

Appendix 11

**2025
FULL REQUIREMENTS SERVICE AGREEMENT**

BETWEEN

THE POTOMAC EDISON COMPANY

AND

[SELLER NAME]

DATED

[DATE]

FULL REQUIREMENTS SERVICE AGREEMENT
Articles and Provisions

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FULL REQUIREMENTS SERVICE AGREEMENT

THIS FULL REQUIREMENTS SERVICE AGREEMENT (“Agreement” or “FSA”), is made and entered into as of _____ (“Effective Date”), by and between _____, hereinafter referred to as “Seller” and The Potomac Edison Company, hereinafter referred to as “Buyer” (each hereinafter referred to individually as “Party” and collectively as “Parties”).

WITNESSETH:

WHEREAS, the Maryland PSC Orders and Settlements direct Buyer to supply electric service to Standard Offer Service Load (“SOS Load”) within Buyer's Maryland franchise service territory; and

WHEREAS, the Maryland legislature has enacted a law establishing a Renewable Energy Portfolio Standard applicable to retail electricity suppliers serving customers in the State of Maryland; and

WHEREAS, Buyer has solicited offers for serving all or a portion of its SOS Load pursuant to a Request for Proposal (“RFP”) process with an initial bid date of [INSERT DATE OF FIRST BID UNDER THE RFP] (“Initial Bid Date”) and the Seller is a winning bidder in that solicitation; and

WHEREAS, Seller desires to sell Full Requirements Service and Buyer desires to purchase such Full Requirements Service to supply a Specified Percentage in Buyer’s Maryland franchised service territory on a firm and continuous basis; and

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

ARTICLE 1 DEFINITIONS

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

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

“Aggregate Buyer’s Exposure” means all Buyer’s Exposure for Aggregate Transactions.

“Aggregate Transactions” means all Transactions under this Agreement and all other transactions under full requirements service agreements executed between the Parties pursuant to the Maryland PSC Orders and Settlements.

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

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

“Bid Block” means a block(s) of load awarded to Seller in accordance with Buyer's RFP as set forth in a Transaction Confirmation.

“Billing Line Item Transfers” shall have the meaning ascribed to it in Section 4.10 (Billing Line Item Transfers)

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

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

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

“Capacity” means “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).

“Capacity Peak Load Contribution” or “Capacity PLC” means the aggregation of retail customer peak load contributions, as determined by the Buyer in accordance with the PJM Agreements and reported by Buyer to PJM pursuant to Buyer’s retail load settlement process and used by PJM in determining the Seller’s capacity obligation for each Transaction.

“Capacity True-Up” means, subject to the limitations described in Sec. 7.1(t)(3), a billing line item that represents the Seller’s unforced capacity obligation (UCAP) for each day of

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the billing month multiplied by the difference between the PJM Final Zonal Capacity Price for the Buyer's PJM zone and either:

- 1) the Preliminary Zonal Net Load price for a Planning Period posted in the Bid Plan, if, at the time of settlement for any month of this FSA, PJM's most recently posted Preliminary Zonal Net Load Price for capacity is different than PJM Preliminary Zonal Net Load Price posted in the Bid Plan; or
- 2) the Proxy Price for a Planning Period, if such value was posted in the Bid Plan for the relevant Planning Period.

The Capacity True-Up shall be a credit to the Supplier if the difference is positive and a charge to the supplier if the difference is negative. Unique PJM short name (account) that pertains to the SOS product using a Proxy Net Load Price may be required from the supplier to allow the Buyer to identify the daily UCAP.

“Confidential Information” shall have the meaning ascribed to it in Section 5 of the Confidentiality Agreement, Appendix 2 to the Request for Proposals for Full Requirements Wholesale Electric Power Supply which is incorporated herein by reference.

“Congestion Revenue Rights” or “CRR” means the current or any successor congestion management mechanism or mechanisms as may be employed by PJM (whether set forth in the PJM Tariff or elsewhere) for the purpose of allocating financial congestion hedges.

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

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

“Current Capacity PLC Per Bid Block” means, on any given Business Day, for each Transaction, the product of: (i) the aggregate Capacity PLC for an entire Service Type; and (ii) the quotient of (x) the Specified Percentage and (y) the number of Bid Blocks.

“Default Damages” means, for the period of time specified in Section 12.2(b)(ii) (Remedies) any direct damages and Costs, calculated in a commercially reasonable manner, that the Non-Defaulting Party incurs with respect to the Specified Percentage 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 Full Requirements Service hereunder and the price at which the Buyer or Seller is able to purchase or sell (as applicable) Full Requirements Service (or any components of Full Requirements Service it is able to purchase or sell) from or to third parties, including PJM; (ii) Emergency Energy charges; and (iii) additional transmission or congestion costs incurred to purchase or sell Full Requirements Service.

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

“Delivery Point” means points on the PJM Control Area, as elected by Seller, and is the location at which Seller will deliver and Buyer will accept the Specified Percentage during the Delivery Period.

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

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

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

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

“Federal Renewable Requirement” means any federal laws and/or applicable regulations that require Buyer to include in its SOS Load supply a minimum amount of Energy derived from renewable energy resources, whether evidenced by the delivery of renewable energy credits or through some other method.

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

“Fitch” means Fitch Investor Service, Inc. or its successor.

“Force Majeure” means an event or circumstance which prevents one Party from performing its obligations under one or more Transactions, which event or circumstance was not foreseen as of the date a Transaction is entered into, which is not within the reasonable control of, or the result of the negligence of the affected party and which, by the exercise of due diligence, the Party is unable to mitigate or avoid or cause to be avoided. Notwithstanding the foregoing, under no circumstance shall an event of Force Majeure be based on: (i) the loss or failure of Seller’s supply; (ii) Seller’s ability to sell the Full Requirements Service at a price greater than that received under any Transaction; (iii) curtailment by a Transmitting Utility; or (iv) Buyer’s ability to purchase the Full Requirements Service at a price lower than paid under any Transaction.

“Full Requirements Service” means all necessary Energy, Capacity, Transmission other than Network Integration Transmission Service, Ancillary Services, Renewable Energy Obligation (as defined in Section 4.4 (Renewable Energy Obligation)), transmission and distribution losses, congestion management costs, and such other services or products that are required to supply the Specified Percentage except for Network Integration Transmission Service and distribution service. Full Requirements Service shall include any Federal Renewable Requirement only to the extent that such Federal Renewable Requirement is in effect prior to the Initial Bid Date, and as additionally provided for in Section 4.4 (Renewable Energy Obligation). Full Requirements Service shall not include any offsets required under the Community Solar Energy Generating Systems Pilot Program described in Public Utilities Article §7-306.2. The Maryland Public Service Commission has approved regulations that implement a community solar pilot program for about 200 MW of solar capacity to be purchased over three years. Electric utilities will be required to start complying with the regulations upon receipt and approval of subscriber applications, or January 2017, six months from when the regulations take effect. This will result in a reduction in the SOS Load being served by wholesale suppliers.

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

“Generator Attribute Tracking System” or “GATS” means the system owned and operated by PJM Environmental Services, Inc. to provide environmental and emissions attributes reporting and tracking services to its subscribers in support of Maryland Renewable Energy Portfolio Standard and Maryland Environmental Disclosure Requirements, along with requirements in other state jurisdictions.

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

“Guarantor” means any party, having the authority and agreeing to guaranty Seller’s financial obligations under this Agreement pursuant to the guaranty agreement, attached hereto as Exhibit F, recognizing that such a party will be obligated to meet Buyer’s credit requirements for Seller.

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

“kWh” means one kilowatt of electric power over a period of one hour.

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

“Load Serving Entity” or “LSE” shall have the meaning ascribed to it in the PJM Agreements.

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

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

“Maryland PSC” or “Commission” means the Maryland Public Service Commission and any successor thereto.

“Maryland PSC Orders and Settlements” means: (i) Phase I settlement filed November 15, 2002; (ii) Order No. 78400 issued on April 29, 2003; (iii) Phase II settlement filed July 2, 2003; (iv) Order No. 78710 issued on September 30, 2003; (v) Order No. 79452 issued September 13, 2004; (vi) Order No. 79489 issued on September 24, 2004; (vii) Order No. 80272 issued on September 20, 2005; (viii) Order No. 80276 issued on September 23, 2005; (ix) Order No. 80342 issued on October 12, 2005; (x) Order No. 81019 issued on August 28, 2006; (xi) Order No. 81102 issued November 8, 2006; and all subsequent orders, and settlements and compliance plans approved by the Maryland PSC in Case Nos. 8908, 9037, 9056 and 9064 dockets prior to the Effective Date.

“Monthly Settlement Date” means, with respect to any calendar month of a Delivery Period, the date(s) determined to be the PJM Settlement Date(s) pursuant to the PJM Agreements.

“Monthly Settlement Load” means, with respect to any calendar month during an applicable Delivery Period, the product of Specified Percentage and SOS Load.

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

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

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

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

“Nodal Pricing” shall have the meaning ascribed to it in the PJM Agreements.

“Off-Peak Estimated Energy Quantity” means, for each month in each Transaction, the product of: (i) the relevant month Off-Peak Estimated Energy Quantity Per 50 MW Capacity PLC; (ii) the quotient of the Current Capacity PLC Per Bid Block and 50; (iii) the number of Bid Blocks awarded to the Supplier per the Transaction Confirmation; (iv) the percentage of Off-Peak Hours remaining (excluding current day) in each month; and (v) the Base Load Percentage.

"Off-Peak Estimated Energy Quantity Per 50 MW Capacity PLC" means the estimation of Energy, inclusive of electrical line losses, in the Off-Peak Hours for each of the twelve (12) calendar months, as set forth in the Transaction Confirmation.

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

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

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

“OPC” means the Maryland Office of People’s Counsel.

“On-Peak Estimated Energy Quantity” means, for each month in each Transaction, the product of: (i) the relevant month On-Peak Estimated Energy Quantity Per 50 MW Capacity PLC; (ii) the quotient of the Current Capacity PLC Per Bid Block divided by 50; (iii) the number of Bid Blocks awarded to the Supplier per the Transaction Confirmation; (iv) the percentage of On-Peak Hours remaining (excluding current day) in each month; and (v) the Base Load Percentage.

"On-Peak Estimated Energy Quantity Per 50 MW Capacity PLC" means the estimation of Energy, inclusive of electrical line losses, in the On-Peak Hours for each of the twelve (12) calendar months, as set forth in the Transaction Confirmation.

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

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

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

“Performance Assurance” means collateral in the form of cash or Letter(s) of Credit acceptable to the Requesting Party.

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

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

“PJM Control Area” shall have the meaning ascribed to it in the PJM Agreements.

“PJM Final Zonal Capacity Price” shall be the PJM Final Zonal Net Load Price for capacity that PJM uses to develop the invoiced costs to Supplier for capacity for any month of the FSA delivery term. [pjm.com/markets-and-operations/rpm > 3rd Incremental Auction “Results” Excel Spreadsheet for the relevant Planning Period > “FZSF-FZCP” tab > “Final Zonal Net Load Price”].

“PJM Load Response Participation System” shall have the meaning ascribed to it in the PJM Agreements.

“PJM Load Response Programs” shall have the meaning ascribed to it in the PJM Agreements.

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

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

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

“PJM Preliminary Zonal Net Load Price” shall mean PJM’s Preliminary Zonal Net Load Price for capacity resulting from PJM Base Residual Auction (BRA) posted after the BRA and in effect at the time of the SOS procurement. The parties agree that this value is commonly understood as the BRA price effective for Buyer’s load zone. [pjm.com/markets-and-operations/rpm > Base Residual Auction “Results” Excel Spreadsheet for the relevant Planning Period > Summary tab > Zonal UCAP Obligations, Zonal Capacity Prices, & Zonal Credit Rates Table]

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

“PJM Settlement Dates” mean the date on which payments are due to PJM for weekly and monthly services provided by PJM in accordance with the PJM Agreements and schedules.

“Pricing Agent” shall be the person or entity described in Article 14.7, Exhibit B, and Exhibit E.

“Proxy Net Load Price” shall be the price used by the Seller when PJM has not posted a Preliminary Zonal Net Load Price (BRA) at the time Sellers provide their offers in a Standard Offer Service auction. This value will be supplied to the Seller by the Buyer in the Bid Plan/RFP.

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

“Renewable Energy Obligation” shall have the meaning ascribed to it in Section 4.4 (Renewable Energy Obligation).

“Renewable Energy Portfolio Standard” shall have the meaning ascribed to it in Subtitle 7 of the Maryland Public Utility Companies Article as amended from time to time.

“Request for Proposal” or “RFP” means the request for proposals issued from time to time by Buyer pursuant to the Maryland PSC Orders and Settlements.

“Residential Standard Offer Service” or “Residential SOS” shall have the meaning ascribed to it in the Maryland PSC Orders and Settlements.

“Residential Base Load Percentage” means the percentage of the Weekly or Monthly Settlement Load that the Residential Weekly or Monthly Settlement Base Price is applicable to, as set forth in Section 6.3(1)(a) (Residential and Type I Base Load Percentage). “Residential Monthly Settlement Amount” means with respect to any calendar month during the Delivery Period, the sum of: (i) the product of the applicable Residential Monthly Settlement Base Price and Residential Monthly Settlement Base Load; and (ii) any other adjustments as set forth in this Agreement.

“Residential Monthly Settlement Base Load” means, with respect to any calendar month during an applicable Delivery Period, the product of Monthly Settlement Load and Residential Base Load Percentage.

“Residential Monthly Settlement Base Price” means price for Residential Monthly Settlement Base Load for the applicable month of the Delivery Period as set forth in a Transaction Confirmation.

“Residential Weekly Settlement Amount” means with respect to any Weekly Settlement Date during the Delivery Period, the product of the applicable Residential Weekly Settlement Base Price and Residential Weekly Settlement Base Load.

“Residential Weekly Settlement Base Load” means, with respect to any Weekly Settlement Date during an applicable Delivery Period, the product of Weekly Settlement

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Load and the applicable Residential Base Load Percentage.

“Residential Weekly Settlement Base Price” means price for Residential Weekly Settlement Base Load for the applicable week of the Delivery Period and has the same value as the Residential Monthly Settlement Base Price.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw Hill, Inc. and any successor thereto.

"Service Type" means the customer class, partial customer class and/or group of customer classes, as set forth in a Transaction Confirmation.

“Settlement Amount” means, with respect to a Transaction and the Non-Defaulting Party, the Losses or Gains, and Costs, expressed in U.S. Dollars, which such Party incurs as a result of the liquidation of a Terminated Transaction pursuant to Article 12 (Events of Default – Remedies). The calculation of a Settlement Amount for a Terminated Transaction shall exclude any Default Damages calculated pursuant to Section 12.2(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 if 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.

“Specified Percentage” means the percentage of SOS Load as set forth in a Transaction Confirmation.

"Standard Offer Service Load" or “SOS Load” means the total sales at the retail meter, plus Unaccounted For Energy, expressed in MWh or MW, as appropriate, for a particular class(es) of retail customers being served by Buyer pursuant to the Maryland PSC Orders and Settlements, as such sales vary from hour to hour, in Buyer’s Maryland 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. For purposes of clarification, SOS Load shall not include changes in the Buyer’s Maryland service territory which occur as a result of a merger, consolidation, or acquisition of another entity which has a franchised service territory in Maryland or a result of a significant franchise territory swap with another entity which has a franchised service territory in Maryland.

“Tangible Net Worth” or “TNW” means an entity’s total assets (exclusive of intangible assets), minus that entity’s total liabilities, each as would be reflected on a balance sheet prepared in accordance with generally accepted accounting principles, and as of the relevant date of determination most recently filed with the United States Securities and Exchange Commission or similar Governmental Authority or governing body in such jurisdiction of incorporation, organization or formation. Should there arise a discrepancy between this definition of TNW and the provisions of Article 14, Article 14 shall govern.

“TNW Amount” shall equal the product of the applicable TNW Percentage and an entity’s Tangible Net Worth.

“TNW Percentage” means the percentage determined pursuant to Section 14.3 (Unsecured Credit) that is multiplied by an entity’s Tangible Net Worth to determine that entity’s TNW Amount.

“Tier 1 Renewable Sources” shall have the meaning ascribed to it in Subtitle 7 of the Maryland Public Utility Companies Article as amended from time to time.

“Tier 2 Renewable Sources” shall have the meaning ascribed to it in Subtitle 7 of the Maryland Public Utility Companies Article as amended from time to time.

“Transaction” means a particular agreement by which Buyer purchases and Seller sells Full Requirements Service 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 2.8 (Transaction Confirmation).

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

“Transmitting Utility” means the utility or utilities and their respective control area operators and their successors, transmitting Full Requirements Service.

“Type I Non-Residential Standard Offer Service” or “Type I” shall have the meaning ascribed to it in the Maryland PSC Orders and Settlements.

“Type I Base Load Percentage” means the percentage of the Weekly or Monthly Settlement Load that the Type I Weekly or Monthly Settlement Base Price is applicable to, as set forth in Section 6.3(1)(a) (Residential and Type I Base Load Percentage).

“Type I Monthly Settlement Amount” means with respect to any calendar month during the Delivery Period, the sum of: (i) the product of the applicable Type I Monthly Settlement Base Price and Type I Monthly Settlement Base Load; and (ii) any other adjustments as set forth in this Agreement.

“Type I Monthly Settlement Base Load” means, with respect to any calendar month during an applicable Delivery Period, the product of Monthly Settlement Load and Type I Base Load Percentage.

“Type I Monthly Settlement Base Price” means price for Type I Monthly Settlement Base Load for the applicable month of the Delivery Period as set forth in a Transaction Confirmation.

“Type I Weekly Settlement Amount” means with respect to any Weekly Settlement Date during the Delivery Period, the product of the applicable Type I Weekly Settlement Base Price and Type I Weekly Settlement Base Load.

“Type I Weekly Settlement Base Load” means, with respect to any Weekly Settlement Date during an applicable Delivery Period, the product of Weekly Settlement Load and the applicable Type I Base Load Percentage.

“Type I Weekly Settlement Base Price” means price for Type I Weekly Settlement Base Load for the applicable week of the Delivery Period and has the same value as the Type I Monthly Settlement Base Price.

“Type II Non-Residential Standard Offer Service” or “Type II” shall have the meaning ascribed to it in the Maryland PSC Orders and Settlements.

“Type II Base Load Percentage” means the percentage of the Weekly or Monthly Settlement Load that the Type II Weekly or Monthly Settlement Base Price is applicable to, as set forth in Section 6.3 (Base Load and Increment Load Percentages).

“Type II Monthly Settlement Amount” means with respect to any calendar month during the Delivery Period, the sum of: (i) the product of the applicable Type II Monthly Settlement Base Price and Type II Monthly Settlement Base Load; and (ii) any other adjustments as set forth in this Agreement.

“Type II Monthly Settlement Base Load” means, with respect to any calendar month during an applicable Delivery Period, the product of Monthly Settlement Load and Type II Base Load Percentage.

“Type II Monthly Settlement Base Price” means price for Type II Monthly Settlement Base Load for the applicable month of the Delivery Period as set forth in a Transaction Confirmation.

“Type II Weekly Settlement Amount” means with respect to any Weekly Settlement Date during the Delivery Period, the product of the applicable Type II Weekly Settlement Base Price and Type II Weekly Settlement Base Load.

“Type II Weekly Settlement Base Load” means, with respect to any Weekly Settlement Date during an applicable Delivery Period, the product of Weekly Settlement Load and the applicable Type II Base Load Percentage.

“Type II Weekly Settlement Base Price” means price for Type II Weekly Settlement Base Load for the applicable week of the Delivery Period as has the same value as the Type II Monthly Settlement Base Price.

“Unaccounted For Energy” means the difference between the Buyer’s hourly system load and the sum of: (i) the estimated hourly customer loads (interval metered and profiled); and (ii) electrical losses, as such Unaccounted For Energy is determined in the Buyer’s retail load settlement process.

“Unsecured Credit” means an amount that is the lower of: (i) the relevant Unsecured Credit Cap; (ii) the relevant TNW Amount, as determined pursuant to Section 14.3

(Unsecured Credit); or (iii) the Guaranty Amount from Seller's Guarantor as set forth in the Guaranty Agreement.

"Unsecured Credit Cap" shall have the meaning ascribed to it in Section 14.3 (Unsecured Credit).

"Utility Bid Plan" shall have the meaning ascribed to it in the Maryland PSC Orders and Settlements.

"Weekly Settlement Date" means, with respect to any week of a month of a delivery Period, the date(s) determined to be the PJM Settlement Date(s) pursuant to the PJM Agreements and schedules.

"Weekly Settlement Load" means, with respect to any Weekly Settlement Date during an applicable Delivery Period, the product of Specified Percentage and SOS Load.

ARTICLE 2

TERMS AND CONDITIONS OF FULL REQUIREMENTS SERVICE

- 2.1 Seller's Obligation To Provide Service. With respect to a Transaction, Seller shall provide Full Requirements Service on a firm and continuous basis such that the Specified Percentage is supplied during the Delivery Period.
- 2.2 Buyer's Obligation to Take Service. With respect to a Transaction, Buyer shall accept Full Requirements Service as provided by Seller pursuant to Section 2.1 (Seller's Obligation to Provide Service) and shall pay Seller the Weekly Settlement Amounts and Monthly Settlement Amounts for such Full Requirements Service on the applicable Weekly Settlement Date and Monthly Settlement Date in accordance with Section 7.3 (Payments of the Invoice).
- 2.3 Network Integration Transmission Service and Distribution Service. With respect to a Transaction, Buyer shall be responsible, at its sole cost and expense, for the provision of Network Integration Transmission Service and distribution service necessary to serve the Specified Percentage. Buyer is responsible, at its sole cost and expense, for future PJM charges assessed to network transmission customers for PJM-required transmission system enhancements pursuant to the PJM Regional Transmission Expansion Plan and for future PJM charges assessed to network transmission customers for transition costs related to the elimination of through-and-out transmission rates.
- 2.4 Other Changes in PJM Charges. Except as provided in Section 2.3 (Network Integration Transmission Service and Distribution Service), Seller bears the risk of any other changes in PJM products and pricing during the term of this Agreement. However, if there are any other new FERC-approved PJM

transmission charges other than those referred to in Section 2.3 or other new PJM charges and costs, charged to network transmission customers, that Seller believes the Buyer should recover through retail rates because they are directly related to the Buyer's obligations under the Maryland PSC Orders and Settlements, then Buyer will file with the Maryland PSC, and provide notice to all Parties (as that term is used in the Maryland PSC Orders and Settlements), a request for approval to recover such new costs. Seller is required to intervene in any such proceeding before the Maryland PSC. Such new costs can only be charged by Seller to Buyer to the extent that the Maryland PSC approves Buyer's recovery of those costs. Seller agrees to be bound by the decision of the Maryland PSC (subject to the normal rules for appeal of the decision of the Maryland PSC) and waives all claims concerning this issue before FERC. Notwithstanding the foregoing, nothing in this Agreement shall preclude Seller from taking any position before FERC regarding the creation and allocation of any such PJM charges.

- 2.5 Status of Seller. Seller, for purposes of this Agreement and any Transaction, is not a Load Serving Entity and nothing contained herein shall be deemed to cause Seller to be a Load Serving Entity.
- 2.6 Sales for Resale. All Full Requirements Service provided by Seller to Buyer shall be sales for resale, with Buyer reselling such Full Requirements Service to SOS Load customers. At Seller's request, Buyer shall provide Seller with mutually agreeable resale certificates related to the Full Requirements Service provided pursuant to this Agreement.
- 2.7 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.
- 2.8 Transaction Confirmation. A Transaction shall be documented in a Transaction Confirmation in the form attached hereto as Exhibit A. On the next Business Day following the Business Day on which Seller is selected as a provider of Full Requirement Service, Buyer will forward by immediate electronic means acceptable to both Parties, to Seller a partially executed Transaction Confirmation(s). Separate Transaction Confirmations will be executed for each winning bid. Should such Transaction(s) be the initial Transaction(s) with the Seller under the current RFP solicitation, then Buyer will forward by immediate electronic means acceptable to both Parties, to Seller a partially executed Agreement. Except as otherwise provided in the RFP, by 2:00 p.m. EPT on the next Business Day following Seller's receipt of the partially executed Transaction Confirmation(s) and Agreement, as applicable, Seller shall return by immediate electronic means acceptable to both Parties, to Buyer a fully executed Transaction Confirmation(s), and the Agreement signature page, as applicable. By close of the same Business Day on which Buyer is in receipt of the fully executed

Transaction Confirmation(s) and Agreement, as applicable, Buyer shall submit a copy of the Transaction Confirmation(s) to the Maryland PSC for review and determination of compliance with the Buyer's Utility Bid Plan. In a public hearing on the day following Buyer's submission of fully executed Transaction Confirmation(s) to the PSC, the PSC will review the results of the procurements. Unless it orders otherwise, the PSC will approve the Transaction Confirmations no later than two days following the full execution of the transactions.

The Parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such Party to this Agreement. The Parties agree that any electronically signed document (including this Agreement) 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 a manually-signed original signature that is then transmitted by electronic means; transmitted by electronic means" means sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

ARTICLE 3 SCHEDULING, FORECASTING, AND INFORMATION SHARING

- 3.1 Scheduling. Seller shall schedule Full Requirements Service pursuant to the PJM Agreements. Buyer will provide to PJM all information required by PJM, for the purpose of calculating Seller's Full Requirements Service obligations.
- 3.2 Load Forecasting. Buyer shall not be required to provide to the Seller any load forecasting services for any Transaction.
- 3.3 Information Sharing.
 - (a) On each Business Day after execution of this Agreement and to the end of the Delivery Period, Buyer shall make available to the Seller on a reasonable efforts basis, Buyer's estimation of the Capacity PLC for the seventh following day of each Service Type. Buyer does not warrant the accuracy of such information.

- (b) On each Business Day of the Delivery Period, Buyer shall provide to the Seller, to the extent available from the Buyer, and on a reasonable efforts basis, the energy and capacity information related to Seller's obligations under this Agreement that Buyer provides to PJM daily. Such information provided to the Seller shall be disaggregated by Service Type, Transaction, voltage level, and customer class or partial customer class, where applicable. Buyer does not warrant the accuracy of such information.
- (c) Beginning two (2) weeks prior to the beginning of the Delivery Period, on each Business Day until the Delivery Period, Buyer shall post on its website the estimated Capacity PLC for each Service Type on a reasonable efforts basis. Buyer does not warrant the accuracy of such information.

ARTICLE 4 SPECIAL TERMS AND CONDITIONS

- 4.1 Congestion and Congestion Management. Seller is responsible for any congestion costs incurred to supply the Specified Percentage. Notwithstanding Section 2.5 (Status of Seller), Buyer shall transfer or assign to Seller, Buyer's rights to CRRs to which Buyer is entitled as an LSE pursuant to the PJM Agreements, provided that such rights are related to the service being provided to the Specified Percentage. All rights and obligations associated with such CRRs will accrue to the Seller through the transfer or assignment from Buyer to Seller including the ability of Seller to request or nominate such CRRs when applicable. Seller shall have the right to request and nominate CRRs if: (i) all Transactions for SOS Load have been executed and are in full force and effect; and (ii) the Delivery Period under each Transaction Confirmation is inclusive of the PJM Planning Period for which the CRRs are being requested or nominated. Should the conditions above not be met, the entity recognized by PJM as having the right to make the nominations at that time will nominate such CRRs for the upcoming PJM Planning Period and such CRRs will be allocated to Seller based upon its Specified Percentage. The allocation of CRRs associated with the Specified Percentage will be in accordance with the PJM Agreements.
- 4.2 Load Response Programs. Buyer will manage its load response programs in accordance with PJM Agreements as amended from time to time and with the provisions of its applicable riders and retail electric service tariffs, as amended and approved by the Maryland PSC from time to time or distribution utility customer contracts, as amended by the distribution utility from time to time.
 - (a) Buyer shall be responsible for complying with all PJM Load Response Programs operating rules (including resource nominations, compliance reports, load drop estimates, and special studies) and any penalties assessed in accordance with the PJM Agreements for failure to implement its load response programs when so requested by PJM. Buyer shall be responsible for maintaining and operating any equipment currently relied upon to operate existing load response programs.

- (b) Buyer shall 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.
- (c) Buyer shall be responsible for all customer incentive payments as defined in Buyer's applicable riders and retail electric service tariffs.
- (d) For Baltimore Gas and Electric Company's (BGE's) PJM Load Response Programs, Seller shall approve BGE's registrations within the PJM Load Response Participation System applicable to Seller's Monthly Settlement Load in a timely manner, subject to verifying the accuracy of such registrations. Seller's verification of accuracy shall be limited to confirming the applicable load weighted Residential, Type I and Type II Monthly Settlement Base Prices. A timely manner shall be defined as the time within which the Seller must approve such registrations as set forth in the PJM Agreements.
- (e) For BGE's PJM Load Response Programs, Seller shall approve load reductions within the PJM Load Response Participation System applicable to Seller's Monthly Settlement Load in a timely manner. A timely manner shall be defined as the time within which the Seller must approve such load reductions as set forth in the PJM Agreements. Upon Seller's request, BGE shall provide to Seller supporting data of such load reductions.

4.3 PJM E-Accounts.

Buyer and Seller shall work with PJM to establish any PJM E-Accounts necessary for Seller to provide Full Requirements Service. In a timely manner, Buyer shall establish PJM E-Account contract(s) for the entire duration of the Transaction(s) and Seller shall confirm the PJM E-Account contract(s) for the entire duration of the Transaction(s).

4.4 Renewable Energy Obligation.

(a) Seller shall comply with the Renewable Energy Portfolio Standard, including regulations adopted thereunder, (together the Renewable Energy Obligation) and shall provide its proportional share of the Renewable Energy Portfolio Standard. Exhibit B sets forth the obligation as of the date of the RFP from which this FSA has been executed. If, on or after the Initial Bid Date, the Renewable Energy Portfolio Standard is changed, and/or a new Federal Renewable Requirement is enacted, by law or regulation during a Delivery Period, Seller may charge the Buyer the additional cost, if any, of its proportional increase in Renewable Energy Portfolio Standard for the remainder of the year of SOS in which the change takes effect ("Initial Year New Requirements"), subject to the provisions below. Seller shall provide the Buyer, subject to the confidentiality provisions of this Agreement, sufficient information to demonstrate that the increase in cost is due solely to the revised Renewable Energy Portfolio Standard and that the cost for such additional Renewable Energy Portfolio Standard is commercially reasonable. Buyer will file with the Maryland PSC, and provide notice to all Parties (as that term is used in the Maryland PSC Orders and Settlements), a request for a proceeding

to be opened to consider recovery of such additional costs. Seller is required to intervene in any such proceeding before the Maryland PSC. Such additional costs can only be charged by Seller to Buyer to the extent that the Maryland PSC approves Buyer's recovery of those costs. Approved additional costs that are incurred by Seller prior to the date of Maryland PSC approval shall include, but shall not be limited to, any Alternative Compliance Payments or Solar Alternative Compliance Payments (as those terms are used in the Renewable Energy Portfolio Standard) paid by the Seller with respect to Initial Year New Requirements, as well as interest at the Interest Rate, applied on a monthly basis from the date the costs are incurred. Seller agrees to be bound by the decision of the Maryland PSC (subject to the normal rules for appeal of the decision of the Maryland PSC) and waives all claims concerning this issue before FERC. Notwithstanding the foregoing, nothing in this Agreement shall preclude Seller from taking any position before any Governmental Authority regarding creation of or changes to the Renewable Energy Portfolio Standard.

- (b) With respect to any increase in the Renewable Energy Portfolio Standard and/or any new Federal Renewable Requirement that would be in effect in subsequent years of a multi-year Transaction, the Seller and Buyer will meet with the other Parties, as that term is used in the Phase II Settlement, and consider proposals for terms for current wholesale suppliers to continue to provide incremental Renewable Energy Portfolio Standard for the remaining terms of any multi-year FSA impacted by such a change in law, if such change occurs. Terms for continued service of those incremental requirements will be submitted to the Commission for approval at least thirty (30) days prior to the deadline for issuance of the RFP for the year of service in which the proposed terms would apply. If agreement is not reached on proposed terms, or if the Commission does not approve the terms at least ten (10) days prior to the issuance of the RFP, then the incremental requirements will be added to the next applicable RFP, and the Seller will not be required to provide such incremental Renewable Energy Portfolio Standard under this Agreement and will cease to collect the additional costs provided in (a) and (b) above as of the end of the year of service in which the incremental requirements first took effect.
- (c) 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 certificates, in a timely manner, into the Buyer's account(s) in the amount requested and necessary to fulfill Seller's Renewable Energy Obligation under this Agreement. Seller shall also transfer Obligations for load served into the Buyer's account(s). Seller shall be responsible for paying the volumetric fees associated with LSE GATS fee requirements in proportion to Seller's Full Requirements Service.
- (d) Seller shall transfer Renewable Certificates and/or proof of Alternative Compliance Payment to Buyer by deadline set by Buyer. Failure by Seller to comply by the set deadline will result in a \$10,000 daily penalty for each day past the deadline. The penalty will be netted with the Seller's weekly invoice. In the

event the Seller is currently not serving a load obligation with Buyer, the Buyer will invoice the Seller. Seller can submit to PSC for penalty waiver due to unforeseen circumstances in not meeting the deadline.

4.5 Maryland Environmental Disclosure Requirements. Subject to any applicable confidentiality requirements, Seller shall provide to Buyer, to the best of its knowledge, the generation resources used to supply Full Requirements Service, including fuel mix and environmental disclosure data. All information provided pursuant to this Section 4.5 (Maryland Environmental Disclosure Requirements) shall be provided in a timely manner within the GATS. All costs associated with meeting this requirement shall be borne by Seller. If the GATS reporting of fuel mix and environmental disclosure data is not acceptable to Maryland PSC, Seller shall provide all information in an appropriate form to enable Buyer to comply with the requirements of the Maryland PSC or any other Governmental Authority that relate to reporting such information.

4.6 Title Transfer. Seller shall cease to have title to, possession of, and risk of loss with respect to liability pursuant to Sections 9.1 (Seller’s Indemnification for Third-Party Claim) and 9.2 (Buyers Indemnification for Third-Party Claim) of Full Requirements Service scheduled and received or delivered hereunder at the Delivery Point(s). Seller warrants that it has good title to the Full Requirements Service sold and delivered hereunder and that it has the right to sell such Full Requirements Service. The word “loss” in this Section 4.6 (Title Transfer) does not encompass electrical transmission and distribution losses. As between Buyer and Seller only, Buyer shall take title to, possession of, and risk of loss with respect to liability pursuant to Sections 9.1 (Seller’s Indemnification for Third-Party Claim) and 9.2 (Buyer’s Indemnification for Third-Party Claim) of Full Requirements Service scheduled and received or 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, that would otherwise exist under the PJM Agreements or under applicable law if Buyer had not taken title.

4.7 PJM Settlement.

(a) For PJM settlement purposes only, except as set forth in section 4.7(b), the Seller’s PJM obligations hereunder will settle at the following PJM Pnodes:

<u>UTILITY</u>	<u>VOLTAGE*</u>	<u>PJM Pnode ID</u>
<u>Potomac Edison</u>	<u>APS Resid AGG</u>	<u>116472931</u>
<u>Baltimore Gas & Electric</u>	<u>BGE Resid AGG</u>	<u>116472933</u>
<u>Delmarva Power & Light</u>	<u>DPL Resid AGG</u>	<u>116472941</u>
<u>Potomac Electric Power</u>	<u>PEPCO MD Zone</u>	<u>338269</u>

(b) If any portion of the Buyer’s SOS load is subject to Nodal Pricing, settlement shall occur in accordance with PJM agreements.

4.8 Reliability Guidelines. Each Party agrees to adhere to the applicable operating

policies, criteria and/or guidelines of the NERC, PJM, their successors, and any regional or sub regional requirements.

- 4.9 PJM Membership. For the period of time that this Agreement is in effect, Seller shall be: (i) a member in good standing of PJM; and (ii) qualified as a PJM “Market Buyer” and “Market Seller” pursuant to the PJM Agreements. For the period of time that this Agreement is in effect, Buyer shall be: (i) a member in good standing of PJM; and (ii) qualified as a PJM “Load Serving Entity” pursuant to the PJM Agreements.
- 4.10 Billing Line Item Transfers. For the period of time that this Agreement is in effect, both Buyer and Seller agree that PJM Settlement, Inc, (“PJM Settlement”) shall transfer the applicable billing line item charges and/or credits listed in EXHIBIT D under Billing Line Items Responsibilities. Buyer will be responsible for initiating and/or maintaining Billing Line Item Transfers utilizing the PJM Billing Line Item Tool. Seller agrees to confirm/approve Billing Line Item Transfers by the last business day of the month prior to the Delivery Period of the first Transaction under the FSA.
- 4.11 FERC Authorization. For the period of time that this Agreement is in effect, Seller shall have FERC authorization to make sales of energy, capacity and ancillary services at market-based rates within PJM.
- 4.12 Disclosure in the Event of Seller Default. If Seller defaults and this Agreement is terminated pursuant to Article 12 (Events of Default; Remedies), Buyer may disclose the terms of this Agreement and any Transaction Confirmation to all other non-defaulting wholesale suppliers providing service to Buyer pursuant to the Maryland PSC Orders and Settlements. Such disclosure by Buyer shall be made only for the purpose of allowing each non-defaulting wholesale supplier to make its Step-Up elections described in Section 4.13 (Seller Step-Up Rights) below.
- 4.13 Seller Step-Up Rights. In the event of
- (a) an early termination of a full requirements service agreement and associated transactions pursuant to the Maryland PSC Orders and Settlements between Buyer and an entity other than Seller, or
 - (b) any other circumstances in which the Buyer finds that existing supply obligations are insufficient to the supply SOS Load,

Buyer shall send a written notification to Seller which: (i) describes either the individual supply obligations associated with the terminated transaction(s) for the remaining term(s) of such transaction(s), including all available information regarding the associated CRRs; or other immediate unserved supply obligations; and (ii) requests Seller to agree to supply a full or partial pro-rata share of the supply obligation. Buyer’s notification shall describe the term(s) of the obligation(s), which shall be either (i) the pricing, terms and conditions of the terminated full requirements service agreement and transaction(s) or (ii) the pricing, terms and conditions of the Seller’s existing supply obligation. 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, Seller shall notify Buyer of such within five (5) Business Days of its receipt of Buyer's notification. In Seller's notification, Seller shall indicate: (i) the amount of the increased

obligation that Seller wishes to take on in respect of certain specified transaction(s) (which need not be all); and (ii) that it is willing to meet any additional collateral requirements related to the Step-Up. If other sellers do not exercise their option to Step-Up, Buyer shall again notify Seller as to the amount available for Step-Up and Seller will again have an option to take a full or partial pro-rata share of the amount that such other sellers declined to take. Seller's notification shall take place no later than two (2) Business Days of its receipt of Buyer's notification. Seller's pro-rata share, as described in this paragraph, shall be the ratio of Seller's total load obligation across all service types and customer classes at the time the Step-Up option is offered, stated on a Capacity PLC basis, to the total load being supplied under this Agreement and other full requirements service agreements pursuant to the Maryland PSC Orders and Settlements on a Capacity PLC basis, excluding the terminated transactions(s) and, if applicable, excluding the full requirement service agreements under which other sellers declined to exercise their Step-Up option in part or full.

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.

ARTICLE 5 TERM AND SURVIVAL

- 5.1 Term. Unless otherwise agreed upon by Buyer and Seller, this Agreement shall continue in full force and effect from the Effective Date until the end of all Transaction(s) executed under this Agreement unless this Agreement is terminated prematurely pursuant to Article 12 of this Agreement.
- 5.2 Survival. All provisions of this Agreement which must, in order to give full force and effect to the rights and obligations of the Parties hereto, survive termination or expiration of this Agreement, shall so survive, including, without limitation, Articles 9, 10 and 12.

ARTICLE 6 DETERMINATION OF DELIVERED QUANTITIES

- 6.1 Monthly Settlement Load. The amount of Monthly Settlement Load with respect to any calendar month during the Delivery Period shall be determined in terms of megawatt-hours (MWh) of Energy and, where applicable, megawatts (MW) of demand.
- (a) The MWh of Energy shall be equivalent to the amount of Energy reported as the Seller's Specified Percentage obligation by Buyer to PJM, adjusted for

losses to reflect retail meter load in accordance with Buyer's initial and subsequent retail load settlement processes.

- (b) The MW of demand shall be equivalent to the Specified Percentage of the retail metered demand SOS Load customers consumed in an applicable calendar month in the Delivery Period as determined by Buyer's billing and accounting practices.

6.2 Weekly Settlement Load. The amount of Weekly Settlement Load with respect to any Weekly Settlement Dates during the Delivery Period shall be determined in terms of megawatt-hours (MWh) of Energy and, where applicable, megawatts (MW) of demand.

- (a) The MWh of Energy shall be equivalent to the amount of Energy reported as the Seller's Specified Percentage obligation by Buyer to PJM, adjusted for losses to reflect retail meter load in accordance with Buyer's initial and subsequent retail load settlement processes.
- (b) The MW of demand shall be equivalent to the Specified Percentage of the retail metered demand SOS Load customers consumed in an applicable week in the Delivery Period as determined by Buyer's billing and accounting practices.

6.3 Base Load and Increment Load Percentages.

- (1) Residential and Type I SOS. Buyer shall be responsible for procuring from the PJM spot market the full-requirements service for Residential and Type I SOS that is in excess of the Residential Monthly Settlement Base Load and the Type I Monthly Settlement Base Load, respectively. The Residential Base Load Percentage and the Type I Base Load Percentage shall be determined as set forth below.

(a) Residential and Type I Base Load Percentages.

- i. Upon the first day of the Delivery Period, Buyer shall determine the Capacity PLC, stated in megawatts, associated with each Bid Block in each Transaction ("Base PLC Per Bid Block"). Subsequent to the determination of the Base PLC Per Bid Block, and on each Business Day thereafter, Buyer shall determine the Capacity PLC, stated in megawatts, associated with each Bid Block in each Transaction ("PLC Per Bid Block"). The Base Load Percentage shall equal 100% if the PLC Per Bid Block is less than or equal to the Base PLC Per Bid Block plus five (5) megawatts. The Base Load Percentage shall equal the product of: (i) the quotient of the Base PLC Per Bid Block plus five (5) megawatts and the PLC Per Bid Block; and (ii) 100 if the PLC Per Bid Block is greater than the Base PLC Per Bid Block plus five (5)

megawatts. On any Business Day when the PLC Per Bid Block is equal to or less than the Base PLC Per Bid Block minus three (3) megawatts, a new Base PLC Per Bid Block shall be established and shall equal the Base PLC Per Bid Block in effect the day prior to such event, minus three (3) megawatts for each whole multiple of three (3) megawatts that the PLC Per Bid Block is below the prior day Base PLC Per Bid Block. Such new Base PLC Per Bid Block shall replace the prior Base PLC Per Bid Block in all aspects of determining the Residential and Type I Base Load Percentages subsequent to such new Base PLC Per Bid Block becoming effective.

- ii. At any time the Capacity PLCs are re-determined by the Buyer in accordance with the PJM Agreements, Buyer shall negate the effect of such re-determination on the PLC Per Bid Block. Accordingly, the daily determination of PLC Per Bid Block subsequent to each such PLC re-determination, shall equal the PLC per bid block computed by Buyer each day using the re-determined PLCs (“Unadjusted PLC Per Bid Block”) minus the difference of: (i) Unadjusted PLC Per Bid Block computed by Buyer on the day such re-determined PLCs become effective; and (ii) the PLC Per Bid Block determined on the day prior to the re-determined PLCs becoming effective. For further clarity, Exhibit H contains an example of the calculation described in this Section 6.3(1)(a)(ii).

- (2) Type II SOS. For Non-Residential Type II SOS, the Type II Base Load Percentage shall equal 100% for the entire term of this Agreement.

ARTICLE 7 BILLING AND SETTLEMENT

- 7.1 Billing. Consistent with PJM settlement dates, Buyer shall deliver to Seller, via electronic transmission or other means agreed to by the Parties, an invoice (“Invoice”) that sets forth the total amount due that will encompass weekly and monthly for all Transactions. The Invoice shall detail for each Transaction, where applicable, the following:

- (a) Residential Monthly Settlement Base Load
- (b) Type I Monthly Settlement Base Load
- (c) Type II Monthly Settlement Base Load
- (d) Residential Monthly Settlement Base Price
- (e) Type I Monthly Settlement Base Price
- (f) Type II Monthly Settlement Base Price
- (g) Residential Monthly Settlement Amount
- (h) Type I Monthly Settlement Amount
- (i) Type II Monthly Settlement Amount
- (j) Residential Weekly Settlement Base Load

- (k) Type I Weekly Settlement Base Load
- (l) Type II Weekly Settlement Base Load
- (m) Residential Weekly Settlement Base Price
- (n) Type I Weekly Settlement Base Price
- (o) Type II Weekly Settlement Base Price
- (p) Residential Weekly Settlement Amount
- (q) Type I Weekly Settlement Amount
- (r) Type II Weekly Settlement Amount
- (s) PJM billing adjustments
- (t) For each month in the contract term that the Zonal Net Load Price for capacity resulting from the Base Residual Auction (BRA) is unknown at the time Suppliers provide their offers in a Standard Offer Service auction pursuant to the RFP with the initial date of [Insert approved date], Suppliers shall incorporate a proxy Net Load Price of \$[134.70]/MW-day for capacity into their offers for providing full-requirements wholesale supply service for the Residential and Small Commercial classes. For each billing month in which the proxy price was used by the Suppliers, an additional line item on the SOS Invoice will show a supplemental capacity payment or charge. A supplemental capacity payment will be stated if the Final Zonal Net Load Price for capacity is higher than the proxy Zonal Net Load Price, and a supplemental capacity charge will be stated if the Final Net Load Price for capacity is lower than the proxy Zonal Net Load Price. The supplemental capacity payment or charge will equal the Final Zonal Net Load Price for the Utility's PJM zone less the proxy Zonal Net Load Price, multiplied by the Seller's unforced capacity obligation (UCAP) for each day of the billing month. Unique PJM short name (account) that pertains to the SOS product using a capacity proxy price may be required from the supplier to allow the company to identify the daily UCAP.

The parties intend that the cost of PJM capacity invoiced to Supplier will be passed through from Supplier to Buyer without markup or discount ***under the specific circumstances identified in paragraph 3, below***. In furtherance of this intended outcome, the following provisions shall apply.

1. Buyer will post in the Bid Plan the PJM Preliminary Zonal Net Load Price in effect at the time the Bid Plan is issued as well as and a Proxy Net Load Price for any Planning Period for which the PJM Preliminary Zonal Net Load Price was not available.
2. If, at the time of settlement for any month of this FSA, PJM's most recently posted Preliminary Zonal Net Load Price for capacity is different than PJM Preliminary Zonal Net Load Price posted in the Bid Plan (if applicable for the Planning Period) or the Proxy Price (if applicable for the Planning Period) then Buyer shall include a Capacity True-Up in such monthly settlement.
3. The Capacity True-Up will only occur if 1) a proxy price was used for Planning Period, or 2) the Preliminary Zonal Net Load Price changes any

time after suppliers submit their bids and is therefore different than the Preliminary Zonal Net Load Price that was published in the Bid Plan.

- (u) Any other adjustments set forth in this Agreement

7.2 PJM Billing.

- (a) Buyer and Seller shall direct PJM to invoice Seller and Buyer for charges and credits relating to Seller's and Buyer's rights and obligations under this Agreement as set forth in Exhibit D attached hereto and made a part hereof. If PJM is unable to invoice charges or credits in accordance with Exhibit D, Buyer shall rectify such PJM invoice discrepancy in the Invoice sent pursuant to Section 7.1 (Billing).
- (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 Exhibit D will be determined pursuant to Sections 2.3 (Network Integration Transmission Service and Distribution Service), 2.4 (Other Changes in PJM Charges), and 16.11 (PJM Agreement Modifications) of this Agreement.

Payments of the Invoice. On the Weekly Settlement Date or Monthly Settlement Date, as applicable, Buyer will pay to Seller, or Seller will pay to the Buyer, as the case may be, the total amount due in the applicable Invoice. 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 Weekly Settlement Date or Monthly Settlement Date, as applicable. Payment of Invoices shall not relieve the paying Party from any other responsibilities or obligations it has under this Agreement (other than the obligation to make such payment), nor shall such payment constitute a waiver of any claims arising hereunder.

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

7.4 Billing Disputes and Adjustments of Invoices.

- (a) Consistent with the PJM rules as they may be revised in accordance with Settlement C, Buyer may, in good faith, adjust the Invoice to include revised load data or correct any errors. In the event Settlement C is not adopted by PJM, any adjustment to include revised load data or to correct any errors must occur within 12 months from the date on which an Invoice is issued. 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 12 months of the date on which an Invoice is issued or an Invoice is adjusted pursuant to Section 7.5(a) (Billing Disputes and Adjustment of Invoices), or within the period established in Settlement C, whichever is shorter, Seller may, in good faith, dispute the correctness of such Invoice or adjustment, pursuant to the provisions of Article 13 (Dispute Resolution), and provided that Seller has paid by the Monthly Settlement Date any portion of an Invoice that is not disputed.
 - (c) Within 12 months of the date on which a PJM bill is issued, or within the period established in Settlement C, whichever is shorter, Buyer or Seller may, in good faith, dispute the correctness of any such PJM bill, pursuant to the provisions of Article 13 (Dispute Resolution), and provided that the disputing Party has paid by the Monthly Settlement Date any portion of an Invoice that is not disputed.
- 7.5 Interest on Unpaid Balances. Interest on delinquent amounts, other than amounts in dispute as described in Section 7.5 (Billing Disputes and Adjustment of

Invoices), shall be calculated at the Interest Rate from the original due date to the date of payment.

ARTICLE 8 TAXES

- 8.1 Cooperation. Each Party shall use reasonable efforts to implement the provisions of and administer this Agreement in accordance with the intent of the Parties to minimize taxes, so long as neither Party is materially adversely affected by such efforts.
- 8.2 Taxes.
- (a) As between the Parties: (i) Seller is responsible for the payment of all taxes imposed by any Governmental Authority on the wholesale sales of Full Requirements Service under this Agreement; and (ii) Buyer is responsible for the payment of all taxes imposed by any Governmental Authority on retail sales of Full Requirements Service under this Agreement.
- (b) Any Party paying taxes that should have been paid by the other Party pursuant to Section 8.2(a) (Taxes), shall be reimbursed by such other Party in the next invoice issued pursuant to Section 7.1 (Billing).
- 8.3 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, in its sole 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 9 INDEMNIFICATION

- 9.1 Seller's Indemnification for Third-Party Claims. Seller shall indemnify, hold harmless, and defend Buyer and its Affiliates, and their respective officers, directors, employees, agents, contractors, subcontractors, invitees, successors, representatives and permitted assigns (collectively, "Buyer's Indemnitees") from and against any and all claims, liabilities, costs, losses, damages, 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 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.
- 9.2 Buyer's Indemnification for Third-Party Claims. Buyer shall indemnify, hold harmless, and defend Seller and its Affiliates, and their respective officers, directors, employees, agents, contractors, subcontractors, invitees, successors, representatives and permitted assigns (collectively, "Seller's Indemnitees") from and against any and all claims, liabilities, costs, losses, damages, and expenses including reasonable attorney and expert fees, disbursements actually incurred, and any penalties or fines imposed by Government Authorities in any action or proceeding between Seller and a third party or Buyer for damage to property of unaffiliated third parties, injury to or death of any person, including Seller's employees or any third parties, to the extent directly caused by the gross negligence or willful misconduct of Buyer and/or its officers, directors, employees, agents, contractors, subcontractors or invitees arising out of or connected with Buyer's performance under this Agreement, Buyer's exercise of rights under this Agreement, or Buyer's breach of this Agreement.
- 9.3 Indemnification Procedures. If either Party intends to seek indemnification under Sections 9.1 (Seller's Indemnification for Third-Party Claims) or 9.2 (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) days of the later of the commencement of, or the Party's actual knowledge of, such claim or action. Such notice shall describe the claim in reasonable detail, and shall indicate the amount, estimated if necessary, of the claim that has been, or may be, sustained by said Party. To the extent that the other Party will have been actually and materially prejudiced as a result of the failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the provisions for indemnification contained in this Agreement. Neither Party may settle or compromise any claim without the prior consent of the other Party; provided, however, said consent shall not be unreasonably withheld or delayed.

ARTICLE 10 LIMITATIONS ON LIABILITY

- 10.1 Limitation 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 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, 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.
- 10.2 Limitation on Buyer Liability for Conduct of Consultant. As set forth in the Maryland PSC Orders and Settlements, Buyer is obligated to share certain information with a consultant ("PSC Consultant") chosen and supervised by the Maryland PSC and its Staff. Notwithstanding anything set forth in this Agreement, in no event will Buyer have any liability of any kind with respect to Sellers for any conduct of the PSC Consultant, except to the extent of any remedy that Buyer actually recovers from the PSC Consultant.

ARTICLE 11 FORCE MAJEURE

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

ARTICLE 12 EVENTS OF DEFAULT; REMEDIES

- 12.1 Events of Default. An "Event of Default" shall mean, with respect to a Party ("Defaulting Party"), the occurrence of any of the following:
- (a) the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within two (2) Business Days after written notice;
 - (b) any representation or warranty made by such Party herein or in response to the RFP is 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 4.9 (PJM Membership) and 4.11 (FERC Authorization) if such failure is not remedied within three (3) Business Days after written notice;
 - (d) PJM has declared a Party to be in default of any provision of any PJM Agreement, which default prevents a Party's performance hereunder if such failure is not remedied within three (3) Business Days after written notice
 - (e) the failure to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default) if such failure is not remedied within three (3) Business Days after written notice;

- (f) such Party becomes Bankrupt;
 - (g) such Party consolidates with, or merges with or into, or transfers all or substantially all of its assets to, another entity, or assigns the Agreement or any rights, interests, or obligations hereunder without the prior written consent of the other Party when such consent is required, and, at the time of such consolidation, merger, transfer or assignment, the resulting, surviving, transferee, or assigned entity fails to assume all the obligations of such Party under this Agreement to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other Party;
 - (h) the occurrence and continuation of: (i) a default, event of default or other similar condition or event in respect of such Party under one or more agreements or instruments, individually or collectively, relating to indebtedness for borrowed money in an aggregate amount of not less than five percent (5%) of such Party's TNW, which results in such indebtedness becoming immediately due and payable or; (ii) a default by such Party in making on the due date therefore one or more payments, individually or collectively, in an aggregate amount of not less than five percent (5%) of such Party's TNW under such agreements or instruments (after giving effect to any applicable notice requirement or grace period).
 - (i) the failure of a Party to comply with its obligations pursuant to Article 14 (Performance Assurance/Accelerated Payments) if such failure is not remedied within three (3) Business Days after written notice.
 - (j) with respect to Seller's Guarantor if any:
 - i. if 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;
 - ii. the failure of the Guarantor 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. the failure of the Guarantor's guaranty to be in full force and effect for purposes of this Agreement (other than in accordance with its terms) prior to the satisfaction of all obligations of such Party under this Agreement without the written consent of the other Party;
 - iv. the Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenges the validity of any guaranty; or
 - v. conditions described with respect to a Party in subparagraph (f) of this Section 12.1 (Events of Default) occurs with respect to its Guarantor.
- 12.2 Remedies. If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, 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 12.2(a) or implement all remedies pursuant to Section 12.2(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 12.2(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 12.2(b), then the Non-Defaulting Party must resume performance of its obligations under this Agreement.
- (b) In addition to any other remedies available at law or in equity to the Non-Defaulting Party, if an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right to implement all, but not less than all, 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 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-Defaulting Party waives such Event of Default;
 - iii. withhold any payments due to the Defaulting Party under this Agreement as an offset to any Default Damages or Termination Payment, as defined in Section 12.3 (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:
 - i. unless the Event of Default was a failure by Seller to meet any or all of its Full Requirements Service obligations, Buyer may offer to waive the default on such terms and conditions as Buyer, at its sole discretion, may deem appropriate to propose (“Special Remedy”); provided however that;
 - ii. any such Special Remedy can only be offered to Seller if it first is specifically approved by the Maryland PSC in accordance with Maryland PSC Orders and Settlements.

12.3 Calculation and Net Out of Settlement Amounts.

(a) 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 4.13 (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 then available to the Non-Defaulting Party pursuant to Article 14 (Performance Assurance/Accelerated Payments), 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, under this Agreement. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate. When the Buyer is the Non-Defaulting Party and replaces Seller’s full requirements obligation under this Agreement through mechanisms specified in the Maryland PSC Orders and Settlements, the result of that procedure will be deemed to be commercially reasonable for purposes of calculating the Settlement Amount.

Seller may, in its sole discretion, add the following subsection 12.3(b) by checking this box. If Seller does not check this box, subsection 12.3(b) will not be deemed to be included as part of the Parties’ Agreement.

(b) In order to avoid doubt regarding a commercially reasonable calculation for the purposes of calculating the Settlement Amount by the Non-Defaulting Party, the quantity of amounts of Energy, Capacity and other services to have been provided under the FSA for the period following the Early Termination Date (the “Termination Quantity”) shall be deemed those quantity amounts that would have been delivered on an hourly basis had the FSA been in effect during the previous calendar year, adjusted for such SOS load changes as have occurred since the previous calendar year. Nothing in this section shall limit the right of the Buyer when Seller is the Defaulting Party to replace Seller’s full requirements obligation and the result of any Commission-approved procedure will be deemed to be commercially reasonable for purposes of calculating the Settlement Amount and will be deemed to have been determined by reference to the Termination Quantity.

12.4 Notice of Termination Payment. As soon as practicable after an Early Termination Date is declared, the Non-Defaulting Party shall provide written

- notice to the Defaulting Party of the amount of the Termination Payment 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. The owing Party shall make the Termination Payment within five (5) Business Days after such notice is effective.
- 12.5 Disputes With Respect to Termination Payment. If the Defaulting Party disputes the Non-Defaulting Party's calculation of the Termination Payment, in whole or in part, the Defaulting Party shall, within five (5) Business Days of receipt of Non-Defaulting Party's calculation of the Termination Payment, provide to the Non-Defaulting Party a notice that it intends to dispute the calculation of the Termination Payment ("Termination Payment Dispute Notice"), pursuant to the provisions of Article 13 (Dispute Resolution), and provided, 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.
- 12.6 Closeout Setoffs. After calculation of a Termination Payment in accordance with Section 12.3, (Calculation and Net Out of Settlement Amounts) if the Defaulting Party would be owed the Termination Payment, the Non-Defaulting Party shall be entitled, at its option and in its discretion, to: (i) set off against such Termination Payment any amounts payable by the Defaulting Party to the Non-Defaulting Party under any other agreements, instruments or undertakings between the Defaulting Party and the Non-Defaulting Party; and/or (ii) to the extent the Transactions are not yet liquidated in accordance with Section 12.2 (a), withhold payment of the Termination Payment to the Defaulting Party. The remedy provided for in this Article shall be without prejudice and in addition to any right of setoff, combination of accounts, lien or other right to which any Party is at any time otherwise entitled (whether by operation of law, contract or otherwise). If any obligation is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and set-off in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained.
- 12.7 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.
- 12.8 Optional Bankruptcy Provision (If applicable). The Parties acknowledge that as of the Effective Date, and on the date on which any Transaction Confirmation is executed, and that such Transaction Confirmation so indicates, that [*enter Party's name*] is debtor in a proceeding under Chapter 11 of the United States Bankruptcy Code and such case remains pending in a United States Bankruptcy Court ("Bankruptcy Court"). Notwithstanding anything to the contrary herein, until

such time as [enter Party's name] emerges from Chapter 11 bankruptcy, Section 12.1(f) shall not apply to [enter Party's name] and shall not constitute an Event of Default; provided, however, that in the event that (i) [enter Party's name] files a motion with the Bankruptcy Court which contemplates the sale of substantially all of its assets; (ii) [enter Party's name] files a Chapter 11 plan of reorganization which contemplates the sale of substantially all of its assets; (iii) [enter Party's name] files a motion or request with the Bankruptcy Court to convert its Chapter 11 filing to a Chapter 7 proceeding; or (iv) the Bankruptcy Court enters an order converting the bankruptcy case from a Chapter 11 proceeding to a Chapter 7 proceeding; any such event shall constitute an Event of Default.

ARTICLE 13 DISPUTE RESOLUTION

- 13.1 Informal Dispute Resolution. Before pursuing resolution of any dispute arising out of this Agreement, the disputing Party shall provide written notice to the other Party setting forth the nature of the dispute, the amount involved, if any, and the remedies sought. The Parties shall use good faith and reasonable commercial efforts to informally resolve such dispute. Such efforts shall last for a period of at least thirty (30) calendar days from the date that the notice of the dispute is first delivered from one Party to the other Party. Any amounts that are owed by one Party to the other Party as a result of resolution of a dispute pursuant to this Section 13.1 (Informal Dispute Resolution), shall be paid within two (2) Business Days of such resolution and the payment shall include interest calculated at the Interest Rate from the original due date through the date of payment.
- 13.2 Formal Dispute Resolution. After the requirements of Section 13.1 (Informal Dispute Resolution) have been satisfied, all disputes, except as noted below, between the Parties shall be submitted to the appropriate authority. Notwithstanding anything set forth in this Article 13 (Dispute Resolution), any dispute concerning an increase in the Renewable Energy Resource requirement described in Section 4.4 (Renewable Energy Resource Requirement) will be resolved in accordance with the procedures set forth in Section 4.4 (Renewable Energy Resource Requirement), and any dispute concerning new PJM charges will be resolved in accordance with the procedures set forth in Section 2.4 (Other Changes in PJM Charges).

ARTICLE 14 PERFORMANCE ASSURANCE/ACCELERATED PAYMENTS

- 14.1 Requirement for Performance Assurance. With respect to Aggregate Transactions, if at any time and from time to time during the term of this Agreement, Aggregate Buyer's Exposure exceeds the Unsecured Credit on any Business Day, then Buyer shall request that Seller post Performance Assurance in

an amount equal to the amount by which Aggregate Buyer's Exposure exceeds the Unsecured Credit (rounding upwards to the nearest \$250,000), less any Performance Assurance already posted with Buyer. Subsequent and incremental requests for Performance Assurance shall be in \$250,000 increments. Buyer's request for Performance Assurance shall not be disputed by Seller.

- 14.2 Performance Assurance Transfers/Returns. If the request for Performance Assurance is made by Buyer before 1:00 p.m. EPT on a Business Day, then if Seller is posting cash as the form of Performance Assurance Collateral, Seller shall be required to deliver the Performance Assurance cash to Buyer on the Business Day following the date of such request; and if Seller is posting a Letter of Credit as acceptable to Buyer as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance Letter of Credit on the second Business Day following the date of such request. If a request for Performance Assurance is made by Buyer at or after 1:00 p.m. EPT, then if Seller is posting cash as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance cash to Buyer on the second Business Day following the date of such request; and if Seller is posting a Letter of Credit as acceptable to Buyer as the form of Performance Assurance collateral, Seller shall be required to deliver the Performance Assurance Letter of Credit on the third Business Day following the date of such request. Telephone or other communication means mutually acceptable by the Parties, are suitable means for the Buyer to make requests for Performance Assurance. If Seller provides its Performance Assurance collateral in cash, in whole or in part, Seller will also simultaneously grant Buyer a first-priority security interest in that cash, in a form mutually acceptable to Buyer and Seller. Buyer shall not be entitled to hold Performance Assurance in the form of cash; rather, Performance Assurance in the form of cash shall be held in any major U.S. commercial bank, or a foreign bank with a U. S. branch office, (which is not the Buyer or an affiliate of the Buyer), and has assets of at least \$10 billion and a credit rating of at least "A" by Standard and Poor's, or "A2" by Moody's Investor Services ("Qualified Institution"). The Buyer will pay to Seller on the first Business Day of each calendar quarter the amount of interest it receives based upon the applicable overnight repurchase interest rate from the Qualified Institution on any Performance Assurance in the form of cash posted by Seller. The interest amount or portion thereof not returned to Seller pursuant to this Section 14.2 will constitute Performance Assurance and will be subject to the provisions of Article 14 of this Agreement.

On any Business Day, Seller, at its sole cost, may request that the Performance Assurance be reduced correspondingly to reflect the decrease in Buyer's Exposure or an increase in Seller's Unsecured Credit, if any (rounding upwards for any fractional amount to the nearest \$250,000). Buyer shall be required to return the amount of

Performance Assurance due in accordance with the timeframes set forth in the preceding paragraph. Telephone or other communication means mutually acceptable by the Parties, are suitable means for the Seller to make requests for return of Performance Assurance.

In the event that Seller fails to provide Performance Assurance or Buyer fails to return Performance Assurance pursuant to the terms of this Article 14 (Performance Assurance/Accelerated Payments) within the applicable timeframes, then an Event of Default pursuant to Section 12.1(i) shall be deemed to have occurred with respect to the non-performing Party and the other Party will be entitled to the remedies set forth therein.

In instances caused by the timing of the requests for both the return of Performance Assurance and placement of Performance Assurance, a situation may arise where the Parties are both sending and receiving transactions on the same day. In these instances, the Parties may net the requested amounts and proceed with only one transaction. Netting is only permitted for Performance Assurance purposes if it is mutually agreed to by both Parties in advance and confirmed in advance.

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

The relevant Unsecured Credit Cap shall be the Unsecured Credit Cap listed in the following table that corresponds to Seller’s (or Seller’s Guarantor’s) lowest Credit Rating most recently published by S&P, Fitch and/or Moody’s. The relevant TNW Amount shall be calculated using the TNW Percentage listed in the following table that corresponds to Seller’s (or Seller’s Guarantor’s) lowest Credit Rating most recently published by S&P, Fitch and/or Moody’s.

If the Seller and an Affiliate(s) are both winning bidders in the RFP, then the Seller (or Seller’s Guarantor) and the Affiliate(s) will proportionally share the amount of Unsecured Credit listed in the following table that corresponds to the Seller’s (or Seller’s Guarantor’s) lowest Credit Rating most recently published by S&P, Fitch and/or Moody’s.

<u>Credit Rating</u>				
S&P	Fitch	Moody’s	TNW	Unsecured

			<u>Percentage</u>	<u>Credit Cap</u>
A or above	A or above	A2 or above	15%	\$125,000,000
A-	A-	A3	10%	\$100,000,000
BBB+	BBB+	Baa1	8%	\$75,000,000
BBB	BBB	Baa2	6%	\$50,000,000
BBB-	BBB-	Baa3	4%	\$25,000,000
BB+	BB+	Ba1	2%	\$15,000,000
BB	BB	Ba2	1%	\$10,000,000
BB-	BB-	Ba3	0.5%	\$5,000,000
Below BB- / Unrated	Below BB- / Unrated	Below Ba3 / Unrated	0%	\$0.00

- 14.4 **Credit Rating.** If during the term of the Agreement, Seller’s or Seller’s Guarantor’s Credit Rating changes, by either being upgraded or downgraded by any of the rating agencies referenced in Section 14.3 (Unsecured Credit) of the Agreement, the Seller shall be required to provide written notice to Buyer of such Credit Rating change no later than two (2) Business Days after the date of such change. However, if Seller’s, or Seller’s Guarantor’s, equity is publicly traded on the New York Stock Exchange, NASDAQ National Market, or American Stock Exchange, the Buyer will waive the requirement to provide written notice.
- 14.5 **Tangible Net Worth.** During the term of the Agreement, Seller, or Seller’s Guarantor, shall be required to provide Buyer written financial information to determine the Seller’s, or Seller’s Guarantor’s Tangible Net Worth. Financial information shall include an audited Annual Report, containing, but not limited to, a balance sheet prepared in accordance with generally accepted accounting principles, a schedule of long-term debt including maturity dates, and all notes to the financial statement that apply to long term debt, short term borrowing, and liquidity and capital resources. The Seller, or Seller’s Guarantor, shall also provide the Buyer written financial information on a quarterly basis containing a balance sheet prepared in accordance with generally accepted accounting principles. However, if Seller’s, or Seller’s Guarantor’s, equity is publicly traded on the New York Stock Exchange, NASDAQ National Market, or American Stock Exchange, the Buyer will waive the requirement to provide written financial information.
- 14.6 **Foreign Entities.** The following standards shall apply to Seller, or Seller’s Guarantor, that have not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia and whose financial data is not denominated in United States currency and does not conform to

generally accepted accounting principles (GAAP) in the United States. For Sellers who cannot meet the following requirements, the posting of cash or letter of credit in an acceptable form (see standard format in Appendix C) for the Aggregate Buyer's Exposure shall be required.

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

All Sellers or Guarantors of Sellers that have not been incorporated or otherwise formed under the laws of a state of the United States or of the District of Columbia and whose financial data is not denominated in United States currency and does not conform to generally accepted accounting principles (GAAP) in the United States shall, in addition to all documentation required elsewhere in this Section 14.6 (Foreign Entities), supply the following as a condition of being granted Unsecured Credit, up to a maximum level, for the purpose of covering the Aggregate Buyer's Exposure:

- (i) For Seller:
 - (a) A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Seller is incorporated or otherwise formed that this Agreement is, or upon the completion of execution formalities will become, the binding obligation of the Seller in the jurisdiction in which it has been incorporated or otherwise formed; and
 - (b) The sworn certificate of the corporate secretary (or similar officer) of such Seller that the person executing this Agreement on behalf of the Seller has the authority to execute the Agreement and that the governing board of such Seller has approved the execution of this Agreement; and
 - (c) The sworn certificate of the corporate secretary (or similar officer) of such Seller that the Seller has been authorized by its governing board to enter into agreements of the same type as this Agreement.

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

(ii) For Guarantor of a Seller:

- (a) A legal opinion of counsel qualified to practice in the foreign jurisdiction in which the Guarantor is incorporated or otherwise formed that this Guaranty is, or upon the completion of execution formalities will become, the binding obligation of the Guarantor in the jurisdiction in which it has been incorporated or otherwise formed; and
- (b) The sworn certificate of the corporate secretary (or similar officer) of such Guarantor that the person executing the Guaranty on behalf of the Guarantor has the authority to execute the Guaranty and that the governing board of such Guarantor has approved the execution of the Guaranty; and
- (c) 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.

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

14.7 Aggregate Buyer's Exposure. In order to determine the amount of Performance Assurance during the term of this Agreement, Buyer shall calculate the Aggregate Buyer's Exposure under Aggregate Transactions once per Business Day, pursuant to the process and methodology described in Exhibit E. On a Transaction Date, the Buyer's Exposure for that Transaction shall be deemed equal to zero.

To the extent that the calculations of the Aggregate Buyer's Exposure for a given date results in a negative number, the Aggregate Buyer's Exposure for such date shall be deemed equal to zero.

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

Initial Mark Price, On-Peak Initial Mark Price, the On-Peak Forward Price and the Off-Peak Forward Price.

- (b) Buyer shall use reasonable efforts to provide Seller with Aggregate Buyer's Exposure on each Business Day subject to the Confidentiality provisions of this Agreement.
- (c) Pursuant to Section 14.1 above, Seller shall not dispute any request by Buyer for Performance Assurance. Notwithstanding such provision, Seller may dispute the Pricing Agent's determinations of the On-Peak Initial Mark Price, Off-Peak Initial Mark Price, On-peak Forward Price and Off-Peak Forward Price if Seller can demonstrate that the Pricing Agent has been grossly negligent or has exhibited willful misconduct in such determinations, or that the Pricing Agent is making such determinations in a manner that is arbitrary, capricious or erroneous on its face. Such dispute of the Pricing Agent's determinations by the Seller shall not be cause for any delay by the Seller in posting any Performance Assurance requested by the Buyer.

ARTICLE 15 REPRESENTATIONS AND WARRANTIES

- 15.1 Representations and Warranties. On the Effective Date and throughout the term of this Agreement, each Party represents and warrants to the other Party that:
- (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;
 - (b) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement and each Transaction;
 - (c) the execution, delivery and performance of this Agreement and each Transaction are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
 - (d) this Agreement and each Transaction constitutes its legally valid and binding obligation enforceable against it in accordance with its terms; subject to any Equitable Defenses;
 - (e) it is either (i) 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; or, (ii) it is an administratively solvent debtor in a Chapter 11 bankruptcy proceeding; and prior to bidding, has obtained a final order from the Bankruptcy Court approving its participation in the wholesale Full Requirements Service procurement process. With respect to sub-paragraph (ii) herein, the Chapter 11 bankrupt entity shall comply with the following:

1. File a motion with the Bankruptcy Court seeking approval of its participation in Maryland's SOS program.
 2. File, for informational purposes, a copy of its Bankruptcy Court motion seeking the required approval simultaneously upon the Commission and the Parties.
 3. Obtain a final Bankruptcy Court order which explicitly provides that the Chapter 11 bankrupt entity has authority, without any further notice to creditors or Bankruptcy Court approval, to (A) bid; (B) sign the FSA without any modification; and (C) perform all obligations arising under any Transactions awarded, including, but not limited to, the posting of all performance assurance required by the FSA.
 4. File with the Commission a copy of the final Bankruptcy Court order no later than one business day prior to any eligibility (to bid) status dates.
 5. Serve the final Bankruptcy Court order on the Parties when it is filed with the Commission.
- (f) there are no pending, or to its knowledge threatened, actions, suits or proceedings against it or any of its Affiliates any legal proceedings before any Governmental Authority that could materially adversely affect its ability to perform its obligations under this Agreement and each Transaction;
 - (g) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement and each Transaction;
 - (h) with respect to Buyer, it is acting to fulfill its obligations under and in accordance with Maryland PSC Orders and Settlements 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, all setoffs, netting and liquidations contemplated hereunder constitute "settlement payments" as set forth in Sections 101 and 741 of the United States Bankruptcy Code and each payment or transfer of Performance Assurance is a "margin payment", "settlement payment" or transfer within the meaning of Section 101 of the United States Bankruptcy Code for the purposes of and as used in such Code;
 - (k) it has entered into this Agreement and each Transaction in connection with the conduct of its business and it has the capacity or ability to provide or take delivery of the Full Requirements Service; and it is an "eligible contract participant" as defined in Section 1a(12) of the Commodity Exchange Act.
- 15.2 Additional Understandings. 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 this Agreement and each Transaction hereunder that the Agreement will result in physical delivery and not financial settlement, and the quantity of Full Requirements Service that Seller must deliver and Buyer must receive will be determined by the requirements of the SOS Load served by Buyer, 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 Buyer's and Seller's specific intent so that in accordance with Financial Accounting Standards Board Statement No. 133 ("FAS 133"), as amended, Buyer would be able to elect to use accrual accounting for its purchases under this Agreement, while Seller would be able to elect to use either accrual or mark-to-market accounting for its sales under the Agreement. If either Buyer or Seller determines, in good faith, that the intended accounting treatment has become jeopardized, due to a change in interpretations of FAS 133, as amended, or otherwise, then Buyer and Seller agree to meet and use their best efforts to reform the Agreement so that, with the minimum changes possible, the Agreement again qualifies for the intended accounting treatments.

ARTICLE 16 MISCELLANEOUS

- 16.1 Notices. Unless otherwise specified herein, all notices shall be in writing and delivered by hand, overnight or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an email message (provided a copy is also sent by overnight mail). Notice shall be effective on the next Business Day after it is sent. A Party may change its address by providing notice of the same in accordance with this Section 16.1. Notice information for Buyer and Seller is shown on Exhibit G.
- 16.2 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.
- 16.3 Rules of Interpretation. The following principles shall be observed in the interpretation and construction of this Agreement:

- (a) unless otherwise stated, the terms “include” and “including” when used in this Agreement shall be interpreted to mean by way of example only and shall not be considered limiting in any way;
 - (b) all titles and headings used herein are for convenience and reference purposes only, do not constitute a part of this Agreement and shall be ignored in construing or interpreting the obligations of the parties under this Agreement;
 - (c) references to the singular include the plural and vice versa;
 - (d) references to Articles, Sections, Clauses and the Preamble are, unless the context indicates otherwise, references to Articles, Sections, Clauses and the Preamble of this Agreement;
 - (e) in carrying out its rights, obligations and duties under this Agreement, each Party shall have an obligation of good faith and fair dealing.
- 16.4 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 7.1 (Billing) and 7.6 (Interest on Unpaid Balances).
- 16.5 Confidentiality. Each Party shall continue to be bound by the terms of the Confidentiality Agreement entered into pursuant to the RFP.
- 16.6 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.
- 16.7 Assignment/Change in Corporate Identity. Neither Party shall assign this Agreement, its rights or obligations hereunder without the prior written consent of the other Party, which consent may not be unreasonably withheld; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder),
- (a) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements,
 - (b) transfer or assign this Agreement to an affiliate of such Party if: (i) such affiliates creditworthiness is equal to or higher than that of such Party; or in the case of the Seller, where such affiliate’s creditworthiness is not equal to or higher than that of such Party, such affiliate provides the Performance Assurance required pursuant to this Agreement, and (ii) affiliate meets bidder eligibility requirements as defined in the most current RFP;

- (c) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets whose: (i) creditworthiness is equal to or higher than that of such Party; or (ii) in the case of the Seller, where such entity's creditworthiness is not equal to or higher than that of such Party, such entity provides the Performance Assurance required pursuant to this Agreement;
 - (d) provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.
- 16.8 Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTITUTED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.
- 16.9 Jurisdiction and Venue. Except as provided in Sections 2.4 (Other Changes in PJM Charges) and 4.4 (Renewable Energy Resource Requirement), and except for matters jurisdictional to FERC, the Maryland PSC or the appellate courts having jurisdiction over the Maryland PSC or FERC matters, all disputes hereunder shall be resolved in the Federal or State courts of Maryland and each Party hereby irrevocably submits to the in personam jurisdiction of such courts. Each Party hereby waives its respective rights to any jury trial with respect to any litigation arising under or in connection with this Agreement.
- 16.10 Amendments. Except as provided in Section 16.11 (PJM Agreement Modifications), 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. Except as provided in Section 16.11 (PJM Agreement Modifications), the rates, terms and conditions contained in this Agreement or any Transaction are not subject to change under Sections 205 or 206 of the Federal Power Act absent the mutual written agreement of the Parties. Absent the agreement of all parties to the proposed change, the standard of review for changes to this Agreement proposed by a Party, a non-Party or the FERC acting *sua sponte* shall be the "public interest" standard of review 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) (the "Mobile-Sierra" doctrine).
- 16.11 PJM Agreement Modifications.
 - (a) If the PJM Agreements are amended or modified so that any schedule or section references herein to such agreements is changed, such schedule or section references herein shall be deemed to automatically (and without any

further action by the Parties) refer to the new or successive schedule or section in the PJM Agreements which replaces that originally referred to in this Agreement.

- (b) If the applicable provisions of the PJM Agreements referenced herein, or any other PJM rules relating to the implementation of this Agreement, are changed materially from those in effect on the Effective Date, both Parties shall cooperate to make conforming changes to this Agreement to fulfill the purposes of this Agreement; provided that no such changes shall alter the economic benefits of this Agreement between the Parties.
- 16.12 Delay and Waiver. Except as otherwise provided in this Agreement, no delay or omission to exercise any right, power or remedy accruing to the respective Parties hereto upon any breach or default of any other Party under this Agreement shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement, or any waiver of any provision or condition of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.
- 16.13 Regulatory Approvals. The commencement of the Delivery Period is subject to:
(i) the receipt or waiver by Seller of all Seller required regulatory approvals; and
(ii) 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 4.13 (Seller Step-Up Rights) shall apply.

The Potomac Edison Company

Seller

By: _____

Name: _____

Title: _____

EXHIBIT A

TRANSACTION CONFIRMATION EXAMPLE

(all information included is fictitious and is for example purposes only)

99999 (Tag Number)

This Transaction Confirmation letter is being provided pursuant to and in accordance with the “Full Requirements Service Agreement” dated _____ (the “Agreement”) between Buyer and Seller. Terms used but not defined

herein shall have the meanings ascribed to them in the Agreement. This Transaction Confirmation shall confirm the following terms of the transaction (“Transaction”) agreed to on _____ (“Transaction Date”). Utility summer

period begins on _____ and ends on _____, and its non-summer period begins on _____ and ends on _____. [Pepco/Delmarva] time of use periods are as follows: _____

Seller: ABC Electric
 Buyer: MD Utility
 Product: Full Requirements Service
 Service Type: Type I Non-Residential SOS
 Delivery Point: PJM Control Area with settlement at the [applicable PNODE ID from EDC]
 Delivery Period: June 1, 2017 through May 31, 2019
 Bid Blocks: 2
 Specified Percentage: 25.064%
 Base PLC Per Bid Block
 Residential Service: Determined on the first day of the Delivery Period in accordance with Section 6.3 (a) (i)
 Type I Non-Residential Service: Determined on the first day of the Delivery Period in accordance with Section 6.3 (a) (i)
 Type II Non-Residential Service: n/a
 Type II Large Customer Service: n/a

Price Periods Within Delivery Period: Customer Classes:	Price Period 1 June 1, 2017 – May 31, 2018			Price Period 2 June 1, 2018 – May 31, 2019		
	G	GS	SL	G	GS	SL
Monthly Settlement Base Price:						
Annual Energy, \$/MWh-Premise	n/a	n/a	90.00	n/a	n/a	85.00
Summer Energy, \$/MWh-Premise	140.00	n/a	n/a	130.00	n/a	n/a
Non-Summer Energy, \$/MWh-Premise	120.00	n/a	n/a	110.00	n/a	n/a
Summer On-Peak Energy, \$/MWh-Premise	n/a	170.00	n/a	n/a	160.00	n/a
Summer Off-Peak Energy, \$/MWh-Premise	n/a	120.00	n/a	n/a	110.00	n/a
Non-Summer On-Peak Energy, \$/MWh-Premise	n/a	140.00	n/a	n/a	130.00	n/a
Non-Summer Off-Peak Energy, \$/MWh-Premise	n/a	110.00	n/a	n/a	100.00	n/a
Summer Demand, \$/MW-Premise	n/a	n/a	n/a	n/a	n/a	n/a
Non-Summer Demand, \$/MW Premise	n/a	n/a	n/a	n/a	n/a	n/a

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
On-Peak Estimated Quantity Per 50 MW Capacity PLC, MWh	11,800	13,000	9,100	7,200	8,800	12,900	15,200	16,000	9,500	8,300	9,800	10,900
Off-Peak Estimated Quantity Per 50 MW Capacity PLC, MWh	8,300	9,100	6,400	5,000	6,200	9,000	10,600	11,200	6,700	5,800	6,900	7,600

Please confirm that the terms stated herein accurately reflect the Transaction reached on the Transaction Date above between Seller and Buyer by returning an executed copy of this Transaction Confirmation to Buyer by: email to (Buyer’s email address) in accordance with Section 2.8 – Transaction Confirmation of the Agreement. The signatories to this Transaction Confirmation must have the authority to enter into this Transaction.

[SELLER]
 By:
 Name:

[BUYER]
 By:
 Name:

Title:

Title:

EXHIBIT B

Renewable Energy Obligation

A. Renewable Energy Portfolio Standard for contracts:

Year	Tier 1	Solar Component of Tier 1	Tier 2	Post-2022 Geothermal Systems
2024	33.700%	6.500%	2.5%	0.15%
2025	35.500%	7.000%	2.5%	0.25%
2026	38.000%*	8.000%	2.5%	0.50%
2027	41.500%	9.5000%	2.5%	0.75%

The above stated percentages apply to retail metered sales. Percentages based on SB65 2021 and HB1007 2021. As a result of Senate Bill 526, passed during the 2022 Maryland General Assembly session, Buyer’s Renewable Energy Obligation no longer includes the purchase of off-shore wind renewable energy credits.

*Adjusted for an amount to be set by the MD PSC, derived from offshore wind energy (see Article – Public Utilities, subtitle 7-704.2(a), Annotated Code of Maryland)

EXHIBIT C

PERFORMANCE ASSURANCE LETTER OF CREDIT

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

IRREVOCABLE LETTER OF CREDIT NO.

ISSUE DATE _____

EXPIRY DATE _____

APPLICANT

[NAME]

[ADDRESS]

BENEFICIARY

[NAME]

[ADDRESS]

CURRENCY AMOUNT

USD *****\$

WE HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE LETTER OF CREDIT
NO: _____ FOR THE ACCOUNT OF _____ (APPLICANT)

FOR AN AMOUNT OR AMOUNTS NOT TO EXCEED IN THE AGGREGATE US
DOLLARS _____ AVAILABLE BY YOUR DRAFT(S) AT
SIGHT ON THE BANK OF _____ (“ISSUER”)

_____ (ADDRESS), EFFECTIVE _____ AND EXPIRING AT
OUR COUNTERS ON OR ANY AUTOMATICALLY EXTENDED EXPIRY DATE, AS
PROVIDED HEREIN. THIS LETTER OF CREDIT IS AVAILABLE IN ONE OR MORE
DRAFTS UP TO THE AGGREGATE AMOUNT SET FORTH HEREIN.

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

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

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

“THE AMOUNT FOR THIS DRAWING, USD (INSERT AMOUNT),
BEING MADE UNDER THE BANK OF _____ (BANK)
LETTER OF CREDIT NUMBER (INSERT LETTER OF CREDIT

The Potomac Edison Company FSA 2025

REFERENCE NUMBER), REPRESENTS AN AMOUNT DUE AND

PAYABLE TO BENEFICIARY FROM APPLICANT FOR PERFORMANCE ASSURANCE RELATED TO THE BENEFICIARY'S MARYLAND FULL REQUIREMENTS SERVICE AGREEMENT(S) DATED BETWEEN _____ AND _____."

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

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

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

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

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

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

ADDITIONAL TERMS AND CONDITIONS:

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

4. THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 ("ISP98") OR SUCH LATER REVISION(S) OF THE ISP AS MAY BE HEREAFTER ADOPTED. AS TO MATTERS NOT GOVERNED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH ISP98, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE STATE OF NEW YORK. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BENEFICIARY AND THE ISSUER.

5. THE BENEFICIARY SHALL NOT BE DEEMED TO HAVE WAIVED ANY RIGHTS UNDER THIS LETTER OF CREDIT, UNLESS THE BENEFICIARY OR AN AUTHORIZED AGENT OF THE BENEFICIARY SHALL HAVE SIGNED A DATED WRITTEN WAIVER. NO SUCH WAIVER, UNLESS EXPRESSLY SO STATED THEREIN, SHALL BE EFFECTIVE AS TO ANY TRANSACTION THAT OCCURS SUBSEQUENT TO THE DATE OF THE WAIVER, NOR AS TO ANY CONTINUANCE OF A BREACH AFTER THE WAIVER.

6. A FAILURE TO MAKE ANY PARTIAL DRAWINGS AT ANY TIME SHALL NOT IMPAIR OR REDUCE THE AVAILABILITY OF THIS LETTER OF CREDIT IN ANY SUBSEQUENT PERIOD OR OUR OBLIGATION TO HONOR YOUR SUBSEQUENT DEMANDS FOR PAYMENT MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

WE CONFIRM THAT THE ELECTRONIC PDF FILE OF THE LETTER OF CREDIT AND ANY AMENDMENT(S) TRANSMITTED VIA E-MAIL TO: _____ IS THE OPERATIVE INSTRUMENT. THE BENEFICIARY MAY USE THE ELECTRONIC PDF FILE OF THE LETTER OF CREDIT NO. _____ AND ANY AMENDMENT(S) AS THE "ORIGINAL" LETTER OF CREDIT AND ORIGINAL AMENDMENTS. ANY PRINTED HARDCOPIES WILL BE COPIES ONLY AND CANNOT BE TREATED AS THE ORIGINAL LETTER OF CREDIT OR ORIGINAL AMENDMENTS.

AUTHORIZED SIGNATURE: _____
TITLE: _____

PLEASE DIRECT ANY WRITTEN CORRESPONDENCE, INCLUDING DRAWING OR INQUIRIES TO:
[BANK NAME, ADDRESS AND PHONE NUMBER]

EXHIBIT D

PJM BILLING LINE ITEM TRANSFERS/SAMPLE INVOICE

BILLING LINE ITEM TRANSFER RESPONSIBILITIES

Seller and Buyer agree the PJM settlement, Inc, (“PJM Settlement”) shall transfer all of the following charges directly related to the Seller’s retail load obligations from the Seller’s account(s) to the Buyer’s account by the last business day of the month prior to the effective date of the Delivery Period, of the first Transaction under this FSA:

Billing Line Item Number	Billing Line Item
1100	Network Integration Transmission Service charge
1104*	Network Integration Transmission Service Offset
1108	Transmission Enhancement charge
1115	Transmission Enhancement Settlement (EL05- 121-009) Charge
2108	Transmission Enhancement Credit
2140	Non-Firm Point-to-Point Transmission Service
1930+	Generation Deactivation
1932+	Generation Deactivation Refund
2930+	Generation Deactivation Credit
2932+	Generation Deactivation Refund Credit

***Applies to The Potomac Edison Company only**

+ Buyer requires setup of unique PJM short name (account) to effectuate the transition (of being the responsible party going forward)

SAMPLE PJM INVOICE

(APPLICABLE TO WEEKLY AND MONTHLY SETTLEMENT BILLING)

PJM MSRS Billing Line Item ID #	CHARGES	Responsible Party
1000	Amount Due for Interest on Past Due Charges	Seller
1100	Network Integration Transmission Service	Buyer
1101	Network Integration Transmission Service (ATSI Low Voltage)	Seller
1104	Network Integration Transmission Service Offset	Buyer
1108	Transmission Enhancement	Buyer
1109	MTEP Project Cost Recovery	Seller
1110	Direct Assignment Facilities	Seller

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1115	Transmission Enhancement Settlement (EL05-121-009) Charge	Buyer
1120	Other Supporting Facilities	Seller
1130	Firm Point-to-Point Transmission Service	Seller
1133	Firm Point-to-Point Transmission Service Resale	Seller
1135	Neptune Voluntary Released Transmission Service (Firm)	Seller
1138	Linden Voluntary Released Transmission Service (Firm)	Seller
1140	Non-Firm Point-to-Point Transmission Service	Seller
1143	Non-Firm Point-to-Point Transmission Service Resale	Seller
1145	Neptune Voluntary Released Transmission Service (Non-Firm)	Seller
1146	Neptune Default Released Transmission Service (Non-Firm)	Seller
1147	Neptune Unscheduled Usage Billing Allocation	Seller
1155	Linden Voluntary Released Transmission Service (Non-Firm)	Seller
1156	Linden Default Released Transmission Service (Non-Firm)	Seller
1157	Linden Unscheduled Usage Billing Allocation	Seller
1200	Day-ahead Spot Market Energy	Seller
1205	Balancing Spot Market Energy	Seller
1210	Day-ahead Transmission Congestion	Seller
1215	Balancing Transmission Congestion	Seller
1218	Planning Period Congestion Uplift	Seller
1220	Day-ahead Transmission Losses	Seller
1225	Balancing Transmission Losses	Seller
1230	Inadvertent Interchange	Seller
1240	Day-ahead Economic Load Response	Seller
1241	Real-time Economic Load Response	Seller
1242	Day-Ahead Load Response Charge Allocation	Seller
1243	Real-Time Load Response Charge Allocation	Seller
1245	Emergency Load Response	Seller
1250	Meter Error Correction	Seller
1260	Emergency Energy	Seller
1301	PJM Scheduling, System Control and Dispatch Service - Control Area Administration	Seller
1302	PJM Scheduling, System Control and Dispatch Service - FTR Administration	Seller
1303	PJM Scheduling, System Control and Dispatch Service - Market Support	Seller
1304	PJM Scheduling, System Control and Dispatch Service - Regulation Market Administration	Seller
1305	PJM Scheduling, System Control and Dispatch Service - Capacity Resource/Obligation Mgmt.	Seller
1306	PJM Scheduling, System Control and Dispatch Service - Advanced Second Control Center	Seller
1307	PJM Scheduling, System Control and Dispatch Service - Market Support Offset	Seller
1308	PJM Scheduling, System Control and Dispatch Service Refund - Control Area Administration	Seller
1309	PJM Scheduling, System Control and Dispatch Service Refund - FTR Administration	Seller
1310	PJM Scheduling, System Control and Dispatch Service Refund - Market Support	Seller

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1311	PJM Scheduling, System Control and Dispatch Service Refund - Regulation Market Administration	Seller
1312	PJM Scheduling, System Control and Dispatch Service Refund - Capacity Resource/Obligation Mgmt.	Seller
1313	PJM Settlement, Inc.	Seller
1314	Market Monitoring Unit (MMU) Funding	Seller
1315	FERC Annual Charge Recovery	Seller
1316	Organization of PJM States, Inc. (OPSI) Funding	Seller
1317	North American Electric Reliability Corporation (NERC)	Seller
1318	Reliability First Corporation (RFC)	Seller
1320	Transmission Owner Scheduling, System Control and Dispatch Service	Seller
1330	Reactive Supply and Voltage Control from Generation and Other Sources Service	Seller
1340	Regulation and Frequency Response Service	Seller
1350	Energy Imbalance Service	Seller
1360	Synchronized Reserve	Seller
1365	Day-ahead Scheduling Reserve	Seller
1370	Day-ahead Operating Reserve	Seller
1371	Day-ahead Operating Reserve for Load Response	Seller
1375	Balancing Operating Reserve	Seller
1376	Balancing Operating Reserve for Load Response	Seller
1377	Synchronous Condensing	Seller
1378	Reactive Services	Seller
1380	Black Start Service	Seller
1400	Load Reconciliation for Spot Market Energy	Seller
1410	Load Reconciliation for Transmission Congestion	Seller
1420	Load Reconciliation for Transmission Losses	Seller
1430	Load Reconciliation for Inadvertent Interchange	Seller
1440	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service	Seller
1441	Load Reconciliation for PJM Scheduling, System Control and Dispatch Service Refund	Seller
1442	Load Reconciliation for Schedule 9-6 - Advanced Second Control Center	Seller
1444	Load Reconciliation for Market Monitoring Unit (MMU) Funding	Seller
1445	Load Reconciliation for FERC Annual Charge Recovery	Seller
1446	Load Reconciliation for Organization of PJM States, Inc. (OPSI) Funding	Seller
1447	Load Reconciliation for North American Electric Reliability Corporation (NERC)	Seller
1448	Load Reconciliation for Reliability First Corporation (RFC)	Seller
1450	Load Reconciliation for Transmission Owner Scheduling, System Control and Dispatch Service	Seller
1460	Load Reconciliation for Regulation and Frequency Response Service	Seller
1470	Load Reconciliation for Synchronized Reserve	Seller
1475	Load Reconciliation for Day-ahead Scheduling Reserve	Seller
1478	Load Reconciliation for Balancing Operating Reserve	Seller
1480	Load Reconciliation for Synchronous Condensing	Seller

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1490	Load Reconciliation for Reactive Services	Seller
1500	Financial Transmission Rights Auction	Seller
1600	RPM Auction	Seller
1610	Locational Reliability	Seller
1650	Auction Specific MW Capacity Transaction	Seller
1660	Demand Resource and ILR Compliance Penalty	Seller
1661	Capacity Resource Deficiency	Seller
1662	Generation Resource Rating Test Failure	Seller
1663	Qualifying Transmission Upgrade Compliance Penalty	Seller
1664	Peak Season Maintenance Compliance Penalty	Seller
1665	Peak-Hour Period Availability	Seller
1666	Load Management Test Failure	Seller
1670	FRR LSE Reliability	Seller
1680	FRR LSE Demand Resource and ILR Compliance Penalty	Seller
1681	FRR LSE Capacity Resource Deficiency	Seller
1682	FRR LSE Generation Resource Rating Test Failure	Seller
1683	FRR LSE Qualifying Transmission Upgrade Compliance Penalty	Seller
1684	FRR LSE Peak Season Maintenance Compliance Penalty	Seller
1685	FRR LSE Peak-Hour Period Availability	Seller
1686	FRR LSE Load Management Test Failure	Seller
1687	FRR LSE Schedule 9-5	Seller
1688	FRR LSE Schedule 9-6	Seller
1710	PJM/MISO Seams Elimination Cost Assignment	Seller
1712	Intra-PJM Seams Elimination Cost Assignment	Seller
1720	RTO Start-up Cost Recovery	Seller
1900	Unscheduled Transmission Service	Seller
1910	Ramapo Phase Angle Regulators	Seller
1911	Michigan - Ontario Interface Phase Angle Regulators	Seller
1920	Station Power	Seller
1930	Generation Deactivation	Buyer
1932	Generation Deactivation Refund	Buyer
1950	Virginia Retail Administrative Fee	Seller
1952	PPL Deferred Tax Adjustment	Seller
1955	Deferral Recovery	Seller
1980	Miscellaneous Bilateral	Seller
1995	PJM Annual Membership Fee	Seller
1999	PJM Customer Payment Default	Seller

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PJM MSRS Billing Line Item	CREDITS	
ID #		
2100	Network Integration Transmission Service	Seller
2101	Network Integration Transmission Service (ATSI Low Voltage)	Seller
2104	Network Integration Transmission Service Offset	Seller
2106	Non-Zone Network Integration Transmission Service	Seller
2108	Transmission Enhancement Credit	Buyer
2109	MTEP Project Cost Recovery	Seller
2110	Direct Assignment Facilities	Seller
2120	Other Supporting Facilities	Seller
2130	Firm Point-to-Point Transmission Service	Seller
2132	Internal Firm Point-to-Point Transmission Service	Seller
2133	Firm Point-to-Point Transmission Service Resale	Seller
2135	Neptune Voluntary Released Transmission Service (Firm)	Seller
2138	Linden Voluntary Released Transmission Service (Firm)	Seller
2140	Non-Firm Point-to-Point Transmission Service	Buyer
2142	Internal Non-Firm Point-to-Point Transmission Service	Seller
2143	Non-Firm Point-to-Point Transmission Service Resale	Seller
2145	Neptune Voluntary Released Transmission Service (Non-Firm)	Seller
2146	Neptune Default Released Transmission Service (Non-Firm)	Seller
2155	Linden Voluntary Released Transmission Service (Non-Firm)	Seller
2156	Linden Default Released Transmission Service (Non-Firm)	Seller
2210	Transmission Congestion	Seller
2217	Planning Period Excess Congestion	Seller
2218	Planning Period Congestion Uplift	Seller
2220	Transmission Losses	Seller
2240	Day-ahead Economic Load Response	Seller
2241	Real-time Economic Load Response	Seller
2245	Emergency Load Response	Seller
2260	Emergency Energy	Seller
2320	Transmission Owner Scheduling, System Control and Dispatch Service	Seller
2330	Reactive Supply and Voltage Control from Generation and Other Sources Service	Seller
2340	Regulation and Frequency Response Service	Seller
2350	Energy Imbalance Service	Seller
2360	Synchronized Reserve	Seller
2365	Day-ahead Scheduling Reserve	Seller
2370	Day-ahead Operating Reserve	Seller
2371	Day-ahead Operating Reserve for Load Response	Seller

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2375	Balancing Operating Reserve	Seller
2376	Balancing Operating Reserve for Load Response	Seller
2377	Synchronous Condensing	Seller
2378	Reactive Services	Seller
2380	Black Start Service	Seller
2420	Load Reconciliation for Transmission Losses	Seller
2500	Financial Transmission Rights Auction	Seller
2510	Auction Revenue Rights	Seller
2600	RPM Auction	Seller
2620	Interruptible Load for Reliability	Seller
2630	Capacity Transfer Rights	Seller
2640	Incremental Capacity Transfer Rights	Seller
2650	Auction Specific MW Capacity Transaction	Seller
2660	Demand Resource and ILR Compliance Penalty	Seller
2661	Capacity Resource Deficiency	Seller
2662	Generation Resource Rating Test Failure	Seller
2663	Qualifying Transmission Upgrade Compliance Penalty	Seller
2664	Peak Season Maintenance Compliance Penalty	Seller
2665	Peak-Hour Period Availability	Seller
2666	Load Management Test Failure	Seller
2670	FRR LSE Reliability	Seller
2680	FRR LSE Demand Resource and ILR Compliance Penalty	Seller
2681	FRR LSE Capacity Resource Deficiency	Seller
2682	FRR LSE Generation Resource Rating Test Failure	Seller
2683	FRR LSE Qualifying Transmission Upgrade Compliance Penalty	Seller
2684	FRR LSE Peak Season Maintenance Compliance Penalty	Seller
2685	FRR LSE Peak-Hour Period Availability	Seller
2686	FRR LSE Load Management Test Failure	Seller
2687	FRR LSE Schedule 9-5	Seller
2688	FRR LSE Schedule 9-6	Seller
2710	PJM/MISO Seams Elimination Cost Assignment	Seller
2712	Intra-PJM Seams Elimination Cost Assignment	Seller
2720	RTO Start-up Cost Recovery	Seller
2910	Ramapo Phase Angle Regulators	Seller
2930	Generation Deactivation	Buyer
2932	Generation Deactivation Refund	Buyer
2950	Virginia Retail Administrative Fee	Seller
2952	PPL Deferred Tax Adjustment	Seller
2955	Deferral Recovery	Seller
2980	Miscellaneous Bilateral	Seller
2996	Annual PJM Cell Tower	Seller
2997	Annual PJM Building Rent	Seller

EXHIBIT E
METHODOLOGY FOR CALCULATION OF MARK TO MARKET (MTM)
EXPOSURE

Parameters

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

1. On-Peak Initial Mark Price
2. Off-Peak Initial Mark Price
3. On-Peak Estimated Energy Quantity Per 50 MW Capacity PLC for each of the twelve calendar months
4. Off-Peak Estimated Energy Quantity Per 50 MW Capacity PLC for each of the twelve calendar months
5. Number of awarded Bid Blocks

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

- 1) On-Peak Forward Price
- 2) Off-Peak Forward Price
- 3) Current Capacity PLC Per Bid Block
- 4) On-Peak Estimated Energy Quantity
- 5) Off-Peak Estimated Energy Quantity

Determination of On-Peak Forward Prices

On each Business Day subsequent to the Transaction date, the Pricing Agent will contact four Reference Market-Makers to obtain bid and ask Energy price quotes for PJM Western Hub On-Peak and Off-peak Hours for each month of the Delivery Period. If a minimum of two quotes in a particular month is not available, then it is treated the same as if no quotes were available. For the Pricing Agent to include a monthly On-Peak or Off-peak Forward Price quote from a Reference Market-Maker, both bid and ask prices must be available. For any month for which there are no single month quotes, but for which there are two month, quarterly, or 12 month quotes available (“Aggregate Quotes”), the Pricing Agent shall disaggregate the Aggregate Quote into monthly components in the following manner. The most recently available single month quotes for the same calendar months contained in the Aggregate Quote shall be averaged. The percentage by which each single month price differs from average of the single month prices for the same time period of the Aggregate Quote will be applied to the Aggregate Quote to establish monthly prices for the like month of the Aggregate Quote, such that the average will be Aggregate Quote. In the event that quotes for one or more months of a multi-month block and for the entire multi-month block in aggregate are both available, but are

inconsistent with each other, the Pricing Agent will use the one that is most consistent with other available quotes. The following is an example of the process to be used for disaggregating Aggregate Quotes:

- a. Aggregate Quote only available for Jan-March = \$60/MWh
- b. Immediate Prior Calendar year quotes for Jan-Mar as follows:
 - January: \$42/MWh
 - February: \$45/MWh
 - March: \$40/MWh
- c. Calculations as follows:
 1. Calculate Average price in (b) = \$42.33/MWh
 2. Calculation monthly deviation from Average:
 - January: 99.2%: ($\$42/\42.33)
 - February: 106.3%: ($\$45/\42.33)
 - March: 94.5%: ($\$40/\42.33)
 3. Disaggregate the Aggregate Quote by applying percentages from c.(2) to the available aggregate quote:
 - January: \$59.53 ($\$60 \times 99.2\%$)
 - February: \$63.78 ($\$60 \times 106.3\%$)
 - March: \$56.69 ($\$60 \times 94.5\%$)

To the extent that On-Peak and Off-peak Forward Price quotes are not available for a given month, either as single month price quotes or as an Aggregate Quote, the Pricing Agent shall establish price quotes as follows:

- a. If the day on which the Pricing Agent is attempting to secure price quotes for a given month follows at least five (5) days in which the Pricing Agent has secured price quotes for that month, then the price quote that the Pricing Agent shall report shall be the average of the most recent five (5) days' quotes for that month. For example:
 - On January 2, 3, 4, 5, and 6, the Pricing Agent secures quotes of \$40, \$42, \$44, \$42, and \$40/MWh for March 2007.
 - On January 7, no quotes for March 2007 are available.
 - For January 7, the Pricing Agent reports \$41.60/MWh as the applicable quote, since that is the average of the most recent five (5) days.
- b. If the Pricing Agent has been unable to secure at least five days of price quotes for a given month, then the Pricing Agent shall use the quote for that same month from the immediately prior calendar year.

- c. To the extent that On-Peak and Off-peak forward price quotes are not available for any forward month at the time the Pricing Agent is establishing the On-Peak and Off-peak Initial Mark Price, the Pricing Agent shall follow the steps outlined in this Exhibit.

EXHIBIT E

MtM Example Calculation for a Transaction

Necessary Information from a Transaction Confirmation:		
Delivery Period:	June 1, 2004 - May 31, 2005	
Bid Blocks:	4	(n)
Estimated Quantity Per 50 MW Capacity PLC:		
	On-Peak MWh (k)	Off-Peak MWh (l)
Jan	11800	8300
Feb	13000	9100
Mar	9100	6400
Apr	7200	5000
May	8800	6200
Jun	12900	9000
Jul	15200	10600
Aug	16000	11200
Sep	9500	6700
Oct	8300	5800
Nov	9800	6900
Dec	10900	7600

Business Day on which MtM is Calculated:	June 24, 2004
Current Capacity PLC Per Bid Block :	51.3 MW (m)
Percent of On-Peak Hours Remaining in Current Month:	18.2% (o)
Percent of Off-Peak Hours Remaining in Current Month:	21.7% (p) 100%
Base Load Percentage:	(q)

MtM Exposure Calculation									
	a	c	d	e	f=d-a	g=c-c	h=k*m/50*n*o*q	i=l*m/50*n*p*q	j=(f*h)+(g*i)
	On-Peak Initial Mark Price \$/MWh	Off-Peak Initial Mark Price \$/MWh	On-Peak Forward Price \$/MWh	Off-Peak Forward Price \$/MWh	Change In On-Peak Price \$/MWh	Change In Off-Peak Price \$/MWh	On-Peak Estimated Energy Quantity MWh	Off-Peak Estimated Energy Quantity MWh	MtM Exposure
Jun-04	45.63	22.36	46.78	22.92	1.15	0.56	9,635	8,015	\$ 15,597
Jul-04	58.25	25.05	60.21	25.89	1.96	0.84	62,381	43,502	\$ 158,930
Aug-04	58.25	27.38	59.42	27.93	1.17	0.55	65,664	45,965	\$ 102,103
Sep-04	36.45	19.32	37.85	20.06	1.40	0.74	38,988	27,497	\$ 74,986
Oct-04	34.58	18.67	36.87	19.91	2.29	1.24	34,063	23,803	\$ 107,440
Nov-04	34.58	20.40	37.12	21.90	2.54	1.50	40,219	28,318	\$ 144,594
Dec-04	34.58	21.09	35.89	21.89	1.31	0.80	44,734	31,190	\$ 83,525
Jan-05	40.58	30.84	43.56	33.11	2.98	2.26	48,427	34,063	\$ 221,459
Feb-05	40.58	31.25	42.89	33.03	2.31	1.78	53,352	37,346	\$ 189,671
Mar-05	36.18	24.60	38.11	25.91	1.93	1.31	37,346	26,266	\$ 106,550
Apr-05	36.18	20.62	38.41	21.89	2.23	1.27	29,549	20,520	\$ 91,977
May-05	37.65	19.95	39.25	20.80	1.60	0.85	36,115	25,445	\$ 79,362
									\$ 1,376,193

EXHIBIT F

FORM OF 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 [Utility] (the “Creditor”), with an address at _____, in consideration of any and all the [Utility] Maryland Full Requirements Service Agreement(s) (the “FSA(s)”) between [Utility] and (the “Supplier”) entered into as of this date or any date in the future, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. Guarantor is the _____ of Supplier.

Whereas, Supplier _____ is an affiliate of _____, _____ will therefore benefit by Supplier entering into the FSA with Creditor and desires Creditor to enter into the FSA with Supplier and to extend credit to Supplier thereunder. (May be revised if guarantor is not a parent or affiliate of supplier.)

1. Guaranty of Obligations.

(a) The Guarantor hereby irrevocably and unconditionally guarantees, with effect from date hereof, the prompt and complete payment when due of all of Supplier’s payment obligations under the FSA (to the extent such payment obligations exceed the amount of any Performance Assurance provided to the Creditor by Supplier as defined in and in accordance with the FSA), whether on scheduled payment dates, when due upon demand, upon declaration of termination or otherwise, in accordance with the terms of the FSA and giving effect to any applicable grace period, and, provided only that the Creditor 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 Creditor, all reasonable out-of-pocket costs and expenses incurred by Creditor in the enforcement of the Guarantor’s obligations or collection under this Guaranty, including reasonable attorney’s fees and expenses (collectively, the “Obligations”). [Optional provision: Notwithstanding anything to the contrary herein, the liability of the Guarantor under this Guaranty and Creditor’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 limitations on liabilities of the Supplier set forth in Article 10 of the FSA shall also apply to the liabilities of the Guarantor hereunder.

2. Nature of Guaranty; Waivers.

(a) This is a guaranty of payment and not of collection and the Creditor shall not be required, as a condition of the Guarantor’s liability, to pursue any rights which may be available to it with respect to any other person who may be liable for the payment of the Obligations. This is not a performance guaranty and the Guarantor is not obligated to provide power under the FSA 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 FSA has been terminated, whichever comes later. This Guaranty will not be affected by any surrender, exchange, acceptance, compromise or release by the Creditor of any other party, or any other guaranty or any security held by it for any of the Obligations, by any failure of the Creditor to take any steps to perfect or maintain its lien or security interest in or to preserve its rights to any security or other collateral for any of the Obligations or any guaranty, or by any irregularity, unenforceability or invalidity of any of the Obligations (other than any irregularity, unenforceability or invalidity of any of the obligations under the FSA resulting from the conduct of the Creditor) or any part thereof.
- (c) Except as to any claims, defenses, rights of set-off or to reductions of Supplier in respect of its obligations under the FSA, (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 Supplier or the Creditor, including: (i) any change in the corporate existence (including its charter or other governing agreement, laws, rules, regulations or powers), structure or ownership of Supplier or the Guarantor; or (ii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting Supplier or its assets; or (iii) the invalidity or unenforceability in whole or in part of the FSA; or (iv) any provision of applicable law or regulations purporting to prohibit payment by Supplier of amounts to be paid by it under the FSA (other than any law or regulation that eliminates or nullifies the obligations under the FSA).
- (d) Guarantor waives notice of acceptance of this Guaranty, diligence, presentment, notice of dishonor and protest and any requirement that at any time any person exhaust any right to take any action against Supplier or their assets or any other guarantor or person, provided, however, that any failure of Creditor to give notice will not discharge, alter or diminish in any way Guarantor's obligations under this Guaranty. The Guarantor waives all defenses 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 or defenses of Supplier in respect of its obligations under the FSA.
- (e) The Creditor 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 FSA, 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 FSA, 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 Supplier, with respect to

- any Obligations in such manner as the Creditor deems appropriate in its sole discretion; (iv) substitute, exchange or release any guaranty; or (v) take such actions and exercise such remedies hereunder as Creditor deems appropriate.
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, except as affected by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of Creditors' rights generally, general equitable principles and an implied covenant of good faith and fair dealing;
 - (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 (except to the extent that any such violation would not reasonably be expected to have a material adverse effect on the Guarantor or this Guaranty);
 - (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 would have a material adverse effect on this Guaranty.
4. Repayments or Recovery from the Creditor. If any demand is made at any time upon the Creditor 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 Supplier and if the Creditor 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 (subject to Sections 2 (c) and (d) of this Guaranty) will 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 Creditor. 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 Creditor's rights hereunder and will be deemed to have been conditioned upon such payment having become final and irrevocable.

5. Enforceability of Obligations. No modification, limitation or discharge of the Obligations of Supplier 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 Supplier that may result from any such proceeding.
6. Postponement of Subrogation. Only to the extent that, at the relevant time, there are Obligations, or other amounts hereunder, that are then due and payable but unpaid, the Guarantor postpones and subordinates in favor of the Creditor any and all rights which the Guarantor may have to (a) assert any claim against the Supplier based on subrogation rights with respect to payments made by Guarantor hereunder and (b) any realization on any property of the Supplier, including participation in any marshalling of the Supplier's assets. Upon payment of such due and unpaid Obligations, Creditor agrees that Guarantor shall be subrogated to the rights of Creditor against Supplier to the extent of Guarantor's payment to Creditor.
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 via the internet as a "pdf" or other replicating image attached to an e-mail message 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 Creditor 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 Creditor shall be directed to:

Attn:
Phone:
Email:
With a copy to:

Phone:
Email:

or such other address as the Creditor shall from time to time specify to Guarantor.

All communications to Guarantor shall be directed to:

Attn:
Phone:
Email:

or such other address as the Guarantor shall from time to time specify to Creditor.

8. Preservation of Rights. Except as provided by any applicable statute of limitations, no delay or omission on the Creditor'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 Creditor's action or inaction impair any such right or power. The Creditor's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Creditor may have under other agreements with the Guarantor, 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 Creditor, 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 agreement and supersedes all other prior agreements and understandings, both written and oral, between the Guarantor and the Creditor with respect to the subject matter hereof.
12. Successors and Assigns. This Guaranty will be binding upon and inure to the benefit of the Guarantor and the Creditor and their respective successors and permitted assigns. Neither party may assign this Guaranty in whole or in part without the other's prior written consent, which consent will not be unreasonably withheld or delayed, except that Creditor may at any time assign this Guaranty without Guarantor's consent, in the same manner, on the same terms and to the same persons as Creditor assigns the FSA in accordance with Section 16.7(b) of the FSA, and 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 assumes all obligations thereunder 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 BBB, as rated by S&P or Fitch, or Baa2, as rated by Moody's, and (ii) the Supplier is in compliance with Article 14 of the FSA. The "Lowest Credit Rating" shall mean the lowest of the senior unsecured long-term debt ratings determined by Moody's Investor Services, Inc. (or its successor) ("Moody's"),

the Standard & Poor's Rating Group, a division of McGraw-Hill, Inc., (or its successor) ("S&P"), or Fitch Investor Service, Inc. (or its successor) ("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 Creditor 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 Creditor. THIS GUARANTY WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE CREDITOR AND THE GUARANTOR DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCLUDING ITS CONFLICT OF LAWS RULES.
 - (b) The Guarantor hereby irrevocably consents to the non-exclusive jurisdiction of any federal court in the State of Maryland, but in the event that the Guarantor and the Creditor 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 Creditor or any claims made pursuant to this Guaranty, then the Guarantor and the Creditor agree to submit to the non-exclusive jurisdiction of the Maryland state courts; provided that nothing contained in this Guaranty will prevent the Creditor 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 Creditor 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.
15. WAIVER OF JURY TRIAL. THE GUARANTOR AND CREDITOR 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 CREDITOR ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.
16. Term. This Guaranty shall survive termination of the FSA and remain in full force and effect until all amounts due hereunder, including all of the Obligations, have been paid or performed in full.

17. Stay of Acceleration Ineffective with Respect to Guarantor. If acceleration of the time for payment of any amount payable by Supplier under the FSA is stayed upon the insolvency, bankruptcy or reorganization of Supplier, all such amounts otherwise subject to acceleration or required to be paid upon an early termination pursuant to the terms of the FSA shall nonetheless be payable by the Guarantor hereunder on written demand by Creditor.

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 G
FORM OF NOTICE

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

Buyer: **The Potomac Edison Company**

Seller

All Notices

Street: 800 Cabin Hill Drive
City/State/Zip: Greensburg, PA 15601
Attn: Randy Feucht, Director
Regulated Commodity Sourcing

All Notices:

Street:
City/State/Zip
Attn:

Duns: 043381565
Federal Tax ID Number: 13-5323955
Email: rfeucht@firstenergycorp.com

Duns:
Federal Tax ID Number:
e-mail:

Invoices:

Attn: Bob Brown
Phone: 330-384-5573
e-mail: rdbrown@firstenergycorp.com

Invoices:

Attn:
Phone:
e-mail*:

Scheduling:

Attn: Tiffanne Cowan
Phone: 330-761-4474
e-mail: cowant@firstenergycorp.com

Scheduling:

Attn:
Phone:
e-mail*:

Payments:

Attn: Bob Brown
Phone: 330-384-5573
Email: rdbrown@firstenergycorp.com

Payments:

Attn:
Phone:
Email:

Wire Transfer:

BNK: JP Morgan Chase Bank NA
ABA: 021000021
ACCT: 486349975

ACH Transfer

BNK:
ABA:
ACCT:

Buyers Exposure:

e-mail: simst@firstenergycorp.com

Buyers Exposure:

e-mail*:

Credit and Collections:

Attn: Justin Gawne
Phone: 330-315-7226
e-mail: margin@firstenergycorp.com

Credit and Collections:

Attn:
Phone:
e-mail*:

With additional Notices of an Event of Default to:

Attn: Jessica Raba (Corporate Counsel)
Phone: 610-816-9303
Email: jraba@firstenergycorp.com

With Additional Notices of an Event of Default to:

Attn:
Phone:

PJM Account:

Shortname:
Contract ID:

*A single group e-mail address, maintained by Seller

EXHIBIT H			
Increment/Decrement Load Example For Residential and Type I SOS			
(Assumes that the PJM process is such that new PLCs become effective Jun 1 each year.)			
01-Jun-09	(Delivery Period Begins)		
Base PLC Per Bid Block, MW		51.0	a
Base Load Percentage		100.0%	
Increment Load Percentage		0.0%	
31-May-10			
PLC Per Bid Block, MW		53.0	b
Base Load Percentage		100.0%	$b \leq a+5$
Increment Load Percentage		0.0%	
01-Jun-10	(New PLCs Effective)		
Unadjusted PLC Per Bid Block, MW		57.0	c
PLC Per Bid Block, MW		53.0	$d = c - (c - b)$
Base Load Percentage		100.0%	$d \leq a+5$
Increment Load Percentage		0.0%	
31-Oct-10	(Increment Triggered)		
Unadjusted PLC Per Bid Block, MW		60.1	e
PLC Per Bid Block, MW		56.1	$f = e - (c - b)$
Base Load Percentage		99.8%	$f > a+5$
Increment Load Percentage		0.2%	
03-Jan-11	(Increment Turned Off)		
Unadjusted PLC Per Bid Block, MW		60.0	g
PLC Per Bid Block, MW		56.0	$h = g - (c - b)$
Base Load Percentage		100.0%	$h \leq a+5$
Increment Load Percentage		0.0%	
15-Mar-11	(Decrement Triggered)		
Unadjusted PLC Per Bid Block, MW		52.0	(i)
PLC Per Bid Block, MW		48.0	$j = i - (c - b)$
Base PLC Per Bid Block, MW (New)		48.0	k
Base Load Percentage		100.0%	$j \leq a-3$
Increment Load Percentage		0.0%	