
PECO Solar Alternative Energy Portfolio Standard (AEPS) RFP Responses to Bidder Inquiries

Revision 4: 11/19/2009

In the event of any discrepancy between this document and the documents approved by the Pennsylvania Public Utility Commission (PA PUC), the documents approved by the PA PUC will govern.

Q1. Does a bidder have to be registered to do business with Exelon, or PECO? How does a bidder know if it is registered with either company?

A1. PECO is a subsidiary of Exelon Corporation. Registering to do business with Exelon, by definition, registers the bidder's organization to do business with all of Exelon's subsidiary companies, including PECO. Please follow the instructions on our website, www.peco.com/aeps, to register to do business with Exelon and by extension with PECO. The bidder will receive a confirmation e-mail afterwards confirming its registration.

Q2: What are the geographic limitations of AEC generation? Does PECO have a preference for facilities or projects in certain locations and/or weight such Facilities differently when evaluating bids?

A2. PECO will only purchase AECs that meet solar Tier I criteria under Pennsylvania's Alternative Energy Portfolio Standard ("AEPS"). Eligible AECs must be produced by Facilities located in the Commonwealth of Pennsylvania or within the territory served by PJM, LLC ("PJM"), which includes most of the state of Pennsylvania as well as part of many other states. PECO will evaluate bids from qualified Facilities based on bid price and Contract Amount. PECO has no preference for Facilities from one qualifying physical location over Facilities in other qualifying locations, and PECO will not such information as a criterion for bid selection during the bid review process.

Q3: Does the winning bidder have to provide both AECs and underlying power?

A3. No. PECO is only contracting for AECs, and not for energy or capacity.

Q4: Do the AECs have to be produced in the 10 year timeframe? In other words, must bids cover all ten reporting periods? Also, is there a vintage requirement? Will PECO accept AECs from prior vintages for this RFP?

A4. Winning Bidders must produce and deliver the designated Contract Amount of AECs to PECO over the ten-year Contract Term. Bids must cover all ten

reporting periods. PECO will not accept AECs created in reporting years prior to the reporting year of Effective Dates of Purchase and Sale Agreements signed under this RFP. AECs are expected to be delivered to PECO as they are produced by the Facility, in accordance with the PJM-GATS operating procedures and the Purchase and Sale Agreement. Although the Facility designated in the Bidder Application is expected to be the primary producer of AECs over the ten-year Contract Term, Bidders should note that the Agreements allow for both provision of Replacement AECs as well as rollover of Excess AECs from one Contract Year to the next Contract Year. For more information on these provisions, please see Sections 3.4 (Contract Amount Guarantee) and 3.6 (Excess AECs) respectively of Exhibit 1, “Form of AEC Purchase and Sale Agreement”, which is posted to the PECO AEPS website at www.peco.com/aeps.

Q5: Are there any limits as to how much one individual supplier can sell to PECO during this RFP?

A5. No. Under the approved procurement plan, there are no limits on the Contract Amount of AECs that any individual Bidder may submit Bid Proposals for under the RFP, other than ensuring that the Contract Amount in the Bid Proposal does not exceed the maximum capability of the Facility. Please note that PECO’s total maximum target number of AECs for this RFP is 8,000 annually.

Q6: Can bidders submit offers to sell AECs that are generated by affiliates?

A6. Yes, but PECO anticipates that such a bid must be made by both the bidder and its affiliate and that both entities may be required to be parties under the AEC Purchase and Sale Agreement (Exhibit 1, “Form of AEC Purchase and Sale Agreement”), which is posted to the PECO AEPS website at www.peco.com/aeps) in order to satisfy all requirements under the Agreement. Bidders should explain any such arrangements with an affiliate in detail in their Bid Applications.

Q7. Can a representative of a generator, such as a third party asset manager, broker, or consulting firm, act on behalf of a generator during this RFP?

A7. Yes. However, the entity that ultimately signs the AEC Purchase and Sale Agreement with PECO on behalf of the Winning Bidder must be able to satisfy the requirements of the Agreement. This entity must also ensure that any associated agency agreements between the generator and the generator’s representative during the RFP are submitted as part of the Bidder Application package.

Q8: Given the delay from the time that the MWhs are generated and certificates are created in GATS, would a facility that begins operation in January 2011 be eligible given that it will not be able to deliver certificates in GATS until after January 31, 2011?

A8. Yes. PECO Recognizes the timing lag between production and creation of associated AECs in GATS and will consider such a Facility eligible for inclusion in a Bid Proposal, assuming all other requirements of the RFP are satisfied.

Q9: Why does PECO require Bid Deposits?

A9. Bid Deposits are customary and are a financial commitment to execute the Purchase and Sale Agreement should a Bidder offer a winning bid. PECO requires potential Bidders to submit Bid Deposits in conjunction with the submission of Bidder Application packages. If PECO determines that a potential Bidder is not qualified to submit a Bid Proposal or a Bidder is not selected as a winning Bidder, PECO will refund the Bid Deposit(s) in full.

Q10. Is the Bidder Deposit amount an annual amount figure? For example, if a bidder offers to sell fewer than 1,000 AECs annually, does the bidder multiply the Bid Deposit Amount by 10 to determine how much the Bid Deposit will be?

A10. No. The Bid Deposit amount is a single amount that applies to the total annual Contract Amount of AECs that the bidder intends to include in their Bid Proposal. It is not an annual amount and is not associated with a multiplier of any kind. Bid Deposits are associated with the submission of each Bid Application. Each Bid Application is associated with a single Facility, and up to three Bid Proposals are allowed for each Facility. Therefore, for each Facility the Bid Deposit establishes the maximum total Contract Amount submitted for one, two, or three Bid Proposals. For example, a Bid Deposit of \$10,000 is required for Contract Amounts of 1,000 AECs to 1,999 AECs submitted in a Bid Proposal.

Q11. Please explain the Contract Amount (volume and price). For example, if a bidder wants to bid for 1,000 AECs, does the bidder have to pay at least \$10,000 as a Bid Deposit?

A11. Yes. The bidder must post the Bid Deposit associated with the range of its proposed Contract Amount, whether the amount the bidder wishes to bid is in the upper, middle or lower part of the range. For example, if the bidder wants to bid a Contract Amount of 1,000 AECs, then the bidder must post a Bid Deposit of \$10,000 because 1,000 AECs falls in the range between 1,000 and 1,999 AECs. The table immediately following this paragraph provides additional details on the Bid Deposits.

Contract Amount (AECs)	Bid Deposit (US \$)
300 to 999	\$5,000
1,000 to 1,999	\$10,000
2,000 to 2,999	\$20,000
Over 3,000	\$30,000

Q12. Is PECO accepting any comments or suggested changes to the Purchase & Sale Agreement?

A12. **No.** The terms and conditions of PECO's RFP and related Agreements have been approved by the Pennsylvania Public Utility Commission and are posted on PECO's website at www.peco.com/aeps. All terms and conditions are considered final and non-negotiable.

Q13. If an affiliate of the bidding entity has an existing credit envelope with PECO or Exelon, will the bidding entity still be required to post the Credit Support / "performance security"?

A13. **Yes.** The AEC Purchase and Sale Agreement requires winning bidders to post Credit Support (in the form of cash or a letter of credit) when the Facility is operational as performance security. The Agreement does not permit PECO to rely upon any existing credit envelope a bidder (or its affiliate) may have with Exelon or PECO.

Q14. If the bidding entity plans to submit bids for more than one Facility, does that bidding entity have to submit a separate Bidder Application package for each facility?

A14. **Yes.** Potential bidders must submit one Bidder Application package per Facility for which a bid is intended. This applies to all components of the Bidder Application Package, including Bid Deposits.

Q15. Must a Facility offer 100% of its AECs generated to PECO?

A15. **No.** A Bidder may specify a percentage of facility output for delivery to PECO over the term of the Agreement. The expectation is that the Bidder/Seller will deliver that percentage over the term as the AECs are produced.

Q16. If a Facility offers PECO a percentage of the AECs it expects to generate each year, would PECO expect a pro-rata share of the monthly production to be transferred to PECO each quarter?

A16. **Yes.** Please refer to the answer for Question 15, above.

Q17. Will PECO assume unit-contingent risk for its purchases?

A17. **No.** PECO does not assume contingent risk. The seller bears unit-contingent risk and is required to provide replacement AECs, or, if providing replacement AECs is not possible, remitting the associated alternative compliance payment per AEC.

Q18. Please explain the details of the bid ranking process.

A18. **All bid proposals will be ranked by price, up to the targeted RFP maximum for this particular procurement which is 8,000 AECs annually (total Contract Amount). Bid proposals with identical prices will be ranked by Contract Amount, with larger Contract Amounts Receiving higher priority. Bidders are permitted to submit up to three (3) bids per single Facility provided that each bid proposal offers contract amounts at different prices. (This is known as submitting "Multiple Bids".)**

Q19. Does PECO reserve the right to not select bids that would otherwise be considered winning bids using the evaluation criteria set forth in this presentation? For instance, because of a price that is considered too high?

A19. **Yes.** Under the RFP rules approved by the Commission, PECO reserves the right not to execute agreements with any or all bidders should the Company determine, in its sole discretion, that such agreements would impose unreasonably high costs on the Company's customers.

Q20. Information in the Bidder Application seems redundant with the information that suppliers are required to enter in GATS. GATS often requires this information before a Facility is verified and provided a certification number by the state of Pennsylvania designating it as a qualified Alternative Energy Provider. Why must

suppliers of AECs provide this information again to PECO in the Bidder Application?

A20. PECO understands the requirements for AEPS Administrator certification and GATS participation. However, PECO still requires this information to be submitted with the Bidder Application package in order to determine if Bidders' Facilities are qualified to submit bid proposals.

Q21. How will PECO use these AECs if PECO has wholesale suppliers for its default load?

A21. Under its approved Default Service Plan, PECO would allocate AECs obtained through this procurement and other non-solar AEPS RFPs to AEPS requirements that default service suppliers would otherwise have to fulfill as part of their full service requirement obligations. AECs will not be transferred to default service suppliers, but supplier obligations will be reduced on a pro-rata basis and PECO will retire the AECs. See www.pecoprocurement.com for rules for default service procurement.

Q22. What is the projected range in value of a solar Tier 1 AEC?

A22. PECO cannot specify a projected range in value of a solar AEC. Note that the Pennsylvania Public Utility Commission (PUC) must approve the results of this RFP (including the price). PECO's Independent Evaluator, Navigant Consulting, will provide a confidential price "benchmarking" to the PUC as part of its report on the RFP, and the Office of Consumer Advocate (OCA) and the Office of Small Business Advocate (OSBA) will have an opportunity to comment on this benchmarking (but not on the actual bids, which will not be provided to the OCA or OSBA).

Q23. Is a winning Bidder paid by PECO for AECs upon AEC generation or when AECs are transferred to PECO's GATS account?

A23. Assuming that a fully executed AEC Purchase and Sale Agreement exists, a winning Bidder must first transfer the AECs to PECO's GATS account. The winning Bidder then submits an invoice to PECO for the AECs provided. PECO will then process the associated invoice and arrange for payment to the supplier.

Q24. Is a winning Bidder required to transfer AECs to PECO on a quarterly basis and, if so, how much time is allowed between the creation date of the AECs and the transfer of the AECs to PECO's account?

A24. The expectation is that transfers of AECs will take place quarterly as the AECs are produced and created in GATS. A reasonable amount of time will

be allowed for the timing lag between the physical production of electricity and the creation of the AEC in GATS.

Q25. Our organization would like to delete the last sentence of Section 1, which restricts confidential treatment to documents marked "Confidential" or "Proprietary," because it has been our experience that information requiring confidentiality invariably includes oral communications and emails, historical documents and other mistakenly unmarked documents.

A25. PECO understands this objection to the marking requirement of the Confidentiality Agreement, but PECO included this provision for the protection of both PECO and bidders. PECO will not modify the Confidentiality Agreement and encourages potential bidders to mark the confidential documents submitted as part of the RFP. While PECO anticipates treating all material received from bidders with due care, PECO cannot be responsible for disclosure of confidential information that is not appropriately marked.

Q26. When should a bidder apply with Pennsylvania's AEPS Administrator for qualification as a Tier I solar resource in Pennsylvania?

A26. A potential bidder should apply to the PA AEPS Administrator as soon as possible for their facility to be qualified as a Tier I resource, if their facility is not already qualified.

Q27. If we have an existing PA-qualified solar facility, what is the earliest month of generation that can be delivered to PECO under this RFP?

A27. Delivery may begin in GATS as soon as the Effective Date of the Agreement the Seller executes with PECO. For delivery of the Amount of Alternative Energy to be delivered to PECO during the first AEPS reporting period, if such reporting period is less than 12 months in length, PECO will accept AECs generated in any month of that current reporting period, even if the production month occurred before the Effective Date of the Agreement. For example, if the Effective Date of the Agreement was February 26, 2010, delivery could begin immediately and any AEC from the facility produced during the June 1, 2009 to May 31, 2010 reporting year could be transferred. The contract amount for the first partial year should be proportionate to the full annual contract amount offered, considering the production schedule of the generation resource.

Q28. In Section 6.5.2, very few LOC banks have an "A" rating and none will give 90 days minimum notice of non-renewal. Would PECO accept "A-1," and 30 days, the common industry standard?

A28. PECO will continue to require an “A” rating but will accept 30 days for notice of non-renewal.

Q29. In Section 10.1 PECO reserves a veto over assignment of the Agreement, with no exception for sale of the generating facility and no reasonableness requirement. Would PECO agree to add this exception and requirement?

A29. While PECO will consider any request for assignment under Section 10.1, it will not modify the assignment provisions to add additional exceptions or a “reasonableness” requirement. PECO notes that the Agreement already provides for assignments to affiliates and collateral assignment to assist Bidders.

Q30. In Section 11.2.1 PECO requires both parties to indemnify the other party for its own performance under the Agreement. Was such the intention? Would PECO agree to limit the indemnity to the indemnifying party's performance only?

A30. No. PECO believes that this form of indemnification is appropriate given the nature of the Agreement.

Q31. Please add to Section 11.3 an overall limitation of remedy reasonably related to the total purchase price for all the AECs, as the relatively small revenue this Agreement provides will not pay large or unlimited remedies.

A31. PECO will not add an additional limitation of remedy beyond the current provisions of Section 11.3.

Q32. If there is a facility in a different state and the law changes and doesn't qualify AECs, will there be an opportunity to use a different facility or use another facility in PA to fulfill the contract?

A32. Section 9.1.1(c) of the AEC Purchase and Sale Agreement provides that failure to deliver at least 10% of the Contract Amount constitutes an Event of Default, and PECO would then be entitled to elect to terminate the Agreement under section 9.2.1. However, PECO would not be obligated to terminate the Agreement and could elect to allow the Seller to provide Replacement AECs under section 3.4 of the Purchase and Sale Agreement. At the present time, PECO cannot determine how it would respond to this hypothetical future situation.

Q33. Related to HB 80 issues – are we expecting a change in law provision that would terminate the contract due to a change in law provision? Is PECO asking Sellers to take the regulatory risk of a change in law throughout the term of the contract?

A33. The contract terms are final as approved by the PUC; there will not be any new language added to the contract. In light of the existence of H.B. 80, PECO simply wants to ensure that all potential bidders are aware of PECO's understanding that the AEC Purchase and Sale Agreement requires delivery of AECs that are qualified as AEPS solar Tier I at the time of delivery.

Q34. Regarding aggregation, would a host with multiple facilities in one Power Purchase Agreement (PPA) qualify to participate as a bidder? The buildings are spread out but all have a single owner

A34. The solar PV configuration must be qualified by the Commonwealth of Pennsylvania as a single alternative energy system to participate as a bidder. Please consult the AEPS Program Administrator (Clean Power Markets, Inc.) at http://paaeps.com/credit/register_generator.do or, Clean Power Markets, Inc.: Phone 1-877-AEPS-773 ; Fax: (610) 444-9213

Q35. Will this RFP meet all of PECO's AEPS obligations? Will there be another solar RFP in the future?

A35. PECO's AEPS obligation is based on its default service retail sales, which are difficult to estimate. However, the percentage of solar PV will grow in the future. PECO is planning on meeting its AEPS obligation with this RFP and full requirements default service products (for details, see www.pecoprocurement.com). There are no plans for a second solar PV RFP at this time.

Q36. With respect to bid selection, will a method be used to value AECs in the future, on a time value basis such as Net Present Value (NPV)?

A36. No. PECO will evaluate bids based on the offer price, without discounting.

Q37. Will PECO look to do bilateral contracts in the future for solar credits?

A37. For any future procurement, PECO would likely propose an open competitive procurement process such as this RFP, rather than a negotiated bilateral agreement.

Q38. Does PECO have an opinion on the grandfathering requirements of H.B. 80?

A38. PECO cannot offer an opinion on any future legislation.

Q39. The RFP document posted on the website says in Article 4.4 (page 7) that the minimum Contract Amount is 500 AECs. However, in the bidders teleconference

today, PECO indicated that the minimum Contract Amount is 300 AECs. Which figure is correct?

A39. The 300 AEC minimum Contract Amount is actually the correct amount. The minimum changed from 500 AECs to 300 AECs as a result of the Settlement Agreement negotiated with the parties who chose to intervene after PECO originally filed the RFP process with the Pennsylvania Public Utility Commission for approval. Bidders can view evidence of this change by visiting our website at www.peco.com/aeps, scrolling down to the “Regulatory Orders” section, and clicking on the “Joint Petition for Settlement” listed beneath the original solar RFP petition and associated two exhibits. The specification of 300 AECs as minimum annual Contract Amount is located toward the bottom of Page 4 of the settlement agreement document.

Q40. Is it redundant to specify the location as Pennsylvania or the PJM control area? Isn't the former a subset of the latter?

A40. A portion of the state of Pennsylvania is located within the MISO control area, as opposed to the PJM control area. Therefore, PECO does not consider specifying location as noted above as redundant.

Q41. Is there a maximum price threshold that has been set by PaPUC with regards to solar AEC price?

A41. The PA PUC has not set a price cap or maximum threshold on the value of an AEC.

Q42. May a bidder ask questions about the RFP after the bidder inquiry deadline? What if a bidder has questions about the RFP forms from November through January?

A42. PECO cannot guarantee that it can address inquiries Received after the stated RFP deadline. However, PECO has an interest in ensuring that potential bidders understand what they need to submit and how to complete the forms and/or templates necessary to participate in the RFP as a means to that end.

Q43. Based on the ranking illustration, could one bidder have a contract amount of 8,000 AECs at the lowest price and win? As such, could there only be one winner?

A43. Yes. A single bidder, assuming that the bidder is deemed by PECO as qualified to bid based on its Bidder Application, could submit a bid for a Contract Amount of 8000 AECs from a single Facility. If that bidder has submitted the lowest bid price of all bids Received, and assuming that the Contract Amount submitted does not exceed the maximum production

capability of the associated Facility, then that bidder could be the lone winner of the RFP.

Q44. Will winning bidders Receive the highest clearing price from the RFP?

A44. PECO will not define a “clearing price” that all winning bidders will Receive. Winning bidders in the RFP will Receive the bid price submitted in their respective Bid Proposals for the Contact Amount from the associated Facilities. For illustrative purposes only:

- Bidder #1 submits a winning bid of \$100 per AEC for 300 AECs,
- Bidder #2 submits a winning bid of \$200 per AEC for 300 AECs.

PECO would pay Bidder #1 commensurate with its submitted bid price of \$100 per AEC regardless of the winning bid price submitted by Bidder #2 (assuming that the Pennsylvania Public Utility Commission approves the bid results).

Q45. If the bid price is just below that of another bidder, but is from a much stronger business entity, which company would be selected?

A45. The strength of a business entity is not considered as part of the bid selection process. PECO will determine and communicate to bidders what Facilities are actually qualified to submit bids based on the submitted Bidder Applications. The strength of the business entity supporting that Facility will be part of this review. Only when a Facility is deemed by PECO as qualified will that bidder be eligible to submit bids. Following bid submission from qualified Facilities, PECO will evaluate bids based on bid price and Contract Amount.

Q46. Will the information from the Notices of Intent to Bid (e.g. project details) be publicly available?

A46. PECO will only share the information from the Non-Binding Notice of Intent to Bid with its independent RFP monitor, Navigant Consulting, both during and after the RFP is complete. Navigant Consulting is likely to include that information in the final report submitted to the Pennsylvania Public Utility Commission (PUC) after completion of the RFP. However, in the two prior non-solar RFPs for AECs that PECO has conducted, the PUC has not made that report available to the public and has released only secretarial letters reporting generically on the results of their review of the RFP results and containing no specific bidder information.

Q47. Can a small company, with most of its installs 5kW, aggregate all of its customer credits together and submit a bid as one larger lot?

A47. PECO has not provided for aggregation of AECs from several small facilities as part of this RFP, so a bidder like this would be unable to aggregate in the manner described. Qualifying Facilities must have the ability to individually generate at least 300 AECs annually, so a facility with a nameplate capacity of 5 kW would not qualify to bid into this RFP.

Q48. If a bidder has multiple facilities, none of which will supply the 300 AEC annual bid minimum requirement, can the bidder submit bids in aggregate such that the bidder would be bidding on more than 300 annual AECs in total?

A48. PECO has not provided for aggregation of AECs from several facilities as part of this RFP, so a bidder like this would be unable to aggregate in the manner described. Qualifying Facilities must have the ability to individually generate at least 300 AECs annually.

Q49. When does a bidder have to register a project with the Pennsylvania AEPS Program Administrator? (For example, a building is under construction and the solar system is not yet designed, so the associated bidder has not yet registered the project.) Can the bidder register the facility ahead of the project coming online, or does the bidder have to do it once construction has been completed? Is the deadline December 2, 2009 along with the rest of the bidder application?

A49. PECO Recognizes that a development project may not be registered by the time Bidder Applications are due. However, a Solar PV facility must be registered as Pa Tier I Solar PV by the time that it begins producing AECs under the Agreement. Organizations are responsible for individually contacting the AEPS Program Administrator, Clean Power Markets, Inc., for the rules regarding when a facility can register as a Pennsylvania Tier I solar facility. Contact information is provided below:

- **Website:** <http://paaeps.com/credit/index.do>
 - **Email:** paaeps@cleanpowermarkets.com
 - **Phone:** 1-877-AEPS-773
 - **Fax:** (610) 444-9213
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Q50. During a Contract Year, may the Seller satisfy its obligation by delivering compliant AECs created by a solar facility not named in the Contract even when the Facility named in the Contract is producing enough AECs to satisfy the Contract Amount for that Contract Year?

A50. In the Agreement, in the Section on EVENTS OF DEFAULT AND REMEDIES, section 9.1.1.c, it is an Event of Default if the Seller fails to provide at least 10% of the Contract Amount of AECs for any Contract Year from the Facility.

Q51. If the initial RFP amount of 8,000 solar AECs is not met, will there be another solar RFP during 2010, and if so are there any approximate date plans?

A51. If this RFP does not yield the target of 8,000 AECs in executed Agreements, PECO will perform an assessment with the RFP Monitor to determine the cause(s). Because this scenario is hypothetical, PECO cannot predict whether another RFP would occur during 2010.

Q52. Please clarify the eligibility of solar AECs from the project scenarios below:

- 1) The project will be interconnected to a 25 kV distribution line owned by a cooperative that is a member of ODEC (a PJM member). In this scenario, the power is sold under a long term agreement to the cooperative. The developer/owner of the solar facility will use revenue quality metering to determine SOLAR AEC output for transfer to PECO.
- 2) The project will be interconnected to a 25 kV distribution line owned by a cooperative that is a member of ODEC (a PJM member). The power is wheeled from the distribution line to a 69 kV substation on the ODEC system and settled in the PJM Market Settlement System.
- 3) The project will be interconnected to a 12.5 kV line owned by a PJM member and delivered to a 138 kV substation (owned by the same PJM member) and settled in the PJM Market Settlement System.
- 4) The project will be interconnected to a distribution line owned by a PJM member. A PJM node will be created at the generator and the power will settle in the PJM Market Settlement System.

A52. Any single project needs to be physically located within the PJM control area or the state of Pennsylvania and qualified by the AEPS Program Administrator as a solar Tier I facility. PECO suggests contacting Clean Power Markets, Inc. the AEPS Program Administrator, and submitting a Facility Application OR obtaining an indication from Clean Power Markets on whether these projects would be likely to qualify as a Solar Tier I facility under Pennsylvania's AEPS.

Q53. Line 8 in paragraph 3.6 contains the term Nominal Contract Amount. What is the definition of Nominal Contract Amount? Is it the same as the Nominal Contract Value?

A53. The Nominal Contract Value is equal to the dollar amount that results by multiplying the Contract Amount (the annual AEC delivery commitment) by the Contract Price by 10 (years). "Nominal Contract Amount" is not a

defined term in the Agreement. Contract Amount is the defined term, and the “Nominal Contract Amount” reference cited in the question above is a typo. The filed documents correctly read “Nominal Contract Value”. “Nominal Contract Value” should be substituted for “Nominal Contract Amount” in RFP rules, Paragraph 3.6, line 8.

Q54. Regarding the contract quantities associated with the bid deposits, are those contract quantities per year or over the life of the 10-year contract? In other words, was it 500 AECs per year or 500 AECs over the life of the contract?

A54. The contract quantities represent the amount of AECs that the bidder must provide on an annual basis, not the total amount provided over the ten-year term. So the minimum bid deposit is \$5000 for a bid between 300 AECs annually and 999 AECs annually, the amount that the bidder is committing to deliver annually within each AEPS reporting year.

Q55. Will the 8,000 AECs per year that PECO plans to purchase through this solicitation meet all of PECO's anticipated obligations under the AEPS, or does PECO anticipate issuing additional solicitations? Does PECO yet have a schedule for when future solicitations might be issued? Does PECO anticipate procuring Solar AECs outside of this bidding process in the future, for example through a bilateral negotiation?

A55. At this point in time, PECO has no specific plans outlined or filed with the Pennsylvania Public Utility Commission for additional solar AEC procurements and will await the outcome of this process before proceeding with further plans. PECO also does not currently have any plans for bilateral negotiated deals for solar AECs. The remainder of AECs that PECO needs beginning in 2011 is being met under PECO's default service wholesale procurements. PECO is offering a default supply product called “full requirements service”, and the winners committed to provide that product commit to provide the associated AECs as required by the Pennsylvania AEPS requirements, some of which includes solar AECs. All of the information on these procurements is available at a different web site, www.pecoprocurement.com.

Q56. The RFP documents that are available on the Web site discuss a performance security of 5% of the nominal contract value and that it declines at 0.5% per year. Is the decline by 0.5% or half of a percentage point?

A56. The initial security amount is 5% for the first year, then 4.5%, then 4%, and 3.5%, etc., down until the final amount of 0.5%.

Q57. Section 5.2.6 of the Agreement requires Seller to represent that it "shall possess sole and exclusive title and legal rights to an AEC prior to the transfer of such AEC to PECO under this Agreement." Is this representation satisfied where an affiliate of Seller owns the solar facility but the AECs, once created, are deposited into Seller's GATS account?

A57. Yes, the representation is satisfied as long as Seller has exclusive title and legal rights to the AECs prior to transferring to PECO. Seller should explain the arrangement between the affiliate of the Seller and the Seller that entitles the Seller to the AECs as part of the Bidder Application and satisfy other obligations under the AEC Purchase and Sale Agreement.

Q58. Is it possible to define Seller to include its development affiliate? If not, what is necessary to satisfy PECO that, where the Seller is not the owner of the facility, Seller has: Site Control (Section 5.3); Insurance coverage (5.4)?

A58. In the scenario described in this question, the Seller should include a representation in its proposal that Seller has all rights to the Premises necessary to perform its obligations under the Agreement. The Seller must provide certificates of insurance for the site to satisfy Paragraph 5.4.

Q59. In the event that a company has more than one project selected by PECO, can the SOLAR AECs from one project be substituted for another to compensate for a project that does not get built or cannot meet the construction deadlines? By way of example:

Company X proposes

- Project A with 1000 SOLAR AECs/year at rate N and
- Project B with 1000 SOLAR AECs/year also at rate N.

Both projects are selected by PECO. Project A does not get built, but Project B does get built, and is subsequently expanded to supply 2000 SOLAR AECs/yr at rate N. Can the SOLAR AECs from Project B be substituted for the SOLAR AECs from Project A?

A59. Per Section 9.1.1(c) of the AEC Purchase and Sale Agreement, Project A is in default and the associated bidder forfeits its Development Security.

Q60. Section 3.5 of the RFP states that PECO is requesting fixed price contracts. Is PECO will to entertain contracts with a fixed escalator? The contract price would start at a fixed number, and escalate at a fixed rate over a fixed period of time.

A60. No, PECO's AEC Purchase and Sale Agreement does not allow for such contracts.

Q61. Regarding Section 4.8 of the Solar RFP Overview (bid deposits), are the deposit amounts referring to the number of AECs provided per year, or the total quantity over the life of the contract?

A61. The Bid Deposit amounts refer to the number of AECs provided per year.

Q62. Does the bidder have to submit a specific project, or can a Bidder Application and Proposal be submitted without identifying a specific project?

A62. Yes, the bidder must identify a specific project.

Q63. What are the counterparty requirements (bid deposits, etc.)?

A63. Please review the AEC Purchase & Sale Agreement for this information.

Q64. Can a proposal term be for a period less than 10 years? In other words, will PECO welcome bids of less than a 10 year term, or will bids terms lower than the stated request of 10 years be disqualified?

A64. PECO will not accept bids for a period of less than 10 years. All agreements must be for a full ten-year term.

Q65. Does PECO believe that the 10-year term laid out in this RFP is compatible with the restriction on long-term AEC sales of the PA Dept. of Community and Economic Development's Solar Energy Program? We understand that the term of any long-term contracts must be less than 10 years in order to qualify for a grant or loan in that program. Will PECO consider an offer of less than 10 years' duration, given this restriction and the high percentage of projects whose viability is contingent on using either a grant or a loan through this program?

A65. PECO does not offer an opinion on government financing programs. Information regarding the PA Department of Community and Economic Development's Solar Energy Program is available at www.newpa.com. PECO will not accept bids for a period of less than 10 years in any scenario. All agreements must be for a full ten-year term.

Q66. Can a bidder obtain a Small Business Solar Rebate and sign a long term AEC contract with PECO?

A66. PECO's AEC Purchase and Sale Agreement does not exclude participation based on the form of bidder financing.

Q67. In NJ, AECs (SOLAR RECs) have a 15 year life. What is the life of PA's AECs?

A67. An AEC certified in a given AEPS reporting period may be used in that reporting period or either or both of the two immediately following AEPS reporting periods. See Section 75.69 of Pennsylvania's AEPS regulations.

Q68. How will PECO will proceed if a Bill is passed that mandates all solar requirements to come from resources located within the Commonwealth of Pennsylvania? Would replacement AECs be acceptable or would the contract terminate?

A68. PECO cannot speculate on any potential legislation or any impacts of such legislation.

Q69. Will projects submitted to PECO be eligible for Green Energy Works grants?

A69. PECO does not offer an opinion on project eligibility for the Green Energy Works grant program.

Q70. In Section 1 of the Bidder Application (Facility Information), what exactly does PECO want included in the legal description of the facility site?

A70. Please refer to Exhibit 1 (Facility Description) of PECO's AEC Purchase and Sale Agreement, and provide as much of this information as possible.

Q71. In Section 1 of the Bidder Application (Facility Information), what is PECO looking for in the environmental reports?

A71. Please provide details on environmental studies, if any, required to obtain a license or permits for the project.

Q72. In Section 5, Contracts, what does PECO view as a "host?"

A72. Please refer to the definition of "host" in Article 1 (Definitions) section of the PECO AEC Purchase and Sale Agreement.

Q73. In Section 6, Interconnection, what is the nature of the interconnection studies that PECO wants? How much and what type of information should be included in the feasibility and system impact study?

A73. If an interconnection agreement is required, the interconnection study should adhere to the requirements of the Regional Transmission Organization in which the Facility is located.

Q74. In Section 6, Interconnection, is the satisfaction of net metering requirements that PECO is referring to for State, Federal or both?

A74. In order to determine the applicable net metering requirements, please refer to the tariff of the utility responsible for the territory in which the Facility is physically located.

Q75. If a bidder wishes to resize the solar project's name plate capacity to a larger amount than what was initially written on the Non-Binding Intent to Bid, may the bidder do so in the Bidder Application?

A75. Yes. Bidder eligibility will be based on the Bidder Application, not on the Non-Binding Notice of Intent to Bid.

Q76. Will PECO consider changes to the Confidentiality Agreement ("CA")?

A76. No, PECO will not accept changes to the Confidentiality Agreement.

Q77. Is bidder permitted flexibility to provide Solar AECs from a substitute project (not specified in application that otherwise meets criteria) if primary project runs into delays or is prevented from achieving commercial operation?

A77. No. The Facility must achieve commercial operation. Please reference Section 4.3 (Facility Development) of PECO's AEC Purchase and Sale Agreement.

Q78. Could there be an out clause for a project based in another state if the PUC bans the sale of AECs from out of state in the future?

A78. PECO is not entertaining suggestions for changes to the existing AEC Purchase and Sale Agreement.

Q79. What date will the PA PUC approve AEC awards?

A79. PECO expects a response to the RFP results from the PA PUC by January 23rd, 2010.

Q80. If an AEC award is made to an entity, is the entity required to commence delivering AECs within 12 months of the PUC AEC approval or does entity only have to demonstrate its ability to deliver AEC by that time frame? Does the entire system need to be installed, commissioned and producing electricity by June 1, 2011?

A80. A winning bidder may commence delivery of AECs to PECO immediately following contract execution. However, successful bidders must commence delivery of AECs to PECO no later than 12 months from the date that the RFP results are approved by the PUC. Please reference Section 3.1

of the “Overview of Solar RFP Process” posted to PECO’s AEPS website at www.peco.com/aeps.

Q81. Will the bidder application deposit be returned in full to the bidder if the bidder is disqualified in the qualification application process; or the bidder withdraws from the RFP prior to when bid prices are submitted on December 2, 2009; or if the bidder is not awarded a AEC contract?

A81. Yes, PECO will refund the Bid Deposit in full without interest in all of the above scenarios.

Q82. Regarding the Bidder Application that is due by Dec 2, 2009, can a bidder describe a generic development project in anticipation of bringing to PECO a specific project at the time of the bid proposal submittal on January 11, 2010?

A82. No. The bidder must identify a specific project for each Bidder Application submitted.

Q83. We noticed all the RFP documents made available on the PECO website are in image form which precludes the reader to perform “find” searches; Can this be corrected on the documents?

A83. PECO will look into making searchable documentation available.

Q84. Are permits required to be in place prior to submitting a Bidder Application?

A84. No, the permits required do not need to be in place prior to the submission. Within the Bidder Application, the Bidder should identify any permits needed and explain the steps it will take to obtain them.

Q85. Are all contracts as described in section 5 of the Bidder Application required to be executed? Will preference be given to facilities that have some or all of these agreements in place?

A85. No preference & no execution required by the time that the app is sent.

Q86. What is required to document the Bidder’s ability to satisfy the AEC purchase and sale agreement as described in Section 7 of the Bidder Application?

A86. PECO requires the bidder to represent that they can meet the obligations of the PECO AEC purchase and sale agreement and explain how they will do so. In addition, pursuant to Section 4.9 of the “Overview of Solar RFP” on the PECO AEPS website, the Independent Evaluator will have the right to request additional information and materials as needed.

Q87. If a bidder submits an application and bid deposit, at what point, if any, does the bid deposit become non-refundable due to the bidder withdrawing from the RFP process? For example, a bidder may decide to withdraw from the RFP process prior to submitting a bid proposal or prior to executing a solar alternative energy credits purchase and sale agreement.

A87. Failure of a successful bidder to execute PECO's AEC Purchase and Sale Agreement and provide Development Security or Performance Security to PECO may result in the disqualification of such bidder from this RFP and forfeit of the entire Bid Deposit of that bidder.

Q88. Under the RFP process prior to signing a solar alternative energy credits purchase and sale agreement; Is a bidder's liability capped at the amount of the bid deposit as Section 6.5 of the RFP Instructions seems to indicate?

A88. Yes, a winning bidder's liability is the Bid Deposit. Failure of a successful bidder to execute PECO's AEC Purchase and Sale Agreement and provide Development Security or Performance Security to PECO may result in the disqualification of such bidder from this RFP and forfeit of the entire Bid Deposit of that bidder.

Q89. If a bidder submits an application and bid deposit, is a qualified bidder obligated to submit a bid proposal? If so, what is the penalty for not submitting a bid proposal?

A89. A qualified bidder is not obligated to submit a bid proposal. PECO will not assess a penalty to the qualified bidder in this scenario and will refund the Bid Deposit, as would be the case if the bidder had submitted bid proposals which PECO did not accept.

Q90. Is PECO seeking binding proposals under this RFP on January 11, 2010?

A90. Yes, all Bid Proposals are binding, and the expectation is that, upon PUC approval of RFP results, a winning bidder will execute PECO's AEC Purchase and Sale Agreement and provide Development Security or Performance Security to PECO.

Q91. May a bidder insert an expiration date on any bid proposal (e.g. March 1, 2010) without the bid proposal being rejected as non-conforming or contingent?

A91. No, bidders cannot modify the Bid Proposal form. PECO and its Independent Evaluator, Navigant Consulting, expect to evaluate all Bid Proposals on January 11th, 2010. The PA PUC will then have ten calendar days to review and respond to the RFP results. PECO expects to notify all bidders of their selection status on January 25th.

Q92. If an organization submitted a Non-binding Notice of Intent to Bid under the name of one affiliate but later determines that it would prefer or needs (whether due to representations and warranties such as Section 8.2 or otherwise) to utilize another affiliate (both wholly owned by the same ultimate parent company), may the organization have such other affiliate submit the application, make the bid deposit, make the bid proposal and execute any awarded solar alternative energy credits purchase and sale agreement?

A92. As indicated in Article 2 of the “Overview of Solar RFP Process” on the PECO AEPS website, any party who does not submit a Non-Binding Notice of Intent to Bid may not submit a Bidder Application for this RFP.

Q93. Is there a materiality threshold or time limit for the information requested in Section 9 of the Bidder Application? Bidders may have operations that have continued for years across a wide array of businesses that have no relevance to this RFP. Should a bidder address the Section 9 questions only in relation to bidder’s proposed facility for this RFP or if such information would affect bidder’s ability to perform obligations under the solar alternative energy credits purchase and sale agreement?

A93. PECO has not set a materiality threshold or time limit for the information requested in Section 9 of the Bidder Application. The questions in Section 9 are not limited to the proposed Facility.

Q94. In the document “PECO Energy Company Request for Proposals to Supply Solar Alternative Energy Credits in Compliance with Pennsylvania’s Alternative Energy Portfolio Standards Act....., 2009,” section 2.1, there is an “RFP Schedule” that is not filled out. Has this RFP schedule been made explicit? If so, please let us know where to find it.

A94. Please refer to Slide 11 of the slides-only bidders teleconference, posted to PECO’s AEPS web site at www.peco.com/aeps.

Q95. If a single applicant bids to sell AECs to PECO and PECO chooses to purchase such AECs, can the bidder transfer ownership of the solar energy system and all rights to sell AECs to another party? If so, are there any restrictions or requirements?

A95. Any assignment of Seller obligations is subject to Article 10 of the PECO AEC Purchase and Sale Agreement (Assignment).

Q96. Is it possible for PECO to establish a cost floor for AECs?

A96. No, PECO will not establish a cost floor for AECs.

Q97. If PECO is not accepting bids from brokers representing facilities with less than 300 AECs/year, is there another channel for brokers to do business with PECO?

A97. No, not at this time.

Q98. Does the registered bidder have to be the final party signing the agreement with PECO? i.e., a not yet formed partnership will be the owner of the facility, but the bidder is one of the parties, not the partnership

A98. The qualified bidder must be the signatory.

Q99. Is the bidder deposit refundable if the proposal is not selected? If so, how soon afterwards will the bid deposits be returned?

A99. Yes, the Bid Deposit will be refunded if the Bid Proposal is not selected. PECO will return Bid Deposits as quickly as possible.

Q100. Confirm that PECO will treat ALL information provided in the Bidder Application as Confidential, not just specific portions.

A100. PECO confirms that ALL information provided in the Bidder Application will be treated as confidential. Only PECO, its Independent Evaluator (Navigant Consulting), and the Pennsylvania Public Utility Commission will be furnished with the information.

Q101. If the last selected bidder bid more than the net amt needed by PECO ... is that bidder offered the option to accept the lower quantity?

A101. Yes, PECO will offer that bidder the option to accept the lower quantity.

Q102. What if one submits a bid deposit for a certain range of AECs and then wants to submit a bid for a lower range? Is this allowed and if so, how does the refund mechanism work for the difference in required deposits?

A102. Yes, PECO will allow a bid for a lower volume of AECs than the volume reflected by the Bid Deposit. However, PECO will not partially refund Bid Deposits during the RFP process.

Q103. Under Section 4.2(a)-(j) of the RFP, bidder qualification, language such as "has secured or will secure" and "has obtained or will obtain" are used. Please explain further the "will" language in that section. For example, how does a bidder demonstrate that they will secure all required rights to ensure Commercial Operation Date...? Is it merely a promise on the part of the bidder that PECO evaluates based on the information submitted by the bidder?

A103. PECO will evaluate bidder qualifications based on the information submitted in the Bidder Application. Where an item will be obtained or secured, the bidder should explain how it intends to obtain or secure that item. For example, if the bidder has not yet obtained all permits, the bidder should identify all permits needed and explain the steps it will take to obtain them.

Q104. Do multiple bids require multiple deposits?

A104. The Bid Deposit must cover all bids (one, two, or three) under a single Facility. If submitting Bidder Applications for more than one Facility, the bidder must submit more than one Bid Deposit.

Q105. Is there a renewal option after the ten year period?

A105. No, PECO will not offer a renewal option after the ten-year period.

Q106. Would taking advantage of solar grants, Sunshine Rebate, or otherwise, preclude an entity's ability to secure an AEC contract through PECO? In other words, can a bidder be awarded a 10 year AEC contract as well as a Sunshine rebate?

A106. PECO's AEC Purchase and Sale Agreement does not exclude participation based on the form of bidder financing or receipt of grant funds.

Q107. Regarding the Bidder Application requirement in Section 8 (Facility Financing) – If a grant has been applied to build the solar facility, and the applicant has not yet heard back as to whether they will Receive the grant, how should the bidder address that in this section of the application?

A107. The bidder should clearly indicate the pending status of the grant request.

Q108. As a follow up to question 98, please confirm that the “qualified bidder” is the same as the person specified in the Bid Application due on December 2nd. In other words, if a broker/agent has submitted an Notice of Intent to Bid on a 1,000 AEC's that will be funded and operated by a partnership, then the “qualified bidder” would be the owners and operators of the partnership and not the broker, or agent, right?

A108. The “Qualified Bidder” is the party that has ownership rights to the credits being sold and the party that will execute the Purchase Agreement. PECO would expect the owners and operators of the partnership, not the broker, to be the bidding organization specified in the Bidder Application. This may be a change from the Non-Binding Notice of Intent previously submitted.

Q109. Under the “Facility Information” part of the Form of Bidder Application document, there is a requirement to submit a site plan and one-line diagram showing one-line diagram. Can a bidder submit an application without a completed one-line diagram if he identifies the EPC contractor who will complete this work upon approval of the bid, and assuming PECO is satisfied the EPC Contractor is qualified? Would not submitting a one-line diagram disqualify the bidder?

A109. The site layout plan and the one-line diagrams are required as part of the Bidder Application. Not submitting a complete Bidder Application, including site layout plan and single-line diagram for the facility design, would result in PECO disqualifying the Bidder Applicant.

Q110. Assume that the Facility Location listed in the Non-Binding Notice of Intent to Bid has changed prior to submission of the Bidder Application, but that the Bidder Application is completed for the same amount of AECs delivered from that different location. Is this acceptable, assuming the final Bid Application submitted represents the details associated with the final Facility?

A110. Yes, a change to the Facility Location as described above is acceptable, assuming that the final Bidder Application submitted represents the details of the final Facility. In fact, it is also acceptable to change the amount of AECs if that amount has changed since the submission of Non-Binding Notice of Intent. The Agreements executed for qualified, winning bidders will be based on the Facility information submitted in the Bidder Application.