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August 14, 2012

**Via Hand Delivery**

Kristi Izzo, Secretary  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

**Re:    In the Matter of the Verified Petition of Jersey Central Power & Light  
Company Concerning a Proposal for an SREC-Based Financing Program  
Under N.J.S.A. 48:3-98.1 ("SREC II")  
BPU Docket No.**

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Dear Secretary Izzo:

On behalf of the Petitioner, Jersey Central Power & Light Company ("JCP&L" or the "Company"), enclosed herewith for filing with the Board of Public Utilities (the "Board") are the original and 11 copies of JCP&L's Verified Petition and supporting exhibits and schedules in the above-captioned matter. Pursuant to the Board's Order dated May 23, 2012 in Docket No. EO11050311V ("May 23 Order"), JCP&L is filing its proposal for its "SREC II" solar financing Program.

JCP&L's proposed SREC II Program is a 52 MW SREC Financing Program modeled closely on the Company's original SREC Financing Program. Based on requirements in the Board's May 23 Order and experience with the original Program, JCP&L has proposed

Kristi Izzo, Secretary  
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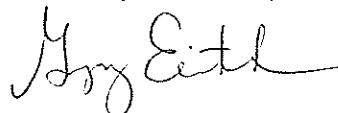
certain new elements for the SREC II Program. The entire scope of the proposed SREC II Program is discussed in detail in the Verified Petition and supporting exhibits and schedules.

I hereby confirm that three copies each of this letter and of the enclosed Verified Petition and supporting Attachments are this day being duly served by hand delivery or overnight express delivery upon the Director, Division of Rate Counsel, and upon the Department of Law & Public Safety, Division of Law, as set forth in ¶36 of the Verified Petition. Copies of all such documents are also being transmitted by hand delivery, overnight express delivery or regular United States mail to the balance of the persons named in the attached Service List for this proceeding.

Kindly stamp the enclosed additional copy of this filing letter with the date and time of receipt by your office and with the docket number assigned thereto, and return to the undersigned in the self-addressed postage paid return envelope provided.

Your anticipated courtesies and cooperation are deeply appreciated.

Respectfully submitted,



Gregory Eisenstark

c: Service list  
Encls.

In the Matter of the Verified Petition of Jersey Central Power & Light Company Concerning a  
Proposal for an SREC-Based Financing Program Under N.J.S.A. 48:3-98.1 ("SREC II")  
BPU Docket No.

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**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

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In the Matter of the Verified Petition of Jersey <b>Central Power &amp; Light Company</b> Concerning a Proposal for an SREC-Based Financing Program Under <u>N.J.S.A. 48:3-98.1</u> ("SREC II")	: : : : : : :	BPU Docket No. _____  <b>VERIFIED PETITION</b>
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**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

Petitioner, Jersey Central Power & Light Company (the "Petitioner", the "Company" or "JCP&L"), an electric public utility company of the State of New Jersey subject to the regulatory jurisdiction of the Board of Public Utilities (the "Board"), and maintaining offices at 300 Madison Avenue, Morristown, New Jersey 07962-1911, in support of its above-captioned Verified Petition, respectfully shows:

1. JCP&L is a New Jersey electric public utility engaged in the production, generation, purchase, transmission, distribution and sale of electric energy and related utility services to more than 1,000,000 residential, commercial and industrial customers located within 13 counties and 236 municipalities of the State of New Jersey.

2. Copies of all correspondence and other communications relating to this proceeding should be addressed to:

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### Background

3. Pursuant to the requirements of the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq. (“EDECA”) and several statutory amendments thereto, 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 a combination of the two methods.

4. At its September 12, 2007 agenda meeting, the Board also directed the 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, noting that such financing depends not only upon

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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 (“OCE”).

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

certainty about long-term maximum prices for SRECs, as provided by the established rolling eight-year SACP schedule, but also requires greater certainty about the minimum cash flow from such projects. The creation of more certainty about project cash flow was initially referred to as solar “securitization”, but has more recently been referred to as SREC-based financing so as to avoid confusion with the different concept of “securitization” used in EDECA.

5. Following that proceeding, in an Order dated August 7, 2008 in Docket No. EO06100744 (“August 7 Order”), the Board, among other things, ordered JCP&L 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.

6. On September 30, 2008, JCP&L filed a Petition for approval of an SREC-Based Financing Program in Docket No. EO08090840. On March 27, 2009, the Board issued an Order approving a settlement agreement in the matter (“March 27, 2009 Order”). Thereafter, the Division of Rate Counsel (“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. The Company’s original SREC Program is referred to hereinafter as the “SREC I Program.”

7. JCP&L 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 the Board’s order dated November 9, 2011. The SREC I Program was fully-subscribed and JCP&L has awarded SREC

purchase agreements for solar photovoltaic projects that were designed to result in excess of 42 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 222 executed contracts totaling 39 MW.

8. In November, 2011, the OCE began a series of stakeholder meetings to consider the state of the renewable energy programs in New Jersey, along with issues that arose because of the Solar Energy Advancement and Fair Competition Act (P.L. 2009, c. 289; "SEAFCA") and the 2011 Energy Master Plan. Among the issues discussed during the stakeholder meetings was whether the electric distribution companies' ("EDCs") SREC financing programs should be extended or expanded. Many members of the solar generation industry participated in the stakeholder meetings and several advocated for such an extension or expansion of the EDCs' SREC financing programs. A related topic of discussion was whether the BPU should intervene in the solar industry at this time in light of the decreasing value of SRECs in the open market.

9. The Board also retained the Rutgers Center for Energy, Economic and Environmental Policy ("CEEPP") to perform an analysis comparing the costs of the EDCs' SREC financing programs. The CEEPP presented its findings at two stakeholder meetings.

10. Toward the end of the stakeholder process, Board Staff offered suggested alternatives and, on March 6, 2012, circulated a Straw Proposal to the stakeholder group. Participants were offered an opportunity to provide written comments on the Straw Proposal and to discuss it at meetings. Staff's Straw Proposal contained the following recommendations:

1. The EDC SREC financing programs should be extended, and include a total capacity of 120 MW of capacity over 3 years.
2. The total capacity should be divided up among the 4 EDCs based on retail sales.
3. EDCs will be requested to submit a new filing under N.J.S.A. 48:3-98.1.



4. EDCs can file for a loan program, solicitation or both.
5. The timeframe of the loan or solicitation shall be 10 years decreasing in years over the 3 year program.
6. The loan or solicitation shall be "competitive," based on the market rate and the Board will not set a floor price to provide for the lowest achievable and available cost within the market segments.
7. Any capacity not requested by an EDC can be allocated to the remaining EDCs on request.
8. The extended EDC SREC financing programs will not include grid supply projects except for a set aside to be established for landfills or brownfields.
9. All grid supply projects on landfills or brownfields shall be in areas that can be supported by the distribution system.
10. The maximum size of a project would be based on the net metering limit set out in the Board's regulations.
11. The extended EDC SREC programs can be filed by the EDCs for different market segments or allocated based on size.
12. There would be a set aside for residential and small businesses market segments.
13. All EDC costs for developing, implementing and managing the extended EDC SREC financing programs including all SREC transition fees, all loan serving fees, any fees associated with the EDCs' cost of capital, and all administrative fees, would be paid for by the solar generation customer.
14. The SRECs generated by the extended EDC SREC financing program will be available for sale in a centralized auction in EY 2016.
15. The RPS would be revised to reflect an increase in solar capacity of 120 MW, effective in EY 2016.
16. The solar RPS rule revisions will include a reduction of the SREC qualification life to 10 years for new projects, and establish a decreasing trend for the qualification life through EY 2027.
17. Board Staff and CEEEP will coordinate to develop a revised SACP schedule for EY 2017 to EY 2026 to reflect lower solar installation costs.<sup>3</sup>

11. After reviewing the comments on its Straw Proposal, Staff revised it and informed the EDCs of the changes from the original version. The revised Straw Proposal was presented to the Board and ultimately incorporated into the Board's Order dated May 23, 2012 ("May 23, 2012 Order"). The May 23, 2012 Order approved the following Staff recommendations:

Staff recommends that the total capacity to be allocated under the Extended EDC SREC Programs would be 180 MW, to be split among the participating EDCs over 3 years.

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<sup>3</sup> See May 23, 2012 Order, pp. 8-9.

- a. The total capacity would be divided up among the EDCs based on retail sales. The EDCs will be requested to submit a new filing under N.J.S.A. 48:3-98.1.
- b. Within 5 business days of the service of this Order, the EDCs shall submit a notice of their intent to file or not file for the Extended EDC SREC Program.
- c. If any EDC declines to file for its allocated capacity under the Extended EDC SREC Program, this capacity may be offered to the remaining EDCs. The Board will notify the remaining EDCs by Secretary's Letter of the additional available capacity.
- d. Within 3 business days of receipt of that notice, the remaining EDCs shall submit a notice of their intent to file for all or a portion of the remaining capacity.
- e. OCE Staff will distribute this remaining capacity to the EDCs that requested additional capacity based on the remaining EDCs' proportionate share of retail sales up to 100% of the 180 MW.
- f. This may result in a total capacity for the EDC that requests additional capacity larger than the EDC's total percentage of retail sales.
- g. Within 30 days or less of the final notification of capacity allocation, the EDC shall request a 30 day pre-filing meeting as required under the May 8 Order.<sup>4</sup>

The May 23, 2012 Order also approved the following specific provisions the EDCs were directed to follow in their new SREC financing programs:

- h. The EDCs can file jointly or separately for the Extended EDC SREC program. However, all administrative activities such as the sale of acquired SRECs, in order to maximize the efficiencies of the administration and implementation will occur jointly to reduce administrative cost and the increase the effectiveness of the program.
- i. EDCs can file for a loan program, solicitation or both.
- j. If beneficial to the ratepayers, the timeframe of the loan or solicitation as set forth in the current EDC SREC financing programs shall be on a decreasing trend for the Extended EDC SREC Programs to assist in transitioning to a competitive solar market. The rate and term of this decreasing timeframe can be determined through the review of the EDCs' filings.
- k. The loan or solicitation process shall be developed to provide for the lowest achievable and available cost within the market segments on a "competitive" basis that tracks the market rate and without a set floor price.
- l. The extended EDC SREC Programs are for net metered projects except for a set aside for grid supply projects for municipal landfills or brownfields.
- m. All grid supply projects on municipal landfills or brownfields shall be in areas that can be supported by the current distribution system. The cost of a required upgrade to the distribution system beyond that of any standard interconnection for the size system being interconnected is not to be included within the Extended EDC SREC Program.

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<sup>4</sup> May 23, 2012 Order, p. 26.

- n. The limit on the size of the projects, except for municipal landfills and brownfields grid supply projects, would be based on the net metering limit.
- o. The extended EDC SREC Programs can be filed by the EDCs for different market segments or allocated based on size. The size and types of these different market segments should be determined through the review of the EDC filing for the Extended EDC SREC Program based on the underserved markets in the EDC area.
- p. There should be a set aside for residential and small businesses market segments.
- q. The 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 weighed average cost of capital, and all administrative fees would be paid for by the solar developer or the generation customer.
- r. The SRECs generated by the extended EDC SREC Program will be available for sale in a centralized auction in EY 2016. If the SREC market is in balance or under supplied before 2016 or if the Extended EDC SRECs could exceed their trading lives then, the EDC can jointly sell the Extended SRECs before 2016.
- s. The recovery of costs for the Extended EDC SREC Programs should also include the carrying costs of the SRECs held before sale. The recovery mechanism and method can be determined through the EDC's Filing for the Extended EDC SREC program.
- t. The sale of these additional SRECs will be timed to minimize the additional impact in the market and the ratepayer. The specifics of this sale will be addressed through a solar RPS rule amendment and can be determined through the EDC Filing for the Extended EDC SREC program.

The Order also approved Staff's recommendation to address related issues through a rulemaking. May 23, 2012 Order, pp. 27-28.

12. The May 23, 2012 Order directed the EDCs "to file within, 5 business days of service of this Order, a notice of their intention to participate or not to participate in the Extended EDC SREC Programs consistent with Staffs recommendations adopted by the Board herein." *Id.* at p. 28. In a letter dated June 1, 2012, JCP&L informed the Board that it "intends to file a petition for approval of an Extended SREC Program of 52 MW of solar capacity over a three-year solicitation period" and that "JCP&L's willingness to make a voluntary filing is premised on the assumption that its Extended SREC Program will be substantially similar to the Company's original SREC program."

13. On July 12, 2012, JCP&L conducted a 30-day prefiling meeting, in which BPU Staff, its counsel from the Attorney General’s office, and Rate Counsel participated.

14. Consequently, and in accord with the Board’s directives, JCP&L is filing this Petition seeking approval of a new SREC-Based Financing Program (“SREC II Program”).

### JCP&L’s Proposed SREC II Program

#### Generic Issues

15. In general, the SREC II Program will be very similar to the SREC I Program; the significant changes will be discussed in this Petition and the supporting testimony of Thomas R. Donadio (Exhibit JCSBF-1) that accompanies this Verified Petition. In this Verified Petition, JCP&L is proposing to support SREC-based financing of solar generation projects by entering into Board-approved long-term agreements for the purchase of SRECs from solar project owners or developers, at prices set through competitive processes described below. The proposed SREC II Program, if approved by the Board, will have a three-year solicitation period during energy years 2014 through 2016, *i.e.*, the period from June 1, 2013 through May 31, 2016 (assuming timely Board approval). More detailed descriptions and a discussion of costs and other data are contained in the testimony of Mr. Donadio. Cost recovery, accounting and other related issues are discussed below under “Cost Recovery and Accounting.”

16. As was the case for the SREC I Program, JCP&L anticipates that its SREC II Program and Atlantic City Electric Company’s (“ACE”) new program will be substantially similar, including the use of a joint solicitation manager (“SM”).

17. JCP&L will enter into agreements to purchase the SREC output of solar projects representing up to 52 MW over the three-year solicitation period. JCP&L is proposing to solicit an equal amount of solar capacity (*i.e.*, approximately 17.33 MWs) during each of the

three years. The actual MWs to be solicited each year will be updated pursuant to an annual review of the actual inventory of solar projects.

18. Solar projects will be selected for contracting based on the lowest net present value (“NPV”) cost of the agreement, as discussed further under “Solicitation and Approval Process” below. In accord with the May 23, 2012 Order, JCP&L is proposing three program segments: (1) net-metered residential and small commercial solar photovoltaic projects less than or equal to 50 kW (“Segment 1”); (2) net-metered solar photovoltaic projects greater than 50 kW (“Segment 2”); and (3) grid-connected solar photovoltaic projects on closed landfills and brownfields (“Segment 3”). JCP&L is proposing the following breakdown of capacity to be solicited for each segment: Segment 1: up to 5 MW; Segment 2: minimum of 30 MW; Segment 3: 17 MW. For Segment 1 (residential and small commercial), JCP&L is proposing that the 5 MW size be a “set aside” amount rather than a firm allocation. In other words, if Segment 1 is undersubscribed in any particular solicitation but Segment 2 is oversubscribed with qualifying projects, the excess capacity from Segment 1 would be reallocated to Segment 2.

### **SREC Purchase Agreement**

19. In the first year of the solicitation phase (under which JCP&L will select solar projects with which it will enter into a Solar Renewable Energy Certificate Purchase and Sale Agreement (“SREC-PSA”)), the Company will seek proposals for SREC-PSAs with a term of 10 years. In the second year of the solicitation phase, the Company will seek proposals for SREC-PSAs with a term of 9 years; and, in the third year of the solicitation phase, the Company will seek proposals for SREC-PSAs with a term of 8 years. The staggered contract terms (which are suggested in the Board’s May 23, 2012 Order), will result in all of the SREC-PSAs terminating in the same year. Subject to Board approval, as discussed below, JCP&L would

enter into SREC-PSAs, having terms of 10, 9, and 8 years, with solar projects to be selected through the solicitation process based on the selection criteria described under “Solicitation and Approval Process” below. JCP&L will employ standard agreements in the form approved by the Board as part of this proceeding, and will not negotiate the provisions of individual agreements, in a process similar to that employed in connection with the Supplier Master Agreements in the Basic Generation Service proceedings and in the SREC I Program. The Company’s proposed form of SREC-PSA, which is substantially similar to the SREC-PSA used in the SREC I Program, is attached hereto as Attachment 6.<sup>5</sup> The form of SREC-PSA contains changes the Board has previously approved for the SREC I Program, as well as certain additional modifications designed to facilitate administrative efficiency in light of JCP&L’s experience with the SREC I Program. As reflected in Attachment 6, the Company believes that it is important that the SREC-PSA continue to contain a so-called “regulatory out” clause that, among other things, relieves the Company from its SREC purchase obligations if its right to recover the associated costs and other amounts approved by the Board is modified or terminated in the future.

### **Solicitation and Approval Process**

20. The Company will solicit proposals from solar project owners or developers on a bi-annual basis to select the projects to be awarded SREC-PSAs. Via an independent SM, JCP&L will issue a request for proposals or comparable solicitation (collectively, an “RFP”), in response to which a solar project owner and/or developer (“Program Participant”) will be required to present its proposal. Each proposal will include the project’s OCE-approved SREC application and describe the proposed project in appropriate detail (e.g.,

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<sup>5</sup> JCP&L is proposing two forms of SREC-PSA: one for Segment 1 and 2, and a second for Segment 3.

project ownership, size, location, relevant technical specifications, anticipated number of SRECs to be produced over each year of the proposed term of the SREC-PSA), and set forth the price at which the Program Participant proposes to have the Company purchase the project's SRECs.

21. JCP&L, through the independent SM, will select the projects with which to enter into SREC-PSAs based on the lowest NPV cost of the agreement up to the MW solicited. The NPV evaluation will take into account such factors as the project size (in kW), the anticipated number of SRECs to be produced, and the SREC purchase price proposed in the project's response to the RFP. In determining the NPV of JCP&L's obligations under the proposed agreement, the Company will use a discount rate equal to its weighted average after-tax cost of capital as determined in its last base rate case, *i.e.*, 6.87%.

22. The Company, in conjunction with the SM, will report to the Board regarding the results of each solicitation and its assessment of the proposals that should be selected based on the NPV analysis discussed above. The report will include the SM's assessment of the competitiveness of the process, considering such factors as the number of bidders, MWs bid and range of pricing. JCP&L will seek prompt Board approval of the selected proposals, or other direction from the Board, following which JCP&L will enter into SREC-PSAs with the Program Participants consistent with such Board approval and/or direction. Projects that are not selected will be notified and will have the opportunity to re-price their proposals in subsequent solicitations.

### Project Eligibility Criteria

23. For Segments 1 and 2, only solar projects for net-metered JCP&L customers that have been approved by the OCE as being qualified to receive credit for SREC generation shall be eligible to participate in the Company's solicitations and to enter into SREC-

PSAs with JCP&L. For Segment 3, only grid-connected solar projects located on closed landfills or brownfields within JCP&L's service territory that have been approved by the OCE as being qualified to receive credit for SREC generation shall be eligible to participate in the Company's solicitations and to enter into SREC-PSAs with JCP&L. Consistent with JCP&L's proposed form of SREC-PSA, projects will be required to have the appropriate metering apparatus to record their monthly solar generation with PJM Environmental Information Service – Generator Attribute Tracking System (“GATS”) or any successor entity or organization performing such function, create a GATS account, and execute an irrevocable PJM GATS “Standing Order” (Segments 1 and 2) or a GATS Schedule A (Segment 3), which will facilitate the transfer of the created SRECs from the participants' GATS accounts to JCP&L's GATS account.

### Metering Issues

24. In Segments 1 and 2, all projects that have an SREC-PSA with JCP&L will have a separate meter, procured and installed at the customer's expense, to measure solar system output. Program Participants will be required to install the appropriate metering that meets the Company's, the Board's, and PJM's accuracy standards to record the solar generation of their 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 will also be required to execute an irrevocable PJM GATS “Standing Order” which will automatically transfer the created SRECs from Program Participants' GATS accounts to JCP&L's GATS account, which JCP&L can confirm and accept or reject as appropriate. The PJM GATS system has an algorithm in place to ensure that the recorded generation aligns with the monthly estimated projection for the indicated size of the solar installation. JCP&L will have the opportunity to



validate metered generation entries during each annual period. SRECs will be tracked using the PJM GATS platform.

25. In Segment 3, JCP&L will install and own the meter and associated telecommunications equipment, at the Program Participant's expense. The Program Participant will also pay for any communications charges via the administrative fee (which is discussed below). The meters for Segment 3 projects will be telemetered, eliminating the cost of manual meter reading. JCP&L will receive the meter readings for the solar system generation, and enter the data into the GATS system. The Program Participant will be required to execute a PJM GATS "Schedule A", which will facilitate the transfer of the Program Participant's solar generator into JCP&L's GATS account.

Mr. Donadio discusses the metering and generation recording requirements in greater detail in his pre-filed testimony (Exhibit JCSBF-1).

### **Administrative Matters**

26. JCP&L proposes to use existing administrative systems, either through the OCE or joint EDC systems, to the extent it is cost effective to do so. From experience with SREC I, there are a number of tasks that require manual administration, and JCP&L may require additional staffing to support this in the implementation of the larger SREC II Program. In addition, the Company will work with the other New Jersey EDCs with the goal of having the EDC SREC-based financing programs complement and be consistent, to the extent feasible. In particular, JCP&L intends to continue to work with ACE, as it has done for the SREC I Program, to coordinate their respective efforts under the two programs to the extent practicable, including in connection with the project solicitation process. JCP&L will also utilize existing OCE program policies and procedures to the extent practicable.

### Sale of SRECs by JCP&L

27. JCP&L proposes to sell all of the SRECs that it purchases under this SREC-based financing program through the same auction process that the Board has approved for the SREC I Program and the other EDCs' SREC programs. In accord with the Board's May 23, 2012 Order, JCP&L will not begin SREC sales from the SREC II Program until Energy Year 2016.

### COST RECOVERY AND ACCOUNTING

28. JCP&L proposes to recover its costs for the SREC II Program through Rider RRC – RGGI Recovery Charge ("Rider RRC"), under which it recovers the costs for the SREC I Program. Rider RRC provides for an equal per kWh charge applicable to all customers in all customer classes, whether full service BGS customers or delivery service shopping customers. Net revenues (*i.e.*, revenues net of auction costs) received from the auction of the SRECs that the Company purchases as part of the SREC-based financing program will be applied to reduce the costs to be recovered through Rider RRC. Certain administrative costs recovered from Program Participants will also be applied to reduce the costs to be recovered through Rider RRC (see Paragraph 30, below).

29. JCP&L proposes to continue to receive an SREC Transaction Fee of \$31.21 per each SREC it purchases under the SREC II Program. This is the same SREC Transaction Fee that the Board approved for the SREC I Program in its September 16, 2009 Order. JCP&L will account for the SREC Transaction Fee in the same manner as in the SREC I Program.

30. In accord with the Board's May 23, 2012 Order, JCP&L also proposes to recover a portion of the administrative costs of the SREC II Program from Program Participants. This will be accomplished via three mechanisms. First, JCP&L 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. JCP&L will credit the total revenues it collects in Application Fees to offset a portion of the Program costs to be recovered through the Rider RRC.

The second mechanism is a proposed "Administrative Fee" that will be charged to each successful applicant that is selected in a solicitation and executes an SREC-PSA with JCP&L. For Segment 1 projects, the Administrative Fee will be set at 2.5% of the total value of the SREC-PSA; for Segment 2 it will be 2.25%; and for Segment 3 it will be 2.0%. The Program Participant will have the option of paying the Administrative Fee to JCP&L upon the execution of the SREC-PSA or on an installment basis over the life of the SREC-PSA by having it deducted from the payments JCP&L makes under the SREC-PSA. If the Program Participant chooses the installment method, interest will accrue on the balance at JCP&L's overall pre-tax cost of capital as determined in its last rate case (11.61%).

The third mechanism is a proposed "Assignment Fee" that will be charged for contract assignments. Experience from the SREC I Program has shown that many entities sell and assign their SREC-PSAs, and/or require collateral assignments for their financing purposes. Such assignments result in incremental administrative costs that should be borne by the party seeking the assignment. The Assignment Fee will be set at \$1,000 per assignment of an SREC-PSA. These costs will be billed directly to the counterparty under the SREC-PSA that is seeking to assign it.

JCP&L will credit the revenues it receives from the Administrative and Assignment Fees to the Rider RRC to offset a portion of the Program costs to be recovered through Rider RRC.

31. In accord with the Board's May 23, 2012 Order, JCP&L will accrue interest on SRECs held in inventory under the SREC II Program. Interest on the SRECs in inventory is necessary because of the requirement that the Company not begin selling SRECs from the SREC II Program until energy year 2016. *See* May 23, 2012 Order, p. 27. JCP&L will accrue interest on the SRECs held in inventory at JCP&L's overall pre-tax cost of capital as determined in its last rate case (11.61%), compounded monthly.

32. The all-in costs associated with the SREC II Program, including, without limitation, the SREC Transaction Fee, will be recovered through Rider RRC. The Rider RRC charge will be adjusted periodically for this purpose as costs are accumulated. Rider RRC provides for deferred accounting with interest on over- and under-recoveries at a rate based on a two-year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which rates are published), plus sixty basis points, but shall not exceed the Company's overall rate of return as approved by the Board. Such interest rate shall be reset each month. The interest calculation shall be based on the net of tax beginning and end average monthly balance, consistent with the methodology in the Board's Final Order dated May 17, 2004 (Docket No. ER02080506 *et al.*). The Company shall accrue simple interest, with an annual roll-in to the deferred balance at the end of each year.

33. Further details concerning cost recovery, accounting and tariff issues are set forth in Mr. Donadio's testimony (Exhibit JCSBF-1) and the Attachments to this Verified Petition.

## PRE-FILED TESTIMONY AND ATTACHMENTS

34. Attached hereto and made a part of this Verified Petition are the following pre-filed testimony and attachments:

- Exhibit JCSBF-1 - Testimony of Thomas R. Donadio concerning the SREC II Program
- Attachment 1 - Cross reference sheet showing where “RGGI” filing requirements under N.J.S.A. 48:3-98.1 and the Board’s implementing order are addressed
- Attachment 2 - JCP&L Comparative Balance Sheets for the Years 2009 through 2011
- Attachment 3 - JCP&L Comparative Income Statements for the Years 2009 through 2011
- Attachment 4 - JCP&L Balance Sheet at March 31, 2012
- Attachment 5 - 2011 Statement of Revenues
- Attachment 6 - Proposed forms of SREC-PSA (Segments 1 & 2; Segment 3)
- Attachment 7 - Accounting Entries
- Attachment 8 - Cost of Capital
- Attachment 9 - Tariff Sheets – Rider RRC

### Public Notice and Service

35. Because the Company is not seeking any rate increase at this time in connection with its proposed SREC II Program, the Company does not believe that any Public Notices need be published or served pursuant to N.J.A.C. 14:1-5.12(b)1&3, (c) and (d), nor is there any requirement for any Public Hearings in the Company’s service area.

36. Copies of this Verified Petition and of all supporting Exhibits and Attachments thereto have been or will be duly served upon the Director, Division of Rate

Counsel, 31 Clinton Street, P.O. Box 46005, Newark, New Jersey 07101, and upon the Department of Law & Public Safety, Division of Law, 124 Halsey Street, 5<sup>th</sup> Floor, P.O. Box 45029, Newark, New Jersey 07101.

CONCLUSION

WHEREFORE, the Petitioner, Jersey Central Power & Light Company, respectfully requests that the Board issue a final decision and order:

- (1) approving the reasonableness and prudence of the SREC II Program proposed by the Petitioner;
- (2) authorizing the recovery by the Petitioner, with deferral accounting, of the all-in costs of the proposed SREC II Program through Rider RRC as described above; and
- (3) granting such other and further relief as the Board shall deem just, lawful and proper.

Respectfully submitted,

Dated: August 14, 2012

MORGAN, LEWIS & BOCKIUS LLP  
Attorneys for Petitioner,  
Jersey Central Power & Light Company

By:   
\_\_\_\_\_  
Gregory Eisenstark

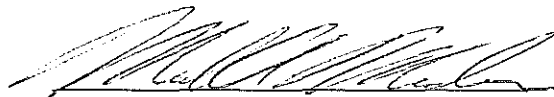
89 Headquarters Plaza North  
Suite 1419  
Morristown, New Jersey 07960  
(973) 993-3134

AFFIDAVIT  
OF  
VERIFICATION

Mark A. Mader, being duly sworn upon his oath, deposes and says:

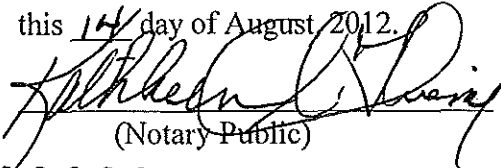
1. I am Director of Rates and Regulatory Affairs – New Jersey for Jersey Central Power & Light Company (“JCP&L”), the Petitioner named in the foregoing Verified Petition, and I am duly authorized to make this Affidavit of Verification on its behalf.

2. I have read the contents of the foregoing Verified Petition by JCP&L with respect to a proposal for an SREC-based financing program (“SREC II Program”), and I hereby verify that the statements of fact and other information contained therein are true and correct to the best of my knowledge, information and belief.

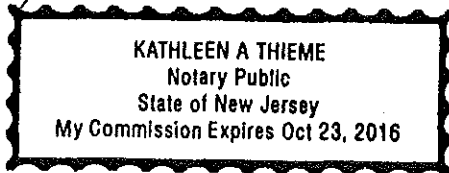


Mark A. Mader

Sworn to and subscribed before me  
this 14 day of August, 2012.



(Notary Public)



**EXHIBIT JCSBF-1**

**BEFORE THE  
NEW JERSEY BOARD OF PUBLIC UTILITIES**

**JERSEY CENTRAL POWER & LIGHT COMPANY**

**Direct Testimony**

**of**

**Thomas R. Donadio**

**Re: SREC-Based Financing Program  
("SREC II Program")  
BPU Docket No. \_\_\_\_\_**



DIRECT TESTIMONY OF THOMAS R. DONADIO

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**I. INTRODUCTION AND BACKGROUND**

**Q: Please state your name and business address.**

A. My name is Thomas R. Donadio and my business address is 300 Madison Avenue, Morristown, NJ 07962.

**Q: By whom are you employed and in what capacity?**

A. I am a State Regulatory Analyst in the N.J. Rates and Regulatory Affairs Department for FirstEnergy Service Company, providing support for the various FirstEnergy business units, but primarily for Jersey Central Power & Light Company (“JCP&L” or the “Company”). My professional and educational background is attached to the testimony as Attachment A.

**Q: Please describe the purpose of your testimony.**

A. Pursuant to a directive from the Board of Public Utilities (“Board” or “BPU”) contained in an Order dated May 23, 2012 in Docket No. EO11050311V (“May 23, 2012 Order”), JCP&L is proposing a second phase of its SREC-Based Financing Program in support of New Jersey’s efforts to transition the renewable energy program closer to a market-based approach. The Company’s initial SREC Based Financing Program (“SREC I”) was implemented under a September 30, 2008 filing in Docket No. EO08090840 to address a statewide shortfall in achieving New Jersey’s near-term renewable portfolio standards (“RPS”). As noted in the findings of the Board at that time, despite historic support for solar project development, New Jersey’s solar market had not developed a sufficient number of solar projects to meet New Jersey’s near-term portfolio requirements.

1           Since that time, the solar industry has experienced a tremendous increase  
2           in installed capacity so that currently there is an oversupply of SRECs in the  
3           market relative to the New Jersey RPS, which oversupply may continue through  
4           Energy Year 2016. A stakeholder process was convened by the Board’s Office of  
5           Clean Energy (“OCE”) with numerous public meetings between November 2011  
6           and March 2012. As a result of these meetings, the OCE put forth a straw  
7           proposal to address the current and forecasted oversupply of SRECs in the  
8           market. One of the factors OCE considered in its straw proposal recommending  
9           an extension of the Electric Distribution Company (“EDC”) solar financing  
10          programs was that: “Conservative estimates are that the solar RPS will be long  
11          through at least EY2014. Depending on the near term installation rate, the New  
12          Jersey solar RPS could be long through EY 2016.” *Staff’s March 6, 2012 Straw*  
13          *Proposal* at 2. Staff issued its straw proposal in March 2012 with a number of  
14          recommendations, and solicited comments from interested stakeholders and  
15          members of the public. Following the public comment period, Staff issued a  
16          revised proposal that was acted upon by the Board. The May 23, 2012 Order,  
17          which resulted from that process, contained the following finding (at p. 28):

18                   The Board has considered the extensive public stakeholder  
19                   input received. Based on its review of the comments and  
20                   after due consideration, the Board believes that OCE’s  
21                   recommendations related to the structure of new EDC  
22                   SREC financing programs will deliver significant benefits  
23                   to the State, fairly balance the desire to maintain a healthy  
24                   solar industry in the State with the desire to minimize costs  
25                   to ratepayers are consistent with the recommendations  
26                   include in the EMP, and meet the requirements set out in  
27                   SEAFCA and will satisfy the objectives of EDECA. The  
28                   OCE’s recommendations, if properly executed, will move  
29                   the RE program closer to a market-based approach and,

1                   accordingly, reduce ratepayer subsidies as required by  
2                   EDECA.

3                   The Board has reviewed the OCE's recommendations  
4                   regarding the proposed EDC Extended SREC Financing  
5                   Programs. The Board HEREBY FINDS the OCE's  
6                   recommendations to be reasonable and consistent with the  
7                   policies of the Board, the EMP and the requirements of  
8                   EDECA and SEAFCA.

9                   In the May 23 Order, the Board, among other things: (1) approved Board  
10                  Staff's recommendation "that the total capacity to be allocated under the  
11                  Extended EDC SREC Programs would be 180 MW, to be split among the  
12                  participating EDCs over 3 years" and that "[t]he total capacity would be divided  
13                  up among the EDCs based on retail sales"(May 23 Order, p. 26); and (2) directed  
14                  each of the State's EDCs "to file within 5 business days of service of this Order, a  
15                  notice of their intention to participate or not to participate in the Extended EDC  
16                  SREC Programs consistent with Staffs recommendations adopted by the Board  
17                  herein." May 23 Order, p. 28. In response to the May 23 Order, JCP&L filed a  
18                  letter with the Board stating that it "intends to file a petition for approval of an  
19                  Extended SREC Program of 52 MW of solar capacity over a three-year  
20                  solicitation period. The 52 MW size is based on JCP&L's retail sales, which are  
21                  approximately 29% of the statewide total. JCP&L's willingness to make a  
22                  voluntary filing is premised on the assumption that its Extended SREC Program  
23                  will be substantially similar to the Company's original SREC program."  
24                  JCP&L's letter dated June 1, 2012

25                  I am testifying with respect to JCP&L's proposed second phase of its  
26                  SREC-Based Financing Program proposal ("SREC II Program"). The proposal is  
27                  for a long-term contracting plan designed to support financing for a projected 52

1 MW of solar energy projects. In accord with the May 23, 2012 Order, JCP&L is  
2 proposing contract terms of 10 years in the initial offering year, declining to 9  
3 years and 8 years in each subsequent offering year. The purpose of my testimony  
4 is to provide a detailed understanding of the proposed program.

5 **Q: Why is JCP&L making this filing?**

6 A. The Board has determined that extension of the EDC SREC programs will deliver  
7 significant benefits to the State, while fairly balancing the desire to maintain solar  
8 development in the State, while considering the impacts to ratepayers. It is also  
9 consistent with the recommendations included in the New Jersey Energy Master  
10 Plan (“NJEMP”) and the requirements of EDECA and the Solar Energy  
11 Advancement and Fair Competition Act (“SEAFCA”). JCP&L understands the  
12 State’s interest in market-based mechanisms to support solar project development  
13 at a pace capable of meeting the solar requirements set forth in New Jersey’s RPS,  
14 N.J.A.C. 14:8-2.1 et seq. JCP&L is responding to the Board’s Order that requests  
15 that each EDC, specifically including JCP&L, voluntarily present a proposal for  
16 an extension of its respective SREC financing programs.

17 **Q: Please describe generally the ratemaking associated with this proposal and**  
18 **identify the source of revenues JCP&L will use to purchase SRECs from**  
19 **participants.**

20 A. JCP&L recovers the costs for its SREC I Program through its Rider RRC (the  
21 RGGI Recovery Charge). JCP&L is likewise proposing to recover the costs of  
22 SREC II through Rider RRC, with certain modifications. In accord with the  
23 Board’s May 23, 2012 Order, JCP&L also proposes to recover a portion of the

1 administrative costs of the SREC II Program from Program Participants<sup>1</sup>. This  
2 will be accomplished via three mechanisms. First, JCP&L will charge a non-  
3 refundable Application Fee for each application to participate in a Program  
4 solicitation. For Segment 1 projects, the Application Fee will be \$25; for  
5 Segment 2, it will be \$50 and for Segment 3, it will be \$150. JCP&L will credit  
6 the total revenues it collects in Application Fees to offset a portion of the Program  
7 costs to be recovered through the Rider RRC.

8 The second mechanism is a proposed “Administrative Fee” that will be  
9 charged to each successful applicant that is selected through the solicitation  
10 process and executes an SREC Purchase and Sale Agreement (“SREC PSA” or  
11 “PSA”) with JCP&L. For Segment 1 Projects, the Administrative Fee will be set  
12 at 2.5% of the total value of the SREC-PSA; for Segment 2 it will be 2.25%; and  
13 for Segment 3 it will be 2.0%. The Program Participant will have the option of  
14 paying the Administrative Fee to JCP&L upon the execution of the SREC PSA or  
15 through installments over the life of the SREC PSA, by having the installments  
16 deducted from the payments JCP&L makes under the SREC PSA. The SREC  
17 Transaction Fee will be assessed and deducted from the payment for purchased  
18 SRECs under the PSA. If the Program Participant chooses the installment  
19 method, interest will accrue on the balance at JCP&L’s overall pre-tax cost of  
20 capital as determined in its last rate case (11.61%). JCP&L will credit the  
21 revenues it receives from the Administrative Fee to the Rider RRC to offset a  
22 portion of the Program costs to be recovered through Rider RRC.

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<sup>1</sup> In this testimony, I refer to customers and solar project developers collectively as “Program Participants.”

1           In addition, the Company proposes to collect a contract assignment fee of  
2           \$1,000 per assignment to offset the administrative costs associated with the  
3           preparation and review of legal documents providing for assignments. This fee  
4           will be credited to Rider RRC as an offset to program costs.

5           All costs associated with this proposal, including but not limited to costs  
6           related to the purchase of SRECs under the proposed program, administrative  
7           costs, communications costs, and SREC transaction fees, will settle to JCP&L's  
8           Rider RRC to the extent they are not recovered from Program Participants.

9           JCP&L will then sell the SRECs at auction as described below, and will  
10          credit any revenues it receives from those sales, net of any auction costs, to offset  
11          program costs in Tariff Rider RRC. As a result of this treatment, should the sale  
12          price for SRECs that JCP&L sells be less than JCP&L's purchase price, the  
13          difference will be reflected as a recoverable program cost, along with other  
14          program costs and incentives. Should the sale price for SRECs that JCP&L sells  
15          be greater than the purchase price, the difference will be credited to Rider RRC  
16          and reduce program costs.

17   **Q: Will JCP&L limit the amount of SRECs purchased from valid projects?**

18   A. Yes. Similar to SREC I, the Company will cap the amount of SRECs purchased  
19          based upon the size of the awarded project. As set forth in the SREC-PSA, over  
20          each annual period, the Company will purchase, at the contract price, all SRECs  
21          produced that are within the cap, which will be calculated by multiplying the DC  
22          kW rating of the project by 1300 hours, and dividing by 1000 kWh/SREC to  
23          determine the quantity of SRECs. JCP&L may, at its option and sole discretion,

1 purchase some or all of SRECs generated in excess of the cap at 50% of the  
2 contract price. Any excess SRECs not purchased by JCP&L will be returned to  
3 the Program Participant's account in the PJM Environmental Information Service  
4 – Generator Attribute Tracking System ("GATS") or any successor entity or  
5 organization performing such function.

6 **Q: When will JCP&L begin purchasing and selling the SRECs it purchases**  
7 **through the SREC II Program?**

8 A. In accord with the Board's May 23, 2012 Order, JCP&L estimates that it will  
9 begin purchasing SRECs under its Phase II program sometime in the first half of  
10 2013, or as soon as is practical after the Board issues a final order approving the  
11 SREC II Program. However, the May 23, 2012 Order does not permit JCP&L to  
12 begin selling SRECs from SREC II until energy year 2016 or until certain  
13 conditions are met, which conditions are set forth in the May 23, 2012 Order. *See*  
14 *May 23, 2012 Order*. As a result of this requirement, JCP&L will incur carrying  
15 costs for the required capital to hold these SRECs in inventory and, as such, the  
16 Company will accrue interest on the purchase value of the SRECs held in  
17 inventory under the SREC II Program at JCP&L's overall pre-tax cost of capital  
18 as determined in its last rate case (11.61%), compounded monthly.

19 **Q: What will JCP&L do with the revenues it receives from the sale of SRECs?**

20 A. As noted above, JCP&L will pass all such net revenues along to all customers, by  
21 offsetting program costs being collected through Rider RRC.

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**Q:** Does this filing comply with the Board’s May 12, 2008 Order issued pursuant to N.J.S.A. 48:3-98.1(c) in Docket No. EO08030164 (“RGGI Order”)?

**A.** Yes. See Attachment 1 to the Petition for a summary of the filing requirements set forth in the RGGI Order, including references to specific locations in its filing where JCP&L is responsive to each requirement.

**Q:** In developing this filing, did the Company work with other EDCs?

**A.** Yes. As the Board is aware, because of their similarities, JCP&L’s and ACE’s filings for the original SREC Financing Programs were combined for settlement and Board approval purposes. In this second phase of the Programs, JCP&L and ACE anticipate that their filings will also be similar. Therefore, JCP&L has collaborated with ACE on certain aspects of its filing. Discussions have been ongoing concerning improvements to SREC I that would be proposed in this filing.

**Q:** Did the Company base this proposal on its existing SREC-Based Financing program?

**A.** Yes. The proposal is substantially similar to the SREC I Program currently administered by JCP&L, ACE and RECO. In addition to the changes required by the Board’s May 23, 2012 Order, based upon experience with SREC I, minor modifications will be made under the proposed SREC II Program to improve efficiency and reduce program costs.



1 **II. DESCRIPTION OF THE SREC PROJECT SOLICITATION**

2 **Q: Please describe the fundamental element of the SREC-based financing**  
3 **proposal.**

4 A. JCP&L, in coordination with ACE and other EDCs (should they elect to adopt  
5 this process), will solicit MW blocks of SRECs from eligible projects with which  
6 the respective EDC would enter into long-term agreements for the purchase and  
7 sale of SRECs generated by those projects.

8 **Q: With whom will the Company contract?**

9 A. JCP&L will enter into SREC PSAs with customers who own an eligible solar  
10 project or with contractor/developers, who own such a project located on a  
11 customer's premises. Project developers must have appropriate agreements with  
12 the customer on whose premises the system is located, addressing such issues as  
13 the project developer's right to locate the project on the premises, the right to the  
14 output of the project, including the SRECs, and absolving JCP&L from any  
15 responsibility for the relationship or transactions between the project developer  
16 and the customer. The various documents and agreements currently in use for  
17 SREC I will be updated for use in the SREC II Program.

18 **Q: How will you determine how many MW to solicit?**

19 A. The Board (May 23 Order at 28) accepted Staff's recommendations in its revised  
20 straw proposal, which would allocate 180 MW of capacity statewide under the  
21 Extended EDC SREC Programs over 3 years, divided among the EDCs based on  
22 their respective percentage of statewide retail sales. JCP&L estimated its portion  
23 of annual retail sales for 2011 at just under 29%, which results in the 52 MW

1 offered capacity. The Company intends to offer this capacity in three equal  
2 blocks over the three-year solicitation period.

3 **Q: How are JCP&L's commitments to purchase SRECs created under the**  
4 **proposal?**

5 A. JCP&L will follow the same process used in SREC I. The solicitation process for  
6 creating commitments to purchase SRECs from approved projects will involve  
7 close coordination with processes administered by the OCE related to SREC  
8 project review and approval. Any project JCP&L may consider for an SREC PSA  
9 must be certified by the OCE as eligible to generate SRECs.

10 To manage its project solicitations, JCP&L will contract with a project  
11 solicitation manager ("SM"), who will solicit project proposals and rank eligible  
12 projects according to the net present value ("NPV") of the proposed pricing to fill  
13 the MW block solicited. JCP&L and ACE plan to contract jointly with the SM to  
14 maintain consistency with these processes in their respective territories for the  
15 benefit of the solar development industry and to reduce administrative costs. A  
16 list of the documentation required for the solicitation of proposals will be the  
17 same as used for the SREC I Program, and can be found at [www.njedcsolar.com](http://www.njedcsolar.com).

18 JCP&L, in conjunction with the SM, will then forward recommended  
19 awards to the Board and, following timely regulatory approval, award SREC  
20 PSAs to selected projects. Projects that are not accepted will be rejected,  
21 although the project sponsors will have the opportunity to revise their proposal for  
22 resubmission in the next solicitation round.

1 **Q: How frequently does JCP&L anticipate soliciting proposals? Will the**  
2 **solicitations be conducted concurrent with ACE solicitations?**

3 A. JCP&L anticipates conducting solicitations semi-annually to allow sufficient time  
4 for: (1) communication of each solicitation to customers and the solar  
5 development industry; (2) proposal development; (3) review of proposals and  
6 development of recommended awards; (4) regulatory approval of PSAs pursuant  
7 to each solicitation to become non-appealable; and (5) notice to projects that are  
8 not accepted.

9 JCP&L plans to coordinate solicitations with ACE.

10 **Q: Will project pricing proposals be confidential?**

11 A. Proposals will be treated as confidential whether rejected or awarded. The SREC  
12 I Program provided for the publishing of the lowest accepted bid price and the  
13 average bid price for each round. The Company believes that this information  
14 should be kept confidential and not released to the public to preserve the  
15 competitiveness of the solicitation process. It has been observed that the release  
16 of this market information has, in some respects, inappropriately provided  
17 guidance to future bidders.

18 **Q: Will project pricing be based on the proposed price, or priced at an auction**  
19 **clearing price of some sort?**

20 A. Given the limited scope and scale of these solicitations, the relatively small  
21 number of solicitations and project-specific financing requirements, this process is  
22 not conducive to an auction process or the concept of a clearing price. Instead,  
23 SRECs will be priced as offered by the Program Participant in response to the

1 Company's competitive solicitation. Based upon the competitiveness of each  
2 solicitation, appropriate projects will be selected for award. If any solicitation  
3 round is under-subscribed, there will be an established maximum bid price above  
4 which bids will not be awarded.

5 **Q: What is the structure of the solicitation process?**

6 A. The Company will solicit MW blocks of pricing proposals for SRECs from solar  
7 projects that have been qualified on a prospective basis by the OCE, and that are  
8 eligible for long-term commitments pursuant to the May 23, 2012 Order. Project  
9 proposals will offer SRECs at a fixed price for the term of the SREC PSA.  
10 Proposals in the first year of the solicitation will be for 10-year contract terms;  
11 proposals in the second year will be for 9-year terms; and proposals in the third  
12 year will be for 8-year terms in order for the entire program to be 10 years in  
13 duration.

14 **Q: In the solicitation, what documentation will be required?**

15 A. Specific documentation requirements will be the same as those currently used for  
16 the SREC I Program.

17 Other required documentation or information related to the proposal  
18 includes:

- 19 a) the "segment" identification as described in the Petition: Segment 1: net  
20 metered up to 50kW; or Segment 2: net metered greater than 50 kW; or  
21 Segment 3: grid-connected located on closed landfills or brownfields; and  
22 b) service classification (e.g. residential, non-residential secondary, non-  
23 residential primary, non-residential transmission).

1 **Q: What projects will be ineligible for SREC PSAs?**

2 A. The Company will not consider projects that are under construction prior to  
3 acceptance as eligible for an SREC PSA. Any aggregated net metered projects  
4 also will be ineligible to participate.

5 The Company notes that, as a point of clarification, it will not consider  
6 projects with any existing photovoltaic ("PV") capacity on the same site and will  
7 preclude any future construction or expansion of PV capacity at sites receiving  
8 payments under these SREC PSAs. This is a simplifying administrative  
9 requirement designed to avoid confusion and potential disputes related to multiple  
10 sources of SRECs associated with a given customer or customer account.

11 **Q: How will projects be ranked and awarded?**

12 A. After screening proposals for compliance with eligibility requirements, the  
13 Company (through its SM) will rank projects, lowest to highest, according to the  
14 offer price, based on the NPV per MWh of each proposal using a pre-announced  
15 utility discount rate, specifically JCP&L's overall weighted cost of capital - net of  
16 tax, which is 6.87% as approved in the Company's most recent base rate case.  
17 JCP&L will disclose the approved discount rate in each solicitation to maximize  
18 the transparency of the process. The last accepted proposal in the solicited block  
19 may not yield an aggregate amount of MWs of PSAs that exceeds the size of the  
20 block by more than 75% of the last accepted proposal or 250 kW, whichever is  
21 less. All other proposals will be rejected as previously described.

1 JCP&L (through its SM) will then forward recommended awards to the  
2 Board and, following regulatory approval, award SREC PSAs to the Board-  
3 approved projects.

4 **Q: The Board Order indicates there should be a set aside for residential and**  
5 **small business market segments for eligibility under the program. How will**  
6 **project segments be used?**

7 **A.** JCP&L is proposing three program segments: Segment 1: net-metered  
8 residential and small commercial solar photovoltaic projects less than or equal to  
9 50 kW; Segment 2: net-metered solar photovoltaic projects greater than 50 kW;  
10 and Segment 3: grid-connected solar photovoltaic projects on closed landfills and  
11 brownfields. JCP&L is proposing the following breakdown of capacity to be  
12 solicited for the segments: Segment 1: up to 5 MW; Segment 2: minimum of 30  
13 MW; Segment 3: 17 MW. For Segment 1 (residential and small commercial),  
14 JCP&L is proposing that the 5 MW size be a “set aside” amount rather than a firm  
15 allocation because JCP&L’s preference is to solicit projects that would be ranked  
16 and awarded according to the NPV of their pricing. This approach supports the  
17 goal of achieving RPS requirements through proposals that reflect that result in  
18 the lowest cost for ratepayers. In other words, if Segment 1 is undersubscribed in  
19 any particular solicitation but Segment 2 is oversubscribed with qualifying  
20 projects, the excess capacity from Segment 1 would be reallocated to Segment 2.

21 Participation levels in each Segment will be dependent on project  
22 economics, which are a function of the anticipated SREC market prices, financing

1 costs and the availability of other subsidies, such as rebates and the Federal  
2 Investment Tax Credit (“ITC”).

3 **Q: What levels of participation do you anticipate for the three Program years?**

4 A. Based upon the experience with the SREC I Program, the estimated number of  
5 participants required to meet the MW target of 52MW is approximately 200  
6 projects. This assumes that the 17 MW grid connected segment requirement will  
7 be met through 6 projects. However, if the average size of the actual net-metered  
8 projects is larger or smaller, the number of participants could be different. In  
9 Schedule TRD-1, I estimate the levels of participation over the three-year  
10 solicitation period as well as projected amounts of solar generation under the  
11 SREC II Program.

12 **Q: Will the Board ultimately determine whether pricing is competitive and  
13 prudent?**

14 A. Yes. The determination as to the prudence of pricing for each round of  
15 solicitations will ultimately rest with the Board, which will approve the awards of  
16 SREC PSAs from each solicitation. The Board will rely, in part, on the  
17 transparency of the competitive solicitation process in making its determination.  
18 Following the procedures for SREC I, after each solicitation the SM and JCP&L  
19 will confer with Board Staff and Rate Counsel regarding the projects proposed for  
20 selection. Thereafter, the SM will transmit its recommendations to the Board,  
21 setting forth the recommended proposals for award, with supporting  
22 documentation. The documentation will include: (1) a report from the SM  
23 including solicitation documents, a description of the solicitation process, and a

1 summary of the recommended awards; (2) a ranked summary listing of key  
2 parameters (e.g., proposal identification, segment, kW, price, term, NPV,  
3 customer name, developer name/affinity), in-service date for all proposals  
4 recommended for award, including identification of the customer and project  
5 developer (if any); (3) a ranked summary listing of key parameters associated  
6 with projects NOT selected for award based on price (e.g., proposal identification,  
7 segment, kW, price, term, NPV); (4) a summary listing of key parameters  
8 associated with projects disqualified for various reasons (e.g., ineligible siting,  
9 legacy system, deficient proposal); and (5) summary of the other relevant  
10 parameters associated with the recommended SREC PSAs for the round of  
11 solicitation in question, and cumulative totals for the SREC II Program.

12 **Q: When does JCP&L plan to offer the program to Program Participants?**

13 A. JCP&L will introduce the SREC II Program as soon as practicable following  
14 Board approval, and as authorized by necessary Board Orders.

15 **Q: How will the SREC-based solicitation process be communicated to the  
16 market?**

17 A. JCP&L will work closely with the OCE and ACE to coordinate communications  
18 to the solar industry, through meetings and other industry venues. Information  
19 about the solicitations will be distributed electronically, and posted to both the  
20 [www.NJCLEANENERGY.com](http://www.NJCLEANENERGY.com) website, and a site for the JCP&L solicitations.  
21 A frequently asked questions (FAQ) document will be developed for solar  
22 contractors and/or project developers to use in communicating this new option to  
23 customers and/or financing organizations. The Company will continue to



1 communicate directly with industry professionals to encourage their participation  
2 in the SREC II Program.

3  
4 **III. THE SREC PURCHASE AND SALE AGREEMENT**

5 **Q: What is the form of SREC PSA that Program Participants will enter into**  
6 **with JCP&L?**

7 A. The proposed form of SREC PSA, which sets forth the rights and obligations of  
8 the parties (*i.e.* the Program Participant on the one hand, and JCP&L, on the other  
9 hand) is provided as Attachment 6 to the subject petition. As part of the approval  
10 process for this petition, JCP&L requests that the Board approve the form of the  
11 SREC PSA, after which it will be a non-negotiable agreement, in a process  
12 similar to that employed in connection with the Supplier Master Agreements in  
13 the Basic Generation Service proceeding and in SREC I. As a result, Program  
14 Participants must submit with their applications a commitment to execute the  
15 approved SREC PSA, with appropriate names, contract term and SREC purchase  
16 price completed, within 10 business days of award.

17 **Q: Can projects receiving long-term SREC PSAs expand capacity?**

18 A. No. SREC PSAs will include a limit on the number of SRECs to be purchased  
19 under the agreement based on the SREC generating capacity of the proposed  
20 project.

21

1

2 **Q: What happens to projects after the PSA term expires?**

3 A. Program Participants would be free to sell SRECs into the open SREC market  
4 after expiration of the term of the SREC PSA, subject to the limitation of the  
5 SREC qualification life.

6 **Q: What provisions in the PSA ensure that the projects receiving SREC  
7 purchase commitments under the Program will be built?**

8 A. The Company cannot assure projects receiving commitments ultimately will be  
9 built. However, to reduce the risk of uncompleted projects (which occurred in  
10 SREC I), after contract award, JCP&L proposes to require, in addition to  
11 execution of the SREC PSA, that selected Program Participants pay a refundable  
12 deposit for each project as a means to ensure project viability and ultimate  
13 completion. Upon successful completion of projects, the refundable deposit will  
14 be returned to the Program Participants following generation of the project's  
15 initial SREC. Projects that are not completed would forfeit the deposit, which  
16 would be credited to Rider RRC as an offset to program costs.

17 The PSA also includes a provision relieving the Company of its purchase  
18 obligation in the event projects are not completed within 12 months, which could  
19 enable the unconstructed MWs to be included in future solicitations to eventually  
20 cover the shortfall created by any uncompleted projects. In addition, projects that  
21 do not remit the refundable deposit within 15 business days of project award will  
22 be rejected and not offered an executable SREC PSA. Projects that do not  
23 execute the PSA within 10 business days following notification from the

1 Company of the expiration of the appeal period of the Board Order approving the  
2 awards will also be rejected and the SREC PSA will be deemed null and void.

3 **Q: Under what other circumstances can a validly-executed PSA terminate?**

4 A. The PSA includes provisions for attempting to amend the PSA in the event of a  
5 regulatory change. In addition, if JCP&L's right to full cost recovery is  
6 terminated, or if other amounts previously approved for recovery by JCP&L are  
7 disallowed, or if the project's SRECs no longer qualify toward the RPS  
8 requirements, then the PSA would terminate in its entirety.

9

10 **IV. DESCRIPTION OF THE SREC PSA ADMINISTRATION PROCESSES**

11 **Q: Please describe how the executed SREC PSAs will be administered.**

12 A. JCP&L's administrative tasks related to SREC creation and tracking include  
13 assisting participants as required with the GATS registration process, reviewing,  
14 accepting and transferring to JCP&L's GATS account the monthly SRECs created  
15 through the GATS system and paying Program Participants for the SRECs  
16 produced over the term of the SREC PSA, or until the project otherwise ceases to  
17 operate.

18 **Q: How will the generation of SRECs be recorded and tracked in Segments 1  
19 and 2?**

20 A. For Segments 1 and 2, Program Participants will be required to install the  
21 appropriate metering that meets the Company's, BPU's and PJM's accuracy  
22 standards to record the solar generation of their project. Program Participants will  
23 be required to create their own PJM GATS account and enter their meter readings

1 in the PJM GATS system on a monthly basis. Program Participants will also be  
2 required to execute an irrevocable PJM GATS “Standing Order” which will  
3 automatically transfer the created SRECs from Program Participants’ GATS  
4 accounts to JCP&L’s GATS account, which JCP&L can confirm and accept or  
5 reject as appropriate. The PJM GATS system has an embedded algorithm to  
6 verify that the recorded generation aligns with the monthly estimated projection  
7 for the indicated size solar installation. The Program Participant will responsible  
8 for reconciling any metering inconsistencies directly with PJM. JCP&L will have  
9 the opportunity to validate metered generation entries during each annual period  
10 and upon reasonable request. SRECs will be tracked using the PJM GATS  
11 platform, and will also be downloaded and maintained in a JCP&L database.

12 **Q: What if a Segment 1 or Segment 2 Program Participant does not enter the**  
13 **project’s monthly generation amount on the GATS?**

14 A. Should a Program Participant fail to enter generation for a particular month, there  
15 will be no entry made on the PJM GATS system to create SRECs for that month.  
16 There will be no SRECs transferred to JCP&L in that particular month. PJM  
17 GATS will backfill the metered generation amounts for any missed months with  
18 the current recorded meter reading entered by the GATS holder. JCP&L will  
19 purchase on a calendar quarter basis only those SRECs that have been created in  
20 GATS and transferred to the JCP&L GATS account.

21

1 **Q: Why is JCP&L requiring that Segment 1 and 2 Program Participants install**  
2 **and read their own meters?**

3 A. Many solar installers, in the normal course of business, install their own metering  
4 which meets the ANSI C12 standard of accuracy required for recording solar  
5 generation for the creation of SRECs. For smaller, net-metered projects, it would  
6 be duplicative to require these projects to install JCP&L-owned metering, which  
7 also is at additional cost to the project. JCP&L believes that the PJM GATS  
8 system has sufficient safeguards in place to ensure that entered generation  
9 amounts that participants report are consistent with project production estimates.  
10 Should the meter readings that are submitted differ significantly with expected  
11 quantities, JCP&L will reserve the right to request physical confirmation of the  
12 entered meter readings.

13 In addition, the proposed generation reporting process will eliminate a  
14 JCP&L administrative cost – meter reading of the solar generation output meter.

15 **Q. How will generation of SRECs be recorded and tracked in Segment 3?**

16 A. Because Segment 3 will include a small number of large, grid-connected solar  
17 projects, JCP&L will install and own the meter and associated  
18 telecommunications equipment, at the Program Participant's expense. The  
19 Program Participant will also pay for any communications charges via the  
20 Administrative Fee. The meters for Segment 3 projects will be telemetered,  
21 eliminating the cost of manual meter reading. JCP&L will receive the meter  
22 readings for the solar system generation, and enter the data into the GATS system.  
23 The Program Participant will be required to execute a PJM GATS "Schedule A",

1 which will facilitate the transfer of the Program Participant's solar generator into  
2 JCP&L's GATS account.

3 **Q: Will any of the work associated with the program be outsourced?**

4 **A.** As I discussed previously, JCP&L plans to outsource solicitation services under  
5 the SREC II Program to the SM, which it plans to do on a coordinated basis with  
6 ACE. In addition, the Company intends to investigate the use of an independent  
7 third-party to conduct all administrative activities, including solicitation,  
8 developer support, solar metering, GATS entry and Program Participant  
9 payments. Otherwise, all activities other than the solicitation process will be  
10 performed internally.

11 **Q: What work, that will not be outsourced, will be required to support the**  
12 **approved SREC PSAs?**

13 **A.** As discussed above, the Company has already developed most of the processes  
14 that will be required to (1) assist participants with the establishment of accounts  
15 with PJM GATS; (2) execute PJM "Standing Order" agreements or the GATS  
16 Schedule A; (3) confirm the transfer of SRECs transferred to the JCP&L PJM  
17 GATS account; (4) administer project agreements; and (5) remit payments to  
18 Program Participants for the SRECs produced over the term of the SREC PSA, or  
19 until the project otherwise ceases to operate.

20 **Q: Will JCP&L need to add staff to support the work associated with the SREC**  
21 **II projects?**

22 **A.** So far, JCP&L has managed the increased administrative tasks associated with the  
23 SREC I Program with existing personnel. However, from experience gained with

1 SREC I, there are a number of tasks that require manual administration, and  
2 JCP&L may require additional staffing to support SREC II. It remains to be seen  
3 whether sufficient efficiencies can be instituted with SREC II, which will more  
4 than double the size of SREC I, to avoid adding staff for administration of the  
5 above processes. Specific staffing numbers and organizational responsibilities are  
6 still under development.

7 **Q: Can JCP&L estimate costs for the SREC II Program, or what the impact on**  
8 **rates will be for this initiative?**

9 A. No. The net costs to customers associated with the SREC PSAs will be driven  
10 primarily by offered and approved prices for SREC purchases and the future  
11 auction prices for SREC sales. Internal and contracted costs will be based on the  
12 number of Program Participants and transaction requirements associated with the  
13 SREC PSAs, which at this time remain unclear.

14 JCP&L will track and report internal and outsourced administrative,  
15 marketing/sales costs, training costs, rebates/incentives (*i.e.*, payments to Program  
16 Participants, as well as net auction revenues), as well as costs associated with site  
17 visits, program implementation and evaluation. Actual administrative costs for  
18 SREC I are provided as Schedule TRD-2, for reference purposes. A very  
19 preliminary estimate of JCP&L's administrative costs for the SREC II Program is  
20 provided as Schedule TRD-3, based on the Company's experience with SREC I.  
21 However, given the uncertainties previously described, those projections are  
22 subject to revision based on the implementation of SREC II.

23

1 **Q: How will SRECs be sold?**

2 A. JCP&L will sell the SRECs it purchases through the statewide auction process  
3 developed in connection with PSE&G's solar loan program in Docket No.  
4 EO07040278. This is the same auction process that JCP&L current uses for  
5 SREC I.

6 **Q: How will revenues from the sale of SRECs compare to the costs for purchase  
7 of SRECs under the agreements?**

8 A. It is very difficult to answer this question, as any JCP&L estimates of pricing for  
9 SREC purchases or sales would be purely speculative.

10 Pricing for sale of SRECs in the near term will be influenced primarily by  
11 the supply/demand balance of SRECs in the market as well as recent legislation  
12 (S1925). In SREC I, the Company has experienced SREC purchase prices in  
13 excess of auction prices in recent sale auctions. However, that is largely  
14 reflective of the fact that SREC prices were extremely high during solicitation of  
15 projects when demand out-stripped supply (under-supply). Projecting the long-  
16 term difference between purchase and auction sales prices would be purely  
17 speculative, although it seems clear that lower purchase prices reduce impacts to  
18 ratepayers.

19 **Q: What is the process for resolving any Program Participant complaints  
20 concerning the program?**

21 A. JCP&L has not experienced an appreciable number of complaints in its SREC I  
22 Program. Minor issues have been resolved informally. JCP&L will continue to  
23 resolve disputes with Program Participants informally in the first instance.



1 Disputes that involve the administration of agreements under the program that  
2 cannot be resolved informally will be resolved through the Board's existing  
3 process for Program Participant complaints. Ultimately, absent resolution  
4 through these channels, the standard agreement will provide for binding  
5 arbitration in accordance with the Commercial Arbitration Rules of the American  
6 Arbitration Association (“AAA”).

7 **Q: What is the exit strategy when the solicitations are over? What is the exit  
8 strategy when SREC PSAs expire?**

9 A. JCP&L will continue to administer the SREC PSAs over their lives, but will cease  
10 soliciting offers for new agreements. One the SREC PSAs expire, the Company  
11 anticipates no issues with reverting the rights to the SRECs to the project owners,  
12 whereby the project may continue producing SRECs subject to the appropriate  
13 qualification life.

14  
15 **V. BENEFITS AND INCENTIVES**

16 **Q: Please describe the benefits of the proposed program, including a description  
17 of the barriers these commitments will address to support development of  
18 solar generating projects.**

19 A. According to solar project developers, one of the identified barriers to solar  
20 development is the lack of long-term SREC contracts that facilitate project  
21 financing at attractive rates, thereby improving project economics. The SREC II  
22 Program will support the availability of contracts that provide sufficient certainty  
23 to collateralize projects for financing purposes. More recently, the over-supply of

1 SRECs has been brought on by project development well beyond that anticipated,  
2 leading to the decrease in the price of SRECs. Lower SREC prices reduce project  
3 economics and increase project risks, thereby reducing available financing. This  
4 has precipitated action by the New Jersey Legislature (S1925) to attempt to avoid  
5 a decline in solar development and, potentially, the solar industry in New Jersey.

6 Other Program elements that will address barriers include:

- 7 ■ Ratepayers will benefit from additional solar capacity that supports lower  
8 electric supplier pricing.
- 9 ■ Lower purchase prices under EDC SREC PSAs will demonstrate the benefits  
10 of long-term contracting to suppliers, and reduce costs.
- 11 ■ The proposed solicitations are temporary and limited in scope and scale, to  
12 support evolution of other market-based independent initiatives. The proposed  
13 long-term SREC-based financing solicitations represent an interim step in that  
14 development process, designed to help transition the State's solar industry to  
15 market-based processes, as well as sustain solar industry jobs in New Jersey.

16 **Q: What impact will the proposed program have on the competitive market for**  
17 **solar project development and financing services?**

18 A. It is expected that the SREC II Program proposed by JCP&L will further support  
19 solar project development and financing within its service territory. This Program  
20 will facilitate solar project financing through long-term SREC PSAs. These long-  
21 term SREC PSAs will provide various segments of the solar industry with access  
22 to capital markets, including private investors, banks or other financial  
23 institutions.

1           The Company expects that the solicitations will increase customer and  
2 project developer confidence, experience and participation in SREC-based  
3 financing.

4 **Q: Are there any environmental benefits associated with the program?**

5 A. Yes. The Board's premise for directing EDC intervention in this manner to create  
6 SREC PSAs is that the renewable energy (and SRECs) associated with the  
7 contracted projects (ultimately estimated at the equivalent of 61,000 MWh  
8 annually) are otherwise unlikely to be generated in a timely manner. While  
9 JCP&L does not have a basis for projecting a specific impact that its intervention  
10 will have, the impact could be up to the emissions associated with 61,000 MWh  
11 per year, or, assuming 1,520 lbs CO<sub>2</sub> per MWh as used in the N.J. Measurement  
12 and Verification Protocols, over 45,000 metric tons/year of CO<sub>2</sub> reduction.  
13 However, because market-based processes for quantifying the value of  
14 environmental benefits are still being developed, JCP&L has not placed a value  
15 on the range of potential impacts.

16 **Q: How does the program compare with OCE Clean Energy programs?**

17 A. New Jersey Clean Energy programs provide various types of support, including  
18 certification of SREC-generating projects, but they do not involve SREC-based  
19 purchase commitments. In that sense, the proposed long-term SREC purchase  
20 agreement program is complimentary, but distinct from other existing Clean  
21 Energy programs.

22

1 **Q: Will this program be coordinated with OCE programs?**

2 A. Yes. During the implementation of the SREC I Program, JCP&L coordinated  
3 many of the processes and communication with the OCE and the Clean Energy  
4 Program Renewable Program Manager. That process will continue in SREC II.

5 **Q: How does the program compare with other utility programs?**

6 A. We are aware of a similar program available in Delaware that was approved in  
7 late 2011 and implemented in 2012 for projects eligible to create Delaware  
8 SRECs. All the specifics of that program are not known. However, it appears  
9 that certain project segments are required to submit a competitive bid while other  
10 segments for smaller projects have a pre-set clearing offer price. JCP&L's SREC  
11 II Program does not provide more common forms of support or subsidy, such as  
12 rebates or loans for direct construction of renewable facilities. The SREC II  
13 Program is different from utility loan programs in that the proposed long-term  
14 SREC PSAs demonstrate model agreements that might be useful to energy  
15 suppliers that choose to engage in long-term contracting in the fully-competitive  
16 market.

17 **Q: How does the program support the current New Jersey Energy Master Plan?**

18 A. The NJEMP has defined goals for increased reliance on solar power as an energy  
19 source, as well as some limitations designed to reduce the impact of solar siting  
20 on pristine farmland. The SREC II Program will only allow grid-connected  
21 projects to be sited on closed landfills or brownfields that have electric  
22 infrastructure with sufficient capacity and electrical characteristics necessary to  
23 support the solar generation. In addition, the NJEMP recognizes that additional

1 utility solar programs may be necessary during the transition of the solar industry  
2 to a fully-competitive model.

3 **Q: Does JCP&L propose to receive incentives for the successful performance of**  
4 **the program?**

5 A. Yes. JCP&L proposes to receive the same SREC Transaction Fee of \$31.21 per  
6 sold SREC that was approved in the SREC I Program.

7 **Q: Why does JCP&L believe incentives are necessary and appropriate?**

8 A. EDCs have no affirmative incentive to enter into the SREC PSAs and some  
9 conceptual disincentives. JCP&L, as an EDC, has a negligible obligation to  
10 procure any SRECs and no opportunity to gain economic benefits from SREC  
11 purchases, since renewable portfolio standards obligations are the responsibility  
12 of energy suppliers. On the contrary, EDC participation in long-term SREC PSAs  
13 could have some impact on perceived EDC regulatory risk, distribution revenues,  
14 resources, and (to some extent) financial balance sheets.

15 Regulatory actions affirming the prudence of these agreements and an  
16 opportunity for incentives is fundamental to addressing potential perceived risks  
17 and barriers to EDC support for SREC-based financing. Performance-based  
18 shareholder incentives recognize the Company's support for an initiative that will  
19 help to maintain the solar industry in New Jersey, while customers will benefit  
20 directly from solar capacity that supports lower electric supplier pricing.

21

1 Q: Does the SREC Transaction fee mitigate inequities between SREC II  
2 Program Participants and non-participants relative to delivery charges?

3 A. Yes. Delivery system costs, for the most part, are fixed relative to the physical  
4 assets used to deliver service. The amount that the utility spends to operate and  
5 maintain electric infrastructure is not dependent on usage or throughput. Thus,  
6 the cost to the utility to deliver service to each customer (relatively the same size  
7 and service voltage; e.g., same customer class or rate schedule) is about the same.  
8 However, because of rate design, some, if not all, of the delivery costs are  
9 collected on a volumetric basis, which is dependent on usage. Therefore, rates  
10 designed to collect costs on a volumetric basis are designed such that customers  
11 that have average usage pay the average cost, or about their share. It then follows  
12 that those that have higher usage pay slightly more than their share and those that  
13 have lower usage pay slightly less than their share. Said another way, on a usage-  
14 based (per kWh) rate, customers that use more than average amounts of electricity  
15 subsidize customers that use less than average amounts of electricity.

16 Now considering behind-the-meter solar generation, energy produced by  
17 solar generation is netted against the on-site electricity usage and the amount of  
18 usage for which the utility charges is only a portion of the on-site consumption.  
19 To the extent that solar generation reduces the metered usage to less than average  
20 consumption, or lowers the (class or rate schedule) average usage altogether,  
21 other customers must subsidize the delivery costs for solar net metered customers.

1                   The revenues from the SREC Transaction Fee will offset delivery costs  
2                   that would otherwise be shifted to and paid by non-participants when rates are  
3                   reset.

4   **Q:   What data will you collect to track benefits from the SREC II Program?**

5   A.   The solicitation and auction processes will require tracking the prices, volume and  
6           program cost impacts of SRECs procured and sold through the SREC II Program.  
7           The solicitation approval process will require reporting on the number of  
8           participants and projects, SREC purchase pricing, project size and the volume of  
9           project SREC deliveries.

10  **Q:   Does this conclude your testimony?**

11  A.   Yes.

Thomas R. Donadio

PROFESSIONAL AND EDUCATIONAL BACKGROUND

I am a NJ State Regulatory Analyst V in the NJ Rates and Regulatory Affairs Department for FirstEnergy Service Company, providing support primarily for Jersey Central Power & Light Company. I have over 10 years experience developing and implementing programs supporting energy efficiency, renewable energy and demand response programs. I have been employed by FirstEnergy or predecessor companies since 1987 in a variety of capacities, including customer service, meter reading supervision, financial planning and analysis, business development and regulatory programs. I have managed the Original SREC Based Financing program since its inception in 2009 and participated in the initial design and regulatory proceeding.

Demand response programs I have developed, managed or supported for JCP&L include the Air Conditioner Cycling program and the Demand Response Working Group supplemental capacity incentive payment. I was awarded a Bachelor of Arts in Business Management from Moravian College and earned a MBA in Corporate Finance from Fairleigh Dickinson University.



JCP&L SREC II Projections - 52 MW Proposed  
 Estimation based upon experience of SREC I

	MW	# Projects	Average Size in kW
Grid Connected	17	6	2830
Net Metered	35	200	175
<b>Total</b>	<b>52</b>	<b>206</b>	

Contract Year	# Projects	MW	Cumulative MW	Incremental Annual Solar Generation (kWh)	Cumulative Annual Solar Generation (kWh)	Contract Life	Contract Life Generation (kWh)
2013	69	17.33	17.33	20,800,000	20,800,000	10	208,000,000
2014	69	17.33	34.67	20,800,000	41,600,000	9	187,200,000
2015	68	17.33	52.00	20,800,000	62,400,000	8	166,400,000
<b>Total</b>	<b>206</b>	<b>52.00</b>					<b>561,600,000</b>

JCP&L SREC Based Financing Program - SREC I  
Actual Program Costs

	2009	2010	2011
JCP&L Administration	\$ 31,078.93	\$ 74,046.04	\$ 115,934.79
Contracted Services	\$ 134,854.79	\$ 670,161.81	\$ 737,465.25
Contracted SREC Purchase Costs	\$ -	\$ -	\$ 2,347,930.00
SREC Auction Sales Revenue	\$ -	\$ -	\$ (2,211,309.45)
SREC Transaction Fee	\$ -	\$ -	\$ 188,477.19
Total	\$ 167,942.72	\$ 746,217.85	\$ 1,180,508.78

**JCP&L SREC-Based Financing Proposal Cost Projections\***  
**Annual Budget**  
**(\$ in 000)**

Line #	Incremental O&M Expenses & Capital Investment	2012	2013	2014	2015	Cumulative Program Spending
1	Admin & Program Development (Utility Costs)	\$ 50	\$ 125	\$ 125	\$ 125	\$ 425
2	Marketing & Sales (includes Call Center, Bill Inserts & Website)**	-	-	-	-	-
3	Training	-	-	-	-	-
4	Customer Rebates, Grants & Other Direct Incentives*	-	-	-	-	-
5	Contracted Processes, Inspections and Other Quality Control***	-	-	-	-	-
6	Evaluation	-	-	-	-	-
7	<b>Total Estimated O&amp;M Expenses = Sum(L1...L6)</b>	50	125	125	125	425
8	<b>Annual Investment</b>	-	-	-	-	-
9	<b>Total Estimated Program Costs (L7 + L8)</b>	\$ 50	\$ 125	\$ 125	\$ 125	\$ 425

\* Net costs for purchase and sale of SRECS depend on timing and prices from market-based processes. No estimates are provided.

\*\* Anticipated to be part of Contracted Process

\*\*\* Costs will be based on vendor proposals, that are not yet available.

**JCP&L SREC-BASED FINANCING PROGRAM PROPOSAL  
PURSUANT TO N.J.S.A. 48:3-98.1**

<b>MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1</b>	<b>Location in Filing, or Summary Explanation</b>
<b>General Filing Requirements</b>	
a. The utility shall provide with all filings, information and data pertaining to the specific program proposed, as set forth in applicable sections of N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12.	Petition, Attachments and Exhibit JCSBF-1 There is insufficient data available to provide the information pertaining specifically to the proposed program.
b. All filings shall contain information and financial statements for the proposed program in accordance with the applicable Uniform System of Accounts that is set forth in N.J.A.C. 14:1-5.12. The utility shall provide the Accounts and Account numbers that will be utilized in booking the revenues, costs, expenses and assets pertaining to each proposed program so that they can be properly separated and allocated from other regulated and/or other programs.	Attachment 7 to the Petition There is insufficient data available to provide the information pertaining specifically to the proposed program.
c. The utility shall provide supporting explanations, assumptions, calculations, and work papers for each proposed program and cost recovery mechanism petition filed under N.J.S.A. 48:3-98.1 and for all qualitative and quantitative analyses therein. The utility shall provide electronic copies of all materials and supporting schedules, with all inputs and formulae intact.	Exhibit JCSBF-1 and CD
d. The utility shall file testimony supporting its petition.	Exhibit JCSBF-1

<p align="center"><b>MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1</b></p>	<p align="center"><b>Location in Filing, or Summary Explanation</b></p>
<p>e. For any small scale or pilot program, the utility shall only be subject to the requirements in this Section and Sections II, III, and IV. The utility shall, however, provide its estimate of costs and a list of data it intends to collect in a subsequent review of the benefits of the program. Information in Section V may be required for pilot and small programs if such programs are particularly large or complex. A “small scale” project is defined as one that would result in either a rate increase of less than a half of one percent of the average residential customer’s bill or an additional annual total revenue requirement of less than \$5 million. A pilot program shall be no longer than three years, but can be extended under appropriate circumstances.</p>	<p>The proposal represents a small scale program. <u>See</u> Exhibit JCSBF-1 Section V, and Schedules TRD-2 and TRD-3.</p>
<p>f. If the utility is filing for an increase in rates, charges etc., or for approval of a program which may increase rates/charges to ratepayers in the future, the utility shall include a draft public notice with the petition and proposed publication dates.</p>	<p>Not Applicable</p>
<p><b>II. Program Description</b></p>	
<p>a. The utility shall provide a detailed description of each proposed program for which the utility seeks approval.</p>	<p>Petition Exhibit JCSBF-1, Sections II through IV</p>
<p>b. The utility shall provide a detailed explanation of the differences and similarities between each proposed program and existing and/or prior programs offered by the New Jersey Clean Energy Program, or the utility.</p>	<p>Exhibit JCSBF-1, Section V</p>
<p>c. The utility shall provide a description of how the proposed program will complement, and impact existing programs being offered by the utility and the New Jersey Clean Energy Program with all supporting documentation.</p>	<p>Exhibit JCSBF-1, Section V</p>
<p>d. The utility shall provide a detailed description of how the proposed program is consistent with and/or different from other utility programs or pilots in place or proposed with all supporting documentation.</p>	<p>Exhibit JCSBF-1, Section V</p>

<p align="center"><b>MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1</b></p>	<p align="center"><b>Location in Filing, or Summary Explanation</b></p>
<p>e. The utility shall provide a detailed description of how the proposed program comports with New Jersey State policy as reflected in reports, including the New Jersey Energy Master Plan, or, pending issuance of the final Energy Master Plan, the draft Energy Master Plan, and the greenhouse gas emissions reports to be issued by the New Jersey Department of Environmental Protection pursuant to N.J.S.A. 26:2C-42(b) and (c) and N.J.S.A. 26:2C-43 of the Global Warming Response Act, N.J.S.A. 26:2C-37 et seq.</p>	<p>Exhibit JCSBF-1, Section V</p>
<p>f. The utility shall provide the features and benefits for each proposed program including the following:</p> <ul style="list-style-type: none"> <li>i. the target market and customer eligibility if incentives are to be offered;</li> <li>ii. the program offering and customer incentives;</li> <li>iii. the quality control method including inspection;</li> <li>iv. program administration; and</li> <li>v. program delivery mechanisms.</li> </ul>	<p>Petition Exhibit JCSBF-1, Sections II through V</p>
<p>g. The utility shall provide the criteria upon which it chose the program.</p>	<p>Petition Exhibit JCSBF-1, Section I</p>
<p>h. The utility shall provide the estimated program costs by the following categories: administrative (all utility costs), marketing/sales, training, rebates/incentives including inspections and quality control, program implementation (all contract costs) and evaluation and other.</p>	<p>Exhibit JCSBF-1, Schedules TRD-2 and TRD-3</p>
<p>i. The utility shall provide the extent to which the utility intends to utilize employees, contractors or both to deliver the program and, to the extent applicable, the criteria the utility will use for contractor selection.</p>	<p>Petition Exhibit JCSBF-1, Section IV</p>

<p align="center"><b>MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1</b></p>	<p align="center"><b>Location in Filing, or Summary Explanation</b></p>
<p>j. In the event the program contemplates an agreement between the utility and its contractors and/or the utility and its ratepayers, copies of the proposed standard contract or agreement between the ratepayer and the utility, the contractor and the utility, and/or the contractor and the ratepayer shall be provided.</p>	<p>Petition - Attachment 6</p>
<p>k. The utility shall provide a detailed description of the process for resolving any customer complaints related to these programs.</p>	<p>Exhibit JCSBF-1, Section IV</p>
<p>l. The utility shall describe the program goals including number of participants on an annual basis and the energy savings, renewable energy generation and resource savings, both projected annually and over the life of the measures.</p>	<p>Exhibit JCSBF-1, Schedule TRD-1</p>
<p>m. Marketing – The utility shall provide the following: a description of where and how the proposed program/project will be marketed or promoted throughout the demographic segments of the utility’s customer base including an explanation of how prices and the service for each proposed program/project will be conveyed to customers.</p>	<p>Exhibit JCSBF-1, Sections I and II</p>
<p><b>III. Additional Required Information</b></p>	
<p>a. The utility shall describe whether the proposed programs will generate incremental activity in the energy efficiency/conservation/renewable energy marketplace and what, if any, impact on competition may be created, including any impact on employment, economic development and the development of new business with all supporting documentation. This shall include a breakdown of the impact on the employment within this marketplace as follows: marketing/sales, training, program implementation, installation, equipment, manufacturing and evaluation and other applicable markets. With respect to the impact on competition the analysis should include the competition between utilities and other entities already currently delivering the service in the market or new markets that may be created.</p>	<p>Exhibit JCSBF-1, Section V</p>

<p><b>MIMIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1</b></p>	<p><b>Location in Filing, or Summary Explanation</b></p>
<p>b. The utility shall provide a description of any known market barriers that may impact the program and address the potential impact on such known market barriers for each proposed program with all supporting documentation. This analysis shall include barriers across the various markets including residential (both single and multi-family), commercial and industrial (both privately owned and leased buildings), as well as between small, medium and large commercial and industrial markets. This should include both new development and retrofit or replacement upgrades across the market sectors.</p>	<p>Exhibit JCSBF-1, Section V</p>
<p>c. The utility shall provide a qualitative/quantitative description of any anticipated environmental benefits associated with the proposed program and a quantitative estimate of such benefits for the program overall and for each participant in the program with all supporting documentation. This shall include an estimate of the energy saved in kWh and/or therms and the avoided air emissions, wastewater discharges, waste generation and water use or other saved or avoided resources.</p>	<p>Exhibit JCSBF-1, Section V Schedule TRD-1</p>
<p>d. To the extent known, the utility shall identify whether there are similar programs available in the existing marketplace and provide supporting documentation if applicable. This shall include those programs that provide other societal benefits to other under-served markets. This should include an analysis of the services already provided in the market place, and the level of competition.</p>	<p>Exhibit JCSBF-1, Section V</p>
<p>e. The utility shall provide an analysis of the benefits or impacts in regard to Smart Growth.</p>	<p>The program is not anticipated to have any impact on Smart Growth.</p>
<p>f. The utility shall propose the method for treatment of Renewable Energy Certificates (“REC”) including solar RECs or any other certificate developed by the Board of Public Utilities, including Greenhouse Gas Emissions Portfolio and Energy Efficiency Portfolio Standards including ownership, and use of the certificate revenue stream(s).</p>	<p>Petition Exhibit JCSBF-1</p>



<p align="center"><b>MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1</b></p>	<p align="center"><b>Location in Filing, or Summary Explanation</b></p>
<p>g. The utility shall propose the method for treatment of any air emission credits and offsets, including Regional Greenhouse Gas Initiative carbon dioxide allowances and offsets including ownership, and use of the certificate revenue stream(s).</p>	<p>Exhibit JCSBF-1, Section V No air emission credits or offsets are contemplated in the proposal.</p>
<p>h. The utility shall analyze the proposed quantity and expected prices for any REC, solar REC, air emission credits, offsets or allowances or other certificates to the extent possible.</p>	<p>Exhibit JCSBF-1, Section I</p>
<p>IV. Cost Recovery Mechanism</p>	
<p>a. The utility shall provide appropriate financial data for the proposed program, including estimated revenues, expenses and capitalized investments, for each of the first three years of operations and at the beginning and end of each year of said three-year period. The utility shall include pro forma income statements for the proposed program, for each of the first three years of operations and actual or estimated balance sheets as at the beginning and end of each years of said three year period.</p>	<p>Exhibit JCSBF-1, Section IV  As prices for purchase and/or sale of SRECs are speculative, only preliminary administrative costs are provided. No prospective cost or income statements are provided.</p>
<p>b. The utility shall provide detailed spreadsheets of the accounting treatment of the cost recovery including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed method of recovery of program costs.</p>	<p>Petition and Attachments 7 and 8 Exhibit JCSBF-1, Section I</p>
<p>c. The utility shall provide a detailed explanation, with all supporting documentation, of the recovery mechanism it proposes to utilize for cost recovery of the proposed program, including proposed recovery through the Societal Benefits Charge, a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other.</p>	<p>Petition and Attachment 7 Exhibit JCSBF-1, Section I</p>

<p align="center"><b>MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1</b></p>	<p align="center"><b>Location in Filing, or Summary Explanation</b></p>
<p>d. The utility's petition for approval, including proposed tariff sheets and other required information, shall be verified as to its accuracy and shall be accompanied by a certification of service demonstrating that the petition was served on the Department of the Public Advocate, Division of Rate Counsel simultaneous to its submission to the Board.</p>	<p>Petition Attachment 9</p>
<p>e. The utility shall provide an annual rate impact summary by year for the proposed program, and an annual cumulative rate impact summary for all approved and proposed programs showing the impact of individual programs as well as the cumulative impact of all programs upon each customer class of implementing each program and all approved and proposed programs based upon a revenue requirement analysis that identifies all estimated program costs and revenues for each proposed program on an annual basis. The utility shall also provide an annual bill impact summary by year for each program, and an annual cumulative bill impact summary by year for all approved and proposed programs showing bill impacts on a typical customer for each class.</p>	<p>Petition Exhibit JCSBF-1, Section I As positive or negative impacts depend on speculation about purchase prices and auction sale prices, bill impacts are not projected in this proposal.</p>
<p>f. The utility shall provide, with supporting documentation, a detailed breakdown of the total costs for the proposed program, identified by cost segment (capitalized costs, operating expense, administrative expense, etc.). This shall also include a detailed analysis and breakdown and separation of the embedded and incremental costs that will be incurred to provide the services under the proposed program with all supporting documentation.</p>	<p>Exhibit JCSBF-1, Section I Schedule TRD-3</p>
<p>g. The utility shall provide a detailed revenue requirement analysis that clearly identifies all estimated program costs and revenues for the proposed program on an annual basis, including effects upon rate base and pro forma income calculations.</p>	<p>Exhibit JCSBF-1, Sections I and IV. As positive or negative impacts depend on speculation about purchase prices and auction sale prices, rate impacts are not projected in this proposal.</p>

<p align="center"><b>MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1</b></p>	<p align="center"><b>Location in Filing, or Summary Explanation</b></p>
<p>h. The utility shall provide, with supporting documentation: (i) a calculation of its current capital structure as well as its calculation of the capital structure approved by the Board in its most recent electric and/or gas base rate cases, and (ii) a statement as to its allowed overall rate of return approved by the Board in its most recent electric and/or gas base rate cases.</p>	<p>Petition - Attachments 2, 4 and 8</p>
<p>i. If the utility is seeking carrying costs for a proposed program, the filing shall include a description of the methodology, capital structure, and capital cost rates used by the utility.</p>	<p>Petition Attachments 7 and 8</p>
<p>j. A utility seeking incentives or rate mechanism that decouples utility revenues from sales, shall provide all supporting justification, and rationale for incentives, along with supporting documentation, assumptions and calculations.</p>	<p>Exhibit JCSBF-1, Section V</p>
<p><b>V. Cost/Benefit Analysis</b></p>	<p><b>As a small renewable energy program, Cost Benefit Analysis is generally not required.</b></p>
<p>a. The utility shall provide a detailed analysis with supporting documentation of the net benefits associated with the proposed program, including, if appropriate, a comprehensive and detailed avoided cost savings study with supporting documentation. The value of the avoided environmental impacts and the environmental benefits and the value of any avoided or deferred energy infrastructure should be stated separately.</p>	<p>Exhibit JCSBF-1, Section V</p>
<p>b. The utility shall calculate a cost/benefit analysis utilizing the Total Resource Cost (“TRC”) test that assesses all program costs and benefits from a societal perspective. The utility may also provide any cost benefit analysis that it believes appropriate with supporting rationales and documentation.</p>	<p>Not Applicable</p>
<p>c. The utility shall quantify all direct and indirect benefits as well as provide projected costs resulting from a proposed program that is subject to a cost/benefit test.</p>	<p>Not Applicable</p>

<p><b>MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1</b></p>	<p><b>Location in Filing, or Summary Explanation</b></p>
<p>d. Renewable energy programs shall not be subject to a cost/benefit test but the utility must quantify all direct and indirect benefits resulting from such a proposed program as well as provide the projected costs. The utility must also demonstrate how such a proposed program will support energy and environmental statewide planning objectives, such as attainment of the Renewable Portfolio Standard and any emission requirements.</p>	<p>Exhibit JCSBF-1 Section V Schedules TRD-1 and TRD-3</p>
<p>e. The utility must demonstrate for the proposed program that it results in a positive benefit/cost ratio, or, if the utility cannot make such a demonstration, it must provide the rationale for why the proposed program should be approved.</p>	<p>Small Renewable Energy program - Not required.</p>
<p>f. The level of energy and capacity savings utilized in these calculations shall be based upon the most recent protocols approved by the Board of Public Utilities to measure energy savings for the New Jersey Clean Energy Program. In the event no such protocols exist, or to the extent that a protocol does not exist for a filed program, the utility must submit a measurement protocol for the program or contemplated measure for approval by the Board.</p>	<p>Small Renewable Energy program - Not required.</p>
<p>g. The utility shall also quantify and deduct from the energy and capacity savings any free rider effects and the business as usual benefits from homeowners and businesses installing Energy Efficiency or Renewable Energy without the N.J.S.A. 48:3-98.1 benefits or incentives.</p>	<p>Board-directed program; no basis for estimate of free-rider effects</p>

Name of Respondent		This Report is:		Date of Report	Year/Period of Report
Jersey Central Power & Light Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) 11	End of 2010/Q4
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)					
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
1	<b>UTILITY PLANT</b>				
2	Utility Plant (101-106, 114)	200-201	4,562,741,731	4,463,478,358	
3	Construction Work In Progress (107)	200-201	63,535,049	54,250,588	
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		4,626,276,780	4,517,728,946	
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	1,807,090,614	1,767,818,841	
6	Net Utility Plant (Enter Total of line 4 less 5)		2,819,186,166	2,749,910,105	
7	Nuclear Fuel In Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0	
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0	
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0	
10	Spent Nuclear Fuel (120.4)		0	0	
11	Nuclear Fuel Under Capital Leases (120.6)		0	0	
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0	
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0	
14	Net Utility Plant (Enter Total of lines 6 and 13)		2,819,186,166	2,749,910,105	
15	Utility Plant Adjustments (116)		0	0	
16	Gas Stored Underground - Noncurrent (117)		0	0	
17	<b>OTHER PROPERTY AND INVESTMENTS</b>				
18	Nonutility Property (121)		16,979,653	16,979,653	
19	(Less) Accum. Prov. for Depr. and Amort. (122)		15,881,311	15,837,112	
20	Investments in Associated Companies (123)		0	0	
21	Investment in Subsidiary Companies (123.1)	224-225	2,478,298	2,483,514	
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)				
23	Noncurrent Portion of Allowances	228-229	0	0	
24	Other Investments (124)		1,005,761	1,006,589	
25	Sinking Funds (125)		0	0	
26	Depreciation Fund (126)		0	0	
27	Amortization Fund - Federal (127)		0	0	
28	Other Special Funds (128)		181,850,911	166,767,912	
29	Special Funds (Non Major Only) (129)		0	0	
30	Long-Term Portion of Derivative Assets (175)		8,279,312	12,840,596	
31	Long-Term Portion of Derivative Assets - Hedges (176)		0	0	
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		194,712,624	184,241,152	
33	<b>CURRENT AND ACCRUED ASSETS</b>				
34	Cash and Working Funds (Non-major Only) (130)		0	0	
35	Cash (131)		0	0	
36	Special Deposits (132-134)		207,564,713	199,702,701	
37	Working Fund (135)		925	925	
38	Temporary Cash Investments (136)		0	0	
39	Notes Receivable (141)		0	0	
40	Customer Accounts Receivable (142)		181,344,934	186,764,089	
41	Other Accounts Receivable (143)		24,135,393	20,195,074	
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		3,790,682	3,505,913	
43	Notes Receivable from Associated Companies (145)		177,228,386	102,932,142	
44	Accounts Receivable from Assoc. Companies (146)		51,414,474	15,729,184	
45	Fuel Stock (151)	227	0	994,266	
46	Fuel Stock Expenses Undistributed (152)	227	0	0	
47	Residuals (Elec) and Extracted Products (153)	227	0	0	
48	Plant Materials and Operating Supplies (154)	227	0	1,065,002	
49	Merchandise (155)	227	0	0	
50	Other Materials and Supplies (156)	227	0	0	
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0	
52	Allowances (158.1 and 158.2)	228-229	0	0	

Name of Respondent		This Report Is:		Date of Report	Year/Period of Report
Jersey Central Power & Light Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) 11	End of 2010/Q4
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)					
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
53	(Less) Noncurrent Portion of Allowances		0	0	
54	Stores Expense Undistributed (163)	227	0	0	
55	Gas Stored Underground - Current (164.1)		0	0	
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0	
57	Prepayments (165)		11,898,164	35,582,721	
58	Advances for Gas (166-167)		0	0	
59	Interest and Dividends Receivable (171)		2,606,373	0	
60	Rents Receivable (172)		2,005,487	1,681,842	
61	Accrued Utility Revenues (173)		145,467,485	117,732,498	
62	Miscellaneous Current and Accrued Assets (174)		170,180	0	
63	Derivative Instrument Assets (175)		8,279,312	12,840,596	
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		8,279,312	12,840,596	
65	Derivative Instrument Assets - Hedges (176)		0	0	
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0	
67	Total Current and Accrued Assets (Lines 34 through 66)		800,045,832	678,874,531	
68	DEFERRED DEBITS				
69	Unamortized Debt Expenses (181)		6,102,863	6,752,831	
70	Extraordinary Property Losses (182.1)	230a	0	0	
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	6,280,113	6,978,278	
72	Other Regulatory Assets (182.3)	232	666,938,570	872,504,776	
73	Prelim. Survey and Investigation Charges (Electric) (183)		3,262,084	2,943,458	
74	Preliminary Natural Gas Survey and Investigation Charges (183.1)		0	0	
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0	
76	Clearing Accounts (184)		0	0	
77	Temporary Facilities (185)		795,158	717,822	
78	Miscellaneous Deferred Debits (186)	233	1,821,179,365	1,815,422,040	
79	Def. Losses from Disposition of Utility Plt. (187)		0	0	
80	Research, Devel. and Demonstration Expend. (188)	352-353	162,692	138,864	
81	Unamortized Loss on Reacquired Debt (189)		21,870,301	23,949,738	
82	Accumulated Deferred Income Taxes (190)	234	607,328,326	630,597,092	
83	Unrecovered Purchased Gas Costs (191)		0	0	
84	Total Deferred Debits (Lines 69 through 83)		3,133,909,472	3,360,004,899	
85	TOTAL ASSETS (Lines 14-16, 32, 67, and 84)		6,947,854,094	6,973,030,687	

Name of Respondent		This Report is:		Date of Report (mo, da, yr)	Year/Period of Report
Jersey Central Power & Light Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		11	end of 2010/Q4
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)					
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
1	PROPRIETARY CAPITAL				
2	Common Stock Issued (201)	250-251	136,284,470	136,284,470	
3	Preferred Stock Issued (204)	250-251	0	0	
4	Capital Stock Subscribed (202, 205)		0	0	
5	Stock Liability for Conversion (203, 206)		0	0	
6	Premium on Capital Stock (207)		2,508,306,880	2,506,541,673	
7	Other Paid-In Capital (208-211)	253	566,650	507,933	
8	Installments Received on Capital Stock (212)	252	0	0	
9	(Less) Discount on Capital Stock (213)	254	0	0	
10	(Less) Capital Stock Expense (214)	254b	0	0	
11	Retained Earnings (215, 215.1, 216)	118-119	227,204,324	200,103,675	
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	-34,702	-29,485	
13	(Less) Required Capital Stock (217)	250-251	0	0	
14	Noncorporate Proprietorship (Non-major only) (218)		0	0	
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-253,541,528	-243,012,689	
16	Total Proprietary Capital (lines 2 through 15)		2,818,786,094	2,600,395,577	
17	LONG-TERM DEBT				
18	Bonds (221)	256-257	0	0	
19	(Less) Required Bonds (222)	256-257	0	0	
20	Advances from Associated Companies (223)	256-257	0	0	
21	Other Long-Term Debt (224)	256-257	1,500,000,000	1,500,000,000	
22	Unamortized Premium on Long-Term Debt (225)		0	0	
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		7,465,253	8,127,113	
24	Total Long-Term Debt (lines 18 through 23)		1,492,534,747	1,491,872,887	
25	OTHER NONCURRENT LIABILITIES				
26	Obligations Under Capital Leases - Noncurrent (227)		79,628	107,733	
27	Accumulated Provision for Property Insurance (228.1)		0	0	
28	Accumulated Provision for Injuries and Damages (228.2)		9,340,691	9,044,324	
29	Accumulated Provision for Pensions and Benefits (228.3)		182,416,748	150,744,013	
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0	
31	Accumulated Provision for Rate Refunds (229)		0	0	
32	Long-Term Portion of Derivative Instrument Liabilities		233,492,029	399,104,601	
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0	
34	Asset Retirement Obligations (230)		108,297,322	101,568,102	
35	Total Other Noncurrent Liabilities (lines 26 through 34)		533,626,418	660,568,773	
36	CURRENT AND ACCRUED LIABILITIES				
37	Notes Payable (231)		0	0	
38	Accounts Payable (232)		158,441,872	168,093,008	
39	Notes Payable to Associated Companies (233)		0	0	
40	Accounts Payable to Associated Companies (234)		35,691,463	32,188,737	
41	Customer Deposits (235)		23,385,040	23,635,585	
42	Taxes Accrued (236)	262-263	2,605,690	1,113,426	
43	Interest Accrued (237)		16,607,057	18,723,317	
44	Dividends Declared (238)		0	0	
45	Matured Long-Term Debt (239)		0	0	

Name of Respondent		This Report is:		Date of Report (mo, da, yr)	Year/Period of Report
Jersey Central Power & Light Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		11	end of 2010/Q4
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)					
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
46	Matured Interest (240)		0	0	
47	Tax Collections Payable (241)		5,904,334	0	
48	Miscellaneous Current and Accrued Liabilities (242)		51,581,900	87,478,597	
49	Obligations Under Capital Leases-Current (243)		28,104	28,104	
50	Derivative Instrument Liabilities (244)		233,499,969	399,118,715	
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		233,492,029	399,104,601	
52	Derivative Instrument Liabilities - Hedges (245)		0	0	
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0	
54	Total Current and Accrued Liabilities (lines 37 through 53)		294,253,400	331,274,888	
55	DEFERRED CREDITS				
56	Customer Advances for Construction (252)		17,875,127	14,894,858	
57	Accumulated Deferred Investment Tax Credits (255)	266-267	2,835,740	2,964,710	
58	Deferred Gains from Disposition of Utility Plant (256)		0	0	
59	Other Deferred Credits (253)	269	339,649,633	348,090,219	
60	Other Regulatory Liabilities (254)	278	324,008,675	191,003,411	
61	Unamortized Gain on Reacquired Debt (257)		1,289,685	1,721,255	
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0	
63	Accum. Deferred Income Taxes-Other Property (282)		649,959,327	579,047,135	
64	Accum. Deferred Income Taxes-Other (283)		673,035,248	751,196,974	
65	Total Deferred Credits (lines 56 through 64)		2,008,653,435	1,888,918,562	
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		6,947,854,094	6,973,030,687	



Name of Respondent		This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Jersey Central Power & Light Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	11	End of 2011/Q4
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, 114)	200-201	4,871,833,371	4,783,450,731
3	Construction Work in Progress (107)	200-201	227,399,014	63,535,049
4	<b>TOTAL Utility Plant (Enter Total of lines 2 and 3)</b>		<b>5,099,232,385</b>	<b>4,846,985,780</b>
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	1,893,512,016	1,832,479,614
6	<b>Net Utility Plant (Enter Total of line 4 less 5)</b>		<b>3,205,720,369</b>	<b>3,014,506,166</b>
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies In Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	<b>Net Nuclear Fuel (Enter Total of lines 7-11 less 12)</b>		<b>0</b>	<b>0</b>
14	<b>Net Utility Plant (Enter Total of lines 6 and 13)</b>		<b>3,205,720,369</b>	<b>3,014,506,166</b>
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	<b>OTHER PROPERTY AND INVESTMENTS</b>			
18	Nonutility Property (121)		16,979,653	16,979,653
19	(Less) Accum. Prov. for Depr. and Amort. (122)		15,884,688	15,881,311
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	2,478,221	2,478,298
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		1,007,002	1,005,761
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		193,671,470	181,850,911
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		4,466,445	8,279,312
31	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
32	<b>TOTAL Other Property and Investments (Lines 18-21 and 23-31)</b>		<b>202,718,103</b>	<b>194,712,624</b>
33	<b>CURRENT AND ACCRUED ASSETS</b>			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		0	0
36	Special Deposits (132-134)		219,009,698	207,564,713
37	Working Fund (135)		925	925
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		120,861,434	181,344,934
41	Other Accounts Receivable (143)		13,383,629	24,135,393
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		3,681,162	3,790,682
43	Notes Receivable from Associated Companies (145)		0	177,228,386
44	Accounts Receivable from Assoc. Companies (146)		200,940	49,277,939
45	Fuel Stock (151)	227	0	0
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	0	0
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent		This Report Is:		Date of Report (Mo, Da, Yr)	Year/Period of Report
Jersey Central Power & Light Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		11	End of 2011/Q4
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)					
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
53	(Less) Noncurrent Portion of Allowances		0	0	
54	Stores Expense Undistributed (163)	227	0	0	
55	Gas Stored Underground - Current (164.1)		0	0	
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0	
57	Prepayments (165)		33,900,723	11,898,164	
58	Advances for Gas (166-167)		0	0	
59	Interest and Dividends Receivable (171)		0	2,606,373	
60	Rents Receivable (172)		3,577,757	2,005,487	
61	Accrued Utility Revenues (173)		117,263,550	145,467,485	
62	Miscellaneous Current and Accrued Assets (174)		0	170,180	
63	Derivative Instrument Assets (175)		4,466,445	8,279,312	
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		4,466,445	8,279,312	
65	Derivative Instrument Assets - Hedges (176)		0	0	
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0	
67	Total Current and Accrued Assets (Lines 34 through 66)		504,617,494	797,909,297	
68	<b>DEFERRED DEBITS</b>				
69	Unamortized Debt Expenses (181)		6,753,071	6,102,863	
70	Extraordinary Property Losses (182.1)	230a	0	0	
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	5,608,605	6,280,113	
72	Other Regulatory Assets (182.3)	232	646,064,545	667,952,921	
73	Prelim. Survey and Investigation Charges (Electric) (183)		3,234,277	3,262,084	
74	Preliminary Natural Gas Survey and Investigation Charges (183.1)		0	0	
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0	
76	Clearing Accounts (184)		0	0	
77	Temporary Facilities (185)		1,426,143	795,158	
78	Miscellaneous Deferred Debits (186)	233	1,827,335,070	1,821,179,365	
79	Def. Losses from Disposition of Utility Plt. (187)		0	0	
80	Research, Devel. and Demonstration Expend. (188)	352-353	173,346	152,692	
81	Unamortized Loss on Required Debt (189)		19,790,865	21,870,301	
82	Accumulated Deferred Income Taxes (190)	234	631,338,920	606,096,785	
83	Unrecovered Purchased Gas Costs (191)		0	0	
84	Total Deferred Debits (Lines 69 through 83)		3,141,724,842	3,133,692,282	
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		7,054,780,808	7,140,820,369	

Name of Respondent		This Report is:	Date of Report	Year/Period of Report
Jersey Central Power & Light Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(mo, da, yr) / /	end of 2011/Q4
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	136,284,470	136,284,470
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		2,010,844,261	2,508,306,880
7	Other Paid-In Capital (208-211)	253	450,856	566,650
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	120,844,109	-23,224,415
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	-34,779	-34,702
13	(Less) Required Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	38,579,601	50,563,039
16	Total Proprietary Capital (lines 2 through 15)		2,306,968,518	2,672,461,922
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	0	0
19	(Less) Required Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	1,500,000,000	1,500,000,000
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		6,803,392	7,465,253
24	Total Long-Term Debt (lines 18 through 23)		1,493,196,608	1,492,534,747
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		51,524	79,628
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		5,377,511	9,340,691
29	Accumulated Provision for Pensions and Benefits (228.3)		169,806,840	182,416,748
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		146,891,947	233,492,029
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		115,483,437	108,297,322
35	Total Other Noncurrent Liabilities (lines 26 through 34)		437,611,259	533,626,418
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		100,663,937	158,441,872
39	Notes Payable to Associated Companies (233)		259,411,086	0
40	Accounts Payable to Associated Companies (234)		26,281,444	35,691,463
41	Customer Deposits (235)		23,778,540	23,385,040
42	Taxes Accrued (236)	262-263	14,726,922	2,605,690
43	Interest Accrued (237)		17,300,147	16,607,057
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent Jersey Central Power & Light Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) 11	Year/Period of Report end of 2011/Q4
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**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)** (continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		2,948,160	5,904,334
48	Miscellaneous Current and Accrued Liabilities (242)		58,353,092	51,581,900
49	Obligations Under Capital Leases-Current (243)		28,104	28,104
50	Derivative Instrument Liabilities (244)		146,900,646	233,499,969
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		146,891,947	233,492,029
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		503,500,131	294,253,400
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		21,507,858	17,875,127
57	Accumulated Deferred Investment Tax Credits (255)	266-267	2,704,541	2,835,740
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	431,752,459	402,659,488
60	Other Regulatory Liabilities (254)	278	366,010,033	324,008,675
61	Unamortized Gain on Required Debt (257)		982,956	1,289,686
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		786,817,898	727,624,040
64	Accum. Deferred Income Taxes-Other (283)		703,728,547	671,651,127
65	Total Deferred Credits (lines 56 through 64)		2,313,504,292	2,147,943,882
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		7,054,780,808	7,140,820,369

Name of Respondent Jersey Central Power & Light Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2010/Q4	
STATEMENT OF INCOME						
Quarterly						
1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.						
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.						
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.						
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.						
5. If additional columns are needed, place them in a footnote.						
Annual or Quarterly if applicable						
5. Do not report fourth quarter data in columns (e) and (f)						
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.						
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.						
Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	2,973,585,527	2,947,659,789		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	1,995,590,374	2,036,978,725		
5	Maintenance Expenses (402)	320-323	74,468,592	54,995,474		
6	Depreciation Expense (403)	336-337	123,237,100	114,813,801		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337	5,563,698	7,337,704		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337	38,724	77,448		
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)		300,149,594	300,793,482		
13	(Less) Regulatory Credits (407.4)		35,099,468			
14	Taxes Other Than Income Taxes (408.1)	262-263	65,401,454	63,220,350		
15	Income Taxes - Federal (409.1)	262-263	80,891,578	47,894,237		
16	- Other (409.1)	262-263	35,535,831	25,527,515		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	609,473,179	738,136,046		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	576,251,910	688,846,425		
19	Investment Tax Credit Adj. - Net (411.4)	266	-128,970	-125,530		
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		2,678,869,776	2,700,802,827		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117, line 27		294,715,751	246,766,962		

Name of Respondent		This Report Is:		Date of Report		Year/Period of Report	
Jersey Central Power & Light Company		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	Mo, Da, Yr		End of 2010/Q4	
STATEMENT OF INCOME FOR THE YEAR (continued)							
Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)	
			Current Year (c)	Previous Year (d)			
27	Net Utility Operating Income (Carried forward from page 114)		294,715,751	246,756,962			
28	Other Income and Deductions						
29	Other Income						
30	Nonutility Operating Income						
31	Revenues From Merchandising, Jobbing and Contract Work (415)		790,747	396,650			
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		-300	173,654			
33	Revenues From Nonutility Operations (417)						
34	(Less) Expenses of Nonutility Operations (417.1)						
35	Nonoperating Rental Income (418)		79,009	5,633			
36	Equity in Earnings of Subsidiary Companies (418.1)	119	143	-10,138			
37	Interest and Dividend Income (419)		5,254,282	21,039,073			
38	Allowance for Other Funds Used During Construction (419.1)		1,332,407	2,049,336			
39	Miscellaneous Nonoperating Income (421)		4,052,918	2,083,499			
40	Gain on Disposition of Property (421.1)		757,412	158,930			
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		12,267,218	25,549,329			
42	Other Income Deductions						
43	Loss on Disposition of Property (421.2)		1,197,309	1,943			
44	Miscellaneous Amortization (425)						
45	Donations (426.1)		33,359	32,845			
46	Life Insurance (426.2)		-375,300	-736,806			
47	Penalties (426.3)		-69,924	1,000			
48	Exp. for Certain Civic, Political & Related Activities (426.4)		102,085	71,667			
49	Other Deductions (426.5)		10,156,598	69,218			
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		11,044,127	-560,133			
51	Taxes Applicable to Other Income and Deductions						
52	Taxes Other Than Income Taxes (408.2)	262-263					
53	Income Taxes-Federal (409.2)	262-263	2,037,123	1,943,517			
54	Income Taxes-Other (409.2)	262-263	577,272	573,425			
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	321,402	1,089,672			
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	529,254	1,333,649			
57	Investment Tax Credit Adj.-Net (411.5)						
58	(Less) Investment Tax Credits (420)						
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		2,406,543	2,272,965			
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		-1,183,452	23,836,497			
61	Interest Charges						
62	Interest on Long-Term Debt (427)		91,974,022	90,507,605			
63	Amort. of Debt Disc. and Expense (428)		1,309,335	1,302,030			
64	Amortization of Loss on Reacquired Debt (428.1)		2,079,437	2,079,437			
65	(Less) Amort. of Premium on Debt-Credit (429)						
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		431,570	473,183			
67	Interest on Debt to Assoc. Companies (430)		3,895,366	4,416,544			
68	Other Interest Expense (431)		3,307,505	2,805,240			
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		697,228	543,040			
70	Net Interest Charges (Total of lines 62 thru 69)		101,436,867	100,094,633			
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		192,095,432	170,498,826			
72	Extraordinary Items						
73	Extraordinary Income (434)						
74	(Less) Extraordinary Deductions (435)						
75	Net Extraordinary Items (Total of line 73 less line 74)						
76	Income Taxes-Federal and Other (409.3)	262-263					
77	Extraordinary Items After Taxes (line 75 less line 76)						
78	Net Income (Total of line 71 and 77)		192,095,432	170,498,826			

Name of Respondent Jersey Central Power & Light Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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STATEMENT OF INCOME

Quarterly

- Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (f) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
- Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
- Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
- Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
- If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

- Do not report fourth quarter data in columns (e) and (f)
- Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
- Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	2,437,144,347	2,973,585,527		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	1,682,993,677	2,000,897,374		
5	Maintenance Expenses (402)	320-323	126,568,442	74,468,592		
6	Depreciation Expense (403)	336-337	141,922,134	128,486,100		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-406)	336-337	4,331,200	5,563,698		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337		38,724		
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)		159,727,967	300,149,594		
13	(Less) Regulatory Credits (407.4)		103,182,351	35,099,468		
14	Taxes Other Than Income Taxes (408.1)	262-263	66,761,050	65,401,454		
15	Income Taxes - Federal (409.1)	262-263	10,680,574	80,775,395		
16	- Other (409.1)	262-263	6,846,996	35,503,001		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	692,099,983	612,373,146		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	599,757,391	580,401,681		
19	Investment Tax Credit Adj. - Net (411.4)	266	-131,199	-128,970		
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		2,188,861,082	2,688,026,959		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117, line 27		248,283,265	285,558,568		

Name of Respondent		This Report Is:		Date of Report		Year/Period of Report	
Jersey Central Power & Light Company		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	Mo, Da, Yr		End of 2011/Q4	
STATEMENT OF INCOME FOR THE YEAR (continued)							
Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)	
			Current Year (c)	Previous Year (d)			
27	Net Utility Operating Income (Carried forward from page 114)		248,283,265	285,558,568			
28	Other Income and Deductions						
29	Other Income						
30	Nonutility Operating Income						
31	Revenues From Merchandising, Jobbing and Contract Work (415)		323,291	790,747			
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		-90,636	-300			
33	Revenues From Nonutility Operations (417)						
34	(Less) Expenses of Nonutility Operations (417.1)						
35	Nonoperating Rental Income (418)		223	79,009			
36	Equity In Earnings of Subsidiary Companies (418.1)	119	136	143			
37	Interest and Dividend Income (419)		953,957	5,254,282			
38	Allowance for Other Funds Used During Construction (419.1)		5,464,444	1,353,407			
39	Miscellaneous Nonoperating Income (421)		4,343,935	4,052,918			
40	Gain on Disposition of Property (421.1)		654	757,412			
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		11,167,276	12,288,218			
42	Other Income Deductions						
43	Loss on Disposition of Property (421.2)		20	1,197,309			
44	Miscellaneous Amortization (425)						
45	Donations (426.1)		113,978	33,359			
46	Life Insurance (426.2)		-444,748	-375,300			
47	Penalties (426.3)		8,592	-69,924			
48	Exp. for Certain Civic, Political & Related Activities (426.4)		107,260	102,085			
49	Other Deductions (426.5)		4,167,697	10,156,698			
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		3,952,699	11,044,127			
51	Taxes Applicable to Other Income and Deductions						
52	Taxes Other Than Income Taxes (408.2)	262-263					
53	Income Taxes-Federal (409.2)	262-263	1,632,250	2,030,296			
54	Income Taxes-Other (409.2)	262-263	461,232	575,343			
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	18,009	321,402			
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	848,818	529,254			
57	Investment Tax Credit Adj.-Net (411.5)						
58	(Less) Investment Tax Credits (420)						
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		1,262,673	2,397,787			
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		5,951,904	-1,153,696			
61	Interest Charges						
62	Interest on Long-Term Debt (427)		91,902,390	91,974,022			
63	Amort. of Debt Disc. and Expense (428)		1,479,724	1,309,335			
64	Amortization of Loss on Required Debt (428.1)		2,079,437	2,079,437			
65	(Less) Amort. of Premium on Debt-Credit (429)						
66	(Less) Amortization of Gain on Required Debt-Credit (429.1)		306,731	431,570			
67	Interest on Debt to Assoc. Companies (430)		5,175,097	3,895,366			
68	Other Interest Expense (431)		12,353,541	3,307,505			
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		2,516,736	709,228			
70	Net Interest Charges (Total of lines 62 thru 69)		110,166,722	101,424,867			
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		144,068,447	182,980,005			
72	Extraordinary Items						
73	Extraordinary Income (434)						
74	(Less) Extraordinary Deductions (435)						
75	Net Extraordinary Items (Total of line 73 less line 74)						
76	Income Taxes-Federal and Other (409.3)	262-263					
77	Extraordinary Items After Taxes (line 75 less line 76)						
78	Net Income (Total of line 71 and 77)		144,068,447	182,980,005			



Name of Respondent		This Report Is:		Date of Report	Year/Period of Report
Jersey Central Power & Light Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) 11	End of 2012/Q1
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)					
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
1	<b>UTILITY PLANT</b>				
2	Utility Plant (101-106, 114)	200-201	5,022,257,823	4,871,833,371	
3	Construction Work In Progress (107)	200-201	118,932,719	227,399,014	
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		5,141,190,542	5,099,232,385	
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	1,909,478,824	1,893,512,016	
6	Net Utility Plant (Enter Total of line 4 less 5)		3,231,711,718	3,205,720,369	
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0	
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0	
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0	
10	Spent Nuclear Fuel (120.4)		0	0	
11	Nuclear Fuel Under Capital Leases (120.6)		0	0	
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0	
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0	
14	Net Utility Plant (Enter Total of lines 6 and 13)		3,231,711,718	3,205,720,369	
15	Utility Plant Adjustments (116)		0	0	
16	Gas Stored Underground - Noncurrent (117)		0	0	
17	<b>OTHER PROPERTY AND INVESTMENTS</b>				
18	Nonutility Property (121)		16,979,653	16,979,653	
19	(Less) Accum. Prov. for Depr. and Amort. (122)		15,885,389	15,884,688	
20	Investments in Associated Companies (123)		0	0	
21	Investment in Subsidiary Companies (123.1)	224-225	2,478,207	2,478,221	
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)				
23	Noncurrent Portion of Allowances	228-229	0	0	
24	Other Investments (124)		1,014,842	1,007,002	
25	Sinking Funds (125)		0	0	
26	Depreciation Fund (126)		0	0	
27	Amortization Fund - Federal (127)		0	0	
28	Other Special Funds (128)		195,096,132	193,671,470	
29	Special Funds (Non Major Only) (129)		0	0	
30	Long-Term Portion of Derivative Assets (175)		4,105,313	4,466,445	
31	Long-Term Portion of Derivative Assets -- Hedges (176)		0	0	
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		203,788,758	202,718,103	
33	<b>CURRENT AND ACCRUED ASSETS</b>				
34	Cash and Working Funds (Non-major Only) (130)		0	0	
35	Cash (131)		0	0	
36	Special Deposits (132-134)		225,494,942	219,009,698	
37	Working Fund (135)		925	925	
38	Temporary Cash Investments (136)		0	0	
39	Notes Receivable (141)		0	0	
40	Customer Accounts Receivable (142)		114,958,257	120,861,434	
41	Other Accounts Receivable (143)		14,019,459	13,383,629	
42	(Less) Accum. Prov. for Uncollectible Acct.-Credil (144)		3,488,626	3,581,162	
43	Notes Receivable from Associated Companies (145)		0	0	
44	Accounts Receivable from Assoc. Companies (146)		35,991,626	200,940	
45	Fuel Stock (151)	227	0	0	
46	Fuel Stock Expenses Undistributed (152)	227	0	0	
47	Residuals (Elec) and Extracted Products (153)	227	0	0	
48	Plant Materials and Operating Supplies (154)	227	0	0	
49	Merchandise (155)	227	0	0	
50	Other Materials and Supplies (156)	227	0	0	
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0	
52	Allowances (158.1 and 158.2)	228-229	0	0	

Name of Respondent		This Report Is:		Date of Report	Year/Period of Report
Jersey Central Power & Light Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) / /	End of 2012/Q1
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)Continued					
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
53	(Less) Noncurrent Portion of Allowances		0	0	
54	Stores Expense Undistributed (163)	227	0	0	
55	Gas Stored Underground - Current (164.1)		0	0	
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0	
57	Prepayments (165)		42,535,409	33,900,723	
58	Advances for Gas (166-167)		0	0	
59	Interest and Dividends Receivable (171)		0	0	
60	Rents Receivable (172)		2,124,925	3,577,757	
61	Accrued Utility Revenues (173)		90,495,305	117,263,550	
62	Miscellaneous Current and Accrued Assets (174)		0	0	
63	Derivative Instrument Assets (175)		4,105,313	4,466,445	
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		4,105,313	4,466,445	
65	Derivative Instrument Assets - Hedges (176)		0	0	
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0	
67	Total Current and Accrued Assets (Lines 34 through 66)		622,132,222	504,617,494	
68	<b>DEFERRED DEBITS</b>				
69	Unamortized Debt Expenses (181)		6,517,768	6,753,071	
70	Extraordinary Property Losses (182.1)	230a	0	0	
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	5,440,728	5,608,605	
72	Other Regulatory Assets (182.3)	232	586,946,752	646,064,545	
73	Prelim. Survey and Investigation Charges (Electric) (183)		3,166,078	3,234,277	
74	Preliminary Natural Gas Survey and Investigation Charges (183.1)		0	0	
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0	
76	Clearing Accounts (184)		0	0	
77	Temporary Facilities (185)		1,597,667	1,426,143	
78	Miscellaneous Deferred Debits (186)	233	1,827,382,644	1,827,335,070	
79	Def. Losses from Disposition of Utility Plt. (187)		0	0	
80	Research, Devel. and Demonstration Expend. (188)	352-353	175,896	173,346	
81	Unamortized Loss on Required Debt (189)		19,271,005	19,790,865	
82	Accumulated Deferred Income Taxes (190)	234	591,304,321	631,338,920	
83	Unrecovered Purchased Gas Costs (191)		0	0	
84	Total Deferred Debits (lines 69 through 83)		3,041,802,859	3,141,724,842	
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		6,999,435,557	7,054,780,808	

Name of Respondent Jersey Central Power & Light Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) 11	Year/Period of Report end of 2012/Q1
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**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (continued)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		10,676,881	2,948,160
48	Miscellaneous Current and Accrued Liabilities (242)		53,450,560	68,353,092
49	Obligations Under Capital Leases-Current (243)		28,104	28,104
50	Derivative Instrument Liabilities (244)		135,766,813	146,900,646
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		135,766,813	146,891,947
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		531,530,884	503,500,131
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		22,491,166	21,507,858
57	Accumulated Deferred Investment Tax Credits (255)	266-267	2,671,742	2,704,541
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	378,107,072	431,752,459
60	Other Regulatory Liabilities (254)	278	320,403,822	366,010,033
61	Unamortized Gain on Required Debt (257)		906,271	982,956
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		807,636,452	786,817,898
64	Accum. Deferred Income Taxes-Other (283)		691,799,811	703,728,547
65	Total Deferred Credits (lines 56 through 64)		2,224,016,336	2,313,504,292
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		6,999,435,557	7,054,780,808

Name of Respondent Jersey Central Power & Light Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**ELECTRIC OPERATING REVENUES (Account 400)**

1. The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
4. If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
5. Disclose amounts of \$250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	1,430,827,034	1,699,630,195
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	718,185,044	903,372,218
5	Large (or Ind.) (See Instr. 4)	105,740,990	134,085,629
6	(444) Public Street and Highway Lighting	21,750,717	23,654,779
7	(445) Other Sales to Public Authorities	-57,480,341	-53,609,687
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	2,219,023,444	2,707,133,134
11	(447) Sales for Resale	155,828,035	209,824,504
12	TOTAL Sales of Electricity	2,374,851,479	2,916,957,638
13	(Less) (449.1) Provision for Rate Refunds		
14	TOTAL Revenues Net of Prov. for Refunds	2,374,851,479	2,916,957,638
15	Other Operating Revenues		
16	(450) Forfeited Discounts	2,722,279	3,169,198
17	(451) Miscellaneous Service Revenues	5,055,055	5,474,269
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	9,080,835	10,300,700
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	5,544,946	5,243,264
22	(456.1) Revenues from Transmission of Electricity of Others	39,889,753	32,440,458
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	62,292,868	56,627,889
27	TOTAL Electric Operating Revenues	2,437,144,347	2,973,585,527

Name of Respondent Jersey Central Power & Light Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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ELECTRIC OPERATING REVENUES (Account 400)

6. Commercial and Industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.
8. For Lines 2,4,5, and 6, see Page 304 for amounts relating to unbilled revenue by accounts.
9. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
9,697,011	9,992,798	972,732	971,089	2
				3
9,282,240	9,562,998	122,234	121,740	4
2,413,171	2,486,546	2,472	2,500	5
89,388	89,243	1,756	1,748	6
				7
				8
				9
21,481,810	22,131,585	1,099,194	1,097,078	10
2,186,713	2,965,400			11
23,668,523	25,096,985	1,099,194	1,097,078	12
				13
23,668,523	25,096,985	1,099,194	1,097,078	14

Line 12, column (b) includes \$ -96,782 of unbilled revenues.  
 Line 12, column (d) includes -28,203,936 MWH relating to unbilled revenues

**SOLAR RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE  
AGREEMENT**

THIS SOLAR RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE AGREEMENT ("Agreement"), dated as of [INSERT DATE], (the "Effective Date"), is made and entered into by and between Jersey Central Power & Light Company, a New Jersey corporation ("Purchaser" or "Us" or "We"), having offices at 300 Madison Avenue, Morristown, New Jersey 07932, and [INSERT COUNTERPARTY NAME] ("Seller" or "You"), of [INSERT COUNTERPARTY ADDRESS]. 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"), in its Order dated [INSERT DATE], in Docket No. [INSERT Docket No.(s)] (collectively the "SREC Contracting Order"), approved Purchaser's SREC-based contracting program and authorized and directed Purchaser to enter into long term contracts to purchase the solar renewable energy certificates ("SRECs") generated by solar photovoltaic generation projects (each a "Project") within Purchaser's service territory, which are installed, owned and operated by Purchaser's ratepayers or by solar project developers (each a "Project Developer") at Purchaser ratepayer locations, which Projects have been selected under Board-approved procedures for an award of a SREC purchase contract by Purchaser.

B. Seller is either (i) a Purchaser ratepayer 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 a Purchaser ratepayer to install, own and operate a Project at the premises or the facility owned or operated by the ratepayer (in either case, the "Facility") physically located in Purchaser's 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 for award of a SREC purchase 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.

2. Term of Agreement. When fully executed, the term of this Agreement (the "Term") shall commence on, or as of, 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, or its successor 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. 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, 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 attached General Terms and Conditions) on a monthly basis, and represents all rights, title and interest in and to the environmental attributes associated with the electricity generated by solar photovoltaic systems in New Jersey. One (1) SREC represents the environmental attributes of one megawatt-hour of solar electric generation. Such electricity 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. The "Delivery Period" begins on the first day of the first PJM-EIS-GATS Generation Month (i) after You deliver written notice to Us that Seller's Project is able to operate and generate SRECs and deliver them pursuant to the terms of this Agreement, whether or not Purchaser has completed the interconnection of Seller's Project, and (ii) after satisfaction and/or completion by You, or waiver by Us, of the Conditions Precedent (such date being the "Commencement Date"). The Delivery Period shall terminate at 11:59 p.m. of the date that is [10, 9, or 8] years (i.e., [120, 108, or 96] months) following the Commencement Date. Each twelve consecutive months following the Commencement Date shall be a "Contract Year."

The term "PJM-EIS-GATS Generation Month" as used herein means any month in which SRECs are issued in PJM-EIS-GATS for Seller's Project and the first PJM-EIS-GATS Generation Month is the first 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 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 issued by PJM-EIS-GATS as a result of the actual generation of one (1) megawatt hour of electricity by Seller's Project, as registered on the SREC Meter and as reported to PJM-EIS-GATS, during the Term of this Agreement (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 (as defined herein and in the New Jersey RPS), Purchaser, without the payment of any additional consideration to Seller, shall receive title to, and Seller shall convey to Purchaser, any and all other Environmental Attributes associated with the electricity generated by Seller's Project. For purposes hereof, "Environmental Attributes" excludes electric energy and capacity produced, but includes any other emissions, air quality or other environmental 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 preferences 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 You may enter into other agreements with others to sell energy and/or capacity produced by Seller's Project.

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 by any other person, all of Your rights, title and interests in the Transferred SRECs.

8. Quantity of SRECs.

A. 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 of each Contract Year, up to, but not in excess of, an amount calculated on an Energy Year basis, by multiplying (i) the Size of Project, as stated in Appendix B, expressed in kilowatts (i.e., kW) by (ii) 1,300 hours, (iii) divided by 1,000 kilowatt hours, rounded up to the next whole number of SRECS (the product of such calculation being the "Annual SREC Generation Capacity"). 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. Where only a partial Energy Year shall have elapsed by the end of the first or last Contract Year, the calculation of the Annual SREC Generation Capacity shall be pro-rated for such partial Energy Year.

B. In the event that Seller's Project produces SRECs in excess of such Annual SREC Generation Capacity, We shall have the option, but not the obligation, to purchase up to the total of such excess SRECs at 50% of the Purchase Price. Unless We exercise such option, and then only to the extent of the number of excess SRECs we choose to purchase, excess SRECs shall not be treated, or paid for, as Transferred SRECs.

C. As used herein, "Contract Month" means each calendar month during the Delivery Period and, where the Commencement Date does not fall on the first day of a month, the remaining portion of such initial month.

9. Purchase Price for SRECs. Subject to Section 11 below, We shall pay You \$ [INSERT PRICE](U.S.) per Transferred SREC (the "Purchase Price") delivered to Us from Seller's Project during each Contract Month.

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 SREC's are properly recorded within the PJM-EIS-GATS and credited to Purchaser's designated PJM-EIS-GATS Account, 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 in order to Deliver all Transferred SRECs each month directly into Purchaser's designated PJM-EIS-GATS Account.

C. You shall be required to read the SREC Meter and provide SREC Meter reading data to PJM-EIS-GATS as frequently as is necessary to allow for the appropriate recordation 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 and allow PJM-EIS-GATS to pro-rate monthly generation back to the prior actual meter reading subject to reconciliation based on the next actual SREC Meter reading.

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 quarterly, 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 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.

B. You shall provide Us with an invoice within thirty (30) Days after the close of each Contract Quarter detailing the amount of Transferred SRECs delivered during each Contract Month of the Contract Quarter just closed stating the amount owed by Us as calculated using the Purchase Price. Such invoice, which shall be paid in accordance with Appendix D, shall also reflect the deduction of the SREC Transaction Fee of \$31.21 per Transferred SREC and any other deductions owed by You to Us (e.g., the Administrative Fee plus interest under Section A. 11 (ii) of the General Terms and Conditions), if any.

C. You shall have ten (10) Business Days from receipt of the payment to contest the amount paid. If You in good faith dispute the correctness of a payment and the accompanying explanatory statement issued by Us, then You and We shall attempt in good faith 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.

D. 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.

[INSERT NAME]

JERSEY CENTRAL POWER & LIGHT  
COMPANY

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

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

By: \_\_\_\_\_  
Name: Dean W. Stathis  
Title: Director - Regulated Commodity  
Sourcing  
FirstEnergy Service Company,  
Authorized Agent

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 as a condition to participating in the bidding process that resulted in the award to Seller of the opportunity to enter into 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. The Deposit, without interest, shall be returned by Purchaser to Seller promptly following the Commencement Date.

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 unappealable 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 fourteen (14) days of Seller's notice that Seller's Project has achieved operation.

For purposes of this Agreement, in the event the Commencement Date has not occurred within one 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 and shall be under no further obligation to advance this Agreement. Notwithstanding the foregoing, such one-year period may be extended, on one occasion only, by submission by Seller to Purchaser, prior to the expiration of such one-year period, of a certification of Seller substantially in the form of Appendix A-1 hereto and by Seller's otherwise complying with the requirements for such certification set forth in the Board's

Attachment 6  
SREC-PSA Form (Segment 1 and 2 SREC-II Projects)

Order dated March 12, 2012 and the Stipulation of Settlement approved in that Order. Further extensions may be granted only by Order of the Board following formal petition to the Board for such further extension.

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

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 a PJM-EIS-GATS Account 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 applicable regulatory standards, and capable of measuring the electricity generated from the continued operation of Seller's Project throughout the Term so as to be reported to, and subject to audit and reasonable access by, Purchaser, and PJM-EIS-GATS pursuant to the PJM-EIS-GATS Operating Rules and other PJM-EIS-GATS requirements, as applicable, and (ii) net metering arrangements with Purchaser.
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 the Customer On-Site Renewable Energy ("CORE") Program administered by OCE for the period 2001 through 2008.
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.

11. Administrative Fee. Seller shall have (i) paid to Purchaser on execution of this Agreement an administrative fee in an amount equal to the sum of [2.25%, or 2.5%] of the total value of this Agreement (which is the product of the Purchase Price multiplied by the Annual SREC Generation Capacity multiplied by the years of the Delivery Period) (the "Administrative Fee") or (ii) elected, in a writing delivered to Purchaser on execution of this Agreement, the option of paying the Administrative Fee to Purchaser through installments paid for each Contract Quarter over the life of this Agreement, through deductions from the payments Purchaser makes hereunder; provided, however, that in choosing the installment option, Seller agrees that interest will accrue and shall be paid by Seller on the outstanding balance each Contract Quarter such interest to be calculated at Purchaser's overall pre-tax cost of capital as determined in its last rate case (currently 11.61%), compounded monthly.

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 ensure 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 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. Seller shall pay any and all 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 for 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 of 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:

Attachment 6  
SREC-PSA Form (Segment 1 and 2 SREC-II Projects)

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 for 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 as provided to PJM-EIS-GATS, (ii) all Transferred SRECs issued by PJM-EIS-GATS for 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. In the event that 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 PJM-EIS-GATS Account 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. If Seller is required to become an Account Holder, then each Month during the Delivery Period, no later than ten (10) Business Days after the Transferred SRECs



are deposited into Seller's PJM-EIS-GATS Account, Seller shall, in accordance with the PJM-EIS-GATS Operating Rules, cause all such Transferred SRECs generated in the relevant Contract Month to be made available for transfer to Purchaser's PJM-EIS-GATS Account, . Within five (5) Business Days after Seller has caused all such Transferred SRECs generated in the relevant Contract Month to be made available for transfer to Purchaser's PJM-EIS-GATS Account, Purchaser shall confirm acceptance of the Transferred SRECs in accordance with the PJM-EIS-GATS Operating Rules.

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 provided in clauses (6), (7) and (8) above for the delivery 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, 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 twelve (12) consecutive months duration, or (ii) Force Majeure Events cumulatively totaling twenty-four (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 fifteen (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 \$1,000 for each occurrence and shall pay thereafter any additional costs (including but not limited to outside counsel and legal consultant fees) incurred by Purchase .

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 thirty (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 exclusive 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 through good faith negotiations shall be presented for binding arbitration in Morristown, 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 AAA. “Claim” 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 five 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 CHANGES

1. Purchaser Cost Recovery. The Parties recognize and agree that this Agreement and the amounts to be paid to Seller for SRECs hereunder, and the incurring of costs by Purchaser associated with this Agreement, are premised upon and subject to Purchaser’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 the SREC Contracting Order.
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 Agreement or otherwise, is amended or suspended by the Board or any other Governmental Authority and/or is otherwise

no longer in force (collectively, a “Change” in the regulatory framework), Purchaser 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; and (c) despite the Change in the regulatory framework, Purchaser continues to receive rate treatment and cost recovery, in terms of amounts to be recovered, including, without limitation, recovery of amounts paid under this Agreement to purchase SRECS, administrative costs, carrying costs and incentives, if any, and timeliness of recovery, that is no worse for Purchaser than was provided for as of the date hereof. In the event that there is a Change in the regulatory framework and all of the foregoing conditions (a), (b) and (c) are not met, then, either: (x) the Parties shall promptly thereafter commence good faith negotiations, which shall not exceed a period of thirty (30) days, to amend this Agreement, if possible, to conform to the Change in the regulatory framework in a manner that does not cause Purchaser or its ratepayers to be in a worse position than it would have been in had the regulatory framework and its rate treatment and cost recovery not been changed; or (y) upon thirty (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 thirty (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 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 Change in the regulatory framework, 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 Change in the regulatory framework.

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. 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.

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.

Purchaser's obligations under this Agreement shall not become effective 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. 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.

APPENDIX A-1

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:

1. Engineering and design work for the Project has been completed.
2. (a) Construction permits for the Project have been approved by the authority having jurisdiction, or  
(b) Construction Permits for the Project are not required under applicable law.
3. Project materials for the 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.
4. 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.
5. Seller hereby agrees that Section A.3 of Appendix A to the PSA, General Terms and Conditions, shall be deemed to have been amended in all respects as set forth in the Board's Order dated March 12, 2012 under dockets EO08100875, EO08090840 and EO09020097 and the Stipulation of Settlement approved in that Order. Without limiting the generality of the foregoing, Seller acknowledges that its only recourse from a denial by Purchaser of a requested extension is to seek review of such action by the Board and that any further extension request beyond its initial request to Purchaser must be made by formal petition to the Board 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.

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

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

**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**  
**[INSERT PROJECT NAME] Solar Project**

Project Information					
NJCEP Application Number	Location of Project	City	State	Zip Code	Description of Equipment
[INSERT APPLICATION NUMBER]	[INSERT STREET ADDRESS]	[INSERT CITY]	NJ	[INSERT ZIP CODE]	[INSERT DESCRIPTION OF EQUIPMENT]
<u>Developer:</u> [INSERT DEVELOPER NAME AND ADDRESS]	<u>Host:</u> [INSERT HOST NAME AND ADDRESS]	<u>Seller:</u> [INSERT NAME OF SELLER]	<u>Size of Project:</u> [INSERT SIZE OF PROJECT]kW	<u>Customer Account</u> [INSERT ACCOUNT NUMBER]	
<u>Contact Info.</u> [INSERT CONTACT INFORMATION]	<u>Contact Info.</u> [INSERT CONTACT INFORMATION]				



APPENDIX C  
[Not Applicable to this transaction]  
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 Jersey Central Power & Light 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 Jersey Central Power & Light 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 Jersey Central Power & Light 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 Jersey Central Power & Light Company, and shall not look to Jersey Central Power & Light 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[\_\_]

APPENDIX D  
DELIVERY AND PAYMENT DATES

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

**SOLAR RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE  
AGREEMENT**

THIS SOLAR RENEWABLE ENERGY CERTIFICATE PURCHASE AND SALE AGREEMENT ("Agreement"), dated as of [INSERT DATE], (the "Effective Date"), is made and entered into by and between Jersey Central Power & Light Company, a New Jersey corporation ("Purchaser" or "Us" or "We"), having offices at 300 Madison Avenue, Morristown, New Jersey 07932, and [INSERT COUNTERPARTY NAME] ("Seller" or "You"), of [INSERT COUNTERPARTY ADDRESS]. 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"), in its Order dated [INSERT DATE], in Docket No. [INSERT Docket No.(s)] (collectively the "SREC Contracting Order"), approved Purchaser's SREC-based contracting program and authorized and directed Purchaser to enter into long term contracts to purchase the solar renewable energy certificates ("SRECs") generated by solar photovoltaic generation projects (each a "Project") within Purchaser's service territory, which are installed, owned and operated by Purchaser's ratepayers or by solar project developers (each a "Project Developer") at Purchaser ratepayer locations, which Projects have been selected under Board-approved procedures for an award of a SREC purchase contract by Purchaser.

B. Seller is either (i) a Purchaser ratepayer 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 a Purchaser ratepayer to install, own and operate a Project at the premises or the facility owned or operated by the ratepayer (in either case, the "Facility") physically located in Purchaser's 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 for award of a SREC purchase 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.

2. Term of Agreement. When fully executed, the term of this Agreement (the "Term") shall commence on, or as of, 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, or its successor 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. 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, 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 attached General Terms and Conditions) on a monthly basis, and represents all rights, title and interest in and to the environmental attributes associated with the electricity generated by solar photovoltaic systems in New Jersey. One (1) SREC represents the environmental attributes of one megawatt-hour of solar electric generation. Such electricity 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. The "Delivery Period" begins on the first day of the first PJM-EIS-GATS Generation Month (i) after You deliver written notice to Us that Seller's Project is able to operate and generate SRECs and deliver them pursuant to the terms of this Agreement, whether or not Purchaser has completed the interconnection of Seller's Project, and (ii) after satisfaction and/or completion by You, or waiver by Us, of the Conditions Precedent (such date being the "Commencement Date"). The Delivery Period shall terminate at 11:59 p.m. of the date that is [10, 9, or 8] years (i.e., [120, 108, or 96] months) following the Commencement Date. Each twelve consecutive months following the Commencement Date shall be a "Contract Year."

The term "PJM-EIS-GATS Generation Month" as used herein means any month in which SRECs are issued in PJM-EIS-GATS for Seller's Project and the first PJM-EIS-GATS Generation Month is the first 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 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 issued by PJM-EIS-GATS as a result of the actual generation of one (1) megawatt hour of electricity by Seller's Project, as registered on the SREC Meter and as reported to PJM-EIS-GATS, during the Term of this Agreement (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 (as defined herein and in the New Jersey RPS), Purchaser, without the payment of any additional consideration to Seller, shall receive title to, and Seller shall convey to Purchaser, any and all other Environmental Attributes associated with the electricity generated by Seller's Project. For purposes hereof, "Environmental Attributes" excludes electric energy and capacity produced, but includes any other emissions, air quality or other environmental 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 preferences 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 You may enter into other agreements with others to sell energy and/or capacity produced by Seller's Project.

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 by any other person, all of Your rights, title and interests in the Transferred SRECs.

8. Quantity of SRECs.

A. 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 of each Contract Year, up to, but not in excess of, an amount calculated on an Energy Year basis, by multiplying (i) the Size of Project, as stated in Appendix B, expressed in kilowatts (i.e., kW) by (ii) 1,300 hours, (iii) divided by 1,000 kilowatt hours, rounded up to the next whole number of SRECS (the product of such calculation being the "Annual SREC Generation Capacity"). 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. Where only a partial Energy Year shall have elapsed by the end of the first or last Contract Year, the calculation of the Annual SREC Generation Capacity shall be pro-rated for such partial Energy Year.

B. In the event that Seller's Project produces SRECs in excess of such Annual SREC Generation Capacity, We shall have the option, but not the obligation, to purchase up to the total of such excess SRECs at 50% of the Purchase Price. Unless We exercise such option, and then only to the extent of the number of excess SRECs we choose to purchase, excess SRECs shall not be treated, or paid for, as Transferred SRECs.

C. As used herein, "Contract Month" means each calendar month during the Delivery Period and, where the Commencement Date does not fall on the first day of a month, the remaining portion of such initial month.

9. Purchase Price for SRECs. Subject to Section 11 below, We shall pay You \$ [INSERT PRICE](U.S.) per Transferred SREC (the "Purchase Price") delivered to Us from Seller's Project during each Contract Month.

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 SREC's are properly recorded within the PJM-EIS-GATS and credited to Purchaser's designated PJM-EIS-GATS Account, 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 in order to Deliver all Transferred SRECs each month directly into Purchaser's designated PJM-EIS-GATS Account.

C. We shall be required to read the SREC Meter and provide SREC Meter reading data to PJM-EIS-GATS as frequently as is necessary to allow for the appropriate recordation of the Transferred SRECs within PJM-EIS-GATS. In the event that such readings are not available on a monthly basis, We shall enter available actual meter readings in PJM-EIS-GATS and allow PJM-EIS-GATS to pro-rate monthly generation back to the prior actual meter reading subject to reconciliation based on the next actual SREC Meter reading.

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 quarterly, by issuing a payment to You for

the actual Transferred SRECs for the preceding Contract Quarter as shown on Appendix D together with a statement detailing the amount of Transferred SRECs delivered during each Contract Month of the applicable Contract Quarter stating the amount owed by Us as calculated using the Purchase Price and also reflecting the deduction of the SREC Transaction Fee of \$31.21 per Transferred SREC and any other deductions owed by You to Us (e.g., the Administrative Fee plus interest under Section A. 11 (ii) of the General Terms and Conditions), if any. 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.

B. You shall have ten (10) Business Days from receipt of the payment to contest the amount paid. If You in good faith dispute the correctness of a payment and the accompanying explanatory statement issued by Us, then You and We shall attempt in good faith 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.

C. 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.

[INSERT NAME]  
\_\_\_\_\_  
Seller Name

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

**JERSEY CENTRAL POWER & LIGHT  
COMPANY**

By: \_\_\_\_\_  
Name: Dean W. Stathis  
Title: Director - Regulated Commodity  
Sourcing  
FirstEnergy Service Company,  
Authorized Agent

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 as a condition to participating in the bidding process that resulted in the award to Seller of the opportunity to enter into 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. The Deposit, without interest, shall be returned by Purchaser to Seller promptly following the Commencement Date.

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 unappealable 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 fourteen (14) days of Seller's notice that Seller's Project has achieved operation.

For purposes of this Agreement, in the event the Commencement Date has not occurred within one 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 and shall be under no further obligation to advance this Agreement. Notwithstanding the foregoing, such one-year period may be extended, on one occasion only, by submission by Seller to Purchaser, prior to the expiration of such one-year period, of a certification of Seller substantially in the form of Appendix A-1 hereto and by Seller's otherwise complying with the requirements for such certification set forth in the Board's



Order dated March 12, 2012 and the Stipulation of Settlement approved in that Order. Further extensions may be granted only by Order of the Board following formal petition to the Board for such further extension.

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

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 a PJM-EIS-GATS Account 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) Purchaser to install, own and maintain a Purchaser revenue grade kilowatt-hour meter and associated equipment to provide telemetering capability (the "SREC Meter") at Seller's Project located in accordance with FirstEnergy's Information and Guidance for Electric Service (See [https://www.firstenergycorp.com/Builders\\_and\\_Contractors/files/Form%20115%20%28Rev%2012%2007%29%20.pdf](https://www.firstenergycorp.com/Builders_and_Contractors/files/Form%20115%20%28Rev%2012%2007%29%20.pdf)) and applicable regulatory standards, and capable of measuring the electricity generated from the continued operation of Seller's Project throughout the Term so as to be reported to, and subject to audit by, Purchaser and PJM-EIS-GATS pursuant to the PJM-EIS-GATS Operating Rules and other PJM-EIS-GATS requirements, as applicable, and (ii) net metering arrangements with Purchaser.
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 the Customer On-Site Renewable Energy ("CORE") Program administered by OCE for the period 2001 through 2008.
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.
  
11. Administrative Fee. Seller shall have (i) paid to Purchaser on execution of this Agreement an administrative fee in an amount equal to the sum of 2% of the total value of this Agreement (which is the product of the Purchase Price multiplied by the Annual SREC Generation Capacity multiplied by the years of the Delivery Period) (the "Administrative Fee") or (ii) elected, in a writing delivered to Purchaser on execution of this Agreement, the option of paying the Administrative Fee to Purchaser through installments paid for each Contract Quarter over the life of this Agreement, through deductions from the payments Purchaser makes hereunder; provided, however, that in choosing the installment option, Seller agrees that interest will accrue and shall be paid by Seller on the outstanding balance each Contract Quarter such interest to be calculated at Purchaser's overall pre-tax cost of capital as determined in its last rate case (currently 11.61%), compounded monthly.

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 ensure 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 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. Seller shall pay any and all 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 for 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 of 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 for 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 as provided to PJM-EIS-GATS, (ii) all Transferred SRECs issued by PJM-EIS-GATS for 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. In the event that 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 PJM-EIS-GATS Account 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. If Seller is required to become an Account Holder, then each Month during the Delivery Period, no later than ten (10) Business Days after the Transferred SRECs are deposited into Seller's PJM-EIS-GATS Account, Seller shall, in accordance with the PJM-EIS-GATS Operating Rules, cause all such Transferred SRECs generated in the relevant Contract Month to be made available for transfer to Purchaser's PJM-EIS-GATS Account. Within five (5) Business Days after Seller has caused all such Transferred SRECs generated in the relevant Contract Month to be made available for transfer to Purchaser's PJM-EIS-GATS Account, Purchaser shall confirm acceptance of the Transferred SRECs in accordance with the PJM-EIS-GATS Operating Rules.
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 provided in clauses (6), (7) and (8) above for the delivery 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, 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 twelve (12) consecutive months duration, or (ii) Force Majeure Events cumulatively totaling twenty-four (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 fifteen (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 \$1,000 for each occurrence and shall pay thereafter any additional costs (including but not limited to outside counsel and legal consultant fees) incurred by Purchase .

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 thirty (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 exclusive 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 through good faith negotiations shall be presented for binding arbitration in Morristown, 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 AAA. “Claim” 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 five 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 CHANGES

1. Purchaser Cost Recovery. The Parties recognize and agree that this Agreement and the amounts to be paid to Seller for SRECs hereunder, and the incurring of costs by Purchaser associated with this Agreement, are premised upon and subject to Purchaser’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 the SREC Contracting Order.

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 Agreement or otherwise, is amended or suspended by the Board or any other Governmental Authority and/or is otherwise no longer in force (collectively, a "Change" in the regulatory framework), Purchaser 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; and (c) despite the Change in the regulatory framework, Purchaser continues to receive rate treatment and cost recovery, in terms of amounts to be recovered, including, without limitation, recovery of amounts paid under this Agreement to purchase SRECS, administrative costs, carrying costs and incentives, if any, and timeliness of recovery, that is no worse for Purchaser than was provided for as of the date hereof. In the event that there is a Change in the regulatory framework and all of the foregoing conditions (a), (b) and (c) are not met, then, either: (x) the Parties shall promptly thereafter commence good faith negotiations, which shall not exceed a period of thirty (30) days, to amend this Agreement, if possible, to conform to the Change in the regulatory framework in a manner that does not cause Purchaser or its ratepayers to be in a worse position than it would have been in had the regulatory framework and its rate treatment and cost recovery not been changed; or (y) upon thirty (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 thirty (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 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 Change in the regulatory framework, 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 Change in the regulatory framework.

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. 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.

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.

Purchaser’s obligations under this Agreement shall not become effective 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. 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.

APPENDIX A-1

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:

1. Engineering and design work for the Project has been completed.
2. (a) Construction permits for the Project have been approved by the authority having jurisdiction, or  
(b) Construction Permits for the Project are not required under applicable law.
3. Project materials for the 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.
4. 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.
5. Seller hereby agrees that Section A.3 of Appendix A to the PSA, General Terms and Conditions, shall be deemed to have been amended in all respects as set forth in the Board's Order dated March 12, 2012 under dockets EO08100875, EO08090840 and EO09020097 and the Stipulation of Settlement approved in that Order. Without limiting the generality of the foregoing, Seller acknowledges that its only recourse from a denial by Purchaser of a requested extension is to seek review of such action by the Board and that any further extension request beyond its initial request to Purchaser must be made by formal petition to the Board 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.

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

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

**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**  
**[INSERT PROJECT NAME] Solar Project**

<b>Project Information</b>					
<b>NJCEP Application Number</b>	<b>Location of Project</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Description of Equipment</b>
[INSERT APPLICATION NUMBER]	[INSERT STREET ADDRESS]	[INSERT CITY]	NJ	[INSERT ZIP CODE]	[INSERT DESCRIPTION OF EQUIPMENT]
<b>Developer:</b> [INSERT DEVELOPER NAME AND ADDRESS]	<b>Host:</b> [INSERT HOST NAME AND ADDRESS]	<b>Seller:</b> [INSERT NAME OF SELLER]	<b>Size of Project:</b> [INSERT SIZE OF PROJECT]kW	<b>Customer Account</b> [INSERT ACCOUNT NUMBER]	
<b>Contact Info.</b> [INSERT CONTACT INFORMATION]	<b>Contact Info.</b> [INSERT CONTACT INFORMATION]				

APPENDIX C  
[Not Applicable to this transaction]  
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 Jersey Central Power & Light 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 Jersey Central Power & Light 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 Jersey Central Power & Light 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 Jersey Central Power & Light Company, and shall not look to Jersey Central Power & Light 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[\_\_\_]

APPENDIX D  
DELIVERY AND PAYMENT DATES

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

JERSEY CENTRAL POWER & LIGHT COMPANY  
SREC-Based Financing II Program  
Proposed Accounting Entries

Entry No.	FERC Account	Description	Debit	Credit	
1	401	Operation Expenses	\$XX		
	131	Cash		\$XX	
To record SREC-Based Financing Program costs when incurred and incremental administrative costs as incurred.					
2	131	Cash	\$XX		
	252	Customer Advances		\$XX	
To record a refundable SREC deposit.					
3	400	Operating Revenues - Other	\$XX		
	252	Customer Advances		\$XX	
To record the forfeiture of a refundable SREC deposit.					
4	400	Operating Revenues - Other	\$XX		
	131	Cash		\$XX	
To record the receipt of the non-refundable application fee, the administration fee including interest, and, a contract assignment fee received.					
5	131	Cash	\$XX		
	107	Contributions In Aid of Construction		\$XX	
To record purchase of SREC meter for grid connected projects only.					
6	174	Miscellaneous Current and Accrued Assets	\$XX		
	131	Cash		\$XX	
To record purchase of SREC for contract price.					
7	131	Cash	\$XX		
	400	Operating Revenues - Other		\$XX	
To record SREC auction revenues received.					
8	401	Operation Expenses	\$XX		
	174	Miscellaneous Current and Accrued Assets		\$XX	
To record the sale of SRECS purchased.					
9	142	Customer Accounts Receivable	\$XX		
	400	Operating Revenues - Rider RRC		\$XX	
To record the monthly Tariff Rider RRC revenues, <i>if applicable</i> .					
10	182.3	Other Regulatory Assets - SREC-Based Financing Program Over/Under Recovery	\$XX		
	407.3	Regulatory Debits		\$XX	
	To record the under-recovery of net SREC-Based Financing Program costs and incremental administrative costs in excess of Rider DRC revenue for the month.				
	OR				
10	407.3	Regulatory Debits	\$XX		
	182.3	Other Regulatory Assets - SREC-Based Financing Program Over/Under Recovery		\$XX	
To record the over-recovery of Rider DRC revenue in excess of net SREC-Based Financing Program costs and incremental administrative costs for the month.					
11	182.3	Other Regulatory Assets - SREC-Based Financing Program Over/Under Recovery	\$XX		
	407.3	Regulatory Debits		\$XX	
To record the SREC-Based Financing Program shareholder incentive of \$31.21 per SREC sold.					
12	182.3	Other Regulatory Assets - Interest on SREC-Based Financing Program Deferred Balance	\$XX		
	421	Miscellaneous Nonoperating Income		\$XX	
	To record carrying cost on the combined average of the beginning and ending balances of the under-recovered deferred balance and the Inventory for Renewable Energy Credits.				
	OR				
12	431	Other Interest Expense	\$XX		
	182.3	Other Regulatory Assets - Interest on SREC-Based Financing Program Deferred Balance		\$XX	
To record carrying cost on the combined average of the beginning and ending balances of the over-recovered deferred balance and the Inventory for Renewable Energy Credits.					



Jersey Central Power & Light Company ("JCP&L")  
 Capital Structure approved by the Board  
 In Docket Nos. ER02080506 et al

COST OF CAPITAL ADOPTED IN JCP&L's LAST BASE RATE CASE Docket Nos.ER02080506 et al							
Cap. Instrument	Cap. Outstanding	Capitalization Ratios (%)	Embedded Costs %	ROR	Tax Factor	Pre-Tax Cost of Capital	Discount Rate
LTD	\$ 1,054,000	47.77%	7.26%	3.47%	1.00000	3.47%	2.05%
MIPS	125,000	5.67%	9.24%	0.52%	1.00000	0.52%	0.31%
PS	12,500	0.57%	4.01%	0.02%	1.69062	0.04%	0.02%
CE	1,015,000	46.00%	9.75%	4.49%	1.69062	7.58%	4.49%
Total	\$ 2,206,500	100.00%		8.50%		11.61%	6.87%

## JERSEY CENTRAL POWER &amp; LIGHT COMPANY

BPU No. 10 ELECTRIC - PART III

2<sup>nd</sup> Rev. Sheet No. 61  
Superseding 1<sup>st</sup> Rev. Sheet No. 61

<b>Rider RRC RGGI Recovery Charge</b>
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**APPLICABILITY:** Rider RRC provides a charge for the costs associated with demand response/energy efficiency programs directed by the BPU as detailed below. The RGGI Recovery Charge (RRC) is applicable to all KWH usage of any Full Service Customer or Delivery Service Customer.

For service rendered effective July 1, 2011:

**RRC = \$0.000116 per KWH (\$0.000124 per KWH including SUT)**

The above RRC provides recovery for the followings:

**Integrated Distributed Energy Resource Expansion (IDER Expansion)**

Pursuant to BPU Order dated August 19, 2009 (Docket Nos. EO08050326/EO08080542) approving the Stipulation of Settlement, the Company shall include an initial IDER Expansion Rate of \$0.000093 per kWh in RRC effective January 1, 2010.

**Transfer of IDER Pilot from Rider SCC (System Control Charge) to Rider RRC**

Pursuant to BPU Order dated June 15, 2011 (Docket No. ER10010034) approving the Stipulation of Settlement, the Company shall transfer the recovery of IDER Pilot from SCC of \$0.000023 per kWh to RRC effective July 1, 2011.

The combined IDER Expansion/Pilot Rate effective July 1, 2011 shall be \$0.000116 per kWh.

The combined IDER costs, as detailed in the Stipulation of Settlement, shall accrue interest on any over or under recovered balances of such costs at the interest rate based on a two-year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which rates are published), plus sixty basis points, but shall not exceed the Company's overall rate of return as approved by the BPU. Such interest rate shall be reset each month. The interest calculation shall be based on the net of tax beginning and end average monthly balance, consistent with the methodology in the Board's Final Order dated May 17, 2004 (Docket No. ER02080506 et al.). Interest shall be accrued monthly, with interest roll-in to the deferred balance as provided in the Stipulation of Settlement.

The IDER Expansion/Pilot Rate in RRC is subject to annual true-up.

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Issued: June 21, 2011

Effective: July 1, 2011

Filed pursuant to Order of Board of Public Utilities  
Docket No. ER10010034 dated June 15, 2011

Issued by Donald M. Lynch, President  
300 Madison Avenue, Morristown, NJ 07962-1911