



Agenda Date: 12/18/13  
Agenda Item: 2L-2

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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ENERGY

IN THE MATTER OF THE PETITION OF ATLANTIC )  
CITY ELECTRIC COMPANY ("ACE" OR THE )  
"COMPANY") CONCERNING A PROPOSAL FOR AN )  
EXTENDED SOLAR RENEWABLE ENERGY )  
CERTIFICATE (SREC)-BASED FINANCING PROGRAM )  
PURSUANT TO N.J.S.A. 48:3-98.1 )

ORDER APPROVING  
STIPULATION

DOCKET NO. EO12090799

**Parties of Record:**

**Stefanie A. Brand, Esq., Director**, New Jersey Division of Rate Counsel  
**Philip J. Passanante, Esq.**, Atlantic City Electric Company  
**Michael A. Gruin, Esq., Stevens & Lee**, on behalf of Solar Energy Industries Association

**BY THE BOARD:**

By this Order the New Jersey Board of Public Utilities ("Board") considers a stipulation ("Stipulation") signed on December 13, 2013, by Atlantic City Electric Company ("ACE" or "Company"), the New Jersey Division of Rate Counsel ("Rate Counsel"), Solar Energy Industries Association ("SEIA"), and the Staff of the Board ("Staff") (collectively, "the Parties") extending with modifications ACE's Solar Renewable Energy Certificate ("SREC") -Based Financing Program ("SREC II Financing Program" or "SREC II Program"). For the reasons discussed below, the Board adopts the Stipulation.

**BACKGROUND AND PROCEDURAL HISTORY**

Pursuant to the requirements of the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 to -107 ("EDECA"), the Board has adopted Renewable Portfolio Standards ("RPS") rules, N.J.A.C. 14:8-2.1 et seq., that, among other things, require that a specified portion of the electricity supplied to New Jersey customers by each supplier or provider be supplied from solar electric generation systems. Under the RPS rules, suppliers and providers may comply with the solar requirements by submitting Solar Renewable Energy Certificates ("SRECs")<sup>1</sup> or by paying a Solar Alternative Compliance Payment ("SACP")<sup>2</sup>, or by a combination of the two methods.

<sup>1</sup> An SREC represents the solar renewable energy attributes of one megawatt-hour of generation from an eligible solar generation facility. N.J.S.A. 48:3-51.

<sup>2</sup> In practice, the SACP sets the upper limit on the price of an SREC in the market.

At its agenda meeting on September 12, 2007<sup>3</sup>, the Board directed its Office of Clean Energy ("OCE") to initiate a proceeding to explore whether additional mechanisms could be established to support the financing of solar generation projects by providing greater assurances about the cash flow to be expected from such projects. The Board noted that factors in the availability of such financing include not only the assurances of long-term maximum prices for SRECs, as established by the rolling eight year SACP schedule, but also the degree of certainty about the minimum cash flow from such projects. The term "SREC-Based Financing" has been used generally to describe the provision of additional cash flow certainty to a project in exchange for the SRECs generated by a project, and includes contract solicitation programs and solar loan programs.

Following that proceeding, in an Order dated August 7, 2008 in Docket No. EO06100744 ("August 7 Order"), the Board, among other things, ordered the electric distribution companies ("EDCs"), including ACE, to file by September 30, 2008 proposals pursuant to N.J.S.A. 48:3-98.1 for SREC-based financing of solar generation projects that would incorporate the criteria and provisions outlined by the Board in the August 7 Order.

On October 1, 2008, ACE filed a petition for approval of an SREC-Based Financing Program in Docket No. EO08100875 (the Company's original SREC Program will be referred to herein as the "SREC I Program"). According to ACE, following Board approval<sup>4</sup>, it implemented the SREC I Program and engaged in periodic solicitations for qualifying projects. The last solicitation for the SREC I Program was held in September 2011, and the contract awards thereunder were approved by Order dated November 9, 2011. The SREC I Program was fully-subscribed, and ACE has reported that it awarded SREC purchase agreements for solar photovoltaic projects that were designed to result in excess of 19 MW of solar generating capacity in the Company's service territory. According to ACE, due to project cancellations or the counterparty's failure to execute the agreement, the current status is 94 executed contracts totaling approximately 17 MW.

In November 2011, OCE began a series of stakeholder meetings to develop recommendations related to the expiring EDC SREC-based financing programs, and address issues arising from the Solar Energy Advancement and Fair Competition Act, L. 2009, c. 289 ("SEAFCA"), and the 2011 Energy Master Plan ("EMP"). Among the issues discussed during the stakeholder meetings was whether the EDCs' SREC-based financing programs should be extended or expanded.

By Order dated May 23, 2012, in the Matter of the Review of Utility Supported Solar Programs, Docket EO11050311V ("May 23 Order"), the Board authorized the extension of certain utility run solar financing programs previously approved by the Board for a total capacity of 180 MW over three years, to be divided among the participating EDCs based on retail sales. ACE's share of the 180 MW is 23 MW. As part of the May 23 Order, the Board also directed the EDCs to

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<sup>3</sup> In the Matter of the Renewable Portfolio Standards- Alternative Compliance Payments and Solar Alternative Compliance Payments Docket No. EO06100744, Order dated December 6, 2007.

<sup>4</sup> On March 27, 2009, the Board issued an Order approving a settlement agreement in the matter ("March 27, 2009 Order"). Thereafter, Rate Counsel, which did not join in all aspects of the Settlement, filed an appeal of the Board's March 27, 2009 Order with the Superior Court of New Jersey, Appellate Division. The parties subsequently reached settlement to resolve the issues Rate Counsel raised in its appeal, which the Board approved via an Order dated September 16, 2009 ("September 16, 2009 Order"), after which Rate Counsel withdrew its appeal.

include certain provisions in the extensions of their SREC financing programs ("SREC II Programs") if they agreed to extend their programs.<sup>5</sup>

On July 13, 2012, a 30-day pre-filing meeting was held with the Company, Board Staff, and Rate Counsel participating. On September 5, 2012, ACE filed a petition<sup>6</sup> with the Board requesting approval of its SREC II Program pursuant to the Board's May 23 Order and pursuant to N.J.S.A. 48:3-98.1. As proposed, the SREC II Program is a 23 MW program modeled closely on the SREC I Program. However, based upon experience with the SREC I Program, and requirements of the May 23 Order, ACE has proposed certain new elements for the SREC II Program.

Among the new provisions, to comply with the direction in the May 23 Order that the selection process should be competitive, solar projects will be selected for contracting based on the lowest net present value cost of the agreement. ACE is proposing three program segments: 1) net metered residential and small commercial solar photovoltaic projects less than or equal to 50 kw; 2) net metered solar photovoltaic projects greater than 50 kw; and 3) grid-connected solar photovoltaic projects on closed landfills and brownfields. The Company proposes to allocate the allocated 23 MW of capacity in the following manner: up to 3.45 MWs for segment one; a minimum of 17.25 MW for segment two; and 2.3 MW for segment three.

In addition, ACE proposes to recover the difference between the costs of SRECs purchased as part of the SREC II Program and the corresponding SREC auction revenues through its current Regional Greenhouse Gas Initiative Recovery Charge Rider ("Rider RGGI"), the same clause ACE currently uses to recover costs related to its SREC I Program. Thus, the net revenue received from the auction of the SRECs that the Company purchases as part of the SREC-II Program will be applied to reduce those costs that the Company is authorized to recover through the Rider RGGI.

On October 10, 2012, Staff sent an administrative completeness letter to ACE.

By Order dated December 19, 2012, the Board retained ACE's petition for review and hearing, and as authorized by N.J.S.A. 48:2-32, designated Commissioner Mary-Anna Holden as the presiding officer with authority to rule on all motions that arise during the pendency of the case and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues.

By Order dated January 18, 2013, Commissioner Holden approved a stipulation between the parties extending the 180 day review period under N.J.S.A. 48:3-98.1 b ("Review Period") to June 30, 2013 for the ACE Program. On February 26, 2013, Commissioner Mary-Anna Holden issued an order approving the motion to intervene by SEIA, stating that SEIA met the standards for intervention. On March 20, 2013, Commissioner Holden adopted a revised procedural schedule proposed by the Parties which called for an anticipated decision on the SREC II Program at the July 2013 Agenda. Thereafter, Commissioner Holden issued several other

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<sup>5</sup> On July 23, 2012, L. 2012, c. 24 (the "Solar Act") was signed into law and became effective. Under the Solar Act, solar projects that are approved through an EDC's program under N.J.S.A. 48:3-98.1 are eligible to generate SRECs, as are net metered projects and projected certified under N.J.S.A. 48:3-87)(t). See, N.J.S.A. 48:3-51 (definition of "connected to the distribution system").

<sup>6</sup> In re Petition of Atlantic City Electric Company Concerning a Proposal for an SREC-based Financing Program pursuant to N.J.S.A. 48:3-98.1, (Docket EO12090799).

Orders regarding the procedural schedule dated April 5, 2013 and June 27, 2013. In addition, by Order dated May 29, 2013, the Board extended the 180 day review period for this matter through September 30, 2013 respectively.

On September 4, 2013, ACE, Jersey Central Power and Light Company ("JCP&L"), Board Staff, Rate Counsel, MSEIA, NJ Land<sup>7</sup> and SEIA executed a joint stipulation agreeing to extend ACE's SREC II and JCP&L's SREC II Review Period to October 31, 2013 to allow additional time for the review and processing of the petitions. By Order dated September 18, 2013, the Board approved the extension of the 180 day review period to October 31, 2013.

The Parties engaged in an extensive discovery process and ACE responded to numerous data requests and has informally provided additional data and information in connection with this proceeding. The Parties have also engaged in detailed settlement conferences and communications. A term sheet was circulated to the Parties whereby edits were made and which ultimately resulted in a draft stipulation being circulated. However, in an effort to finalize the Stipulation, the Parties agreed to extend the Review Period through December 31, 2013 which extension was approved by the Board on October 16, 2013.

As stated above, the Parties have reached agreement on all relevant issues in this proceeding and entered into the Stipulation settling this matter. During the course of reviewing the SREC II petition, it was agreed that the efficiency of ACE's SREC II Program would be enhanced if the program undertaken by the Company was similar to and coordinated, to the extent feasible, with the SREC II Programs filed with the Board by JCP&L and RECO, as is reflected in this Stipulation.

## **STIPULATION**

Under the terms of the Stipulation, the Parties have agreed to the following:

1. **Program Size and Duration.** ACE will implement an SREC II Program whereby it will enter into SREC Purchase and Sale Agreements ("SREC-PSAs"), with solar project owners or developers ("Program Participants") selected through the competitive process described below. ACE will enter into SREC-PSAs with selected Program Participants for up to 23 MW (DC) of installed solar capacity in the Company's service territory, allocated among the three program segments described below, and solicited over a three-year period, as identified in the chart included as **Attachment A** to this Stipulation.
2. **Program Segments.** ACE will solicit solar capacity from the following program segments:
  - Segment 1.** Net-metered residential and small commercial solar PV projects less than or equal to 50 kW.
    - o Total Segment size: 3.45 MW (1.15 MW hard set aside; 2.30 MW "aspirational")

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<sup>7</sup> MSEIA and NJ Land are intervenors in the JCP&L proceeding.

- Unsubscribed aspirational capacity in any bid round is reallocated to Segment 2. The aspirational capacity will be "held" in the first two solicitations.

**Segment 2.** Net-metered solar PV projects greater than 50 kW up to 2 MW (except as noted below\*).

- Total Segment size: 17.25 MW

\* If any Segment 2 solicitation round after the second round is undersubscribed by competitive bids, the project size limit in Segment 2 shall be lifted. If the project size limit has been lifted and, in any subsequent solicitation round, the capacity of competitively priced (as determined by the Solicitation Manager [the "SM"]) bids under 2 MW overfills the capacity of that solicitation round, the 2 MW limit shall be reinstated in the next subsequent solicitation round.

**Segment 3.** Grid-supplied solar PV projects conditionally certified or fully certified by the Board as located on closed landfills, brownfields or areas of historic fill.

- Total Segment size: 2.30 MW. The 2.30 MW for Segment 3 is a hard set-aside. For purposes of this paragraph, "hard set-aside" shall mean capacity that is reserved for this segment, which capacity cannot be reassigned, in whole or in part, to another market segment without prior Board Order. Any unallocated capacity (i.e., capacity not awarded to project bidders) shall roll forward to the next solicitation and remain within the same market segment.
- Notwithstanding the above, following the conclusion of the third solicitation (i.e., the solicitation round for all the Segment 3 capacity), the stipulating parties acknowledge and agree that one or more parties may petition the Board to reallocate up to an additional 10% to Segment 3, with the reallocated capacity coming from Segment 2 (which includes any unsubscribed aspirational capacity from Segment 1 that has been reallocated to Segment 2). In connection with such a petition, the Board may consider: a) the level of capacity bid relative to the available bid block; b) the Segment 3 bid average and clearing price relative to Segment 2 for the same solicitation period; and c) and other factors supporting such reallocation.

3. **Program Participant Caps.** The SREC II Program will have the following Program Participant caps:

**Segment 1**

- Any one bidder (including all affiliated entities) shall be limited to no more than 20% of the capacity awarded in any one solicitation, unless that solicitation is undersubscribed, and no more than 20% of the capacity of the program from all solicitations in Segment 1.

**Segment 2**

- o Any one bidder (including all affiliates) shall be limited to no more than 20% of the program capacity from all solicitations in Segment 2.

4. **Joint Solicitation.** The SREC II Program solicitations will be held jointly and in conjunction with the solicitation scheduled for JCP&L and RECO. Although the specific timing of individual solicitations identified in Attachment A to this Stipulation will be mutually agreed to by Staff, Rate Counsel, the EDCs and the SM, the Parties agree that the following timetable for solicitation activities should apply to ACE for each round of its solicitations.<sup>8</sup>

When	Action
Day 1	Round X Solicitation <sup>9</sup>
Day 46	Round X Bids due
Day 55	SM reviews preliminary recommendations with Staff, ACEJCP&L, Rate Counsel for input
Day 65	Deadline for any opportunity for input – SM develops final recommendations to the Board
Day 75	SM submits Round X recommendations to Board <i>[with findings on: (a) competitiveness of process, (b) recommended awards, (c) Round Y MW, and (d) any special treatment of the small project segment relative to the Board's aspirational goal]</i>
Day 80	Board Meeting and Written Order <sup>10</sup> <i>(Addressing Round X awards, Round Y MW; ACE and SM prepare notification documents and announcement materials reflecting Board decisions)</i>
Day 85	Round X Final Awards <i>(Announce results, Notify all bidders)</i>
Day 110	Round Y Solicitation
Day 125	Execute Agreements with Round X Winners
Day 155	Round Y Bids Due

5. **Metering.** In all Program Segments, all Program Participants that have an SREC-PSA with ACE will have a separate meter, procured and installed and maintained at the customer's expense, to measure solar system output. Program Participants will be required to install the appropriate metering, at their

<sup>8</sup> Starting with "Day 46," references to "Days" are the approximate number of calendar days from the Round X Solicitation date, subject to adjustment if, for example, a "Day" falls on a weekend or holiday.

<sup>9</sup> "Round X" means any given solicitation. "Round Y" means any given solicitation following Round X solicitation.

<sup>10</sup> Timing of Board action is subject to schedule of Board agenda meetings and/or ability to schedule an extraordinary Board meeting.

cost, which meets the Company's, the Board's, and PJM's accuracy standards to record the solar generation of their solar project. Program Participants will be required to enter their meter readings in the PJM GATS system on a monthly basis, from which the PJM GATS system will create the appropriate number of SRECs at the end of each monthly period. Program Participants also will be required to execute a PJM GATS "Standing Order" for the term of the SREC-PSA (subject to change only in accordance with the SREC-PSA) which will automatically transfer the created SRECs from Program Participants' GATS accounts to ACE's GATS account, which the Company can confirm and accept or reject as appropriate. The PJM GATS system has an algorithm in place so that the recorded generation aligns with the monthly estimated projection for the indicated size of the solar installation. ACE will have the opportunity to validate metered generation entries during each annual period. SRECs will be tracked using the PJM GATS platform.

6. **Payment Aggregation and Host Waiver Form for Segment 1.** Separate bids must be submitted for each proposed solar project. Each solar project will be ranked and selected individually. A developer will submit a form of acknowledgement and certification (including a waiver of rights), as set forth in Attachment B to this Stipulation, from the host customer (if any) on whose property the developer's solar project will be located. Such acknowledgement and certification shall become part of the applicable SREC-PSA for the proposed solar project. An entity with multiple SREC-PSAs may elect to have a single payment issued per payment period.
  
7. **Project Eligibility for Net-Metered and Grid-Connected Projects.** Only new solar projects that are not constructed will be eligible for participation in the SREC II Program, Segments 1 and 2. Any participating net-metered solar project must not yet be interconnected (i.e., received permission from ACE to operate) and the solar project will not have requested final interconnection approval from ACE prior to the Board Order approving the results of each solicitation. If a net-metered project is completed and interconnected following Board approval and prior to the execution of an SREC-PSA, ACE will not purchase SRECs generated prior to the commencement date of the SREC-PSA. Aggregated net metered projects, including those permitted under N.J.S.A. 48:3-87(e)(4), will be ineligible to participate in the SREC II Program. A net metered project shall comply with N.J.A.C. 14:8-4.1 (b), which requires, among other things, that a project shall deliver to the meter of one net metering customer through wires and/or other equipment installed, owned, and operated by the customer or the project owner and not by ACE.

To be eligible for participation in Segment 3, a solar project must have been conditionally or fully certified by the Board pursuant to Subsection (t) of the Solar Act of 2012. To receive full approval pursuant to Subsection (t), a solar project is required by the Board to have fulfilled all applicable New Jersey Department of Environmental Protection permit requirements for construction of the solar facility. Thus, these solar projects may be interconnected and may have requested final interconnection approval prior to the Board Order approving the results of each solicitation. If a Segment 3 project is completed and interconnected prior to the Board approval and prior to the execution of an

SREC-PSA, ACE will not purchase any SRECs generated prior to the commencement date of the SREC-PSA.

Segment 3 applicants must submit an affidavit with their solicitation bid package attesting that all remediation unrelated to the installation or operation of the solar facility has been completed and that no portion of the SREC price bid is attributable to remediation unrelated to the solar facility. Segment 3 applicants must also provide the SM with an itemization of costs related to the "additional cost of constructing and operating a solar electric power generation facility on a brownfield, on an area of historic fill, or on a properly closed sanitary landfill." <sup>11</sup> The applicant must express the costs on an absolute basis as well as on a dollar per MWh basis to enable an analysis by the SM of competitiveness and that no remediation costs unrelated to the solar facility have been included.

ACE will not allow a solar project, whether net-metered or grid-connected, to participate in the SREC II Program where the net metering customer has any existing PV capacity installed to deliver energy on the customer's side of the meter that receives electric distribution service from ACE or the grid-connected site contains an existing solar generator, unless the proposed grid-connected project is completely separated from the existing generation. ACE will also preclude any future construction or expansion of PV capacity under this program for PV systems receiving payments under SREC PSAs from either the SREC I or SREC II Programs. If a parcel contains multiple individually metered retail electric customers, each would be eligible to have a single project serving their individual electric meter as a net metered customer.

The SREC II Program does not permit multiple projects to serve a net metered customer on the customer's side of the same ACE meter. Similarly, a single project cannot encompass both net-metered and grid-connected interconnections.

**8. Limitation on Total SRECs Purchased Over the Term of the SREC-PSA.**

The total number of SRECs that ACE will be required to purchase over the entire term of a SREC-PSA shall be limited based upon a cap of 1350 kWh of solar generation per kW DC, based upon the smaller of the solar project's capacity as bid and awarded or constructed. For example, a 10 kW project with a 10 year contract term would have a contract limit of 135 SRECs (i.e., 1350 kWh x 10 kW / 1000 x 10 years). The Parties recognize that, in certain years, a solar project may over-generate and in other years the solar project may under-generate. The contract term of a SREC-PSA would be limited to the earlier of 10 years or the achievement of maximum SREC purchases, whichever occurs first.

A Program Participant is allowed to build within +/- 10% of bid capacity for the solar project. The above described SREC purchase limit under the SREC-PSA will be based on the smaller of the awarded bid capacity or the as-constructed capacity.

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<sup>11</sup> The costs required to upgrade the distribution system beyond any standard interconnection based on the system's size shall not be included in the itemization of costs or recovered through the SREC II Program.



9. **Time for Project Completion.** Segment 1 - six months with one automatic three-month extension, provided the Program Participant has filed necessary permits with the local government and provides the appropriate certification to the Company. The Program Participant will submit a certification that permits have been filed in order to secure the three-month extension.

Segment 2 – 12 months with the possibility of one six-month extension. The Program Participant must file an application for extension with the Company between 90 days to 14 days prior to end of the initial 12-month period. Terms for extension are the same as agreed upon by parties under the amended PSA Extension Stipulation in the SREC I Program: (i) whether the Program Participant can document significant progress toward completion of the solar project; and (ii) whether the delay was unavoidable and unforeseeable at the time of the execution of the SREC-PSA.<sup>12</sup>

Segment 3 – 24 months, contingent on meeting milestones described below.

- o At the time of bid: (1) approved (or conditionally approved) Section t application; and (2) (i) have received a system impact and feasibility study from PJM, or (ii) have received written verification that such system impact and feasibility study is waived by or otherwise deemed unnecessary by PJM, or (iii) have received alternative verification from the utility of its acceptance of the project's proposed interconnection.
- o At 9 months from contract signature: Interconnection Service Agreement signed with PJM (if applicable) and the utility and, if needed for the project, an Interconnection Construction Service Agreement signed with PJM (if applicable).
- o At 15 months from contract signature: (i) received all state and local permits, certificates, and authorizations for construction; and (ii) commenced construction of the PV system site (i.e., more than site preparation).

The EDCs rely on a certification by the developer in determining whether milestones are met. Failure to meet the milestone triggers termination of the project.

The Board shall have the sole authority to grant any additional extensions in any of the three segments. A request for a second extension shall be made prior to the expiration of the first extension. The Parties recommend that a second extension be for one month for projects of 10 kW and less, and for three months for projects over 10 kW. The Parties recommend that a second extension only be granted if all criteria for a first extension have been met and, in addition, all modules and other equipment are on site and completion is imminent.

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<sup>12</sup> In re Nautilus Solar KMBS, LLC Extension Request for Solar Renewable Energy Certificate Purchase Sale Agreement with Rockland Electric Company, Docket Nos. EO12100914V and EO12100915V, Order dated January 24, 2013.

If the solar project with an approved extension is not interconnected prior to the 12 month anniversary of the Effective Date, the period during which the EDC is obliged to purchase SRECs at the SREC-PSA price shall be deemed to have begun upon the anniversary of the Effective Date, regardless of whether the solar project was timely completed.

10. **Recapture of Terminated Capacity.** Following the second through seventh solicitations, ACE shall update the MW quantity to be solicited in subsequent rounds to reflect any additional capacity available as a result of projects that failed to proceed to contract under the solicitation two rounds prior to the current solicitation. Any revised available capacity due to failure to execute the SREC PSA shall be considered additive to the solicitation-specific capacity figures identified in Attachment A.

Following the eighth solicitation, ACE shall provide a good faith estimate of the MW capacity contracted pursuant to previous solicitations that has subsequently been terminated and is not subject to a pending appeal and/or is no longer appealable ("terminated capacity"). This terminated capacity shall be rolled into the ninth solicitation at the discretion of the Board and shall be additive to the solicitation-specific capacity figures identified in Attachment A.

Any revised available capacity shall be rebid within the same market segment, subject to the rules for capacity allocation applicable to each of the segments.

11. **Reporting.** Results from a given solicitation shall be published in the Board Order announcing the results of the subsequent solicitation.

ACE shall provide to the Board on a quarterly basis a list of completed projects by SRP number, along with the host facility name and full address and date of authorization to energize.

12. **Cost Recovery, Program Participant Fees, and SREC Transaction Fee.** ACE will charge the direct costs of purchasing SRECs from Program Participants, pursuant to SREC-PSAs ("Direct Costs") to the Company's Rider RGGI Recovery Charge ("Rider RGGI"). ACE will credit the gross proceeds from the auction and sale of all such SRECs ("SREC Sale Revenue") to the Rider RGGI. Ratepayers will be responsible for covering the Direct Costs that are not covered by SREC Sale Revenue, including interest that accrues on the under/over recovered balance of Direct Costs in the Rider RGGI (with the exception of "Delay Interest", as defined herein below). If SREC Sale Revenue exceeds the Direct Costs, then any such over-recovery will be deferred and applied to recovery of future SREC Direct Costs.

If, at the end of the SREC II Program cost amortization, there is a net over-recovery of SREC Sale Revenue relative to Direct Costs of purchasing SRECs, then this over-recovery will be, in the first instance, used to offset any under-recovered Administrative Costs (as defined below). Thereafter, any over-recovery will be returned to ratepayers through the Rider RRC.

Interest shall accrue on the under-recovered/over-recovered balance of Direct Costs at a rate based on a U.S. Treasury Securities at two year constant maturity as published in the Federal Reserve Statistical Release on the first day of each month (or closest day thereafter on which rates are published), plus 60 basis points, but not to exceed ACE's overall rate of return, as authorized by the Board. The interest rate will be reset each month and its calculation will be based on the net of tax beginning and ending average monthly balance. ACE will accrue simple interest with an annual roll-in at the end of the each year.

ACE's administrative costs shall include all costs other than Direct Costs, including but not limited to internal labor costs, auction-related costs, interest on the delay in initially selling SRECs ("Delay Interest"), and SREC transaction fees (collectively, "Administrative Costs"). Administrative Costs and Program Participant Fees, as defined below, will be fixed through December 31, 2018. Administrative Costs and Program Participant Fees will be deferred and tracked separately from Direct Costs. Any under-recovery/over-recovery of Administrative Costs and Program Participant Fees, including the interest that accrues on any under-recovery/over-recovery, will not be subject to recovery from ratepayers, but will be deferred for accounting purposes until such time there is a true-up of Administrative Costs and Program Participant Fees.<sup>13</sup> After five years, there will be a true-up of Administrative Costs (including interest, if applicable but excluding SREC Transaction Fees) and Program Participant Fees, and the Program Participant Fees will be adjusted accordingly on a prospective basis. Beginning January 1, 2019, the Company will implement annual Program Participant Fee adjustments that will reflect any prior-year under-recovery/over-recovery as well as a projection of Administrative Costs over the next annual period. Beginning January 1, 2019, the Administrative Costs will be subject to review for reasonableness and prudence in the context of ACE's Rider RGGI true-up filings.

ACE will assess Application Fees, Assignment Fees, and Administrative Fees (collectively, "Program Participant Fees") to Program Participants. The Parties agree that the purpose of the Program Participant Fees is to allow the Company to recover all of its administrative costs for the SREC II Program from Program Participants.

- a. ACE will charge a non-refundable "Application Fee" for each application to participate in a Program solicitation. For Segment 1 projects, the Application Fee will be \$25; for Segment 2 it will be \$50, and for Segment 3 it will be \$150. The revenues that ACE collects in Application Fees will be credited to the Rider RGGI to offset Administrative Costs.
- b. ACE will charge an "Assignment Fee" for each SREC-PSA assignment. The Assignment Fee will be set at \$1,500 per assignment of an SREC-PSA. This amount will be billed directly to the Program Participant under

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<sup>13</sup> For the purpose of clarity and avoidance of doubt, while the Administrative Costs and the offsetting Program Participant Fees will be deferred to Rider RGGI for accounting and tracking purposes, as well as for prudence review, neither the Administrative Costs nor the Program Participant fees will be incorporated into the Rider RGGI rates of the EDC.

the SREC-PSA that is seeking to assign it. The revenues that ACE collects in Assignment Fees will be credited to the Rider RGGI to offset Administrative Costs.

- c. ACE will charge an "Administrative Fee" to all sellers of SRECs that execute an SREC-PSA in the SREC II Program. The purpose of the Administrative Fee is to recover ACE's administrative costs associated with the SREC II Program. The Administrative Fee will initially be set at \$17.07 for each SREC purchased. The revenues that ACE collects in Administrative Fees will be credited to the Rider RGGI to offset Administrative Costs. The Administrative Fee and other Program Participant Fees will remain fixed through December 31, 2018, the initial five years of the Program. The Program Participant Fees may be adjusted annually beginning January 1, 2019 as discussed hereinabove. The Administrative Fee will be charged to Program Participants by subtracting the Administrative Fee from the payments ACE remits to the purchaser under each SREC-PSA. The Parties agree that the Administrative Fee has been set based on the expectation that there will be no more than three solicitations per year with SM costs substantially similar to the original SREC program, an assumed level of solar generation of projects in the SREC II Program of 1200 kWh per kW DC, and an assumed total Program size of 23 MW DC.

The Parties agree that, except as otherwise described herein, common Administrative Costs between ACE's SREC I Program and SREC II Program shall be allocated based on the total actual (for SREC I) or forecasted (for SREC II) solar capacity installed for each Program. ACE's Administrative Costs for the SREC auction shall be allocated between the SREC I and SREC II Programs based on the number of SRECs sold at each auction from each Program. SREC I and SREC II costs and revenues will be separately tracked and any costs and revenues that go through Rider RGGI will be identified as a separate sub-component under Rider RGGI as SREC I and SREC II.

SREC sales will not begin until Energy Year 2016, or as provided under the May 23, 2012 Order. In the interim, the Company can apply Delay Interest at a monthly rate based on the weighted after-tax cost of capital as determined in the Company's most recent base rate case, currently set at 6.70% for ACE. After SREC sales begin in Energy Year 2016, the default Rider RGGI interest rate (i.e., two-year Treasury rate at August 1 of each year plus 60 basis points) will apply to the cost of SRECs while in inventory.

ACE will sell the SRECs that it purchases under the SREC II Program through the same auction process that the Board has approved for the SREC I Program and the other EDCs' SREC programs.

ACE will recover an SREC Transaction Fee of \$22.59 for each SREC it purchases under the SREC II Program. The SREC Transaction Fee will be collected from Program Participants by subtracting the SREC Transaction Fee from the payments ACE remits to the Program Participant under each SREC-PSA. The SREC Transaction Fee will remain in effect for the duration of the SREC-PSAs entered into by ACE pursuant to the

SREC II Program, and will not be taken into account, at any time, for purposes of establishing the Company's base rates.

13. **Solicitation Process.** The solicitation process (including, specifically, issues such as the competitiveness of the solicitation process, assessment/ranking of competing bid prices, and regulatory review/approval process) is described below:
- a. Projects with which ACE will enter into SREC-PSAs will be selected through a solicitation process entailing the issuance of a Request for Proposals ("RFP"). The SM will be responsible for finalizing the terms of the RFP and the solicitation process with input from ACE and the participating EDCs.
  - b. The pricing in the proposals submitted in response to the RFP must be the same for the entire term of the SREC PSA.
  - c. Proposed solicitation RFP will: (i) articulate that projects will be ranked by price (i.e., the Net Present Value ("NPV") of the payment stream for one SREC over the proposed term of the SREC PSA using a discount rate of 6.7% for ACE equivalent to the weighted after-tax cost of capital set in ACE's most recent base rate case; (ii) state that prices will be reviewed for competitiveness; (iii) reference an unspecified price limit; and (iv) clearly articulate that the full MW solicited may or may not be awarded based on an assessment of the competitiveness of pricing resulting from the solicitation.
  - d. Published award results will include (by sector): \_\_\_ bids received totaling \_\_\_ MW; \_\_\_ awards totaling \_\_\_ MW; \_\_\_ bids totaling \_\_\_ MW were rejected for reasons such as developer caps, price, etc.
    - i. Individually accepted prices will not be posted. The low and average price for all accepted projects will be posted on the Board's website.
    - ii. Submitters of rejected bids will be advised by the SM as to the basis for rejection, and eligibility for subsequent rounds (i.e., relative to developer cap compliance).
  - e. The names of bidders in the RFP will not be disclosed to the SM. Instead, the SM will see only numbers or other identifiers assigned to bidders under a system developed and administered by Staff.
  - f. The SM will review preliminary results and recommendations with ACE, Staff, and Rate Counsel for input, but final recommendations for Staff presentation to the Board shall be based on the SM's own independent assessment (i.e., allow SM 10 days free of input).
  - g. All solicitation awards and the execution of SREC-PSAs with winning bidders will be explicitly approved by the Board within approximately five days after submission of SM recommendations. The SM will be available

during the Board's deliberations to respond to inquiries about its recommendations.

- h. Within 14 days of the Board's issuance of a written order approving a bid selection, the winning bidder must provide a cash deposit equal to \$75 per project kW, but not less than \$500 and not more than \$20,000. The deposit will be returned to the bidder, without interest, at the Commencement Date (as defined in the SREC PSA) or will be forfeited in accordance with the General Terms and Conditions of the SREC-PSA.

14. **SREC-PSA.** Each SREC-PSA will be executed no sooner than 45 days after the issuance of the written Board Order approving the relevant solicitation award and execution of the related SREC-PSA. The forms of SREC-PSAs to be used in each segment of the SREC II Program are set forth in Attachment C to this Stipulation. Each SREC-PSA will have a term of 10 years.

15. **Ranking Methodology.** The ranking methodology to assess competing bids in the solicitation process will be as follows:

- a. Bid outlier rejection process: ACE, Staff, and Rate Counsel will send to the SM, for its consideration, their recommendations for a pricing "soft cap" (i.e., guidance as to the price above which bids should not be accepted) that will consider, among other things, the lowest SREC price bid, the SACP and the distribution of SREC prices for all projects submitted. Such recommendations will be provided within 15 days of SM selection/award. Only the SM, the EDCs, Staff, and Rate Counsel, shall participate in this process.
- b. The SM's review process will not include review of the financial basis for proposed pricing (e.g., credit worthiness, financial underpinnings for proposal, terms of agreement with host customer (if any)).
- c. Project pricing will be ranked according to the NPV per SREC over the proposed term of the SREC PSA using the methodology set forth in Attachment D to this Stipulation.
- d. Ranking will be conducted by the SM, in sequence:
  - i. Review proposals for eligibility and completeness – reject ineligible/incomplete proposals and those without application fee payment.
  - ii. Rank proposals by NPV per SREC.
  - iii. Apply the appropriate developer cap for each segment.
  - iv. Assess segment participation in the solicitation and ranking process.

- v. Develop preliminary findings (segment participation, developer cap, competitiveness of pricing, recommendations for next round of solicitation, etc.).
    - 1. The last accepted proposal in the solicited block may not yield an aggregate MW of project agreements that exceeds the size of the block by more than 150 kW.
  - vi. Present preliminary findings and recommendations to the EDCs, Staff, and Rate Counsel for input.
  - vii. Following input, prepare recommendations to the Board, which will be presented to the Board by Staff.
16. **Coordination**. The Company will coordinate its sale of purchased SRECs to the extent feasible with the other EDCs and the Public Service Electric and Gas Company ("PSE&G") auction of SRECs that PSE&G acquires under its solar loan program.
17. **Miscellaneous Elements**. Other miscellaneous elements of the SREC II Program are as follows:
- a. ACE will not bid SREC projects into this process. However, affiliates of ACE that are not regulated by the Board may bid and be awarded up to the developer cap level.
  - b. Required Bid Documents:
    - i. Project Proposal Summary Sheet (including definition of, among other things, project, project location, ACE customer information (including copy of electric bill), proposed price and SREC PSA term, developer and developer affiliations, "segment," and class of service).
    - ii. Agreement to sign standard SREC PSA within designated timeframe.
    - iii. Signed Customer Acknowledgment (i.e., describing relationship with project developer, title to SRECs, describing any relationship between the project and the EDC).
    - iv. Agreement to provide PJM with a signed Schedule A – Generator Owner's Consent and/or to create a Standing Order that is irrevocable for the term of the SREC-PSA for the automatic transfer of SRECs to ACE if the Company determines either or both to be necessary.

- v. Completed registration materials with the SREC Registration Program ("SRP") or its successor program (including all attachments thereto).
- vi. Pursuant to Section 7 above, Segment 3 applicants must submit Board certification pursuant to Subsection (t) of the Solar Act of 2012, an affidavit regarding remediation activities, and an itemization of costs.

## **DISCUSSION AND FINDING**

The Board, in evaluating the Stipulation must review the record, balance the interests of the ratepayers and the shareholders, and determine whether the settlement represents a reasonable disposition of the issues.

In considering the merits of the Stipulation, the Board is mindful of the legislative and policy context within which it acts. EDECA established requirements to advance energy efficiency and renewable energy in New Jersey. N.J.S.A. 48:3-87. The Legislature has amended EDECA several times in the succeeding years, notably with the Solar Energy Advancement and Fair Competition Act, L. 2009, c. 289 and the Solar Act of 2012, L. 2012, c. 24. SEAFCA increased New Jersey's RPS and mandated that in order to be eligible to serve as the basis for the creation of SRECs a solar system must be connected to the distribution system in New Jersey.

By 2011, New Jersey had seen a surge in construction of solar energy facilities due to the high price of SRECs, the Federal Investment Tax Credit, and the decline in the cost of the photovoltaic panels. The SREC market for Energy Year 2012 was supplied fully within the first two months and, as a result, SREC prices dropped dramatically. In the 2011 Energy Master Plan ("EMP"), the Administration proposed "to take action to provide relief to the solar industry and give certainty to the financial community [and] provide continued opportunities for market participation in all sectors[.]" EMP at 105. Further, the EMP recommended limiting SREC eligibility to "promote solar installations that provide economic and environmental benefit[s]." Id. at 106.

Projects that offer a "dual benefit" for commercial and industrial, as well as government and school applications should take priority for approval. Brownfields and landfills, in particular, are well-suited for the development of large solar generation. Some of these properties cannot be developed for general commercial or residential purposes and may not provide adequate revenue to the towns and counties where they are situated. However, solar development can offset the costs to cap and or remediate these sites and should be encouraged where local government has determined it to be the best use of the property. [EMP at 107]

The Solar Act implemented the policy directive of the EMP, and seeks to bring balance to the over-supplied market by increasing the solar RPS again and reducing the Solar Alternative Compliance Payments while placing controls upon the eligibility of certain projects to generate SRECs. The Solar Act also defined "connected to the distribution system" to include several specific categories of solar projects, including those which are net metered and those which are owned by or financed by an EDC pursuant to N.J.S.A. 48:3-98.1. At the same time, the Solar Act provides that any solar project located on a site which had been certified by the Board, in



consultation with the Department of Environmental Protection ("DEP"), as being a landfill, brownfield, or area of historic fill would automatically be deemed "connected to the distribution system." N.J.S.A. 48:3-87(t). The Solar Act thus codifies a clear legislative intent to promote solar generation in these areas. Moreover, the Solar Act directed the Board to develop a supplemental incentive to cover the additional costs of constructing solar generation upon these challenging sites. Ibid.

As stated earlier, by Order dated May 23, 2012, the Board authorized the extension with modifications of certain utility run solar financing programs previously approved by the Board pursuant to an Order dated August 7, 2008 for a total capacity of 180 MW over three years. The total capacity was divided among the participating EDCs based on retail sales. ACE's share of the 180 MW was 23 MW. As part of the May 23 Order certain provisions and requirements were identified to be included in the framework for the extended EDCs' SREC Programs which the Board found to be consistent with its renewable energy policies, the EMP, and the requirements of EDECA and SEAFCA. As noted above, ACE's SREC II Petition was filed in response to the May 23 Order. Thus, in reviewing the merits of the Stipulation, the Board must also consider whether the Stipulation complies with the May 23 Order, and must also consider the provisions of the intervening Solar Act.

The Board has carefully reviewed ACE's SREC II Petition, the Stipulation and record in this matter in the context of the May 23 Order, to ensure that the provisions of the May 23 Order have been sufficiently addressed. The Board is satisfied that the ACE SREC II Program as modified by the Stipulation complies with the program elements and criteria set forth in the May 23 Order, the policies of the Board, SEAFCA, the Solar Act and the EMP.

The May 23 Order stated that the EDCs could offer a loan and/or solicitation program; ACE's SREC II Program is a solicitation program. ACE will enter into SREC PSAs for up to 23 MW (DC) of installed solar capacity in ACE's service territory, allocated among three program segments, and solicited over a three year period. The May 23 Order also stated that if beneficial to the ratepayers, the timeframe of the solicitation shall be on a decreasing trend for the Extended EDC SREC Programs to assist in transitioning to a competitive solar market. Moreover, in the effort to transition from SREC programs to a competitive solar marketplace, the solar RPS rule revisions will include a reduction of the SREC qualification life to 10 years for new projects. Under ACE's SREC II Program, there are limitations on total SRECs purchased over the term of the SREC PSA, and the contract term of a SREC-PSA would be limited to the earlier of 10 years or the achievement of maximum SREC purchases, whichever comes first. Thus, the term will no longer go beyond 10 years, a reduction from the 10 to 15 year terms under ACE's SREC I Program and consistent with the goal of transitioning to a competitive solar market. Additionally, projects will be selected for participation in the Program through a competitive bidding process which should also help reduce costs.

Moreover in addition to the fact that ACE's SREC II Program has set asides for residential and small business market segments, it also has a set aside for grid supply solar projects conditionally or fully certified by the Board as located on closed landfills, brownfields or areas of historic fill under ACE's SREC II Program Segment 3. This set aside meets the directives set forth in N.J.S.A. 48:3-87(t), stating that the Board should establish a program that provides SRECs "to owners of solar electric power generation facility projects certified by the Board, in consultation with the Department of Environmental Protection, as being located on a brownfield, on an area of historic fill or on a properly closed sanitary landfill facility, including those owned or operated by an electric public utility". Moreover, in the effort to keep costs down, the

Stipulation reasonably establishes safeguards against remediation costs for this segment from being passed through the solicitation price. In addition, the ACE SREC II Program establishes segments for residential and small commercial net-metered solar photovoltaic projects less than or equal to 50 KW through Segment 1 and for larger solar photovoltaic projects greater than 50 KW up to 2 MW to comply with the May 23 Order.

The ACE SREC II Program under all market segments passes the administrative costs onto program participants, costs that are no longer absorbed by ratepayers as under the SREC I Program. Pursuant to the Stipulation, any under/over recoveries of the administrative costs and program participant fees including any interest on over/under recoveries will not be recovered from ratepayers. Again this is consistent with the May 23 Order which stated that "[t]he EDC's costs for developing, implementing and managing the extended EDC SREC program including all SREC transition fees, all loan serving fees, and any fees associated with the EDC's weighted average cost of capital, and all administrative fees would be paid for by the solar developer or the generation customer." May 23 Order at 27.

The Stipulation also calls for ACE to credit the gross proceeds from the auction and sale of all such SRECs to the Rider RGGI to the benefit of ratepayers and as compensation for the Direct Costs that ratepayers absorb for the cost of purchasing the SRECs by the ACE via the SREC-PSA. The Board **FINDS** that this complies with the May 23 Order, and that these cost reducing measures are consistent with the State's Energy Master Plan and Board's policy to minimize costs to ratepayers.

The Board believes that ACE's SREC II Program will deliver significant benefits to the State, fairly balance the desire to maintain a healthy solar industry in the State with the desire to minimize costs to ratepayers, and if properly executed, will help move the solar portion of the Renewable Energy program closer to a market-based approach and, accordingly, reduce ratepayer subsidies by having all administrative costs borne by the SREC II program participants, by having SREC prices determined under a competitive solicitation, and by limiting the term for the SREC-PSAs to the earlier of 10 years or the achievement of maximum SREC purchases, whichever comes first, a reduction from the 10 to 15 year term under the SREC I Programs. Additionally, SRECs purchased may not be sold before Energy Year 2016, unless the SREC market is in balance or under supplied prior to that date, hopefully minimizing any additional impact on that market, and on ratepayers, as also required by the May 23 Order.

Thus, the Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest and in accordance with the law. More specifically, the Stipulation is consistent with the policies of the Board, the EMP, the requirements of EDECA, SEAFCA and the Solar Act of 2012, and the May 23 Order.

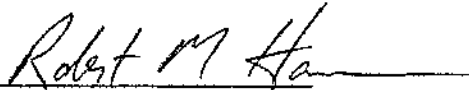
Accordingly, the Board **HEREBY ADOPTS** the attached Stipulation as its own, incorporating by reference its terms and conditions as if fully set forth herein and **HEREBY APPROVES** the ACE SREC II Program.

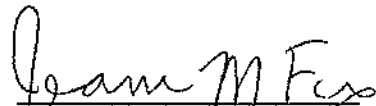
To implement the delayed SREC sales provision of the Stipulation which is intended to minimize the additional impact on the solar market and ratepayers, the Board **HEREBY DIRECTS** Staff to open a rulemaking to incorporate the specifics of this sale through any necessary amendments to the RPS rules.

The Board HEREBY RATIFIES the Orders issued by Commissioner Holden during the proceedings for the reasons stated in those Orders.

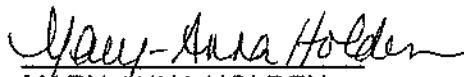
DATED: 12/18/13

BOARD OF PUBLIC UTILITIES  
BY:

  
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PRESIDENT


  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER


  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

12/18/13

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities  


IN THE MATTER OF THE PETITION OF ATLANTIC CITY ELECTRIC COMPANY  
CONCERNING A PROPOSAL FOR AN EXTENDED SOLAR RENEWABLE ENERGY  
CERTIFICATE (SREC)-BASED FINANCING PROGRAM PURSUANT TO N.J.S.A. 48:3-98.1  
DOCKET NO. EO12080799

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**IN THE MATTER OF THE PETITION OF  
ATLANTIC CITY ELECTRIC COMPANY  
CONCERNING A PROPOSAL FOR AN  
EXTENDED SREC-BASED FINANCING  
PROGRAM PURSUANT TO N.J.S.A. 48:3-  
98.1**

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES  
  
BPU DOCKET NO. EO12090799  
  
STIPULATION OF SETTLEMENT**

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**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

This Stipulation of Settlement (“Stipulation”) is hereby made and executed as of December 12, 2013, by and among Atlantic City Electric Company (“ACE” or the “Company”), the Staff of the New Jersey Board of Public Utilities (“Staff”), State of New Jersey, Division of Rate Counsel (“Rate Counsel”), and the Solar Energy Industries Association (“SEIA”)(each, a “Party” and, collectively together with ACE, the “Parties”) in settlement of the above-captioned proceeding.

The Parties join in recommending that the New Jersey Board of Public Utilities (“Board”) issue an Order approving this Stipulation in its entirety.

**BACKGROUND**

Pursuant to the requirements of the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq., the Board has adopted Renewable Portfolio Standards (“RPS”) rules, N.J.A.C. 14:8-2.1 et seq., that, among other things, require that a specified portion of the electricity supplied to New Jersey customers by each supplier or provider be supplied from solar electric generation systems. Under the RPS rules, suppliers and providers may comply with the

solar requirements by submitting Solar Renewable Energy Certificates (“SRECs”)<sup>1</sup> or by paying a Solar Alternative Compliance Payment (“SACP”)<sup>2</sup>, or by a combination of the two methods.

At its agenda meeting on September 12, 2007<sup>3</sup>, the Board directed its Office of Clean Energy (“OCE”) to initiate a proceeding to explore whether additional mechanisms could be established to support the financing of solar generation projects by providing greater assurances about the cash flow to be expected from such projects. The Board noted that factors in the availability of such financing include not only the assurances of long-term maximum prices for SRECs, as established by the rolling eight year SACP schedule, but also the degree of certainty about the minimum cash flow from such projects. The term “SREC-based financing” has been used generally to describe the provision of additional cash flow certainty to a project in exchange for the SRECs generated by a project, and includes contract solicitation programs and solar loan programs.

Following that proceeding, in an Order dated August 7, 2008 in Docket No. EO06100744 (the “August 7 Order”), the Board, among other things, ordered ACE to file, by September 30, 2008, a proposal pursuant to N.J.S.A. 48:3-98.1 for SREC-based financing of solar generation projects that would incorporate the criteria and provisions outlined by the Board in the August 7 Order.

On or about October 1, 2008, ACE filed a Petition for approval of an SREC-Based Financing Program in Docket No. EO08100875. (The Company’s original SREC Program will

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<sup>1</sup> An SREC represents the solar renewable energy attributes of one megawatt-hour of generation from an eligible solar generation facility certified by the Board’s Office of Clean Energy.

<sup>2</sup> In practice, the SACP sets the upper limit on the price of an SREC in the market.

<sup>3</sup> *In the Matter of the Renewable Portfolio Standards- Alternative Compliance Payments and Solar Alternative Compliance Payments*, Docket No. EO06100744, Order dated December 6, 2007.

be referred to herein as the “SREC I Program.”) Following Board approval<sup>4</sup>, ACE implemented the SREC I Program and engaged in periodic solicitations for qualifying projects. The last solicitation for the SREC I Program was held in or about September 2011 and the contract awards thereunder were approved by the Board’s Order dated November 9, 2011. The SREC I Program was fully-subscribed and ACE awarded SREC purchase agreements for solar photovoltaic (“PV”) projects that were designed to result in excess of 19 MW of solar generating capacity in the Company’s service territory. Due to project cancellations or the counterparty’s failure to execute the agreement, the current status is 94 executed contracts totaling approximately 17 MW.

In November 2011, OCE began a series of stakeholder meetings to develop recommendations related to the expiring electric distribution company (“EDC”) SREC-based financing programs, and address issues arising from the Solar Energy Advancement and Fair Competition Act (P.L. 2009, c. 289) and the 2011 Energy Master Plan. Among the issues discussed during the stakeholder meetings was whether the EDCs’ SREC-based financing programs should be extended or expanded. By its Order dated May 23, 2012,<sup>5</sup> the Board approved an extension of the EDC SREC-based Financing Programs for a total capacity of 180 MW over three years, to be divided among the participating EDCs based on retail sales. ACE’s share of the 180 MW is 23 MW. The May 23, 2012 Order also approved various provisions the EDCs were directed to follow in their SREC financing programs.

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<sup>4</sup> On March 27, 2009, the Board issued an Order approving a settlement agreement in the matter (the “March 27, 2009 Order”). Thereafter, Rate Counsel, which did not join in all aspects of the Settlement, filed an appeal of the Board’s March 27, 2009 Order with the Superior Court of New Jersey, Appellate Division. The parties subsequently reached settlement to resolve the issues Rate Counsel raised in its appeal, which the Board approved via an Order dated September 16, 2009 (the “September 16, 2009 Order”), after which Rate Counsel withdrew its appeal.

<sup>5</sup> *I/M/O the Review of Utility Supported Solar Programs*, Docket No. EO11050311V, Order (dated May 23, 2012) (the “May 23, 2012 Order”)



On or about July 13, 2012, ACE conducted a 30-day prefiling meeting, in which BPU Staff, its counsel from the Attorney General's office, and Rate Counsel participated. On or about September 6, 2012, ACE filed a Verified Petition seeking an extension of the Company's SREC-based financing program (referred to as "SREC II") in the instant docket. On or about October 9, 2012, Staff sent an administrative completeness letter to ACE.

By Order dated October 4, 2012, the Board designated Commissioner Mary-Anna Holden as presiding officer with authority to modify the procedural schedule, rule on motions, and otherwise control the conduct of these proceedings. On February 26, 2013, the Board issued an Order granting the motion to intervene filed by SEIA on September 20, 2012. Commissioner Holden has issued several Orders regarding the procedural schedule dated March 20, 2013, April 5, 2013, and June 27, 2013. In addition, by Orders dated January 23, 2013, May 29, 2013, September 18, 2013, and October 16, 2013, the Board has extended the 180-day review period for this matter through June 30, 2013, September 30, 2013, October 31, 2013, and December 31, 2013, respectively.

ACE's Petition attached certain Exhibits, including the Testimony of Timothy J. White and Joseph F. Janocha. By executing this Stipulation, the Parties hereby consent to the admission of ACE's Petition and Exhibits (including the witness testimony described in this paragraph) into the record of this proceeding, waive the witnesses' live appearance at the evidentiary hearing for cross-examination, and request that Commissioner Holden and the Board admit these materials as part of the record.

The Parties engaged in an extensive discovery process and ACE responded to numerous data requests and has informally provided additional data and information in connection with this proceeding. The Parties have also engaged in detailed settlement conferences and

communications. During the course of the settlement discussions, it was agreed that the efficiency of ACE's SREC II Program would be enhanced if the program undertaken by the Company was similar to and coordinated, to the extent feasible, with the review of the SREC II based financing programs filed with the Board by Jersey Central Power and Light Company ("JCP&L") and Rockland Electric Company ("RECO"). The Parties have reached agreement on all relevant issues in this proceeding.

### **STIPULATION**

The Parties DO HEREBY STIPULATE AND AGREE as to the following findings, conclusions, and determinations for purposes of a full, final, and complete resolution of all issues in connection with ACE's proposed SREC II Program:

1. **Program Size and Duration.** ACE will implement an SREC II Program whereby it will enter into SREC Purchase and Sale Agreements ("SREC-PSAs"), with solar project owners or developers ("Program Participants") selected through the competitive process described below. ACE will enter into SREC-PSAs with selected Program Participants for up to 23 MW (DC) of installed solar capacity in the Company's service territory, allocated among the three program segments described below, and solicited over a three-year period, as identified in the chart included as **Attachment A** to this Stipulation.

2. **Program Segments.** ACE will solicit solar capacity from the following program segments:

**Segment 1.** Net-metered residential and small commercial solar PV projects less than or equal to 50 kW.

- Total Segment size: 3.45 MW (1.15 MW hard set aside; 2.30 MW "aspirational")
- Unsubscribed aspirational capacity in any bid round is reallocated to Segment 2.

The aspirational capacity will be "held" in the first two solicitations.

**Segment 2.** Net-metered solar PV projects greater than 50 kW up to 2 MW (except as noted below\*).

- Total Segment size: 17.25 MW

\* If any Segment 2 solicitation round after the second round is undersubscribed by competitive bids, the project size limit in Segment 2 shall be lifted. If the project size limit has been lifted and, in any subsequent solicitation round, the capacity of competitively priced (as determined by the Solicitation Manager [the “SM”]) bids under 2 MW overfills the capacity of that solicitation round, the 2 MW limit shall be reinstated in the next subsequent solicitation round.

**Segment 3.** Grid-supplied solar PV projects conditionally certified or fully certified by the Board as located on closed landfills, brownfields or areas of historic fill.

- Total Segment size: 2.30 MW. The 2.30 MW for Segment 3 is a hard set-aside. For purposes of this paragraph, “hard set-aside” shall mean capacity that is reserved for this segment, which capacity cannot be reassigned, in whole or in part, to another market segment without prior Board Order. Any unallocated capacity (*i.e.*, capacity not awarded to project bidders) shall roll forward to the next solicitation and remain within the same market segment.
- Notwithstanding the above, following the conclusion of the third solicitation (*i.e.*, the solicitation round for all the Segment 3 capacity), the stipulating parties acknowledge and agree that one or more parties may petition the Board to reallocate up to an additional 10% to Segment 3, with the reallocated capacity coming from Segment 2 (which includes any unsubscribed aspirational capacity from Segment 1 that has been reallocated to Segment 2). In connection with such

a petition, the Board may consider: a) the level of capacity bid relative to the available bid block; b) the Segment 3 bid average and clearing price relative to Segment 2 for the same solicitation period; and c) and other factors supporting such reallocation.

3. **Program Participant Caps.** The SREC II Program will have the following Program Participant caps:

**Segment 1**

- Any one bidder (including all affiliated entities) shall be limited to no more than 20% of the capacity awarded in any one solicitation, unless that solicitation is undersubscribed, and no more than 20% of the capacity of the program from all solicitations in Segment 1.

**Segment 2**

- Any one bidder (including all affiliates) shall be limited to no more than 20% of the program capacity from all solicitations in Segment 2.

4. **Joint Solicitation.** The SREC II Program solicitations will be held jointly and in conjunction with the solicitation schedule for JCP&L and RECO. Although the specific timing of individual solicitations identified in **Attachment A** to this Stipulation will be mutually agreed to by Staff, Rate Counsel, the EDCs, and the SM, the Parties agree that the following timetable for solicitation activities should apply to ACE for each round of its solicitation.<sup>6</sup>

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<sup>6</sup> Starting with “Day 46,” references to “Days” are the approximate number of calendar days from the Round X Solicitation date, subject to adjustment if, for example, a “Day” falls on a weekend or holiday.

<b>When</b>	<b>Action</b>
Day 1	Round X Solicitation <sup>7</sup>
Day 46	Round X Bids due
Day 55	SM reviews preliminary recommendations with Staff, ACEJCP&L, Rate Counsel for input
Day 65	Deadline for any opportunity for input – SM develops final recommendations to the Board
Day 75	SM submits Round X recommendations to Board <i>[with findings on: (a) competitiveness of process, (b) recommended awards, (c) Round Y MW, and (d) any special treatment of the small project segment relative to the Board's aspirational goal]</i>
Day 80	Board Meeting and Written Order <sup>8</sup> <i>(Addressing Round X awards, Round Y MW; ACE and SM prepare notification documents and announcement materials reflecting Board decisions)</i>
Day 85	Round X Final Awards <i>(Announce results, Notify all bidders)</i>
Day 110	Round Y Solicitation
Day 125	Execute Agreements with Round X Winners
Day 155	Round Y Bids Due

5. **Metering.** In all Program Segments, all Program Participants that have an SREC-PSA with ACE will have a separate meter, procured and installed and maintained at the customer's expense, to measure solar system output. Program Participants will be required to install the appropriate metering, at their cost, which meets the Company's, the Board's, and PJM's accuracy standards to record the solar generation of their solar project. Program Participants will be required to enter their meter readings in the PJM GATS system on a monthly basis, from which the PJM GATS system will create the appropriate number of SRECs at the end of each monthly period. Program Participants also will be required to execute a PJM GATS "Standing Order" for the term of the SREC-PSA (subject to change only in accordance with the

<sup>7</sup> "Round X" means any given solicitation. "Round Y" means any given solicitation following Round X solicitation.

<sup>8</sup> Timing of Board action is subject to schedule of Board agenda meetings and/or ability to schedule an extraordinary Board meeting.

SREC-PSA) which will automatically transfer the created SRECs from Program Participants' GATS accounts to ACE's GATS account, which the Company can confirm and accept or reject as appropriate. The PJM GATS system has an algorithm in place so that the recorded generation aligns with the monthly estimated projection for the indicated size of the solar installation. ACE will have the opportunity to validate metered generation entries during each annual period. SRECs will be tracked using the PJM GATS platform.

6. **Payment Aggregation and Host Waiver Form for Segment 1.** Separate bids must be submitted for each proposed solar project. Each solar project will be ranked and selected individually. A developer will submit a form of acknowledgement and certification (including a waiver of rights), as set forth in **Attachment B** to this Stipulation, from the host customer (if any) on whose property the developer's solar project will be located. Such acknowledgement and certification shall become part of the applicable SREC-PSA for the proposed solar project. An entity with multiple SREC-PSAs may elect to have a single payment issued per payment period.

7. **Project Eligibility for Net-Metered and Grid-Connected Projects.** Only new solar projects that are not constructed will be eligible for participation in the SREC II Program, Segments 1 and 2. Any participating net-metered solar project must not yet be interconnected (*i.e.*, received permission from ACE to operate) and the solar project will not have requested final interconnection approval from ACE prior to the Board Order approving the results of each solicitation. If a net-metered project is completed and interconnected following Board approval and prior to the execution of an SREC-PSA, ACE will not purchase SRECs generated prior to the commencement date of the SREC-PSA. Aggregated net metered projects, including those permitted under N.J.S.A. 48:3-87(e)(4), will be ineligible to participate in the SREC II Program.

A net metered project shall comply with N.J.A.C. 14:8-4.1 (b), which requires, among other things, that a project shall deliver to the meter of one net metering customer through wires and/or other equipment installed, owned, and operated by the customer or the project owner and not by ACE.

To be eligible for participation in Segment 3, a solar project must have been conditionally or fully certified by the Board pursuant to Subsection (t) of the Solar Act of 2012. To receive full approval pursuant to Subsection (t), a solar project is required by the Board to have fulfilled all applicable New Jersey Department of Environmental Protection permit requirements for construction of the solar facility. Thus, these solar projects may be interconnected and may have requested final interconnection approval prior to the Board Order approving the results of each solicitation. If a Segment 3 project is completed and interconnected prior to the Board approval and prior to the execution of an SREC-PSA, ACE will not purchase any SRECs generated prior to the commencement date of the SREC-PSA.

Segment 3 applicants must submit an affidavit with their solicitation bid package attesting that all remediation unrelated to the installation or operation of the solar facility has been completed and that no portion of the SREC price bid is attributable to remediation unrelated to the solar facility. Segment 3 applicants must also provide the SM with an itemization of costs related to the “additional cost of constructing and operating a solar electric power generation facility on a brownfield, on an area of historic fill, or on a properly closed sanitary landfill.”<sup>9</sup> The applicant must express the costs on an absolute basis as well as on a dollar per MWh basis to enable an analysis by the SM of competitiveness and that no remediation costs unrelated to the solar facility have been included.

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<sup>9</sup> The costs required to upgrade the distribution system beyond any standard interconnection based on the system's size shall not be included in the itemization of costs or recovered through the SREC II Program.

ACE will not allow a solar project, whether net-metered or grid-connected, to participate in the SREC II Program where the net metering customer has any existing PV capacity installed to deliver energy on the customer's side of the meter that receives electric distribution service from ACE or the grid-connected site contains an existing solar generator, unless the proposed grid-connected project is completely separated from the existing generation. ACE will also preclude any future construction or expansion of PV capacity under this program for PV systems receiving payments under SREC-PSAs from either the SREC I or SREC II Programs. If a parcel contains multiple individually metered retail electric customers, each would be eligible to have a single project serving their individual electric meter as a net metered customer.

The SREC II Program does not permit multiple projects to serve a net metered customer on the customer's side of the same ACE meter. Similarly, a single project cannot encompass both net-metered and grid-connected interconnections.

8. **Limitation on Total SRECs Purchased Over the Term of the SREC-PSA.**

The total number of SRECs that ACE will be required to purchase over the entire term of a SREC-PSA shall be limited based upon a cap of 1350 kWh of solar generation per kW DC, based upon the smaller of the solar project's capacity as bid and awarded or constructed. For example, a 10 kW project with a 10 year contract term would have a contract limit of 135 SRECs (*i.e.*, 1350 kWh x 10 kW / 1000 x 10 years). The Parties recognize that, in certain years, a solar project may over-generate and in other years the solar project may under-generate. The contract term of a SREC-PSA would be limited to the earlier of 10 years or the achievement of maximum SREC purchases, whichever occurs first.

A Program Participant is allowed to build within +/- 10% of bid capacity for the solar project. The above described SREC purchase limit under the SREC-PSA will be based on the



smaller of the awarded bid capacity or the as-constructed capacity.

9. **Time for Project Completion.** Segment 1 - six months with one automatic three-month extension, provided the Program Participant has filed necessary permits with the local government and provides the appropriate certification to the Company. The Program Participant will submit a certification that permits have been filed in order to secure the three-month extension.

Segment 2 – 12 months with the possibility of one six-month extension. The Program Participant must file an application for extension with the Company between 90 days to 14 days prior to end of the initial 12-month period. Terms for extension are the same as agreed upon by parties under the amended PSA Extension Stipulation in the SREC I Program: (i) whether the Program Participant can document significant progress toward completion of the solar project; and (ii) whether the delay was unavoidable and unforeseeable at the time of the execution of the SREC-PSA.<sup>10</sup>

Segment 3 – 24 months, contingent on meeting milestones described below.

- At the time of bid: (1) approved (or conditionally approved) Section t application; and (2) (i) have received a system impact and feasibility study from PJM, or (ii) have received written verification that such system impact and feasibility study is waived by or otherwise deemed unnecessary by PJM, or (iii) have received alternative verification from the utility of its acceptance of the project's proposed interconnection.
- At 9 months from contract signature: Interconnection Service Agreement signed with PJM (if applicable) and the utility and, if needed for the project, an Interconnection Construction Service Agreement signed with PJM (if applicable).
- At 15 months from contract signature: (i) received all state and local permits, certificates, and authorizations for construction; and (ii) commenced construction of the PV system site (*i.e.*, more than site preparation).

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<sup>10</sup> *I/M/O Nautilus Solar KMBS, LLC Extension Request for Solar Renewable Energy Certificate Purchase Sale Agreement with Rockland Electric Company, Docket Nos. EO12100914V and EO12100915V, Order dated January 24, 2013.*

The EDCs shall rely on a certification by the developer in determining whether milestones are met. Failure to meet the milestone triggers termination of the project.

The Board shall have the sole authority to grant any additional extensions in any of the three segments. A request for a second extension shall be made prior to the expiration of the first extension. The Parties recommend that a second extension shall be for one month for projects of 10 kW and less and for three months for projects over 10 kW. A second extension will only be granted if all criteria for a first extension have been met and, in addition, all modules and other equipment are on site and completion is imminent.

If a solar project with an approved extension is not interconnected prior to the 12 month anniversary of the Effective Date, the period during which the EDC is obliged to purchase SRECs at the SREC-PSA price shall be deemed to have begun upon the anniversary of the Effective Date, regardless of whether the solar project was timely completed.

10. **Recapture of Terminated Capacity.** Following the second through seventh solicitations, ACE shall update the MW quantity to be solicited in subsequent rounds to reflect any additional capacity available as a result of projects that failed to proceed to contract under the solicitation two rounds prior to the current solicitation. Any revised available capacity due to failure to execute the SREC-PSA shall be considered additive to the solicitation-specific capacity figures identified in **Attachment A**.

Following the eighth solicitation, ACE shall provide a good faith estimate of the MW capacity contracted pursuant to previous solicitations that has subsequently been terminated and is not subject to a pending appeal and/or is no longer appealable (“terminated capacity”). This terminated capacity shall be rolled into the ninth solicitation at the discretion of the Board and shall be additive to the solicitation-specific capacity figures identified in **Attachment A**.

Any revised available capacity shall be rebid within the same market segment, subject to the rules for capacity allocation applicable to each of the segments.

11. **Reporting.** Results from a given solicitation shall be published in the Board Order announcing the results of the subsequent solicitation.

ACE shall provide to the Board on a quarterly basis a list of completed projects by SRP number, along with the host facility name and full address and date of authorization to energize.

12. **Cost Recovery, Program Participant Fees, and SREC Transaction Fee.** ACE will charge the direct costs of purchasing SRECs from Program Participants, pursuant to SREC-PSAs (“Direct Costs”) to the Company’s Rider RGGI Recovery Charge (“Rider RGGI”). ACE will credit the gross proceeds from the auction and sale of all such SRECs (“SREC Sale Revenue”) to the Rider RGGI. Ratepayers will be responsible for covering the Direct Costs that are not covered by SREC Sale Revenue, including interest that accrues on the under/over recovered balance of Direct Costs in the Rider RGGI (with the exception of “Delay Interest”, as defined herein below). If SREC Sale Revenue exceeds the Direct Costs, then any such over-recovery will be deferred and applied to recovery of future SREC Direct Costs. If, at the end of the SREC II Program cost amortization, there is a net over-recovery of SREC Sale Revenue relative to Direct Costs of purchasing SRECs, then this over-recovery will be, in the first instance, used to offset any under-recovered Administrative Costs (as defined below). Thereafter, any over-recovery will be returned to ratepayers through the Rider RGGI.

Interest shall accrue on the under-recovered/over-recovered balance of Direct Costs at a rate based on U.S. Treasury securities at two-year constant maturity as published in the Federal Reserve Statistical Release on the first day of each month (or closest day thereafter on which rates are published), plus 60 basis points, but not to exceed ACE’s overall rate of return as

authorized by the Board. The interest rate will be reset each month and its calculation will be based on the net of tax beginning and ending average monthly balance. ACE will accrue simple interest with an annual roll-in at the end of the each year.

ACE's administrative costs shall include all costs other than Direct Costs, including but not limited to internal labor costs, auction-related costs, interest on the delay in initially selling SRECs ("Delay Interest"), and SREC Transaction Fees (collectively, "Administrative Costs"). Administrative Costs and Program Participant Fees, as defined below, will be fixed through December 31, 2018. Administrative Costs and Program Participant Fees will be deferred and tracked separately from Direct Costs. Any under-recovery/over-recovery of Administrative Costs and Program Participant Fees, including the interest that accrues on any under-recovery/over-recovery, will not be subject to recovery from ratepayers, but will be deferred for accounting purposes until such time there is a true-up of Administrative Costs and Program Participant Fees.<sup>11</sup> After five years, there will be a true-up of Administrative Costs (including interest, if applicable, but excluding SREC Transaction Fees) and Program Participant Fees, and the Program Participant Fees will be adjusted accordingly on a prospective basis. Beginning January 1, 2019, the Company will implement annual Program Participant Fee adjustments that will reflect any prior-year under-recovery/over-recovery as well as a projection of Administrative Costs over the next annual period. Beginning January 1, 2019, the Administrative Costs will be subject to review for reasonableness and prudence in the context of ACE's Rider RGGI true-up filings.

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<sup>11</sup> For the purpose of clarity and avoidance of doubt, while the Administrative Costs and the offsetting Program Participant Fees will be deferred to Rider RGGI for accounting and tracking purposes, as well as for prudence review, neither the Administrative Costs nor the Program Participant fees will be incorporated into the Rider RGGI rates of the EDC.

ACE will assess Application Fees, Assignment Fees, and Administrative Fees (collectively, “Program Participant Fees”) to Program Participants. The Parties agree that the purpose of the Program Participant Fees is to allow the Company to recover all of its administrative costs for the SREC II Program from Program Participants.

- a. ACE will charge a non-refundable “Application Fee” for each application to participate in a Program solicitation. For Segment 1 projects, the Application Fee will be \$25; for Segment 2 it will be \$50, and for Segment 3 it will be \$150. The revenues that ACE collects in Application Fees will be credited to the Rider RGGI to offset Administrative Costs.
- b. ACE will charge an “Assignment Fee” for each SREC-PSA assignment. The Assignment Fee will be set at \$1,500 per assignment of an SREC-PSA. This amount will be billed directly to the Program Participant under the SREC-PSA that is seeking to assign it. The revenues that ACE collects in Assignment Fees will be will be credited to the Rider RGGI to offset Administrative Costs.
- c. ACE will charge an “Administrative Fee” to all sellers of SRECs that execute an SREC-PSA in the SREC II Program. The purpose of the Administrative Fee is to recover ACE’s administrative costs associated with the SREC II Program. The Administrative Fee will initially be set at \$17.07 for each SREC purchased. The revenues that ACE collects in Administrative Fees will be credited to the Rider RGGI to offset Administrative Costs. The Administrative Fee and other Program Participant Fees will remain fixed through December 31, 2018, the initial five years of the Program. The

Program Participant Fees may be adjusted annually beginning January 1, 2019 as discussed hereinabove. The Administrative Fee will be charged to Program Participants by subtracting the Administrative Fee from the payments ACE remits to the purchaser under each SREC-PSA. The Parties agree that the Administrative Fee has been set based on the expectation that there will be no more than three solicitations per year with SM costs substantially similar to the original SREC program, an assumed level of solar generation of projects in the SREC II Program of 1200 kWh per kW DC, and an assumed total Program size of 23 MW DC.

The Parties agree that, except as otherwise described herein, common Administrative Costs between ACE's SREC I Program and SREC II Program shall be allocated based on the total actual (for SREC I) or forecasted (for SREC II) solar capacity installed for each Program. ACE's Administrative Costs for the SREC auction shall be allocated between the SREC I and SREC II Programs based on the number of SRECs sold at each auction from each Program. SREC I and SREC II costs and revenues will be separately tracked and any costs and revenues that go through Rider RGGI will be identified as a separate sub-component under Rider RGGI as SREC I and SREC II.

SREC sales will not begin until Energy Year 2016, or as provided under the May 23, 2012 Order. In the interim, the Company can apply Delay Interest at a monthly rate based on the weighted after-tax cost of capital as determined in the Company's most recent base rate case, currently set at 6.70% for ACE<sup>12</sup>. After SREC sales begin in Energy Year 2016, the default

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<sup>12</sup> *I/M/O the Petition of Atlantic City Electric Company for Approval of Amendments to Its Tariff to Provide for an Increase in Rates and Charges for Electric Service Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1 and for Other Appropriate Relief (2012)*, Docket No. ER12121071, Order dated June 21, 2013.

Rider RGGI interest rate (*i.e.*, two-year Treasury rate at August 1 of each year plus 60 basis points) will apply to the cost of SRECs while in inventory.

ACE will sell the SRECs that it purchases under the SREC II Program through the same auction process that the Board has approved for the SREC I Program and the other EDCs' SREC programs.

ACE will recover an SREC Transaction Fee of \$22.59 for each SREC it purchases under the SREC II Program. The SREC Transaction Fee will be collected from Program Participants by subtracting the SREC Transaction Fee from the payments ACE remits to the Program Participant under each SREC-PSA. The SREC Transaction Fee will remain in effect for the duration of the SREC-PSAs entered into by ACE pursuant to the SREC II Program, and will not be taken into account, at any time, for purposes of establishing the Company's base rates.

13. **Solicitation Process.** The solicitation process (including, specifically, issues such as the competitiveness of the solicitation process, assessment/ranking of competing bid prices, and regulatory review/approval process) is described below:

- a. Projects with which ACE will enter into SREC-PSAs will be selected through a solicitation process entailing the issuance of a Request for Proposals ("RFP"). The SM will be responsible for finalizing the terms of the RFP and the solicitation process with input from ACE and the participating EDCs.
- b. The pricing in the proposals submitted in response to the RFP must be the same for the entire term of the SREC PSA.
- c. Proposed solicitation RFP will: (i) articulate that projects will be ranked by price (*i.e.*, the Net Present Value ("NPV") of the payment stream for one SREC over the proposed term of the SREC PSA using a discount rate of 6.7% for ACE equivalent to the weighted after-tax cost of capital set in ACE's most recent base rate case; (ii) state that prices will be reviewed for competitiveness; (iii) reference an unspecified price limit; and (iv) clearly articulate that the full MW solicited may or may not be awarded based on an assessment of the competitiveness of pricing resulting from the solicitation.

- d. Published award results will include (by sector): \_\_ bids received totaling \_\_ MW; \_\_ awards totaling \_\_ MW; \_\_ bids totaling \_\_ MW were rejected for reasons such as developer caps, price, etc.
  - i. Individually accepted prices will not be posted. The low and average price for all accepted projects will be posted on the Board's website.
  - ii. Submitters of rejected bids will be advised by the SM as to the basis for rejection, and eligibility for subsequent rounds (*i.e.*, relative to developer cap compliance).
- e. The names of bidders in the RFP will not be disclosed to the SM. Instead, the SM will see only numbers or other identifiers assigned to bidders under a system developed and administered by Staff.
- f. The SM will review preliminary results and recommendations with ACE, Staff, and Rate Counsel for input, but final recommendations for Staff presentation to the Board shall be based on the SM's own independent assessment (*i.e.*, allow SM 10 days free of input).
- g. All solicitation awards and the execution of SREC-PSAs with winning bidders will be explicitly approved by the Board within approximately five days after submission of SM recommendations. The SM will be available during the Board's deliberations to respond to inquiries about its recommendations.
- h. Within 14 days of the Board's issuance of a written order approving a bid selection, the winning bidder must provide a cash deposit equal to \$75 per project kW, but not less than \$500 and not more than \$20,000. The deposit will be returned to the bidder, without interest, at the Commencement Date (as defined in the SREC PSA) or will be forfeited in accordance with the General Terms and Conditions of the SREC-PSA.

14. **SREC-PSA**. Each SREC-PSA will be executed no sooner than 45 days after the issuance of the written Board Order approving the relevant solicitation award and execution of the related SREC-PSA. The forms of SREC-PSAs to be used in each segment of the SREC II Program are set forth in **Attachment C** to this Stipulation. Each SREC-PSA will have a term of 10 years.

15. **Ranking Methodology**. The ranking methodology to assess competing bids in the solicitation process will be as follows:



- a. Bid outlier rejection process: ACE, Staff, and Rate Counsel will send to the SM, for its consideration, their recommendations for a pricing “soft cap” (*i.e.*, guidance as to the price above which bids should not be accepted) that will consider, among other things, the lowest SREC price bid, the SACP and the distribution of SREC prices for all projects submitted. Such recommendations will be provided within 15 days of SM selection/award. Only the SM, the EDCs, Staff, and Rate Counsel, shall participate in this process.
- b. The SM’s review process will not include review of the financial basis for proposed pricing (*e.g.*, credit worthiness, financial underpinnings for proposal, terms of agreement with host customer (if any)).
- c. Project pricing will be ranked according to the NPV per SREC over the proposed term of the SREC PSA using the methodology set forth in **Attachment D** to this Stipulation.
- d. Ranking will be conducted by the SM, in sequence:
  - i. Review proposals for eligibility and completeness – reject ineligible/incomplete proposals and those without application fee payment.
  - ii. Rank proposals by NPV per SREC.
  - iii. Apply the appropriate developer cap for each segment.
  - iv. Assess segment participation in the solicitation and ranking process.
  - v. Develop preliminary findings (segment participation, developer cap, competitiveness of pricing, recommendations for next round of solicitation, etc.).
    - 1. The last accepted proposal in the solicited block may not yield an aggregate MW of project agreements that exceeds the size of the block by more than 150 kW.
  - vi. Present preliminary findings and recommendations to the EDCs, Staff, and Rate Counsel for input.
  - vii. Following input, prepare recommendations to the Board, which will be presented to the Board by Staff.

16. **Coordination.** The Company will coordinate its sale of purchased SRECs to the extent feasible with the other EDCs and the Public Service Electric and Gas Company (“PSE&G”) auction of SRECs that PSE&G acquires under its solar loan program.

17. **Miscellaneous Elements.** Other miscellaneous elements of the SREC II Program are as follows:

- a. ACE will not bid SREC projects into this process. However, affiliates of ACE that are not regulated by the Board may bid and be awarded up to the developer cap level.
- b. Required Bid Documents:
  - i. Project Proposal Summary Sheet (including definition of, among other things, project, project location, ACE customer information (including copy of electric bill), proposed price and SREC PSA term, developer and developer affiliations, “segment,” and class of service).
  - ii. Agreement to sign standard SREC PSA within designated timeframe.
  - iii. Signed Customer Acknowledgment (*i.e.*, describing relationship with project developer, title to SRECs, describing any relationship between the project and the EDC).
  - iv. Agreement to provide PJM with a signed Schedule A – Generator Owner’s Consent and/or to create a Standing Order that is irrevocable for the term of the SREC-PSA for the automatic transfer of SRECs to ACE if the Company determines either or both to be necessary.
  - v. Completed registration materials with the SREC Registration Program (“SRP”) or its successor program (including all attachments thereto).
  - vi. Pursuant to Section 7 above, Segment 3 applicants must submit Board certification pursuant to Subsection (t) of the Solar Act of 2012, an affidavit regarding remediation activities, and an itemization of costs.

18. **Voluntariness.** The Parties agree that this Stipulation is voluntary, consistent with law, and fully dispositive of the issues addressed herein.

19. **Expeditious Board Approval.** Each Party agrees to use its best efforts to ensure that this Stipulation is submitted in a timely fashion to the Board for its approval without modification or condition. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

20. **Rights Upon Disapproval or Modification.** This Stipulation contains mutually balancing and interdependent provisions, and is intended to be accepted and approved in its entirety to fully and finally resolve all issues relating to the SREC II Program. This Stipulation is an integral settlement and the various parts hereof are not severable without upsetting the balance of agreements and compromises achieved among the Parties. In the event the Board disapproves this Stipulation as a whole, it shall be null and void. In the event that any particular aspect of this Stipulation is not accepted and approved by the Board in its entirety, without modification, or is modified by a court of competent jurisdiction: (i) the Parties are not waiving any legal or procedural rights, arguments or claims they may have before the Board or in any forum, and (ii) this Stipulation shall, at the option and discretion of any Party aggrieved thereby, exercised by written notice to the other Parties within ten days after receipt of any such adverse decision, be null and void in which case the Parties shall be placed in the same position that they were in immediately prior to its execution.

21. **Party Reservations.** This Stipulation represents a negotiated compromise resolution that has been made exclusively for the purpose of the above-referenced proceedings. Although binding on the Parties with respect to the issues resolved herein in these proceedings, this Stipulation, in total or by specific item, is in no way binding upon the Parties (or non-signatories) and is not to be considered or cited as precedent in favor of or against their respective positions on any issue in any other proceeding, except to enforce the terms of this Stipulation. The Parties agree that the unique resolution of the issues relating to the SREC II Program shall apply only to these above captioned cases and that any similar future cases shall be reviewed by the Board on an individual basis. This Stipulation is without prejudice to the

positions of the respective Parties or of the Board with respect to any future rate cases or other proceedings involving the Company, except as specifically set forth herein.

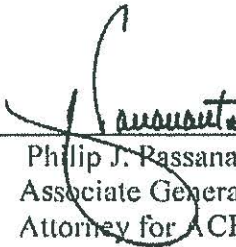
22. **Captions.** The subject headings of the sections of this Stipulation are inserted solely for the purpose of convenient reference and are not intended to, nor shall they, affect the meaning of any provision of this Stipulation.

23. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of New Jersey.

24. **Counterparts.** This Stipulation may be executed in any number of counterparts, each of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties.


**WHEREFORE,** the Parties have duly executed and do respectfully submit this Stipulation to the Board and recommend that the Board issue a final Decision and Order adopting and approving this Stipulation in its entirety.

**ATLANTIC CITY ELECTRIC COMPANY**

By:   
Philip J. Passanante  
Associate General Counsel  
Attorney for ACE


Dated: December 12, 2013

**STATE OF NEW JERSEY  
DIVISION OF RATE COUNSEL  
STEFANIE A. BRAND  
DIRECTOR,  
DIVISION OF RATE COUNSEL**

By:   
Asst Deputy Rate Counsel  
Dated: 12/13/13

**JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF  
NEW JERSEY**

Attorney for Staff of the Board of Public  
Utilities

By:   
T. David Wand  
Deputy Attorney General

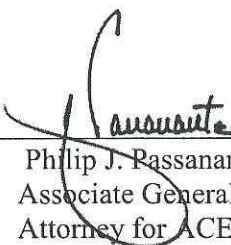
Dated: 12/13/13

**SOLAR ENERGY  
INDUSTRIES ASSOCIATION**

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

Dated: \_\_\_\_\_

**ATLANTIC CITY ELECTRIC COMPANY**

By:   
Phillip J. Passanante  
Associate General Counsel  
Attorney for ACE

Dated: December 12, 2013

**STATE OF NEW JERSEY  
DIVISION OF RATE COUNSEL  
STEFANIE A. BRAND  
DIRECTOR,  
DIVISION OF RATE COUNSEL**

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

Dated: \_\_\_\_\_

**JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF  
NEW JERSEY**

Attorney for Staff of the Board of Public  
Utilities

By: \_\_\_\_\_  
T. David Wand  
Deputy Attorney General

Dated: \_\_\_\_\_

**SOLAR ENERGY  
INDUSTRIES ASSOCIATION**

By: 

Dated: 12/13/13

**ATTACHMENT A**

Solicitation schedule for ACE:

Segment	Allocation	Total MW	Solicitation								
			1	2	3	4	5	6	7	8	9
1a - Residential Set-Aside	5.0%	1.15	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
1b - Residential - Aspirational	10.0%	2.30	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
2 - Commercial	75.0%	17.25	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92	1.92
3 – Landfills, Brownfields, Historic Fill	10.0%	2.30			2.30						
<b>Total</b>	<b>100.0%</b>	<b>23.00</b>	<b>2.30</b>	<b>2.30</b>	<b>4.60</b>	<b>2.30</b>	<b>2.30</b>	<b>2.30</b>	<b>2.30</b>	<b>2.30</b>	<b>2.30</b>

\* Values reflect the MW planned for solicitations. Schedule subject to revision by the Board based on experience, and time required for prudent processes.

**HOST'S ACKNOWLEDGEMENT AND CERTIFICATION**

The undersigned is the owner of the home/business located at \_\_\_\_\_ (“Premises”) where \_\_\_\_\_ (“Seller”), intends to develop a solar project located at the Premises (the “Project”), which the Seller may enter into a Solar Renewable Energy Certificate Purchase and Sale Agreement (“SREC-PSA”) with Atlantic City Electric Company (“ACE”). The undersigned hereby acknowledges and certifies for the benefit of ACE as follows:

1. The undersigned has no right, title or interest, including, but not limited to, any third party beneficiary rights, in the Transferred SRECs (as defined in the SREC-PSA), which are to be sold to ACE under the SREC-PSA.
2. The undersigned has no right, title or interest in the SREC-PSA, including, but not limited to, any third party beneficiary rights.
3. The undersigned has no rights and/or waives any rights against ACE, and shall not look to ACE, with respect to any claim or damages with respect to any aspect of the Project, including, but not limited to, the construction, operation or maintenance thereof at the Project.
4. The undersigned consents to the construction, installation, operation, and maintenance of the Project in accordance with the terms of the SREC-PSA.

\_\_\_\_\_  
Signature

Name of the owner of the home where the Project is located (or “Host”)

Date of Signature: \_\_\_\_\_



Purchase and Sale  
Agreement  
Segment 1

## ATTACHMENT C

### **[SREC II PROJECTS, SEGMENT 1] SOLAR RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE AGREEMENT**

THIS SOLAR RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE AGREEMENT (“Agreement”), dated as of \_\_\_\_\_, (the “Effective Date”), is made and entered into by and between ATLANTIC CITY ELECTRIC COMPANY, a New Jersey corporation (“ACE” or “Purchaser” or “Us” or “We”), having offices at 5100 Harding Avenue, Mays Landing, New Jersey 08330, and \_\_\_\_\_, [a \_\_\_\_\_] (“Seller” or “You”), having a [its] principal place of residence [business] at \_\_\_\_\_, New Jersey [Zip Code]. From time to time throughout this Agreement, each of Purchaser and Seller is referred to as, individually, a “Party” and together, collectively, as the “Parties” or “They.”

### **BACKGROUND**

A. The New Jersey Board of Public Utilities (the “Board” or “BPU”), in its Order dated \_\_\_\_\_ in BPU Docket No. EO12090799 (the “SREC Contracting Order”) approved ACE’s SREC-based contracting program (the “SREC II Program”) and authorized and directed ACE to enter into long-term contracts to purchase the solar renewable energy certificates (“SRECs”) generated by solar photovoltaic generation projects (each a “Project”) within ACE’s service territory, which are installed, owned and operated by ACE customers or by solar project developers (each a “Project Developer”) at ACE customer locations, which Projects have been selected under Board-approved procedures for an award of an SREC purchase and sale contract in the SREC II Program.

B. Seller is either (i) an ACE customer who is, or has entered into an agreement with, a Project Developer for purposes of developing, designing, procuring, installing and operating a Project at the premises or the facility owned or operated by Seller, or (ii) a Project Developer that has entered into an agreement with an ACE customer to install, own and operate a Project at the premises or the facility owned or operated by the ACE customer (in either case, the “Facility”) physically located in the ACE service territory, as such Facility is identified in this Agreement as set forth in Appendix B attached hereto.

C. Seller’s Project as specified in Appendix B (“Seller’s Project”), has been selected under Board-approved procedures for award of a SREC purchase and sale contract by Purchaser.

D. Purchaser has agreed to purchase, and Seller has agreed to sell, the SRECs generated by Seller’s Project under the terms and conditions of this Agreement.

***NOW THEREFORE***, in consideration of the promises and the mutual covenants and agreements hereinafter set forth, the Parties hereto agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein, shall have the meaning set forth in the General Terms and Conditions attached hereto as Appendix A (“General Terms and Conditions”).

2. Term of Agreement. The term of this Agreement (“Term”) shall commence on the Effective Date and shall terminate upon expiration of the Delivery Period, unless terminated earlier pursuant to the terms hereof.

3. Registration of Seller’s Project.

A. You shall be responsible to construct Seller’s Project, or to cause it to be constructed so that it may be registered, and to register Seller’s Project, or cause it to be registered, with the New Jersey Clean Energy Program under the direction of the Board’s Office of Clean Energy (“OCE”).

B. You shall submit all required applications and other forms to OCE, as required by OCE, and You, at your sole cost and expense, shall cause OCE to inspect, or arrange for inspection of, Seller’s Project in order for OCE to verify and certify that the SRECs generated by Seller’s Project are eligible for use in complying with the New Jersey Renewable Portfolio Standards (“RPS”) as set forth at N.J.A.C. 14:8-2.1 et seq., as amended, and as in effect from time to time during the Term of this Agreement, and You shall provide Us with a copy, or other acceptable evidence, of the OCE registration, inspection and certification confirming and verifying that Seller’s Project is capable of producing RPS-eligible SRECs.

4. Creation of SRECs.

A. Subject to Section 5.A. below, when (i) Seller’s Project has been constructed, and registered, inspected and certified, with and by, OCE as capable of producing SRECs eligible for use in complying with the RPS, (ii) the Conditions Precedent as set forth in Section A of the attached General Terms and Conditions have been satisfied, completed or waived by Us, and (iii) you have delivered your written notice to Us that Seller’s Project is operational, as set forth in Section 5.A. below, You shall begin to sell and deliver SRECs to Us.

B. An “SREC” is a Solar Renewable Energy Certificate, which is issued by PJM-EIS-GATS (as defined in Section G of the General Terms and Conditions) on a monthly basis, representing one megawatt-hour of solar energy that is generated by a facility connected to the distribution system in New Jersey and has value based upon, and driven by, the energy market. Such solar energy generation is tracked through monthly meter readings in accordance with applicable PJM-EIS-GATS Operating Rules and other related requirements.

C. For purposes of this Agreement, only meter readings from the SREC Meter (as defined in Section A.6 of the General Terms and Conditions), and not engineering estimates, shall be accepted as the basis for establishing the actual amounts of generation from

Seller's Project for purposes of determining the number of SRECs issued by PJM-EIS-GATS for Seller's Project during the Term of this Agreement.

5. Delivery Period.

A. Subject to Section A.3.(e) of the General Terms and Conditions, the "Delivery Period" begins on the date that is: (i) after the Effective Date, (ii) after You deliver written notice to Us that Seller's Project is able to operate, generate, and deliver SRECs pursuant to the terms of this Agreement, and (iii) the next Business Day of the then current PJM-EIS-GATS Generation Month after the date on which Purchaser confirms satisfaction and/or completion by You, or waiver by Us, of the Conditions Precedent, such date being the "Commencement Date." Any SRECs generated by Seller's Project prior to the Commencement Date shall not be eligible for purchase by Us hereunder.

B. The Delivery Period shall terminate at the earlier of (i) 11:59 P.M. of the date that is ten (10) years (*i.e.*, 120 months) following the Commencement Date (the "Ten Year Anniversary Date"), or (ii) the date on which the SREC Purchase Cap (as set forth and defined in Section 8 below) is achieved, whichever first occurs. Any SRECs generated by Seller's Project after the first to occur of the Ten Year Anniversary Date or the date on which the SREC Purchase Cap is achieved, shall not be eligible for purchase by Us hereunder.

C. Each twelve (12) consecutive months following the Commencement Date shall be a "Contract Year." The term "PJM-EIS-GATS Generation Month" means any month in which SRECs are issued in PJM-EIS-GATS for Seller's Project. The first PJM-EIS-GATS Generation Month is the first full month in which SRECs are issued in PJM-EIS-GATS for Seller's Project.

6. Purchase and Sale Obligation.

A. You hereby agree to sell and deliver to Us, and, subject to Section 8, Section 9, Section 10, and Section 11 below, We hereby agree to purchase and take delivery of, the SRECs produced from Seller's Project as and when such SRECs are created by, and through, the actual generation of one megawatt hour of electricity by Seller's Project, as registered on the SREC Meter and as reported to PJM-EIS-GATS, during the Delivery Period (the "Transferred SRECs").

B. Only whole (as opposed to fractional) Transferred SRECs shall be considered eligible for payment under this Agreement.

C. In addition to Seller's sale and Purchaser's purchase of SRECs, Purchaser, without the payment of any additional consideration to Seller, shall receive title to, and Seller shall convey to Purchaser, any and all right, title and interest in and to Environmental Attributes associated with the electricity generated by the Seller's Project. For purposes hereof, "Environmental Attributes" excludes electric energy and capacity produced, but includes any emissions, air quality, or other environmental or renewable attribute, aspect, characteristic, claim, credit, benefit, reduction, offset or allowance, howsoever entitled or designated, resulting from, attributable to or associated with the generation of energy by a solar renewable energy facility, whether existing as of the date of the SREC Contracting Order or in the future, and

whether as a result of any present or future local, state or federal laws or regulations or local, state, national or international voluntary program. If during the Delivery Period, a change in laws or regulations occurs that creates value in Environmental Attributes, including but not limited to any associated tax references and benefits, then at Purchaser's request, Seller shall cooperate with Purchaser to register such Environmental Attributes or take other action necessary to obtain the value of such Environmental Attributes for Purchaser.

D. We shall not purchase any energy or capacity from Seller's Project under this Agreement, and, subject to applicable net metering regulations, You may enter into other agreements with others to see energy and/or capacity produced by Seller's Project. This Agreement also makes no commitment by Purchaser for net metering of the Seller's Project, which is subject to requirements of Board rules and the Purchaser's tariff.

7. Assignment of SRECs. In furtherance of Your Agreement to sell the Transferred SRECs to Us for the Term of this Agreement, You hereby assign to Us, free and clear of all liens, security interests, encumbrances, and Claims (as defined in Section M of the attached General Terms and Conditions) or any interest therein or thereto held by a third party, all of Your rights, title and interests in the Transferred SRECs.

8. Quantity of SRECs.

A. Subject to Section 6.B. above, during each Contract Month of each Contract Year, You shall sell and deliver to Us, and We shall purchase and accept delivery of (and pay in accordance with Section 11 below), 100% of the quantity of Transferred SRECs produced by Seller's Project, if any, during each such Contract Month for each Contract Year during the Delivery Period; provided, however, that the total amount of SRECs purchased by Us hereunder during the Delivery Period shall not exceed the number of SRECs calculated by multiplying (i) the Size of Project expressed in kilowatts (*i.e.*, kW) by (ii) 1,350 hours, and dividing the product thereof by (iii) 1,000 kilowatt hours, and multiplying the result thereof by (iv) ten years, producing a number of SRECs, which will be rounded up to the next whole number of SRECS, (the result of such calculation of the foregoing (i), (ii), (iii) and (iv) factors being the "SREC Purchase Cap").<sup>1</sup>

B. For purposes of calculating the SREC Purchase Cap, the Size of Project shall be the lesser of (i) the Size of Project set forth in Appendix B (reflecting the size of the Project selected in accordance with Board-approved procedures and authorized by the SREC Contracting Order for the award of this Agreement under the SREC-II program) or (ii) the actual as-constructed size of the Project on the Commencement Date; provided, however, that the as-constructed Size of Project does not exceed +/-10% of the Size of Project set forth in Appendix B on the Effective Date and, as set forth in Seller's written certification to Purchaser, does not result from circumstances that were (1) known to Seller on the Effective Date, and (2) within Seller's control. Subject to the requirements of the foregoing sentence, the as-constructed size, if different than the Size of Project set forth in Appendix B on the Effective Date, will promptly thereafter be reflected as an authorized amendment to Appendix B. Changes in the Size of

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<sup>1</sup> For example, a 10 kW Project would have a contract limit of 135 SRECs (*i.e.*, 1350 kWh x 10 kW / 1000 x 10 years).

Project beyond the foregoing allowance shall be deemed an Event of Default resulting in the termination of this Agreement.

C. Purchaser shall have no obligation to purchase any SRECs produced by Seller's Project in excess of such SREC Purchase Cap or after the Ten Year Anniversary Date (in each case "Excess SRECs"), and We shall not accept the transfer of any Excess SRECs from Seller to Purchaser's designated PJM-EIS-GATS Account and such Excess SRECs shall not be treated, or paid for, as Transferred SRECs hereunder. Seller shall bear the risk of loss with respect to all Excess SRECs and Seller shall reimburse Purchaser for any payments made to Seller for Excess SRECs.

D. As used herein, "Contract Month" means each calendar month during the Delivery Period and, where (i) the Commencement Date does not fall on the first day of a calendar month, the remaining portion of such initial Contract Month, or (ii) the first to occur of the Ten Year Anniversary Date or the date on which the SREC Purchase Cap is achieved, does not fall on the last day of a calendar month, the portion of such last Contract Month immediately prior to and including the Ten Year Anniversary Date. In addition, on the first to occur of the Ten Year Anniversary Date or the date on which the SREC Purchase Cap is achieved, Seller shall (I) read the SREC Meter and report the registration thereon since the last prior meter reading to PJM-EIS-GATS; provided, however, that Seller's failure to read the meter and/or to report the meter reading to PJM-EIS-GATS shall result in the number of Transferred SRECs for the final Contract Month shall be pro-rated, and (II) update the Standing Order (as defined in Section G.7. of the General Terms and Conditions) so that it terminates effective as of the first day of the next PJM-EIS-GATS Generation Month following such date as applicable.

9. Purchase Price for SRECs. We shall pay You \$ \_\_\_\_ (U.S.) per Transferred SREC delivered to Us from Seller's Project during each Contract Month, after first deducting \$39.66, representing an SREC Transaction Fee of \$22.59 and an Administrative Fee of \$17.07, for each Transferred SREC we purchase ("Purchase Price").

10. Delivery of SRECs.

A. Subject to Section G of the General Terms and Conditions, You shall arrange for the Delivery of the Transferred SRECs to Us.

B. "Delivery" occurs when title and risk of loss related to Transferred SRECs has been transferred from You to Us and when the transfer of SRECs are properly recorded within the PJM-EIS-GATS and credited to Purchaser's PJM-EIS-GATS "Active Subaccount," as defined in the PJM-EIS-GATS Operating Rules. Pursuant to the assignment set forth in Section 7 above, You shall execute such forms or instructions as We and/or PJM-EIS-GATS shall require, including, without limitation, the form of Standing Order, in order to Deliver all Transferred SRECs each month directly into Purchaser's Active Subaccount.

C. If Your Facility is net-metered, You shall be required to read the SREC Meter and provide SREC Meter reading data to PJM-EIS-GATS only as frequently as is necessary to allow for the appropriate creation and subsequent recording of the Transferred SRECs within PJM-EIS-GATS. In the event that such readings are not available on a monthly

basis, You shall enter available actual meter readings in PJM-EIS-GATS, subject to reconciliation based upon the next actual SREC Meter reading. During each Contract Year, upon reasonable notice from Us to You, We shall have the right and You shall provide a reasonable opportunity for Us to review and validate metered generation data provided by the Seller's Project SREC Meter.

11. Payment for Transferred SRECs.

A. Notwithstanding the monthly Delivery of Transferred SRECs from You to Us, We shall pay You for such Transferred SRECs on a quarterly basis, by issuing a payment to You for the actual Transferred SRECs for the preceding Contract Quarter as shown on Appendix D and subject to Section 11 B and C below. As used herein, "Contract Quarter" means each Energy Year quarter (as set forth in Appendix D) during the Delivery Period and, where the Commencement Date does not fall on the first day of an Energy Year quarter, the remaining portion of such initial Energy Year quarter. Payment shall be in accordance with the schedule shown on Appendix D. The term "Energy Year" means the 12-month period from June 1st through May 31st, numbered according to the calendar year in which it ends.

B. Upon request of the Purchaser, the Seller shall provide Seller's Project information in the form of PJM-EIS-GATS screen print(s), providing (i) the actual meter readings during each month, (ii) the date that the meter was read each month during the quarter the Purchaser, in its reasonable discretion, shall specify, and (iii) the number of SRECs created during each month of such quarter.

C. Purchaser's payment to You (in accordance with the Appendix D) shall indicate the amount of Transferred SRECs delivered by You during each Contract Month of the Contract Quarter and shall also reflect the deduction of (a) the SREC Transaction Fee, (b) the Administrative Fee, and (c) any other deductions owed by You to Us, if any, as such fees are described and set forth in Section C of the General Terms and Conditions.

D. You shall have ten (10) Business Days from receipt of the payment to contest the amount paid. If in good faith You dispute the correctness of a payment and the accompanying explanatory statement issued by Us, then acting in good faith both You and We shall attempt to resolve the dispute promptly through negotiations. If it is determined that We have underpaid, then We shall pay You the amount that remains due and unpaid within ten (10) Business Days of such determination. If it is determined that We have overpaid, then We shall show the amount due from You to Us as a credit to Us on the next quarterly payment following such determination.

E. As used herein, "Business Day" means any day other than a Saturday, Sunday or a Federal Reserve Bank holiday. A Business Day starts at 8:00 A.M. and closes at 5:00 P.M., local prevailing time in the New Jersey location of the Facility.

12. The General Terms and Conditions are attached hereto as Appendix A, and, by this reference, are made a part hereof.

**IN WITNESS WHEREOF**, and intending to be legally bound by the terms and conditions of this Agreement, the Parties have executed this Agreement as of the Effective Date hereof.

\_\_\_\_\_  
Seller Name

ATLANTIC CITY ELECTRIC COMPANY

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_



**GENERAL TERMS AND CONDITIONS**

Capitalized terms not defined herein shall have the meaning set forth in the Agreement to which this Appendix A is attached and made a part thereof.

A. **CONDITIONS PRECEDENT.** Purchaser's obligations under this Agreement shall not become effective, and except with respect to condition precedent No. 10 below, Seller shall forfeit any deposit paid to Purchaser (i.e., the cash deposit equal to \$75 per Project kW, but not less than \$500 and not more than \$20,000 paid by Seller within 14 days of the Board's issuance of the SREC Contracting Order authorizing this Agreement [the "Deposit"]), unless and until the following conditions are satisfied by Seller, in form and substance satisfactory to Purchaser and its counsel, on or prior to the Commencement Date, promptly following which the Deposit, without interest, shall be returned by Purchaser to Seller.

1. **Execution and Delivery of Agreement.** This Agreement and any associated material documents or other agreements, including, without limitation, an appropriate interconnection agreement, shall have been completed, duly executed and delivered by Seller to Purchaser. Seller shall return this executed Agreement promptly within the time frames specified by Purchaser in the notice accompanying, or issued in connection with, the delivery of this Agreement to Seller and the entry of a final and non-appealable SREC Contracting Order by the Board.
2. **Other Documentation.** To the extent Purchaser has requested such documentation, Purchaser shall have received all requested Seller's Project Documents (as defined in Section K of these General Terms and Conditions) with respect to Seller's Project, each duly executed by each person that is a party thereto, each of which Seller's Project Documents shall be in full force and effect, and in form and substance satisfactory to Purchaser.
3. **Completion of Seller's Project.** The installation of Seller's Project at the Facility shall have been completed; provided that Seller shall have previously notified Purchaser in writing that Seller's Project is substantially complete, and Purchaser, at its option and discretion, shall have verified within 14 days of Seller's notice that Seller's Project has achieved operation.
  - (a) For purposes of this Agreement, in the event the Commencement Date has not occurred within six (6) months of the Effective Date, Purchaser shall have the right, exercisable upon written notice to Seller, to terminate this Agreement without further obligation or liability to Seller.
  - (b) Notwithstanding Section A.3.(a), above, such six (6) month period may be extended, on one occasion only for an additional three (3) months by Seller's submission to Purchaser, not more than 30 days and not less than 14 days, prior to the expiration of such six (6) month period, of a written certification by Seller

substantially in the form attached hereto as Appendix A-1 that (a) all applicable permits for the Seller's Project have been filed with and/or approved by the authority having jurisdiction, or (b) permits for the Seller's Project are not required under applicable law. Upon timely receiving such certification, Purchaser may rely completely on such certification, without verification and without receiving, requesting or reviewing any substantiating documentation from Seller, as the basis for granting the requested extension.

(c) Seller may seek review by the Board of a denial by Purchaser of a first extension request, which shall be Seller's exclusive remedy in the event of a denial of such request.

(d) Seller understands, acknowledges, and agrees that further extensions to complete the Project may be granted only by Order of the Board following a formal petition to the Board requesting such further extension; provided, however, that (i) any such petition must be made prior to the expiration of the first extension; (ii) all of the certifications made in connection with the first extension continue to be true and correct; (iii) all modules and other equipment are on the Seller's Project site at the Facility; (iv) Seller's Project completion is imminent; and (v) for Seller's Project that is (a) 10kW and less, such extension request shall be for no more than one (1) month following expiration of the first extension, or (b) over 10kW, such extension request shall be for no more than three (3) months following expiration of the first extension.

(e) Seller also understands, acknowledges, and agrees that, notwithstanding the grant of any extension hereunder, and provided that the Seller's Project is completed by no later than the expiration of any effective extension hereunder, (i) the Commencement Date under this Agreement shall be that date that is exactly six (6) months from the Effective Date, (ii) the Delivery Period shall be deemed to have commenced on the Commencement Date as established in this Section A.3.(e) of these General Terms and Conditions, and (iii) such Delivery Period (as deemed to have commenced hereunder) shall terminate in accordance with the provisions of Section 5.B. of this Agreement.

4. OCE Inspection Report. Seller, at its sole cost and expense, shall have arranged for and caused OCE to inspect and certify Seller's Project and shall have provided to Purchaser a complete copy of (i) the OCE inspection report with respect to Seller's Project installed at the Facility, (ii) the OCE certification of Seller's Project, and (iii) the final "as built" Project Documents.
5. Registration with PJM-EIS-GATS. If Seller is required by PJM-EIS-GATS to become an Account Holder, then Seller, at its sole cost and expense, shall have registered Seller's Project with, and shall have subscribed to, PJM-EIS-GATS, and shall have opened an Active Subaccount in accordance with PJM-EIS-GATS Operating Rules for purposes of making Delivery of Transferred SRECs to Purchaser, and Seller shall provide evidence of same to Purchaser.

6. The SREC Meter. Seller shall have arranged, at its sole cost and expense, for (i) Seller to install, own, and maintain a revenue grade kilowatt-hour meter (“SREC Meter”) at Seller’s Project located in accordance with applicable regulatory and PJM-EIS-GATS standards, and capable of measuring the electricity generated from the continued operation of Seller’s Project throughout the Delivery Period so as to be reported to, and subject to audit and reasonable access by, Purchaser and PJM-EIS pursuant to the PJM-EIS-GATS Operating Rules and other PJM-EIS requirements, as applicable, and (ii) net metering arrangements with Purchaser, in accordance with applicable net metering regulations.
7. Certification Regarding Rebates. Seller shall have certified to Purchaser that it has not received, and will not receive, any rebates with respect to Seller’s Project under any program administered by OCE.
8. No Defaults. No Event of Default under this Agreement or any other agreement applicable to Seller’s Project has occurred and is continuing.
9. Continuing Representations and Warranties. The representations and warranties of Seller contained in this Agreement shall be true and correct as of the Commencement Date with the same effect as though made on such date, except, however: (i) for such changes as are specifically permitted hereunder; and (ii) to the extent made solely as of a previous date, such representations and warranties shall have been true and correct as of such previous date.
10. SREC Contracting Order. The Board’s SREC Contracting Order, and/or any subsequent Board Order authorizing Purchaser to enter into such contracts and agreements, including, in particular, this Agreement, remains in full force and effect.

B. INSPECTIONS. Prior to the Commencement Date and thereafter during the Term, Purchaser shall have the right, but not the obligation, to make inspections of Seller’s Project, and/or retain a third party to make any such inspections on its behalf, and, following the Commencement Date, to verify that Seller’s Project is being operated and maintained in accordance with prevailing industry standards. All inspections by Purchaser are for Purchaser’s determination of completion of Seller’s Project in accordance with Section A.3 of these General Terms and Conditions above and otherwise for its internal purposes only, and are not to be deemed to constitute Purchaser’s approval of Seller’s Project and/or its continued operation.

C. TAXES, FEES AND EXPENSES.

1. Application Fee. Purchaser will charge to Seller and Seller shall pay to Purchaser a non-refundable Application Fee of \$25 for each application to participate in a Segment 1 program solicitation.
2. Assignment Fee. Purchaser will charge to Seller and Seller shall pay an Assignment Fee of \$1,500 for assignments of this Agreement and shall pay thereafter any additional costs (including but not limited to outside counsel and consultant fees) reasonably incurred by Purchaser . These costs will be billed directly to the counterparty under this Agreement that is seeking such assignment.
3. Administrative Fee. As described in Section 9 of the Agreement, Purchaser will charge to Seller and Seller shall pay to Purchaser an Administrative Fee of \$17.07 per SREC purchased by ACE from Seller. The fee will be applied to each SREC purchase transaction between ACE and the Seller, by deducting \$17.07 from the payment for each Transferred SREC purchased by ACE.
4. SREC Transaction Fee. As described in Section 9 of the Agreement, Purchaser will charge to Seller and Seller shall pay to Purchaser an SREC Transaction Fee of \$22.59 per SREC purchased by ACE from Seller. The fee will be applied to each SREC purchase transaction between ACE and the Seller, by deducting \$22.59 from the payment for each Transferred SREC purchased by ACE.
5. Other Taxes, Fees and Expenses. Seller shall pay any other program participant fees (*e.g.*, the “Assignment Fee” set forth in Section I of these General Terms and Conditions), as established in accordance with the Stipulation of Settlement approved by the Board in the initial SREC Contracting Order issued December 15, 2013 authorizing the SREC-II program, which fees, beginning January 1, 2019, shall be subject to annual adjustments by Purchaser in accordance with such Board Order, and any other costs, fees, and expenses, including any and all Taxes and transaction costs, fees and expenses attributable to or arising from the sale of the Transferred SRECs under this Agreement and in order to (a) obtain the initial certification of the Transferred SRECs, including any inspections of Seller’s Project in connection therewith, and (b) provide for the filing and recording of any instrument delivered by Seller to convey the Transferred SRECs to Purchaser. Purchaser shall pay any and all costs, fees and expenses incurred in connection with (i) the certification for the Transferred SRECs, if any, required with respect to any subsequent sale of the Transferred SRECs by Purchaser, (ii) any other certifications or third party verifications concerning the Transferred SRECs, and (iii) any and all Taxes and transaction costs, fees and expenses attributable to or arising from the subsequent sale of the Transferred SRECs by Purchaser. If Purchaser is required by law or regulation to remit or pay Taxes, which are Seller’s responsibility hereunder, Purchaser may deduct the amount of any such Taxes from the sums due to Seller under this Agreement. Nothing shall obligate or cause a Party to pay or be liable to pay any Taxes for which it is exempt under the law and for which it timely asserts and diligently pursues such exemption,

until final determination thereof. “Taxes” means any and all new or existing privilege, sales, use, consumption, excise, transaction, and other taxes or similar charges, and any increases in the same, but “Taxes” does not include income taxes or other similar taxes based on income or net revenues.

D. REPRESENTATIONS AND WARRANTIES.

1. Seller. Seller represents and warrants that:

i. If Seller is not an individual, it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, and the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its Constitutive Documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it. “Constitutive Documents” means, with respect to any person that is a corporation, its certificate of incorporation or articles of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized shares of capital stock; with respect to any person that is a limited partnership, its certificate of limited partnership and partnership agreement; with respect to any person that is a limited liability company, its certificate of formation and its limited liability company agreement; and with respect to any person that is a grantor trust, its trust agreement, in each case, as the same may be amended or modified and in effect from time to time;

ii. This Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms; subject to any equitable defenses, bankruptcy principles, or the like;

iii. It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;

iv. 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;

v. It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and

vi. If Seller is the Project Developer, Seller has obtained and provided to Purchaser the written acknowledgement (in the form attached hereto as Appendix

C) of the owner of the Facility (“Host”) acknowledging for Purchaser’s benefit that Seller has the right to locate Seller’s Project at the Facility and that Host has (a) no right, title or interest, including, but not limited to, any third party beneficiary rights, in the Transferred SRECs, which are to be sold to Purchaser under this Agreement, (b) no right, title or interest in this Agreement, including, but not limited to any third party beneficiary rights, (c) no rights against Purchaser, and shall not look to Purchaser, with respect to any claim or damages with respect to any aspect of Seller’s Project, including, but not limited to, the construction, operation or maintenance thereof at Host’s Facility.

2. Purchaser. Purchaser represents and warrants that:

i. It is duly organized, validly existing, and in good standing under the laws of the State of New Jersey, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, and the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its Constitutive Documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

ii. This Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms; subject to any equitable defenses, bankruptcy principles, or the like;

iii. It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;

iv. 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;

v. It is acting for its own account pursuant to the directive of the Board as set forth in the SREC Contracting Order, and is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and

vi. It has entered into this Agreement in compliance with the SREC Contracting Order and it has the capacity or ability to make or take delivery of all Transferred SRECs referred to in this Agreement.

E. FURTHER SELLER REPRESENTATIONS AND WARRANTIES. In addition to the representations and warranties of Seller made above, Seller also represents and warrants that (i) the number of Transferred SRECs credited to Seller's PJM-EIS-GATS Active Subaccount will be based on the energy generation from Seller's Project at the Facility based upon the reading of the SREC Meter, (ii) all Transferred SRECs produced by Seller's Project and sold to Purchaser hereunder shall be eligible for use in complying with the RPS as so certified by OCE or such other agent as designated and appointed by the Board from time to time, and (iii) Seller shall promptly notify Purchaser of any change in circumstance, which causes the foregoing representation and warranty to no longer be true, including providing a copy of any notice received from OCE or otherwise indicating or determining that the Transferred SRECs are no longer RPS-eligible ("Non-eligible SRECs"). Purchaser shall not be obligated to pay for Non-eligible SRECs, and Seller shall be responsible to reimburse Purchaser for any payments made to Seller for Non-eligible SRECs.

F. FURTHER ASSURANCES. Each of the Parties hereto agree to cooperate with the other and to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party, which are not inconsistent with the provisions of this Agreement and which do not involve the assumptions of obligations other than those provided for in this Agreement, in order to give full effect to this Agreement and to carry out the intent of this Agreement.

G. PJM-EIS-GATS. This Agreement provides for the use of the PJM-EIS-GATS. For purposes of this Agreement:

1. "PJM" means the PJM Interconnection, a regional transmission organization that coordinates and directs the operation and ensures reliability of the high-voltage electric power system service all or parts of the territory consisting of the states of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia.
2. "PJM-EIS-GATS" means the electronic PJM Environmental Information Service-Generator Attribute Tracking System operated by the PJM-EIS-GATS Administrator to account for the creation, tracking and retirement of SRECs in the PJM "Control Area," as that term is defined in the PJM-EIS-GATS Operating Rules.
3. "PJM-EIS-GATS Account" means a Party's SREC account on PJM-EIS-GATS, as identified if applicable.
4. "PJM-EIS-GATS Administrator" means PJM Environmental Information Services, Inc., a wholly-owned subsidiary of PJM Technologies, Inc., or any successor thereto performing similar functions.

5. “PJM-EIS-GATS Operating Rules” means the Generation Attribute Tracking System (PJM-EIS-GATS) Operating Rules adopted by the PJM-EIS-GATS Administrator, as the same may be amended or modified and in effect from time to time by PJM-EIS-GATS.
6. As long as PJM-EIS-GATS requires Seller to become an “Account Holder,” as defined in the PJM-EIS-GATS Operating Rules, then at Seller’s sole cost and expense, Seller shall become a PJM-EIS-GATS Account Holder and Seller shall open, maintain, or cause to be opened and maintained, until expiration of the Term, a Seller’s Active Subaccount into which Transferred SRECs from Seller’s Project may be deposited, and transferred to and from, in accordance with the applicable PJM-EIS-GATS Operating Rules.
7. Seller shall execute a PJM-EIS-GATS Standing Order (“Standing Order”) designating Purchaser as the recipient of 100% of the Transferred SRECs from the Seller’s Project beginning on the Commencement Date and ending on the date that is the first day of the next PJM-EIS-GATS Generation Month following the Ten Year Anniversary Date, provided, however, that, in accordance with Section 5.B. and Section 8.D. of this Agreement, such ending date shall be subject to being changed to the first day of the next PJM-EIS-GATS Generation Month following the date on which the SREC Purchase Cap is achieved if such date occurs before the Ten Year Anniversary Date. During the term of this Agreement, Seller shall not change the ending date of the Standing Order except as specifically provided herein or as agreed in writing by Purchaser.
8. If Seller is required to become an Account Holder, then title to the Transferred SRECs shall not pass from Seller to Purchaser until Purchaser confirms acceptance of the Transferred SRECs.
9. In the event that the processes and procedures set forth in this Agreement for the creation, issuance, verification, delivery and tracking of SRECs are no longer authorized by the Board or PJM-EIS-GATS, or both, the Parties agree to comply with, and act under and in accordance with, the Board’s then applicable rules and/or Orders pertaining to the creation, issuance, verification, delivery and tracking of SRECs by any successor entity or organization to PJM-EIS-GATS, as may be authorized from time to time by the Board.

#### H. FORCE MAJEURE.

1. Except as otherwise set forth in this Agreement, neither Party shall be liable for any failure or delay in performance of its respective obligations hereunder during the Delivery Period if and to the extent that such delay or failure is due to a Force Majeure Event. In the event of (i) a Force Majeure Event of 12 consecutive months duration, or (ii) Force Majeure Events cumulatively totaling 24 months, in which Seller fails to deliver any Transferred SRECs from Seller’s Project to Purchaser, Purchaser shall have the right to terminate this Agreement without further liability to Seller, by giving Seller 15 Business Days written notice.



2. “Force Majeure Event” means any cause beyond the reasonable control of, and not due to the fault or negligence of, the affected Party and which could not have been avoided by the affected Party’s reasonable due diligence, including, as applicable, war, terrorism, riots, embargo or national emergency; curtailment of or inability to obtain electric power transmission services or interconnection; fire, flood, windstorm, earthquake, or other acts of God; strikes, lockouts, or other labor disturbances (whether among employees of Seller, its suppliers, contractors, or others); delays, failure, and/or refusal of suppliers to supply materials or services; orders, acts or omissions of the PJM-EIS-GATS Administrator, as applicable; orders or acts of any Governmental Authority (as defined in Section P.2 hereof) (other than those orders and acts addressed under Section P of these General Terms and Conditions); changes in laws or regulations (other than those changes addressed under Section P of these General Terms and Conditions); or any other cause of like or different kind, beyond the reasonable control of Seller. Notwithstanding the foregoing, a Force Majeure Event shall not be based on Seller’s ability to sell SRECs at a price greater than the Purchase Price, Purchaser’s ability to purchase SRECs at a price below the Purchase Price, Purchaser’s inability to resell the SRECs or any events addressed under Section P of these General Terms and Conditions.

I. ASSIGNMENT/DELEGATION. Neither Purchaser nor Seller shall assign this Agreement nor delegate any of its duties hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed; otherwise any such assignment or delegation shall be voidable at the option of the other Party. Notwithstanding the foregoing, either Party may, without the prior consent of the other Party, (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements (and without relieving itself from liability hereunder), (ii) transfer or assign this Agreement to an affiliate of such Party which affiliate’s creditworthiness is equal to or higher than that of such Party, or (iii) transfer or assign this Agreement to any person or entity (A) succeeding to all or substantially all of the assets of such Party, or (B) purchasing the Facility at or on which Seller’s Project is located, provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request; provided further that the transferring party shall promptly provide the non-transferring party with notice in writing containing reasonably detailed information regarding the assignment, including instructions with respect to any applicable changes in names or addresses acknowledged in writing by the assignor and assignee. In requesting Purchaser to process an assignment hereunder, Seller shall submit payment to Purchaser of an assignment fee in the amount of \$1,500 (the “Assignment”) for each requested assignment, and related estoppel statement or consent (as set forth in clause I.1 below).

1. Financing Cooperation. Purchaser agrees, at Seller’s sole cost and expense, to (i) cooperate with Seller in responding to or complying with the reasonable requirements or reasonable requests of any Financing Party with respect to the obligations of Purchaser hereunder; provided, however, that such compliance will be only to the extent permitted under the SREC Contracting Order, (ii) provide reasonable assistance to Seller in complying with the reporting requirements set

forth in any financing agreements of a Financing Party, and (iii) at any time, and from time to time, during the Term, after receipt of a written request by Seller, execute and deliver to Seller and/or any Financing Party, such estoppel statements (certifying, to the extent true and correct, among other things that (1) this Agreement is in full force and effect, (2) no modifications have been made, (3) no disputes or defaults exist, (4) no events have occurred that would, with the giving of notice or the passage of time, constitute a default under this Agreement, and (5) all amounts then due and owing have been paid) or consents to assignments of this Agreement by Seller as collateral security as may reasonably be required. “Financing Party” means any lenders or other third parties providing construction financing, long-term financing or other credit support in connection with the development, construction or operation of Seller’s Project.

J. EVENTS OF DEFAULT; REMEDIES AND DAMAGES.

1. In the event (“Event of Default”) of, or arising from, (i) the failure of either Party to make when due, any payment obligation required hereunder if such failure is not remedied within ten (10) Business Days after written notice of such failure is given to the defaulting part (the “Defaulting Party”) by the other Party; (ii) the failure of either Party to comply with any or all of its other respective obligations in good faith as herein set forth and such noncompliance is not cured within 30 Business Days after notice thereof to the Defaulting Party; or (iii) either Party (1) filing a petition in bankruptcy, (2) having such a petition filed against it, and (3) becoming otherwise insolvent or unable to pay its debts as they become due, the non-Defaulting Party may establish by written notice to the Defaulting Party a date on which this Agreement shall terminate early. The non-Defaulting Party may suspend performance of its obligations under this Agreement until such Event of Default is cured, or if the Event of Default is a failure to pay as set forth in clause (i) above, until such amounts have been paid, and if the non-Defaulting Party chooses to suspend performance Seller’s right to receive payment, if applicable, is such Party’s exclusion remedy for a failure to pay under clause (i) above.
2. If Seller fails to deliver any Transferred SRECs in any Contract Month, whether by reason of Force Majeure Event or otherwise, Purchaser shall have no obligation to pay Seller any amount for such Contract Month.
3. Except as otherwise provided herein, all other damages and remedies are hereby waived as to any Events of Default.

K. NO ASSUMPTION OF LIABILITIES. Purchaser shall not assume, and Seller shall retain and be responsible for, any and all liabilities and obligations of Seller of any kind or nature whatsoever with respect to Seller’s Project, including, without limitation, any and all liabilities and obligations of Seller under Seller’s Project Documents. “Project Documents” means this Agreement, OCE certifications and other evidence of OCE inspections of Seller’s Project, and the executed project development agreement or other agreement between Seller and a Project Developer evidencing a legally enforceable obligation to develop, design, procure, and install a

solar-powered photovoltaic generation system warranted to operate at the Facility for at least the Term of this Agreement, and, if Seller is a Project Developer, any applicable leases, easements, power purchase agreements between the Project Developer and Host and licenses evidencing Project Developer's rights of access and rights to develop, design, procure, install and operate a solar-powered photovoltaic generation system at the Facility and warranted to operate at the Facility for at least the Term of this Agreement.

L. LIMITATION OF LIABILITY. WITH RESPECT TO ANY LIABILITY HEREUNDER, NEITHER SELLER NOR PURCHASER SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS, OR BUSINESS INTERRUPTION DAMAGES, WHETHER BY STATUTE, IN TORT OR IN CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.

M. DISPUTES. Any Dispute or Claim arising hereunder not otherwise resolved by and between the Parties by good faith negotiations shall be presented for binding arbitration in Atlantic County, New Jersey, in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") using a single arbitrator jointly selected by the Parties unless the Parties are unable to agree to a single arbitrator within ten (10) Business Days after commencing arbitration, in which case the arbitrator will be selected by the AAA. "Claims" means all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent, or otherwise, that directly or indirectly relate to the subject matter of any dispute hereunder, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

N. NOTICES. Notices provided for or required under this Agreement shall be exercised in writing. The Parties shall be legally bound from the date the notification is exercised. Notices provided for or required in writing herein shall be delivered by hand or transmitted by facsimile or sent by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier. Notices hand delivered, shall be deemed delivered by the close of the Business Day on which it was hand delivered (unless hand delivered after the close of the Business Day in which case it shall be deemed received by the close of the next Business Day). Notices provided by facsimile shall be deemed to have been received upon the sending of a Party's receipt of its facsimile machine's confirmation of a successful transmission. If the day on which such facsimile is received is not a Business Day or is after 5:00 P.M. Eastern prevailing time on a Business Day, then such facsimile shall be deemed to have been received on the following Business Day. Notices provided by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier, shall be deemed delivered upon receipt.

O. INDEMNITY. Each Party shall indemnify, defend and hold harmless the other Party from and against any Claims arising from or out of any event, circumstance, act or incident first occurring or existing during the period when control and title to Transferred SRECs is vested in such Party as provided for in Section 10 of this Agreement. Each Party shall indemnify, defend and hold harmless the other Party against any Taxes for which such Party is responsible under Section C of these General Terms and Conditions.

P. REGULATORY AND TAX CHANGES

1. Purchaser Cost Recovery. The Parties recognize and agree that this Agreement and the amounts to be paid to Seller for Transferred SRECs hereunder, and the incurring of costs by Purchaser associated with this Agreement, are premised upon and subject to (i) ACE's continuing ability to timely and fully recover from its customers all amounts paid to Seller hereunder as well as administrative costs associated with this Agreement and all other amounts authorized to be recovered by Purchaser, and in accordance with, the initial SREC Contracting Order issued by the Board on December \_\_\_\_ 2013, under the SREC-II program, and (ii) the continuing validity of the certification and recognition by the Board of the SRECs generated by Seller's Project for purposes of RPS compliance, throughout the Term hereof.
  
2. Regulatory Changes. If the regulatory framework in effect as of the date hereof governing this Agreement and the program under which it was executed, whether such regulatory framework is set forth in regulations, the SREC Contracting Order, the Board Order approving this particular Agreement (if not the SREC Contracting Order) or otherwise, is amended or suspended by the Board or any other Governmental Authority and/or is otherwise no longer in force (collectively, a "Regulatory Change"), Seller will continue to purchase SRECs from Seller ONLY IF all of the following conditions are met: (a) Seller continues to produce and sell SRECs in accordance with this Agreement; (b) the terms in this Agreement governing the purchase and sale of SRECs remain in full force and effect; (c) despite the Regulatory Change, ACE continues to receive rate treatment and cost recovery, in terms of amounts to be recovered for its SREC-based contracting program, including, without limitation, recovery of amounts paid under this Agreement to purchase SRECs, administrative costs, carrying costs, additional recoveries authorized by the Board in the SREC Contracting Order, and incentives (including the SREC Transaction Fee), if any, and timeliness of recovery, that is no worse for ACE than was provided as of the date hereof. In the event that there is a Regulatory Change and all of the foregoing conditions (a), (b) and (c) are not met, then, either: (x) the Parties shall promptly thereafter commence negotiations, which shall not exceed a period of 30 days, to amend this Agreement, if possible, to conform to the Regulatory Change in a manner that does not cause Purchaser or its customers to be in a worse position than they would have been in had the regulatory framework and the rate treatment and cost recovery not been changed; or (y) upon 30 days prior written notice to Purchaser, Seller may terminate this Agreement and neither Party shall have any further liability or obligation hereunder except with respect to amounts due prior to the date of such termination. In the event that the Parties cannot negotiate an amendment to this Agreement that meets the requirements of clause (x) above, this Agreement shall terminate at the expiration of the 30-day negotiation period. "Governmental Authority" means the federal government, any state or local government or other political subdivision thereof (whether federal, state or local), any court and any administrative agency or other regulatory body, instrumentality,

authority or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

3. Further Understandings. Notwithstanding the foregoing provisions of Section P.2 above, (a) Purchaser shall not be obligated to pay Seller hereunder during the pendency of any appeal with respect to any such Regulatory Change in the regulatory framework, and (b) any termination of this Agreement or any amendment to this Agreement shall be effective retroactively from the date such Regulatory Change, and Seller shall reimburse Purchaser for any amounts paid to Seller which exceed the amounts that should have been paid pursuant to the foregoing provisions of Section P.2 as a result of such final and non-appealable order regarding a Regulatory Change.

Q. FORWARD CONTRACT. Purchaser and Seller each acknowledge that, for purposes of this Agreement, it is a “forward contract merchant” and that all transactions pursuant to this Agreement constitute “forward contracts” within the meaning of the United States Bankruptcy Code.

R. NETTING AND SETOFF. If Purchaser and Seller are required to pay any amount under this Agreement on the same day or in the same month, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the Party owed the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement and/or any other contract between the Purchaser and Seller, if any, may be offset against each other, set off or recouped therefrom.

S. WAIVER. The failure of Purchaser or Seller to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a future waiver of any such provisions or the relinquishment of any such rights, but the same shall continue and remain in full force and effect for the term of this Agreement.

T. ENTIRE AGREEMENT. This Agreement, together with any attachments or exhibits specifically referenced herein, constitutes the entire contract between Purchaser and Seller with respect to the subject matter hereof, supersedes all prior oral or written representations and contracts, and may be modified only by a written amendment signed by Purchaser and Seller.

U. COMPLIANCE WITH LAWS. Seller and Purchaser shall comply with the provisions of all laws and any applicable order and/or regulations, or any amendments or supplements thereto, which have been, or may at any time be, issued by a Governmental Authority relating to this Agreement and the transactions hereunder.

1.

V. GOVERNING LAW AND VENUE. This Agreement shall be construed, enforced, and performed in accordance with the laws of the State of New Jersey, without recourse to principles governing conflicts of law. Any lawsuit arising in connection with this Agreement shall be brought only in the state and federal courts of New Jersey.

W. AUDITING. During the Term, Purchaser may, at reasonable times and on reasonable notice, audit Seller's records pertaining to Seller's Project and the Transferred SRECs, and Seller shall maintain reasonable records relating to this Agreement for a period of two (2) years following termination of this Agreement.

**CERTIFICATION**

The undersigned, \_[name]\_, \_[title]\_ of \_[name of developer]\_ (“Seller”), hereby CERTIFIES as follows in connection with that certain Solar Renewable Energy Certificate Purchase and Sale Agreement, dated as of \_\_\_\_\_, 201[  ], between Seller and \_[name of EDC]\_ (“SREC PSA”) relating to the solar photovoltaic generation project (“Project”) defined in the SREC PSA, and consistent with Section A.3.(b) of the General Terms and Conditions of the SREC-PSA:

1. (a) All applicable permits for the Seller’s Project has been approved by the authority having jurisdiction, or (b) Permits for the Seller’s Project are not required under applicable law.
2. Seller has the requisite documentation substantiating this certification and will retain it for two years from the date hereof and make it available to the New Jersey Board of Public Utilities (“Board”) and/or its Staff upon request.
3. Consistent with Section A.3.(c) of the General Terms and Conditions of the SREC-PSA, Seller also acknowledges that (i) its only recourse from a denial by Purchaser of a requested extension is to seek review of such action by the Board, and (ii) any further extension request beyond its initial request to Purchaser must be made by formal petition to the Board consistent with Section A.3.(d) of the General Terms and Conditions of the SREC-PSA and may be granted only by Order of the Board.

I certify that the foregoing statements made by me are true. I understand that if any of the foregoing statements are willfully false, I am subject to punishment.

Date: \_\_\_\_\_, 201[  ]

\_\_\_\_\_  
[Name, Title]

**APPENDIX B**

**DESCRIPTION OF SELLER'S PROJECT, SPECIFICATION OF LOCATION OF SELLER'S PROJECT AND DETAILS REGARDING THE SIZE, TYPE, MANUFACTURER AND RELATED DETAILS REGARDING THE QUALIFIED SOLAR PHOTOVOLTAIC GENERATION UNIT**

**Please include facility name, address, account number as well as equipment information (make/model/quantity) and description of location on site.**



**HOST'S ACKNOWLEDGEMENT AND CERTIFICATION**

The undersigned is the owner of the Facility ("Host") at which \_\_\_\_\_, the Seller named in the Solar Renewable Energy Certificate Purchase and Sale Agreement dated \_\_\_\_\_, 20\_\_ with Atlantic City Electric Company (the "Agreement"), intends to develop the Seller's Project referred to in the Agreement. The undersigned hereby acknowledges and certifies for the benefit of Atlantic City Electric Company as follows:

1. The undersigned has no right, title or interest, including, but not limited to, any third party beneficiary rights, in the Transferred SRECs (as defined in the Agreement), which are to be sold to Atlantic City Electric Company under the Agreement.

2. The undersigned has no right, title or interest in the Agreement, including, but not limited to any third party beneficiary rights.

3. The undersigned has no rights and/or waives any rights against Atlantic City Electric Company, and shall not look to Atlantic City Electric Company, with respect to any claim or damages with respect to any aspect of Seller's Project, including, but not limited to, the construction, operation or maintenance thereof at the undersigned's Facility.

\_\_\_\_\_  
Name of Host

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

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Title of Signatory

Date: \_\_\_\_\_, 20[\_\_]

**DELIVERY AND PAYMENT DATES**

<b><u>PJM-EIS-GATS Generation Month</u></b>	<b><u>Payment Date Month (no later than the twentieth business day of )</u></b>
<b><u>June, July, August</u></b>	<b><u>October</u></b>
<b><u>September, October, November</u></b>	<b><u>January</u></b>
<b><u>December, January, February</u></b>	<b><u>April</u></b>
<b><u>March, April, May</u></b>	<b><u>July</u></b>

Purchase and Sale  
Agreement  
Segment 2

## ATTACHMENT C

### **[SREC II PROJECTS, SEGMENT 2] SOLAR RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE AGREEMENT**

THIS SOLAR RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE AGREEMENT (“Agreement”), dated as of \_\_\_\_\_, (the “Effective Date”), is made and entered into by and between ATLANTIC CITY ELECTRIC COMPANY, a New Jersey corporation (“ACE” or “Purchaser” or “Us” or “We”), having offices at 5100 Harding Avenue, Mays Landing, New Jersey 08330, and \_\_\_\_\_, [a \_\_\_\_\_] (“Seller” or “You”), having a [its] principal place of residence [business] at \_\_\_\_\_, New Jersey [Zip Code]. From time to time throughout this Agreement, each of Purchaser and Seller is referred to as, individually, a “Party” and together, collectively, as the “Parties” or “They.”

#### **BACKGROUND**

A. The New Jersey Board of Public Utilities (the “Board” or “BPU”), in its Order dated \_\_\_\_\_ in BPU Docket No. EO12090799 (the “SREC Contracting Order”) approved ACE’s SREC-based contracting program (the “SREC II Program”) and authorized and directed ACE to enter into long-term contracts to purchase the solar renewable energy certificates (“SRECs”) generated by solar photovoltaic generation projects (each a “Project”) within ACE’s service territory, which are installed, owned and operated by ACE customers or by solar project developers (each a “Project Developer”) at ACE customer locations, which Projects have been selected under Board-approved procedures for an award of an SREC purchase and sale contract in the SREC II Program.

B. Seller is either (i) an ACE customer who is, or has entered into an agreement with, a Project Developer for purposes of developing, designing, procuring, installing and operating a Project at the premises or the facility owned or operated by Seller, or (ii) a Project Developer that has entered into an agreement with an ACE customer to install, own and operate a Project at the premises or the facility owned or operated by the ACE customer (in either case, the “Facility”) physically located in the ACE service territory, as such Facility is identified in this Agreement as set forth in Appendix B attached hereto.

C. Seller’s Project as specified in Appendix B (“Seller’s Project”), has been selected under Board-approved procedures for award of a SREC purchase and sale contract by Purchaser.

D. Purchaser has agreed to purchase, and Seller has agreed to sell, the SRECs generated by Seller’s Project under the terms and conditions of this Agreement.

***NOW THEREFORE***, in consideration of the promises and the mutual covenants and agreements hereinafter set forth, the Parties hereto agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein, shall have the meaning set forth in the General Terms and Conditions attached hereto as Appendix A (“General Terms and Conditions”).

2. Term of Agreement. The term of this Agreement (“Term”) shall commence on the Effective Date and shall terminate upon expiration of the Delivery Period, unless terminated earlier pursuant to the terms hereof.

3. Registration of Seller’s Project.

A. You shall be responsible to construct Seller’s Project, or to cause it to be constructed so that it may be registered, and to register Seller’s Project, or cause it to be registered, with the New Jersey Clean Energy Program under the direction of the Board’s Office of Clean Energy (“OCE”).

B. You shall submit all required applications and other forms to OCE, as required by OCE, and You, at your sole cost and expense, shall cause OCE to inspect, or arrange for inspection of, Seller’s Project in order for OCE to verify and certify that the SRECs generated by Seller’s Project are eligible for use in complying with the New Jersey Renewable Portfolio Standards (“RPS”) as set forth at N.J.A.C. 14:8-2.1 et seq., as amended, and as in effect from time to time during the Term of this Agreement, and You shall provide Us with a copy, or other acceptable evidence, of the OCE registration, inspection and certification confirming and verifying that Seller’s Project is capable of producing RPS-eligible SRECs.

4. Creation of SRECs.

A. Subject to Section 5.A. below, when (i) Seller’s Project has been constructed, and registered, inspected and certified, with and by, OCE as capable of producing SRECs eligible for use in complying with the RPS, (ii) the Conditions Precedent as set forth in Section A of the attached General Terms and Conditions have been satisfied, completed or waived by Us, and (iii) you have delivered your written notice to Us that Seller’s Project is operational, as set forth in Section 5.A. below, You shall begin to sell and deliver SRECs to Us.

B. An “SREC” is a Solar Renewable Energy Certificate, which is issued by PJM-EIS-GATS (as defined in Section G of the General Terms and Conditions) on a monthly basis, representing one megawatt-hour of solar energy that is generated by a facility connected to the distribution system in New Jersey and has value based upon, and driven by, the energy market. Such solar energy generation is tracked through monthly meter readings in accordance with applicable PJM-EIS-GATS Operating Rules and other related requirements.

C. For purposes of this Agreement, only meter readings from the SREC Meter (as defined in Section A.6 of the General Terms and Conditions), and not engineering estimates, shall be accepted as the basis for establishing the actual amounts of generation from

Seller's Project for purposes of determining the number of SRECs issued by PJM-EIS-GATS for Seller's Project during the Term of this Agreement.

5. Delivery Period.

A. Subject to Section A.3.(e) of the General Terms and Conditions, the "Delivery Period" begins on the date that is: (i) after the Effective Date, (ii) after You deliver written notice to Us that Seller's Project is able to operate, generate, and deliver SRECs pursuant to the terms of this Agreement, and (iii) the next Business Day of the then current PJM-EIS-GATS Generation Month after the date on which Purchaser confirms satisfaction and/or completion by You, or waiver by Us, of the Conditions Precedent, such date being the "Commencement Date." Any SRECs generated by Seller's Project prior to the Commencement Date shall not be eligible for purchase by Us hereunder.

B. The Delivery Period shall terminate at the earlier of (i) 11:59 P.M. of the date that is ten (10) years (*i.e.*, 120 months) following the Commencement Date (the "Ten Year Anniversary Date"), or (ii) the date on which the SREC Purchase Cap (as set forth and defined in Section 8 below) is achieved, whichever first occurs. Any SRECs generated by Seller's Project after the first to occur of the Ten Year Anniversary Date or the date on which the SREC Purchase Cap is achieved, shall not be eligible for purchase by Us hereunder.

C. Each twelve (12) consecutive months following the Commencement Date shall be a "Contract Year." The term "PJM-EIS-GATS Generation Month" means any month in which SRECs are issued in PJM-EIS-GATS for Seller's Project. The first PJM-EIS-GATS Generation Month is the first full month in which SRECs are issued in PJM-EIS-GATS for Seller's Project.

6. Purchase and Sale Obligation.

A. You hereby agree to sell and deliver to Us, and, subject to Section 8, Section 9, Section 10, and Section 11 below, We hereby agree to purchase and take delivery of, the SRECs produced from Seller's Project as and when such SRECs are created by, and through, the actual generation of one megawatt hour of electricity by Seller's Project, as registered on the SREC Meter and as reported to PJM-EIS-GATS, during the Delivery Period (the "Transferred SRECs").

B. Only whole (as opposed to fractional) Transferred SRECs shall be considered eligible for payment under this Agreement.

C. In addition to Seller's sale and Purchaser's purchase of SRECs, Purchaser, without the payment of any additional consideration to Seller, shall receive title to, and Seller shall convey to Purchaser, any and all right, title and interest in and to Environmental Attributes associated with the electricity generated by the Seller's Project. For purposes hereof, "Environmental Attributes" excludes electric energy and capacity produced, but includes any emissions, air quality, or other environmental or renewable attribute, aspect, characteristic, claim, credit, benefit, reduction, offset or allowance, howsoever entitled or designated, resulting from, attributable to or associated with the generation of energy by a solar renewable energy facility, whether existing as of the date of the SREC Contracting Order or in the future, and

whether as a result of any present or future local, state or federal laws or regulations or local, state, national or international voluntary program. If during the Delivery Period, a change in laws or regulations occurs that creates value in Environmental Attributes, including but not limited to any associated tax references and benefits, then at Purchaser's request, Seller shall cooperate with Purchaser to register such Environmental Attributes or take other action necessary to obtain the value of such Environmental Attributes for Purchaser.

D. We shall not purchase any energy or capacity from Seller's Project under this Agreement, and, subject to applicable net metering regulations, You may enter into other agreements with others to see energy and/or capacity produced by Seller's Project. This Agreement also makes no commitment by Purchaser for net metering of the Seller's Project, which is subject to requirements of Board rules and the Purchaser's tariff.

7. Assignment of SRECs. In furtherance of Your Agreement to sell the Transferred SRECs to Us for the Term of this Agreement, You hereby assign to Us, free and clear of all liens, security interests, encumbrances, and Claims (as defined in Section M of the attached General Terms and Conditions) or any interest therein or thereto held by a third party, all of Your rights, title and interests in the Transferred SRECs.

8. Quantity of SRECs.

A. Subject to Section 6.B. above, during each Contract Month of each Contract Year, You shall sell and deliver to Us, and We shall purchase and accept delivery of (and pay in accordance with Section 11 below), 100% of the quantity of Transferred SRECs produced by Seller's Project, if any, during each such Contract Month for each Contract Year during the Delivery Period; provided, however, that the total amount of SRECs purchased by Us hereunder during the Delivery Period shall not exceed the number of SRECs calculated by multiplying (i) the Size of Project expressed in kilowatts (*i.e.*, kW) by (ii) 1,350 hours, and dividing the product thereof by (iii) 1,000 kilowatt hours, and multiplying the result thereof by (iv) ten years, producing a number of SRECs, which will be rounded up to the next whole number of SRECS, (the result of such calculation of the foregoing (i), (ii), (iii) and (iv) factors being the "SREC Purchase Cap").<sup>1</sup>

B. For purposes of calculating the SREC Purchase Cap, the Size of Project shall be the lesser of (i) the Size of Project set forth in Appendix B (reflecting the size of the Project selected in accordance with Board-approved procedures and authorized by the SREC Contracting Order for the award of this Agreement under the SREC-II program) or (ii) the actual as-constructed size of the Project on the Commencement Date; provided, however, that the as-constructed Size of Project does not exceed +/-10% of the Size of Project set forth in Appendix B on the Effective Date and, as set forth in Seller's written certification to Purchaser, does not result from circumstances that were (1) known to Seller on the Effective Date, and (2) within Seller's control. Subject to the requirements of the foregoing sentence, the as-constructed size, if different than the Size of Project set forth in Appendix B on the Effective Date, will promptly thereafter be reflected as an authorized amendment to Appendix B. Changes in the Size of

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<sup>1</sup> For example, a 10 kW Project would have a contract limit of 135 SRECs (*i.e.*, 1350 kWh x 10 kW / 1000 x 10 years).

Project beyond the foregoing allowance shall be deemed an Event of Default resulting in the termination of this Agreement.

C. Purchaser shall have no obligation to purchase any SRECs produced by Seller's Project in excess of such SREC Purchase Cap or after the Ten Year Anniversary Date (in each case "Excess SRECs"), and We shall not accept the transfer of any Excess SRECs from Seller to Purchaser's designated PJM-EIS-GATS Account and such Excess SRECs shall not be treated, or paid for, as Transferred SRECs hereunder. Seller shall bear the risk of loss with respect to all Excess SRECs and Seller shall reimburse Purchaser for any payments made to Seller for Excess SRECs.

D. As used herein, "Contract Month" means each calendar month during the Delivery Period and, where (i) the Commencement Date does not fall on the first day of a calendar month, the remaining portion of such initial Contract Month, or (ii) the first to occur of the Ten Year Anniversary Date or the date on which the SREC Purchase Cap is achieved, does not fall on the last day of a calendar month, the portion of such last Contract Month immediately prior to and including the Ten Year Anniversary Date. In addition, on the first to occur of the Ten Year Anniversary Date or the date on which the SREC Purchase Cap is achieved, Seller shall (I) read the SREC Meter and report the registration thereon since the last prior meter reading to PJM-EIS-GATS; provided, however, that Seller's failure to read the meter and/or to report the meter reading to PJM-EIS-GATS shall result in the number of Transferred SRECs for the final Contract Month shall be pro-rated, and (II) update the Standing Order (as defined in Section G.7. of the General Terms and Conditions) so that it terminates effective as of the first day of the next PJM-EIS-GATS Generation Month following such date as applicable.

9. Purchase Price for SRECs. We shall pay You \$ \_\_\_\_ (U.S.) per Transferred SREC delivered to Us from Seller's Project during each Contract Month, after first deducting \$39.66, representing an SREC Transaction Fee of \$22.59 and an Administrative Fee of \$17.07, for each Transferred SREC we purchase (the "Purchase Price").

10. Delivery of SRECs.

A. Subject to Section G of the General Terms and Conditions, You shall arrange for the Delivery of the Transferred SRECs to Us.

B. "Delivery" occurs when title and risk of loss related to Transferred SRECs has been transferred from You to Us and when the transfer of SRECs are properly recorded within the PJM-EIS-GATS and credited to Purchaser's PJM-EIS-GATS "Active Subaccount," as defined in the PJM-EIS-GATS Operating Rules. Pursuant to the assignment set forth in Section 7 above, You shall execute such forms or instructions as We and/or PJM-EIS-GATS shall require, including, without limitation, the form of Standing Order, in order to Deliver all Transferred SRECs each month directly into Purchaser's Active Subaccount.

C. If Your Facility is net-metered, You shall be required to read the SREC Meter and provide SREC Meter reading data to PJM-EIS-GATS only as frequently as is necessary to allow for the appropriate creation and subsequent recording of the Transferred SRECs within PJM-EIS-GATS. In the event that such readings are not available on a monthly



basis, You shall enter available actual meter readings in PJM-EIS-GATS, subject to reconciliation based upon the next actual SREC Meter reading. During each Contract Year, upon reasonable notice from Us to You, We shall have the right and You shall provide a reasonable opportunity for Us to review and validate metered generation data provided by the Seller's Project SREC Meter.

11. Payment for Transferred SRECs.

A. Notwithstanding the monthly Delivery of Transferred SRECs from You to Us, We shall pay You for such Transferred SRECs on a quarterly basis, by issuing a payment to You for the actual Transferred SRECs for the preceding Contract Quarter as shown on Appendix D and subject to Section 11 B and C below. As used herein, "Contract Quarter" means each Energy Year quarter (as set forth in Appendix D) during the Delivery Period and, where the Commencement Date does not fall on the first day of an Energy Year quarter, the remaining portion of such initial Energy Year quarter. Payment shall be in accordance with the schedule shown on Appendix D. The term "Energy Year" means the 12-month period from June 1st through May 31st, numbered according to the calendar year in which it ends.

B. Upon request of the Purchaser, the Seller shall provide Seller's Project information in the form of PJM-EIS-GATS screen print(s), providing (i) the actual meter readings during each month, (ii) the date that the meter was read each month during the quarter the Purchaser, in its reasonable discretion, shall specify, and (iii) the number of SRECs created during each month of such quarter.

C. Purchaser's payment to You (in accordance with the Appendix D) shall indicate the amount of Transferred SRECs delivered by You during each Contract Month of the Contract Quarter and shall also reflect the deduction of (a) the SREC Transaction Fee, (b) the Administrative Fee, and (c) any other deductions owed by You to Us, if any, as such fees are described and set forth in Section C of the General Terms and Conditions.

D. You shall have ten (10) Business Days from receipt of the payment to contest the amount paid. If in good faith You dispute the correctness of a payment and the accompanying explanatory statement issued by Us, then acting in good faith both You and We shall attempt to resolve the dispute promptly through negotiations. If it is determined that We have underpaid, then We shall pay You the amount that remains due and unpaid within ten (10) Business Days of such determination. If it is determined that We have overpaid, then We shall show the amount due from You to Us as a credit to Us on the next quarterly payment following such determination.

E. As used herein, "Business Day" means any day other than a Saturday, Sunday or a Federal Reserve Bank holiday. A Business Day starts at 8:00 A.M. and closes at 5:00 P.M., local prevailing time in the New Jersey location of the Facility.

12. The General Terms and Conditions are attached hereto as Appendix A, and, by this reference, are made a part hereof.

**IN WITNESS WHEREOF**, and intending to be legally bound by the terms and conditions of this Agreement, the Parties have executed this Agreement as of the Effective Date hereof.

\_\_\_\_\_  
Seller Name

ATLANTIC CITY ELECTRIC COMPANY

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

## APPENDIX A

### GENERAL TERMS AND CONDITIONS

Capitalized terms not defined herein shall have the meaning set forth in the Agreement to which this Appendix A is attached and made a part thereof.

A. CONDITIONS PRECEDENT. Purchaser's obligations under this Agreement shall not become effective, and except with respect to condition precedent No. 10 below, Seller shall forfeit any deposit paid to Purchaser (i.e., the cash deposit equal to \$75 per Project kW, but not less than \$500 and not more than \$20,000 paid by Seller within 14 days of the Board's issuance of the SREC Contracting Order authorizing this Agreement [the "Deposit"]), unless and until the following conditions are satisfied by Seller, in form and substance satisfactory to Purchaser and its counsel, on or prior to the Commencement Date, promptly following which the Deposit, without interest, shall be returned by Purchaser to Seller.

1. Execution and Delivery of Agreement. This Agreement and any associated material documents or other agreements, including, without limitation, an appropriate interconnection agreement, shall have been completed, duly executed and delivered by Seller to Purchaser. Seller shall return this executed Agreement promptly within the time frames specified by Purchaser in the notice accompanying, or issued in connection with, the delivery of this Agreement to Seller and the entry of a final and non-appealable SREC Contracting Order by the Board.
2. Other Documentation. To the extent Purchaser has requested such documentation, Purchaser shall have received all requested Seller's Project Documents (as defined in Section K of these General Terms and Conditions) with respect to Seller's Project, each duly executed by each person that is a party thereto, each of which Seller's Project Documents shall be in full force and effect, and in form and substance satisfactory to Purchaser.
3. Completion of Seller's Project. The installation of Seller's Project at the Facility shall have been completed; provided that Seller shall have previously notified Purchaser in writing that Seller's Project is substantially complete, and Purchaser, at its option and discretion, shall have verified within 14 days of Seller's notice that Seller's Project has achieved operation.
  - (a) For purposes of this Agreement, in the event the Commencement Date has not occurred within one (1) year of the Effective Date, Purchaser shall have the right, exercisable upon written notice to Seller, to terminate this Agreement without further obligation or liability to Seller.
  - (b) Notwithstanding Section A.3.(a), above, such one (1) year period may be extended, on one occasion only for an additional six (6) months by Seller's submission to Purchaser, not more than 90 days and not less than 14 days, prior to

the expiration of such one (1) year period, of a written certification by Seller substantially in the form attached hereto as Appendix A-1 that (a) all applicable permits for the Seller's Project have been filed with and/or approved by the authority having jurisdiction, or (b) permits for the Seller's Project are not required under applicable law. Upon timely receiving such certification, Purchaser may rely completely on such certification, without verification and without receiving, requesting or reviewing any substantiating documentation from Seller, as the basis for granting the requested extension.

(c) Seller may seek review by the Board of a denial by Purchaser of a first extension request, which shall be Seller's exclusive remedy in the event of a denial of such request.

(d) Seller understands, acknowledges, and agrees that further extensions to complete the Project may be granted only by Order of the Board following a formal petition to the Board requesting such further extension; provided, however, that (i) any such petition must be made prior to the expiration of the first extension; (ii) all of the certifications made in connection with the first extension continue to be true and correct; (iii) all modules and other equipment are on the Seller's Project site at the Facility; (iv) Seller's Project completion is imminent; and (v) for Seller's Project that is (a) 10kW and less, such extension request shall be for no more than one (1) month following expiration of the first extension, or (b) over 10kW, such extension request shall be for no more than three (3) months following expiration of the first extension.

(e) Seller also understands, acknowledges, and agrees that, notwithstanding the grant of any extension hereunder, and provided that the Seller's Project is completed by no later than the expiration of any effective extension hereunder, (i) the Commencement Date under this Agreement shall be that date that is exactly six (6) months from the Effective Date, (ii) the Delivery Period shall be deemed to have commenced on the Commencement Date as established in this Section A.3.(e) of these General Terms and Conditions, and (iii) such Delivery Period (as deemed to have commenced hereunder) shall terminate in accordance with the provisions of Section 5.B. of this Agreement.

4. OCE Inspection Report. Seller, at its sole cost and expense, shall have arranged for and caused OCE to inspect and certify Seller's Project and shall have provided to Purchaser a complete copy of (i) the OCE inspection report with respect to Seller's Project installed at the Facility, (ii) the OCE certification of Seller's Project, and (iii) the final "as built" Project Documents.
5. Registration with PJM-EIS-GATS. If Seller is required by PJM-EIS-GATS to become an Account Holder, then Seller, at its sole cost and expense, shall have registered Seller's Project with, and shall have subscribed to, PJM-EIS-GATS, and shall have opened an Active Subaccount in accordance with PJM-EIS-GATS Operating Rules for purposes of making Delivery of Transferred SRECs to Purchaser, and Seller shall provide evidence of same to Purchaser.

6. The SREC Meter. Seller shall have arranged, at its sole cost and expense, for (i) Seller to install, own, and maintain a revenue grade kilowatt-hour meter (“SREC Meter”) at Seller’s Project located in accordance with applicable regulatory and PJM-EIS-GATS standards, and capable of measuring the electricity generated from the continued operation of Seller’s Project throughout the Delivery Period so as to be reported to, and subject to audit and reasonable access by, Purchaser and PJM-EIS pursuant to the PJM-EIS-GATS Operating Rules and other PJM-EIS requirements, as applicable, and (ii) net metering arrangements with Purchaser, in accordance with applicable net metering regulations.
7. Certification Regarding Rebates. Seller shall have certified to Purchaser that it has not received, and will not receive, any rebates with respect to Seller’s Project under any program administered by OCE.
8. No Defaults. No Event of Default under this Agreement or any other agreement applicable to Seller’s Project has occurred and is continuing.
9. Continuing Representations and Warranties. The representations and warranties of Seller contained in this Agreement shall be true and correct as of the Commencement Date with the same effect as though made on such date, except, however: (i) for such changes as are specifically permitted hereunder; and (ii) to the extent made solely as of a previous date, such representations and warranties shall have been true and correct as of such previous date.
10. SREC Contracting Order. The Board’s SREC Contracting Order, and/or any subsequent Board Order authorizing Purchaser to enter into such contracts and agreements, including, in particular, this Agreement, remains in full force and effect.

B. INSPECTIONS. Prior to the Commencement Date and thereafter during the Term, Purchaser shall have the right, but not the obligation, to make inspections of Seller’s Project, and/or retain a third party to make any such inspections on its behalf, and, following the Commencement Date, to verify that Seller’s Project is being operated and maintained in accordance with prevailing industry standards. All inspections by Purchaser are for Purchaser’s determination of completion of Seller’s Project in accordance with Section A.3 of these General Terms and Conditions above and otherwise for its internal purposes only, and are not to be deemed to constitute Purchaser’s approval of Seller’s Project and/or its continued operation.

C. TAXES, FEES AND EXPENSES.

1. Application Fee. Purchaser will charge to Seller and Seller shall pay to Purchaser a non-refundable Application Fee of \$50 for each application to participate in a Segment 2 program solicitation.
2. Assignment Fee. Purchaser will charge to Seller and Seller shall pay an Assignment Fee of \$1,500 for assignments of this Agreement and shall pay thereafter any additional costs (including but not limited to outside counsel and consultant fees) reasonably incurred by Purchaser . These costs will be billed directly to the counterparty under this Agreement that is seeking such assignment.
3. Administrative Fee. As described in Section 9 of the Agreement, Purchaser will charge to Seller and Seller shall pay to Purchaser an Administrative Fee of \$17.07 per SREC purchased by ACE from Seller. The fee will be applied to each SREC purchase transaction between ACE and the Seller, by deducting \$17.07 from the payment for each Transferred SREC purchased by ACE.
4. SREC Transaction Fee. As described in Section 9 of the Agreement, Purchaser will charge to Seller and Seller shall pay to Purchaser an SREC Transaction Fee of \$22.59 per SREC purchased by ACE from Seller. The fee will be applied to each SREC purchase transaction between ACE and the Seller, by deducting \$22.59 from the payment for each Transferred SREC purchased by ACE.
5. Other Taxes, Fees and Expenses. Seller shall pay any other program participant fees (*e.g.*, the “Assignment Fee” set forth in Section I of these General Terms and Conditions), as established in accordance with the Stipulation of Settlement approved by the Board in the initial SREC Contracting Order issued December 15, 2013, authorizing the SREC-II program, which fees, beginning January 1, 2019, shall be subject to annual adjustments by Purchaser in accordance with such Board Order, and any other costs, fees, and expenses, including any and all Taxes and transaction costs, fees and expenses attributable to or arising from the sale of the Transferred SRECs under this Agreement and in order to (a) obtain the initial certification of the Transferred SRECs, including any inspections of Seller’s Project in connection therewith, and (b) provide for the filing and recording of any instrument delivered by Seller to convey the Transferred SRECs to Purchaser. Purchaser shall pay any and all costs, fees and expenses incurred in connection with (i) the certification for the Transferred SRECs, if any, required with respect to any subsequent sale of the Transferred SRECs by Purchaser, (ii) any other certifications or third party verifications concerning the Transferred SRECs, and (iii) any and all Taxes and transaction costs, fees and expenses attributable to or arising from the subsequent sale of the Transferred SRECs by Purchaser. If Purchaser is required by law or regulation to remit or pay Taxes, which are Seller’s responsibility hereunder, Purchaser may deduct the amount of any such Taxes from the sums due to Seller under this Agreement. Nothing shall obligate or cause a Party to pay or be liable to pay any Taxes for which it is exempt under the law and for which it timely asserts and diligently pursues such exemption,

until final determination thereof. “Taxes” means any and all new or existing privilege, sales, use, consumption, excise, transaction, and other taxes or similar charges, and any increases in the same, but “Taxes” does not include income taxes or other similar taxes based on income or net revenues.

D. REPRESENTATION AND WARRANTIES.

1. Seller. Seller represents and warrants that:

i. If Seller is not an individual, it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, and the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its Constitutive Documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it. “Constitutive Documents” means, with respect to any person that is a corporation, its certificate of incorporation or articles of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized shares of capital stock; with respect to any person that is a limited partnership, its certificate of limited partnership and partnership agreement; with respect to any person that is a limited liability company, its certificate of formation and its limited liability company agreement; and with respect to any person that is a grantor trust, its trust agreement, in each case, as the same may be amended or modified and in effect from time to time;

ii. This Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms; subject to any equitable defenses, bankruptcy principles, or the like;

iii. It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;

iv. 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;

v. It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and

vi. If Seller is the Project Developer, Seller has obtained and provided to Purchaser the written acknowledgement (in the form attached hereto as Appendix

C) of the owner of the Facility (“Host”) acknowledging for Purchaser’s benefit that Seller has the right to locate Seller’s Project at the Facility and that Host has (a) no right, title or interest, including, but not limited to, any third party beneficiary rights, in the Transferred SRECs, which are to be sold to Purchaser under this Agreement, (b) no right, title or interest in this Agreement, including, but not limited to any third party beneficiary rights, (c) no rights against Purchaser, and shall not look to Purchaser, with respect to any claim or damages with respect to any aspect of Seller’s Project, including, but not limited to, the construction, operation or maintenance thereof at Host’s Facility.

2. Purchaser. Purchaser represents and warrants that:

i. It is duly organized, validly existing, and in good standing under the laws of the State of New Jersey, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, and the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its Constitutive Documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

ii. This Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms; subject to any equitable defenses, bankruptcy principles, or the like;

iii. It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;

iv. 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;

v. It is acting for its own account pursuant to the directive of the Board as set forth in the SREC Contracting Order, and is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and

vi. It has entered into this Agreement in compliance with the SREC Contracting Order and it has the capacity or ability to make or take delivery of all Transferred SRECs referred to in this Agreement.



E. FURTHER SELLER REPRESENTATIONS AND WARRANTIES. In addition to the representations and warranties of Seller made above, Seller also represents and warrants that (i) the number of Transferred SRECs credited to Seller's PJM-EIS-GATS Active Subaccount will be based on the energy generation from Seller's Project at the Facility based upon the reading of the SREC Meter, (ii) all Transferred SRECs produced by Seller's Project and sold to Purchaser hereunder shall be eligible for use in complying with the RPS as so certified by OCE or such other agent as designated and appointed by the Board from time to time, and (iii) Seller shall promptly notify Purchaser of any change in circumstance, which causes the foregoing representation and warranty to no longer be true, including providing a copy of any notice received from OCE or otherwise indicating or determining that the Transferred SRECs are no longer RPS-eligible ("Non-eligible SRECs"). Purchaser shall not be obligated to pay for Non-eligible SRECs, and Seller shall be responsible to reimburse Purchaser for any payments made to Seller for Non-eligible SRECs.

F. FURTHER ASSURANCES. Each of the Parties hereto agree to cooperate with the other and to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party, which are not inconsistent with the provisions of this Agreement and which do not involve the assumptions of obligations other than those provided for in this Agreement, in order to give full effect to this Agreement and to carry out the intent of this Agreement.

G. PJM-EIS-GATS. This Agreement provides for the use of the PJM-EIS-GATS. For purposes of this Agreement:

1. "PJM" means the PJM Interconnection, a regional transmission organization that coordinates and directs the operation and ensures reliability of the high-voltage electric power system service all or parts of the territory consisting of the states of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia.
2. "PJM-EIS-GATS" means the electronic PJM Environmental Information Service-Generator Attribute Tracking System operated by the PJM-EIS-GATS Administrator to account for the creation, tracking and retirement of SRECs in the PJM "Control Area," as that term is defined in the PJM-EIS-GATS Operating Rules.
3. "PJM-EIS-GATS Account" means a Party's SREC account on PJM-EIS-GATS, as identified if applicable.
4. "PJM-EIS-GATS Administrator" means PJM Environmental Information Services, Inc., a wholly-owned subsidiary of PJM Technologies, Inc., or any successor thereto performing similar functions.

5. “PJM-EIS-GATS Operating Rules” means the Generation Attribute Tracking System (PJM-EIS-GATS) Operating Rules adopted by the PJM-EIS-GATS Administrator, as the same may be amended or modified and in effect from time to time by PJM-EIS-GATS.
6. As long as PJM-EIS-GATS requires Seller to become an “Account Holder,” as defined in the PJM-EIS-GATS Operating Rules, then at Seller’s sole cost and expense, Seller shall become a PJM-EIS-GATS Account Holder and Seller shall open, maintain, or cause to be opened and maintained, until expiration of the Term, a Seller’s Active Subaccount into which Transferred SRECs from Seller’s Project may be deposited, and transferred to and from, in accordance with the applicable PJM-EIS-GATS Operating Rules.
7. Seller shall execute a PJM-EIS-GATS Standing Order (the “Standing Order”) designating Purchaser as the recipient of 100% of the Transferred SRECs from the Seller’s Project beginning on the Commencement Date and ending on the date that is the first day of the next PJM-EIS-GATS Generation Month following the Ten Year Anniversary Date, provided, however, that, in accordance with Section 5.B. and Section 8.D. of this Agreement, such ending date shall be subject to being changed to the first day of the next PJM-EIS-GATS Generation Month following the date on which the SREC Purchase Cap is achieved if such date occurs before the Ten Year Anniversary Date. During the term of this Agreement, Seller shall not change the ending date of the Standing Order except as specifically provided herein or as agreed in writing by Purchaser.
8. If Seller is required to become an Account Holder, then title to the Transferred SRECs shall not pass from Seller to Purchaser until Purchaser confirms acceptance of the Transferred SRECs.
9. In the event that the processes and procedures set forth in this Agreement for the creation, issuance, verification, delivery and tracking of SRECs are no longer authorized by the Board or PJM-EIS-GATS, or both, the Parties agree to comply with, and act under and in accordance with, the Board’s then applicable rules and/or Orders pertaining to the creation, issuance, verification, delivery and tracking of SRECs by any successor entity or organization to PJM-EIS-GATS, as may be authorized from time to time by the Board.

#### H. FORCE MAJEURE.

1. Except as otherwise set forth in this Agreement, neither Party shall be liable for any failure or delay in performance of its respective obligations hereunder during the Delivery Period if and to the extent that such delay or failure is due to a Force Majeure Event. In the event of (i) a Force Majeure Event of 12 consecutive months duration, or (ii) Force Majeure Events cumulatively totaling 24 months, in which Seller fails to deliver any Transferred SRECs from Seller’s Project to Purchaser, Purchaser shall have the right to terminate this Agreement without further liability to Seller, by giving Seller 15 Business Days written notice.

2. “Force Majeure Event” means any cause beyond the reasonable control of, and not due to the fault or negligence of, the affected Party and which could not have been avoided by the affected Party’s reasonable due diligence, including, as applicable, war, terrorism, riots, embargo or national emergency; curtailment of or inability to obtain electric power transmission services or interconnection; fire, flood, windstorm, earthquake, or other acts of God; strikes, lockouts, or other labor disturbances (whether among employees of Seller, its suppliers, contractors, or others); delays, failure, and/or refusal of suppliers to supply materials or services; orders, acts or omissions of the PJM-EIS-GATS Administrator, as applicable; orders or acts of any Governmental Authority (as defined in Section P.2 hereof) (other than those orders and acts addressed under Section P of these General Terms and Conditions); changes in laws or regulations (other than those changes addressed under Section P of these General Terms and Conditions); or any other cause of like or different kind, beyond the reasonable control of Seller. Notwithstanding the foregoing, a Force Majeure Event shall not be based on Seller’s ability to sell SRECs at a price greater than the Purchase Price, Purchaser’s ability to purchase SRECs at a price below the Purchase Price, Purchaser’s inability to resell the SRECs or any events addressed under Section P of these General Terms and Conditions.

I. ASSIGNMENT/DELEGATION. Neither Purchaser nor Seller shall assign this Agreement nor delegate any of its duties hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed; otherwise any such assignment or delegation shall be voidable at the option of the other Party. Notwithstanding the foregoing, either Party may, without the prior consent of the other Party, (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements (and without relieving itself from liability hereunder), (ii) transfer or assign this Agreement to an affiliate of such Party which affiliate’s creditworthiness is equal to or higher than that of such Party, or (iii) transfer or assign this Agreement to any person or entity (A) succeeding to all or substantially all of the assets of such Party, or (B) purchasing the Facility at or on which Seller’s Project is located, provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request; provided further that the transferring party shall promptly provide the non-transferring party with notice in writing containing reasonably detailed information regarding the assignment, including instructions with respect to any applicable changes in names or addresses acknowledged in writing by the assignor and assignee. In requesting Purchaser to process an assignment hereunder, Seller shall submit payment to Purchaser of an assignment fee in the amount of \$1,500 (the “Assignment”) for each requested assignment, and related estoppel statement or consent (as set forth in clause I.1 below).

1. Financing Cooperation. Purchaser agrees, at Seller’s sole cost and expense, to (i) cooperate with Seller in responding to or complying with the reasonable requirements or reasonable requests of any Financing Party with respect to the obligations of Purchaser hereunder; provided, however, that such compliance will be only to the extent permitted under the SREC Contracting Order, (ii) provide reasonable assistance to Seller in complying with the reporting requirements set

forth in any financing agreements of a Financing Party, and (iii) at any time, and from time to time, during the Term, after receipt of a written request by Seller, execute and deliver to Seller and/or any Financing Party, such estoppel statements (certifying, to the extent true and correct, among other things that (1) this Agreement is in full force and effect, (2) no modifications have been made, (3) no disputes or defaults exist, (4) no events have occurred that would, with the giving of notice or the passage of time, constitute a default under this Agreement, and (5) all amounts then due and owing have been paid) or consents to assignments of this Agreement by Seller as collateral security as may reasonably be required. “Financing Party” means any lenders or other third parties providing construction financing, long-term financing or other credit support in connection with the development, construction or operation of Seller’s Project.

J. EVENTS OF DEFAULT; REMEDIES AND DAMAGES.

1. In the event (“Event of Default”) of, or arising from, (i) the failure of either Party to make when due, any payment obligation required hereunder if such failure is not remedied within ten (10) Business Days after written notice of such failure is given to the defaulting part (the “Defaulting Party”) by the other Party; (ii) the failure of either Party to comply with any or all of its other respective obligations in good faith as herein set forth and such noncompliance is not cured within 30 Business Days after notice thereof to the Defaulting Party; or (iii) either Party (1) filing a petition in bankruptcy, (2) having such a petition filed against it, and (3) becoming otherwise insolvent or unable to pay its debts as they become due, the non-Defaulting Party may establish by written notice to the Defaulting Party a date on which this Agreement shall terminate early. The non-Defaulting Party may suspend performance of its obligations under this Agreement until such Event of Default is cured, or if the Event of Default is a failure to pay as set forth in clause (i) above, until such amounts have been paid, and if the non-Defaulting Party chooses to suspend performance Seller’s right to receive payment, if applicable, is such Party’s exclusion remedy for a failure to pay under clause (i) above.
2. If Seller fails to deliver any Transferred SRECs in any Contract Month, whether by reason of Force Majeure Event or otherwise, Purchaser shall have no obligation to pay Seller any amount for such Contract Month.
3. Except as otherwise provided herein, all other damages and remedies are hereby waived as to any Events of Default.

K. NO ASSUMPTION OF LIABILITIES. Purchaser shall not assume, and Seller shall retain and be responsible for, any and all liabilities and obligations of Seller of any kind or nature whatsoever with respect to Seller’s Project, including, without limitation, any and all liabilities and obligations of Seller under Seller’s Project Documents. “Project Documents” means this Agreement, OCE certifications and other evidence of OCE inspections of Seller’s Project, and the executed project development agreement or other agreement between Seller and a Project Developer evidencing a legally enforceable obligation to develop, design, procure, and install a

solar-powered photovoltaic generation system warranted to operate at the Facility for at least the Term of this Agreement, and, if Seller is a Project Developer, any applicable leases, easements, power purchase agreements between the Project Developer and Host and licenses evidencing Project Developer's rights of access and rights to develop, design, procure, install and operate a solar-powered photovoltaic generation system at the Facility and warranted to operate at the Facility for at least the Term of this Agreement.

L. LIMITATION OF LIABILITY. WITH RESPECT TO ANY LIABILITY HEREUNDER, NEITHER SELLER NOR PURCHASER SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS, OR BUSINESS INTERRUPTION DAMAGES, WHETHER BY STATUTE, IN TORT OR IN CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.

M. DISPUTES. Any Dispute or Claim arising hereunder not otherwise resolved by and between the Parties by good faith negotiations shall be presented for binding arbitration in Atlantic County, New Jersey, in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") using a single arbitrator jointly selected by the Parties unless the Parties are unable to agree to a single arbitrator within ten (10) Business Days after commencing arbitration, in which case the arbitrator will be selected by the AAA. "Claims" means all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent, or otherwise, that directly or indirectly relate to the subject matter of any dispute hereunder, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

N. NOTICES. Notices provided for or required under this Agreement shall be exercised in writing. The Parties shall be legally bound from the date the notification is exercised. Notices provided for or required in writing herein shall be delivered by hand or transmitted by facsimile or sent by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier. Notices hand delivered, shall be deemed delivered by the close of the Business Day on which it was hand delivered (unless hand delivered after the close of the Business Day in which case it shall be deemed received by the close of the next Business Day). Notices provided by facsimile shall be deemed to have been received upon the sending of a Party's receipt of its facsimile machine's confirmation of a successful transmission. If the day on which such facsimile is received is not a Business Day or is after 5:00 P.M. Eastern prevailing time on a Business Day, then such facsimile shall be deemed to have been received on the following Business Day. Notices provided by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier, shall be deemed delivered upon receipt.

O. INDEMNITY. Each Party shall indemnify, defend and hold harmless the other Party from and against any Claims arising from or out of any event, circumstance, act or incident first occurring or existing during the period when control and title to Transferred SRECs is vested in such Party as provided for in Section 10 of this Agreement. Each Party shall indemnify, defend and hold harmless the other Party against any Taxes for which such Party is responsible under Section C of these General Terms and Conditions.

P. REGULATORY AND TAX CHANGES

1. Purchaser Cost Recovery. The Parties recognize and agree that this Agreement and the amounts to be paid to Seller for Transferred SRECs hereunder, and the incurring of costs by Purchaser associated with this Agreement, are premised upon and subject to (i) ACE's continuing ability to timely and fully recover from its customers all amounts paid to Seller hereunder as well as administrative costs associated with this Agreement and all other amounts authorized to be recovered by Purchaser in, and in accordance with, the initial SREC Contracting Order issued by the Board on December \_\_\_\_ 2013, under the SREC-II program, and (ii) the continuing validity of the certification and recognition by the Board of the SRECs generated by Seller's Project for purposes of RPS compliance, throughout the Term hereof.
  
2. Regulatory Changes. If the regulatory framework in effect as of the date hereof governing this Agreement and the program under which it was executed, whether such regulatory framework is set forth in regulations, the SREC Contracting Order, the Board Order approving this particular Agreement (if not the SREC Contracting Order) or otherwise, is amended or suspended by the Board or any other Governmental Authority and/or is otherwise no longer in force (collectively, a "Regulatory Change"), Seller will continue to purchase SRECs from Seller ONLY IF, HOWEVER, all of the following conditions are met: (a) Seller continues to produce and sell SRECs in accordance with this Agreement; (b) the terms in this Agreement governing the purchase and sale of SRECs remain in full force and effect; (c) despite the Regulatory Change, ACE continues to receive rate treatment and cost recovery, in terms of amounts to be recovered for its SREC-based contracting program, including, without limitation, recovery of amounts paid under this Agreement to purchase SRECs, administrative costs, carrying costs, additional recoveries authorized by the Board in the SREC Contracting Order, and incentives (including the SREC Transaction Fee), if any, and timeliness of recovery, that is no worse for ACE than was provided as of the date hereof. In the event that there is a Regulatory Change and all of the foregoing conditions (a), (b) and (c) are not met, then, either: (x) the Parties shall promptly thereafter commence negotiations, which shall not exceed a period of 30 days, to amend this Agreement, if possible, to conform to the Regulatory Change in a manner that does not cause Purchaser or its customers to be in a worse position than they would have been in had the regulatory framework and the rate treatment and cost recovery not been changed; or (y) upon 30 days prior written notice to Purchaser, Seller may terminate this Agreement and neither Party shall have any further liability or obligation hereunder except with respect to amounts due prior to the date of such termination. In the event that the Parties cannot negotiate an amendment to this Agreement that meets the requirements of clause (x) above, this Agreement shall terminate at the expiration of the 30-day negotiation period. "Governmental Authority" means the federal government, any state or local government or other political subdivision thereof (whether federal, state or local), any court and any administrative agency or other regulatory body, instrumentality,

authority or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

3. Further Understandings. Notwithstanding the foregoing provisions of Section P.2 above, (a) Purchaser shall not be obligated to pay Seller hereunder during the pendency of any appeal with respect to any such Regulatory Change in the regulatory framework, and (b) any termination of this Agreement or any amendment to this Agreement shall be effective retroactively from the date such Regulatory Change, and Seller shall reimburse Purchaser for any amounts paid to Seller which exceed the amounts that should have been paid pursuant to the foregoing provisions of Section P.2 as a result of such final and non-appealable order regarding a Regulatory Change.

Q. FORWARD CONTRACT. Purchaser and Seller each acknowledge that, for purposes of this Agreement, it is a “forward contract merchant” and that all transactions pursuant to this Agreement constitute “forward contracts” within the meaning of the United States Bankruptcy Code.

R. NETTING AND SETOFF. If Purchaser and Seller are required to pay any amount under this Agreement on the same day or in the same month, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the Party owed the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement and/or any other contract between the Purchaser and Seller, if any, may be offset against each other, set off or recouped therefrom.

S. WAIVER. The failure of Purchaser or Seller to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a future waiver of any such provisions or the relinquishment of any such rights, but the same shall continue and remain in full force and effect for the term of this Agreement.

T. ENTIRE AGREEMENT. This Agreement, together with any attachments or exhibits specifically referenced herein, constitutes the entire contract between Purchaser and Seller with respect to the subject matter hereof, supersedes all prior oral or written representations and contracts, and may be modified only by a written amendment signed by Purchaser and Seller.

U. COMPLIANCE WITH LAWS. Seller and Purchaser shall comply with the provisions of all laws and any applicable order and/or regulations, or any amendments or supplements thereto, which have been, or may at any time be, issued by a Governmental Authority relating to this Agreement and the transactions hereunder.

1.

V. GOVERNING LAW AND VENUE. This Agreement shall be construed, enforced, and performed in accordance with the laws of the State of New Jersey, without recourse to principles governing conflicts of law. Any lawsuit arising in connection with this Agreement shall be brought only in the state and federal courts of New Jersey.

W. AUDITING. During the Term, Purchaser may, at reasonable times and on reasonable notice, audit Seller's records pertaining to Seller's Project and the Transferred SRECs, and Seller shall maintain reasonable records relating to this Agreement for a period of two (2) years following termination of this Agreement.



**CERTIFICATION**

The undersigned, [name], [title] of [name of developer] (“Seller”), hereby CERTIFIES as follows in connection with that certain Solar Renewable Energy Certificate Purchase and Sale Agreement, dated as of \_\_\_\_\_, 201[  ], between Seller and [name of EDC] (“SREC PSA”) relating to the solar photovoltaic generation project (“Project”) defined in the SREC PSA, and consistent with Section A.3.(b) of the General Terms and Conditions of the SREC-PSA:

1. (a) All applicable permits for the Seller’s Project has been approved by the authority having jurisdiction, or (b) Permits for the Seller’s Project are not required under applicable law.
2. Seller has the requisite documentation substantiating this certification and will retain it for two years from the date hereof and make it available to the New Jersey Board of Public Utilities (“Board”) and/or its Staff upon request.
3. Consistent with Section A.3.(c) of the General Terms and Conditions of the SREC-PSA, Seller also acknowledges that (i) its only recourse from a denial by Purchaser of a requested extension is to seek review of such action by the Board, and (ii) any further extension request beyond its initial request to Purchaser must be made by formal petition to the Board consistent with Section A.3.(d) of the General Terms and Conditions of the SREC-PSA and may be granted only by Order of the Board.

I certify that the foregoing statements made by me are true. I understand that if any of the foregoing statements are willfully false, I am subject to punishment.

Date: \_\_\_\_\_, 201[  ]

\_\_\_\_\_  
[Name, Title]

**APPENDIX B**

**DESCRIPTION OF SELLER'S PROJECT, SPECIFICATION OF LOCATION OF SELLER'S PROJECT AND DETAILS REGARDING THE SIZE, TYPE, MANUFACTURER AND RELATED DETAILS REGARDING THE QUALIFIED SOLAR PHOTOVOLTAIC GENERATION UNIT**

**Please include facility name, address, account number as well as equipment information (make/model/quantity) and description of location on site.**

**HOST'S ACKNOWLEDGEMENT AND CERTIFICATION**

The undersigned is the owner of the Facility ("Host") at which \_\_\_\_\_, the Seller named in the Solar Renewable Energy Certificate Purchase and Sale Agreement dated \_\_\_\_\_, 20\_\_ with Atlantic City Electric Company (the "Agreement"), intends to develop the Seller's Project referred to in the Agreement. The undersigned hereby acknowledges and certifies for the benefit of Atlantic City Electric Company as follows:

1. The undersigned has no right, title or interest, including, but not limited to, any third party beneficiary rights, in the Transferred SRECs (as defined in the Agreement), which are to be sold to Atlantic City Electric Company under the Agreement.

2. The undersigned has no right, title or interest in the Agreement, including, but not limited to any third party beneficiary rights.

3. The undersigned has no rights and/or waives any rights against Atlantic City Electric Company, and shall not look to Atlantic City Electric Company, with respect to any claim or damages with respect to any aspect of Seller's Project, including, but not limited to, the construction, operation or maintenance thereof at the undersigned's Facility.

\_\_\_\_\_  
Name of Host

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

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Title of Signatory

Date: \_\_\_\_\_, 20[\_\_]

**DELIVERY AND PAYMENT DATES**

<b><u>PJM-EIS-GATS Generation Month</u></b>	<b><u>Payment Date Month (no later than the twentieth business day of )</u></b>
<b><u>June, July, August</u></b>	<b><u>October</u></b>
<b><u>September, October, November</u></b>	<b><u>January</u></b>
<b><u>December, January, February</u></b>	<b><u>April</u></b>
<b><u>March, April, May</u></b>	<b><u>July</u></b>

Purchase and Sale  
Agreement  
Segment 3

## ATTACHMENT C

### **[SREC II PROJECTS, SEGMENT 3] SOLAR RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE AGREEMENT**

THIS SOLAR RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE AGREEMENT (“Agreement”), dated as of \_\_\_\_\_, (the “Effective Date”), is made and entered into by and between ATLANTIC CITY ELECTRIC COMPANY, a New Jersey corporation (“ACE” or “Purchaser” or “Us” or “We”), having offices at 5100 Harding Avenue, Mays Landing, New Jersey 08330, and \_\_\_\_\_, [a \_\_\_\_\_] (“Seller” or “You”), having a [its] principal place of residence [business] at \_\_\_\_\_, New Jersey [Zip Code]. From time to time throughout this Agreement, each of Purchaser and Seller is referred to as, individually, a “Party” and together, collectively, as the “Parties” or “They.”

#### **BACKGROUND**

A. The New Jersey Board of Public Utilities (the “Board” or “BPU”), in its Order dated \_\_\_\_\_ in BPU Docket No. EO12090799 (the “SREC Contracting Order”) approved ACE’s SREC-based contracting program (the “SREC II Program”) and authorized and directed ACE to enter into long-term contracts to purchase the solar renewable energy certificates (“SRECs”) generated by solar photovoltaic generation projects (each a “Project”) within ACE’s service territory, which are installed, owned and operated by ACE customers or by solar project developers (each a “Project Developer”) at ACE customer locations, which Projects have been selected under Board-approved procedures for an award of an SREC purchase and sale contract in the SREC II Program.

B. Seller is either (i) an ACE customer who is, or has entered into an agreement with, a Project Developer for purposes of developing, designing, procuring, installing and operating a Project at the premises or the facility owned or operated by Seller, or (ii) a Project Developer that has entered into an agreement with an ACE customer to install, own and operate a Project at the premises or the facility owned or operated by the ACE customer (in either case, the “Facility”) physically located in the ACE service territory, as such Facility is identified in this Agreement as set forth in Appendix B attached hereto.

C. Seller’s Project as specified in Appendix B (“Seller’s Project”), has been selected under Board-approved procedures for award of a SREC purchase and sale contract by Purchaser.

D. Purchaser has agreed to purchase, and Seller has agreed to sell, the SRECs generated by Seller’s Project under the terms and conditions of this Agreement.

***NOW THEREFORE***, in consideration of the promises and the mutual covenants and agreements hereinafter set forth, the Parties hereto agree as follows:

1. Defined Terms. Capitalized terms not otherwise defined herein, shall have the meaning set forth in the General Terms and Conditions attached hereto as Appendix A (“General Terms and Conditions”).

2. Term of Agreement. The term of this Agreement (“Term”) shall commence on the Effective Date and shall terminate upon expiration of the Delivery Period, unless terminated earlier pursuant to the terms hereof.

3. Registration of Seller’s Project.

A. You shall be responsible to construct Seller’s Project, or to cause it to be constructed so that it may be registered, and to register Seller’s Project, or cause it to be registered, with the New Jersey Clean Energy Program under the direction of the Board’s Office of Clean Energy (“OCE”).

B. You shall submit all required applications and other forms to OCE, as required by OCE, and You, at your sole cost and expense, shall cause OCE to inspect, or arrange for inspection of, Seller’s Project in order for OCE to verify and certify that the SRECs generated by Seller’s Project are eligible for use in complying with the New Jersey Renewable Portfolio Standards (“RPS”) as set forth at N.J.A.C. 14:8-2.1 et seq., as amended, and as in effect from time to time during the Term of this Agreement, and You shall provide Us with a copy, or other acceptable evidence, of the OCE registration, inspection and certification confirming and verifying that Seller’s Project is capable of producing RPS-eligible SRECs.

4. Creation of SRECs.

A. Subject to Section 5.A. below, when (i) Seller’s Project has been constructed, and registered, inspected and certified, with and by, OCE as capable of producing SRECs eligible for use in complying with the RPS, (ii) the Conditions Precedent as set forth in Section A of the attached General Terms and Conditions have been satisfied, completed or waived by Us, and (iii) you have delivered your written notice to Us that Seller’s Project is operational, as set forth in Section 5.A. below, You shall begin to sell and deliver SRECs to Us.

B. An “SREC” is a Solar Renewable Energy Certificate, which is issued by PJM-EIS-GATS (as defined in Section G of the General Terms and Conditions) on a monthly basis, representing one megawatt-hour of solar energy that is generated by a facility connected to the distribution system in New Jersey and has value based upon, and driven by, the energy market. Such solar energy generation is tracked through monthly meter readings in accordance with applicable PJM-EIS-GATS Operating Rules and other related requirements.

C. For purposes of this Agreement, only meter readings from the SREC Meter (as defined in Section A.6 of the General Terms and Conditions), and not engineering estimates, shall be accepted as the basis for establishing the actual amounts of generation from Seller’s Project for purposes of determining the number of SRECs issued by PJM-EIS-GATS for Seller’s Project during the Term of this Agreement.

5. Delivery Period.

A. Subject to Section A.3.(e) of the General Terms and Conditions, the “Delivery Period” begins on the date that is: (i) after the Effective Date, (ii) after You deliver written notice to Us that Seller’s Project is able to operate, generate, and deliver SRECs pursuant to the terms of this Agreement, and (iii) the next Business Day of the then current PJM-EIS-GATS Generation Month after the date on which Purchaser confirms satisfaction and/or completion by You, or waiver by Us, of the Conditions Precedent, such date being the “Commencement Date.” Any SRECs generated by Seller’s Project prior to the Commencement Date shall not be eligible for purchase by Us hereunder.

B. The Delivery Period shall terminate at the earlier of (i) 11:59 P.M. of the date that is ten (10) years (*i.e.*, 120 months) following the Commencement Date (the “Ten Year Anniversary Date”), or (ii) the date on which the SREC Purchase Cap (as set forth and defined in Section 8 below) is achieved, whichever first occurs. Any SRECs generated by Seller’s Project after the first to occur of the Ten Year Anniversary Date or the date on which the SREC Purchase Cap is achieved, shall not be eligible for purchase by Us hereunder.

C. Each twelve (12) consecutive months following the Commencement Date shall be a “Contract Year.” The term “PJM-EIS-GATS Generation Month” means any month in which SRECs are issued in PJM-EIS-GATS for Seller’s Project. The first PJM-EIS-GATS Generation Month is the first full month in which SRECs are issued in PJM-EIS-GATS for Seller’s Project.

6. Purchase and Sale Obligation.

A. You hereby agree to sell and deliver to Us, and, subject to Section 8, Section 9, Section 10, and Section 11 below, We hereby agree to purchase and take delivery of, the SRECs produced from Seller’s Project as and when such SRECs are created by, and through, the actual generation of one megawatt hour of electricity by Seller’s Project, as registered on the SREC Meter and as reported to PJM-EIS-GATS, during the Delivery Period (the “Transferred SRECs”).

B. Only whole (as opposed to fractional) Transferred SRECs shall be considered eligible for payment under this Agreement.

C. In addition to Seller’s sale and Purchaser’s purchase of SRECs, Purchaser, without the payment of any additional consideration to Seller, shall receive title to, and Seller shall convey to Purchaser, any and all right, title and interest in and to Environmental Attributes associated with the electricity generated by the Seller’s Project. For purposes hereof, “Environmental Attributes” excludes electric energy and capacity produced, but includes any emissions, air quality, or other environmental or renewable attribute, aspect, characteristic, claim, credit, benefit, reduction, offset or allowance, howsoever entitled or designated, resulting from, attributable to or associated with the generation of energy by a solar renewable energy facility, whether existing as of the date of the SREC Contracting Order or in the future, and whether as a result of any present or future local, state or federal laws or regulations or local, state, national or international voluntary program. If during the Delivery Period, a change in



laws or regulations occurs that creates value in Environmental Attributes, including but not limited to any associated tax references and benefits, then at Purchaser's request, Seller shall cooperate with Purchaser to register such Environmental Attributes or take other action necessary to obtain the value of such Environmental Attributes for Purchaser.

D. We shall not purchase any energy or capacity from Seller's Project under this Agreement, and, subject to applicable net metering regulations, You may enter into other agreements with others to see energy and/or capacity produced by Seller's Project. This Agreement also makes no commitment by Purchaser for net metering of the Seller's Project, which is subject to requirements of Board rules and the Purchaser's tariff.

7. Assignment of SRECs. In furtherance of Your Agreement to sell the Transferred SRECs to Us for the Term of this Agreement, You hereby assign to Us, free and clear of all liens, security interests, encumbrances, and Claims (as defined in Section M of the attached General Terms and Conditions) or any interest therein or thereto held by a third party, all of Your rights, title and interests in the Transferred SRECs.

8. Quantity of SRECs.

A. Subject to Section 6.B. above, during each Contract Month of each Contract Year, You shall sell and deliver to Us, and We shall purchase and accept delivery of (and pay in accordance with Section 11 below), 100% of the quantity of Transferred SRECs produced by Seller's Project, if any, during each such Contract Month for each Contract Year during the Delivery Period; provided, however, that the total amount of SRECs purchased by Us hereunder during the Delivery Period shall not exceed the number of SRECs calculated by multiplying (i) the Size of Project expressed in kilowatts (*i.e.*, kW) by (ii) 1,350 hours, and dividing the product thereof by (iii) 1,000 kilowatt hours, and multiplying the result thereof by (iv) ten years, producing a number of SRECs, which will be rounded up to the next whole number of SRECS, (the result of such calculation of the foregoing (i), (ii), (iii) and (iv) factors being the "SREC Purchase Cap").<sup>1</sup>

B. For purposes of calculating the SREC Purchase Cap, the Size of Project shall be the lesser of (i) the Size of Project set forth in Appendix B (reflecting the size of the Project selected in accordance with Board-approved procedures and authorized by the SREC Contracting Order for the award of this Agreement under the SREC-II program) or (ii) the actual as-constructed size of the Project on the Commencement Date; provided, however, that the as-constructed Size of Project does not exceed +/-10% of the Size of Project set forth in Appendix B on the Effective Date and, as set forth in Seller's written certification to Purchaser, does not result from circumstances that were (1) known to Seller on the Effective Date, and (2) within Seller's control. Subject to the requirements of the foregoing sentence, the as-constructed size, if different than the Size of Project set forth in Appendix B on the Effective Date, will promptly thereafter be reflected as an authorized amendment to Appendix B. Changes in the Size of Project beyond the foregoing allowance shall be deemed an Event of Default resulting in the termination of this Agreement.

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<sup>1</sup> For example, a 10 kW Project would have a contract limit of 135 SRECs (*i.e.*, 1350 kWh x 10 kW / 1000 x 10 years).

C. Purchaser shall have no obligation to purchase any SRECs produced by Seller's Project in excess of such SREC Purchase Cap or after the Ten Year Anniversary Date (in each case "Excess SRECs"), and We shall not accept the transfer of any Excess SRECs from Seller to Purchaser's designated PJM-EIS-GATS Account and such Excess SRECs shall not be treated, or paid for, as Transferred SRECs hereunder. Seller shall bear the risk of loss with respect to all Excess SRECs and Seller shall reimburse Purchaser for any payments made to Seller for Excess SRECs.

D. As used herein, "Contract Month" means each calendar month during the Delivery Period and, where (i) the Commencement Date does not fall on the first day of a calendar month, the remaining portion of such initial Contract Month, or (ii) the first to occur of the Ten Year Anniversary Date or the date on which the SREC Purchase Cap is achieved, does not fall on the last day of a calendar month, the portion of such last Contract Month immediately prior to and including the Ten Year Anniversary Date. In addition, on the first to occur of the Ten Year Anniversary Date or the date on which the SREC Purchase Cap is achieved, Seller shall (I) read the SREC Meter and report the registration thereon since the last prior meter reading to PJM-EIS-GATS; provided, however, that Seller's failure to read the meter and/or to report the meter reading to PJM-EIS-GATS shall result in the number of Transferred SRECs for the final Contract Month shall be pro-rated, and (II) update the Standing Order (as defined in Section G.7. of the General Terms and Conditions) so that it terminates effective as of the first day of the next PJM-EIS-GATS Generation Month following such date as applicable.

9. Purchase Price for SRECs. We shall pay You \$ \_\_\_\_ (U.S.) per Transferred SREC delivered to Us from Seller's Project during each Contract Month, after first deducting \$39.66, representing an SREC Transaction Fee of \$22.59 and an Administrative Fee of \$17.07, for each Transferred SREC we purchase (the "Purchase Price").

10. Delivery of SRECs.

A. Subject to Section G of the General Terms and Conditions, You shall arrange for the Delivery of the Transferred SRECs to Us.

B. "Delivery" occurs when title and risk of loss related to Transferred SRECs has been transferred from You to Us and when the transfer of SRECs are properly recorded within the PJM-EIS-GATS and credited to Purchaser's PJM-EIS-GATS "Active Subaccount," as defined in the PJM-EIS-GATS Operating Rules. Pursuant to the assignment set forth in Section 7 above, You shall execute such forms or instructions as We and/or PJM-EIS-GATS shall require, including, without limitation, the form of Standing Order, in order to Deliver all Transferred SRECs each month directly into Purchaser's Active Subaccount.

C. If Your Facility is net-metered, You shall be required to read the SREC Meter and provide SREC Meter reading data to PJM-EIS-GATS only as frequently as is necessary to allow for the appropriate creation and subsequent recording of the Transferred SRECs within PJM-EIS-GATS. In the event that such readings are not available on a monthly basis, You shall enter available actual meter readings in PJM-EIS-GATS, subject to reconciliation based upon the next actual SREC Meter reading. During each Contract Year, upon reasonable notice from Us to You, We shall have the right and You shall provide a

reasonable opportunity for Us to review and validate metered generation data provided by the Seller's Project SREC Meter.

11. Payment for Transferred SRECs.

A. Notwithstanding the monthly Delivery of Transferred SRECs from You to Us, We shall pay You for such Transferred SRECs on a quarterly basis, by issuing a payment to You for the actual Transferred SRECs for the preceding Contract Quarter as shown on Appendix D and subject to Section 11 B and C below. As used herein, "Contract Quarter" means each Energy Year quarter (as set forth in Appendix D) during the Delivery Period and, where the Commencement Date does not fall on the first day of an Energy Year quarter, the remaining portion of such initial Energy Year quarter. Payment shall be in accordance with the schedule shown on Appendix D. The term "Energy Year" means the 12-month period from June 1st through May 31st, numbered according to the calendar year in which it ends.

B. Upon request of the Purchaser, the Seller shall provide Seller's Project information in the form of PJM-EIS-GATS screen print(s), providing (i) the actual meter readings during each month, (ii) the date that the meter was read each month during the quarter the Purchaser, in its reasonable discretion, shall specify, and (iii) the number of SRECs created during each month of such quarter.

C. Purchaser's payment to You (in accordance with the Appendix D) shall indicate the amount of Transferred SRECs delivered by You during each Contract Month of the Contract Quarter and shall also reflect the deduction of (a) the SREC Transaction Fee, (b) the Administrative Fee, and (c) any other deductions owed by You to Us, if any, as such fees are described and set forth in Section C of the General Terms and Conditions.

D. You shall have ten (10) Business Days from receipt of the payment to contest the amount paid. If in good faith You dispute the correctness of a payment and the accompanying explanatory statement issued by Us, then acting in good faith both You and We shall attempt to resolve the dispute promptly through negotiations. If it is determined that We have underpaid, then We shall pay You the amount that remains due and unpaid within ten (10) Business Days of such determination. If it is determined that We have overpaid, then We shall show the amount due from You to Us as a credit to Us on the next quarterly payment following such determination.

E. As used herein, "Business Day" means any day other than a Saturday, Sunday or a Federal Reserve Bank holiday. A Business Day starts at 8:00 A.M. and closes at 5:00 P.M., local prevailing time in the New Jersey location of the Facility.

12. The General Terms and Conditions are attached hereto as Appendix A, and, by this reference, are made a part hereof.

**IN WITNESS WHEREOF**, and intending to be legally bound by the terms and conditions of this Agreement, the Parties have executed this Agreement as of the Effective Date hereof.

\_\_\_\_\_  
Seller Name

ATLANTIC CITY ELECTRIC COMPANY

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**GENERAL TERMS AND CONDITIONS**

Capitalized terms not defined herein shall have the meaning set forth in the Agreement to which this Appendix A is attached and made a part thereof.

- A. **CONDITIONS PRECEDENT.** Purchaser's obligations under this Agreement shall not become effective, and except with respect to condition precedent No. 10 below, Seller shall forfeit any deposit paid to Purchaser (i.e., the cash deposit equal to \$75 per Project kW, but not less than \$500 and not more than \$20,000 paid by Seller within 14 days of the Board's issuance of the SREC Contracting Order authorizing this Agreement [the "Deposit"]), unless and until the following conditions are satisfied by Seller, in form and substance satisfactory to Purchaser and its counsel, on or prior to the Commencement Date, promptly following which the Deposit, without interest, shall be returned by Purchaser to Seller.
1. **Execution and Delivery of Agreement.** This Agreement and any associated material documents or other agreements, including, without limitation, an appropriate interconnection agreement, shall have been completed, duly executed and delivered by Seller to Purchaser. Seller shall return this executed Agreement promptly within the time frames specified by Purchaser in the notice accompanying, or issued in connection with, the delivery of this Agreement to Seller and the entry of a final and non-appealable SREC Contracting Order by the Board.
  2. **Other Documentation.** To the extent Purchaser has requested such documentation, Purchaser shall have received all requested Seller's Project Documents (as defined in Section K of these General Terms and Conditions) with respect to Seller's Project, each duly executed by each person that is a party thereto, each of which Seller's Project Documents shall be in full force and effect, and in form and substance satisfactory to Purchaser.
  3. **Completion of Seller's Project.** The installation of Seller's Project at the Facility shall have been completed; provided that Seller shall have previously notified Purchaser in writing that Seller's Project is substantially complete, and Purchaser, at its option and discretion, shall have verified within 14 days of Seller's notice that Seller's Project has achieved operation.
    - (a) For purposes of this Agreement, in the event the Commencement Date has not occurred within two (2) years of the Effective Date, Purchaser shall have the right, exercisable upon written notice to Seller, to terminate this Agreement without further obligation or liability to Seller.
    - (b) In addition to the bid qualification criteria requiring that at the time of bid Seller's Project shall have been conditionally or fully certified as located on a closed landfill, brownfield or area of historic fill, and shall have

received (i) an approved (or conditionally approved) application under Subsection (t) of the Solar Act of 2012 (L. 2012, c. 24), and (ii) (I) a system impact and feasibility study from PJM, or (II) written verification that such system impact and feasibility study is waived by or otherwise deemed unnecessary by PJM, or (III) alternative verification from Purchaser of its acceptance of the Seller's Project proposed interconnection, during the two (2) year period (as provided under Section A.3.(a). above), Seller shall also meet the following milestones:

- (i) At nine (9) months from Effective Date: Seller shall have entered into an executed Interconnection Service Agreement with PJM (if applicable) and the applicable electric distribution company ("EDC") and, if needed for the Seller's Project, an executed Interconnection Construction Service Agreement with PJM (if applicable); and
  - (ii) At 15 months from the Effective Date: Seller shall have received all applicable state and local permits, certificates and authorizations for construction; and shall have commenced construction of the Seller's Project at the Seller's Project site at the Facility to a stage beyond mere site preparation.
- (c) Seller shall provide written certifications to Purchaser within fourteen (14) Business Days of the above-referenced milestone dates, and Seller's failure to timely do so shall constitute an Event of Default hereunder. Purchaser shall rely on the timely written certifications of a written certification by Seller, substantially in the form of Appendix A-1 hereto, submitted by the Seller or its Project Developer (upon which Purchaser may rely completely, without verification and without receiving, requesting or reviewing any substantiating documentation from Seller or its Project Developer) in determining whether milestones are met. The failure to meet either of these milestones shall be considered an Event of Default resulting in termination of this Agreement.
- (d) Seller understands, acknowledges, and agrees that any extension beyond the two (2) years provided to complete the Seller's Project may be granted only by Order of the Board following a formal petition to the Board requesting such extension; provided, however, that (i) any such petition must be made no less than sixty (60) days, prior to the expiration of the two (2) year period for completion, or, in the case of an inability to meet a milestone, no less than thirty (30) days prior to the milestone date; (ii) all of the certifications made in connection with the milestones, if any, continue to be true and correct; (iii) all modules and other equipment are on the Seller's Project site at the Facility; (iv) Project completion is imminent; and (v) such extension request shall be for no more than three (3) months.

- (e) Seller also understands, acknowledges, and agrees that, notwithstanding the grant of any extension hereunder, and provided that the Seller's Project is completed by no later than the expiration of any effective extension hereunder, (i) the Commencement Date under this Agreement shall be that date that is exactly two (2) years from the Effective Date, (ii) the Delivery Period shall be deemed to have commenced on the Commencement Date as established in this Section A.3.(e) of these General Terms and Conditions, and (iii) such Delivery Period (as deemed to have commenced hereunder) shall terminate in accordance with the provisions of Section 5.B. of this Agreement.
4. OCE Inspection Report. Seller, at its sole cost and expense, shall have arranged for and caused OCE to inspect and certify Seller's Project and shall have provided to Purchaser a complete copy of (i) the OCE inspection report with respect to Seller's Project installed at the Facility, (ii) the OCE certification of Seller's Project, and (iii) the final "as built" Project Documents.
5. Registration with PJM-EIS-GATS. If Seller is required by PJM-EIS-GATS to become an Account Holder, then Seller, at its sole cost and expense, shall have registered Seller's Project with, and shall have subscribed to, PJM-EIS-GATS, and shall have opened an Active Subaccount in accordance with PJM-EIS-GATS Operating Rules for purposes of making Delivery of Transferred SRECs to Purchaser, and Seller shall provide evidence of same to Purchaser.
6. The SREC Meter. Seller shall have arranged, at its sole cost and expense, for (i) Seller to install, own, and maintain a revenue grade kilowatt-hour meter (the "SREC Meter") at Seller's Project located in accordance with applicable regulatory and PJM-EIS-GATS standards, and capable of measuring the electricity generated from the continued operation of Seller's Project throughout the Delivery Period so as to be reported to, and subject to audit and reasonable access by, Purchaser and PJM-EIS pursuant to the PJM-EIS-GATS Operating Rules and other PJM-EIS requirements, as applicable, and (ii) net metering arrangements with Purchaser, in accordance with applicable net metering regulations.
7. Certification Regarding Rebates. Seller shall have certified to Purchaser that it has not received, and will not receive, any rebates with respect to Seller's Project under any program administered by OCE.
8. No Defaults. No Event of Default under this Agreement or any other agreement applicable to Seller's Project has occurred and is continuing.
9. Continuing Representations and Warranties. The representations and warranties of Seller contained in this Agreement shall be true and correct as of the Commencement Date with the same effect as though made on such date, except, however: (i) for such changes as are specifically permitted hereunder; and (ii) to

the extent made solely as of a previous date, such representations and warranties shall have been true and correct as of such previous date.

10. SREC Contracting Order. The Board's SREC Contracting Order, and/or any subsequent Board Order authorizing Purchaser to enter into such contracts and agreements, including, in particular, this Agreement, remains in full force and effect.

B. INSPECTIONS. Prior to the Commencement Date and thereafter during the Term, Purchaser shall have the right, but not the obligation, to make inspections of Seller's Project, and/or retain a third party to make any such inspections on its behalf, and, following the Commencement Date, to verify that Seller's Project is being operated and maintained in accordance with prevailing industry standards. All inspections by Purchaser are for Purchaser's determination of completion of Seller's Project in accordance with Section A.3 of these General Terms and Conditions above and otherwise for its internal purposes only, and are not to be deemed to constitute Purchaser's approval of Seller's Project and/or its continued operation.

C. TAXES, FEES AND EXPENSES.

1. Application Fee. Purchaser will charge to Seller and Seller shall pay to Purchaser a non-refundable Application Fee of \$150 for each application to participate in a Segment 3 program solicitation.
2. Assignment Fee. Purchaser will charge to Seller and Seller shall pay an Assignment Fee of \$1,500 for assignments of this Agreement and shall pay thereafter any additional costs (including but not limited to outside counsel and consultant fees) reasonably incurred by Purchaser. These costs will be billed directly to the counterparty under this Agreement that is seeking such assignment.
3. Administrative Fee. As described in Section 9 of the Agreement, Purchaser will charge to Seller and Seller shall pay to Purchaser an Administrative Fee of \$17.07 per SREC purchased by ACE from Seller. The fee will be applied to each SREC purchase transaction between ACE and the Seller, by deducting \$17.07 from the payment for each Transferred SREC purchased by ACE.
4. SREC Transaction Fee. As described in Section 9 of the Agreement, Purchaser will charge to Seller and Seller shall pay to Purchaser an SREC Transaction Fee of \$22.59 per SREC purchased by ACE from Seller. The fee will be applied to each SREC purchase transaction between ACE and the Seller, by deducting \$22.59 from the payment for each Transferred SREC purchased by ACE.
5. Other Taxes, Fees and Expenses. Seller shall pay any other program participant fees (e.g., the "Assignment Fee" set forth in Section I of these General Terms and Conditions), as established in accordance with the Stipulation of Settlement approved by the Board in the initial SREC Contracting Order issued December     , 2013, authorizing the SREC-II program, which fees, beginning January 1,



2019, shall be subject to annual adjustments by Purchaser in accordance with such Board Order, and any other costs, fees, and expenses, including any and all Taxes and transaction costs, fees and expenses attributable to or arising from the sale of the Transferred SRECs under this Agreement and in order to (a) obtain the initial certification of the Transferred SRECs, including any inspections of Seller's Project in connection therewith, and (b) provide for the filing and recording of any instrument delivered by Seller to convey the Transferred SRECs to Purchaser. Purchaser shall pay any and all costs, fees and expenses incurred in connection with (i) the certification for the Transferred SRECs, if any, required with respect to any subsequent sale of the Transferred SRECs by Purchaser, (ii) any other certifications or third party verifications concerning the Transferred SRECs, and (iii) any and all Taxes and transaction costs, fees and expenses attributable to or arising from the subsequent sale of the Transferred SRECs by Purchaser. If Purchaser is required by law or regulation to remit or pay Taxes, which are Seller's responsibility hereunder, Purchaser may deduct the amount of any such Taxes from the sums due to Seller under this Agreement. Nothing shall obligate or cause a Party to pay or be liable to pay any Taxes for which it is exempt under the law and for which it timely asserts and diligently pursues such exemption, until final determination thereof. "Taxes" means any and all new or existing privilege, sales, use, consumption, excise, transaction, and other taxes or similar charges, and any increases in the same, but "Taxes" does not include income taxes or other similar taxes based on income or net revenues.

D. REPRESENTATIONS AND WARRANTIES.

1. Seller. Seller represents and warrants that:

- i. If Seller is not an individual, it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, and the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its Constitutive Documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it. "Constitutive Documents" means, with respect to any person that is a corporation, its certificate of incorporation or articles of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized shares of capital stock; with respect to any person that is a limited partnership, its certificate of limited partnership and partnership agreement; with respect to any person that is a limited liability company, its certificate of formation and its limited liability company agreement; and with respect to any person that is a grantor trust, its trust agreement, in each case, as the same may be amended or modified and in effect from time to time;

- ii. This Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding obligation enforceable against it in accordance with its terms; subject to any equitable defenses, bankruptcy principles, or the like;
- iii. It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;
- iv. 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;
- v. It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and
- vi. If Seller is the Project Developer, Seller has obtained and provided to Purchaser the written acknowledgement (in the form attached hereto as Appendix C) of the owner of the Facility (“Host”) acknowledging for Purchaser’s benefit that Seller has the right to locate Seller’s Project at the Facility and that Host has (a) no right, title or interest, including, but not limited to, any third party beneficiary rights, in the Transferred SRECs, which are to be sold to Purchaser under this Agreement, (b) no right, title or interest in this Agreement, including, but not limited to any third party beneficiary rights, (c) no rights against Purchaser, and shall not look to Purchaser, with respect to any claim or damages with respect to any aspect of Seller’s Project, including, but not limited to, the construction, operation or maintenance thereof at Host’s Facility.

2. Purchaser. Purchaser represents and warrants that:

- i. It is duly organized, validly existing, and in good standing under the laws of the State of New Jersey, it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement, and the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its Constitutive Documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;
- ii. This Agreement and each other document executed and delivered in accordance with this Agreement constitutes a legally valid and binding

obligation enforceable against it in accordance with its terms; subject to any equitable defenses, bankruptcy principles, or the like;

- iii. It is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;
- iv. 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;
- v. It is acting for its own account pursuant to the directive of the Board as set forth in the SREC Contracting Order, and is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and
- vi. It has entered into this Agreement in compliance with the SREC Contracting Order and it has the capacity or ability to make or take delivery of all Transferred SRECs referred to in this Agreement.

E. FURTHER SELLER REPRESENTATIONS AND WARRANTIES. In addition to the representations and warranties of Seller made above, Seller also represents and warrants that (i) the number of Transferred SRECs credited to Seller's PJM-EIS-GATS Active Subaccount will be based on the energy generation from Seller's Project at the Facility based upon the reading of the SREC Meter, (ii) all Transferred SRECs produced by Seller's Project and sold to Purchaser hereunder shall be eligible for use in complying with the RPS as so certified by OCE or such other agent as designated and appointed by the Board from time to time, and (iii) Seller shall promptly notify Purchaser of any change in circumstance, which causes the foregoing representation and warranty to no longer be true, including providing a copy of any notice received from OCE or otherwise indicating or determining that the Transferred SRECs are no longer RPS-eligible ("Non-eligible SRECs"). Purchaser shall not be obligated to pay for Non-eligible SRECs, and Seller shall be responsible to reimburse Purchaser for any payments made to Seller for Non-eligible SRECs.

F. FURTHER ASSURANCES. Each of the Parties hereto agree to cooperate with the other and to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party, which are not inconsistent with the provisions of this Agreement and which do not involve the assumptions of obligations other than those provided for in this Agreement, in order to give full effect to this Agreement and to carry out the intent of this Agreement.

G. PJM-EIS-GATS. This Agreement provides for the use of the PJM-EIS-GATS. For purposes of this Agreement:

- 1. "PJM" means the PJM Interconnection, a regional transmission organization that coordinates and directs the operation and ensures reliability of the high-voltage

electric power system service all or parts of the territory consisting of the states of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia.

2. “PJM-EIS-GATS” means the electronic PJM Environmental Information Service-Generator Attribute Tracking System operated by the PJM-EIS-GATS Administrator to account for the creation, tracking and retirement of SRECs in the PJM “Control Area,” as that term is defined in the PJM-EIS-GATS Operating Rules.
3. “PJM-EIS-GATS Account” means a Party’s SREC account on PJM-EIS-GATS, as identified if applicable.
4. “PJM-EIS-GATS Administrator” means PJM Environmental Information Services, Inc., a wholly-owned subsidiary of PJM Technologies, Inc., or any successor thereto performing similar functions.
5. “PJM-EIS-GATS Operating Rules” means the Generation Attribute Tracking System (PJM-EIS-GATS) Operating Rules adopted by the PJM-EIS-GATS Administrator, as the same may be amended or modified and in effect from time to time by PJM-EIS-GATS.
6. As long as PJM-EIS-GATS requires Seller to become an “Account Holder,” as defined in the PJM-EIS-GATS Operating Rules, then at Seller’s sole cost and expense, Seller shall become a PJM-EIS-GATS Account Holder and Seller shall open, maintain, or cause to be opened and maintained, until expiration of the Term, a Seller’s Active Subaccount into which Transferred SRECs from Seller’s Project may be deposited, and transferred to and from, in accordance with the applicable PJM-EIS-GATS Operating Rules.
7. Seller shall execute a PJM-EIS-GATS Standing Order (the “Standing Order”) designating Purchaser as the recipient of 100% of the Transferred SRECs from the Seller’s Project beginning on the Commencement Date and ending on the date that is the first day of the next PJM-EIS-GATS Generation Month following the Ten Year Anniversary Date, provided, however, that, in accordance with Section 5.B. and Section 8.D. of this Agreement, such ending date shall be subject to being changed to the first day of the next PJM-EIS-GATS Generation Month following the date on which the SREC Purchase Cap is achieved if such date occurs before the Ten Year Anniversary Date. During the term of this Agreement, Seller shall not change the ending date of the Standing Order except as specifically provided herein or as agreed in writing by Purchaser.
8. If Seller is required to become an Account Holder, then title to the Transferred SRECs shall not pass from Seller to Purchaser until Purchaser confirms acceptance of the Transferred SRECs.

9. In the event that the processes and procedures set forth in this Agreement for the creation, issuance, verification, delivery and tracking of SRECs are no longer authorized by the Board or PJM-EIS-GATS, or both, the Parties agree to comply with, and act under and in accordance with, the Board's then applicable rules and/or Orders pertaining to the creation, issuance, verification, delivery and tracking of SRECs by any successor entity or organization to PJM-EIS-GATS, as may be authorized from time to time by the Board.

#### H. FORCE MAJEURE.

1. Except as otherwise set forth in this Agreement, neither Party shall be liable for any failure or delay in performance of its respective obligations hereunder during the Delivery Period if and to the extent that such delay or failure is due to a Force Majeure Event. In the event of (i) a Force Majeure Event of 12 consecutive months duration, or (ii) Force Majeure Events cumulatively totaling 24 months, in which Seller fails to deliver any Transferred SRECs from Seller's Project to Purchaser, Purchaser shall have the right to terminate this Agreement without further liability to Seller, by giving Seller 15 Business Days written notice.
2. "Force Majeure Event" means any cause beyond the reasonable control of, and not due to the fault or negligence of, the affected Party and which could not have been avoided by the affected Party's reasonable due diligence, including, as applicable, war, terrorism, riots, embargo or national emergency; curtailment of or inability to obtain electric power transmission services or interconnection; fire, flood, windstorm, earthquake, or other acts of God; strikes, lockouts, or other labor disturbances (whether among employees of Seller, its suppliers, contractors, or others); delays, failure, and/or refusal of suppliers to supply materials or services; orders, acts or omissions of the PJM-EIS-GATS Administrator, as applicable; orders or acts of any Governmental Authority (as defined in Section P.2 hereof) (other than those orders and acts addressed under Section P of these General Terms and Conditions); changes in laws or regulations (other than those changes addressed under Section P of these General Terms and Conditions); or any other cause of like or different kind, beyond the reasonable control of Seller. Notwithstanding the foregoing, a Force Majeure Event shall not be based on Seller's ability to sell SRECs at a price greater than the Purchase Price, Purchaser's ability to purchase SRECs at a price below the Purchase Price, Purchaser's inability to resell the SRECs or any events addressed under Section P of these General Terms and Conditions.

- I. ASSIGNMENT/DELEGATION. Neither Purchaser nor Seller shall assign this Agreement nor delegate any of its duties hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed; otherwise any such assignment or delegation shall be voidable at the option of the other Party. Notwithstanding the foregoing, either Party may, without the prior consent of the other Party, (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements (and without relieving itself from liability hereunder), (ii) transfer

or assign this Agreement to an affiliate of such Party which affiliate's creditworthiness is equal to or higher than that of such Party, or (iii) transfer or assign this Agreement to any person or entity (A) succeeding to all or substantially all of the assets of such Party, or (B) purchasing the Facility at or on which Seller's Project is located, provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request; provided further that the transferring party shall promptly provide the non-transferring party with notice in writing containing reasonably detailed information regarding the assignment, including instructions with respect to any applicable changes in names or addresses acknowledged in writing by the assignor and assignee. In requesting Purchaser to process an assignment hereunder, Seller shall submit payment to Purchaser of an assignment fee in the amount of \$1,500 (the "Assignment") for each requested assignment, and related estoppel statement or consent (as set forth in clause I.1 below).

1. Financing Cooperation. Purchaser agrees, at Seller's sole cost and expense, to (i) cooperate with Seller in responding to or complying with the reasonable requirements or reasonable requests of any Financing Party with respect to the obligations of Purchaser hereunder; provided, however, that such compliance will be only to the extent permitted under the SREC Contracting Order, (ii) provide reasonable assistance to Seller in complying with the reporting requirements set forth in any financing agreements of a Financing Party, and (iii) at any time, and from time to time, during the Term, after receipt of a written request by Seller, execute and deliver to Seller and/or any Financing Party, such estoppel statements (certifying, to the extent true and correct, among other things that (1) this Agreement is in full force and effect, (2) no modifications have been made, (3) no disputes or defaults exist, (4) no events have occurred that would, with the giving of notice or the passage of time, constitute a default under this Agreement, and (5) all amounts then due and owing have been paid) or consents to assignments of this Agreement by Seller as collateral security as may reasonably be required. "Financing Party" means any lenders or other third parties providing construction financing, long-term financing or other credit support in connection with the development, construction or operation of Seller's Project.

J. EVENTS OF DEFAULT; REMEDIES AND DAMAGES.

1. In the event ("Event of Default") of, or arising from, (i) the failure of either Party to make when due, any payment obligation required hereunder if such failure is not remedied within ten (10) Business Days after written notice of such failure is given to the defaulting part (the "Defaulting Party") by the other Party; (ii) the failure of either Party to comply with any or all of its other respective obligations in good faith as herein set forth and such noncompliance is not cured within 30 Business Days after notice thereof to the Defaulting Party; or (iii) either Party (1) filing a petition in bankruptcy, (2) having such a petition filed against it, and (3) becoming otherwise insolvent or unable to pay its debts as they become due, the non-Defaulting Party may establish by written notice to the Defaulting Party a date on which this Agreement shall terminate early. The non-Defaulting Party

may suspend performance of its obligations under this Agreement until such Event of Default is cured, or if the Event of Default is a failure to pay as set forth in clause (i) above, until such amounts have been paid, and if the non-Defaulting Party chooses to suspend performance Seller's right to receive payment, if applicable, is such Party's exclusion remedy for a failure to pay under clause (i) above.

2. If Seller fails to deliver any Transferred SRECs in any Contract Month, whether by reason of Force Majeure Event or otherwise, Purchaser shall have no obligation to pay Seller any amount for such Contract Month.
  3. Except as otherwise provided herein, all other damages and remedies are hereby waived as to any Events of Default.
- K. **NO ASSUMPTION OF LIABILITIES.** Purchaser shall not assume, and Seller shall retain and be responsible for, any and all liabilities and obligations of Seller of any kind or nature whatsoever with respect to Seller's Project, including, without limitation, any and all liabilities and obligations of Seller under Seller's Project Documents. "**Project Documents**" means this Agreement, OCE certifications and other evidence of OCE inspections of Seller's Project, and the executed project development agreement or other agreement between Seller and a Project Developer evidencing a legally enforceable obligation to develop, design, procure, and install a solar-powered photovoltaic generation system warranted to operate at the Facility for at least the Term of this Agreement, and, if Seller is a Project Developer, any applicable leases, easements, power purchase agreements between the Project Developer and Host and licenses evidencing Project Developer's rights of access and rights to develop, design, procure, install and operate a solar-powered photovoltaic generation system at the Facility and warranted to operate at the Facility for at least the Term of this Agreement.
- L. **LIMITATION OF LIABILITY.** WITH RESPECT TO ANY LIABILITY HEREUNDER, NEITHER SELLER NOR PURCHASER SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS, OR BUSINESS INTERRUPTION DAMAGES, WHETHER BY STATUTE, IN TORT OR IN CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE.
- M. **DISPUTES.** Any Dispute or Claim arising hereunder not otherwise resolved by and between the Parties by good faith negotiations shall be presented for binding arbitration in Atlantic County, New Jersey, in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("**AAA**") using a single arbitrator jointly selected by the Parties unless the Parties are unable to agree to a single arbitrator within ten (10) Business Days after commencing arbitration, in which case the arbitrator will be selected by the AAA. "**Claims**" means all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent, or otherwise, that directly or indirectly relate to the subject matter of any dispute hereunder, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

- N. NOTICES. Notices provided for or required under this Agreement shall be exercised in writing. The Parties shall be legally bound from the date the notification is exercised. Notices provided for or required in writing herein shall be delivered by hand or transmitted by facsimile or sent by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier. Notices hand delivered, shall be deemed delivered by the close of the Business Day on which it was hand delivered (unless hand delivered after the close of the Business Day in which case it shall be deemed received by the close of the next Business Day). Notices provided by facsimile shall be deemed to have been received upon the sending of a Party's receipt of its facsimile machine's confirmation of a successful transmission. If the day on which such facsimile is received is not a Business Day or is after 5:00 P.M. Eastern prevailing time on a Business Day, then such facsimile shall be deemed to have been received on the following Business Day. Notices provided by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier, shall be deemed delivered upon receipt.
- O. INDEMNITY. Each Party shall indemnify, defend and hold harmless the other Party from and against any Claims arising from or out of any event, circumstance, act or incident first occurring or existing during the period when control and title to Transferred SRECs is vested in such Party as provided for in Section 10 of this Agreement. Each Party shall indemnify, defend and hold harmless the other Party against any Taxes for which such Party is responsible under Section C of these General Terms and Conditions.
- P. REGULATORY AND TAX CHANGES
1. Purchaser Cost Recovery. The Parties recognize and agree that this Agreement and the amounts to be paid to Seller for Transferred SRECs hereunder, and the incurring of costs by Purchaser associated with this Agreement, are premised upon and subject to (i) ACE's continuing ability to timely and fully recover from its customers all amounts paid to Seller hereunder as well as administrative costs associated with this Agreement and all other amounts authorized to be recovered by Purchaser in, and in accordance with, the initial SREC Contracting Order issued by the Board on December \_\_\_\_ 2013, under the SREC-II program, and (ii) the continuing validity of the certification and recognition by the Board of the SRECs generated by Seller's Project for purposes of RPS compliance, throughout the Term hereof.
  2. Regulatory Changes. If the regulatory framework in effect as of the date hereof governing this Agreement and the program under which it was executed, whether such regulatory framework is set forth in regulations, the SREC Contracting Order, the Board Order approving this particular Agreement (if not the SREC Contracting Order) or otherwise, is amended or suspended by the Board or any other Governmental Authority and/or is otherwise no longer in force (collectively, a "Regulatory Change"), Seller will continue to purchase SRECs from Seller ONLY IF, HOWEVER, all of the following conditions are met: (a) Seller continues to produce and sell SRECs in accordance with this Agreement; (b) the terms in this Agreement governing the purchase and sale of SRECs remain in full force and effect; (c) despite the Regulatory Change, ACE continues to receive rate



treatment and cost recovery, in terms of amounts to be recovered for its SREC-based contracting program, including, without limitation, recovery of amounts paid under this Agreement to purchase SRECs, administrative costs, carrying costs, additional recoveries authorized by the Board in the SREC Contracting Order, and incentives (including the SREC Transaction Fee), if any, and timeliness of recovery, that is no worse for ACE than was provided as of the date hereof. In the event that there is a Regulatory Change and all of the foregoing conditions (a), (b) and (c) are not met, then, either: (x) the Parties shall promptly thereafter commence negotiations, which shall not exceed a period of 30 days, to amend this Agreement, if possible, to conform to the Regulatory Change in a manner that does not cause Purchaser or its customers to be in a worse position than they would have been in had the regulatory framework and the rate treatment and cost recovery not been changed; or (y) upon 30 days prior written notice to Purchaser, Seller may terminate this Agreement and neither Party shall have any further liability or obligation hereunder except with respect to amounts due prior to the date of such termination. In the event that the Parties cannot negotiate an amendment to this Agreement that meets the requirements of clause (x) above, this Agreement shall terminate at the expiration of the 30-day negotiation period. “Governmental Authority” means the federal government, any state or local government or other political subdivision thereof (whether federal, state or local), any court and any administrative agency or other regulatory body, instrumentality, authority or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

3. Further Understandings. Notwithstanding the foregoing provisions of Section P.2 above, (a) Purchaser shall not be obligated to pay Seller hereunder during the pendency of any appeal with respect to any such Regulatory Change in the regulatory framework, and (b) any termination of this Agreement or any amendment to this Agreement shall be effective retroactively from the date such Regulatory Change, and Seller shall reimburse Purchaser for any amounts paid to Seller which exceed the amounts that should have been paid pursuant to the foregoing provisions of Section P.2 as a result of such final and non-appealable order regarding a Regulatory Change.

Q. FORWARD CONTRACT. Purchaser and Seller each acknowledge that, for purposes of this Agreement, it is a “forward contract merchant” and that all transactions pursuant to this Agreement constitute “forward contracts” within the meaning of the United States Bankruptcy Code.

R. NETTING AND SETOFF. If Purchaser and Seller are required to pay any amount under this Agreement on the same day or in the same month, then such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the Party owed the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement

and/or any other contract between the Purchaser and Seller, if any, may be offset against each other, set off or recouped therefrom.

- S. WAIVER. The failure of Purchaser or Seller to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a future waiver of any such provisions or the relinquishment of any such rights, but the same shall continue and remain in full force and effect for the term of this Agreement.
- T. ENTIRE AGREEMENT. This Agreement, together with any attachments or exhibits specifically referenced herein, constitutes the entire contract between Purchaser and Seller with respect to the subject matter hereof, supersedes all prior oral or written representations and contracts, and may be modified only by a written amendment signed by Purchaser and Seller.
- U. COMPLIANCE WITH LAWS. Seller and Purchaser shall comply with the provisions of all laws and any applicable order and/or regulations, or any amendments or supplements thereto, which have been, or may at any time be, issued by a Governmental Authority relating to this Agreement and the transactions hereunder.
- V. GOVERNING LAW AND VENUE. This Agreement shall be construed, enforced, and performed in accordance with the laws of the State of New Jersey, without recourse to principles governing conflicts of law. Any lawsuit arising in connection with this Agreement shall be brought only in the state and federal courts of New Jersey.
- W. AUDITING. During the Term, Purchaser may, at reasonable times and on reasonable notice, audit Seller's records pertaining to Seller's Project and the Transferred SRECs, and Seller shall maintain reasonable records relating to this Agreement for a period of two (2) years following termination of this Agreement.

**CERTIFICATION**

The undersigned, [name], [title] of [name of developer] (“Seller”), hereby CERTIFIES as follows in connection with that certain Solar Renewable Energy Certificate Purchase and Sale Agreement, dated as of \_\_\_\_\_, 201[ ], between Seller and [name of EDC] (“SREC PSA”) relating to the solar photovoltaic generation project (“Seller’s Project”) defined in the SREC PSA, and consistent with Section A.3.(b) and A.3.(c) of the General Terms and Conditions of the SREC-PSA:

1. At 9 months from Effective Date: Seller has entered into, an executed Interconnection Service Agreement with PJM (if applicable) and the applicable electric distribution company (“EDC”) and, if needed for the Seller’s Project, an executed Interconnection Construction Service Agreement with PJM (if applicable); or
2. At 15 months from the Effective Date: Seller has received all applicable state and local permits, certificates and authorizations for construction; and has commenced construction of the Seller’s Project at the Seller’s Project site at the Facility to a stage beyond mere site preparation, including but not limited to the following (as applicable):
  - (a) Engineering and design work for the Seller’s Project has been completed.
  - (b) Construction permits for the Seller’s Project have been approved by the authority having jurisdiction, or
  - (c) Construction Permits for the Seller’s Project are not required under applicable law.
  - (d) Project materials for the Seller’s Project, including a majority of the panels, inverters and the mounting system, are on site or stored at a facility within the developer’s control.
3. Seller has the requisite documentation substantiating this certification and will retain it for two years from the date hereof and make it available to the New Jersey Board of Public Utilities (“Board”) and/or its Staff upon request.
4. Consistent with Section A.3.(c) of the General Terms and Conditions of the SREC-PSA, Seller also acknowledges that (i) its only recourse from a denial by Purchaser of a requested extension is to seek review of such action by the Board, and (ii) any further extension request beyond its initial request to Purchaser must be made by formal petition to the Board consistent with Section A.3.(d) of the General Terms and Conditions of the SREC-PSA and may be granted only by Order of the Board.

I certify that the foregoing statements made by me are true. I understand that if any of the foregoing statements are willfully false, I am subject to punishment.

Date: \_\_\_\_\_, 201[ ]

\_\_\_\_\_  
[Name, Title]

**APPENDIX B**

**DESCRIPTION OF SELLER'S PROJECT, SPECIFICATION OF LOCATION OF SELLER'S PROJECT AND DETAILS REGARDING THE SIZE, TYPE, MANUFACTURER AND RELATED DETAILS REGARDING THE QUALIFIED SOLAR PHOTOVOLTAIC GENERATION UNIT**

**Please include facility name, address, account number as well as equipment information (make/model/quantity) and description of location on site.**

**HOST’S ACKNOWLEDGEMENT AND CERTIFICATION**

The undersigned is the owner of the Facility (“Host”) at which \_\_\_\_\_, the Seller named in the Solar Renewable Energy Certificate Purchase and Sale Agreement dated \_\_\_\_\_, 20\_\_ with Atlantic City Electric Company (the "Agreement"), intends to develop the Seller's Project referred to in the Agreement. The undersigned hereby acknowledges and certifies for the benefit of Atlantic City Electric Company as follows:

1. The undersigned has no right, title or interest, including, but not limited to, any third party beneficiary rights, in the Transferred SRECs (as defined in the Agreement), which are to be sold to Atlantic City Electric Company under the Agreement.
2. The undersigned has no right, title or interest in the Agreement, including, but not limited to any third party beneficiary rights.
3. The undersigned has no rights and/or waives any rights against Atlantic City Electric Company, and shall not look to Atlantic City Electric Company, with respect to any claim or damages with respect to any aspect of Seller's Project, including, but not limited to, the construction, operation or maintenance thereof at the undersigned's Facility.

\_\_\_\_\_  
Name of Host

By:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name of Signatory

\_\_\_\_\_  
Title of Signatory

Date: \_\_\_\_\_, 20[\_\_]

**DELIVERY AND PAYMENT DATES**

<b><u>PJM-EIS-GATS Generation Month</u></b>	<b><u>Payment Date Month (no later than the twentieth business day of )</u></b>
<b><u>June, July, August</u></b>	<b><u>October</u></b>
<b><u>September, October, November</u></b>	<b><u>January</u></b>
<b><u>December, January, February</u></b>	<b><u>April</u></b>
<b><u>March, April, May</u></b>	<b><u>July</u></b>