevant factors, as determined from audited financial statements and reviewed and adjusted as necessary. 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.

Tier I AEC – Shall mean an AEC generated by a non-solar photovoltaic energy source that will satisfy the non-solar photovoltaic Tier I requirements of the AEPS Act applicable to the Company (as specified in Appendix D and Exhibit 2).

Tier I (Solar) AEC – Shall mean an AEC generated by a solar photovoltaic energy source that will satisfy the Tier I solar photovoltaic requirements of the AEPS Act applicable to the Company (as specified in Appendix D and Exhibit 2).

Tier II AEC - Shall mean an AEC generated by a non-solar photovoltaic energy source that will satisfy the Tier II requirements of the AEPS Act applicable to the Company (as specified in Appendix D and Exhibit 2).

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 – Shall mean 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 – Shall mean the date that a Transaction is effective as set forth in the Transaction Confirmation.

Unaccounted for Energy – Shall mean 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 PMEA/FMEA Adjustment Amount for any Billing Month in which the PMEA 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;
- (viii) To comply in a timely manner with all obligations under this Agreement imposed upon the DS Supplier; and
- (ix) To comply with the AEPS requirements set forth in Appendix D and Exhibit 2.

(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 PMEA/FMEA Adjustment Amount for any Billing Month in which the FMEA exceeds the PMEA, 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 the 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 4, 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 4), 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 DS Supplier shall direct PJM to invoice DS Supplier and Buyer for charges and credits relating to DS Supplier’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 and DS Supplier 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 and Company's costs and attorney's fees incurred on account of such claims, 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 the 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 that 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) Fails to transfer Alternative Energy Credits in compliance with the requirements of Appendix D and Exhibit 2 (DS Supplier’s Obligations for AEPS Compliance) if such failure is not remedied within three (3) Business Days after written notice;
- (c) 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;
- (d) Makes an assignment for the benefit of its creditors;
- (e) 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;
- (f) In the case of a DS Supplier, is dissolved or is the subject of a Merger Event;
- (g) 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;
- (h) Has a resolution passed for its winding-up, official management or

liquidation;

- (i) 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;
- (j) 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;
- (k) 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;
- (l) 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;
- (m) Violates any federal, state or local code, regulation or statute applicable to the provision of DS Supply and/or AECs 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 or regulatory 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;

- (n) Is the subject of an involuntary bankruptcy or similar proceeding;
- (o) 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;
- (p) 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;
- (q) Makes a materially incorrect or misleading representation or warranty under this Agreement or under any response to the DS Solicitation;
- (r) 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

(s) 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), (d), (e), (f), (g), (h) (i), and (j) 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 (including attorneys' fees) 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) resulting from (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 minus (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) **Damages Resulting from DS Supplier's Failure to Satisfy its AEPS**

Obligations: Damages resulting from the DS Supplier's failure to continuously meet and satisfy all or any portion of its obligations under Section 2.2(a)(ix) of this Agreement shall include, but not be limited to, the amount of all penalties and costs associated with the procurement of additional AECs, including, without limitation, interest, attorneys' fees and other charges, if any, levied against the Company related to AEPS regulations, due to such DS Supplier's conduct or inaction. In addition to such penalties and costs, DS Supplier will remain liable for AECs that were not supplied as part of its obligations set forth in Section 2.2(a)(ix), Appendix D and Exhibit 2 of this Agreement.

(e) **Other Damages:** Damages for Events of Default not specified above shall consist of the direct Damages incurred by the Non-Defaulting Party.

(f) **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), (d), (e), (f), (g), (h), (i), and (j) 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 and setting off (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 ARR 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, the Company's aggregate credit exposure to DS Supplier under this Agreement 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 long-term debt rating (not supported by third-party credit enhancements, 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 format in Exhibit 5) 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 long-term debt rating (not supported by third-party credit enhancements, 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 6) 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 format in Exhibit 5) 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 format in Exhibit 5), 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 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 provided in Exhibit 3.

If to the Company to:

Attn: John Early – Manager, Credit and Contract Administration

220 West Main Street, Louisville, KY 40202

Copy to:

827 Hausman Rd., 1st Floor, Allentown, PA 18104

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 long-term debt rating (not supported by third-party credit enhancements, 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 format, with provisions allowing for electronic issuance and presentation of documents, in Exhibit 5). 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 Company's request.

(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), (d), (e), (f), (g), (h), (i), and (j) 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 Supply Agreements for Default Service

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 as well as any costs and attorneys' fees incurred by the Company on account of or related to such penalties. 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 Supplier 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 immediately available 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), (d), (e), (f), (g), (h), (i), and (j), 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. A 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 to commence a court proceeding, 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 to proceed in such 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 be sole, joint or concurrent, or active or passive. To the extent any Damages required to

be paid hereunder are liquidated, the Parties acknowledge that the Damages are difficult or impossible to determine, or otherwise obtaining an adequate remedy is inconvenient and 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 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. 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 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 other than legal communications shall be in writing and shall be personally delivered or sent by email, overnight express mail or courier service. Any legal communications shall be in writing and shall be personally delivered or sent by email, overnight express mail or courier service, provided that any legal communications sent via email transmission must also be transmitted by overnight express mail or courier service. All notices and communications must be addressed per the notification information for the DS Supplier and Company as set forth in Exhibit 3 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

The 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. AS A MATERIAL INDUCEMENT TO EACH PARTY TO ENTER INTO THIS AGREEMENT, IF THE DS SUPPLIER ELECTS TO PROCEED IN A COURT TO RESOLVE A DISPUTE, 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.

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 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.

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.

16.20 U.S. Stay Protocol

The Parties may, by mutual agreement, execute Appendix E attached hereto for purposes of incorporating the International Swaps and Derivatives Association 2018 U.S. Resolution Stay Protocol into this Agreement.

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.

[DS SUPPLIER]

BY: _____

NAME: _____

TITLE: _____

PPL ELECTRIC UTILITIES CORPORATION

BY: _____

NAME: _____

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 long-term debt rating (not supported by third-party credit enhancements, 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 Credit 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. The initial mark for each Billing Month is the On-Peak Energy Forward Price and the Off-Peak Energy Forward Price 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.

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 onpeak 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 ²	Off-Peak Volume ³	Initial Mark On-Peak Price ⁴	Initial Mark Off-Peak Price ⁵
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				

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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 ⁶	Off-Peak Energy Forward Price ⁷	MtM ⁸
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							

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² On-peak and off-peak volumes will be adjusted monthly.

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

⁴ Initial Mark On-peak price set at day DS Solicitation closes. Remains constant through term of applicable Transaction.

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

⁶ On-peak Energy Forward Price as commercially available.

⁷ Off-peak Energy Forward as commercially available.

⁸ MTM = (On-Peak Load * (On-Peak Energy Forward Price - Initial Mark On-Peak Price) + (Off-Peak Load * (Off-Peak Energy Forward Price - Initial Mark Off-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, Alternative Energy Credits for compliance with the AEPS Act less Allocated AECs, transmission and distribution system losses, congestion management costs, and such other products and services 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. 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, 2025 date by PJM Interconnection, LLC ("PJM") and will take effect starting June 1, 2025. 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, 2026 through May 31, 2029.
4. Time-of-Use load will be included in the calculation of Default Service Load.

APPENDIX D

DS Supplier's Obligations for AEPS Compliance

To satisfy AEPS with respect to the DS Supplier's DS Supplier Responsibility Share, DS Supplier has the following obligations:

- (1) DS Supplier shall enable the Company to comply with the Alternative Energy Portfolio Standards, including regulations adopted thereunder, (together the AEPS Obligation) and shall provide its proportional share of AECs to fulfill the Company's AEPS Obligation as set forth in the AEPS Act and PaPUC rules and Orders that may be promulgated to implement the AEPS Act.
- (2) Provide the required percentage of each type of AEC as set forth in Exhibit 2 less Allocated AECs;
- (3) Paying any AEPS penalties, costs, charges, etc. assessed against the DS Supplier and/or the Company associated with the DS Supplier's non-performance with AEPS requirements;
- (4) DS Supplier shall establish the proper accounts within the GATS. DS Supplier shall be a subscriber to GATS and is responsible for paying its annual subscription fee. DS Supplier shall transfer AECs into the Buyer's account(s) in the amount necessary to fulfill DS Supplier's AEPS Obligation under this Agreement. DS Supplier shall be responsible for paying the volumetric fees associated with LSE GATS fee requirements in proportion to DS Supplier's DS Supplier Responsibility Share.

- (5) Within 40 calendar days following the conclusion of each quarter throughout the PJM planning year (August 31, November 30, February 28/29, and May 31) during the Delivery Period of a given Transaction, the DS Supplier shall transfer AECs into the Company's GATS account(s) in an amount commensurate with the AECs applicable to the Full Requirements Service provided by the DS Supplier during the applicable quarter.
- (6) At the conclusion of each annual June to May Period ("Reporting Period"), DS Supplier shall complete its transfer of any AECs not transferred in accordance with this Appendix D and Exhibit 2, into the Company's GATS account(s) in the amount necessary to fulfill the DS Supplier's AEPS Obligation under this Agreement. Transfers must be made no later than 70 calendar days following the completion of a Reporting Period.
- (7) DS Supplier may not transfer AECs in advance of future Reporting Periods.
- (8) Submitting to the Company proof of AEPS compliance under this Agreement in such form and manner as may be required by the Company.
- (9) Provide to the Company all information the Company may require to comply with the AEPS Act and its implementing regulations and other Requirements of Law, including, but not limited to, the price paid per AEC required by 73 P.S. §§1648.3(e)(8).
- (10) In addition the Remedies stated in Article 13 (Limitations of Remedies Liabilities and Damages) and Article 14 (Indemnification) of this Agreement, Company shall have the right, in its reasonable discretion, to withhold any and all

payments pursuant to Article 9 (Billing and Payment) of this Agreement in the event that the DS Supplier does not satisfy its obligations under this Appendix, and to pursue any other remedies at law or in equity which may be available including, but not limited to those enumerated in Article 14 (Indemnification). Moreover, the DS Supplier will be liable for any additional AECs and/or costs directly or indirectly related to the procurement of AECs by the Company or related to any penalties and costs associated with non-compliance of the AEPS Act in the event that the DS Supplier defaults on its obligations under this Appendix.

(11) Any Allocated AECs as set forth in Exhibit 2 are intended to be a reduction in the DS Supplier's AEC delivery requirements, and shall remain the property of Company and shall not be transferred to DS Supplier.

APPENDIX E

ADHERENCE TO THE U.S STAY PROTOCOL

The Parties may, by mutual agreement, execute this Appendix E for purposes of incorporating the International Swaps and Derivatives Association (“ISDA”) 2018 U.S. Resolution Stay Protocol (“ISDA U.S. Stay Protocol”) into this Default Service Supplier Master Agreement.

This Appendix E is part of the Default Service Supplier Master Agreement dated ____, 20__ (as amended, modified or extended from time to time) between PPL Electric Utilities Corporation (the “Buyer”) and _____ (the “DS Supplier”).

DS Supplier hereby confirms that it is an adherent to the ISDA U.S. Stay Protocol. Buyer confirms that it is or that it will become an adherent to the ISDA U.S. Stay Protocol. If Buyer is not an adherent to the ISDA U.S. Stay Protocol when this Appendix E is executed, Buyer will submit an Adherence Letter for acceptance by the ISDA no later than ten (10) Business Days after execution of this Appendix E.

The terms of the ISDA U.S. Stay Protocol are incorporated into and form a part of the Default Service Supplier Master Agreement, and the Default Service Supplier Master Agreement shall be deemed a Protocol Covered Agreement for purposes thereof. For purposes of incorporating the ISDA U.S. Stay Protocol, DS Supplier shall be deemed to be a Regulated Entity and Buyer shall be deemed to be an Adhering Party. In the event of any inconsistencies between the Agreement and the ISDA U.S. Stay Protocol, the ISDA U.S. Stay Protocol will prevail.

The terms “Regulated Entity”, “Adhering Party”, “Adherence Letter” and “Protocol Covered Agreement” shall have the meanings given to them in the ISDA U.S. Stay Protocol. All other terms not defined herein shall have the meanings given to them in the Default Service Supplier Master Agreement between the Parties.

**PPL ELECTRIC UTILITIES
CORPORATION**

BY: _____

NAME: _____

TITLE: _____

[DS SUPPLIER]

BY: _____

NAME: _____

TITLE: _____

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]

Capacity Supplement Applies? Yes/No

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]

Capacity Supplement:

The Delivery Year for purposes of this Capacity Supplement is June 1, 20__ to May 31, 20__. The Delivery Period overlaps with part or all of the Delivery Year. This Capacity Supplement applies if the results for the Base Residual Auction (“BRA”) under PJM’s Reliability Pricing Model (“RPM”), or any successor, for the Delivery Year were not announced by PJM at least five (5) business days prior to the Bid Date. The Bid Date was

Month XX, 20XX. If the Capacity Supplement applies, it will become effective on the Transaction Date and will expire at the end of the Delivery Period.

Except as specifically modified in and by this Capacity Supplement, all terms and conditions of the Agreement, including all Appendices, Exhibits, and payment provisions under Article 9, shall remain in full force and effect and shall apply to the Transaction. For purposes of this Capacity Supplement: (i) the “Capacity Price” is the price paid by DS Suppliers for Capacity for the Delivery Point, in \$ per MW-day, for the Delivery Year as set forth in the PJM Agreements, or any successor; and (ii) the “Capacity Proxy Price” is \$_____/MW-day. The Capacity Proxy Price is the average of the most recent results under PJM’s RPM for the two most recent delivery years for which PJM has held a capacity auction. For the avoidance of doubt, the results of the most recent Incremental Auction held under PJM’s RPM would be used if an Incremental Auction has been held for a delivery year.

The Parties agree as follows:

Section 9.1 (a)(i) of the Agreement is replaced for purposes of payment for the Transaction referenced herein with:

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. For each month of the Delivery Year that is also a Billing Month of the Delivery Period, this Statement will include an additional line item that will show the sum, over all days of the Billing Month, of the difference between the Capacity Price actually charged for load served for the Delivery Point and the Capacity Proxy Price, multiplied by the amount of Capacity for the day reported as the DS Supplier’s Capacity obligation by Buyer to PJM for the Transaction.

Section 9.1 (a)(ii) of the Agreement is replaced for purposes of payment for the Transaction referenced herein:

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. To the extent that the daily Capacity obligations used in the calculation detailed in Section 9.1(a)(i) are adjusted, the Company will pay or charge the DS Supplier 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.

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 zDSPEnergyProcurement@pplweb.com. The signatories to this Transaction must have the authority to enter into this Transaction.

**PPL ELECTRIC UTILITIES
CORPORATION**

BY: _____

NAME: _____

TITLE: _____

[DS SUPPLIER]

BY: _____

NAME: _____

TITLE: _____

EXHIBIT 2 - ALTERNATIVE ENERGY PORTFOLIO STANDARDS OBLIGATION

This Exhibit 2 shall confirm the Alternative Energy Portfolio Standards obligation of the Transaction agreed to on _____ ("Transaction Date").

Residential Load Obligation:

<u>Reporting Period</u>	<u>Tier I</u>	<u>PV(included in Tier I Obligation)</u>	<u>Tier II</u>
6/1/25 to 5/31/26			
6/1/26 to 5/31/27			
6/1/27 to 5/31/28		Intentionally Left Blank (for expression purposes only)	
6/1/28 to 5/31/29			
6/1/29 to 5/31/30			
6/1/30 to 5/31/31			

Small Commercial & Industrial Load Obligation:

<u>Reporting Period</u>	<u>Tier I</u>	<u>PV(included in Tier I Obligation)</u>	<u>Tier II</u>
6/1/25 to 5/31/26			
6/1/26 to 5/31/27			
6/1/27 to 5/31/28		Intentionally Left Blank (for expression purposes only)	
6/1/28 to 5/31/29			
6/1/29 to 5/31/30			
6/1/30 to 5/31/31			

Large Commercial & Industrial Load Obligation:

<u>Reporting Period</u>	<u>Tier I</u>	<u>PV(included in Tier I Obligation)</u>	<u>Tier II</u>
6/1/25 to 5/31/26			
6/1/26 to 5/31/27			
6/1/27 to 5/31/28		Intentionally Left Blank (for expression purposes only)	
6/1/28 to 5/31/29			
6/1/29 to 5/31/30			
6/1/30 to 5/31/31			

The percentages set forth above may be revised for future DS Solicitations to reflect changes in law or other applicable regulatory requirements. DS Supplier shall provide the percentages set forth above in order to comply with its obligations under Full Requirements Service and the Company shall adjust the quantities/products being procured in future DS Solicitations to make up any shortfall or utilize any excess AECs resulting from such change. Any such adjustments will be made known to bidders prior to the conclusion of the applicable DS Solicitation.

Allocated AECs:

AEPS Reporting Period	Tier I (non-solar PV)		Tier I (solar PV)		Tier II AECs	
	Allocated AECs Per Tranche	Total Allocated AECs	Allocated AECs Per Tranche	Total Allocated AECs	Allocated AECs Per Tranche	Total Allocated AECs
June 1, 2025-May 31, 2026						
June 1, 2026-May 31, 2027						
June 1, 2027-May 31, 2028						
June 1, 2028-May 31, 2029						
June 1, 2029-May 31, 2030						
June 1, 2030-May 31, 2031						

EXHIBIT 3 – 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:

City/State/Zip:

Attn:

Duns: **00-790-9427**

Federal Tax ID Number: **23-0959590**

Email:

All Notices:

Street:

City/State/Zip:

Attn:

Duns:

Federal Tax ID Number:

Email:

Invoices:

Attn:

Phone:

Email:

Invoices:

Attn:

Phone:

Email:

Scheduling:

Attn:

Phone:

Email:

Scheduling:

Attn:

Phone:

Email:

Payments:

Attn:

Phone:

Email:

Payments:

Attn:

Phone:

Email:

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

Credit and Collections:
Attn: **John Early**
Phone: **502-627-4253**
Email: **pplmargincall2@pplweb.com**

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

Wire Transfer
BNK:
ABA:
ACCT:

Credit and Collections:
Attn:
Phone:
Email:

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

For any notices under Section 6.6 shall be made as follows:

BUYER: PPL Electric Utilities Corporation

DS Supplier: [INSERT]

Attn: **John Early**
Street: **220 West Main Street**
City/State/Zip: **Louisville, KY 40202**

Attn:
Street:
City/State/Zip:

Copy to:
Street: **827 Hausman Rd., 1st Floor**
City/State/Zip: **Allentown, PA 18104**

Copy to:
Street:
City/State/Zip:

EXHIBIT 4 – 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 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 5 - 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

220 WEST MAIN ST.

LOUISVILLE, KY 40202

ATTN: MANAGER, CREDIT AND CONTRACT ADMINISTRATION

ELECTRONIC ISSUE ADDRESS: PPLMARGINCALL2@PPLWEB.COM

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 PPLMARGINCALL2@PPLWEB.COM. 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 YOUR EMAIL ADDRESS: PPLMARGINCALL2@PPLWEB.COM TO THE FOLLOWING ISSUER EMAIL ADDRESS:

_____ [INSERT ISSUER EMAIL ADDRESS], AND
CONFIRMED BY TELEPHONE TO US AT ONE OF THE FOLLOWING
NUMBER(S): _____ OR

_____ [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 RATA 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 PPLMARGINCALL2@PPLWEB.COM 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 PPLMARGINCALL2@PPLWEB.COM 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 UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 2007 REVISION - ICC PUBLICATION NO. 600, AS SUPPLEMENTED BY THE eUCP VERSION 2.0, 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 6 – 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 827 Hausman Rd., 1st Floor, Allentown, PA 18104, in consideration of all Transactions for Default Service, Alternative Energy Credit, Long Term Power, and 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: Manager, Credit and Contract Administration
Phone: 502-627-4253
Fax: 502-627-3950
Email: jhearly@pplweb.com
Address: 220 West Main Street, Louisville, KY 40202

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 (not supported by third-party credit enhancements 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 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: _____

Attachment C

PPL Electric Utilities Corporation

Default Service Long Term Power Supply Request for Proposals (RFP) Process and Rules

[-]

DEFAULT SERVICE LONG TERM POWER 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 Long Term Power Supplier Master Agreement (“LTP 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 Long Term Power supply, which contributes to Residential default service supply beginning on June 1, 2026.
- 1.1.3 PPL Electric is issuing this RFP to procure electricity service under the terms described in the LTP SMA. Specifically, an electricity supplier selected through this RFP (“Long Term Power Supplier” or “LTP Supplier”) will supply PPL Electric with Block Service and Bilateral Transferred Capacity, as these terms are defined in the LTP SMA, in the form of LTP Products. Being selected as a LTP Supplier is subject to the approval by the Pennsylvania Public Utility Commission (“PUC” or “Commission”).
- 1.1.4 A “LTP Product” includes Block Service and Bilateral Transferred Capacity. Block Service 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 LTP SMA), transmission losses, congestion management costs, and such other services or products (but excluding capacity obligation, ancillary services, and Alternative Energy Credits (“AECs”) to meet Pennsylvania’s Alternative Energy Portfolio Standards Act) that are required with that block supply. Bilateral Transferred Capacity is a transfer of the title and rights to a specified megawatt quantity of unforced capacity that has cleared the PJM RPM auctions for a Delivery Year and that is associated with one or more capacity resource in the PJM MAAC region that is not an ELCC Resource (i.e., for example, not a Variable Resource, a Limited Duration Resource, a Combination Resource, or a Demand Resource as these terms are defined in PJM Agreements). For purposes of this RFP, the quantity of LTP Products to be procured will be expressed in tranches where each tranche is 50 MW of the LTP Product.
- 1.1.5 LTP Products must be provided under the terms of the LTP SMA, in which supply is provided at a single specified firm price (in \$/MWh) for both the delivery of Block Service to the Delivery Point as defined in the LTP SMA and for the transfer of Bilateral Transferred Capacity prior to each Delivery Year. The single specified firm price will be the LTP Supplier’s winning price for tranche(s) that the LTP Supplier has been awarded. PPL Electric’s Residential Customer Group’s retail rates for default service supply will incorporate the prices of the LTP Products.

- 1.1.6 PPL Electric seeks to procure LTP Products under contracts for a 10-year term through a solicitation held in October 2025. The Delivery Period for LTP 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 three (3) tranches of the LTP Product corresponding to 150 MW of Block Service for the period of June 1, 2026 through May 31, 2036 and Bilateral Transferred Capacity. The following table shows available tranches, amounts (in MW), the commencement and expiration dates for the Ten-Year LTP Product.

10-Year LTP Product				
Solicitation #	Available Tranches	Amount (MW)	Commencement Date and Time	Expiration Date and Time
1	3	150	12:00:00 a.m. EPT, June 1, 2026	11:59:59 p.m. EPT, May 31, 2036

- 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 LTP Products, may respond to 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 LTP 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, 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, a qualified RFP Bidder may submit Bid Proposal, subject to the restrictions of this Article 1. 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. 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 The Bid Proposal Evaluation Team will present the result to the PUC within one (1) business day of the Bid Proposal Due Date. 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 result. 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, or if some tranches do not receive Bids, the Company will expeditiously seek guidance and approval from the PUC to address this shortfall. In the event a LTP Supplier defaults, PPL Electric will offer LTP 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 LTP 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 7:	Bid Assurance Letter of Credit (electronic issuance and presentation)
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 Date will occur in or about the following month:
- 2.2.2 The 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 contracts for Default Service Long Term Power Supply.
- Five weeks or more: RFP Addendum Issued, Bidder Interest Form and Confidentiality Agreement Available, RFP Data Room Opens;
 - Three and one-half weeks or more: Bidder Information Session;
 - Two and one-half weeks or more: 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 will be provided in the RFP Addendum issued for the 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 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 the 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 LTP 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 an RFP Bidder for Default Service Long Term Power 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 Bid Proposal Due Date. Regardless of the reason, if any information provided in the Bidder Qualifications 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 the Bid Proposal Due Date. Failing to do so may result in disqualification of the RFP Bidder and the Bid Proposal. 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 if, by the Cure Deficiency Deadline, 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); 5) submits a completed Electronic Funds Transfer Authorization Form and a W-9 Form, if applicable; and, 6) submits an executed copy of the Binding Bid Agreement provided as Appendix 9 through PPL Electric's Proposal Submission Web site. 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 The exclusive method of responding to Bidder Qualifications is through the 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 through PPL Electric's Proposal Submission Web site 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 as indicated in an RFP Schedule developed subject to Section 2.2. If an applicant is notified of any deficiencies, such applicant is required to respond to the deficiency notice by the deadline specified in the deficiency notice in accordance with Section 7.2.2. 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.

4.2 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) online through 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.

4.3 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 through PPL Electric's Proposal Submission Web site 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 email.

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 LTP supply 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 through PPL Electric's Proposal Submission Web site 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 through PPL Electric's Proposal Submission Web site 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 LTP 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 LTP 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 LTP 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 LTP SMA on behalf of the Guarantor has the authority to execute the guaranty pursuant to the LTP SMA and that the governing board of such guarantor has approved the execution of the guaranty pursuant to the LTP 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 LTP 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 LTP 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 LTP 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 LTP 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. Applicants are required to submit such certification, in the form of Appendix 9, through PPL Electric's Proposal Submission Web site no later than the Bidder Qualifications Due Date. 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 an RFP Bidder is notified of any deficiencies, such RFP Bidder is required to respond to the deficiency notice by the deadline specified in the deficiency notice in accordance with Section 7.2.2.

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 \$1,000,000 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 must be in a form that allows for electronic issuance and presentation of documents. An acceptable Bid Assurance LOC form that allows for electronic issuance and presentation of documents is provided as Appendix 7 and 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 the Bid Assurance LOC form that are non-substantive or clarifying in nature. The applicant proposing modifications to the Bid Assurance LOC 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 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 the Bid Assurance LOC form 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 LTP SMA may be required, as set forth in the LTP SMA. Any performance assurance required of the applicant determined in accordance with the LTP SMA may be in the form of cash or LOC. An acceptable Performance Assurance LOC form that allows for electronic issuance and presentation of documents is provided as Exhibit 3 in the LTP SMA. An acceptable Unconditional Guaranty form is provided as Exhibit 4 in the LTP SMA. As part of its Bidder Qualifications, an applicant may propose modifications to the Performance Assurance LOC form or the Unconditional Guaranty form that are non-substantive or clarifying in nature. The applicant proposing modifications to the Performance Assurance LOC form 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 the Performance Assurance LOC form 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 the Performance Assurance LOC form 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. 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 Available Tranches.
- 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 \$1,000,000.
- 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 LTP SMA, the MWh of energy shall be equivalent to 50 MW of energy delivered to the Delivery Point as defined in the LTP SMA for one hour. For avoidance of doubt, the price quote indicated in the Bid Proposal Spreadsheet should be an all-inclusive price for the tranches bid for the LTP Product. All price quotes must be positive and 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 three Total Tranches Supplied, then the RFP Bidder must provide price quotes for each one and two 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 and three 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 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.

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 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 that allows for electronic issuance and presentation of documents is provided as Appendix 7; electronic copies of the 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 form 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 \$1,000,000 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 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. 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 LTP SMA

- 5.4.1 No later than two (2) business days before the Bid Proposal Due Date, the RFP Bidder must submit an executed LTP SMA, as instructed in Section 6.1.5, including the completed signature page of the LTP SMA and Exhibit 2 of the LTP SMA filled in with the appropriate contact information for the RFP Bidder. Other exhibits of the LTP 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 LTP 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; Default Service Program IV and Default Service Program V) 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 LTP 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.

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 result 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 LTP Product were the RFP Bidder to become a LTP 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 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 as indicated in the RFP Schedule developed pursuant to Section 2.2. Each RFP Bidder assumes full responsibility for timely submission of its Bidder Qualification materials.
- 6.1.4 Bid Assurance Collateral in the form of an LOC must be in a form that allows for electronic issuance and presentation of documents (Appendix 7) and must be submitted to the following email address:
- Email: PPLELECTRIC_BIDLC@PPLWEB.COM
- 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. Each RFP Bidder assumes full responsibility for timely delivery of its Bid Assurance Collateral. For avoidance of doubt, a hardcopy LOC is not an acceptable form of Bid Assurance Collateral.
- 6.1.5 If the RFP Bidder is awarded any tranches in this RFP, the signed LTP 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 email.
- 6.1.6 Bid Proposals must be completed in the full legal name of the party that will execute the LTP SMA with the Company should the party be a winning RFP Bidder and should the PUC approve the RFP result. 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 LTP 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 LTP 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 email 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 RFP Bidder.

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 Long Term Power 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 is not obligated to review Bidder Qualifications 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. 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.
- 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; all other RFP Bidders will be disqualified.
- 7.2.5 Bidders will be notified on or prior to 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 Spreadsheet(s). For avoidance of doubt, if a Bid Proposal Spreadsheet is submitted more than once, only the last submitted Bid Proposal Spreadsheet will be evaluated and the earlier submissions will be considered void.

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 Bid Assurance Collateral in a form acceptable to the Company; or (iv) the RFP Bidder has not submitted a signed LTP 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. 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. 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. In the event that the greatest sum of Total Tranches Supplied for any combination is less than the Available Tranches, the Bid Proposal Evaluation Team will consider all combinations of Bids 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, 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 result 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 result. 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 no later than the next business day following the PUC approval in the event the PUC approves the result prior to the expected decision date, or no later than the next business day following the expected decision date in the event the PUC does not act. Specifically, PPL Electric will forward by email 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, 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, or if some tranches do not receive Bids, those tranches will be offered consistent with Section 1.1.12. In the event that a LTP Supplier defaults, PPL Electric will offer supply assignment consistent with the Step-Up process described in the LTP 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 LTP SMA. Nothing herein may be construed to bind the Company unless and until the PUC has approved winning Bid(s), and each LTP SMA with an RFP Bidder has been executed and is effective. Once effective, the LTP 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 Long Term Power Supplier Master Agreement

Appendix 2

Expression of Interest Form
Default Service Long Term Power 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 LTP 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 Block Service and Bilateral Transferred Capacity through Long Term Power 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 Long Term Power Supplier Master Agreement (“LTP 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 LTP 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 LTP 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 LTP 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 LTP SMA. PPL Electric may disclose to any RFP Bidder with whom it has executed the LTP 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 LTP 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 eleven 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 Long Term Power supply
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 LTP 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 LTP 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 (not supported by third-party credit enhancements, or, if unavailable, the most current corporate issuer rating))

Moody's Investor Services

Current Rating: _____

(Senior Unsecured Long-Term Debt Rating (not supported by third-party credit enhancements, or, if unavailable, the most current corporate issuer rating))

Fitch Ratings

Current Rating: _____

(Senior Unsecured Long-Term Debt Rating (not supported by third-party credit enhancements, or, if unavailable, the most current corporate 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 LTP 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 LTP 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 LTP SMA on behalf of the Guarantor has the authority to execute the guaranty pursuant to the LTP SMA and that the governing board of such guarantor has approved the execution of the guaranty pursuant to the LTP 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 LTP 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 7

BID ASSURANCE LETTER OF CREDIT (ELECTRONIC “eUCP CREDIT”)

DEFAULT SERVICE LONG TERM POWER 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
827 HAUSMAN RD., 1ST FLOOR
ALLENTOWN, PA 18104
ATTN: PPL ELECTRIC ENERGY PROCUREMENT TEAM

ELECTRONIC ISSUE ADDRESS: PPLELECTRIC_BIDLC@PPLWEB.COM

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 PPLELECTRIC_BIDLC@PPLWEB.COM. 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 YOUR EMAIL ADDRESS: PPLELECTRIC_BIDLC@PPLWEB.COM TO THE FOLLOWING ISSUER EMAIL ADDRESS: _____[INSERT ISSUER EMAIL ADDRESS], AND CONFIRMED BY TELEPHONE TO US AT ONE OF THE FOLLOWING NUMBER(S): _____ OR _____[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 LONG TERM POWER 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 LONG TERM POWER SUPPLY RFP SOLICITATION ON THE SOLICITATION DATE AND HAS EXECUTED THE DEFAULT SERVICE LONG TERM POWER SUPPLIER MASTER AGREEMENT (“LTP 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.

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 ELECTRIC DEFAULT SERVICE LONG TERM POWER 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, 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 PRACTICE FOR DOCUMENTARY CREDITS, 2007 REVISION - ICC PUBLICATION NO. 600, AS SUPPLEMENTED BY THE eUCP VERSION 2.0, 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, 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 INQUIRIES (OTHER THAN DRAFTS, DOCUMENTS OR OTHER
COMMUNICATIONS REGARDING PRESENTATION) TO:

[BANK NAME, EMAIL ADDRESS AND PHONE NUMBER]

PPL Electric Utilities
Default Service Long Term Power Supply 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 Long Term Power Supply RFP Process and Rules

APPENDIX 8
Example Bid Proposal Spreadsheet—Default Service Long Term Power Supply

Solicitation # <number>
 Long Term Power 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:

Total Available Tranches	3
Tranche Size	50MW

Bid Information:

	Total Tranches Supplied	Bid Assurance Collateral Amount	Price (US\$/MWh)	
Bids	1	\$1,000,000		* Required Field
	2	\$2,000,000		* Required Field
	3	\$3,000,000		* 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 Long Term Power Supply Requests For Proposals process, _____ (“RFP Bidder”) agrees to be bound by the price quotes entered for long term power 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 solicitation process, which shall constitute a firm offer to supply service in accordance with the Default Service Long Term Power Supplier Master Agreement (“LTP 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 7.5.1 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: _____

Attachment D

**DEFAULT SERVICE LONG TERM POWER
SUPPLIER MASTER AGREEMENT (SMA)
BETWEEN
PPL ELECTRIC UTILITIES CORPORATION
AND
[LTP SUPPLIER NAME]**

DATED _____

DEFAULT SERVICE LTP SUPPLIER MASTER AGREEMENT

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DEFAULT SERVICE LONG TERM POWER SUPPLIER MASTER AGREEMENT

THIS DEFAULT SERVICE LONG TERM POWER 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 _____ (“LTP Supplier”), the Company and the LTP 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 Long Term Power Supply (“LTP Supply”) through a competitive procurement process (“LTP Solicitation”) and the PaPUC has approved such a process; and

WHEREAS, the Company has conducted and completed a successful LTP

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

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

Bilateral Transferred Capacity – the bilateral transfer from LTP Supplier to the Company, prior to a Delivery Year, of a specified MW of unforced capacity as set forth in Appendix C and the Transaction Confirmation that has cleared the RPM auctions for such Delivery Year and associated with a generating unit in the PJM MAAC region using the PJM “capacity exchange” tool or successor tool. For avoidance of doubt, for each Transaction, the specified MW quantity of unforced capacity shall be identical to the MW amount of Block Service specified as the LTP Supplier Responsibility Amount.

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

Block Service – Shall mean 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 LTP 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.

Capacity Forward Price – Shall mean the price, as reported by PJM, for unforced capacity at the PPL Zone stated in terms of \$/MW-day associated with each month remaining in a Delivery Period. If the price is unavailable for a month remaining in a Delivery Period, then the price will equal the average of the last three reported prices.

Capacity Initial Mark Price – Shall mean the Capacity Forward Price, stated in terms of \$/MW-day, as of the date the LTP Solicitation is completed.

Charge – Any fee, charge or other amount that is billable by the Company to the LTP 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 Supplier, 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.

Long Term Power Fixed Price (“LTP Fixed Price”) – The price in dollars per MWh as determined pursuant to the LTP Solicitation.

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

Long Term Power Supplier (“LTP Supplier”) – An entity that (i) has been selected through the LTP Solicitation and has accepted the obligations and associated rights to provide LTP 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.

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

Long Term Power Supply (“LTP Supply”) – Shall mean Bilateral Transferred Capacity and Block Service as detailed in Appendix C that the LTP Supplier is required to provide in order to meet the LTP Supplier’s LTP Supplier Responsibility Amount.

Delivery Period – The period of months, as specified on an executed Transaction Confirmation, where a LTP 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 LTP 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 Capacity Quantity – Shall mean, for each month in each Transaction, the product of: (i) the LTP Supplier Responsibility Amount; and (ii) the number of days remaining (excluding the current day) in each month.

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

Estimated On-Peak Energy Quantity – Shall mean, for each month in each Transaction, the product of: (i) the LTP 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 LTP 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 LTP Supplier's supply; (ii) LTP Supplier's ability to sell the LTP Supply at a price greater than that received under any Transaction; (iii) curtailment by a utility transmitting LTP Supply; (iv) the Company's ability to purchase the LTP 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 LTP 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 LTP 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.

Long-Term Power Service - Shall mean Block Service and Bilateral Transferred Capacity as set forth in Appendix C and the applicable Transaction Confirmation.

Margin – The amount by which the Total Exposure Amount exceeds the LTP 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 LTP 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 LTP 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 LTP 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 long-term debt rating as defined in Appendix A of this Agreement.

Minimum Transfer Amount - \$100,000.00

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 - Shall mean the price for Off-Peak Hours for each Billing Month of the delivery period stated in terms of \$/MWh as based on commercially available market prices 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 – Shall mean those hours which are not On-Peak Hours.

On-Peak Energy Forward Price – Shall mean the price for On-Peak Hours for each Billing Month of the delivery period stated in terms of \$/MWh as based on commercially available market prices 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 Hours - Shall mean 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.

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 LTP Supply and itemized in Appendix C.

Rounding Amount - \$100,000.00

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 LTP Supplier indicating the amount due to the LTP Supplier by the Company as compensation for LTP Supply supplied by the LTP Supplier during a given Billing Month, in accordance with LTP Supplier’s obligations under this Agreement.

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

Tangible Net Worth or “TNW” – Shareholder equity less intangible assets, prepayments, and other relevant factors, as determined from audited financial statements and reviewed and adjusted as necessary. 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 LTP 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 LTP Supply arising under this Agreement; (ii) 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 (iii) 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 and Bilateral Transferred Capacity as indicated in any given Transaction Confirmation.

Transaction – Shall mean a particular agreement by which the Company purchases and the LTP Supplier sells LTP 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 – Shall mean 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 LTP Supplier agrees and acknowledges that the Company is contracting for the provision of LTP Supply from such LTP Supplier for Customers receiving Default Service on the Company's electric system pursuant to the authorizations provided to the Company. The LTP Supplier further agrees and acknowledges that the Company will administer and monitor the LTP Supplier's performance in providing LTP Supply under this Agreement and that the Company shall be entitled to enforce the LTP Supplier's obligations related to the provision of LTP Supply. The LTP 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 LTP 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 LTP Supplier

The LTP 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 Block Service on an instantaneous basis at all times during the Delivery Period of each Transaction and supplied to the Delivery Point to meet the LTP Supplier Responsibility Amount;
- (iii) To provide sufficient Bilateral Transferred Capacity in accordance with Appendix C and the applicable Transaction Confirmation prior to each Delivery Year in accordance with PJM Agreements and pursuant to the Office of the Interconnection's rules related to its "capacity exchange" tool;
- (iv) 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 LTP Supply required hereunder;
- (v) 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 LTP Supply before the PaPUC, the FERC or any other regulatory body asserting jurisdiction; and
- (vi) To comply in a timely manner with all obligations under this Agreement imposed upon the LTP Supplier.

(b) Obligations of the Company

The Company hereby agrees as follows:

- (i) To pay to the LTP 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 LTP Supply.

2.3 Congestion and Congestion Management

The LTP Supplier is responsible for any congestion costs incurred to meet the LTP 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 ARR will be transferred or assigned to the LTP Supplier.

2.4 PJM Services

- (a) The LTP Supplier shall make all necessary arrangements for the delivery of LTP Supply through the PJM OI. The Company will advise the PJM OI of the magnitude and location of the LTP Supplier's actual LTP Supplier

Responsibility Amount, as required by the PJM OI, for the purpose of calculating such LTP Supplier's appropriate LTP Supply requirements related to the provision of service under this Agreement by LTP 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, DS Customers may, at their election, participate in demand response programs offered under the PJM Agreements.
- (c) LTP Supplier will be responsible for any costs regarding demand response compensation in organized wholesale energy markets.
- (d) The Company and LTP Supplier shall work with PJM to establish any PJM E-Accounts necessary for the LTP Supplier to provide Block Service. The Company shall generate and provide to LTP 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. LTP Supplier shall complete all required forms and processing to PJM to create shortname(s) within the PJM system.

- (e) Upon LTP 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 LTP Supplier shall review and confirm the PJM E-Account contract(s) for the entire duration of the Transaction(s).
- (g) For Bilateral Transferred Capacity, the LTP Supplier shall bilaterally transfer the specified megawatt quantity of unforced capacity as set forth in the applicable Transaction Confirmation prior to each Delivery Year; such bilateral capacity transaction shall transfer title and all rights with respect to unforced capacity and shall be reported to the PJM Office of the Interconnection on an annual basis prior to each Delivery Year in accordance with PJM Agreements and pursuant to the Office of the Interconnection's rules related to its "capacity exchange" tool. The bilateral capacity transaction must be acceptable to the PJM Office of the Interconnection and shall be for unforced capacity that has cleared the PJM RPM auctions for the applicable Delivery Year and be associated with one or more generating units in the PJM MAAC region as set forth in Appendix C.
- (h) For the period of time this Agreement is in effect, LTP 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 LTP Supplier shall direct PJM to invoice LTP Supplier and Buyer for charges and credits relating to LTP Supplier'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 and LTP Supplier 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 (LTP 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 LTP 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 LTP Supplier with this Agreement, any other requirements of law or the PJM Agreements, the LTP 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 and Company's costs and attorney's fees incurred on account of such claims, 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 LTP 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 LTP Supplier or by the Company in connection with the provision of LTP Supply by the LTP Supplier to DS Customers, if required.

The LTP 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 LTP Supplier to confirm the validity of payments due to LTP Supplier hereunder; provided that if the LTP 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 LTP Supplier's Representations and Warranties

The LTP 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 LTP Supplier's obligations hereunder have been duly authorized by all necessary action on the part of the LTP 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 LTP 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 LTP Supplier is a party or by which the LTP Supplier or any of its properties is bound or subject;
- (d) All necessary and appropriate action that is required on the LTP Supplier's

part to execute this Agreement has been completed;

- (e) This Agreement is the legal, valid and binding obligation of the LTP 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 LTP Supplier's knowledge, threatened against the LTP Supplier before any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the LTP 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 LTP 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 LTP Supply as required by this Agreement; and it is an “eligible contract participant” as defined in Section 1a(18) of the Commodity Exchange Act.
- (o) It has the right, with respect to Bilateral Transferred Capacity, to convey

title to any and all of the Bilateral Transferred Capacity delivered to Company in accordance with this Agreement free and clear of any and all liens or other encumbrances or title defects.

3.2 Company's Representations and Warranties

The Company hereby represents, warrants and covenants to the LTP 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 LTP 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 LTP 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 LTP 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 (accompanied with Bilateral Transferred Capacity) 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 LTP Supplier must deliver and Company must receive will be

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

4.3 Survival of Obligations

Termination of this Agreement for any reason shall not relieve the Company or the LTP 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 LTP 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 LTP Supplier (“Mutual Termination Agreement”); provided that Company may enter into such a Mutual Termination Agreement, which will discharge the terminating LTP Supplier (the “Terminating LTP 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 LTP Supplier identifies a replacement LTP Supplier that expressly assumes all obligations of the Terminating LTP Supplier hereunder for the remaining term of Transactions under this Agreement (the “Replacement LTP Supplier”); (ii) the Replacement LTP 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 LTP Supplier executes a counterpart signature page to this Agreement assuming all obligations of the Terminating LTP 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 LTP 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 LTP 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 LTP 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 LTP 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 LTP 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 LTP Supplier, PJM terminates the LTP Supplier’s ability to make purchases from PJM markets or PJM holds the Company responsible for the provision of LTP Supply to meet the LTP Supplier’s LTP 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 LTP 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 LTP Supplier, by way of failure to maintain any other governmental or regulatory 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 LTP Supply properly tendered by the LTP 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 LTP Solicitation;
- (q) Makes an omission or commits an act that constitutes an “Event of Default” under any other agreement(s) for the provision of LTP Supply between the Company and the LTP 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), (c), (d), (e), (f), (g), (h), and (i) 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 LTP 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 LTP 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 LTP 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 LTP Supplier; and
- (ii) Receive Damages in accordance with Section 5.3 of this Agreement.

5.3 Damages Resulting From an Event of Default

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

Termination By Company: Damages resulting from (i) the LTP Supplier's failure to (A) provide LTP 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 LTP Supply to meet the LTP Supplier's LTP Supplier Responsibility Amount under Transaction(s) of this Agreement or (ii) the occurrence of any Event of Default attributable to the LTP 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 LTP Supplier, which Costs exceed the amounts that would have been payable to the defaulting LTP Supplier under this Agreement. Costs incurred by the Company for the purpose of calculating Damages hereunder will consist of:

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

- (3) Administrative and legal costs (including attorneys' fees) associated with procuring replacement LTP Supply; and
- (4) Financial hedging costs incurred by the Company on behalf of DS Customers as a result of having to procure LTP Supply not provided by the LTP 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 LTP Supplier. The Company and the LTP 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 LTP Supplier under Section 5.4 of this Agreement. The LTP 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 LTP Supply

Tendered By LTP Supplier: Damages resulting from the failure of the Company on behalf of DS Customers to accept LTP Supply tendered by the LTP Supplier necessary to meet the LTP Supplier Responsibility Amount under Transaction(s) of this Agreement shall consist of the positive difference (if any) resulting from (i) the amounts that would have been payable to the LTP Supplier hereunder had the Company accepted the LTP Supply tendered by the LTP Supplier necessary to meet the LTP Supplier Responsibility Amount under Transaction(s) of this Agreement minus (ii) the amount realized by the LTP Supplier in disposing, in a commercially reasonable manner, of the LTP 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 LTP 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 LTP Supplier to meet any or all of its LTP 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 LTP 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 LTP Supplier may, in its sole discretion, add the following

subsection 5.4(a)(1) by checking this box. If LTP 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 LTP 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 LTP Supply 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 LTP Supplier for the provision of LTP Supply into a single amount by netting out and setting off (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 LTP Supplier for the provision of LTP 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 LTP Supplier for the provision of LTP Supply, so that all such amounts shall be netted out to a single liquidated amount; provided, however, that if the LTP Supplier is the Defaulting Party and the Termination Payment is due to the LTP 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 LTP 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 LTP Supplier, and if, upon making a final determination of Damages, the Termination Payment, or any portion thereof, is to be made to the LTP Supplier, the Company will pay simple interest on the Termination Payment amount being made to the LTP 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 Supply Agreements.** It is the intention of the Company and the LTP Supplier that, in the event the LTP Supplier is a party to other agreements with the Company for the provision of Default Service or LTP 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 LTP SMA between the Company and an entity other than the LTP Supplier, the Company shall send a written notification to the LTP 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 LTP 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 LTP SMA transaction(s). Such agreement to make additional supply available shall be termed a “Step-Up”.

In the event that the LTP Supplier wishes to exercise its option to Step-Up when such an opportunity arises, the LTP Supplier shall respond to Company of such within five (5) Business Days from the date of Company’s notification. In the LTP Supplier’s response, the LTP Supplier shall indicate: (i) the maximum amount of the increased obligation that the LTP 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 LTP 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 LTP Supplier following the LTP Supplier’s Step-Up response will be the LTP Supplier’s pro-rata share of the total of such Step-Up responses from all LTP Suppliers and will be from zero up to and including the maximum amount that the LTP Supplier indicates. The LTP Supplier’s pro-rata share, as described in this paragraph, shall be the ratio of the LTP Supplier’s

amount indicated in the LTP Supplier's Step-Up response, stated on a MW basis, to the total of amounts indicated in all LTP Suppliers' Step-Up responses. The Company will determine the LTP 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 LTP Supplier's pro-rata share, the Company will forward electronically, by immediate means acceptable to both Parties, to the LTP Supplier a partially executed Transaction Confirmation(s). By 2:00 p.m. Eastern Prevailing Time ("EPT") on the second Business Day following the LTP Supplier's receipt of such partially executed Transaction Confirmation(s), the LTP 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 LTP Supplier does not respond to the Company's Step-Up request within the relevant timeframe, the LTP 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 LTP Supplier for the provision of LTP 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 LTP Supplier for the provision of Default Service or LTP 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

LTP Supplier for the provision of Default Service or LTP 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 LTP Supplier for the provision of Default Service or LTP 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 LTP Supply 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, the Company's aggregate credit exposure to LTP Supplier exceeds the Credit Limit on any Business Day, then the Company shall have the right to request that LTP Supplier post performance assurance in an amount equal to the amount by which LTP 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 LTP Supplier in the absence of manifest error.

6.2 Creditworthiness Determination

The LTP 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 LTP Supplier shall have the opportunity to request that the Company re-evaluate its creditworthiness whenever an event occurs that the LTP 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. LTP 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 the LTP 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 LTP Solicitation is completed based on the available On-Peak Energy Forward Price, Off-Peak Energy Forward Price, and Capacity Forward Price. At the time the LTP Solicitation is completed, the MtM credit exposure for Fixed Price Transaction(s) arising from such LTP Solicitation shall be equal to zero. Subsequently, the differences between (i) the available On-Peak Energy Forward Prices, Off-Peak Energy Forward Prices, and Capacity 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 the LTP 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 LTP Supplier for the delivery of LTP 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 LTP Supplier to cover the Total Exposure Amount. In all instances, the most current senior unsecured long-term debt rating (not supported by third-party credit enhancements,

or, if unavailable, the most current corporate issuer rating) will be used.

- (a) For a LTP Supplier to be granted an unsecured line of credit, the LTP 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 LTP 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 format in Exhibit 3) for the Margin due the Company as set forth in Section 6.5 of this Agreement.
- (c) For a LTP 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 long-term debt rating (not supported by third-party credit enhancements, 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 LTP 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 LTP 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 LTP 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 LTP 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 LTP Supplier may request a return of the posted performance assurance collateral in accordance with Section 6.5 of this Agreement. The LTP 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 format in Exhibit 3) 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 LTP 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 LTP Supplier's or the Guarantor's Credit Limit by the Minimum Transfer Amount, then the Company on any Business Day, may

request that the LTP Supplier provide cash or a letter of credit in an acceptable form as defined in Section 6.7(b) of this Agreement (see standard format in Exhibit 3), in an amount equal to the Margin (less any performance assurance collateral for Margin posted by the LTP Supplier and held by the Company pursuant to this Agreement or any other agreement(s) between the Company and the LTP Supplier for the provision of LTP Supply). If the LTP 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 LTP 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 LTP 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 LTP 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 LTP 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 LTP Supplier upon receipt of a written request by the LTP Supplier. Surplus Margin shall mean cash or a letter of credit posted by the LTP Supplier as a result of a request by the Company pursuant to Section 6.5(a) that exceeds the Total Exposure Amount less the LTP 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 LTP Supplier. If the LTP 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 LTP 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 LTP Supplier agrees in writing to extend the period to return the surplus Margin. If the LTP 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 LTP Supplier agrees in writing to extend the period to return the surplus Margin. The LTP 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 LTP 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 LTP Supplier posted performance assurance collateral to cover Margin hereunder, the LTP 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 LTP 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 LTP Supplier in the possession of the Company whether held in connection with this Agreement or any other agreement(s) between the Company and the LTP Supplier for the provision of

LTP 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 LTP Supplier, including any equity or right of purchase or redemption by the LTP Supplier. The Company shall apply the proceeds of the collateral realized upon the exercise of such rights or remedies to reduce the LTP Supplier's obligation under this Agreement or any other agreement(s) between the Company and the LTP Supplier for the provision of LTP Supply (the LTP 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 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 provided in Exhibit 2.

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 the LTP 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 long-term debt rating (not supported by third-party credit enhancements, 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 format, with provisions allowing for electronic issuance and presentation of documents, in Exhibit 3). 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 LTP 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 LTP 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 LTP Supplier has obtained a letter of credit falls below the levels specified in Section 6.7(b) of this Agreement, the LTP 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 LTP 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 LTP Supplier or Guarantor shall also furnish evidence of an acceptable credit rating or financial condition upon the Company's request.

(b) Change in Credit Standing.

The Company will re-evaluate the creditworthiness of a LTP Supplier whenever it becomes aware of an adverse change, through the provision of notice by the LTP Supplier or otherwise, in the LTP 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 LTP Supplier's Maximum Credit Limit or its Credit Limit adversely changes, the Company will require additional security from the LTP 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 LTP Supplier if the LTP Supplier fails to pay amounts due to the Company pursuant to this Agreement or any other agreement(s) between the Company and the LTP Supplier for the provision of LTP Supply after all of the following events occur:

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

The foregoing notwithstanding, the security posted by the LTP 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 LTP Supplier. The statement will be sent to the LTP 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 LTP Supplier

The Company's determination that a LTP 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 LTP Supplier. The Company will treat all LTP Suppliers in a non-discriminatory manner and shall provide no preference to any LTP Supplier.

6.12 Multiple Supply Agreements for Default Service

It is the intention of the Company and the LTP Supplier that, in the event the LTP Supplier is a party to other agreements with the Company for the provision of Default Service or LTP 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 LTP Supplier acknowledge and agree that (1) the Company shall provide to the LTP Supplier and PJM all information required by PJM, for the purpose of calculating the LTP Supplier's LTP Supply obligations and (2) the LTP Supplier shall schedule LTP Supply obligations pursuant to the PJM Agreements.

7.2 Data Transmission

The procedures for transmitting load obligation data to PJM for the LTP Supplier's LTP Supply 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.

7.4 Bilateral Transferred Capacity

Prior to each Delivery Year, the LTP Supplier bilaterally transfer a specified megawatt quantity of unforced capacity as set forth in the applicable Transaction Confirmation; such bilateral capacity transaction shall transfer title and all rights with respect to unforced capacity and shall be reported to the PJM Office of the Interconnection on an annual basis prior to each Delivery Year in accordance with PJM Agreements and pursuant to the Office of the Interconnection's rules related to its "capacity exchange" tool. The bilateral capacity transaction must be acceptable to the PJM Office of the Interconnection and shall be for unforced capacity that has cleared the PJM RPM auctions for the applicable Delivery Year and be associated with one or more generating units in the PJM MAAC region, and provided that such unforced capacity shall not be from an ELCC Resource, including, but not limited to a generation capacity resource that is a Variable Resource, a Limited Duration Resource, a Combination Resource, or a Demand Resource as these terms are defined in PJM Agreements. For avoidance of doubt, the bilateral transaction is for the transfer of title of the Bilateral Transferred Capacity, and not for the performance of capacity obligation imposed by PJM on load service entities.

ARTICLE 8 THE ENERGY SETTLEMENT/RECONCILIATION PROCESS

8.1 Energy Settlement By PJM

The settlement process occurs at PJM to reflect the LTP Supplier's actual Energy obligations in a supply/usage reconciliation process. The Energy obligations for the LTP Supplier will be determined based on the LTP Supplier Responsibility Amount.

8.2 Energy Settlement and Penalties incurred by the Company

In the event PJM imposes penalties against the Company as a result of the LTP Supplier's Transactions or failure to meet PJM requirements, such penalties shall be passed through by the Company to the LTP Supplier as part of this settlement process as well as any costs and attorneys' fees incurred by the Company on account of or related to such penalties. In addition, all other applicable charges from PJM, including any billing adjustments, will be appropriately allocated to the LTP Supplier.

ARTICLE 9 BILLING AND PAYMENT

9.1 The Company Payment of Obligations to the LTP Supplier

The Company shall pay all amounts due to the LTP Supplier hereunder in accordance with the following provisions. 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 LTP Supplier. This Statement will show the aggregate amounts due

based on the LTP Fixed Price indicated in such Transaction Confirmation multiplied by the FMEA of the Billing Month. For avoidance of doubt, payment for the FMEA in a Delivery Year will only be made provided that the bilateral transaction for the Bilateral Transferred Capacity has occurred between the LTP Supplier and Company for such Delivery Year in accordance with Appendix C and the applicable Transaction Confirmation.

(b) General Provisions:

- (i) The Statement(s) will be sent to the LTP 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 LTP Supplier by electronic transfer to a bank designated by the LTP Supplier.
- (vi) If a good faith dispute arises between the Company and the LTP 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 LTP 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 LTP Supplier has entered into more than one Transaction with Buyer, LTP Supplier shall receive a single Statement listing the relevant information detailed above.

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

9.3 The LTP Supplier Payment of Obligations to the Company

The LTP 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 LTP Supplier for all Charges owed by the LTP Supplier under this Agreement. The LTP 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 LTP 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 LTP 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 LTP 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 LTP 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 LTP Suppliers, to disconnect (or otherwise curtail, interrupt or reduce deliveries from) the LTP 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 LTP 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 LTP 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 LTP Supplier also acknowledges and agrees that the Company may need to act in response to governmental or civil authority directives which may affect LTP Supply. The LTP 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 LTP 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. A 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 to commence a court proceeding, the LTP 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 to proceed in such 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 LTP 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 LTP 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 be sole, joint or concurrent, or active or passive. To the extent any Damages required to be paid hereunder are liquidated, the Parties acknowledge that the Damages are difficult or impossible to determine, or otherwise obtaining an adequate remedy is inconvenient and 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 LTP Supplier upon receipt thereof into the Company's distribution system and until delivery thereof at the retail electric meter of the Customer; and the LTP Supplier shall be deemed to have custody and control of the LTP Supply at all times prior to receipt thereof by the Company. The Party deemed to have custody and control of LTP Supply shall be responsible for all loss or damage to property or injury or death to persons arising in connection with such LTP 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 LTP Supplier with respect to an obligation arising under or in connection with this Agreement, or for which the LTP Supplier has otherwise assumed liability under the terms of this Agreement, the LTP

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 LTP 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 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. The Company may, at its own expense, retain counsel and participate in the defense of any such suit or action.

- (b) Should the LTP Supplier (the "Indemnified LTP 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 LTP Supplier), indemnify and hold harmless the Indemnified LTP 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 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 LTP Supplier. The Indemnified LTP 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 other than legal communications shall be in writing and shall be personally delivered or sent by email, overnight express mail or courier service. Any legal communications shall be in writing and shall be personally delivered or sent by email, overnight express mail or courier service, provided that any legal communications sent via e-mail transmission must also be transmitted by overnight express mail or courier service. All notices and communications must be addressed per the notification information for the LTP 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 LTP 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 LTP Supply to third party, or (ii) the elimination of the Company's obligation to obtain or provide LTP Supply.

16.4 Assignment

The 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 LTP 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 LTP 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 LTP 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 LTP 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. AS A MATERIAL INDUCEMENT TO EACH PARTY TO ENTER INTO THIS AGREEMENT, IF THE LTP SUPPLIER ELECTS TO PROCEED IN A COURT TO RESOLVE A DISPUTE, 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.

16.6 Regulatory Approvals

LTP 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 LTP Supplier of all LTP 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 Long Term Power 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 LTP 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 LTP 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 LTP Supply. Should the LTP 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 LTP Supplier on behalf of the Company, the Company will defend and indemnify the LTP Supplier for such sales and use taxes and will pay to the LTP 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 LTP 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 LTP Supplier, the LTP 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, LTP 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) LTP 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 LTP 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” shall mean 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” shall mean email 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 LTP Supplier.

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.

16.20 U.S. Stay Protocol

The Parties may, by mutual agreement, execute Appendix D attached hereto for purposes of incorporating the International Swaps and Derivatives Association (“ISDA”) 2018 U.S. Resolution Stay Protocol (“ISDA U.S. Stay Protocol”) into this Agreement.

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.

[LTP SUPPLIER]

BY: _____

NAME: _____

TITLE: _____

**PPL ELECTRIC UTILITIES
CORPORATION**

BY: _____

NAME: _____

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 LTP Supplier or its Guarantor must have a minimum senior unsecured long-term debt rating (not supported by third-party credit enhancements, or, if unavailable, corporate issuer rating) equal to the Minimum Rating¹. If the LTP 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 LTP Supplier or Guarantor must have to obtain unsecured credit.

APPENDIX B

MtM Credit Exposure Amount Calculation Information

Table 1 provides information that will be determined on each LTP Solicitation Date for each month of the Delivery Period for each applicable Transaction. The initial mark for each Billing Month is the On-Peak Energy Forward Price, Off-Peak Energy Forward Price, and Capacity Forward Price on the date that the LTP Solicitation closes and will not change over the life of the applicable Transaction.

After the close of the LTP Solicitation On-Peak Energy Forward Prices, Off-Peak Energy Forward Prices, and Capacity Forward Prices will change.

MtM Calculation Example

Parameters

On each Business Day subsequent to the LTP 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.
- (iii) the relevant month Capacity Forward Price minus the relevant month Capacity Initial Mark Price, multiplied by the Estimated Capacity Quantity.

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 LTP Solicitation

	Estimated On- Peak Energy Quantity	Estimated Off- Peak Energy Quantity	Estimated Capacity Quantity	Initial Mark On-Peak Energy Forward Price ²	Initial Mark Off-Peak Energy Forward Price ³	Capacity Initial Mark Price ⁴
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						
....						
Month 120						

Intentionally Left Blank (for
expression purposes only)

³ Initial Mark On-Peak Energy Forward Price set at day LTP Solicitation closes. Remains constant through term of applicable Transaction.

⁴ Initial Mark Off-Peak Energy Forward Price set at day LTP Solicitation closes. Remains constant through term of applicable Transaction.

⁵ Capacity Initial Mark Price set at day LTP Solicitation closes. Remains constant through term of applicable Transaction.

EXAMPLE

Table 2 – Post LTP Solicitation Close MTM Credit Exposure Calculation

	Estimated On-Peak Energy Quantity	Estimated Off-Peak Energy Quantity	Estimated Capacity Quantity	Initial Mark On-Peak Energy Forward Price ³	Initial Mark Off-Peak Energy Forward Price ⁴	Capacity Initial Mark Price ⁵	On-Peak Energy Forward Price ⁵	Off-Peak Energy Forward Price ⁶	Capacity Forward Price ⁷	MtM ⁸
Month 1										
Month 2										
Month 3										
Month 4										
Month 5										
Month 6										
Month 7										
Month 8										
Month 9										
Month 10										
Month 11										
Month 12										
...										
Month 120										
										Total

Intentionally Left Blank (for
expression purposes only)

³ Initial Mark On-Peak Energy Forward Price set at day LTP Solicitation closes. Remains constant through term of applicable Transaction.

⁴ Initial Mark Off-Peak Energy Forward Price set at day LTP Solicitation closes. Remains constant through term of applicable Transaction.

⁵ Capacity Initial Mark Price set at day LTP Solicitation closes. Remains constant through term of applicable Transaction.

⁶ On-Peak Energy Forward Price as commercially available.

⁷ Off-Peak Energy Forward as commercially available.

⁸ Capacity Forward Price as reported by PJM.

⁹ MTM = (Estimated On-Peak Energy Quantity * (On-Peak Energy Forward Price - Initial Mark On-Peak Energy Forward Price)) + (Estimated Off-Peak Energy Quantity * (Off-Peak Energy Forward Price - Initial Mark Off-Peak Energy Forward Price)) + (Estimated Capacity Quantity * (Capacity Forward Price - Capacity Initial Mark Price))

APPENDIX C

LTP Supply Specifications

- 1) With respect to a Transaction, LTP Supplier shall provide Block Service on a firm and continuous basis (and accompanied Bilateral Transferred Capacity). 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 LTP 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 Ancillary Services, and Pennsylvania Alternative Energy Portfolio Standard (“AEPS”) obligation) that are required to supply the LTP Supplier Responsibility Amount delivered to the Delivery Point. For avoidance of doubt, LTP Service shall exclude any capacity obligation imposed required by PJM associated with the supply of Block Service delivered to the Delivery Point to serve load of DS Customers. **Bilateral Transferred Capacity** shall mean the specified megawatt quantity of unforced capacity as set forth in the applicable Transaction Confirmation that the LTP Supplier is required to transfer to Company prior to each Delivery Year; such bilateral capacity transaction shall transfer title and all rights with respect to unforced capacity and shall be reported to the PJM Office of the Interconnection on an annual basis prior to each Delivery Year in accordance with PJM Agreements

and pursuant to the Office of the Interconnection's rules related to its "capacity exchange" tool. The bilateral capacity transaction must be acceptable to the PJM Office of the Interconnection and shall be for unforced capacity that has cleared the PJM RPM auctions for the applicable Delivery Year and be associated with one or more generating units in the PJM MAAC region, and provided that such unforced capacity shall not be from an ELCC Resource, including, but not limited to a generation capacity resource that is a Variable Resource, a Limited Duration Resource, a Combination Resource, or a Demand Resource as these terms are defined in PJM Agreements.

- 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 LTP Supplier Responsibility Amount.
- 3) Except as provided in Paragraph 1 above, LTP 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 LTP 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. LTP 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. LTP 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 LTP Supplier or Company from taking any position before the FERC regarding the creation and allocation of any such PJM charges.

ADHERENCE TO THE U.S STAY PROTOCOL

The Parties may, by mutual agreement, execute this Appendix D for purposes of incorporating the International Swaps and Derivatives Association (“ISDA”) 2018 U.S. Resolution Stay Protocol (“ISDA U.S. Stay Protocol”) into this Long Term Power Supplier Master Agreement.

This Appendix D is part of the Long Term Power Supplier Master Agreement dated ____, 20__ (as amended, modified or extended from time to time) between PPL Electric Utilities Corporation (the “Buyer”) and _____ (the “LTP Supplier”).

LTP Supplier hereby confirms that it is an adherent to the ISDA U.S. Stay Protocol. Buyer confirms that it is or that it will become an adherent to the ISDA U.S. Stay Protocol. If Buyer is not an adherent to the ISDA U.S. Stay Protocol when this Appendix D is executed, Buyer will submit an Adherence Letter for acceptance by the ISDA no later than ten (10) Business Days after execution of this Appendix D.

The terms of the ISDA U.S. Stay Protocol are incorporated into and form a part of the Long Term Power Supplier Master Agreement, and the Long Term Power Supplier Master Agreement shall be deemed a Protocol Covered Agreement for purposes thereof. For purposes of incorporating the ISDA U.S. Stay Protocol, LTP Supplier shall be deemed to be a Regulated Entity and Buyer shall be deemed to be an Adhering Party. In the event of any inconsistencies between the Agreement and the ISDA U.S. Stay Protocol, the ISDA U.S. Stay Protocol will prevail.

The terms “Regulated Entity”, “Adhering Party”, “Adherence Letter” and “Protocol Covered Agreement” shall have the meanings given to them in the ISDA U.S. Stay Protocol. All other terms not defined herein shall have the meanings given to them in the Long Term Power Supplier Master Agreement between the Parties.

**PPL ELECTRIC UTILITIES
CORPORATION**

BY: _____

NAME: _____

TITLE: _____

[LTP SUPPLIER]

BY: _____

NAME: _____

TITLE: _____

EXHIBIT 1 – TRANSACTION CONFIRMATION EXAMPLE

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

Transaction Type: [Fixed Price Transaction]

Product: Block Service and Bilateral Transferred Capacity

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

Bilateral Transferred Capacity

No later than [-] Business Days prior to each Delivery Year, LTP Supplier shall bilaterally transfer [INSERT] MW of Bilateral Transferred Capacity using the PJM “capacity exchange” tool, or successor tool.

Note: LTP Supply includes both Block Service and Bilateral Transferred Capacity.

No payment is made for Block Service delivered during a Delivery Year unless the bilateral transaction has occurred for the Bilateral Transferred Capacity for such Delivery Year.

Service Type	Total Tranches	Size of a Tranche		
Rate Schedules RS and RTS	[INSERT]	50 MW		

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

**PPL ELECTRIC UTILITIES
CORPORATION**

BY: _____

NAME: _____

TITLE: _____

[LTP SUPPLIER]

BY: _____

NAME: _____

TITLE: _____

EXHIBIT 2 – FORM OF NOTICE

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

BUYER: PPL Electric Utilities Corporation

LTP Supplier: [INSERT]

All Notices:

Street:

City/State/Zip:

Attn:

Facsimile: N/A

Duns: **00-790-9427**

Federal Tax ID Number: **23-0959590**

Email:

All Notices:

Street:

City/State/Zip:

Attn:

Facsimile:

Duns:

Federal Tax ID Number:

Email:

Invoices:

Attn:

Phone:

Facsimile:

Email:

Invoices:

Attn:

Phone:

Facsimile:

Email:

Scheduling:

Attn:

Phone:

Facsimile:

Email:

Scheduling:

Attn:

Phone:

Facsimile:

Email:

Payments:

Attn:

Phone:

Email:

Payments:

Attn:

Phone:

Email:

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

Credit and Collections:
Attn: **John Early**
Phone: **502-627-4253**
Email: pplmargincall2@pplweb.com

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

Wire Transfer
BNK:
ABA:
ACCT:

Credit and Collections:
Attn:
Phone:
Email:

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

**EXHIBIT 3 - 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

220 WEST MAIN ST.

LOUISVILLE, KY 40202

ATTN: MANAGER, CREDIT AND CONTRACT ADMINISTRATION

ELECTRONIC ISSUE ADDRESS: PPLMARGINCALL2@PPLWEB.COM

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 PPLMARGINCALL2@PPLWEB.COM. 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 YOUR EMAIL ADDRESS: PPLMARGINCALL2@PPLWEB.COM TO THE FOLLOWING ISSUER EMAIL ADDRESS:

_____ [INSERT ISSUER EMAIL ADDRESS], AND
CONFIRMED BY TELEPHONE TO US AT ONE OF THE FOLLOWING
NUMBER(S): _____ OR

_____ [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 LONG TERM POWER
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 LONG TERM POWER 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 LONG TERM POWER 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 PPLMARGINCALL2@PPLWEB.COM 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 PPLMARGINCALL2@PPLWEB.COM 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 UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 2007 REVISION - ICC PUBLICATION NO. 600, AS SUPPLEMENTED BY THE eUCP VERSION 2.0, 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 827 Hausman Rd., 1st Floor, Allentown, PA 18104, in consideration of all Transactions for Default Service, Alternative Energy Credit, Long Term Power and 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: Manager, Credit and Contract Administration
Phone: 502-627-4253
Fax: 502-627-3950
E-mail: jhearly@pplweb.com

Address: 220 West Main Street, Louisville, KY 40202 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 (not supported by third-party credit enhancements, 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 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: _____

Attachment E

PPL Electric Utilities Corporation

Long-Term Alternative Energy Credits

Request for Proposals (RFP) Process and Rules

Month Day, 2024

LONG-TERM 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 Long-Term Alternative Energy Credit Supplier Master Agreement (“LTAEC 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 (“AECs”) 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 Photovoltaic AECs. PPL Electric seeks to procure AECs for a Delivery Period beginning on the effective date of the Transaction and ending on May 31, 2046. The AEC Supplier is required to deliver the Annual Contract Quantity each Annual Time Period (as defined in the LTAEC SMA) except for partial Annual Time Period from the effective date of the Transaction through the first occurring May 31st after such effective date.¹ During the partial Annual Time Period, the AEC Supplier may, but is under no obligation to, transfer Photovoltaic AECs to PPL Electric up to the Annual Contract Quantity for payment, and any failure to meet the Annual Contract Quantity during such stub period shall be excused.
- 1.1.4 A “Product” is an AEC provided: (i) that meets the Photovoltaic requirements for AEPS compliance; (ii) for the specified Delivery Period; and (iii) under the terms of the LTAEC SMA. An AEC Supplier selected to supply a Product shall be paid under a firm price contract in which it will receive the price it bid.
- 1.1.5 The RFP will solicit a quantity of AECs through two (2) solicitations. In each solicitation, the Target Annual Quantity represents an annual quantity of AECs to be delivered in each Annual Time Period. The Target Annual Quantity in a solicitation will be divided into tranches. A tranche of a Product represents an equal quantity of AECs of the Target Annual Quantity.
- 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 the Product, may respond to any solicitation in this RFP.

¹ For the first solicitation, the partial Annual Time Period referred herein shall be between the effective date of the Transaction and May 31, 2026; for the second solicitation, the partial Annual Time Period referred herein shall be between the effective date of the Transaction and May 31, 2027. For avoidance of doubt, the effective date of a Transaction shall be the date the PaPUC approves the results of the applicable solicitation, and the Delivery Period of any Transaction shall expire on May 31, 2046.

- 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 renewable energy market participant. A Bid Proposal must include the RFP Bidder's Bid(s) and must be accompanied by the executed LTAEC SMA and sufficient Bid Assurance Collateral. A Bid is a price, in U.S. Dollars per AEC, at which the RFP Bidder is willing to supply a number of tranches of the 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 only submit a Bid for whole numbers of tranches. Instructions for preparation of a Bid Proposal are addressed in Articles 5 and 6.
- 1.1.10 For each solicitation, the Bid Proposal Evaluation Team will present the results of that solicitation to the PUC within three (3) business days of the Bid Proposal Due Date of that solicitation. At that time, the PUC will have three (3) business days 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 the Product, as defined in Section 1.1.4, in its entirety. If the PUC does not act within three (3) business days from its receipt of the bid results, the winning Bids are deemed to be approved.
- 1.1.11 If 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 Long-term 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 LTAEC SMA
 - Appendix 2: Expression of Interest Form
 - Appendix 3: Confidentiality Agreement
 - Appendix 4: Credit Application

- Appendix 4b: Confirmation of Previously Submitted Credit and Financial Information
- Appendix 5: Bid Assurance Letter of Credit (electronic issuance and presentation)
- Appendix 6: Bid Proposal Spreadsheet
- 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 LTAEC SMA, incorporated hereto as Appendix 1.
- 1.3.2 The LTAEC 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.
- 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. AEC Supplier is required to transfer AECs on a quarterly basis to PPL Electric's GATS account corresponding to 25% of its awarded quantity for an Annual Time Period as explained below. Within forty (40) calendar days after the end of each quarterly period as specified in the LTAEC SMA, but not to exceed seventy (70) calendar days after the end of the Annual Time Period during the Delivery Period, the AEC Supplier shall transfer AECs into PPL Electric's GATS account(s) in an amount commensurate with the AEC Supplier's contractual obligation during the said time period. AECs supplied for a given quarter in an Annual Time Period must be based on energy generation (i.e. vintage) within such Annual Time Period.
- 1.3.4 Subject to the LTAEC 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 AEPS Act for each AEC not delivered, as liquidated damages. Failure to pay liquidated damages under the LTAEC SMA will result in an event of default and subject the AEC Supplier to termination of their contract and payment of damages as set forth in the LTAEC SMA.
- 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. The Bid Proposal Due Dates will occur in or about the following months:

- July 2025
- July 2026

- 2.2.2 LTAEC 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;
- Three and one-half weeks or more: Bidder Information Session;
- Two weeks or more: 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 Photovoltaic AEC quantities to be procured (the "Target Annual Quantity"), the number of Available Tranches 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 in a solicitation are the number of tranches the Company seeks to procure for the 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 1.1.12.

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 a 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 an LTAEC 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 an RFP Bidder for AECs, 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) submits the Credit Application and, if applicable, associated financial information requested in Section 4.4 (Credit Application and Financial Information); 4) submits an executed copy of the Binding Bid Agreement provided as Appendix 7; and 5) provides a completed Electronic Funds Transfer Form and Bidder W-9, if applicable, through PPL Electric's Proposal Submission Web site. 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 The exclusive method of responding to Bidder Qualifications is through the 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 through PPL Electric's Proposal Submission Web site 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. If an applicant is notified of any deficiencies, such applicant is required to respond to the deficiency notice by the deadline specified in the deficiency notice in accordance with Section 7.2.2. 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 4b; 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) online through 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.

4.3 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 through PPL Electric's Proposal Submission Web site 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 email.

4.4 Credit Application and Financial Information

- 4.4.1 Applicants are required to submit the Credit Application (Appendix 4) 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 through PPL Electric's Proposal Submission Web site 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 **Error! Reference source not found.** 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.

- 4.4.2 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.
- 4.4.3 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 LTAEC SMA (Exhibit D) and as such the Guarantor must be able to make all representations and warranties therein.
- 4.4.4 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 4.4.1, 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 LTAEC 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 LTAEC 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 LTAEC SMA on behalf of the Guarantor has the authority to execute the guaranty pursuant to the LTAEC SMA and that the governing board of such guarantor has approved the execution of the guaranty pursuant to the LTAEC 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 LTAEC 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.

- 4.4.5 An RFP Bidder that is not seeking to be granted unsecured credit under the LTAEC 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.

4.5 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 submitted by the RFP Bidder, which shall constitute a firm offer to supply the Product in accordance with the LTAEC 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 LTAEC 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, through PPL Electric's Proposal Submission Web site 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 an RFP Bidder is notified of any deficiencies, such RFP Bidder is required to respond to the deficiency notice by the deadline specified in the deficiency notice in accordance with Section 7.2.2.

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 must be in a form that allows for electronic issuance and presentation of documents. An acceptable Bid Assurance LOC form that allows for electronic issuance and presentation of documents is provided as Appendix 5 and can be found on PPL Electric's RFP Web site or the Proposal Submission Web site.
- 4.7.2 As part of the Bidder Qualifications, an applicant may propose modifications to the Bid Assurance LOC form that are non-substantive or clarifying in nature. The applicant

proposing modifications to the Bid Assurance LOC 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 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 the Bid Assurance LOC form 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.

4.8 Alternative Forms of Performance Assurance

- 4.8.1 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 LTAEC SMA may be required, as set forth in the LTAEC SMA. Any performance assurance required of the applicant determined in accordance with the LTAEC SMA may be in the form of cash or LOC. An acceptable Performance Assurance LOC form that allows for electronic issuance and presentation of documents is provided as Exhibit B in the LTAEC SMA. An acceptable Unconditional Guaranty form is provided as Exhibit D in the LTAEC SMA. As part of its Bidder Qualifications, an applicant may propose modifications to the Performance Assurance LOC form or the Unconditional Guaranty form that are non-substantive or clarifying in nature. The applicant proposing modifications to the Performance Assurance LOC form 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 the Performance Assurance LOC form 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 the Performance Assurance LOC form 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 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, 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 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 must be positive and 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. \$/AEC) 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 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 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 that allows for electronic issuance and presentation of documents is provided as Appendix 5 and the 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 form 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 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 the 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. 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 LTAEC SMA

- 5.4.1 No later than two (2) business days before the Bid Proposal Due Date, the RFP Bidder must submit an executed LTAEC SMA, as instructed in Section 6.1.5, including the completed signature page of the LTAEC SMA and Exhibit E (Notices) of the LTAEC SMA filled in with the appropriate contact information for the RFP Bidder. Other exhibits of the LTAEC 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 the LTAEC SMA set forth in Appendix 1. LTAEC 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; (v) submitted by an RFP Bidder that has also submitted the executed LTAEC 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; the RFP Bidder's estimation of the risks associated with supplying AECs under the LTAEC SMA; the RFP Bidder's preference for bidding on the Product; 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 the 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. Each RFP Bidder assumes full responsibility for timely submission of its Bidder Qualification materials.
- 6.1.4 Bid Assurance Collateral for a solicitation in the form of an LOC must be in a form that allows for electronic issuance and presentation of documents (Appendix 5) and must be submitted to the following email address:

Email: PPLELECTRIC_BIDLC@PPLWEB.COM

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. Each RFP Bidder assumes full responsibility for timely delivery of its Bid Assurance Collateral. For avoidance of doubt, a hardcopy LOC is not an acceptable form of Bid Assurance Collateral.

- 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 LTAEC 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 LTAEC 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 email. The execution of a Transaction Confirmation is all that will be required in subsequent solicitations wherein an RFP Bidder that has previously executed the LTAEC SMA in a satisfactory manner is awarded additional tranches. If the RFP Bidder was not awarded tranches in the solicitation for which LTAEC SMA was provided, PPL Electric

will retain the LTAEC 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 LTAEC 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 LTAEC 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 LTAEC 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 LTAEC 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 email 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 RFP Bidder.

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 is not obligated to review Bidder Qualifications 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 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 or prior to 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 the Product. For avoidance of doubt, if a Bid Proposal Spreadsheet is submitted more than once for a Product, only the last submitted Bid Proposal Spreadsheet will be evaluated and the earlier submissions will be considered void.

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 (iv) the RFP Bidder has not submitted a signed LTAEC 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 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 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. 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 greatest number of whole tranches that its amount of Bid Assurance Collateral 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. 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. \$/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 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 for the 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 the 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 result 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 result. 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 no later than the next business day following the PUC approval in the event the PUC approves the result prior to the expected decision date, or no later than the next business day following the expected decision date in the event the PUC does not 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 LTAEC 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, 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 LTAEC 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 an LTAEC SMA. Nothing herein may be construed to bind the Company unless and until the PUC has approved winning Bid(s), and each LTAEC SMA with an RFP Bidder has been executed and is effective. Once effective, the LTAEC 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

Long-Term Alternative Energy Credit Supplier Master Agreement

Appendix 2

Expression of Interest Form LTAEC 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 supplies AECs pursuant to PPL Electric’s Long-Term Alternative Energy Credit Supplier Master Agreement (“LTAEC 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 LTAEC 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 LTAEC 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 an LTAEC 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 LTAEC SMA. PPL Electric may disclose to any RFP Bidder with whom it has executed the LTAEC 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 LTAEC 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 irreparable 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 **twenty-one** 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 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 LTAEC 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 LTAEC 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 (not supported by third-party credit enhancements, or, if unavailable, the most current corporate issuer rating)

Moody's Investor Services

Current Rating: _____

(Senior Unsecured Long-Term Debt Rating (not supported by third-party credit enhancements, or, if unavailable, the most current corporate issuer rating)

Fitch Ratings

Current Rating: _____

(Senior Unsecured Long-Term Debt Rating (not supported by third-party credit enhancements, or, if unavailable, the most current corporate 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 LTAEC 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 LTAEC 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 LTAEC SMA on behalf of the Guarantor has the authority to execute the guaranty pursuant to the LTAEC SMA and that the governing board of such guarantor has approved the execution of the guaranty pursuant to the LTAEC 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 LTAEC 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 4b

Confirmation of Previously Submitted Credit and Financial Information

The RFP Bidder, _____, has qualified for a prior solicitation in the LTAEC 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 Long-Term Alternative Credit RFP.

___ July 2025 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 5

BID ASSURANCE LETTER OF CREDIT SUPPLY FOR LONG-TERM 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

827 HAUSMAN RD., 1ST FLOOR

ALLENTOWN, PA 18104

ATTN: PPL ELECTRIC ENERGY PROCUREMENT TEAM

ELECTRONIC ISSUE ADDRESS: PPLELECTRIC_BIDLC@PPLWEB.COM

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 PPLELECTRIC_BIDLC@PPLWEB.COM. 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 YOUR EMAIL ADDRESS: PPLELECTRIC_BIDLC@PPLWEB.COM TO THE FOLLOWING ISSUER EMAIL ADDRESS: _____[INSERT ISSUER EMAIL ADDRESS], AND CONFIRMED BY TELEPHONE TO US AT ONE OF THE FOLLOWING NUMBER(S): _____ OR _____[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 LONG-TERM ALTERNATIVE ENERGY CREDITS 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 LONG-TERM ALTERNATIVE ENERGY CREDITS RFP SOLICITATION ON THE SOLICITATION DATE AND HAS EXECUTED THE LONG-TERM ALTERNATIVE ENERGY CREDIT SUPPLIER MASTER AGREEMENT ("LTAEC 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 ELECTRIC LONG-TERM ALTERNATIVE ENERGY CREDITS 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 ELECTRIC LONG-TERM ALTERNATIVE ENERGY CREDITS 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 PRACTICE FOR DOCUMENTARY CREDITS, 2007 REVISION - ICC PUBLICATION NO. 600, AS SUPPLEMENTED BY THE eUCP VERSION 2.0, 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, 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 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 – Long-Term Alternative Energy Credits

Solicitation # <number>

Long-term Alternative Energy Credits

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 Long-term AEC Requests For Proposals process, _____ (“RFP Bidder”) agrees to be bound by the price quotes entered for the Product 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 AECs in accordance with the Long-term AEC Supplier Master Agreement (“LTAEC 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: _____

Attachment F

LONG-TERM ALTERNATIVE ENERGY CREDIT

SUPPLIER MASTER AGREEMENT

BETWEEN

PPL ELECTRIC UTILITIES CORPORATION

AND

[SELLER NAME]

DATED: _____

LONG-TERM ALTERNATIVE ENERGY CREDIT SUPPLIER MASTER AGREEMENT

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LONG-TERM ALTERNATIVE ENERGY CREDIT SUPPLIER MASTER AGREEMENT

THIS LONG-TERM ALTERNATIVE ENERGY CREDIT SUPPLIER MASTER AGREEMENT (“Agreement” or “LTAEC 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 Pennsylvania legislature has enacted the Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8 (the “Act” or “AEPS Act”) establishing an Alternative Energy Portfolio Standard applicable to retail electricity suppliers serving customers in the Commonwealth of Pennsylvania; and

WHEREAS, Buyer has solicited offers for obtaining Alternative Energy Credit(s) to fulfill a portion of its Alternative Energy Portfolio Standards Obligation (“AEPS Obligation”) pursuant to a Request for Proposal (“RFP”) and the Seller is a winning bidder in that solicitation; and

WHEREAS, Seller desires to sell Alternative Energy Credit(s) and Buyer desires to purchase such Alternative Energy Credit(s) to fulfill a portion of its AEPS Obligation; and

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

ARTICLE 1 DEFINITIONS

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

“Affiliate” – 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.

“Agreement” – Shall mean this LTAEC SMA.

“Alternative Energy Credit (“AEC” or “AECs”)” – Shall mean 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.

“Alternative Energy Credits (“AEC”) Program Administrator” – Shall mean the independent entity that the PUC has identified and approved to administer the AEPS as described in the Act, as amended from time to time.

“Alternative Energy Portfolio Standards Obligation” (“AEPS Obligation”) – Shall have the meaning ascribed to it in Section 2.3 (Alternative Energy Portfolio Standards Obligation).

“Alternative Energy Portfolio Standards (“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 (the “Act” or “AEPS Act”).

“Annual Contract Quantity” – Shall mean the quantity of AECs required to be transferred by Seller to Buyer each Annual Time Period as defined in the Transaction Confirmation.

“Annual Time Period” – Shall mean each 12-month period June 1st through May 31st that occurs during the Delivery Period.

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

“Business Day” – Shall mean, 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.

“Costs” – Shall mean, 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 the Transaction Confirmation(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 12 and Exhibit C.

“Default Damages” – Shall mean, for the period of time specified in Section 10.2(b)(ii) (Remedies) any direct damages and Costs, calculated in a commercially reasonable manner, that the Non-Defaulting Party incurs with respect to the Specified Amount as a result of an Event of Default. Direct damages may include, but are not limited to: (i) the positive difference (if any) between the price of the Product hereunder and the price at which the Buyer or Seller is able to purchase or sell (as applicable) the Product from or to third parties, or an amount equal to the

alternative compliance payment required by the AEPS Act for each AEC not delivered.

“Delivery” or “Delivered” – Shall mean the transfer from Seller to Buyer of the Product, as specified pursuant to this Agreement and Transaction Confirmation attached thereunder, and recognition by the AEC Program Administrator of the transfer to Buyer. Delivery of Product can be independent of delivery of the electricity with which the Product is associated.

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

“Delivery Point” – Shall mean the Buyer’s account with GATS.

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

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

“FERC” – Shall mean the Federal Energy Regulatory Commission or its successor.

“Fitch” – Shall mean Fitch, Inc. or its successor.

“Force Majeure” – Shall mean, 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 Seller’s supply; (ii) Seller’s ability to sell AECs at a price greater than that received under any Transaction Confirmation; (iii) the Buyer’s ability to purchase the AECs at a price lower than paid under any Transaction; (iv) any change in requirements of any governmental authority; or (v) labor stoppage or lockout.

“Gains” – Shall mean, 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.

“Generator Attribute Tracking System” or “GATS” – Shall mean the system owned and operated by PJM Environmental Information Services, Inc., or its successor, to provide environmental and emissions attributes reporting and tracking services to its subscribers, inter alia, in support of Pennsylvania Alternative Energy Portfolio Standard (“AEPS”) Act.

“GATS Subscriber” – Shall mean an entity that has accepted and agreed to be bound by the Terms of Use for the GATS of PJM Environmental Information Services, Inc., or any successor as approved by the Pennsylvania Public Utility Commission.

“Government Action” – Shall mean action by a Governmental Authority to change the eligibility

of a Product for the AEPS or substantially change the requirements for compliance by persons obligated to comply with the AEPS which in either case has a material adverse effect on the value of a Product that is the subject of a particular Transaction, and includes a change in Applicable Law that disqualifies any particular Product, that is the subject of a Transaction.

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

“Guarantor” – Shall mean any party having the authority and agreeing to guarantee the Seller’s financial obligations under this Agreement, recognizing that such party shall be obligated to meet Buyer’s creditworthiness requirements specified in this Agreement for such Seller.

“Guaranty or Guaranty Agreement” – Shall mean a guaranty, suretyship, hypothecation agreement, margins or security agreement or any other document in the form attached as Exhibit D to this Agreement or other form approved by Buyer.

“Interest Index” – Shall mean 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/>).

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

“Losses” – Shall mean, with respect to any Party, an amount equal to the present value of the economic loss to it, if any (exclusive of Costs), resulting from the termination of a Transaction under this Agreement or a transaction for default service or AECs under supplier master agreements executed between the Parties pursuant to the PUC Orders, determined in a commercially reasonable manner.

“Margin” – Shall mean the amount by which the Total Exposure Amount exceeds the Sellers’s, or Guarantor’s, Credit Limit as defined in Section 12.4.

“Maximum Credit Limit” – Shall mean the lesser of the applicable percentage of TNW or the applicable Credit Limit Cap as specified in Exhibit C of this Agreement.

“Merger Event” – Shall mean, when a Seller 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 Seller hereunder as determined in the reasonable discretion of the Buyer or (ii) the benefits of any credit support provided pursuant to Article 12 of this Agreement fail to extend to the performance by such resulting, surviving or transferee entity of the Seller’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 Buyer.

“Minimum Rating” – Shall mean a minimum long-term senior unsecured debt rating as defined in Exhibit C of this Agreement.

“Minimum Transfer Amount” – Shall mean the greater of: \$1,000 or such amount designated as “Minimum Transfer Amount” in other agreements between Buyer and Seller for supply of AECs or default service supply pursuant to PUC Orders.

“Moody’s” – Shall mean Moody’s Investors Service, Inc. or its successor.

“Nominal Contract Value” – Shall mean the dollar amount resulting by multiplying the Specified Amount by the Settlement Price.

“Non-Defaulting Party” – Shall mean the Party not responsible for an Event of Default, as set forth in Article 10.

“Photovoltaic (“PV”)” – Shall have the meaning ascribed in Tier 1 Alternative Energy Sources in the Pennsylvania Alternative Energy Portfolio Standards Act, 73 P.S. §§ 1648.1-1648.8.

“PJM” – Shall mean the PJM Interconnection, LLC or any successor organization thereto.

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

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

“PJM Operating Agreement” or “PJM OA” – Shall mean the Operating Agreement of PJM or its successor.

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

“PJM Settlement Date” – Shall mean the date on which payments are due to PJM for services provided by PJM in accordance with the PJM Agreements. In the event that PJM institutes multiple Settlement Dates pursuant to the PJM Agreements, the relevant PJM Settlement Date will be last PJM Settlement Date in the month.

“Product” – Shall mean the type of AECs to be delivered as specified in the Transaction Confirmation.

“PUC” – Shall mean the Pennsylvania Public Utility Commission and any successor thereto.

“PUC Orders” – Shall mean the orders issued by the PUC pursuant to the Electricity Generation Customer Choice and Competition Act, 66 Pa. C. S. Sections 2801-2812, as amended by Act 129 of 2008, including the order authorizing the parties to enter into this Agreement.

“Quarterly Settlement Amount” – Shall mean, with respect to any Quarterly Settlement Period, the product of: (i) the Quarterly Settlement Quantity; and (ii) the Settlement Price as set forth in the Transaction Confirmation.

“Quarterly Settlement Date” – Shall mean, with respect to any Quarterly Settlement Period, the date(s) determined to coincide with the PJM Settlement Date(s) pursuant to the PJM Agreements that is in the month after the month in which AECs have been Delivered by the Seller for purposes of determining the Quarterly Settlement Quantity. In the event that PJM institutes multiple Settlement Dates in a given month pursuant to the PJM Agreements, the Quarterly Settlement Date will be last PJM Settlement Date in that month.

“Quarterly Settlement Period” – Shall mean a given three (3) month period as specified in the Transaction Confirmation.

“Quarterly Settlement Quantity” – Shall mean, with respect to any Quarterly Settlement Period, 25% of the Annual Contract Quantity, rounded up to the nearest AEC.

“Request for Proposal” or “RFP” – Shall mean the request for proposals issued from time to time by Buyer pursuant to the PUC Orders.

“Rounding Amount” – Shall mean the greater of: \$1,000 or such amount designated as “Rounding Amount” in other agreements between Buyer and Seller for supply of AECs or default service supply pursuant to PUC Orders.

“S&P” – Shall mean Standard & Poor's Financial Services LLC a subsidiary of The McGraw-Hill Companies, Inc. and any successor thereto.

“Settlement Amount” – Shall mean, with respect to a Transaction and the Non-Defaulting Party, the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of the liquidation of a Terminated Transaction pursuant to Article 10 (Events of Default; Remedies). The calculation of a Settlement Amount for a Terminated Transaction shall exclude any Default Damages calculated pursuant to Section 10.2(b)(ii) for the same Terminated Transaction. 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 and all other transactions for default service or AECs under supplier master agreements executed between the Parties pursuant to the PUC Orders if total of the Losses and Costs exceeds the Gains and shall be considered an amount due to the Defaulting Party under this Agreement and all other transactions for default service or AECs under supplier master agreements executed between the Parties pursuant to the PUC Orders if the Gains exceed the total of the Losses and Costs.

“Settlement Price” – Shall mean the price in \$/AEC as set forth in the Transaction Confirmation pursuant to this Agreement.

“Specified Amount” – Shall mean the amount of AECs as set forth in a Transaction Confirmation pursuant to this Agreement, which is equal to the result by multiplying the Annual Contract Quantity by the number of full Annual Time Periods during the Delivery Period. For avoidance of doubt, the number of full Annual Time Periods shall be: i) twenty (20) if the

Effective Date is on or before May 31, 2026, or ii) nineteen (19) if the Effective Date falls between June 1, 2026 and May 31, 2027.

“Tangible Net Worth” or “TNW” – Shall mean shareholder equity less intangible assets, prepayments, and other relevant factors, as determined from audited financial statements and reviewed and adjusted as necessary. Intangible assets include benefits such as goodwill, patents, copyrights and trademarks.

“Termination Payment Date” – Shall have the meaning set forth in Section 10.4 (Notice of Termination Payment).

“Terminated Transaction(s)” – Shall mean any Transaction which has been terminated in accordance with Section 10.2 (b) (Remedies).

“Tier 1 Alternative Energy Sources” – 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.

“Tier 2 Alternative Energy Sources” – 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.

“Total Exposure Amount” – Shall mean an amount calculated daily for Seller reflecting the total credit exposure to Buyer and consisting of the sum of (i) credit exposure under this Agreement; (ii) the amounts designated as Mark-to-Market Exposure Amount or credit exposure under any other agreements providing for AECs or default service supply or similar 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.

“Transaction” – Shall mean a particular agreement by which Buyer purchases and Seller sells AECs pursuant to this Agreement, the details of which are more fully set forth in a Transaction Confirmation.

“Transaction Confirmation” – Shall have the meaning ascribed to it in Section 2.10 (Transaction Confirmation).

“Transaction Date” – Shall mean the date that a Transaction is effective as set forth in the Transaction Confirmation.

ARTICLE 2

TERMS AND CONDITIONS OF ALTERNATIVE ENERGY CREDITS

2.1 *Seller’s Obligation To Provide AECs.* With respect to a Transaction, Seller shall provide AECs on a quarterly basis such that the Quarterly Settlement Amount is supplied each quarter during the Delivery Period as set forth in the Transaction Confirmation.

With respect to any Quarterly Settlement Period in an Annual Time Period, Seller is obligated to transfer the Quarterly Settlement Quantity, which shall not cumulatively

exceed the Annual Contract Quantity for such Annual Time Period. Buyer shall pay Seller based upon the terms and conditions set forth in Article 5. With respect to any Quarterly Settlement Period in an Annual Time Period, Seller may choose to transfer up to the entire Annual Contract Quantity. AECs transferred in excess of the Quarterly Settlement Quantity will be applied to satisfy the delivery obligations in the subsequent Quarterly Settlement Period of the same Annual Time Period. No AECs may be transferred to Buyer in advance of a future Annual Time Period.

Seller shall transfer to Buyer a total amount of AECs equal to the Annual Contract Quantity for each Annual Time Period. In the event that Seller fails to transfer the quantity of AECs required to be transferred in any Annual Time Period as provided under this Section, Seller shall pay Buyer an amount equal to the alternative compliance payment required by the AEPS Act for each AEC which Seller fails to transfer to Buyer for such Annual Time Period as liquidated damages. Such liquidated damages shall be due with the payment of the first invoice issued immediately after when such liquidated damages can be calculated, or within thirty (30) days of the PaPUC's determination of the applicable alternative compliance payment for the Annual Time Period, if the last payment has been made under this Agreement. Notwithstanding the foregoing, shortfall amounts associated with the partial Annual Time Period ending on the first occurring May 31st after the Effective Date, if any, shall be excused and no liquidated damages shall be calculated or due for such partial Annual Time Period.

In the event that a Seller fails to pay liquidated damages as specified in this Section 2.1, such failure shall constitute an Event of Default under Section 10.1(a).

2.2 Buyer's Obligation to Take AECs. With respect to a Transaction, Buyer shall accept AECs as provided by Seller pursuant to Section 2.1 (Seller's Obligation to Provide AECs), and shall pay Seller for such AECs on the applicable Quarterly Settlement Date in accordance with Section 5.3 (Payments of the Invoice).

2.3 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).
- (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 GATS 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 load serving entity GATS fee requirements.
- (c) Within 40 days after the end of each Quarterly Settlement Period during the Delivery Period, but not to exceed 70 days after the end of each Annual Time Period during the Delivery Period per Article 2.3 (e), the Seller shall transfer AECs into the Buyer's GATS account(s) in an amount commensurate with Article

2.1.

- (d) AECs supplied for a given Quarterly Settlement Period in an Annual Time Period must be based on energy generation (i.e., vintage) within such Annual Time Period.
- (e) No later than 70 calendar days following an Annual Time Period of the Delivery Period, Seller shall complete its transfer of any remaining AECs associated with such Annual Time Period as specified in the Transaction Confirmation, not transferred in accordance with subsection (c) of this Section 2.3, into the Buyer's GATS account(s).
- (f) In addition to the Remedies stated in Article 7, Article 8 and Article 10 of this Agreement, Buyer, in its reasonable discretion, shall have the right to pursue specific performance of Seller's obligations under this Section 2.3.
- (g) Seller shall provide to the Buyer all information regarding AECs that may be required by the PUC rules governing reporting and auditing of Buyer's compliance with the AEPS Obligation.

2.4 GATS Subscription. For the period of time that this Agreement is in effect, Seller shall be a GATS Subscriber in good standing.

2.5 Title Transfer. Seller shall cease to have title to, possession of, and risk of loss with respect to liability pursuant to Section 7.1 (Seller's Indemnification for Third-Party Claims) of, AECs delivered hereunder at the Delivery Point(s). Seller warrants that it has good title to the AECs transferred and delivered hereunder and that it has the right to sell such AECs. As between Buyer and Seller only, Buyer shall take title to, possession of, and risk of loss with respect to liability pursuant to Section 7.2 (Buyer's Indemnification for Third-Party Claims) of AECs delivered hereunder at the Delivery Point(s). Notwithstanding the foregoing, nothing contained in this Agreement is intended to create or increase liability of Buyer to any third party beyond such liability, if any, under applicable law if Buyer had not taken title.

2.6 Secondary Markets. All representations and warranties made by Seller to Buyer with respect to the Product are transferable by Buyer.

2.7 Disclosure in the Event of Seller Default. If Seller defaults and this Agreement is terminated pursuant to Article 10 (Events of Default; Remedies), Buyer may disclose the terms of this Agreement and any Transaction Confirmation to all other non-defaulting default service and Alternative Energy Credit suppliers providing SRECs or 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 Section 2.8 (Seller Step-Up Rights) below.

2.8 Seller Step-Up Rights. In the event of an early termination of a LTAEC 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) for the remaining term(s) of such transaction(s); and (ii) requests Seller 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 LTAEC SMA 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); and (ii) that it is willing to meet any additional collateral requirements related to the Step-Up. Seller’s response shall take place no later than five (5) Business Days of its receipt of Buyer’s notification. 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 (default service and AEC) 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. Buyer will determine Seller’s pro-rata share within six (6) Business Days from the date of Buyer’s initial notification. Once Buyer has determined Seller’s pro-rata share, Buyer will forward by e-mail to Seller a partially executed Transaction Confirmation(s). By 2:00 p.m. EPT on the next Business Day following Seller’s receipt of such partially executed Transaction Confirmation(s), Seller shall return by email to Buyer one (1) fully executed Transaction Confirmation(s).

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.

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

2.10 *Transaction Confirmation.* A Transaction obtaining supply for AECs shall be documented in a Transaction Confirmation in the form attached hereto as Exhibit A.

ARTICLE 3

GOVERNMENT ACTION AND RECOVERY OF AEC COSTS

3.1 *Government Action.* The Parties acknowledge that the AEPS, which among other things establish the conditions for a market for certain Products, may be the subject of Government Action (including court challenge) that could adversely affect the eligibility

of a Product to meet the requirements of the AEPS or otherwise alter the requirements of the AEPS, or make a Product unavailable or dramatically diminished or increased in value. With respect to any Transaction, the Seller represents that a Product complies with the AEPS, such representation is made and effective as of the Transaction Date, and Seller will not be in breach of such representation on account of any Government Action occurring after the Transaction Date. Government Action that changes in any respect the value of a Product (without rendering the Product out of compliance with the AEPS), including a Cancellation of the AEPS, will have no effect on the obligation of the Parties to purchase and sell such Product at the price and on the terms set forth in the Transaction Confirmation. To the extent that Government Action renders Delivery illegal under Applicable Law, such Transaction will be terminated and that portion of whatever has been paid for Products not yet Delivered will be refunded by Seller, to the extent it is lawful to do so. Notwithstanding the foregoing, no Transaction will be affected, cancelled, or otherwise impaired by Government Action that is specific to a Party under Applicable Law taken by a Governmental Authority alleging that Party's violation thereof.

- 3.2 Recovery of AEC Costs. Buyer's obligations under this agreement are premised upon Buyer's ability to recover all costs incurred by it under this Agreement from its retail customers in full on a current basis, as recognized by the AEPS Act. In the event that the Buyer has received regulatory approval for the procurement plan underlying this Agreement, and any subsequent Order of the Pennsylvania Public Utility Commission has the effect of suspending, limiting or denying Buyer's ability to recover fully such costs from its retail customers on a current basis, Buyer may exercise one of the following two options, but only after undertaking reasonable best efforts to challenge such action before the Pennsylvania Public Utility Commission: (1) terminate this Agreement upon 30 calendar days notice; or (2) elect to continue performing under the Agreement and pay the Seller only the costs for the AECs which the Buyer is permitted to recover on a current basis from its retail customers. However, if Buyer elects to reduce its payments under this Agreement to that which it is permitted to recover on a current basis from its retail customers as a result of an action of the Pennsylvania Public Utility Commission, Seller may terminate this Agreement upon not less than 30 calendar days notice.

ARTICLE 4 TERM AND SURVIVAL

- 4.1 Term. Unless otherwise agreed upon by Buyer and Seller, this Agreement shall continue in full force and effect from the Effective Date until the end of all Transaction(s) executed under this Agreement unless this Agreement is terminated prematurely pursuant to Article 10 of this Agreement.
- 4.2 Survival. All provisions of this Agreement which must, in order to give full force and effect to the rights and obligations of the Parties hereto, survive termination or expiration of this Agreement, shall so survive, including, without limitation, Articles 7, 8, 10, and 11.

ARTICLE 5

BILLING AND SETTLEMENT

5.1 *Billing.* Unless otherwise agreed to by the Parties, on or before the last Business Day of the month following the month in which Seller has Delivered AECs for purposes of determining the Quarterly Settlement Quantity, Seller shall deliver to Buyer, via electronic transmission or other means agreed to by the Parties, an invoice (“Invoice”) that sets forth the total amount due for all Transactions. The Invoice shall detail for each Transaction the following:

- (a) Quarterly Settlement Quantity (and the actual quantity of AECs transferred for such Quarterly Settlement Period if different from the Quarterly Settlement Quantity)
- (b) Invoice Amount
- (c) Quarterly Settlement Period
- (d) Settlement Price

5.2 *Payments of the Invoice.* Buyer shall make payment to Seller, or Seller will make payment to Buyer, as the case may be, the total amount due in the applicable Invoice, subject to Section 5.5 (Netting of Payments). The amount paid from Buyer to Seller shall be based on actual quantity of AECs delivered, which shall not exceed the Quarterly Settlement Amount, based upon the Quarterly Settlement Quantity for that period, per the Transaction Confirmation. Any excess credits transferred by the Seller to the Buyer in advance of a Quarterly Settlement Period, within an Annual Time Period, shall be paid for by Buyer to Seller during the applicable Quarterly Settlement Period for which the quantity is applied. All payments shall be made by “Electronic Funds Transfer” (“EFT”) via “Automated Clearing House” (“ACH”), unless otherwise agreed to by the Parties, to a bank designated in writing by such Party, by 12:00 p.m. EPT on the Quarterly Settlement Date. Payment of Invoices shall not relieve the paying Party from any other responsibilities or obligations it has under this Agreement (other than the obligation to make such payment), nor shall such payment constitute a waiver of any claims arising hereunder.

5.3 *Billing Disputes and Adjustments of Invoices.*

- (a) Within twelve (12) months of the date on which an Invoice is issued, Buyer may, in good faith, adjust the Invoice to correct any errors. The adjustment shall include interest calculated at the Interest Rate from the original due date to the date of payment. Buyer shall provide Seller a written explanation of the basis for the adjustment.
- (b) Within twelve (12) months of the date on which an Invoice is issued or an Invoice is adjusted pursuant to Section 5.3(a) (Billing Disputes and Adjustment of Invoices), Seller may, in good faith, dispute the correctness of such Invoice or adjustment, pursuant to the provisions of Article 11 (Dispute Resolution), and provided that Seller has paid by the Quarterly Settlement Date any portion of an Invoice that is not disputed.

5.4 *Interest on Unpaid Balances.* Interest on delinquent amounts, other than amounts

in dispute as described in Section 5.3 (Billing Disputes and Adjustment of Invoices), shall be calculated at the Interest Rate from the original due date to the date of payment.

- 5.5 *Netting of Payments.* Buyer and Seller shall discharge mutual debts and payment obligations due and owing to each other under this Agreement, as of the Quarterly Settlement Date, such that all amounts owed by each Party to the other Party shall be reflected in a single amount due to be paid by the Party who owes it and received by the other Party, provided that the calculation of the net amount shall not include any disputed amounts being withheld pursuant to Section 5.3 (Billing Disputes and Adjustments of Invoices).

ARTICLE 6 TAXES

- 6.1 *Cooperation.* Each Party shall use reasonable efforts to implement the provisions of and administer this Agreement in accordance with the intent of the Parties to minimize taxes, so long as neither Party is materially adversely affected by such efforts.
- 6.2 *Taxes.* As between the Parties: (i) the Seller 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 AECs under this Agreement; and (ii) the Buyer 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 AECs. Should the Seller be required to remit any Pennsylvania State sales and use taxes directly to the applicable taxing authority, other than taxes previously collected by the Seller on behalf of the Buyer, the Buyer will defend and indemnify the Seller for such sales and use taxes and will pay to the Seller 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 Seller will, if requested, provide the Buyer with valid tax exemption certificates. Should the Buyer be required to remit any sales and use taxes directly to any applicable taxing authority, other than taxes previously collected by the Buyer directly from the Seller, the Seller will defend and indemnify the Buyer and will pay to the Buyer all applicable sales and use tax amounts upon demand.
- 6.3 *Disclosure of Tax Treatment.* Notwithstanding anything to the contrary in this Agreement or in the RFP and appendices thereto, Seller and Buyer 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) Seller and Buyer (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.

ARTICLE 7

INDEMNIFICATION

- 7.1 *Seller's Indemnification for Third-Party Claims.* Seller shall indemnify, hold harmless, and defend Buyer and its Affiliates, and their respective officers, directors, employees, agents, contractors, subcontractors, invitees, successors, representatives and permitted assigns (collectively, "Buyer's Indemnities") from and against any and all claims, liabilities, costs, losses, damages, punitive damages and expenses including reasonable attorney and expert fees, disbursements actually incurred, and any penalties or fines imposed by Government Authorities in any action or proceeding between Buyer and a third party or Seller for damage to property of unaffiliated third parties, injury to or death of any person, including Buyer's employees or any third parties, to the extent directly caused by the negligence, gross negligence or willful misconduct of Seller and/or its officers, directors, employees, agents, contractors, subcontractors or invitees arising out of or connected with Seller's performance under this Agreement, Seller's exercise of rights under this Agreement, or Seller's breach of this Agreement. Buyer shall have the right to hire the attorney of its choice to defend it in any proceeding brought against it pursuant to this provision.
- 7.2 *Buyer's Indemnification for Third-Party Claims.* Buyer shall indemnify, hold harmless, and defend Seller and its Affiliates, and their respective officers, directors, employees, agents, contractors, subcontractors, invitees, successors, representatives and permitted assigns (collectively, "Seller's Indemnities") from and against any and all claims, liabilities, costs, losses, damages, and expenses including reasonable attorney and expert fees, disbursements actually incurred, and any penalties or fines imposed by Government Authorities in any action or proceeding between Seller and a third party or Buyer for damage to property of unaffiliated third parties, injury to or death of any person, including Seller's employees or any third parties, to the extent directly caused by the gross negligence or willful misconduct of Buyer and/or its officers, directors, employees, agents, contractors, subcontractors or invitees arising out of or connected with Buyer's performance under this Agreement, Buyer's exercise of rights under this Agreement, or Buyer's breach of this Agreement. Seller shall have the right to hire the attorney of its choice to defend it in any proceeding brought against it pursuant to this provision.
- 7.3 *Indemnification Procedures.* If either Party intends to seek indemnification under Sections 7.1 (Seller's Indemnification for Third-Party Claims) or 7.2 (Buyer's Indemnification for Third-Party Claims), as applicable, from the other Party, the Party seeking indemnification shall give the other Party notice of such claim within ninety (90) calendar days of the later of the commencement of, or the Party's actual knowledge of, such claim or action. Such notice shall describe the claim in reasonable detail, and shall indicate the amount, estimated if necessary, of the claim that has been, or may be, sustained by said Party. To the extent that the other Party will have been actually and materially prejudiced as a result of the failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the provisions for

indemnification contained in this Agreement. Neither Party may settle or compromise any claim without the prior consent of the other Party; provided, however, said consent shall not be unreasonably withheld or delayed.

ARTICLE 8

LIMITATIONS OF REMEDIES, LIABILITY AND DAMAGES

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

ARTICLE 9

FORCE MAJEURE

- 9.1** *Force Majeure* means an event or circumstance defined as such in Article 1. 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) fulfills the requirements set forth in Section 9.2 (Notification).

9.2 *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 10 EVENTS OF DEFAULT; REMEDIES

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

- (a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three (3) Business Days after written notice;
- (b) any representation or warranty made by such Party herein or in response to the RFP is intentionally or unintentionally false or misleading in any material respect when made or when deemed made or repeated;
- (c) the failure of a Party to comply with the requirements of Section 2.4 (GATS Subscription) if such failure is not remedied within three (3) Business Days after written notice;
- (d) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default) if such failure is not remedied within three (3) Business Days after written notice;
- (e) Is the subject of a voluntary bankruptcy, insolvency or similar proceeding;
- (f) Makes an assignment for the benefit of its creditors;
- (g) In the case of a Seller, is dissolved or is the subject of a Merger Event;
- (h) such Party consolidates with, or merges with or into, or transfers all or substantially all of its assets to, another entity, or assigns the Agreement or any rights, interests, or obligations hereunder without the prior written consent of the other Party when such consent is required, and, at the time of such consolidation, merger, transfer or assignment, the resulting, surviving, transferee, or assigned entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;

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

(j) the failure of a Seller to provide performance assurance or to maintain performance assurance in effect thereafter until such time as Buyer is obligated to return such performance assurance to Seller (subject to its right to replace such performance assurance in accordance with Article 12) or Party to comply with its other obligations pursuant to Article 12 if such failure to comply is not remedied within three (3) Business Days after written notice;

(k) In the case of a Seller, PJM terminates the Seller's ability to make purchases from the PJM markets and PJM does not rescind such termination or assignment of responsibility with (7) Business Days;

(l) 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;

(m) 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, including by way of failure to continually satisfy all applicable FERC requirements, or, in the case of the Seller, 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;

(n) Makes an omission or commits an act that constitutes an "Event of Default" under this Agreement; 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-m) above. Termination or modification of this Agreement or any Transactions hereunder by the PUC, other regulatory authority or court of law does not constitute an Event of Default under this Agreement; or

(o) With respect to the Seller's Guarantor, if any:

- i. 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;
- ii. 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;
- iii. 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 Seller under this Agreement without the written consent of the Buyer; or
- iv. Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any guaranty in connection with this Agreement.

10.2 Remedies. If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party (the "Non-Defaulting Party"), shall provide written notice to the Defaulting Party and shall have the right to temporarily suspend performance pursuant to Section 10.2(a) or implement all remedies pursuant to Section 10.2(b):

- (a) If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right to suspend performance, provided that such suspension shall not continue for longer than ten (10) Business Days. At any time during or subsequent to the temporary suspension of performance, the Non-Defaulting Party may proceed with the steps outlined in Section 10.2(b). If, by the end of the ten (10) Business Day period of suspension, the Non-Defaulting Party has not commenced the implementation of the remedies pursuant to Section 10.2(b), then the Non-Defaulting Party must resume performance of its obligations under this Agreement.
- (b) If an Event of Default has occurred under this Agreement or pursuant to a transaction for default service or AECs under supplier master agreements executed between the Parties pursuant to the PUC Orders and is continuing, the Non-Defaulting Party shall have the right to implement the following remedies:
 - i. designate a day, in such notice, no earlier than the day such notice is effective and no later than twenty (20) calendar days after such notice is effective, as an early termination date ("Early Termination Date") for the purposes of determining the Settlement Amount;
 - ii. calculate and receive from the Defaulting Party, payment for any Default Damages and Costs, as defined this Agreement, the Non-Defaulting Party incurs as of the date of the event giving rise to the Event of Default, until the earlier of: (i) the Early Termination Date (if applicable); or (ii) the Event of Default has been cured by the Defaulting Party; or (iii) the Non-

- iii. Defaulting Party waives such Event of Default; withhold any payments due to the Defaulting Party under this Agreement as an offset to any Default Damages and Costs, as defined in this Agreement, or Termination Payment, as defined in Section 10.3 (Calculation and Net Out of Settlement Amounts); and
- iv. permanently suspend performance.

(c) If an Event of Default has occurred and the Non-Defaulting Party is the Buyer, then in lieu of the remedies set forth in 10.2(b), Buyer may offer to waive the default on such terms and conditions as Buyer, at its reasonable discretion, may deem appropriate to propose (“Special Remedy”); provided, however, that:

- i. the Event of Default was not a failure by Seller to meet any or all of its Product Delivery obligations, and
- ii. any such Special Remedy can only be offered to Seller if it first is specifically approved by the PUC in accordance with PUC Orders.

10.3 Calculation and Net Out of Settlement Amounts. The Non-Defaulting Party shall calculate, in a commercially reasonable manner, a Settlement Amount for each such Terminated Transaction as of the Early Termination Date or, to the extent that in the reasonable opinion of the Non-Defaulting Party certain of such Terminated Transactions are commercially impracticable to liquidate and terminate or may not be liquidated and terminated under applicable law on the Early Termination Date, as soon thereafter as is reasonably practicable. For purposes of calculating the Settlement Amount, the Non-Defaulting Party shall reflect the net impact of the exercise of the option on the part of other wholesale suppliers as described in Section 2.8 (Seller Step-Up Rights) of this Agreement. The Non-Defaulting Party shall aggregate all Settlement Amounts into a single liquidated amount (the “Termination Payment”) by netting out: (i) all Settlement Amounts that are due to the Defaulting Party, plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article 12 (Creditworthiness), plus any or all other amounts due to the Defaulting Party under this Agreement; against (ii) all Settlement Amounts that are due to the Non-Defaulting Party plus any or all other amounts due to the Non-Defaulting Party, including but not limited to Default Damages and Costs, under this Agreement, as well as, pursuant to any transactions for Default Load under supplier master agreements executed between the Parties pursuant to the PUC Orders. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate.

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

10.5 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party’s calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of Non-

Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a notice that it intends to dispute the calculation of the Termination Payment ("Termination Payment Dispute Notice"), pursuant to the provisions of Article 11 (Dispute Resolution), and 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 by the Termination Payment Date.

- 10.6 Duty to Mitigate.** Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's failure to perform pursuant to this Agreement.

ARTICLE 11 DISPUTE RESOLUTION

- 11.1 Informal Dispute Resolution.** Before pursuing resolution of any dispute arising out of this Agreement, the disputing Party shall provide written notice to the other Party setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. The Parties shall use good faith and reasonable commercial efforts to informally resolve such dispute. Such efforts shall last for a period of at least thirty (30) calendar days from the date that the notice of the dispute is first delivered from one Party to the other Party. Any amounts that are owed by one Party to the other Party as a result of resolution of a dispute pursuant to this Section 11.1 (Informal Dispute Resolution), shall be paid within two (2) Business Days of such resolution and the payment shall include interest calculated at the Interest Rate from the original due date through the date of payment.
- 11.2 Formal Dispute Resolution.** After the requirements of Section 11.1 (Informal Dispute Resolution) have been satisfied, all disputes, except as noted below, between the Parties shall be submitted to the appropriate authority.

ARTICLE 12 CREDITWORTHINESS

- 12.1 Applicability.** With respect to all Transactions under this Agreement and all other transactions for supply of AECs or for supply serving default service load under other agreements executed between the Parties pursuant to the PUC Orders, if at any time and from time to time during the term of Transaction(s) under this Agreement, Seller's aggregate credit exposure exceeds the Credit Limit on any Business Day, then Buyer shall have the right to request that Seller post performance assurance in an amount equal to the amount by which Seller's aggregate exposure exceeds the Credit Limit (rounding upwards by the Rounding Amount), less any performance assurance already posted with Buyer. Buyer's request for performance assurance shall not be disputed by Seller in the absence of manifest error.
- 12.2 CREDITWORTHINESS DETERMINATION.** Seller may submit and maintain a security deposit in accordance with Section 12.4(e) of this Agreement in lieu of

submitting to or being qualified under a creditworthiness evaluation. Seller shall have the opportunity to request that Buyer re-evaluate its creditworthiness whenever an event occurs that Seller believes would improve the determination made by Buyer of its creditworthiness. Buyer's credit re-evaluation must be completed as soon as possible but no longer than thirty (30) days after receiving a fully documented request. Buyer must provide the rationale for its determination of the Credit Limit and any resulting security requirement. Buyer must perform its credit re-evaluation and associated security calculation in a non-discriminatory manner. Seller shall provide Buyer and its agents unrestricted access to audited financial statements; provided that if audited financial statements are not available, Buyer, in its reasonable discretion, may specify other types of financial statements that will be accepted.

12.3 CREDIT EXPOSURE. Credit exposure under this Agreement shall be the calculated pursuant to Exhibit C.

12.4 CREDIT LIMIT. The following criteria constitute Buyer's creditworthiness requirements for Seller to cover the Total Exposure Amount. In all instances, the most current senior unsecured long-term debt rating (not supported by third-party credit enhancements, or, if unavailable, the most current corporate issuer rating) will be used.

- (a) For a Seller to be granted an unsecured line of credit, the Seller 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 Exhibit C of this Agreement. The Maximum Credit Limit to cover the Total Exposure Amount will be determined based on the credit matrix table in Exhibit C of this Agreement.
- (b) Seller will be required to post cash or a letter of credit in an acceptable form as defined in Section 12.7(b) of this Agreement (see standard format in Exhibit B) for the Margin due Buyer as set forth in Section 12.5 of this Agreement.
- (c) For a Seller 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 long-term debt rating (not supported by third-party credit enhancements, or, if unavailable, corporate issuer rating) equal to the Minimum Rating, as defined in Exhibit C. 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 Exhibit C 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 D) will be determined based on the credit matrix table for Guarantors on Exhibit C. Seller will be granted a Credit Limit equal to the lesser of (i) the amount of the Guaranty as provided to Buyer at the time this Agreement is executed as such amount may be modified in any amended or substitute Guaranty provided to Buyer during the term of this Agreement, or (ii) the applicable Maximum Credit Limit as determined in Exhibit C. Seller, however, may not increase or substitute its Guaranty for the purpose of increasing its applicable Credit Limit during the time period after Buyer has made a Margin call, but before Seller has posted the required performance assurance collateral as set forth in Section 12.7 to cover Margin. Notwithstanding anything herein to the

contrary, Seller may increase the limit of its Guaranty after satisfying a Margin call from Buyer, and upon Buyer's receipt of an amended or substitute Guaranty increasing the limit of the Guaranty, Seller may request a return of the posted performance assurance collateral in accordance with Section 12.5 of this Agreement. Seller will be required to post cash or a letter of credit in an acceptable form as defined in Section 12.7(b) of this Agreement (see standard format in Exhibit B) for the Margin due Buyer as set forth in Section 12.5 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 12.4(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 Buyer in its reasonable discretion.
- (e) If Seller chooses not to undertake a creditworthiness evaluation, they shall be required to post cash or a letter of credit for the Total Exposure Amount as set forth in Section 12.5 of this Agreement.

12.5 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 Seller's or the Guarantor's Credit Limit by the Minimum Transfer Amount, then Buyer on any Business Day, may request that Seller provide cash or a letter of credit in an acceptable form as defined in Section 12.7(b) of this Agreement (see standard format in Exhibit B), in an amount equal to the Margin (less any performance assurance collateral for Margin posted by Seller and held by Buyer pursuant to this Agreement or any other agreement(s) between Buyer and Seller for the provision of default service supply or AECs pursuant to PUC Orders). If Seller receives written notice for performance assurance collateral to cover Margin from Buyer by 1:00 p.m. New York time on a Business Day, then Seller 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 Buyer agrees in writing to extend the period to provide performance assurance collateral to cover Margin. If Seller receives notice for performance assurance collateral to cover Margin from Buyer after 1:00 p.m. New York time on a Business Day, whether posting cash or a letter of credit, then Seller must post performance assurance collateral to cover Margin the second Business Day following the date of notice unless Buyer agrees in writing to extend the period to provide performance assurance to cover Margin. Buyer will not unreasonably deny a request for a one-day extension of such period. In the event that Seller fails to post performance assurance to cover Margin when due in accordance with this Section 12.5, then an Event of Default under Article 10 of this Agreement will be deemed to have occurred and Buyer will be entitled to the remedies set forth in Article 10 of this Agreement.

- (b) Surplus Margin being held by Buyer that is not needed to satisfy the Total Exposure Amount, as determined above, will be returned to Seller upon receipt of a written request by Seller. Surplus Margin means cash or a letter of credit posted by Seller as a result of a request by Buyer pursuant to Section 12.5(a) that exceeds the Total Exposure Amount less Seller'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 Seller. If Seller 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 Seller posted cash and notice is received by Buyer 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 Seller agrees in writing to extend the period to return the surplus Margin. If Seller 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 Seller agrees in writing to extend the period to return the surplus Margin. Seller will not unreasonably deny a request for a one-day extension of such period. In the event that Buyer fails to return the surplus Margin when due in accordance with this Article, then an Event of Default under Article 10 of this Agreement will be deemed to have occurred and Seller will be entitled to the remedies set forth in Article 10 of this Agreement.

12.6 GRANT OF SECURITY INTEREST/REMEDIES. To secure its obligations under this Agreement and to the extent that Seller posted performance assurance collateral to cover Margin hereunder, Seller hereby grants to Buyer a present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of, Buyer, and Seller and Buyer 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, Buyer may do any one or more of the following: (i) exercise any of the rights and remedies of Buyer

with respect to all collateral, including any such rights and remedies under law then in effect; (ii) exercise its rights of setoff against any and all property of Seller in the possession of Buyer whether held in connection with this Agreement or any other agreement(s) between Buyer and Seller for the provision of AECs or default service 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 Buyer free from any claim or right of any nature whatsoever of Seller, including any equity or right of purchase or redemption by Seller. Buyer shall apply the proceeds of the collateral realized upon the exercise of such rights or remedies to reduce Seller's obligation under this Agreement or any other agreement(s) between Buyer and Seller for the provision of AECs or default service supply (Seller remaining liable for any amounts owing to Buyer after such application), subject to Buyer'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 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 provided in Exhibit E.

Notice received after the close of the Business Day shall be deemed received on the next Business Day.

12.7 *Security Instruments.* At each Seller'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 Buyer, in its reasonable discretion, issued by a bank or other financial institution with a minimum "A-" senior unsecured long-term debt rating (not supported by third-party credit enhancements, or, if unavailable, corporate issuer rating discounted one notch) from S&P and "A3" from Moody's. The letter of credit shall be in a form that allows for electronic issuance and presentation of documents (see standard format in Exhibit B). 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 Buyer receives notice from the issuing financial institution that the letter of credit is being cancelled, Seller 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 Buyer thirty (30) days before the cancellation date of the original letter of credit. If Seller fails to supply a substitute letter of credit as required, then Buyer 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 Seller has obtained a letter of credit falls below the levels specified in Section 12.7(b) of this Agreement, Seller shall have two (2) Business Days following written notice by Buyer 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

Buyer. Buyer shall have no obligation under this Agreement or otherwise to make or grant such extension.

12.8 Maintenance of Creditworthiness.

- (a) Reporting of Changes. Seller shall promptly notify Buyer within three (3) Business Days of any change in its credit rating or financial condition or that of its Guarantor. Seller or Guarantor shall also furnish evidence of an acceptable credit rating or financial condition upon the request of Buyer.
- (b) Change in Credit Standing. Buyer will re-evaluate the creditworthiness of Seller whenever it becomes aware of an adverse change, through the provision of notice by Seller or otherwise, in Seller's or Guarantor's credit standing. If the lowest credit rating (whether senior unsecured long-term debt rating (not supported by third-party credit enhancements, or, if unavailable, the corporate issuer rating) used to determine Seller's Maximum Credit Limit or its Credit Limit adversely changes, Buyer will require additional security from Seller in accordance with Section 12.5 of this Agreement. The additional security must be in a form acceptable to Buyer in its reasonable discretion, as specified in Section 12.7 of this Agreement and must be posted as set forth in Section 12.5 of this Agreement.

12.9 Calling on Security. Buyer may call upon the security posted by Seller if Seller fails to pay amounts due to Buyer pursuant to this Agreement or any other agreement(s) between Buyer and Seller for the provision of AECs or default service supply after all of the following events occur:

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

The foregoing notwithstanding, the security posted by Seller shall become due automatically without prior notice or right of cure in the case of any Event of Default arising under subsections (e), (f), (g), (h) and (j) of Section 10.1 of this Agreement.

12.10 Interest on Cash Held by Buyer. Buyer will pay simple interest calculated at the Interest Index on all cash held by Buyer pursuant to this Agreement. Each calendar month, Buyer will prepare a statement of interest amounts due to Seller. The statement will be sent to Seller within three (3) Business Days after the end of the calendar month via email. Buyer shall make interest payments on the first Business Day after the 5th day of each calendar month.

12.11 No Endorsement of Seller. Buyer's determination that Seller 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 Seller. Buyer will treat all suppliers in a non-discriminatory manner and shall provide no preference to any supplier.

12.12 Multiple Supply Agreements. It is the intention of Buyer and Seller that, in the event the Seller is a party to other agreements with Buyer for the provision of AECs or default service that existed prior to the Effective Date of this Agreement, Buyer will calculate the Margin applicable to all such agreements based upon the terms and conditions of the applicable agreements.

ARTICLE 13

REPRESENTATIONS AND WARRANTIES

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

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

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

- (j) it is a “forward contract merchant” within the meaning of the United States Bankruptcy Code; and
- (k) it has entered into this Agreement and each Transaction in connection with the conduct of its business and it has the capacity or ability to provide or take delivery of AECs; and it is an “eligible contract participant” as defined in Section 1a(18) of the Commodity Exchange Act.
- (l) 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;
- (m) It will comply with any and all information and data transfer protocols that may be adopted by the Buyer or that are set by, and from time to time modified by, the PUC; provided that Seller shall be entitled to exercise its reserved right to challenge any such protocols in the appropriate forum;

13.2 *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 Buyer may, in its reasonable discretion treat such occurrence as an Event of Default hereunder.

13.3 *Joint Representations and Warranties.* This Agreement is for the purchase and sale of AECs 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 AECs that Seller must deliver and Buyer must receive will be determined by the requirements of the Transaction Confirmation, and, as such, the Agreement does not provide for an option by either Party with respect to the quantity of AECs to be delivered or received during performance of the Agreement. This Agreement has been drafted to effectuate Buyer’s and Seller’s specific intent so that in accordance with Accounting Standards Codification 815 (“ASC 815”), as amended, Buyer would be able to elect to use accrual accounting for its purchases under this Agreement, while Seller would be able to elect to use either accrual or mark-to-market accounting for its sales under the Agreement. If either Buyer or Seller determines, in good faith, that the intended accounting treatment has become jeopardized, due to a change in interpretations of ASC 815, as amended, or otherwise, then Buyer and Seller agree to meet and use their best efforts to reform the Agreement so that, with the minimum changes possible, the Agreement again qualifies for the intended accounting treatments.

ARTICLE 14 MISCELLANEOUS

14.1 Notices. Unless otherwise stated herein, all notices, demands or requests required or permitted under this Agreement other than legal communications shall be in writing and shall be personally delivered or sent by email, overnight express mail or courier service. Any legal communications shall be in writing and shall be personally delivered or sent by email, overnight express mail or courier service, provided that any legal communications sent via email transmission must also be transmitted by overnight express mail or courier service. All notices and communications must be addressed per the notification information for the Seller and Buyer as set forth in Exhibit E 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.

14.2 General. 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. This Agreement shall not impart any rights enforceable by any third party other than a permitted successor or assignee bound to this Agreement or any Transaction. Any provision declared or rendered unlawful will not otherwise affect the remaining lawful obligations that arise under this Agreement or any Transaction; provided that in such event the Parties shall use commercially reasonable efforts to amend this Agreement or any Transaction in order to give effect to the original intention of the Parties.

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

- (a) unless otherwise stated, the terms “include” and “including” when used in this Agreement shall be interpreted to mean by way of example only and shall not be considered limiting in any way;
- (b) all titles and headings used herein are for convenience and reference purposes only, do not constitute a part of this Agreement and shall be ignored in construing or interpreting the obligations of the parties under this Agreement;
- (c) references to the singular include the plural and vice versa;
- (d) references to Articles, Sections, Clauses and the Preamble are, unless the context indicates otherwise, references to Articles, Sections, Clauses and the Preamble of this Agreement; and
- (e) in carrying out its rights, obligations and duties under this Agreement, each Party shall have an obligation of good faith and fair dealing.

- (f) in the event of an apparent or actual inconsistency between this Agreement and the PPL Electric Utilities Corporation Long-Term Alternative Energy Credit Request for Proposals (RFP) Process and Rules, the provisions of this Agreement shall control. This Agreement supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, and there are no oral representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein.

14.4 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 Sections 5.1 (Billing) and 5.4 (Interest on Unpaid Balances).

14.5 Confidentiality.

- (a) Each Party shall hold in confidence and not release or disclose any document or information furnished by the other Party in connection with this Agreement, unless:
 - (i) compelled to disclose such document or information by judicial, regulatory or administrative process or other provision of law; (ii) such document or information is generally available to the public; (iii) such document or information was available to the receiving Party on a non-confidential basis; or (iv) such document or information was available to the receiving Party on a non-confidential basis from a third-party, provided that the receiving Party does not know, and by reasonable effort, could not know that such third-party is prohibited from transmitting the document or information to the receiving Party by a contractual, legal or fiduciary obligation.
- (b) Notwithstanding any other provision of this Section 12.5, a Party may disclose it 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 14.5, and further provided that in no event shall a document or information be disclosed in violation of the standards of conduct requirements established by FERC.
- (c) A Party receiving notice or otherwise concluding that any confidential document or information furnished by the other Party in connection with this Agreement is being sought under any provision of law, to the extent it is permitted to do so under any applicable law, shall: (i) promptly notify the other Party; and (ii) use reasonable efforts in cooperation with the other Party to seek confidential treatment of such confidential information.
- (d) Any independent auditor performing an audit on behalf of a Party pursuant to Section 14.4 shall be required to execute a confidentiality agreement with the Party being audited. Such audit information shall be treated as confidential pursuant to this Section 14.5.

- (e) The Parties agree that monetary damages may be inadequate to compensate a Party for the other Party's breach of its obligations under this Section 14.5. Each Party accordingly agrees that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the Party breaches or threatens to breach its obligations under this Section 14.5, 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.

14.6 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.

14.7 Effect of Regulatory or Legislative Actions.

- (a) The Parties agree that the Buyer's obligations under this Agreement are contingent on, and limited by, the Buyer'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 Buyer's full and current recovery of said costs, the Buyer 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 Buyer's obligation to procure or supply AECs to third party, this Agreement may be transferred to such third party in accordance with the provisions of Section 14.8 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 14.7 above, the Parties agree that the Buyer shall not be liable for any costs or damages incurred or otherwise associated with (i) the transfer of the Buyer's obligation to obtain or provide AECs to third party, or (ii) the elimination of the Buyer's obligation to obtain or provide AECs.

14.8 Assignment/Change in Corporate Identity. 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 14.8 shall be void; provided, however, the Buyer may assign any or all of its rights and obligations under this Agreement notwithstanding anything contained herein to the contrary, without the Seller's consent, to any entity succeeding to all or substantially all of the assets of the Buyer, or to a third party in accordance with 14.7(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 Seller may, with prior written notice to the Buyer but without obtaining the approval of the Buyer, assign the accounts, revenues or proceeds under this Agreement to a third party. The Buyer agrees that, following receipt

of such notice of the assignment of accounts, revenues or proceeds and such other documentation that the Buyer may reasonably request, the Buyer will pay amounts becoming due to the assigning Seller under this Agreement directly to the designated assignee; provided, however, that nothing herein shall enlarge or expand the rights of such designated assignee beyond the rights granted to the Seller and the right of such designated assignee to receive payments shall be subject to all defenses, offsets and claims of the Buyer arising under this Agreement.

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

14.10 Jurisdiction and Venue. Except for matters jurisdictional to the FERC, the PUC or the appellate courts having jurisdiction over the PUC or FERC matters, all disputes hereunder shall be resolved in the Lehigh County Court of Common Pleas, or the Eastern District Court of Pennsylvania in Allentown. Each Party hereby waives its respective rights to any jury trial with respect to any litigation arising under or in connection with this Agreement.

14.11 Amendments. This Agreement or any Transaction shall not be amended, modified, terminated, discharged or supplemented, nor any provision hereof waived, unless mutually agreed, in writing, by the Parties.

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

14.13 Regulatory Approvals. The commencement of the Delivery Period is subject to the receipt or waiver by Buyer of all Buyer required regulatory approvals. In the event such required regulatory approvals are not received or waived, the Step-Up provisions of Section 2.8 (Seller Step-Up Rights) shall apply.

14.14 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 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 Seller.

14.15 ISDA U.S. Stay Protocol. The Parties may, by mutual agreement, execute Exhibit F attached hereto for purposes of incorporating the International Swaps and Derivatives Association 2018 U.S. Resolution Stay Protocol into this Agreement.

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

PPL ELECTRIC UTILITIES CORPORATION

By: _____

Name: _____

Title: _____

[SELLER]

By: _____

Name: _____

Title: _____

EXHIBIT A

TRANSACTION CONFIRMATION EXAMPLE

This Transaction Confirmation letter is being provided pursuant to and in accordance with the Alternative Energy Credit Supplier Master Agreement (“LTAEC SMA”) dated _____ between PPL Electric Utilities Corporation (“Buyer” or “PPL Electric”) and _____ (“Seller”). Terms used but not defined herein shall have the meanings ascribed to them in the LTAEC SMA. This Transaction Confirmation shall confirm the following terms of the transaction (“Transaction”) agreed to on _____ (“Transaction Date”).

Product: Solar Photovoltaic AECs

Delivery Period: Effective Date through May 31, 2046.

The Settlement Price is \$ _____ per AEC for the duration of the Delivery Period.

The Seller’s Specified Amount is _____ AECs. (i.e., Annual Contract Quantity x the number of full Annual Time Periods during the Delivery Period¹).

The Annual Contract Quantity is _____ AECs.

The Quarterly Settlement Quantity is _____ AECs. (i.e., 25% of the Annual Contract Quantity, rounded up to the nearest AEC).

¹ For avoidance of doubt, the number of full Annual Time Periods shall be: i) twenty (20) if the Effective Date is on or before May 31st, 2026, or ii) nineteen (19) if the Effective Date falls between June 1st, 2026 and May 31st 2027.

¹See also Section 2.1 of the LTAEC SMA.

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

SELLER

By: _____

Name: _____

Title: _____

**PPL ELECTRIC UTILITIES
CORPORATION**

By: _____

Name: _____

Title: _____

¹See also Section 2.1 of the LTAEC SMA.

EXHIBIT B

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

220 WEST MAIN ST.

LOUISVILLE, KY 40202

ATTN: MANAGER, CREDIT AND CONTRACT ADMINISTRATION

ELECTRONIC ISSUE ADDRESS: PPLMARGINCALL2@PPLWEB.COM

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 PPLMARGINCALL2@PPLWEB.COM. 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 YOUR EMAIL ADDRESS: PPLMARGINCALL2@PPLWEB.COM TO THE FOLLOWING ISSUER EMAIL ADDRESS: _____ [INSERT ISSUER EMAIL ADDRESS], AND CONFIRMED BY TELEPHONE TO US AT ONE OF THE FOLLOWING NUMBER(S): _____ OR _____ [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 LONG-TERM ALTERNATIVE ENERGY CREDIT 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 LONG-TERM ALTERNATIVE ENERGY CREDIT 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 LONG-TERM ALTERNATIVE ENERGY CREDIT 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 PPLMARGINCALL2@PPLWEB.COM 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 PPLMARGINCALL2@PPLWEB.COM 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 UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 2007 REVISION - ICC PUBLICATION NO. 600, AS SUPPLEMENTED BY THE eUCP VERSION 2.0, 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 C

CREDIT LIMIT AND CREDIT EXPOSURE

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

Seller or its Guarantor must have a minimum senior unsecured long-term debt rating (not supported by third-party credit enhancements, or, if unavailable, corporate issuer rating) equal to the Minimum Rating². If Seller 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.

Credit Exposure

Nominal Contract Value (\$) = Specified Amount (AECs) x Settlement Price (\$/AEC)

Months Remaining in Term	Credit Exposure
Over 228	Nominal Contract Value x 10.0%
217 to 228	Nominal Contract Value x 9.5%
205 to 216	Nominal Contract Value x 9.0%
193 to 204	Nominal Contract Value x 8.5%
181 to 192	Nominal Contract Value x 8.0%
169 to 180	Nominal Contract Value x 7.5%
157 to 168	Nominal Contract Value x 7.0%
145 to 156	Nominal Contract Value x 6.5%
133 to 144	Nominal Contract Value x 6.0%
121 to 132	Nominal Contract Value x 5.5%
109 to 120	Nominal Contract Value x 5.0%
97 to 108	Nominal Contract Value x 4.5%
85 to 96	Nominal Contract Value x 4.0%
73 to 84	Nominal Contract Value x 3.5%

² **Minimum Rating** – The lowest credit rating, as set forth in this Exhibit C, that a Seller or Guarantor must have to obtain unsecured credit.

61 to 72	Nominal Contract Value x 3.0%
49 to 60	Nominal Contract Value x 2.5%
37 to 48	Nominal Contract Value x 2.0%
25 to 36	Nominal Contract Value x 1.5%
13 to 24	Nominal Contract Value x 1.0%
1 to 12	Nominal Contract Value x 0.5%

EXHIBIT D

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 827 Hausman Rd., 1st Floor, Allentown, PA 18104, in consideration of all Transactions for Default Service, Alternative Energy Credit, Long Term Power and 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: Manager, Credit and Contract Administration
Phone: 502-627-4253
Fax: 502-627-3950
E-mail: jhearly@pplweb.com
Address: 220 West Main Street, Louisville, KY 40202

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 (not supported by third-party credit enhancements, 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 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: _____

EXHIBIT E
FORM OF NOTICE

BUYER: PPL Electric Utilities Corporation

SELLER: [INSERT]

All Notices:

Street:
City/State/Zip:
Attn:
Duns: **00-790-9427**
Federal Tax ID Number: **23-0959590**
Email:

Invoices:

Attn:
Phone:
Email:

Scheduling:

Attn:
Phone:
Email:

Payments:

Attn:
Phone:
Email:

All Notices:

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

Invoices:

Attn:
Phone:
Email:

Scheduling:

Attn:
Phone:
Email:

Payments:

Attn:
Phone:
Email:

Wire Transfer

BNK: **Wells Fargo**

ABA: _____

ACCT: _____

Credit and Collections:

Attn: **John Early**

Phone: **502-627-4253**

Email: **pplmargincall2@pplweb.com**

**With Additional Notices of an
Event of Default to:**

Attn:

Phone:

Email:

Wire Transfer

BNK:

ABA:

ACCT:

Credit and Collections:

Attn:

Phone:

Email:

**With Additional Notices of an
Event of Default to:**

Attn:

Phone:

Email:

For any notices under Section 12.6 shall be made as follows:

BUYER: PPL Electric Utilities Corporation

SELLER: [INSERT]

Attn: **John Early**

Street: **220 West Main Street**

City/State/Zip: **Louisville, KY 40202**

Attn:

Street:

City/State/Zip:

Copy to:

Street: **827 Hausman Rd., 1st Floor**

City/State/Zip: **Allentown, PA 18104**

Copy to:

Street:

City/State/Zip:

EXHIBIT F
ADHERENCE TO THE U.S STAY PROTOCOL

The Parties may, by mutual agreement, execute this Exhibit F for purposes of incorporating the International Swaps and Derivatives Association (“ISDA”) 2018 U.S. Resolution Stay Protocol (“ISDA U.S. Stay Protocol”) into this Long-term Alternative Energy Credit Supplier Master Agreement.

This Exhibit F is part of the Long-Term Alternative Energy Credit Supplier Master Agreement dated _____, 20__ (as amended, modified or extended from time to time) between PPL Electric Utilities Corporation (the “Buyer”) and _____ (the “Seller”).

Seller hereby confirms that it is an adherent to the ISDA U.S. Stay Protocol. Buyer confirms that it is or that it will become an adherent to the ISDA U.S. Stay Protocol. If Buyer is not an adherent to the ISDA U.S. Stay Protocol when this Exhibit F is executed, Buyer will submit an Adherence Letter for acceptance by the ISDA no later than ten (10) Business Days after execution of this Exhibit F.

The terms of the ISDA U.S. Stay Protocol are incorporated into and form a part of the Long-term Alternative Energy Credit Supplier Master Agreement, and the Long-term Alternative Energy Credit Supplier Master Agreement shall be deemed a Protocol Covered Agreement for purposes thereof. For purposes of incorporating the ISDA U.S. Stay Protocol, Seller shall be deemed to be a Regulated Entity and Buyer shall be deemed to be an Adhering Party. In the event of any inconsistencies between the Agreement and the ISDA U.S. Stay Protocol, the ISDA U.S. Stay Protocol will prevail.

The terms “Regulated Entity”, “Adhering Party”, “Adherence Letter” and “Protocol Covered Agreement” shall have the meanings given to them in the ISDA U.S. Stay Protocol. All other terms not defined herein shall have the meanings given to them in the Long-term Alternative Energy Credit Supplier Master Agreement between the Parties.

**PPL ELECTRIC UTILITIES
CORPORATION**

BY: _____

NAME: _____

TITLE: _____

[SELLER]

BY: _____

NAME: _____

TITLE: _____

Attachment G

PPL Electric Utilities Corporation

Alternative Energy Credits

Request for Proposals (RFP) Process and Rules

[Month] [Day] 2024

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 (“AECs”) 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, 2025 through May 31, 2029. The AECs will be procured through multiple solicitations to meet PPL Electric’s Tier 1, Tier 2, and Photovoltaic (a subset of the Tier 1 AECs) obligations associated with the AEPS Act. Each type of AECs (i.e., Tier 1, Tier 2, and Photovoltaic) will be solicited separately. PPL Electric may not solicit all three Products in each RFP.
- 1.1.4 A “Product” is an AEC provided: (i) for a given type of AEPS Obligation (i.e., Tier I, Tier II, and Photovoltaic); (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 renewable 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. Instructions for preparation of Bid Proposal(s) are addressed in Articles 5 and 6.
- 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 (electronic issuance and presentation)
- 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 AEPS 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. Beginning July 2025, AEC RFP solicitations will take place on an annual basis. The Bid Proposal Due Dates will occur in or about the following months:

- July 2025
- July 2026
- July 2027
- July 2028

- 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;
- Three and one-half weeks or more: Bidder Information Session;
- Two weeks or more: 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 Photovoltaic 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 an RFP Bidder for AECs, 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) demonstrates 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 completed Electronic Funds Transfer Form and Bidder W-9, if applicable, through PPL Electric's Proposal Submission Web site. 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 The exclusive method of responding to Bidder Qualifications is through the 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 through PPL Electric's Proposal Submission Web site 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. If an applicant is notified of any deficiencies, such applicant is required to respond to the deficiency notice by the deadline specified in the deficiency notice in accordance with Section 7.2.2. 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) online through 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.

4.3 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 through PPL Electric's Proposal Submission Web site 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 email.

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 such AECs within ten (10) 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 through PPL Electric's Proposal Submission Web site 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 Products in accordance with the AEC 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 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, through PPL Electric's Proposal Submission Web site 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 an RFP Bidder is notified of any deficiencies, such RFP Bidder is required to respond to the deficiency notice by the deadline specified in the deficiency notice in accordance with Section 7.2.2.

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 must be in a form that allows for 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 that allows for electronic issuance and presentation of documents is provided as Appendix 5 and 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 the Bid Assurance LOC form that are non-substantive or clarifying in nature. The applicant proposing modifications to the Bid Assurance LOC 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 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 the Bid Assurance LOC form 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 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 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 must be positive and 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. \$/AEC) 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 that allows for electronic issuance and presentation of documents is provided as Appendix 5 and the 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 form 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 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 or deliver AECs within ten (10) 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 Article 18 (Notices) 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 the 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 supplying 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. Each RFP Bidder assumes full responsibility for timely submission of its Bidder Qualification materials.
- 6.1.4 **Bid Assurance Collateral for a solicitation** in the form of an LOC must be in a form that allows for electronic issuance and presentation of documents (Appendix 5) and must be submitted to the following email address:

Email: PPLELECTRIC_BIDLC@PPLWEB.COM

All Bid Assurance Collateral, in the form of LOC, 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. Each RFP Bidder assumes full responsibility for timely delivery of its Bid Assurance Collateral. For avoidance of doubt, a hardcopy LOC is not an acceptable form of Bid Assurance Collateral.

- 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 was initially submitted will be executed by PPL Electric and provided to the RFP Bidder together with the partially executed Transaction Confirmation forms via email. 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 email 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 RFP Bidder.

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 is not obligated to review Bidder Qualifications 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 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 or prior to 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(s) for such Product. For avoidance of doubt, if a Bid Proposal Spreadsheet is submitted more than once for a Product, only the last submitted Bid Proposal Spreadsheet will be evaluated and the earlier submissions will be considered void.

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 no later than the next business day following the PUC approval in the event the PUC approves the results prior to the expected decision date, or no later than the next business day following the expected decision date in the event the PUC does not 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 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 an 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 Credit 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 supplies AECs pursuant to PPL Electric’s Alternative Energy Credit 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 an 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 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

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 quantity into PPL Electric’s GATS account(s) within ten (10) 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:

Date:

Type or Print Name of Officer:

Title:

Company:

APPENDIX 5

BID ASSURANCE LETTER OF CREDIT (ELECTRONIC “eUCP 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

827 HAUSMAN RD., 1ST FLOOR

ALLENTOWN, PA 18104

ATTN: PPL ELECTRIC ENERGY PROCUREMENT TEAM

ELECTRONIC ISSUE ADDRESS: PPLELECTRIC_BIDLC@PPLWEB.COM

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 PPLELECTRIC_BIDLC@PPLWEB.COM. 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 YOUR EMAIL ADDRESS: PPLELECTRIC_BIDLC@PPLWEB.COM TO THE FOLLOWING ISSUER EMAIL ADDRESS: _____ [INSERT ISSUER EMAIL ADDRESS], AND CONFIRMED BY TELEPHONE TO US AT ONE OF THE FOLLOWING NUMBER(S): _____ OR _____ [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 ALTERNATIVE ENERGY CREDITS 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 ALTERNATIVE ENERGY CREDITS RFP SOLICITATION ON THE SOLICITATION DATE AND HAS EXECUTED THE ALTERNATIVE ENERGY CREDIT SUPPLIER MASTER AGREEMENT (“AEC 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 ELECTRIC ALTERNATIVE ENERGY CREDITS 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 ELECTRIC ALTERNATIVE ENERGY CREDITS RFP SOLICITATION ON THE SOLICITATION DATE AND DOES NOT TIMELY EXECUTE THE TRANSACTION CONFIRMATIONS ASSOCIATED WITH SUCH TRANCHE(S) 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 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 PRACTICE FOR DOCUMENTARY CREDITS, 2007 REVISION - ICC PUBLICATION NO. 600, AS SUPPLEMENTED BY THE eUCP VERSION 2.0, 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, 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 INQUIRIES (OTHER THAN DRAFTS, DOCUMENTS OR OTHER COMMUNICATIONS REGARDING PRESENTATION) TO:

[BANK NAME, ADDRESS AND PHONE NUMBER]

**PPL Electric Utilities Corporation
AEC RFP Process and Rules**

**APPENDIX 6
Example Bid Proposal Spreadsheet – Alternative Energy Credits**

Solicitation # <number>
Alternative Energy Credits
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 AECs 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: _____

Attachment H

**ALTERNATIVE ENERGY CREDIT
SUPPLIER MASTER AGREEMENT (SMA)
BETWEEN
PPL ELECTRIC UTILITIES CORPORATION
AND
[SELLER NAME]**

DATED _____

ALTERNATIVE ENERGY CREDIT SUPPLIER MASTER AGREEMENT

Articles and Provisions

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THIS ALTERNATIVE ENERGY CREDIT 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 - Shall mean 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 - Shall mean 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 - Shall mean 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 - Shall mean the total number of AECs to be delivered under this contract and pursuant to the Transaction Confirmation.

Delivery Date - Shall mean 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 - Shall mean 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 - Shall mean Buyer and Seller, individually or collectively, as applicable.

PJM GATS - Shall mean 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 - Shall mean 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 - Shall mean 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 - Shall mean 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 - Shall mean with respect to a Transaction, the date the Pennsylvania Public Utility Commission approved the bid results associated with such Transaction.

Vintage - Shall mean 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, at Seller's expense for all of Buyer's costs and legal fees related to such consent, 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. 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(a) or 9(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.

(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 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 of this Agreement, 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 to 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 AND, TO THE EXTENT APPLICABLE, THE REMEDIES SET FORTH IN SECTION 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

EXCEPT AS OTHERWISE SPECIFICALLY SET FORTH HEREIN, 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; FORUM
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 TO PROCEED IN A COURT TO RESOLVE A DISPUTE, 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 to proceed to a court to resolve any dispute, the Seller hereby consents to the jurisdiction of the Lehigh County Court of Common Pleas, or the Eastern District Court of Pennsylvania in Allentown 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. To the extent relevant, 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 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 Buyer prior to use by Seller.
- (e) The Parties may, by mutual agreement, execute Exhibit B attached hereto for purposes of incorporating the International Swaps and Derivatives Association 2018 U.S. Resolution Stay Protocol into this Agreement.

ARTICLE 18

NOTICES

Unless otherwise stated herein, all notices, demands or requests required or permitted under this Agreement other than legal communications shall be in writing and shall be personally delivered or sent by email, overnight express mail or courier service. Any legal communications shall be in writing and shall be personally delivered or sent by email, overnight express mail or courier service, provided that any legal communications sent via email transmission must also be transmitted by overnight express mail or courier service. All notices and communications must be addressed per the notification information for the AEC Supplier and Company as set forth below.

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. 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: Andy Castanaro

Telephone: 610.774.5585

Email: acastanaro@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 an AEC SMA between Buyer and an entity other than the Seller, Buyer shall send a written notification to Seller which: (i) describes the individual AEC supply obligations associated with the terminated transaction(s); and (ii) requests Seller to agree to supply its full or partial amount of the AEC 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 AECs 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 AEC supply obligation available from the terminated transactions (which need not be all). The amount of AEC 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 [INSERT SMA Effective DATE] between PPL Electric Utilities Corporation (“Company” or “Buyer”) and [INSERT AEC SUPPLIER NAME] (“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”)

BY: _____

NAME:

TITLE:

DATE:

BUYER (“BUYER”)

BY: _____

NAME:

TITLE:

DATE:

EXHIBIT B

ADHERENCE TO THE U.S. RESOLUTION STAY PROTOCOL

The Parties may, by mutual agreement, execute this Exhibit B for purposes of incorporating the International Swaps and Derivatives Association (“ISDA”) 2018 U.S. Resolution Stay Protocol (“ISDA U.S. Stay Protocol”) into this Alternative Energy Credit Supplier Master Agreement.

This Exhibit B is part of the Alternative Energy Credit Supplier Master Agreement dated _____, 20__ (as amended, modified or extended from time to time) between PPL Electric Utilities Corporation (the “Buyer”) and _____ (the “AEC Supplier”).

AEC Supplier hereby confirms that it is an adherent to the ISDA U.S. Stay Protocol. Buyer confirms that it is or that it will become an adherent to the ISDA U.S. Stay Protocol. If Buyer is not an adherent to the ISDA U.S. Stay Protocol when this Exhibit B is executed, Buyer will submit an Adherence Letter for acceptance by the ISDA no later than ten (10) Business Days after execution of this Exhibit B.

The terms of the ISDA U.S. Stay Protocol are incorporated into and form a part of the Alternative Energy Credit Supplier Master Agreement, and the Alternative Energy Credit Supplier Master Agreement shall be deemed a Protocol Covered Agreement for purposes thereof. For purposes of incorporating the ISDA U.S. Stay Protocol, AEC Supplier shall be deemed to be a Regulated Entity and Buyer shall be deemed to be an Adhering Party. In the event of any inconsistencies between the Agreement and the ISDA U.S. Stay Protocol, the ISDA U.S. Stay Protocol will prevail.

The terms “Regulated Entity”, “Adhering Party”, “Adherence Letter” and “Protocol Covered Agreement” shall have the meanings given to them in the ISDA U.S. Stay Protocol. All other terms not defined herein shall have the meanings given to them in the Alternative Energy Credit Supplier Master Agreement between the Parties.

**PPL ELECTRIC UTILITIES
CORPORATION**

BY: _____

NAME: _____

TITLE: _____

[AEC SUPPLIER]

BY: _____

NAME: _____

TITLE: _____

Attachment I

PPL Electric Utilities Corporation

Default Service Block Supply Request for Proposals (RFP) Process and Rules



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, 2026.
- 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 (“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 [redacted] 2026 and [redacted] 2026. 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, 2026 through May 31, 2031 and an additional two (2) tranches of Block Product corresponding to 50 MW of block supply

for the period of December 1, 2026 through November 30, 2031. 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, 2026	11:59:59 p.m. EPT, May 31, 2031
2	2	50	12:00:00 a.m. EPT, December 1, 2026	11:59:59 p.m. EPT, November 30, 2031

- 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 Proposal, 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. 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 result 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 result 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 Service Supplier 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 (electronic issuance and presentation)
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 in or about the following month:

- [-] 2026
- [-] 2026

- 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 contracts for Default Service Block Supply.

- Five weeks or more: RFP Addendum Issued, Bidder Interest Form and Confidentiality Agreement Available, RFP Data Room Opens;
- Three and one-half weeks or more: Bidder Information Session;
- Two and one-half weeks or more: 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 an RFP Bidder for Default Service Block 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); 5) submits a completed Electronic Funds Transfer Authorization Form and a W-9 Form, if applicable; and, 6) submits an executed copy of the Binding Bid Agreement provided as Appendix 9 through PPL Electric's Proposal Submission Web site. 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 The exclusive method of responding to Bidder Qualifications is through the 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 through PPL Electric's Proposal Submission Web site 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. If an applicant is notified of any deficiencies, such applicant is required to respond to the deficiency notice by the deadline specified in the deficiency notice in accordance with Section 7.2.2. 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) online through 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.

4.3 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 through PPL Electric's Proposal Submission Web site 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 email.

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 through PPL Electric's Proposal Submission Web site 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 through PPL Electric's Proposal Submission Web site 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 3.1.8, 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, through PPL Electric's Proposal Submission Web site 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 an RFP Bidder is notified of any deficiencies, such RFP Bidder is required to respond to the deficiency notice by the deadline specified in the deficiency notice in accordance with Section 7.2.2.

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 must be in a form that allows for electronic issuance and presentation of documents. An acceptable Bid Assurance LOC form that allows for electronic issuance and presentation of documents is provided as Appendix 7 and 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 the Bid Assurance LOC form that are non-substantive or clarifying in nature. The applicant proposing modifications to the Bid Assurance LOC 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 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 the Bid Assurance LOC form 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 that allows for electronic issuance and presentation of documents is provided as Exhibit 3 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 the Performance Assurance LOC form or the Unconditional Guaranty form that are non-substantive or clarifying in nature. The applicant proposing modifications to the Performance Assurance LOC form 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 the Performance Assurance LOC form 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 the Performance Assurance LOC form 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 Available Tranches.
- 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 must be positive and 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.

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 that allows for electronic issuance and presentation of documents is provided as Appendix 7; electronic copies of the 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 form 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, Default Service Program IV, and Default Service Program V) 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 result 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. Each RFP Bidder assumes full responsibility for timely submission of its Bidder Qualification materials.
- 6.1.4 Bid Assurance Collateral for a solicitation, in the form of an LOC must be in a form that allows for electronic issuance and presentation of documents (Appendix 7) and must be submitted to the following email address:
- Email: PPLELECTRIC_BIDLC@PPLWEB.COM
- 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. Each RFP Bidder assumes full responsibility for timely delivery of its Bid Assurance Collateral. For avoidance of doubt, a hardcopy LOC is not an acceptable form of Bid Assurance Collateral.
- 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 email. 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 result. 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 email 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 RFP Bidder.

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 is not obligated to review Bidder Qualifications 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 or prior to 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 Spreadsheet(s). For avoidance of doubt, if a Bid Proposal Spreadsheet is submitted more than once for a Product, only the last submitted Bid Proposal Spreadsheet will be evaluated and the earlier submissions will be considered void.

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 Bid Assurance Collateral in a form 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. 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. 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 result 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 result. 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 no later than the next business day following the PUC approval in the event the PUC approves the result prior to the expected decision date, or no later than the next business day following the expected decision date in the event the PUC does not act. Specifically, PPL Electric will forward by email 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 (not supported by third-party credit enhancements, or, if unavailable, the most current corporate issuer rating)

Moody's Investor Services

Current Rating: _____

(Senior Unsecured Long-Term Debt Rating (not supported by third-party credit enhancements, or, if unavailable, the most current corporate issuer rating)

Fitch Ratings

Current Rating: _____

(Senior Unsecured Long-Term Debt Rating (not supported by third-party credit enhancements, or, if unavailable, the most current corporate 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.

___ **[-]** 2026 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 7
BID ASSURANCE LETTER OF CREDIT
(ELECTRONIC “eUCP 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
827 HAUSMAN RD., 1ST FLOOR
ALLENTOWN, PA 18104
ATTN: PPL ELECTRIC ENERGY PROCUREMENT TEAM

ELECTRONIC ISSUE ADDRESS: PPLELECTRIC_BIDLC@PPLWEB.COM

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 PPLELECTRIC_BIDLC@PPLWEB.COM. 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 YOUR EMAIL ADDRESS: PPLELECTRIC_BIDLC@PPLWEB.COM TO THE FOLLOWING ISSUER EMAIL ADDRESS: _____ [INSERT ISSUER EMAIL ADDRESS], AND CONFIRMED BY TELEPHONE TO US AT ONE OF THE FOLLOWING NUMBER(S): _____ OR _____ [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 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 ("DSB 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 ELECTRIC 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 ELECTRIC 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, 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 PRACTICE FOR DOCUMENTARY CREDITS, 2007 REVISION - ICC PUBLICATION NO. 600, AS SUPPLEMENTED BY THE eUCP VERSION 2.0, 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, 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 INQUIRIES (OTHER THAN DRAFTS, DOCUMENTS OR OTHER
COMMUNICATIONS REGARDING PRESENTATION) TO:

[BANK NAME, EMAIL ADDRESS AND PHONE NUMBER]

PPL Electric Utilities
Default Service Block Supply 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
Contact Name
Phone Number

* Required Field
* Required Field
* Required Field

Tranche Information:

Total Available Tranches
Tranche Size

2
25MW

Bid Information:

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

* 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 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: _____

Attachment J

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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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 Block 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 Service – Shall mean 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 Supplier, 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 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 – Shall mean 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 5.2.

Early Termination Date – The date upon which an Early Termination becomes effective as specified in Section 5.2 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 – Shall mean, 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 – Shall mean, 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 long-term debt rating as defined in Appendix A of this Agreement.

Minimum Transfer Amount - \$100,000.00.

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 – Shall mean the price for Off-Peak Hours for each Billing Month of the delivery period stated in terms of \$/MWh as based on commercially available market prices 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 – Shall mean those hours which are not On-Peak Hours.

On-Peak Energy Forward Price – Shall mean the price for On-Peak Hours for each Billing Month of the delivery period stated in terms of \$/MWh as based on commercially available market prices 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 Hours – Shall mean 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.

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 DS 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” – Shareholder equity less intangible assets, prepayments, and other relevant factors, as determined from audited financial statements and reviewed and adjusted as necessary. 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; (ii) 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 (iii) 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 – Shall mean 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 – Shall mean 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 ARR 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 the 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, DS 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 DSB Supplier shall direct PJM to invoice DSB Supplier and Buyer for charges and credits relating to DSB Supplier’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 and DSB Supplier 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 and Company's costs and attorney's fees incurred on account of such claims, 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 the 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 DS 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 DSB 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 that 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 or regulatory 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), (c), (d), (e), (f), (g), (h), and (i) 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, 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 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 (including attorneys' fees) associated with procuring replacement DSB Supply; and
- (4) Financial hedging costs incurred by the Company on behalf of DS 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 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 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) resulting from (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 minus (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 Supply 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 and setting off (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 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 Supply 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, the Company's aggregate credit exposure to DSB Supplier under this Agreement exceeds the Credit Limit on any Business Day, then the Company shall have the right to request that DSB Supplier posts 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 the 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 the 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 long-term debt rating (not supported by third-party credit enhancements, 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 format in Exhibit 3) 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 long-term debt rating (not supported by third-party credit enhancements, 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 format in Exhibit 3) 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 format in Exhibit 3), 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 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 provided in Exhibit 2.

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 the 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 long-term debt rating (not supported by third-party credit enhancements, or, if unavailable, corporate issuer rating discounted one notch) from S&P and "A3" from Moody's. The letter of credit shall be in a form that allows for electronic issuance and presentation of documents (see standard format, with provisions allowing for electronic issuance and presentation of documents, in Exhibit 3). 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 Company's request.

(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 Supply Agreements for Default Service

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 Supply 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 the 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 as well as any costs and attorneys' fees incurred by the Company on account of or related to such penalties. 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. 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 immediately available 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 Supply. 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 DSB 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. A 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 to commence a court proceeding, the DSB 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 to proceed in such 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 be sole, joint or concurrent, or active or passive. To the extent any Damages required to be paid hereunder are liquidated, the Parties acknowledge that the Damages are difficult or impossible to determine, or otherwise obtaining an adequate remedy is inconvenient and 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 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 . 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 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) fulfills 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 other than legal communications shall be in writing and shall be personally delivered or sent by email, overnight express mail or courier service. Any legal communications shall be in writing and shall be personally delivered or sent by email, overnight express mail or courier service, provided that any legal communications sent via email transmission must also be transmitted by overnight express mail or courier service. All notices and communications must be 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

The 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. AS A MATERIAL INDUCEMENT TO EACH PARTY TO ENTER INTO THIS AGREEMENT, IF THE DSB SUPPLIER ELECTS TO PROCEED IN A COURT TO RESOLVE A DISPUTE, 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.

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 Block Supply 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 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 DSB Supplier.

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.

16.20 U.S. Stay Protocol

The Parties may, by mutual agreement, execute Appendix D attached hereto for purposes of incorporating the International Swaps and Derivatives Association 2018 U.S. Resolution Stay Protocol into this Agreement.

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.

[DSB SUPPLIER]

BY: _____

NAME:

TITLE:

PPL ELECTRIC UTILITIES CORPORATION

BY: _____

NAME: _____

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 long-term debt rating (not supported by third-party credit enhancements ,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 Credit 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. The initial mark for each Billing Month is the On-Peak Energy Forward Price and the Off-Peak Energy Forward Price 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.

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.

Table 1 – Data set on the Closing Day of the LTP Solicitation (MWh/Tranche)

	Estimated On-Peak Energy Quantity ¹	Estimated Off-Peak Energy Quantity ²	On-Peak Energy Forward Price (initial mark) ³	Off-Peak Energy Forward Price (initial mark) ⁴
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 LTP Solicitation Close MTM Credit Exposure Calculation (MWh/Tranche)

	Estimated On-Peak Energy Quantity ¹	Estimated Off-Peak Energy Quantity ²	On-Peak Energy Forward Price (initial mark) ³	Off-Peak Energy Forward Price (initial mark) ⁴	On-Peak Energy Forward Price ⁵	Off-Peak Energy Forward Price ⁶	MtM ⁷
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							

¹ Estimated On-Peak Energy Quantity will be adjusted monthly.

² Estimated Off-Peak Energy Quantity will be adjusted monthly.

³ On-Peak Energy Forward Price (initial mark) set at day LTP Solicitation closes. Remains constant through term of applicable Transaction.

⁴ Off-Peak Energy Forward Price (initial mark) set at day LTP Solicitation closes. Remains constant through term of applicable Transaction. Remains constant through term of applicable Transaction.

⁵ On-Peak Energy Forward Price as commercially available.

⁶ Off-Peak Energy Forward as commercially available.

⁷ MTM = (Estimated On-Peak Energy Quantity* (On-Peak Energy Forward Price - On-Peak Energy Forward Price (initial mark)) + (Estimated Off-Peak Energy Quantity *(Off-Peak Energy Forward Price - Off-Peak Energy Forward Price (initial mark)))

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.

APPENDIX D

ADHERENCE TO THE U.S STAY PROTOCOL

The Parties may, by mutual agreement, execute this Appendix D for purposes of incorporating the International Swaps and Derivatives Association (“ISDA”) 2018 U.S. Resolution Stay Protocol (“ISDA U.S. Stay Protocol”) into this Default Service Block Supplier Master Agreement.

This Appendix D is part of the Default Service Block Supplier Master Agreement dated _____, 20__ (as amended, modified or extended from time to time) between PPL Electric Utilities Corporation (the “Buyer”) and _____ (the “DSB Supplier”).

DSB Supplier hereby confirms that it is an adherent to the ISDA U.S. Stay Protocol. Buyer confirms that it is or that it will become an adherent to the ISDA U.S. Stay Protocol. If Buyer is not an adherent to the ISDA U.S. Stay Protocol when this Appendix D is executed, Buyer will submit an Adherence Letter for acceptance by the ISDA no later than ten (10) Business Days after execution of this Appendix D.

The terms of the ISDA U.S. Stay Protocol are incorporated into and form a part of the Default Service Block Supplier Master Agreement, and the Default Service Block Supplier Master Agreement shall be deemed a Protocol Covered Agreement for purposes thereof. For purposes of incorporating the ISDA U.S. Stay Protocol, DSB Supplier shall be deemed to be a Regulated Entity and Buyer shall be deemed to be an Adhering Party. In the event of any inconsistencies between the Agreement and the ISDA U.S. Stay Protocol, the ISDA U.S. Stay Protocol will prevail.

The terms “Regulated Entity”, “Adhering Party”, “Adherence Letter” and “Protocol Covered Agreement” shall have the meanings given to them in the ISDA U.S. Stay Protocol. All other terms not defined herein shall have the meanings given to them in the Default Service Block Supplier Master Agreement between the Parties.

**PPL ELECTRIC UTILITIES
CORPORATION**

BY: _____

NAME: _____

TITLE: _____

[DSB SUPPLIER]

BY: _____

NAME: _____

TITLE: _____

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.

PPL ELECTRIC UTILITIES CORPORATION

BY: _____

NAME: _____

TITLE: _____

[DSB SUPPLIER]

BY: _____

NAME: _____

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:

City/State/Zip:

Attn:

Duns: **00-790-9427**

Federal Tax ID Number: **23-0959590**

Email:

All Notices:

Street:

City/State/Zip:

Attn:

Duns:

Federal Tax ID Number:

Email:

Invoices:

Attn:

Phone:

Email:

Invoices:

Attn:

Phone:

Email:

Scheduling:

Attn:

Phone:

Email:

Scheduling:

Attn:

Phone:

Email:

Payments:

Attn:

Phone:

Email:

Payments:

Attn:

Phone:

Email:

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

Credit and Collections:
Attn: **John Early**
Phone: **502-627-4253**
Email: **pplmargincall2@pplweb.com**

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

Wire Transfer
BNK:
ABA:
ACCT:

Credit and Collections:
Attn:
Phone:
Email:

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

For any notices under Section 6.6 shall be made as follows:

BUYER: PPL Electric Utilities Corporation

DSB Supplier: [INSERT]

Attn: **John Early**
Street: **220 West Main Street**
City/State/Zip: **Louisville, KY 40202**

Attn:
Street:
City/State/Zip:

Copy to:
Street: **827 Hausman Rd., 1st Floor**
City/State/Zip: **Allentown, PA 18104**

Copy to:
Street:
City/State/Zip:

**EXHIBIT 3 - 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

220 WEST MAIN STREET

LOUISVILLE, KY 40202

ATTN: MANAGER, CREDIT AND CONTRACT ADMINISTRATION

EMAIL: PPLMARGINCALL2@PPLWEB.COM

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 PPLMARGINCALL2@PPLWEB.COM. 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 YOUR EMAIL ADDRESS: PPLMARGINCALL2@PPLWEB.COM TO THE FOLLOWING ISSUER EMAIL ADDRESS:

_____ [INSERT ISSUER EMAIL ADDRESS], AND
CONFIRMED BY TELEPHONE TO US AT ONE OF THE FOLLOWING
NUMBER(S): _____ OR

_____ [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 AND DATED 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, 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 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, 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 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, 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 PPLMARGINCALL2@PPLWEB.COM 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 PPLMARGINCALL2@PPLWEB.COM 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 UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 2007 REVISION - ICC PUBLICATION NO. 600, AS SUPPLEMENTED BY THE eUCP VERSION 2.0, 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 827 Hausman Rd., 1st Floor, Allentown, PA 18104, in consideration of all Transactions for Default Service, Alternative Energy Credit, Long Term Power and 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: Manager, Credit and Contract Administration
Phone: 502-627-4253
Fax: 502-627-3950
Email: jhearly@pplweb.com
Address: 220 West Main Street, Louisville, KY 40202

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 (not supported by third-party credit enhancements 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 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: _____

Attachment K



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, 2025

CHRISTINE M. MARTIN, PRESIDENT

Two North Ninth Street
Allentown, PA 18101-1179

NOTICE

THIS TARIFF MAKES CHANGES (C) IN EXISTING RATES. SEE PAGE TWO.

TRANSMISSION SERVICE CHARGE

(C)

The Transmission Service Charge (TSC) shall be applied to charges for electricity supplied to customers who receive Basic Utility Supply Service ("BUSS"), as defined in Rule 1B(1), from the Company under this Tariff.

(C)

The TSC shall be computed separately for each of the following four customer classes:

- (1) Residential: Consisting of Rate Schedules RS and RTS (R),
- (2) Small Commercial and Industrial: Consisting of Rate Schedules GS-1, GS-3, BL, SA, SM (R), SHS, SLE, SE, TS (R), and GH-2 (R) (Small C&I),
- (3) Large Commercial and Industrial – Primary: Consisting of Rate Schedule LP-4 (Large C&I – Primary), and
- (4) Large Commercial and Industrial – Transmission: Consisting of Rate Schedules LP-5, LPEP and L5S (Large C&I – Transmission).

The TSC, computed using the formulae described below, shall be applied to the monthly bill of each customer receiving BUSS service from the Company and shall be reconciled on an annual basis for undercollections and overcollections experienced during the previous year.

The TSC for the Residential class and the Small C&I class shall be computed using the following formula:

$$TSC = [TCe/S + TCd/S - E/S] \times 1/(1-T)$$

The TSC for the Large C&I – Primary class and the Large C&I – Transmission class shall be computed using the following formulae:

$$TSC = TSCd + TSCe$$

The demand – related portion of the TSC (TSCd) for the Large C&I – Primary class and the Large C&I – Transmission class shall be computed using the following formula:

$$TSCd = [TCd/D] \times 1/(1-T)$$

The other portion of the TSC (TSCe) for the Large C&I – Primary class and the Large C&I – Transmission class shall be computed using the following formula:

$$TSCe = [TCe/S - E/S] \times 1/(1-T)$$

Where:

- TCd = The demand-related (kW) portion of the charges that the Company incurs to provide transmission service (including ancillary service charges and all non-market-based transmission service charges) to customers who receive BUSS service from the Company. These charges are all Federal Energy Regulatory Commission (FERC)-approved charges imposed by PJM Interconnection, LLC (PJM) on a kW basis. These charges are allocated to each customer class based upon the contribution of that class to the 5 coincident peaks used by PJM to establish such demand – related charges.
- TCe = All other charges not recovered through TCd that the Company incurs to provide transmission service (including ancillary service charges and all non-market-based transmission service charges) to customers who receive BUSS service from the Company. These charges are all FERC-approved charges imposed by PJM on any basis other than a kW basis. These charges are allocated to each customer class based upon the projected kWh usage of that class, including estimated distribution system losses during the computation year.

(Continued)

TRANSMISSION SERVICE CHARGE (CONTINUED)

(C)

- D = For the Large C&I – Primary customer class, the total of the monthly billing demands for all customers in the class, projected for the computation year. For the Large C&I – Transmission customer class, the total of the monthly contributions of all customers in the class to the Company's 5 coincident peaks used by PJM to establish such demand – related charges.
- E = Net over or undercollection of the TCe and TCd charges associated with the acquisition of transmission service as of the end of the 12-month period ending ~~September~~March 30~~1~~ immediately preceding the computation year, including applicable interest. Reconciliation of the TSC will be conducted separately for each of the four customer classes. Beginning with the reconciliation period ending April 30, 2013, the percentage of demand-related costs assigned to each customer class will change monthly to reflect the class' actual share of default service peak load responsibility in that month. 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, not to exceed the legal rate of interest, in effect on the last day of the month the over or undercollection occurred, effective April 1, 2016. (C)
- S = The Company's total retail KWH sales to customers in each customer class who receive BUSS under this tariff (including distribution losses) projected for the computation year.
- T = The total Pennsylvania gross receipts tax rate (exclusive of Part 2 of the State Tax Adjustment Surcharge (STAS) within this tariff) in effect during the billing period, expressed in decimal form.

The TSC shall be filed with the Pennsylvania Public Utility Commission (Commission) by ~~November~~May 1 of each year. The TSC rate shall become effective for transmission service acquired on behalf of BUSS customers and rendered to those customers on or after the following ~~December~~June 1, unless otherwise ordered by the Commission, and shall remain in effect for a period of one year, unless revised on an interim basis subject to the approval of the Commission. Upon determination that a customer class's TSC, if left unchanged, would result in a material over or undercollection of all transmission service charges incurred or expected to be incurred, the Company may file with the Commission for an interim revision of the TSC to become effective thirty (30) days from the date of filing, unless otherwise ordered by the Commission.

By ~~November~~May 1 of each year the company will file with the Commission the experienced net over or under collection as described above. The reconciliation will include a calculation of the application period over or under recoveries of transmission service costs. The reconciliation of the TSC will be the difference between actual transmission service costs incurred and actual revenue billed for the application period. The reconciliation filed November 1, 2024, will be for a 6-month period to adjust to the new filing period.

Minimum bills shall not be reduced by reason of the TSC, nor shall charges hereunder be a part of the monthly rate schedule minimum. The TSC shall not be subject to any credits or discounts, but Part 2 of the STAS shall apply.

Application of the TSC shall be subject to 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 TSC and the costs included therein.

(Continued)

TRANSMISSION SERVICE CHARGE (CONTINUED)

TRANSMISSION SERVICE CHARGE

(C)

Charges under the TSC for the period ~~December~~ June 1, ~~YYYY~~2023 through ~~November~~ May 30, ~~YYYY~~2024 as set forth in the applicable Rate Schedules.

Customer Class	Large C&I - Transmission	Large C&I - Primary	Small C&I	Residential
Rate Schedule / Charge	L5S, LP-5, and LPEP	LP-4	GS-1, GS-3, BL, and GH-2 (R)	RS and RTS (R)
Energy Rate (\$/kWh)			0.02656 (I)	0.02593 (I)
Demand Rate (\$/kW)	25.575	7.826		

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	1.742 \$/Lamp	3,350	1.304	5,800	0.791	2,600	0.343	0.02656	0.01940
			6,650	2.037	9,500	1.134	3,300	0.499		
			10,500	2.847	16,000	1.668	3,800	0.504		
	LED 4,300	0.409 \$/Fixture	20,000	4.510	25,500	3.009	4,900	0.689		
			34,000	7.689	50,000	4.722	7,500	0.880		
			51,000	10.627			15,000	1.641		
						20,000	2.545			

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Corporation**

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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:

$$\text{Fixed Price GSC-1} = \left[\frac{\text{GS}_{rp}}{\text{S}_{rp}} - \frac{\text{E}}{\text{S}_{rp}} \right] \times \frac{1}{(1-T)}$$

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_{rp} = 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, 2025¹, shall be amortized ratably over the 48-month period June 1, 2025¹, through May 31, 2029⁵, and the 6-month amortization amount shall be included in the computation of the GSC-1.

(C)

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Issued:

Effective: June 1, 2025¹

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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, not to exceed the legal rate of interest, in effect on the last day of the month the over or undercollection occurred.
- S_{rp} = 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.

(C)

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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, 2025¹ through November 30, 2025¹.

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Customer Class	Small C&I	Residential
Rate Schedule / Charge	GS-1, GS-3 (< 100 kW), LP-4 (< 100 kW), BL ₁ , 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			
	LED 4,300	\$/Fixture	20,000		25,500		4,900			
			34,000		50,000		7,500			
			51,000				15,000			
						20,000				

(Continued)

(D) Indicates Decrease (I) Indicates Increase (C) Indicates Change

Issued:

Effective: June 1, 2025¹

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)

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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, 202~~5~~⁴ through November 30, 202~~5~~⁴. 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 (43:00 PM to 87:00 PM) December 1 to May-Nov 3430	Summer On-Peak Hours (23:00 PM to 67:00 PM) June 1 to November 30
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 (43:00 PM to 87:00 PM) December 1 to May-Nov 304	Summer On-Peak Hours (23:00 PM to 67:00 PM) June 1 to November 30
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:

$$\text{Summer On-Peak TOU GSC-1} = \left[\frac{GS_{\text{OFF}}}{S} \times GS_M \right] + \left[\frac{GS_{\text{IND}} - E}{S} \right] \times \frac{1}{(1-T)}$$

$$\text{Winter On-Peak TOU GSC-1} = \left[\frac{GS_{\text{OFF}}}{S} \times GS_M \right] + \left[\frac{GS_{\text{IND}} - E}{S} \right] \times \frac{1}{(1-T)}$$

Commented [A1]: Update to show % change of off-peak value.

(Continued)

(C) Indicates Change

Issued:

Effective: June 1, 202~~5~~⁴

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(C) Indicates Change

Issued:

Effective: June 1, 2025

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GENERATION SUPPLY CHARGE – 1 (Continued)

TIME-OF-USE PROGRAM – RESIDENTIAL AND SMALL COMMERCIAL/INDUSTRIAL (C)
(Continued)

$$\text{Summer Off-Peak TOU GSC-1} = \left[\left[\frac{\text{GS}_{\text{GEN}}}{S} \times 0.90 \right] + \left[\frac{\text{GS}_{\text{IND}} - E}{S} \right] \right] \times \frac{1}{(1-T)}$$

$$\text{Winter Off-Peak TOU GSC-1} = \left[\left[\frac{\text{GS}_{\text{GEN}}}{S} \times 0.90 \right] + \left[\frac{\text{GS}_{\text{IND}} - E}{S} \right] \right] \times \frac{1}{(1-T)}$$

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

Issued:

Effective: June 1, 2025⁴

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.

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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, 2025⁵⁴ (as determined by amortizing such costs ratably over the 48-month period June 1, 2025⁵⁴ through May 31, 2029⁹⁵). 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)

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Issued:

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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, not to exceed the legal 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.

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Issued:

Effective: June 1, 2025

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