delmarva power

A PHI Company

Pamela J. Scott
Assistant General Counsel

92DC42
500 N. Wakefield Drive
Newark, DE 19702

P.O. Box 6066
Newark, DE 19714-6066

302.429.3143 – Telephone
302.429.3801 – Facsimile
pjscott@pepcoholdings.com

October 8, 2015

VIA ELECTRONIC MAIL AND
FILED VIA DELAFILE
Donna Nickerson, Secretary
Delaware Public Service Commission
Cannon Building, Suite 100
861 Silver Lake Boulevard
Dover, DE 19904

Re: Application for Approval of the 2016 Program for the Procurement of Solar Renewable Energy Credits

Dear Secretary Nickerson:

Enclosed please find Delmarva Power & Light Company's ("Delmarva") Application for Approval of the 2016 Program for the Procurement of Solar Renewable Energy Credits. We are also making a payment of $150.00 as the filing fee for this Application. As noted in the Petition, Delmarva respectfully requests that this Application be heard by the Commission on an expedited basis.

Should you have any questions or require any additional information, please do not hesitate to contact me.

Very truly yours,

Pamela J. Scott

Enclosures
cc: Glenn Moore (w/enclosures)
William Swink (w/enclosures)

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION	)	
OF DELMARVA POWER AND LIGHT	)	PSC DOCKET NO. 15-_____
COMPANY FOR APPROVAL OF THE 2016	)	
PROGRAM FOR THE PROCUREMENT OF	)	
SOLAR RENEWABLE ENERGY CREDITS	)	

DELMARVA POWER AND LIGHT COMPANY'S APPLICATION FOR APPROVAL OF THE 2016 PROGRAM FOR THE PROCUREMENT OF SOLAR RENEWABLE ENERGY CREDITS

Pamela J. Scott
Assistant General Counsel
Delmarva Power & Light Company
500 North Wakefield Drive
Newark, DE 19702
(302) 429-3143
(302) 429-3801 (fax)
PJScott@pepcoholdings.com

Dated: October 8, 2015

Delmarva Power & Light Company ("Delmarva Power" or "Delmarva"), through its undersigned counsel, hereby submits this application (the "Application") pursuant to 26 *Del. C.* § 351 *et seq.* for approval by the Delaware Public Service Commission (the "Commission") of the attached 2016 Program for the Procurement of Solar Renewable Energy Credits (the "2016 Program"). The 2016 Program was developed by the Renewable Energy Taskforce, of which Delmarva Power is a member.[1] In support of this Application, Delmarva Power states as follows:

I. Legislative Background

1. In 2007, the Governor approved and signed into law the Renewable Energy Portfolio Standards Act, 26 *Del. C.* §§ 351-364, ("REPSA"), the purpose of which was to "establish a market for electricity from [renewable energy resources] in Delaware, and to lower the cost to consumers of electricity from these resources." 26 *Del. C.* §351(c). REPSA also recognized that having a market for renewable energy resources in Delaware would benefit the State through "improved regional and local air quality, improved public health, increased electric supply diversity, increased protection against price volatility and supply disruption, improved transmission and distribution performance, and new economic development opportunities." 26 *Del. C.* §351(b).

2. In furtherance of these goals, REPSA requires retail electricity suppliers, such as Delmarva Power, to purchase energy from Eligible Energy Resources (as that term is defined in REPSA) to meet a portion of their annual retail load[2]. Beginning with compliance year 2010,

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[1] As the only current electric supplier participating in the SREC auction process, Delmarva is submitting the 2015 Program to the Commission for approval. However, the 2015 Program is presented by and supported by the Renewable Energy Taskforce.

[2] REPSA was further amended in July of 2011 to provide: "*[b]eginning with compliance year 2012, commission-regulated electric companies shall be responsible for procuring RECs, SRECs and any other attribute needed to*

REPSA sets forth the minimum percentage of retail energy sales to end-users that must come from Eligible Energy Resources, including solar photovoltaics. 26 *Del. C.* §354(a). The percentage of retail energy to be supplied from Eligible Energy Resources increases over time, reaching a requirement of 25% in 2025. *Id.*

3. REPSA was amended in 2010 to require the formation of the Renewable Energy Taskforce (the "Taskforce") for the purpose of "making recommendations about the establishment of trading mechanisms and other structures to support the growth of renewable energy markets in Delaware." 26 *Del. C.* §360(d). The Taskforce was required to include the following members: (i) four appointments by the Secretary of DNREC; (ii) one appointment by the Public Service Commission; (iii) one appointment by Delmarva Power & Light; (iv) one appointment by the Delaware Electric Cooperative; (v) one appointment by municipal electric companies; (vi) one appointment by the Sustainable Energy utility ("SEU"); (vii) one appointment by the Delaware Public Advocate; and (viii) one appointment by the Delaware Solar Energy Coalition. 26 *Del. C.* §360(d)(1).

4. The Taskforce was charged with making recommendations about and reporting on, *inter alia*, the following:

a. Establishing a balanced market mechanism for Renewable Energy Credit ("REC") and Solar Renewable Energy Credit ("SREC") trading;

b. Establishing REC and SREC aggregation mechanisms and other devices to encourage the deployment of solar energy technologies in Delaware with the least

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comply with subsection (a) of this Section with respect to all energy delivered to such companies' end use customers". 26 *Del. C.* §354(c). As such, Delmarva Power is the only Commission regulated electric supplier responsible for REPSA compliance for its entire distribution load.

impact on retail electricity suppliers, municipal electric companies and rural electric cooperatives;

c. Minimizing the cost for complying with REPSA;

d. Establishing revenue certainty for appropriate investment in solar renewable energy technologies, including consideration of long-term contracts and auction mechanisms;

e. Establishing mechanisms to maximize in-state solar renewable energy generation and local manufacturing; and

f. Ensuring that residential, commercial and utility scale photovoltaic and solar thermal systems of various sizes are financially viable and cost-effective instruments in Delaware.

II. The Pilot Program and Evaluation of the Pilot Program

5. Following its formation and after meeting for almost a year, the Taskforce developed a Pilot Program for the Procurement of Solar Renewable Energy Credits (the "Pilot Program"). The Pilot Program was designed as a 1-year program to be re-evaluated each year to determine whether it was effectively meeting the goals of REPSA.

6. The application for the Pilot Program was filed with the Commission on September 11, 2011, and approved, with modifications, by Order No. 8075, dated November 8, 2011. On December 20, 2011, the Commission issued its Final Findings, Opinion and Order No. 8093 (the "2011 Commission Order"), setting forth the reasons for its approval of the Pilot Program with modifications.

7. In accordance with the 2011 Commission Order, the Commission retained Meister Consultants Group ("Meister") to evaluate the Pilot Program. Meister produced a report

on August 3, 2012 (the "Meister Report") whereby Meister concluded that the solicitation under the Pilot Program was well subscribed, with each of the program tiers being oversubscribed by at least 2 to 1. Based upon feedback from subscribers as well as its own analysis, Meister identified potential modifications to the Pilot Program to reduce ratepayer impact and create a more competitive solicitation. The Taskforce considered the findings in the Meister Report in developing the 2013 SREC Procurement Program (the "2013 Program").

III. The 2013 SREC Procurement Program and Evaluation of the 2013 Program

8. On November 20, 2012, Delmarva filed an application with the Commission seeking approval of the 2013 Program. The Commission held an evidentiary hearing on January 22, 2013, and approved the 2013 Program with certain modifications (Order No. 8281). On September 10, 2013, the Commission issued its Final Findings, Opinion and Order No. 8450 (the "2013 Commission Order") setting forth the reasons for its approval of the 2013 Program with modifications.

9. The 2013 Commission Order provided for the Commission to retain a consultant to review the 2013 Program (Order No. 8450, ¶33). The Commission retained New Energy Opportunities, Inc. and LaCapra Associates, Inc. (the "Consultants") to evaluate the 2013 Program.

10. The Consultants produced a report on August 7, 2013, revised November 20, 2013 ("Consultants' Report"), finding that: (a) Delmarva should continue to make long term purchases of SRECs from existing projects but should consider removing tiers for the next solicitation; (b) Delmarva should continue to purchase some amount of SRECs on the spot market; (c) Delmarva should maintain the competitive bidding process for all tiers but improve outreach to and education of prospective participants, especially homeowners and non-industry

participants; and (d) consideration should be given to making changes to the SREC Transfer Agreement to avoid a large amount of bidding ties and to reduce or eliminate any incentive for bidders to bid $0 for the first seven (7) years of the contract. Overall, the Consultants concluded that the 2013 Program was conducted fairly and in a professional manner, and that the redesign of the Program to include competitive bidding and provide that owners of existing projects could be eligible bidders resulted in lower costs which ultimately benefitted ratepayers.

IV. The 2014 SREC Procurement Program

11. On January 27, 2014, Delmarva filed an application with the Commission seeking approval of the 2014 SREC Procurement Program ("2014 Program"). The Commission held an evidentiary hearing on April 15, 2014, and approved the 2014 Program as submitted (Order No. 8551). On September 9, 2014, the Commission issued its Findings of Fact, Conclusions of Law and Final Opinion in Order No. 8629 ("2014 Commission Order') setting forth the reasons for its approval of the 2014 Program.

V. The 2015 SREC Procurement Program

12. On December 9, 2014, Delmarva filed an application with the Commission seeking approval of the 2015 SREC Procurement Program ("2015 Program"). The 2015 Program differed from the 2014 Program in several ways. First, the total number of solicitation SRECs to be acquired through the auction from existing and new projects was increased by 3,000. Second, an upset price for bids was established and Delmarva was given the authority to reject any and all bids above a price determined by Delmarva. In addition, bids in multiple tiers were not permitted but if a tier was undersubscribed (due to insufficient bids or rejected bids), bids from other tiers could win those SRECs. Finally, while the twenty year term for contracts was retained, the price was revised to be the bid price for the first 10 years and a fixed price of

$35 per SREC for the last 10 years. The Commission held an evidentiary hearing on March 3, 2015, and approved the 2015 Program as submitted (Order No. 8717). On July 21, 2015, the Commission issued its Findings of Fact, Conclusions of Law and Final Opinion in Order No. 8764 ("2015 Commission Order') setting forth the reasons for its approval of the 2015 Program.

VI. The 2016 Program

13. Since the approval of the Pilot Program, the 2013 Program, the 2014 Program and the 2015 Program (collectively, the "SREC Programs"), the Taskforce has continued to meet to evaluate the results of the SREC Programs and to develop a plan for procurement of SRECs in subsequent years. In developing the 2016 SREC Procurement Program ("2016 Program") being presented to the Commission in this Application, the Taskforce considered a wide range of information and feedback, including the guidance set forth in the 2015 Commission Order, and further discussions that took place during the Taskforce's meetings.

14. The purpose of the 2016 Program is to continue the goals of the SREC Programs of creating a market for SRECs in Delaware, and providing a mechanism for the procurement of SRECs to ensure that retail electricity suppliers meet the requirements set forth in REPSA. The key aspects of the 2016 Program and the ways in which it differs from the 2015 Program are highlighted below. The 2016 Program, including attachments, is attached hereto as **Exhibit "A"**. A blackline showing changes made to the 2016 Program from the 2015 Program is attached hereto as **Exhibit "B"**. Delmarva's Report in support of the 2016 Program which addresses the manner in which the 2016 Program was structured is attached hereto as **Exhibit "C".**

A. Term of the 2016 Program

15. Like the 2015 Program, the 2016 Program will cover only one (1) year, the 2016 compliance year. (Ex. A at p. 5).

B. Public Competitive Bidding Administered by the SEU

16. Consistent with the 2015 Program, the 2016 Program will utilize a public solicitation for SRECs for different categories of solar generators based on their capacity. (Ex. A at p. 6). As with the 2015 Program, the SEU will administer all aspects of the bid process for each utility that decides to participate in the 2016 Program. It is also anticipated that the SEU will use InClime, Inc. for any auctions held for the 2016 Program. (Ex. A at p. 6).[4] The use of the SEU to fulfill this role allows one central entity to manage the program, but also allows the SEU to take advantage of its banking rights under REPSA as the SEU will procure the SRECs from various solar generators and resell them to participating utilities. Delmarva has found the SEU to be effective in the SREC Programs and anticipates the same for the 2016 Program.

C. Procurement of SRECs from 5 Tiers of Solar Generators

17. The 2016 Program will procure SRECs from five (5) different tiers of solar generators. (Ex. A at p. 8). Three (3) tiers fall under the category of New Systems while two (2) tiers fall under the category of Existing Systems. The five (5) tiers are as follows:

[4] Recovery of the SEU's costs is not addressed in this Application and will be dealt with in separate proceedings.

GENERATION UNIT TIER DESIGNATIONS

	New Systems[5]
Tier	Nameplate Rating (DC at STC)
N-1	Less than or equal to 25 kW
N-2	Greater than 25 kW but less than or equal to 200 kW
N-3	Greater than 200 kW but less than or equal to 2 MW
	Existing Systems[6]
Tier	Nameplate Rating (DC at STC)
E-1	Less than or equal to 25 kW
E-2	Greater than 25 kW but less than or equal to 2 MW

(Ex. A. at p. 8). Like the 2015 Program, Tiers N-1, E-1 and E-2 will be combined for solicitation purposes only. All five tiers will continue to be competitively bid. (Ex. A at p. 19).

18. Each Owner[7] is only required to submit an application in one tier. (Ex. A at p. 19). However, in the event that a Tier is undersubscribed, bids from other Tiers can be accepted to secure the necessary SRECs to fill that Tier. Provided these stated minimums are met, the SEU will accept for each Tier the lowest bid prices for that Tier. (Ex. A at p. 20).

19. Based on Delmarva Power's forecasted load, it intends to procure a minimum of 9,000 SRECs and up to a maximum of 15,000 SRECs through the long term auction, as follows:

- Tiers N-1, E-1, E-2 – 4,400 SRECs

[5] Eligible New Systems are systems with final interconnection approval after the first date of the preceding auction process (i.e., April 13, 2015, for compliance year 2016).
[6] Eligible Existing Systems are systems with final interconnection approval before the first date of the preceding auction process.
[7] Capitalized terms used herein but not defined shall have the meaning given to them in the 2016 Program.

- Tier N-2 – 2,300 SRECs
- Tier N-3 – 2,300 SRECs

Upon conclusion of the fulfillment of 9,000 SRECS, Delmarva Power may procure up to 6,000 additional SRECs through the auction, regardless of Tier, using the least expensive SRECs from New Systems and Existing Systems. (Ex. A. at pp. 21-22).

D. Standard Transfer Agreements and Other Requirements

20. Each Owner who is successful in having their bid selected will enter into a standard form Transfer Agreement with the SEU. (Ex. A at Appendix A). The form of the Transfer Agreement is largely the same as the one used for the 2015 Program, and has been modified only to take into account changes in the 2016 Program.

21. Each Transfer Agreement will have a term of twenty (20) years. (Ex. A at p. 12). For the first ten (10) years of the Agreement, the SREC price will be the accepted bid price. (Ex. A at p. 14). For the remaining ten (10) years of the Agreement, the SREC price will be fixed at $35 per SREC. (Ex. A at p. 14).

22. As with the 2015 Program, the Transfer Agreement will impose certain contract minimums and maximums, depending on tier. In each bid, regardless of tier, the Owner will provide an Estimated SREC Quantity. The quantity of SRECs delivered to the SEU in any year is limited to 110% of the Estimated SREC Quantity, which amount shall be the Contract Maximum. (Ex. A at p. 13). In addition, for any Tier N-3 or Tier E-2 project with a nameplate rating of 500kw or greater, the Owner shall be subject to a Minimum Annual Quantity. (Ex. A at p. 14). Each Owner subject to a Minimum Annual Quantity must deliver to the SEU SRECs equal to no less than 80% of its Estimated SREC Quantity. (Ex. A at p. 14).

E. Public Interest

23. The primary differences between the 2015 Program and the 2016 Program are: (1) an increase in the authorized number of SRECs to be purchased through the long term auction; and (2) a reduction in the breakpoints for kW for Tiers N-1, N-2, E-1 and E-2 from 30 kW to 25.kW Accordingly, the Taskforce believes that the 2016 Program improves upon the results achieved through the 2015 Program in that it ensures the lowest SREC price (and, therefore, customer impact) while continuing to create a market for SRECs at all levels of generation. Delmarva submits that the 2016 Program, with the proposed changes, is in the public interest.

VII. Request for Expedition and Approval

24. In order to begin the public bidding contemplated by the 2016 Program, Delmarva Power respectfully requests that this Application be handled on an expedited basis such that it can be presented to the Commission no later than November of 2015.

25. Accordingly, because Delmarva Power and the Taskforce believe the 2016 Program satisfies the goals set forth by REPSA and improves upon the 2015 Program, and, as demonstrated above, is in the public interest, Delmarva Power respectfully requests that the Commission approve the 2016 Program attached as Exhibit "A".

WHEREFORE, for the foregoing reasons, Delmarva Power respectfully requests that the 2016 Program be approved.

Pamela J. Scott
Assistant General Counsel
Delmarva Power & Light Company
500 North Wakefield Drive
Newark, DE 19702
(302) 429-3143
(302) 429-3801 (fax)
Pjscott@pepcoholdings.com

Dated: October 8, 2015

EXHIBIT "A"

2016 PROGRAM OUTLINE AND FORM OF TRANSFER AGREEMENT

STATE OF DELAWARE

2016 PROGRAM

FOR THE PROCUREMENT OF

SOLAR RENEWABLE ENERGY CREDITS

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STATE OF DELAWARE
2015 PROGRAM
FOR THE PROCUREMENT OF
SOLAR RENEWABLE ENERGY CREDITS

1. Statutory Background

The Delaware Renewable Energy Portfolio Standards Act (as amended, "***REPSA***") requires retail electricity suppliers operating in the State of Delaware to purchase energy from "***Eligible Energy Resources*** meet a portion of their retail load.[1] For the 2016 compliance year (beginning June 1, 2016), retail electricity suppliers must purchase at least 14.50% of their retail load in Delaware from renewable resources.[2] That requirement increases incrementally each subsequent compliance year, up to 25% for the 2025 compliance year. The cost of procuring renewable energy to satisfy the requirements of REPSA is passed through to customers.

REPSA was amended in 2007 to require that a certain portion of each retail electricity supplier's renewable energy requirement be satisfied with energy from solar technologies. The 2010 amendments to REPSA established a solar set aside of 1.00% for the 2015 compliance year, which increases incrementally to 3.50% for the 2025 compliance year. For 2026 and future compliance years, the Delaware Public Service Commission ("***DPSC***") will establish solar set-asides at levels at least equal to the 2025 set-aside.

To encourage the development of new renewable energy generation, REPSA mandates that no more than 1% of the renewable energy purchase requirement can be satisfied by purchases from renewable energy generation resources (each, a "***Generation Unit***") that were in commercial

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[1] Eligible Energy Resources are defined to include those that produce solar photovoltaic or solar thermal energy, wind energy, ocean energy, geothermal energy or energy from fuel cells powered by renewable fuels. Also included are biogas, small-scale hydroelectric, biomass and certain qualifying landfill gas recovery projects. Eligible Energy Resources do not include waste-to-energy facilities, incinerators or generating resources fueled by fossil-fuel waste products.

[2] REPSA was amended in July of 2011 to provide: "*[b]eginning with compliance year 2012, commission-regulated electric companies shall be responsible for procuring RECs, SRECs and any other attributes needed to comply with subsection (a) of this section with respect to all energy delivered to such companies' end use customers.*" 26 *Del. C.* §354(e) Accordingly, Delmarva Power & Light Company (***"Delmarva"***) is now responsible for REPSA compliance for its entire delivery load.

operation prior to January 1, 1998. For the 2026 and subsequent compliance years, no such pre-existing Generation Units will be eligible to satisfy any portion of the REPSA requirement.

When it enacted REPSA, the Delaware General Assembly acknowledged that "the benefits of electricity from renewable energy resources accrue to the public at large, and that electric suppliers and consumers share an obligation to develop a minimum level of these resources in the electricity supply portfolio of the state."[3] It therefore directed the DPSC to "establish, maintain or participate in a market-based renewable energy tracking system to facilitate the creation and transfer of renewable energy credits among retail electricity suppliers."[4]

2. Solar Renewable Energy Credits

2.1 General

To implement the mandate of REPSA, the DPSC adopted regulations that recognize the creation, and facilitate the tracking through PJM Interconnection's Generation Attributes Tracking System ("***GATS***"), of renewable energy credits (each, a "***REC***"). A REC is a tradable instrument that represents the non-price characteristics (*e.g.*, fuel type, geographic location, emissions and vintage) of electric energy derived from an Eligible Energy Resource.[5] One REC is equivalent to such characteristics associated with 1 megawatt-hour ("***MWh***") of energy derived from such a resource. A solar renewable energy credit (an "***SREC***") represents the same non-price characteristics of 1 MWh of energy derived from an Eligible Energy Resource that generates electric energy using solar photovoltaic technology.

RECs and SRECs are created upon the generation of electricity by an Eligible Energy Resource and the registration of such REC or SREC within GATS. Each owner of an Eligible

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[3] 26 *Del. C.* § 351(b). The benefits recognized by the General Assembly include "improved regional and local air quality, improved public health, increased electric supply diversity, increased protection against price volatility and supply disruption, improved transmission and distribution performance, and new economic development opportunities." *Id.*

[4] *Id.* § 359(a).

[5] A REC does not include any emission reduction credits or allowances required to comply with any necessary permits for Generation Units.

Energy Resource is entitled to one REC or SREC, as applicable, for each MWh of energy generated by the resource. Such owners must therefore have an account within the GATS or have arranged with another entity that has such an account to act on its behalf.

2.2 Banking of SRECs

Once a REC or SREC is created, it continues to exist for three (3) years or until it is retired to satisfy the requirements of REPSA. Such three-year period is tolled during any period that a REC or SREC is held by the Delaware Sustainable Energy Utility (the "***SEU***").

2.3 Bonus for Use of In-State Equipment or Workforce

Generation Units sited in Delaware are entitled to a 10% bonus on REC and SREC production if: (a) 50% or more of the cost of the renewable energy equipment comprising the Generation Unit (including mounting components) is manufactured in Delaware (the "***Delaware Equipment Bonus***"); or (b) the Generation Unit is constructed and/or installed either with a workforce at least 75% of whom are Delaware residents or by a company that employs at least 75% Delaware residents (the "***Delaware Workforce Bonus***"). Generation Units that meet both criteria are entitled to an aggregate 20% bonus. Satisfaction of these criteria must be certified by the DPSC.[6]

3. The Delaware Renewable Energy Taskforce

The 2010 amendments to REPSA established the Renewable Energy Taskforce (the "***Taskforce***") to make "recommendations about the establishment of trading mechanisms and other structures to support the growth of renewable energy markets in Delaware."[7] The Taskforce was

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[6] Eligibility for the Delaware Equipment Bonus and the Delaware Workforce Bonus shall be determined solely by the DPSC.

[7] *Id.* § 360(d). The Taskforce is comprised of 11 members representing a broad cross-section of entities interested in and concerned with the implementation of renewable energy policy in Delaware. The 2010 amendment to REPSA stipulates that the Taskforce be made up of: (a) four appointments by the Secretary of the Delaware Department of Natural Resources and Environmental Control, including one from the renewable energy research and development industry, one from the local renewable energy manufacturing industry and one from an environmental advocacy organization; (b) one appointment by the DPSC; (c) one appointment by Delmarva

directed to find ways to increase deployment of solar generation and enhance the market for SRECs. Its responsibilities include making recommendations about the following:

- establishing a balanced market mechanism for REC and SREC trading;
- establishing REC and SREC aggregation mechanisms and other devices to encourage the deployment of solar energy technologies in Delaware with the least impact on retail electricity suppliers, municipal electric companies and rural electric cooperatives;
- minimizing the cost for complying with REPSA;
- establishing revenue certainty for appropriate investment in solar renewable energy technologies, including consideration of long-term contracts and auction mechanisms;
- establishing mechanisms to maximize in-state solar renewable energy generation and local manufacturing; and
- ensuring that residential, commercial and utility scale photovoltaic and solar thermal systems of various sizes are financially viable and cost-effective instruments in Delaware.

4. The SREC Pilot Program

In 2010, the Taskforce appointed a special subcommittee to consider and make recommendations regarding the SREC procurement process. That subcommittee met on numerous occasions over several months and evaluated a variety of alternative approaches to SREC procurement in an effort to reach a consensus on a comprehensive program designed to meet the objectives set forth in REPSA with respect to the development of solar generation resources. Based on the subcommittee's work, the Taskforce recommended for approval to the DPSC a statewide pilot program for the 2011 compliance year (the "***SREC Procurement Pilot Program***") to encourage solar development in the State of Delaware while minimizing costs for owners, developers, aggregators, consumers and other participants in the SREC market in Delaware. The

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Power & Light Company; (d) one appointment by the Delaware Electric Cooperative; (e) one appointment by municipal electric companies; (f) one appointment by the SEU; (g) one appointment by the Delaware Public Advocate; and (h) one appointment by the Delaware Solar Energy Coalition. *Id.* § 360(d)(1).

DPSC approved the SREC Procurement Pilot Program with minor modifications pursuant to Order No. 8093, dated December 20, 2011.

5. **The 2013 SREC Procurement Program**

Following successful implementation of the SREC Procurement Pilot Program ("Pilot Program"), the Taskforce recommended for approval to the DPSC of a statewide program for 2013 (the ***"2013 SREC Procurement Program"***). The 2013 SREC Procurement Program continued the goals of the Pilot Program of creating a market for SRECs in Delaware and providing a mechanism for the procurement of SRECs to ensure that the requirements of REPSA are met. The 2013 SREC Procurement Program ("2013 Program") was based on five (5) tiers of SRECs, all competitively bid, with the intent of procuring a total of 7,000 SRECs plus an additional 1,0000 SRECs through purchases on the spot market. The DPSC approved the 2013 SREC Procurement Program on January 22, 2013, pursuant to Order No. 8281. Thereafter, by Order No. 8450, dated September 10, 2013, the DPSC issued its Findings of Fact, Conclusions of Law and Final Opinion in Support of Order No. 8281. In doing so, the DPSC found that the 2013 SREC Procurement Program was in the public interest and met the criteria of REPSA. The DPSC also accepted DPSC Staff's recommendation that an independent consultant be hired to evaluate the 2013 SREC Procurement Program. An evaluation was performed by New Energy Opportunities, Inc. and LaCapra Associates, Inc. (the "Consultants") which issued its report dated August 7, 2013, revised September 20, 2013 ("Consultants' Report). The Consultants' Report concluded that the 2013 Program was conducted fairly and in a professional manner and that the changes which were implemented to provide for competitive bidding and the inclusion of owners of existing projects as eligible bidders, resulted in lower overall costs to ratepayers.

6. The 2014 SREC Procurement Program

Based upon its review of the results of the 2013 Program and a review of the Consultants' Report, the Taskforce recommended for approval to the DPSC of a statewide program for the 2014 compliance year (the ***"2014 SREC Procurement Program"***). The 2014 SREC Procurement Program ("2014 Program") continued the goals of Pilot Program and 2013 Program with some refinements. The 2014 Program was based on fiver tiers of SRECs, all competitively bid, with the intent of procuring 7,000 SRECs plus an additional 1,000 SRECs through purchases on the spot market. The DPSC approved the 2014 SREC Procurement Program on April 15, 2014 pursuant to Order No. 8551. Thereafter, by Order No. 8629, dated September 9, 2014, the DPSC issued its Findings of Fact, Conclusions of Law, and Opinion in Support of Order No. 8551. In doing so, the DPSC found that the 2014 SREC Procurement Program was in the public interest and met the criteria of REPSA.

7. The 2015 SREC Procurement Program

Based upon its review of the results of the 2014 Program, the Taskforce recommended for approval to the DPSC of a statewide program for the 2015 Compliance year (the "2015 SREC Procurement Program"). The 2015 SREC Procurement Program ("2015 Program") confirmed the goals of the Pilot Program, the 2013 Program and the 2014 Program, with some modifications. The 2015 Program continued to be based on five tiers of SRECs, all competitively bid, but with the intent of procuring a minimum of 9,000 SRECs and up to a total of 12,000 SRECs through the auction process. The 2015 Program also established an Alternative Compliance Payment of $400 and permitted Delmarva to establish an upset price for the purchase of SRECs and provided that bids received above these amounts could be rejected by Delmarva. The DPSC approved the 2015 SREC Procurement Program on March 3, 2015 pursuant to Order No. 8717. Thereafter, by Order No. 8764, dated July 21, 2015, the DPSC issued its Findings of Fact, Conclusions of Law and

Opinion in Support of Order No. 8717. In doing so, the DPSC found that the 2015 SREC Procurement Program was in the public interest and met the criteria of REPSA.

8. Program Administration; Eligibility

8.1 Public Solicitations

The Taskforce believes that the procurement of SRECs by retail electricity suppliers[8] operating in the State of Delaware should be implemented through public solicitations, managed by the SEU.[9] Solicitations under the Pilot Program, the 2013 Program, the 2014 Program and the 2015 Program were managed by the SEU and the Taskforce has approved the use of the SEU for the 2016 SREC Procurement Program.[10] The solicitations will be for SRECs and other environmental attributes[11] created by the Eligible Energy Resources, but will not cover the energy output of the resources. Upon receipt and evaluation of the applications received in response to each solicitation, the SEU will award bids and execute agreements based on the criteria set forth in this 2016 SREC Procurement Program.

8.2 Owner Qualifications

To apply as an owner (an "***Owner***") of an Eligible Energy Resource pursuant to the 2016 SREC Procurement Program, the applicant must own, lease, control or be the direct assignee of all

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[8] In 2011, the statute was amended so that RPS obligations were assigned to only commission-regulated electric companies. 26 *Del. C.* §354.

[9] The SEU will use a third party (the "***SREC Procurement Agent***") to perform some or all of its duties with respect to the 2015 SREC Procurement Program, including conducting solicitations, evaluating bids and executing agreements on behalf of the SEU. The SREC Procurement Agent for the 2015 SREC Procurement Program will be InClime, Inc. InClime, Inc. is a spinoff of SRECTrade and was established solely to operate utility and public agency renewable procurement programs. InClime, Inc. will be operated by Kevin Quilliam who oversaw the SREC auctions for the Pilot Program, the 2013 Program and the 2014 Program.

[10] As with the Pilot Program, the 2013 Program ,the 2014 Program and the 2015 Program the recovery of costs incurred by the SEU will be dealt with in separate proceedings.

[11] In addition to SRECs, environmental attributes include those attributes created from the Generation Unit's generation of electricity from solar energy in contrast with the generation of electricity using nuclear or fossil fuels or other traditional resources, such as emission credits, carbon credits, air quality credits, green credits, carbon tax credits, emissions reduction credits, greenhouse gas credits, certificates, tags, offsets, allowances and similar products, rights, claims or benefits, whether now existing or arising in the future. However, environmental attributes do not include tax credits other than carbon tax credits.

of the SRECs created by such resource.[12] Any party participating in the 2016 SREC Procurement Program may submit an application jointly with an entity that has executed agreements[13] to control the SRECs produced by two or more Eligible Energy Resources (such entity, an "***Owner Representative***").

An Owner that is qualified to submit an application on its own behalf may, at its option, elect to designate an Owner Representative. Affiliates of retail electricity suppliers are permitted to participate in the 2016 SREC Procurement Program as Owners or Owner Representatives (as long as they satisfy the applicable requirements for being an Owner or Owner Representative).

8.3 Eligible Projects

To qualify for participation in the 2016 SREC Procurement Program, a Generation Unit must: (a) qualify as a "Solar Photovoltaic Energy Resource" in accordance with the DPSC rules; and (b) be eligible for certification as an Eligible Energy Resource under REPSA.

In order to increase the likelihood that a wide variety of residential and commercial projects have an opportunity to participate in the 2016 SREC Procurement Program, the Taskforce has determined to continue with the distinct tiers of Generation Units (based on their date of interconnection approval and nameplate capacity) that had been established for the 2015 Program, with one minor modification for which different pricing, bid rules and other contract terms and conditions will apply. The tiers are as follows:

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[12] An Owner need not have been awarded SREC Transfer Agreements with respect to its Eligible Energy Resources.

[13] An Owner Representative need not have been awarded SREC Transfer Agreements with respect to its Eligible Energy Resources. It need only have executed agreements with Owners of two or more such resources.

GENERATION UNIT TIER DESIGNATIONS

	New Systems[14]
Tier	Nameplate Rating (DC at STC)
N-1	Less than or equal to 25 kW
N-2	Greater than 25 kW but less than or equal to 200 kW
N-3	Greater than 200 kW but less than or equal to 2 MW
	Existing Systems[15]
Tier	Nameplate Rating (DC at STC)
E-1	Less than or equal to 25 kW
E-2	Greater than 25 kW but less than or equal to 2 MW

The capacity of a Generation Unit and its applicable tier will be based on the aggregate nameplate rating of all solar arrays: (a) that are located on the same parcel of land (as established by the local taxing authority) or share a single utility interconnection point; and (b) for which applications are submitted for the same compliance year.[16]

8.4 Ongoing Program Evaluation

The Taskforce will evaluate the 2016 SREC Procurement Program on a periodic basis to consider whether any changes or modifications are necessary or advisable. Any changes or modifications to the program (*e.g.*, the allocation of SRECs among the different tiers) would be prospective only and executed SREC Transfer Agreements (as defined below) would not be

[14] Eligible "***New Systems***" are systems with final interconnection approval after the first date of the preceding auction process (i.e., April 13, 2015 for compliance year 2016).

[15] Eligible "***Existing Systems***" are systems with final interconnection approval before the first date of the preceding auction process. New Systems and Existing Systems may be referred to individually as a "system" or collectively as "systems" throughout.

[16] An Owner may, at its discretion, include additional solar arrays at other locations, in which case the capacity of such arrays will be aggregated for purposes of determining the capacity and tier of such project.

affected. Any material changes to the 2016 SREC Procurement Program would be subject to approval of the appropriate regulatory bodies.

9. Bid Applications

9.1 General Requirements

Each Owner must submit, or designate its Owner Representative to submit, a completed bid application (and only one such bid application)[17] for each Generation Unit for which it intends to participate in the 2016 SREC Procurement Program. However, for New Systems that are an addition to or expansion of Existing Systems, a separate application may be submitted for both the New System and the Existing System provided that the New System has a separate meter from the Existing System installed in accordance with the requirements of Section 9.7. The application is an on-line application which is located and is to be completed on the SEU's website at www.SRECDelaware.com. The application must include, among other things: a description of the Generation Unit, including its location, the types of solar panels being used and its nameplate rating (at STC);[18] and

- if the Owner elects to designate an Owner Representative, the identity of the Owner Representative must be provided.

In addition, each bid application must be accompanied by:

- the appropriate deposit; and
- an analysis of the estimated annual energy output using PVWatts Solar PV Energy Calculator or such other modeling technique as may be acceptable to the SEU.

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[17] A Generation Unit may not be included in more than one bid application in any single solicitation. If such unit is not awarded an SREC Transfer Agreement as a result of such solicitation, the Owner is free to submit an application for such unit pursuant to any future solicitation.

[18] The equipment description contained in the application is not binding on an Owner or an Owner Representative, provided that: (a) except as expressly permitted in accordance herewith, the nameplate rating (at STC) of any substitute equipment may not vary from that described in the original application by more than 5% for Tier 1 or Tier 2 projects, or 2.5% for Tier 3 projects; and (b) in no event will the substitution of different equipment affect the Estimated SREC Quantity contained in the original application.

Once an Owner's bid is accepted, it must submit a standard form agreement to sell SRECs to the SEU (an "***SREC Transfer Agreement***") executed by the Owner and, if necessary or elected, an Owner Representative.

9.2 Estimated Output

Each application to sell SRECs pursuant to the 2016 SREC Procurement Program must include a binding estimate of: (a) the annual energy output of the Eligible Energy Resource, as determined using PVWatts Solar PV Energy Calculator or such other modeling technique as may be acceptable to the SEU; and (b) the annual SREC production levels (such estimate of the SREC production levels, the "***Estimated SREC Quantity***"). The estimates for energy output and SREC production levels shall be subject to an annual degradation factor of 0.5%.

For Eligible Energy Resources claiming a bonus based on the use of Delaware-sourced equipment and/or an in-state workforce (as described in Section 2.3 above), the application must include a statement that it intends to qualify for the Delaware-sourced equipment and/or in-state workforce bonus and the binding SREC output estimate for such resources should include any such SREC bonus.[19] Failure to claim a bonus at the time an application is submitted will disqualify a project from being entitled to the bonus, regardless of whether Delaware-sourced equipment or an in-state workforce is later employed.

9.2 Bid Deposit

Each application to participate in the 2016 SREC Procurement Program must be accompanied by a bid deposit in an amount equal to $100 per kW (DC) of the nameplate rating (at STC) of the Eligible Energy Resource; provided that the bid deposit will be waived for qualifying projects that provide a copy of their DPSC certification as an Eligible Energy Resource along with their bid application. All bid deposits must be in the form of an acceptable letter of credit, cash or

[19] The "bonus" SRECs are not actually credited to retail electricity suppliers until they retire the SRECs to which the bonus applies. However, under the terms of the SREC Transfer Agreements, as long as the Owner provides evidence that the DPSC has certified that the Eligible Energy Resource qualifies for the bonus, payment for the SRECs will include the bonus amount.

a bid bond[20] and will be held by the SEU on behalf of the participating retail electricity suppliers.

The bid deposits will be returned or released promptly upon: (a) rejection of an application; or (b) termination of an SREC Transfer Agreement based on the imposition by the interconnecting utility of a charge other than a standard interconnection fee (as described in Section 9.4 below). In addition, if an Owner claims in its application that a project will be entitled to the Delaware Equipment Bonus or the Delaware Workforce Bonus and such project is not certified by the DPSC as being eligible for either such "claimed" bonus, the SEU has the option to declare that the bid deposit will be forfeited and the SREC Transfer Agreement will be terminated. Otherwise, the bid deposit will be returned upon completion and commencement of operation of the Generation Unit on or prior to the Guaranteed On-Line Date (as defined in Section 9.5 below) and the posting of performance credit support (as described in Section 9.9 below). For Generation Units that commence operation after such date, the bid deposit will be used to pay delay liquidated damages (as described in Section 9.5 below) and the balance, if any, will be returned to the Owner promptly after the commencement of operation and the posting of performance credit support (as described in Section 9.9 below). Bid deposits will not earn interest.

10. SREC Transfer Agreements

In order to minimize transaction costs, the SEU will enter into standard form SREC Transfer Agreements with Owners and, if elected by such Owners, the Owner Representatives. The SEU will countersign each SREC Transfer Agreement promptly upon determining that the associated application and bid qualify for selection pursuant to the pending solicitation (the date of signing by the SEU, the "***Execution Date***"). Each SREC Transfer Agreement will include:

[20] A bid bond must be in the form of American Institute of Architects (AIA) Form 310. In addition, any applicant that provides a bid bond as bid security will be required to replace such bond with a deposit in the form of a letter of credit or cash no later than 10 days after the SEU provides notice that its bid application has been granted.

- the Owner's agreement to maintain the Generation Unit as an Eligible Energy Resource;

- an acknowledgment by the Owner and, if applicable, the Owner Representative that: (a) the SEU and retail electricity suppliers have the right to inspect the Generation Unit (which right may be assigned to qualified third parties); and (b) the SEU has the right to resell the SRECs in any market where they are eligible to be traded, including states other than Delaware; and

- if the Owner is designating an Owner Representative, the appointment of the Owner Representative as the Owner's exclusive agent to manage SRECs within GATS on the Owner's behalf.

The form of the SREC Transfer Agreement is appended hereto as **Appendix A**. Some of the principal terms and conditions of the SREC Transfer Agreement are described in this Section 9.

10.1 Term of Agreement

All SREC Transfer Agreements will have a term of twenty (20) years. The term will commence as follows:

- For New Systems or Existing Systems for which the Operation Date is prior to thirty (30) days following the close of the solicitation, the term of the Agreement shall commence on June 1, 2016.

- For New Systems or Existing Systems for which the Operation Date is not thirty (30) days prior to the close of the solicitation, the term of the Agreement shall commence on the Operation Date regardless of when the Agreement is executed by the Owner or Owner Representative.

- Under either scenario, the date on which the term of the Agreement begins is the "***Commencement Date***", regardless of when the Agreement is signed by the Owner or Owner Representative. If the Owner or Owner Representative does not sign the Agreement until after the Commencement Date, they forfeit the right to compensation for any SRECs created prior to the Commencement Date.

10.2 SREC Quantity

Pursuant to each SREC Transfer Agreement, the Owner and, if applicable, the Owner Representative, will be obligated to transfer (by providing permission to move the System to the SEU's GATS account) and sell to the SEU, and the SEU will be obligated to purchase and pay for, all of the SRECs produced at the Generation Unit up to the Contract Maximum (as defined below).

To facilitate more efficient management and accounting for SREC procurement, and to maximize opportunities for the largest possible group of Owners to participate in the 2016 SREC Procurement Program, the quantity of SRECs that may be delivered pursuant to any SREC Transfer Agreement during any annual period will be limited to 110% of the Estimated SREC Quantity for such period (such amount, the "***Contract Maximum***"). All SRECs delivered pursuant to an SREC Transfer Agreement must be created based on the output of the Generation Unit that is the subject of that Agreement. In the event a Tier N-1, Tier N-2 or Tier E-1 project produces SRECs in excess of the Contract Maximum, the SEU will have the option to elect whether or not to purchase any or all of the surplus SRECs. If it exercises that option, the sale of any such excess SRECs will be subject to the same terms, conditions and pricing applicable to other SREC purchases under the SREC Transfer Agreement. In the event a Tier N-3 or Tier E-2 project produces SRECs in excess of the Contract Maximum, or if the SEU declines to purchase, or purchases only a portion of, the excess SRECs produced by a Tier N-1, Tier N-2 or Tier E-1 project, the SEU will transfer any such excess SRECs back to the Owner, who will have the right to sell such excess SRECs in any manner it deems appropriate.

For Tier N-3 and Tier E-2 projects that have a nameplate rating of 500 kW or greater, the Owner and, if applicable, the Owner Representative, will be obligated to sell to the SEU, for each annual period, a quantity of SRECs equal to no less than 80% of the Estimated SREC Quantity for such period (the "***Minimum Annual Quantity***").

The Estimated SREC Quantity may not be amended unless the Owner reduces the capacity of a Generation Unit either to avoid or minimize any interconnection fees or charges sought to be imposed by the interconnecting utility (as described in Section 9.4 below) or to allow the Generation Unit to fit within a pending solicitation (as described in Sections 10.1 and 10.2 below).

10.3 Pricing

All New Systems and Existing Systems will be required to submit bids which will be evaluated and selected based on the lowest bid prices. Owners are required to submit bids only in their applicable Tier. For the 2016 SREC Procurement Program, the SREC price during the first ten (10) years of the term of the SREC Transfer Agreements will be the bid price, and the SREC price for the last ten (10) years of the SREC Transfer Agreements will be fixed at $35 per SREC.

10.4 Utility Interconnections

If, based on an Owner's interconnection application, the interconnecting utility proposes to assess any fee or charge (other than a standard interconnection application fee), the Owner may, within ten (10) days of notice of such fee or charge by the interconnecting utility, either reduce the capacity of the Generation Unit to avoid or minimize such fee or charge or terminate the SREC Transfer Agreement. In order to take advantage of this right, each Owner must submit a complete interconnection application (Step 1) to the interconnecting utility no later than one hundred twenty (120) days after the Execution Date.

If an Owner reduces the capacity of a Generation Unit to avoid or minimize an interconnection charge, the Estimated SREC Quantity will be reduced by the same percentage and any excess deposit will be returned to the Owner.[21] If an Owner elects to terminate the SREC Transfer Agreement based on the imposition of an interconnection fee or charge, the entire deposit will be returned.

10.5. Guaranteed On-Line Date; Delay Liquidated Damages

All projects must commence operation no later than twelve (12) months after the Commencement Date (the "***Guaranteed On-Line Date***"); provided that the Guaranteed On-Line

[21] A reduction in capacity to avoid or minimize an interconnection charge will not affect pricing under the SREC Transfer Agreement, regardless of whether the reduced capacity would have qualified the project to submit an application for a lower tier.

Date will be subject to extension to the extent reasonably necessary based on: (a) events beyond the reasonable control of the Owner (*i.e.*, force majeure as defined in the SREC Transfer Agreement); or (b) the failure by the interconnecting utility to complete the interconnection (provided that the Owner or, if applicable, the Owner Representative shall have submitted a timely and complete interconnection application to the interconnecting utility). In no event will the Guaranteed On-Line Date be extended for more than one (1) additional year.

For any Generation Unit that fails to meet its Guaranteed On-Line Date, the Owner and, if applicable, the Owner Representative will be liable to pay liquidated damages for each full or partial day of delay. The amount of such damages will be equal to 1/30th of the deposit amount. In the event a Generation Unit is not operational within thirty (30) days of its Guaranteed On-Line Date, the SEU will have the right to terminate the SREC Transfer Agreement.

10.6 Payment

All projects will be paid on a monthly basis. Each Owner will stipulate in the SREC Transfer Agreement whether payment is to be made to the Owner or, if applicable, the Owner Representative. Payment will be based on the number of SRECs transferred to and registered in the SEU's GATS account during the relevant billing period.

10.7 Metering

All Tier N-1, N-2, E-1 and E-2 Projects must install either a revenue-grade meter on site or revenue-grade online monitoring. All Tier N-3 Projects must install revenue-grade online monitoring.

10.8 Conditions Precedent

The SEU's purchase obligations under each SREC Transfer Agreement will be conditioned on: (a) the Owner providing evidence that it has received a certification number from the DPSC confirming that the referenced Generation Unit qualifies as an Eligible Energy Resource; and (b)

for Generation Units that are eligible in accordance with GATS rules and procedures, the Owner executing an agreement to move the generator to the SEU's GATS account. For projects claiming a bonus based on the use of Delaware-sourced equipment or an in-state workforce (as described in Section 2.3 above), the SEU's obligations will also be subject to delivery of confirmation from the DPSC that the resource qualifies for the claimed bonus (which confirmation may be delivered within thirty (30) days of the commencement of operation of the resource).

10.9 Performance Credit Support

Pursuant to the terms of each SREC Transfer Agreement, the Owner and, if applicable, the Owner Representative, will grant the SEU a security interest in all of the SRECs (up to the Contract Maximum) generated by the project to secure their respective obligations under the agreements, including the obligation to deliver and sell the SREC output of the project.

To secure their obligations to deliver the Minimum Annual Quantity, Owners or Owner Representatives of Tier N-3 or Tier E-2 projects with a nameplate rating of 500 kW or greater will also be required to provide supplemental credit support in the form of cash, a letter of credit or other collateral acceptable to the SEU. For each of the first ten 10) years of the SREC Transfer Agreement, such supplemental credit support shall be in an amount equal to five percent (5%) of the value (at the applicable price set forth in the SREC Transfer Agreement) of the first-year Estimated SREC Quantity; for each year thereafter, it shall be in an amount equal to ten percent (10%) of the value of the Estimated SREC Quantity for the 10th year of the Agreement. The supplemental credit support must be replenished to the required level in the event any portion of the credit support is drawn or used.

10.10 Project Maintenance; Inspections

Owners and, if applicable, Owner Representatives will be responsible for maintaining Generation Units so that they remain Eligible Energy Resources and are able to produce their

respective Estimated SREC Quantities. Owners and Owner Representatives must notify the SEU of any substantive changes to the operational characteristics of the Generation Unit.[22]

The SEU will have the right to physically inspect Generation Units to verify compliance with the terms of their applicable SREC Transfer Agreements. The SEU may delegate that right to the SREC Procurement Agent, any retail electricity suppliers or any other qualified third parties.

10.11 Excused Performance

Owners will be excused from any delay in performance or failure to perform under an SREC Transfer Agreement caused by conditions beyond their reasonable control (*i.e.*, force majeure as defined in the SREC Transfer Agreement); provided that such relief shall be limited to the amount of time the condition exists that caused the delay but in no event greater than a period of one (1) year for any single force majeure event.

10.12 Default Provisions

Pursuant to the SREC Transfer Agreement, the Owner and, if applicable, the Owner Representative will be in default if:

- the full SREC output of a Generation Unit (up to the Contact Maximum) is not made available to the SEU within the timeframe required ; or
- for a Tier N-3 or Tier E-2 project with a nameplate rating of 500 kW or greater, the project fails to generate the Minimum Annual Quantity during any annual period and the Owner fails to pay applicable damages (as described in Section 6.13 below) within thirty (30) days after the end of such annual period; or
- the required credit support is not maintained.

In addition, an Owner Representative will be in default under an SREC Transfer Agreement if it fails to qualify as an Owner Representative under the terms of the 2016 SREC Procurement Program and such failure is not cured within thirty (30) days of notice of such failure.

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[22] Owners and Owner Representatives are also required to provide the SEU with copies of any notice(s) submitted to the DPSC pursuant to 26 *Del.Admin. C.* § 3008(3.1.8) and any additional correspondence related to such notice(s).

10.13 Remedies

Upon a breach or default by an Owner or an Owner Representative under an SREC Transfer Agreement, the SEU will be entitled to all of its remedies at law and in equity, including specific performance of and/or termination of this Agreement. Upon a breach or default by the SEU under an SREC Transfer Agreement, the Owner and, if applicable, the Owner Representative, will be entitled to their respective remedies at law and in equity. Equitable remedies will include specific performance of the Agreement.

In the event the SEU terminates an SREC Transfer Agreement based on a failure or refusal to sell the SREC output of the Eligible Energy Resource to the SEU, the SEU may recover damages calculated based on the difference, if positive, between the price for SRECs under the SREC Transfer Agreement and the cost to replace such SRECs in the market.

If a Tier N-3 or Tier E-2 project with a nameplate rating of 500 kW or greater fails to produce the Minimum Annual Quantity of SRECs during any annual period, the Owner will owe damages equal to the amount of the shortfall, multiplied by the difference, if positive, between: (a) the lower of the prevailing market price of SRECs (as reasonably determined by the SEU) or the amount of the "Alternative Compliance Payment" (as defined in REPSA) for the year in which such shortfall occurs; and (b) the price for SRECs under the SREC Transfer Agreement. Such damages shall be due and payable no later than thirty (30) days after the end of the annual period to which they apply. Payment of such damages will be the Owner's sole liability for the failure to deliver the Minimum Annual Quantity.

10.14 Replacement of Owner Representative

An Owner may remove its Owner Representative at any time and for any reason (or no reason) in its sole and absolute discretion.

11. Bid Awards

Promptly upon receipt of an application to sell SRECs from an Owner Representative or Owner in response to a solicitation issued pursuant to the 2016 SREC Procurement Program, the SEU will review the application to verify whether it is complete and complies with all applicable procedures. Partial or incomplete applications will be rejected. Any and all bids above a determined price, as established by Delmarva Power, and bids above the Alternative Compliance Payment of $400, will be rejected. In addition, owners of Existing Systems who default on their bids by not signing a contract will be prohibited from bidding in a subsequent long term auction.

11.1 Competitive Solicitations

All projects will be required to submit price bids in competitive solicitations. A given system is only allowed to bid into one (1) auction and one (1) tier per year.

The price bid for each project must be for a fixed dollar amount, which amount cannot escalate or otherwise vary during the initial ten (10) year period of the term of the Agreement. The SEU will award SREC Transfer Agreements to such projects with the lowest price bids in each solicitation. If Tier N-1 and/or Tier N-2 have losing bids that are lower priced than winning bids for Tier N-3, such bids will be applied to Tier N-3 in order to minimize the weighted average bid price of Tier N-3. Bids from Tier N-3 will not be applied to Tier N-1 or Tier N-2, and bids from Tier N-2 will not be applied to Tier N-1. Provided these stated minimums are met, the SEU will accept for each Tier the lowest bid prices.

If any Tier is undersubscribed because of insufficient bids or rejected bids, bids from any other Tiers can win those SRECs. The SEU will announce all solicitations for competitively priced bids at least thirty (30) days in advance of the bid date.

11.2 Bidding Ties

If there are multiple bids at the same price that would cause a competitive solicitation to be oversubscribed (a "***Bidding Tie***"), the SEU will first select all applicants that claimed the Delaware Equipment Bonus and the Delaware Workforce Bonus. If this causes the solicitation to still be oversubscribed, a lottery will be held among only applicants that claimed the Delaware Equipment Bonus and Delaware Workforce Bonus. If there is still a Bidding Tie after awarding all applicants that claimed the Delaware Equipment Bonus and Delaware Workforce Bonus, the SEU will give each applicant involved in the Bidding Tie for such tier a 5-day period to reduce its price bid and will then evaluate any revised bids submitted by the applicants involved in such Bidding Tie. The SEU will then award one or more SREC Transfer Agreements to some or all of the applicants involved in such Bidding Tie as follows:

- first, if any such applicant submits a reduced price bid, to such applicant(s) on the basis of the lowest price bid until: (a) the pending solicitation is fully subscribed or only a *de minimis* portion of such solicitation (as determined by the participating retail electricity suppliers) remains unsubscribed; (b) the next highest price bid would cause the pending solicitation to be oversubscribed; or (c) there is a Bidding Tie with respect to the remaining bids; and

- second, if after completion of the first step, the pending solicitation is not fully subscribed and there is a Bidding Tie with respect to the remaining bids, the SEU will award SREC Transfer Agreements based on a lottery among the remaining applicants involved in such Bidding Tie that claimed the Delaware Equipment Bonus or the Delaware Workforce Bonus; and

- third, if after completion of the second step, the pending solicitation is not fully subscribed and there is a Bidding Tie with respect to the remaining bids, the SEU will award SREC Transfer Agreements based on a lottery among remaining applicants involved in such Bidding Tie that claimed neither the Delaware Equipment Bonus nor the Delaware Workforce Bonus.

If a project selected based on bid price or by lottery would cause the pending solicitation to be oversubscribed, the SEU will give the applicant the option to reduce the capacity of the Generation Unit to the remaining balance of the pending solicitation. If the applicant elects not to reduce the capacity of the Generation Unit, its bid application will be rejected and the solicitation

will continue until the pending solicitation is fully subscribed or only a *de minimis* portion of the solicitation (as determined by the participating retail electricity suppliers) remains unsubscribed. If the applicant elects to reduce the capacity of the Generation Unit so that it fits within a pending solicitation, the Estimated SREC Quantity will be reduced by an equal percentage. In addition, if such reduction qualifies the project for a lower tier, the original form of SREC Transfer Agreement will be terminated and replaced with the form of agreement applicable to the lower tier. In such case, the reduced capacity of the Generation Unit will be reallocated from the tier originally bid to such lower tier and any excess deposit will be returned to the Owner.

Partial fill systems will be allowed to bid the rest of the system in future procurements, but the second bid will have to be in a tier size that reflects the cumulative system size. Systems that obtain multiple bids will first transfer SRECs at the lowest price each year.

For system additions, the bid must be in a tier size that reflects the cumulative system size. Systems that obtain multiple bids will first transfer SRECs at the lowest price each year.

12. Solicitation for 2015 Compliance Year

12.1 Resource Allocation

Based on forecasted load, the SREC solicitations for the 2015 compliance year will be for up to 12,000 SRECs, which will be allocated as follows:

- Tiers N-1, E-1, E-2 – 4,400 SRECs
- Tier N-2 – 2,300 SRECs
- Tier N-3 – 2,300 SRECs

Upon conclusion of the fulfillment of the 9,000 SRECs, Delmarva Power may procure up to 6,000 SRECs through the auction, regardless of Tier, using the least expensive SRECs from New Systems or Existing Systems.

APPENDIX A

Form of SREC Transfer Agreement

SOLAR RENEWABLE ENERGY CREDIT

TRANSFER AGREEMENT

DELAWARE RENEWABLE ENERGY PORTFOLIO STANDARDS ACT

2016 SREC PROCUREMENT PROGRAM

SOLAR RENEWABLE ENERGY CREDIT TRANSFER AGREEMENT
DELAWARE RENEWABLE ENERGY PROGRAM

2014 SREC PROCUREMENT PROGRAM

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SOLAR RENEWABLE ENERGY CREDIT TRANSFER AGREEMENT
DELAWARE RENEWABLE ENERGY PROGRAM

2015 SREC PROCUREMENT PROGRAM

This Agreement, made this ____ day of _____, _____, pertains to the sale and transfer by the Owner (as identified below) of solar renewable energy credits created by a solar power project (as described in more detail below, the "***Project***")[1] to SEU One, LLC (or any successor organization thereto, the "***SEU***").

PART I
PROJECT AND OWNER INFORMATION

A. Owner:[2]

- Name of entity: _____
- Street address: _____
- City, state and zip code: _____
- Attention: _____
- Email address: _____
- Tax ID Number/SS Number:_____
- Owner's other Eligible Energy Resources:[3] _____
- Owner GATS Account No.:[4] _____

B. Owner Representative (if one is designated):

- Name of entity: _____
- Street address: _____
- City, state and zip code: _____

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[1] A Project may be located at multiple locations, provided that the same legal entity owns, leases, controls or is the direct assignee of all of the SRECs created by the entire Project.

[2] The Owner is the legal entity that owns, leases, controls or is the direct assignee of all of the SRECs created by the Project.

[3] Required only if: (a) the Project has a nameplate capacity of less than 100 kW; and (b) no Owner Representative is designated.

[4] If the Owner has not established a GATS account as of the Bid Date, it must provide the SEU with such account number promptly after the account is established.

- Attention: _____
- Email address: _____
- Tax ID Number/SS Number: _____
- Other Eligible Energy Resources: _____

C. Payee (check one):

☐ Owner

☐ Owner Representative

D. Project:

- Street address:[5] _____
  (or parcel number if property does not have street address)
- City, state and zip code: _____
- Nameplate capacity: _____ kW[6]
- Tier designation (check one):

  ☐ Tier N-1 Project (New system, less than or equal to 25 kW-DC)

  ☐ Tier N-2 Project (New system, greater than 25 kW and less than or equal to 200 kW-DC)

  ☐ Tier N-3 Project (New system, greater than 200 kW and less than or equal to 2,000 kW-DC)

  ☐ Tier E-1 Project (Existing system, less than or equal to 25 kW-DC)

  ☐ Tier E-2 Project (Existing system, greater than 25 kW and less than or equal to 2,000 kW-DC)

- Operational status (check one):

  ☐ Project under development as of Bid Date

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[5] If the Project is located at multiple locations, the street address or parcel number for each location must be provided. A separate page may be attached if necessary.

[6] All capacity (kW) references are to the nameplate rating of the Generation Unit (DC at STC), as designated by the solar module manufacturer.

☐ Operation Date has occurred as of Bid Date
Operation Date: _____

- Purchase Obligation Date (check one):

  ☐ June 1, ____

  ☐ First day of the month following project certification by DPSC as Eligible Energy Resource

- Utility interconnection:

  _____ Interconnecting Utility

- SREC credits (check if applicable):

  ☐ The Project qualifies for a 10% credit on SREC output (if applicable, the "***Delaware Equipment Bonus***") because the Project is sited in the State of Delaware and a minimum of 50% of the cost of renewable energy equipment, inclusive of mounting components, is manufactured in Delaware.

  ☐ The Project qualifies for a 10% credit on SREC output (if applicable, the "***Delaware Workforce Bonus***") because the Project is sited in the State of Delaware and is or will be constructed and/or installed either with a workforce at least 75% of whom are Delaware residents or by a company that employs at least 75% Delaware residents.

- Energy and SREC output

  Estimated first year total energy output: _____kWh (exclusive of any bonuses described below)

  Estimated first year total SREC output _____SRECs (exclusive of any bonuses described below)

  Delaware Equipment Bonus: _____ SRECs
  (10% of total SREC output, if applicable)

  Delaware Workforce Bonus: _____ SRECs
  (10% of total SREC output, if applicable)

  Estimated SREC Quantity (first year) _____ SRECs

E. Bid information:

- Date of receipt of Owner's application: _____
  [To be filled in by the SEU]

- Bid Price: $_____ / SREC (for first 10 Contract Years)

PART II
TERMS AND CONDITIONS

Section 2.1 Purchase and Sale of SRECs.

2.1.1 Sale. The Owner agrees to sell and deliver to the SEU all SRECs created by the Project (the "***Project SRECs***"), up to the Maximum Annual Quantity. The sale and delivery of SRECs pursuant to this Agreement shall be deemed to occur in the State of Delaware. The Owner acknowledges and agrees that the SEU intends to resell the Project SRECs to retail electric suppliers in Delaware.

2.1.2 Excess SRECs.

(a) If a Tier N-1 or N-2 Project or a Tier E-1 Project creates any Excess Amount during any Contract Year, the SEU shall, no later than thirty (30) days after the end of such Contract Year, notify the Owner whether or not it will purchase all or any portion of such Excess Amount. Failure by the SEU to notify the Owner of such election within such time period shall be deemed an election by the SEU to not purchase the Excess Amount or any portion thereof for such Contract Year. In the event that the SEU does not purchase any portion of the Excess Amount created by a Tier N-1 or N-2 Project or a Tier E-1 Project for any Contract Year, the SEU shall promptly transfer such SRECs to the GATS account of the Owner or, to any other GATS account they specify. The SEU will also hold the SRECs in the SEU GATS account for the Owner if they so desire.

(b) If a Tier N-3 Project or Tier E-2 Project creates any Excess Amount during any Contract Year: (a) the SEU shall have no right to purchase any such Excess Amount; (b) the Owner shall be free to use or sell such SRECs as it deems appropriate; and (c) the SEU shall promptly re-transfer such SRECs to the GATS account of the Owner or to any other GATS account they specify. The SEU will also hold the SRECs in the SEU GATS account for the Owner if they so desire.

2.1.3 GATS Registration. The Owner or, if one is designated, the Owner Representative, shall be responsible for transferring the Project SRECs to the SEU by

executing all required documents to move the Project generator to the GATS account of the SEU.

2.1.4 Term of Purchase.

(a) If the Operation Date of the Project did not occur prior to the Bid Date, the SEU's obligation to purchase SRECs (the ***"Purchase Obligation Date")*** shall commence as of the later of June 1, 2016, or the first day of the month after the Project is certified as an Eligible Energy Resource by the DPSC.

(b) If the Operation Date of the Project occurred prior to the Bid Date, the SEU's obligation to purchase SRECs shall commence as of June 1, 2016.

(c) Under either scenario described in Subsections (a) or (b) of this Section, the date on which the term of the Agreement begins will be the Commencement Date.

(d) The SEU's obligation to purchase SRECs shall continue from the Commencement Date for a period of twenty (20) years.

2.1.5 Project SRECs. The Owner shall not be entitled to transfer or sell any SRECs other than Project SRECs pursuant to this Agreement. All Project SRECs shall be free and clear of any liens, taxes, claims, security interests or other encumbrances other than as provided for in Section 5.2 of this Agreement.

Section 2.2 Operational Matters.

2.2.1 Interconnection.

(a) The Owner shall be solely responsible for interconnecting the Project to the electric transmission or distribution system of the Interconnecting Utility. In order to invoke its rights under this Section 2.2.1 (b)-(d), the Owner shall submit a complete interconnection application (Step 1) to the Interconnecting Utility no later than one hundred twenty (120) days after the Execution Date.

(b) If the Interconnecting Utility notifies the Owner that there will be a fee or charge (other than a standard interconnection application fee) required to interconnect the Project, the Owner may, within ten (10) days of such notice, elect to: (i) reduce the capacity of the Project to avoid or minimize such fee or charge; or (ii) terminate this Agreement.

(c) If the Owner elects to reduce the capacity of the Project pursuant to Section 2.2.1(b), it shall provide the SEU with written notice specifying the reduced nameplate capacity of the Project and upon such election,

the Estimated SREC Quantity (first year) shall be deemed to be reduced by the same percentage as the reduction in the nameplate capacity. Promptly upon receipt of such election, the SEU shall return or release any excess Bid Deposit to the Owner.

(d) If the Owner elects to terminate this Agreement pursuant to Section 2.2.1(b), it shall provide the SEU with written notice of termination promptly upon receipt of such election; the SEU shall thereafter return or release the entire Bid Deposit to the Owner.

2.2.2 Project Development. Unless the Project is operational as of the Execution Date, the Owner shall exercise all commercially reasonable efforts to complete construction of the Project, including obtaining all approvals of Governmental Authorities required in connection therewith.

2.2.3 Operation and Maintenance. The Owner shall operate and maintain the Project to ensure that it remains qualified as an Eligible Energy Resource at all times during the term of this Agreement.

2.2.4 Changes to Operational Characteristics. The Owner and, if one is designated, the Owner Representative, shall promptly notify the SEU of any substantive changes to the operational characteristics of the Project, including providing the SREC Procurements Administrator with copies of any notices submitted to the DPSC pursuant to 26 *Del. Admin C.* § 3008(3.1.8) and any correspondence relating to any such notices.

2.2.5 Metering. The Owner shall: (a) install, operate, maintain and calibrate (as necessary) the Required Meter for the Project; (b) provide the SEU with a detailed description of the Required Meter (including meter ID, pulse radio, channels, etc., if any); (c) provide not less than ten (10) days advance notice of any testing or calibration of the Required Meter; and (d) deliver to the SEU copies of all test results of Required Meters promptly upon the completion of any such test. The SEU shall have the right to test any Required Meter and, if such meter is determined to be operating outside industry standards, to require the Owner to re-calibrate such meter, at the Owner's cost.

2.2.6 Inspection. The Owner shall permit the SEU and its designees to inspect the Project at any time during normal business hours to verify the Owner's compliance with the terms of this Agreement; *provided, however*, that the Owner shall not be responsible for the cost of any such inspection.

Section 2.3 Conditions.

2.3.1 Certification as an Eligible Energy Resource. The SEU's obligation to purchase Project SRECs is subject to the Project being certified as an Eligible Energy Resource by the DPSC.

2.3.2 Approval to Operate. The SEU's obligation to purchase Project SRECs is subject to the Owner's receipt of an approval to operate the Project from the Interconnecting Utility.

2.3.3 GATS Registration. The SEU's obligation to purchase Project SRECs is subject to the Owner's completion of all requirements to move the Project generator to the SEU's GATS account.

2.3.4 Certifications. The Owner shall deliver to the SEU, promptly upon receipt thereof: (a) a copy of the DPSC certification of the Project as an Eligible Energy Resource; (b) the Owner's GATS account number and a copy of the Owner's GATS registration if an Existing System is already registered in GATS, or the required documentation to allow the SEU to register the New System in the SEU GATS account. If the Project is designated as being eligible for the Delaware Equipment Bonus and/or the Delaware Workforce Bonus in Part I, the Owner shall provide the SEU with a copy of the DPSC certification that the Project qualifies for such credit(s) no later than thirty (30) days after the Operation Date.

Section 2.4 Purchase Price and Payment Terms.

2.4.1 Purchase Price.

(a) The Purchase Price for Project SRECs created during Contract Years 1 through 10 will be the bid price set forth in the application submitted for such Project.

(b) For all Projects, the Purchase Price for Project SRECs created during Contract Years 11 through 20 shall be $35 per SREC.

2.4.2 SREC Bonus. If the Delaware Equipment Bonus or the Delaware Workforce Bonus is specified in Part I and the DPSC certify that the Project qualifies for either such bonus, payment of the Purchase Price will be based on the number of Project SRECs plus an additional ten percent (10%). If the Delaware Equipment Bonus and the Delaware Workforce Bonus is specified in Part I and the DPSC certify that the Project qualifies for both such bonuses, payment of the Purchase Price will be based on the number of Project SRECs plus an additional twenty percent (20%). Under either scenario, the bonus will be paid during the entire twenty (20) year term of the Agreement.

2.4.3 Payment. Subject to the limitations set forth in this Agreement, for all Projects, the SEU shall pay the Payee for Project SRECs no later than thirty (30) days after the end of the calendar month in which such SRECs were originally registered in the GATS account of the SEU. The Program Administrator shall have the right to make payments hereunder by wire transfer or ACH direct deposit. In the event the Program Administrator elects to make payment by wire transfer, Owner shall be responsible for providing the Program Administrator with account information and wiring instructions to facilitate such transfers.

2.4.4 Limitations.

(a) The SEU shall not be obligated to pay for any SRECs in excess of the sum of: (i) the Maximum Annual Quantity; plus (ii) if applicable, any portion of the Excess Amount which it has elected to purchase pursuant to Section 2.1.2(a).

(b) The SEU may withhold payment of any amounts disputed in good faith.

2.4.5 Payment Errors. In the event that any Party becomes aware of any payment error (whether such error was in the form of an underpayment or overpayment), such Party shall notify the other Parties in writing of such error and the Party required to make payment shall do so within thirty (30) days of such notification; *provided, however*, that no payment adjustment shall be required unless the foregoing notice is delivered within eleven (11) months of the date of the original payment.

Section 2.5 Completion Guarantee.

2.5.1 Guaranteed On-Line Date. The Owner shall cause the Operation Date to occur no later than the date which is 365 days after the Commencement Date (such date, the "***Guaranteed On-Line Date***"), *provided, however*, that the Guaranteed On-Line Date shall be extended for up to 365 days due to: (a) a Force Majeure event; or (b) the failure by the Interconnecting Utility to complete the interconnection after the Owner submits a timely and complete interconnection application in accordance with Section 2.2.1 of this Agreement.

2.5.2 Damages for Delayed Operation Date.

(a) If the Operation Date does not occur by the Guaranteed On-Line Date, the Owner shall pay to the SEU, and if such amount is not paid, the SEU shall be entitled to draw against the Bid Deposit, an amount equal to 1/30 of the original Bid Deposit amount for each day (or portion thereof) of such delay, for up to thirty (30) days of delay.

(b) If the Operation Date does not occur by the date which is 31 days after the Guaranteed On-Line Date, the SEU shall have the right to terminate this Agreement.

(c) The remedies set forth in Sections 2.5.2(a) and 2.5.2(b) shall be the Owner's exclusive remedy based on a delay in achieving or a failure to achieve the Operation Date by the Guaranteed On-Line Date.

(d) The Owner acknowledges and agrees that: (i) the SRECs being purchased by the SEU are for the benefit of certain retail electric suppliers operating in the State of Delaware; (ii) in the event the Operation Date does not occur by the Guaranteed On-Line Date, the damages to be suffered by the SEU and such electric suppliers would be difficult or impossible to determine with certainty; (iii) after taking into account the terms of this Agreement and all relevant circumstances as of the date hereof, the damages set forth in Section 2.5.2(a) represent reasonable and genuine estimates of such damages; and (iv) such damages are not intended to and do not constitute a penalty.

Section 2.6 Representations, Warranties and Acknowledgements.

2.6.1 Representations and Warranties of Owner. The Owner hereby represents and warrants to the SEU as follows:

(a) unless it is an individual, it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and is duly authorized and qualified to do business therein, in Delaware and in all other jurisdictions in which the nature of the business conducted by it makes such qualification necessary;

(b) it is not in violation of any Applicable Law in any manner that would reasonably be expected to affect its performance under this Agreement;

(c) there are no legal, administrative or arbitral proceedings or actions, controversies or investigations, now pending or to its knowledge threatened against it which, if adversely determined, could reasonably be expected to affect its performance under this Agreement;

(d) none of the execution, delivery or performance of this Agreement conflict with or result in a violation of the terms of its charter or by-laws or any agreement by which it is bound;

(e) the execution, delivery and performance of this Agreement have been duly authorized by all requisite action;

(f) this Agreement has been duly and validly executed and delivered by it and, when executed and delivered by the SEU, will constitute its legal, valid and binding obligation enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws relating

to the enforcement of creditors' rights generally and by general equitable principles;

(g) it has rights in, and good title to the Collateral, and has full power and authority to grant to the SEU the security interest in the Collateral and to execute, deliver and perform its obligations in accordance with the terms of this Agreement without the consent or approval of any other Person other than any consent or approval that has been obtained;

(h) the security interest granted by the Owner to the SEU pursuant to Section 5.2.1 constitutes a valid, legal and, upon the filing of the financing statements referred to in Section 5.2.2, a first-priority perfected security interest in all the Collateral granted by the Owner as security for the Secured Obligations;

(i) the Project is an Eligible Energy Resource as defined by REPSA and will obtain all necessary approvals, regulatory or otherwise, to perform the obligations set forth herein;

(j) the information set forth in Part I is true and accurate in all respects;

(k) the Owner has received no supplemental funding from public sources other than the funding, if any, identified in Part I;

(l) to the extent bidding in Tiers N-1, N-2 or N-3 all major components of the Project are or will be new and unused and are being or will be used for the first time in the Project; and

(m) if a New System, its completed System Interconnection Application's acceptance date with the Interconnecting Utility will be after the first date of the preceding compliance year's auction process.

2.6.2 Acknowledgements by Owner. The Owner hereby acknowledges and agrees that:

(a) the SEU has executed this Agreement and is purchasing Project SRECs for the benefit of certain retail electricity suppliers operating in the State of Delaware;

(b) in executing and performing this Agreement, the SEU is acting on behalf of such suppliers;

(c) such suppliers are third party beneficiaries of this Agreement who are entitled to directly enforce the terms hereof; and

(d) the SEU may appoint a third-party (the "***Contracting Agent***") to perform any or all of the obligations and responsibilities of the SEU pursuant to

this Agreement and, in such event, the Owner shall recognize the authority of the Contracting Agent to perform such obligations and responsibilities.

2.6.3 Acknowledgement by SEU. The SEU acknowledges and agrees that it is not entitled to any portion of the energy output, capacity or ancillary services from the Project pursuant to this Agreement.

Section 2.7 Change in Estimated SREC Quantity. An Owner may not modify the Estimated SREC Quantity except as expressly permitted hereunder.

Section 2.8 Default and Remedies.

2.8.1 Events of Default. Each of the following shall constitute an "***Event of Default***" with respect to a Party:

(a) such Party fails to pay when due any amount owed pursuant to this Agreement (other than an amount disputed in good faith) for a period of five (5) days following receipt of notice of such failure;

(b) any representation or warranty of such Party made pursuant to this Agreement shall have been incorrect when made and shall remain incorrect thirty (30) days after notice thereof;

(c) with respect to the Owner and, if one is designated, the Owner Representative: (i) the Bid Deposit or, if applicable, the Supplemental Credit Support is not maintained or the issuer thereof repudiates its obligations thereunder; or (ii) the lien required pursuant to Section 5.2 ceases to be a perfected, first priority security interest;

(d) with respect to the Owner and, if one is designated, the Owner Representative, the nameplate rating of the Project varies from that set forth in Part I by more than: (i) 5% for a Tier N-1 Project, a Tier N-2 Project, a Tier E-1 Project, a Tier N-3 Project with a nameplate rating less than 500 kW or a Tier E-2 Project with a nameplate rating less than 500 kW; or (ii) 2.5% for a Tier N-3 Project with a nameplate rating of 500 kW or greater or a Tier E-2 Project with a nameplate rating of 500 kW or greater, except that bids that were granted partial fill may submit a new system size at the time they accept the partial fill;

(e) with respect to the Owner and, if one is designated, the Owner Representative, any Project SRECs (up to the Maximum Annual Quantity and, if applicable, any portion of any Excess Amount that the SEU elects to purchase pursuant to Section 2.1.2(a)) are not transferred to the SEU;

(f) with respect to the Owner and, if one is designated, the Owner Representative, the Project shall have been designated in Part I as eligible for the Delaware Equipment Bonus or the Delaware Workforce Bonus and the DPSC shall have failed to certify the Project as eligible for any such designated credit within thirty (30) days after the Operation Date;

(g) with respect to the Owner Representative (but not the Owner), either: (i) any representation or warranty of the Owner Representative made pursuant to Part III shall have been incorrect when made and shall remain incorrect thirty (30) days after notice thereof; or (ii) the Owner Representative fails to perform any obligation pursuant to Part III for a period of 30 days following receipt of notice of such failure;

(h) such Party fails to perform any other obligation pursuant to this Agreement for a period of thirty (30) days following receipt of notice of such failure; or

(i) a proceeding is instituted against such Party seeking to adjudicate it as bankrupt or insolvent and such proceeding is not dismissed within sixty (60) days of filing; such Party makes a general assignment for the benefit of its creditors; a receiver is appointed on account of the insolvency of such Party; such Party files a petition seeking to take advantage of any Applicable Law relating to bankruptcy, insolvency, reorganization, winding up or composition or readjustment of debts; or such Party is unable to pay its debts when due or as they mature.

2.8.2 General Remedies.

(a) Upon the occurrence of an Event of Default by the Owner, the SEU shall be entitled to: (i) exercise any remedies described in this Agreement which, unless specified to be exclusive, shall be deemed non-exclusive; (ii) exercise any remedies available at law or in equity, including specific performance, termination of this Agreement, and/or recovery of damages equal to the incremental cost of replacing the expected SREC output of the Project for the remaining term of this Agreement (based on a reasonable forecast of the market price for SRECs, as determined by an independent expert designated by the SEU); and/or (iii) suspend its performance hereunder.

(b) Upon the occurrence of an Event of Default by the Owner Representative pursuant to Section 2.8.1(g), the Owner and/or the SEU shall be entitled to: (i) remove such Owner Representative as a Party to this Agreement by delivery of written notice to such Owner Representative and the other Party and, if necessary, replace such Owner Representative; and (iii) exercise any remedies available at law or in

equity, including specific performance; *provided, however*, that neither the Owner nor the SEU may terminate this Agreement based on such an Event of Default by the Owner Representative.

(c) Upon the occurrence of an Event of Default by the SEU, the Owner shall be entitled to: (i) exercise any remedies described in this Agreement which, unless specified to be exclusive, shall be deemed non-exclusive; (ii) exercise any remedies available at law or in equity, including specific performance or termination of this Agreement and recovery of damages equal to the difference, if positive, between the Purchase Price under this Agreement and the market price for SRECs in Delaware for the remaining term of this Agreement (based on a reasonable forecast of the market price for SRECs, as determined by an independent expert designated by the Owner); and/or (iii) suspend its performance hereunder. During any such suspension, the Owner and, if one is designated, the Owner Representative, shall have the right to transfer and sell Project SRECs to one or more third parties in order to mitigate its damages hereunder.

2.8.3 Specific Remedies.

(a) Upon the occurrence of an Event of Default described in Section 2.8.1(f), the SEU may terminate this Agreement and recover damages equal to the remaining balance of the Bid Deposit. Payment or forfeiture of such amount shall be the exclusive liability of the Owner in such event.

(b) The Owner and, if one is designated, the Owner Representative, acknowledges and agrees that: (i) in the event not all Project SRECs are transferred to the SEU or the Project fails to qualify for the Delaware Workforce Bonus after the SEU allots a portion of its procurement for SREC credits, the damages to be suffered by the SEU and certain retail electricity suppliers would be difficult or impossible to determine with certainty; (ii) after taking into account the terms of this Agreement and all relevant circumstances as of the date hereof, the damages set forth in Section 2.8.3(a) represent reasonable and genuine estimates of such damages; and (iii) such damages are not intended to and do not constitute a penalty.

2.8.4 Limitations of Liability.

(a) Neither Party shall be liable to the other Party for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages by statute, in tort or contract, or otherwise.

(b) Except to the extent provided otherwise in this Agreement, the Owner Representative shall not be liable for a breach or default by the Owner.

Section 2.9 Force Majeure.

2.9.1 Excused Performance. Notwithstanding any other provision of this Agreement, a Party shall be excused from performance hereunder (other than payment of amount due) to the extent it is unable to perform due to a Force Majeure event.

2.9.2 Conditions. A Party claiming Force Majeure shall: (a) have the burden of proving the existence and consequences of a Force Majeure event; and (b) exercise all commercially reasonable efforts to resume performance as soon as reasonably practicable. The suspension of performance due to a Force Majeure shall be of no greater scope and of no longer duration than is required by such Force Majeure.

2.9.3 Notification. A Party affected by a Force Majeure event shall: (a) provide prompt written notice of such Force Majeure event to the other Party (in no event later than five (5) days after the occurrence of such Force Majeure event), which notice shall include a description of the Force Majeure event and its effect on performance under this Agreement, and an estimate of the expected duration of such Party's inability to perform due to the Force Majeure; (b) keep the other Party reasonably apprised of efforts to address, and mitigate the impact of, the Force Majeure event; and (c) provide prompt notice to the other Party as soon as it is able to resume performance.

2.9.4 No Term Extension. In no event will any delay or failure of performance caused by a Force Majeure extend the term of this Agreement.

2.9.5 Extended Force Majeure. In the event that the Owner suffers a Force Majeure event that prevents it from performing hereunder for a period of one (1) year or more, the SEU may, by written notice, terminate this Agreement without liability to the Owner.

PART III
OWNER REPRESENTATIVE

The provisions of this Part III shall apply only if an Owner Representative is designated in Paragraph B of Part I.

Section 3.1 Agency Appointment. Subject to the Owner's rights to terminate or replace the Owner Representative pursuant to Section 3.3, the Owner hereby appoints the Owner Representative as the Owner's exclusive agent to manage, control, transfer, deposit and register the Project SRECs pursuant to the terms of this Agreement.

Section 3.2 Agency Responsibility. The Owner Representative shall be responsible for managing, controlling, transferring, depositing and registering the Project SRECs on behalf of the Owner within GATS pursuant to the terms of this Agreement. If the Owner has designated

the Owner Representative as the Payee, the Owner Representative shall accept all payments hereunder as agent for, and on behalf of, the Owner.

Section 3.3 Termination or Replacement of Owner Representative.

3.3.1 Right to Terminate or Replace. The Owner may, at its discretion, terminate and/or replace the Owner Representative at any time and for any reason (or no reason), *provided, however,* that: (a) the Owner shall immediately notify the SEU of such termination or replacement; and (b) any replacement Owner Representative shall execute a counterpart of this Agreement and agree to be bound by the terms hereof.

3.3.2 Effect of Termination or Replacement. Immediately upon receipt by the SEU of written notice in accordance herewith from the Owner that an Owner Representative is being terminated or replaced, such Owner Representative shall be deemed to no longer be a Party to this Agreement. Termination or replacement of the Owner Representative shall not affect any other contractual arrangements between the Owner and the Owner Representative.

3.3.3 Replacement Owner Representative.

(a) Immediately upon receipt by the SEU of: (i) written notice in accordance herewith from the Owner that it has designated a replacement Owner Representative; and (ii) an executed counterpart of this Agreement, signed by such replacement Owner Representative, such replacement Owner Representative shall be deemed to be a Party to this Agreement.

Section 3.4 Representations and Warranties of Owner Representative. The Owner Representative hereby represents and warrants to the SEU as follows:

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and is duly authorized and qualified to do business therein, in Delaware and in all other jurisdictions in which the nature of the business conducted by it makes such qualification necessary;

(b) it is not in violation of any Applicable Law in any manner that would reasonably be expected to affect its performance under this Agreement;

(c) there are no legal, administrative or arbitral proceedings or actions, controversies or investigations, now pending or to its knowledge threatened against it which, if adversely determined, could reasonably be expected to affect its performance under this Agreement;

(d) none of the execution, delivery or performance of this Agreement conflict with or result in a violation of the terms of its charter or by-laws or any agreement by which it is bound;

(e) the execution, delivery and performance of this Agreement have been duly authorized by all requisite action;

(f) this Agreement has been duly and validly executed and delivered by it and, when executed and delivered by the Owner and the SEU, will constitute its legal, valid and binding obligation enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles;

(g) the description of the Project set forth in Part I is true and accurate in all respects; and

(h) it owns, leases, controls or is the direct assignee of all of the SRECs created by the Project and at least one other Eligible Energy Resource.

Section 3.5 Continuing Eligibility. The Owner Representative shall, at all times during the term of this Agreement, own, lease, control or be the direct assignee of all of the SRECs created by the Project and at least one other Eligible Energy Resource.

PART IV
MINIMUM ANNUAL QUANTITY

The provisions of this Part IV shall apply only if the Project is designated as a Tier N-3 Project with a nameplate rating of 500 kW or greater or a Tier E-2 Project with a nameplate rating of 500 kW or greater in Paragraph D of Part I.

Section 4.1 Guaranteed Quantity.

4.1.1 Minimum Annual Quantity. During each Contact Year, the Owner shall transfer Project SRECs in an amount equal to no less than eighty percent (80%) of the Annual Contract Quantity (such amount, the "***Minimum Annual Quantity***").

4.1.2 Exclusive Remedy.

(a) If, during any Contact Year, the Owner fails to transfer the Minimum Annual Quantity of Project SRECs to the SEU, the Owner shall pay the SEU damages equal to the product of: (i) the difference between the Minimum Annual Quantity and the quantity of Project SRECs delivered during such Contact Year; and (ii) the difference, if positive, between (A) the lesser of the prevailing market price of SRECs as reasonably

determined by the SEU, and the applicable Alternative Compliance Payment and (B) the applicable price for Project SRECs under this Agreement. Payment of such amount shall be the exclusive liability of the Owner for any such failure with respect to any Contract Year.

(b) The Owner and, if one is designated, the Owner Representative acknowledge and agree that: (i) the Project SRECs are for the benefit of certain retail electric suppliers operating in the State of Delaware; (ii) if the Project produces less than the Minimum Annual Quantity during any Contact Year, the damages to be suffered by the SEU and such electric suppliers would be difficult or impossible to determine with certainty; (iii) after taking into account the terms of this Agreement and all relevant circumstances as of the date hereof, the damages set forth in Section 4.1.2(a) represent reasonable and genuine estimates of such damages; and (iv) such damages are not intended to and do not constitute a penalty.

Section 4.2 Supplemental Credit Support.

4.2.1 Obligation to Maintain. The Owner shall at all times maintain credit support (the "***Supplemental Credit Support***") in the following amounts:

(a) during the first ten (10) Contract Years, five percent (5%) of the value of the Annual Contract Quantity for the first Contract Year; and

(b) during the second ten (10) Contract Years, ten percent (10%) of the value of the Annual Contract Quantity for the eleventh Contract Year.

4.2.2 Form of Supplemental Credit Support. The Supplemental Credit Support shall be in the form of cash, a letter of credit or other collateral acceptable to the SEU.

4.2.3 Obligation to Replenish. If the SEU draws on the Supplemental Credit Support, the Owner must replenish such Supplemental Credit Support to the required level within three (3) Business Days.

PART V
CREDIT SUPPORT

Section 5.1 Bid Deposit.

5.1.1 Posting of Deposit. Unless the Project is designated as an "Operating Project" in Paragraph D of Part I (in which case no Bid Deposit was provided), the Owner shall cause the Bid Deposit to remain in effect during the term of this Agreement for the benefit of the SEU. No interest shall be owed with respect to a Bid Deposit.

5.1.2 Return or Release of Deposit. Unless the Bid Deposit has been returned or released pursuant to Section 2.2.1(d), the SEU shall return or release any remaining

balance of the Bid Deposit promptly after: (a) it receives written verification that the DPSC has certified the Project as an Eligible Energy Resource; (b) if the Project is a Tier N-3 Project with a nameplate rating of 500 kW or greater or a Tier E-2 Project with a nameplate rating of 500 kW or greater, the Owner provides the Supplemental Credit Support; and (c) the Owner has executed any documentation reasonably necessary to perfect the security interest described in Section 5.2.

5.1.3 Application of Deposit. The SEU shall be entitled to call on and/or apply the Bid Deposit as provided pursuant to this Agreement.

Section 5.2 Security Interest.

5.2.1 Grant.

(a) As security for the performance by the Owner of its obligations under this Agreement (the "***Secured Obligations***"), the Owner hereby grants to the SEU a first-priority security interest, lien and pledge in and to all of the Owner's right, title and interest in and to all Project SRECs, whether now existing or hereafter arising, the GATS account of the Owner, and all proceeds of any of the foregoing (collectively, the "***Collateral***").

(b) The SEU's security interest in and to the Collateral and the SEU's rights and the Owner's obligations hereunder, shall be absolute and unconditional irrespective of: (i) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the terms governing the Secured Obligations; (ii) any exchange, release or non-perfection of any Collateral, or any release or amendment or waiver of or consent to or departure from any guaranty, for any and all of the Secured Obligations; or (iii) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Owner in respect of the Secured Obligations or this Agreement.

5.2.2 Filing and Perfection.

(a) The SEU is hereby authorized to file one or more financing statements, continuation statements and/or any other documents required for the purpose of perfecting, confirming, continuing, enforcing or protecting the SEU's security interest in the Collateral, with or without the signature of the Owner, naming the Owner as "debtor" and the SEU as "secured party."

(b) The Owner, at its sole cost and expense, shall execute, acknowledge, deliver and cause to be duly filed any and all consents, instruments, certificates and documents and take any and all actions as the SEU may,

at any time and from time to time, reasonably request in order to perfect, preserve and protect the SEU's security interest in and to the Collateral and the rights and remedies created hereby.

5.2.3 Remedy. Upon the occurrence of an Event of Default by the Owner, the SEU may take any lawful action that it deems necessary or appropriate to protect or realize upon its security interest in the Collateral or any part thereof, or exercise any other or additional rights or remedies exercisable by a secured party under the UCC or under any other Applicable Law, including selling the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange or broker's board or elsewhere, at such price or prices and on such other terms as the SEU may deem commercially reasonable in accordance with the UCC and as permitted by Applicable Law.

PART VI
DEFINITIONS; RULES OF CONSTRUCTION

Section 6.1 Definitions. The following capitalized terms have the following meanings when used in this Agreement:

"***Affiliate***" means, with respect to any Person, another Person that controls, is under the control of, or is under common control with, such Person. The term "control" (including the terms "controls", "under the control of" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management of the policies of a person or entity, whether through ownership interest, by contract or otherwise.

"***Agreement***" means this Solar Renewable Energy Credit Transfer Agreement between the Owner, the SEU and, if one is designated, the Owner Representative.

"***Alternative Compliance Payment***" has the meaning set forth in the REPSA.

"***Annual Contract Quantity***" means: (a) for the first Contract Year, the Estimated SREC Quantity; and (b) for each subsequent Contract Year, 99.5% of the Annual Contract Quantity in effect for the immediately preceding Contract Year.

"***Applicable Law***" means any law, statute, treaty, code, ordinance, regulation, certificate, order, license, permit or other binding requirement of any Governmental Authority now in effect or hereafter enacted, amendment to any of the foregoing, interpretations of any of the foregoing by a Governmental Authority having jurisdiction and any judicial, administrative, arbitral or regulatory decree, judgment, injunction, writ, order, award or like action applicable to any Party.

"***Bid Date***" shall mean the date specified as such in Paragraph E of Part I.

"***Bid Deposit***" means a deposit in the amount of $100 per kW of the nameplate rating (DC at STC as designated by the solar module manufacturer) of the Project, in the form of a bid bond, letter of credit or cash.

"***Business Day***" means any calendar day that is not a Saturday, a Sunday or a state or federal holiday on which banks in Delaware are permitted or authorized to close.

"***Code***" means the U.S. Internal Revenue Code of 1986, including applicable rules and regulations promulgated thereunder, as amended from time to time.

"***Collateral***" has the meaning set forth in Section 5.2.1(a).

"***Commencement Date***" means the date as specified in Section 2.1.3(c).

"***Contract Year***" means each 12-month period commencing on the Purchase Obligation Date and each anniversary thereof.

"***Contracting Agent***" has the meaning set forth in Section 2.6.2.

"***DC***" means direct current electric energy.

"***Delaware Equipment Bonus***" has the meaning set forth in Paragraph D of Part I.

"***Delaware Workforce Bonus***" has the meaning set forth in Paragraph D of Part I.

"***DPSC***" means the Delaware Public Service Commission or any successor agency.

"***Eligible Energy Resource***" has the same meaning set forth in REPSA.

"***Environmental Attribute***" means any attribute of an environmental or similar nature (including all Generation Attributes) that is created or otherwise arises from the Project's generation of electricity from solar energy in contrast with the generation of electricity using nuclear or fossil fuels or other traditional resources, excluding: (a) any such attribute not legally capable of being transferred to the SEU; and (b) Tax Credits. Forms of Environmental Attributes include any and all environmental air quality credits, green credits, carbon credits, carbon tax credits, emissions reduction credits, greenhouse gas credits, certificates, tags, offsets, allowances, or similar products, rights, claims or benefits, howsoever entitled. Environmental Attributes include those currently existing (such as SRECs) or arising during the term of this Agreement under local, state, regional, federal or international legislation or regulation relevant to the avoidance of any emission or to the promotion of renewable energy under any governmental, regulatory or voluntary programs, including the United Nations Framework Convention on Climate Change and related Kyoto Protocol or other programs, laws, or regulations involving or administered by the Clean Air Markets Division or other division or branch of the U.S. Environmental Protection Agency or any successor administrator or other federal agency or department, or any local, state, regional, or federal entity given jurisdiction over a program, or any voluntary program, involving transferability of, or credit or reporting rights or other rights or benefits for, attributes of an environmental or similar nature.

"***Estimated SREC Quantity***" means the quantity of SRECs designated in Paragraph D of Part I, as such quantity may be reduced pursuant to the terms of this Agreement.

"***Event of Default***" has the meaning set forth in Section 2.8.1.

"***Excess Amount***" means, with respect to the SRECs created by the Project during any Contract Year, any such SRECs in excess of the Maximum Annual Quantity.

"***Execution Date***" means the date this Agreement is signed by the SEU, as designated on the signature page of the counterpart executed by the SEU.

"***Existing System***" means a system with final interconnection approval before the first date of the preceding auction process (i.e. April 13, 2015 for compliance year 2016).

"***Force Majeure***" means an event or circumstance that prevents a Party from performing its obligations in accordance with the terms of this Agreement, which event or circumstance is not within the reasonable control, or the result of negligence, of such Party, including acts of God; unusually severe actions of the elements such as floods, inundation, landslides, earthquake, lightning, hurricanes, or tornadoes; unusually severe weather; terrorism; war (whether or not declared); sabotage, acts or threats of terrorism, riots or public disorders; national or regional strikes or labor disputes; delay in delivery of equipment comprising the Project so long as such equipment was ordered within 90 days of the Execution Date; and actions or failures to act of any Governmental Authority (including the failure to issue permits); *provided, however*, that Force Majeure shall not include: (a) any strike or labor dispute by any employees or the Owner or any other employees of contractors employed at the Project and aimed at the Owner or such contractor(s); (ii) changes in, or that otherwise affect, the price of SRECs; or (iii) equipment failure, unless caused by a circumstance that would otherwise constitute a Force Majeure.

"***GATS***" means the generation attribute tracking system used by PJM Interconnection, LLC to facilitate the transfer of SRECs.

"***Generation Attribute***" means any characteristic of the solar energy output of the Project other than energy, capacity or Tax Credits, including the Project's generation source, geographic location, emission credits, carbon credits, vintage and eligibility for a renewable energy portfolio standard or comparable standard or program, including "generation attributes" as defined in REPSA.

"***Governmental Authority***" means any federal, state, local or municipal government, or quasi-governmental, regulatory or administrative agency, commission, court, tribunal or other body or authority exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory, taxing or other binding jurisdiction, authority or power, including PJM, GATS and NERC.

"***Guaranteed On-Line Date***" has the meaning set forth in Section 2.5.1.

"***Interconnecting Utility***" means the Person that owns the electric transmission or distribution system with which the Project is directly interconnected.

"***kW***" means 1 kilowatt of electric power.

"***Maximum Annual Quantity***" means, for each Contract Year, 110% of the Annual Contract Quantity.

"***Minimum Annual Quantity***" has the meaning set forth in Section 4.1.1.

"***MWh***" means 1 megawatt hour of electric energy.

"***New System***" means a system with final interconnection approval after the first date of the preceding auction process (i.e. May 5, 2014 for compliance year 2015).

"***Operation Date***" means the date on which the Project commences generating electricity.

"***Owner***" means the Person identified as such in Paragraph A of Part I.

"***Owner Representative***" means the Person, if any identified as such in Paragraph B of Part I.

"***Party***" means each of the Owner, the SEU and, if one is designated, the Owner Representative.

"***Payee***" means the Owner or the Owner Representative, as designated in Paragraph C of Part I.

"***Person***" means any natural person, corporation, limited liability company, general partnership, limited partnership, proprietorship, other business organization, trust, union, association or Governmental Authority.

"***PJM***" means PJM Interconnection, LLC or any successor organization thereto.

"***Project***" has the meaning set forth in the introductory paragraph of this Agreement, as such Project is described further in Paragraph D of Part I.

"***Project SRECs***" has the meaning set forth in Section 2.1.1.

"***Purchase Obligation Date***" means the date as of which the SEU is obligated to purchase SRECs hereunder as specified in Section 2.1.4(a) or 2.1.4(b).

"***Purchase Price***" means, with respect to any Contract Year, the amount per Project SREC to be paid by the SEU in accordance with Section 2.4.1.

"***REPSA***" means the Delaware Renewable Energy Portfolio Standards Act (26 Del. C. §§ 351 *et seq.*), as amended, and the implementing rules and regulations thereunder.

"***Required Meter***" means: (a) for all Tier N-1, N-2, E-1 and E-2 Projects, either a revenue-grade meter on site or revenue-grade online monitoring; and (b) for any Tier N-3 Project, revenue-grade online monitoring.

"***Secured Obligations***" has the meaning set forth in Section 5.2.1(a).

"***SEU***" has the meaning set forth in the introductory paragraph of this Agreement.

"***SREC***" means a tradable instrument which represents or is associated with 1 MWh of electric energy derived from an Eligible Energy Resource that generates electric energy using solar photovoltaic technology and which qualifies as a "Renewable Energy Credit" under REPSA, together with any Environmental Attributes associated with such energy or the generation thereof.

"***STC***" means standards test conditions, which are: (a) internal cell temperature of 25° C; and (b) irradiance of 1,000 watts per square meter with an air mass 1.5 spectrum.

"***Supplemental Credit Support***" has the meaning set forth in Section 4.2.1.

"***Tier N-1 Project***" has the meaning set forth in Paragraph D of Part I.

"***Tier N-2 Project***" has the meaning set forth in Paragraph D of Part I.

"***Tier N-3 Project***" has the meaning set forth in Paragraph D of Part I.

"***Tier E-1 Project***" has the meaning set forth in Paragraph D of Part I.

"***Tier E-2 Project***" has the meaning set forth in Paragraph D of Part I.

"***UCC***" means the Uniform Commercial Code as in effect in the State of Delaware.

Section 6.2 Rules of Construction. The following rules of construction shall apply when interpreting the terms of this Agreement:

(a) references to "Parts," "Sections," or "Exhibits" shall be to Parts, Sections or Exhibits of this Agreement unless expressly provided otherwise;

(b) each Exhibit to this Agreement shall be deemed to be incorporated herein by reference as if such Exhibit were set forth in its entirety herein;

(c) the terms "herein," "hereby," "hereunder," "hereof" and terms of similar import in this Agreement refer to the Agreement as a whole and not to

any particular subdivision unless expressly so limited and the term "this Section" refers only to the Section hereof in which such words occur;

(d) use of the words "include" or "including" or similar words shall be interpreted as "including but not limited to" or "including, without limitation";

(e) any reference to any Applicable Law shall be deemed to refer to that law as it may be amended from time to time;

(f) the headings appearing in this Agreement are for convenience only, do not constitute any part of this Agreement and shall be disregarded in construing the language contained herein; and

(g) no term of this Agreement shall be construed in favor of, or against, a Party as a consequence of one Party having had a greater role in the preparation or drafting of this Agreement, but shall be construed as if the language were mutually drafted by both Parties with full assistance of counsel.

PART VII
GENERAL PROVISIONS

Section 7.1 Notices. Any notices, requests, consents or other communications required or authorized to be given by one Party to another Party pursuant to this Agreement shall be in writing. Such communications directed to the Owner or, if one is designated, the Owner Representative, shall be addressed as set forth in Part I. Communications directed to the SEU shall be addressed as set forth below. Any Party may update its address for notice by providing written notice in accordance herewith. Written notices, requests, consents and other communications shall be deemed to have been received on the Business Day following the day on which it was delivered. Notwithstanding the foregoing, in the event the SEU establishes an on-line web site for certain routine communications pursuant to this Agreement, notice of such routine matters shall be permitted in accordance with procedures established by the SEU.

SEU:

[Contract Administrator]

Section 7.2 Governing Law. This Agreement and the rights and obligations of the Parties shall be governed by and construed, enforced and performed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law.

Section 7.3 Dispute Resolution. All disputes arising between or among the Parties pursuant to this Agreement shall be submitted to neutral, non-binding mediation. If the Parties to such dispute are unable to agree upon a mutually acceptable mediator, each such Party shall designate a mediator and those mediators shall agree on a single, neutral mediator to conduct

the mediation. All costs of the neutral mediator shall be shared equally by the Parties. If the Parties are unable to resolve a dispute within 30 days of the dispute being submitted to mediation, any Party to the dispute shall be entitled to initiate litigation in a court of competent jurisdiction.

Section 7.4 Jurisdiction and Venue. THE PARTIES AGREE THAT JURISDICTION AND VENUE IN ANY ACTION BROUGHT BY ANY PARTY PURSUANT TO THIS AGREEMENT SHALL PROPERLY (AND EXCLUSIVELY) LIE IN ANY FEDERAL OR STATE COURT LOCATED IN NEW CASTLE COUNTY, DELAWARE. BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT FOR ITSELF AND IN RESPECT OF ITS PROPERTY WITH RESPECT TO SUCH ACTION. EACH PARTY IRREVOCABLY AGREES THAT VENUE WOULD BE PROPER IN ANY SUCH COURT, AND HEREBY WAIVES ANY OBJECTION THAT ANY SUCH COURT IS AN IMPROPER OR INCONVENIENT FORUM FOR THE RESOLUTION OF SUCH ACTION.

Section 7.5 Service of Process. Each Party: (a) irrevocably waives personal service of process in any litigation relating to this Agreement; and (b) irrevocably consents to service of process in any action or proceeding arising out of, or relating to, this Agreement by the mailing of copies thereof by registered mail, postage prepaid, such service to become effective 10 days after such mailing; *provided, however*, that nothing in this Section 7.5 shall affect the right of a Party to serve process in any other manner permitted by Applicable Law.

Section 7.6 Waiver of Right to Jury Trial. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, AND AS SEPARATELY BARGAINED-FOR CONSIDERATION, EACH PARTY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY CLAIM ARISING OUT OF, OR RELATING TO, THIS AGREEMENT.

Section 7.7 Records. Each Party shall keep and maintain complete and accurate records and all other data reasonably necessary for the proper administration of this Agreement. Any Party shall provide such records and data to another Party within 15 days of a written request for such information. All such records and data shall be retained by each Party for at least 3 years following the year in which such records were created.

Section 7.8 Assignment.

7.8.1 Restrictions. Except as permitted pursuant to Section 7.8.2, neither the Owner nor the Owner Representative may assign this Agreement or any portion thereof or delegate any of its duties hereunder except where otherwise provided in this Agreement, without the prior written consent of the SEU, such consent not to be unreasonably withheld, conditioned or delayed. Without limiting the foregoing, the Owner may not sell, assign, convey, dispose of or otherwise transfer the Project without assigning this Agreement to the purchaser, assignee or transferee.

7.8.2 Permitted Assignments. The Owner may assign this Agreement without the consent of the SEU: (a) in connection with any financing of the Project, which

financing shall be at the Owner's sole expense; or (b) to a purchaser or transferee of the Project provided all the requirements of the Section 7.8.2 are met. With respect to any permitted assignment of this Agreement: (i) the assigning Party shall provide at least thirty (30) days prior notice of any such assignment, which notice shall include the name of, and contact information for, the assignee; (ii) the assignee shall expressly assume the assignor's obligations hereunder pursuant to an agreement in form and substance reasonably acceptable to the non-assigning Party; and (iii) no such assignment shall relieve the assignor of its obligations hereunder in the event of a default by the assignee.

7.8.3 Consent to Assignment. Upon or prior to a permitted assignment in connection with a financing of the Project, the SEU agrees to execute a written consent in a form reasonably acceptable to the SEU. If such written consent is not requested, the Owner shall notify the SEU of any such assignment to its secured lender(s) no later than thirty (30) days after such assignment.

7.8.4 Binding Effect. This Agreement, as it may be amended from time to time, shall be binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns.

Section 7.9 Delay and Waiver. Except as otherwise provided in this Agreement, no delay or omission to exercise any right, power or remedy accruing to a Party upon any breach or default by the other Party shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring.

Section 7.10 Relationship of the Parties. This Agreement shall not be interpreted to create an association, joint venture, or partnership between or among any of the Parties or to impose any partnership obligation or liability upon any Party.

Section 7.11 Survival of Obligations. Applicable provisions of this Agreement shall continue in effect after expiration or termination of this Agreement, including early termination, to the extent necessary to enforce or complete the duties, obligations and responsibilities of the Parties arising prior to such expiration or termination, including to provide for final billings and adjustments related to the period prior to termination and payment of any money owed pursuant to this Agreement.

Section 7.12 Severability. In the event any of the terms, covenants, or conditions of this Agreement, its Exhibits or the application of any such terms, covenants or conditions, shall be held invalid, illegal or unenforceable by any court or administrative body having jurisdiction, all other terms, covenants and conditions of the Agreement shall remain in full force and effect.

Section 7.13 Entire Agreement. This Agreement constitutes the entire agreement between and among the Parties and supersedes all previous and collateral agreements or understandings with respect to the subject matter hereof.

Section 7.14 Amendments. Amendments to the terms of this Agreement (including any Exhibit hereto) shall only be effective if made in writing and signed by the Parties.

Section 7.15 Headings. Captions and headings used in this Agreement are for ease of reference only and do not constitute a part of this Agreement.

Section 7.16 Counterparts. This Agreement and any amendment hereto may be executed in two or more counterparts, all of which taken together shall constitute a single agreement.

Section 7.17 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.

Section 7.18 Electronic Signatures. The parties hereto have agreed to conduct this transaction by electronic means, therefore, the affixing of an electronic signature to this Agreement evidences the intent of the parties to conduct this transaction electronically and no party may therefore deny the legal effect or enforceability of this Agreement solely because their signatures hereto are in electronic form.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year first above referenced.

Owner:

[Name of Owner]

By: _____

Owner Representative:

[Name of Owner Representative]

By: _____

SEU One, LLC

By: _____

Date: _____

EXHIBIT "B"

BLACKLINE SHOWING CHANGES TO 2016 PROGRAM FROM 2015 PROGRAM

STATE OF DELAWARE

~~2015~~2016 PROGRAM

FOR THE PROCUREMENT OF

SOLAR RENEWABLE ENERGY CREDITS

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Appendix A Form of SREC Transfer Agreement

STATE OF DELAWARE
2015 PROGRAM
FOR THE PROCUREMENT OF
SOLAR RENEWABLE ENERGY CREDITS

1. Statutory Background

The Delaware Renewable Energy Portfolio Standards Act (as amended, "***REPSA***") requires retail electricity suppliers operating in the State of Delaware to purchase energy from "***Eligible Energy Resources*** meet a portion of their retail load.[1] For the ~~2015~~2016 compliance year (beginning June 1, ~~2015~~2016), retail electricity suppliers must purchase at least ~~13.0~~14.50% of their retail load in Delaware from renewable resources.[2] That requirement increases incrementally each subsequent compliance year, up to 25% for the 2025 compliance year. The cost of procuring renewable energy to satisfy the requirements of REPSA is passed through to customers.

REPSA was amended in 2007 to require that a certain portion of each retail electricity supplier's renewable energy requirement be satisfied with energy from solar technologies. The 2010 amendments to REPSA established a solar set aside of 1.00% for the 2015 compliance year, which increases incrementally to 3.50% for the 2025 compliance year. For 2026 and future compliance years, the Delaware Public Service Commission ("***DPSC***") will establish solar set-asides at levels at least equal to the 2025 set-aside.

To encourage the development of new renewable energy generation, REPSA mandates that no more than 1% of the renewable energy purchase requirement can be satisfied by purchases from

---

[1] Eligible Energy Resources are defined to include those that produce solar photovoltaic or solar thermal energy, wind energy, ocean energy, geothermal energy or energy from fuel cells powered by renewable fuels. Also included are biogas, small-scale hydroelectric, biomass and certain qualifying landfill gas recovery projects. Eligible Energy Resources do not include waste-to-energy facilities, incinerators or generating resources fueled by fossil-fuel waste products.

[2] REPSA was amended in July of 2011 to provide: "*[b]eginning with compliance year 2012, commission-regulated electric companies shall be responsible for procuring RECs, SRECs and any other attributes needed to comply with subsection (a) of this section with respect to all energy delivered to such companies' end use customers.*" 26 *Del. C.* §354(e) Accordingly, Delmarva Power & Light Company (***"Delmarva"***) is now responsible for REPSA compliance for its entire delivery load.

renewable energy generation resources (each, a "***Generation Unit***") that were in commercial operation prior to January 1, 1998. For the 2026 and subsequent compliance years, no such pre-existing Generation Units will be eligible to satisfy any portion of the REPSA requirement.

When it enacted REPSA, the Delaware General Assembly acknowledged that "the benefits of electricity from renewable energy resources accrue to the public at large, and that electric suppliers and consumers share an obligation to develop a minimum level of these resources in the electricity supply portfolio of the state."[3] It therefore directed the DPSC to "establish, maintain or participate in a market-based renewable energy tracking system to facilitate the creation and transfer of renewable energy credits among retail electricity suppliers."[4]

2. Solar Renewable Energy Credits

2.1 General

To implement the mandate of REPSA, the DPSC adopted regulations that recognize the creation, and facilitate the tracking through PJM Interconnection's Generation Attributes Tracking System ("***GATS***"), of renewable energy credits (each, a "***REC***"). A REC is a tradable instrument that represents the non-price characteristics (*e.g.*, fuel type, geographic location, emissions and vintage) of electric energy derived from an Eligible Energy Resource.[5] One REC is equivalent to such characteristics associated with 1 megawatt-hour ("***MWh***") of energy derived from such a resource. A solar renewable energy credit (an "***SREC***") represents the same non-price characteristics of 1 MWh of energy derived from an Eligible Energy Resource that generates electric energy using solar photovoltaic technology.

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[3] 26 *Del. C.* § 351(b). The benefits recognized by the General Assembly include "improved regional and local air quality, improved public health, increased electric supply diversity, increased protection against price volatility and supply disruption, improved transmission and distribution performance, and new economic development opportunities." *Id.*

[4] *Id.* § 359(a).

[5] A REC does not include any emission reduction credits or allowances required to comply with any necessary permits for Generation Units.

RECs and SRECs are created upon the generation of electricity by an Eligible Energy Resource and the registration of such REC or SREC within GATS. Each owner of an Eligible Energy Resource is entitled to one REC or SREC, as applicable, for each MWh of energy generated by the resource. Such owners must therefore have an account within the GATS or have arranged with another entity that has such an account to act on its behalf.

2.2 Banking of SRECs

Once a REC or SREC is created, it continues to exist for three (3) years or until it is retired to satisfy the requirements of REPSA. Such three-year period is tolled during any period that a REC or SREC is held by the Delaware Sustainable Energy Utility (the "***SEU***").

2.3 Bonus for Use of In-State Equipment or Workforce

Generation Units sited in Delaware are entitled to a 10% bonus on REC and SREC production if: (a) 50% or more of the cost of the renewable energy equipment comprising the Generation Unit (including mounting components) is manufactured in Delaware (the "***Delaware Equipment Bonus***"); or (b) the Generation Unit is constructed and/or installed either with a workforce at least 75% of whom are Delaware residents or by a company that employs at least 75% Delaware residents (the "***Delaware Workforce Bonus***"). Generation Units that meet both criteria are entitled to an aggregate 20% bonus. Satisfaction of these criteria must be certified by the DPSC.[6]

3. The Delaware Renewable Energy Taskforce

The 2010 amendments to REPSA established the Renewable Energy Taskforce (the "***Taskforce***") to make "recommendations about the establishment of trading mechanisms and other

[6] Eligibility for the Delaware Equipment Bonus and the Delaware Workforce Bonus shall be determined solely by the DPSC.

structures to support the growth of renewable energy markets in Delaware."[7] The Taskforce was directed to find ways to increase deployment of solar generation and enhance the market for SRECs. Its responsibilities include making recommendations about the following:

- establishing a balanced market mechanism for REC and SREC trading;
- establishing REC and SREC aggregation mechanisms and other devices to encourage the deployment of solar energy technologies in Delaware with the least impact on retail electricity suppliers, municipal electric companies and rural electric cooperatives;
- minimizing the cost for complying with REPSA;
- establishing revenue certainty for appropriate investment in solar renewable energy technologies, including consideration of long-term contracts and auction mechanisms;
- establishing mechanisms to maximize in-state solar renewable energy generation and local manufacturing; and
- ensuring that residential, commercial and utility scale photovoltaic and solar thermal systems of various sizes are financially viable and cost-effective instruments in Delaware.

4. <u>The SREC Pilot Program</u>

In 2010, the Taskforce appointed a special subcommittee to consider and make recommendations regarding the SREC procurement process. That subcommittee met on numerous occasions over several months and evaluated a variety of alternative approaches to SREC procurement in an effort to reach a consensus on a comprehensive program designed to meet the objectives set forth in REPSA with respect to the development of solar generation resources.

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[7] *Id.* § 360(d). The Taskforce is comprised of 11 members representing a broad cross-section of entities interested in and concerned with the implementation of renewable energy policy in Delaware. The 2010 amendment to REPSA stipulates that the Taskforce be made up of: (a) four appointments by the Secretary of the Delaware Department of Natural Resources and Environmental Control, including one from the renewable energy research and development industry, one from the local renewable energy manufacturing industry and one from an environmental advocacy organization; (b) one appointment by the DPSC; (c) one appointment by Delmarva Power & Light Company; (d) one appointment by the Delaware Electric Cooperative; (e) one appointment by municipal electric companies; (f) one appointment by the SEU; (g) one appointment by the Delaware Public Advocate; and (h) one appointment by the Delaware Solar Energy Coalition. *Id.* § 360(d)(1).

Based on the subcommittee's work, the Taskforce recommended for approval to the DPSC a statewide pilot program for the 2011 compliance year (the "***SREC Procurement Pilot Program***") to encourage solar development in the State of Delaware while minimizing costs for owners, developers, aggregators, consumers and other participants in the SREC market in Delaware. The DPSC approved the SREC Procurement Pilot Program with minor modifications pursuant to Order No. 8093, dated December 20, 2011.

5. **The 2013 SREC Procurement Program**

Following successful implementation of the SREC Procurement Pilot Program ("Pilot Program"), the Taskforce recommended for approval to the DPSC of a statewide program for 2013 (the ***"2013 SREC Procurement Program"***). The 2013 SREC Procurement Program continued the goals of the Pilot Program of creating a market for SRECs in Delaware and providing a mechanism for the procurement of SRECs to ensure that the requirements of REPSA are met. The 2013 SREC Procurement Program ("2013 Program") was based on five (5) tiers of SRECs, all competitively bid, with the intent of procuring a total of 7,000 SRECs plus an additional 1,0000 SRECs through purchases on the spot market. The DPSC approved the 2013 SREC Procurement Program on January 22, 2013, pursuant to Order No. 8281. Thereafter, by Order No. 8450, dated September 10, 2013, the DPSC issued its Findings of Fact, Conclusions of Law and Final Opinion in Support of Order No. 8281. In doing so, the DPSC found that the 2013 SREC Procurement Program was in the public interest and met the criteria of REPSA. The DPSC also accepted DPSC Staff's recommendation that an independent consultant be hired to evaluate the 2013 SREC Procurement Program. An evaluation was performed by New Energy Opportunities, Inc. and LaCapra Associates, Inc. (the "Consultants") which issued its report dated August 7, 2013, revised September 20, 2013 ("Consultants' Report). The Consultants' Report concluded that the 2013 Program was conducted fairly and in a professional manner and that the changes which were

implemented to provide for competitive bidding and the inclusion of owners of existing projects as eligible bidders, resulted in lower overall costs to ratepayers.

6. The 2014 SREC Procurement Program

Based upon its review of the results of the 2013 Program and a review of the Consultants' Report, the Taskforce recommended for approval to the DPSC of a statewide program for the 2014 compliance year (the ***"2014 SREC Procurement Program"***). The 2014 SREC Procurement Program ("2014 Program") continued the goals of Pilot Program and 2013 Program with some refinements. The 2014 Program was based on fiver tiers of SRECs, all competitively bid, with the intent of procuring 7,000 SRECs plus an additional 1,000 SRECs through purchases on the spot market. The DPSC approved the 2014 SREC Procurement Program on April 15, 2014 pursuant to Order No. 8551. Thereafter, by Order No. 8629, dated September 9, 2014, the DPSC issued its Findings of Fact, Conclusions of Law, and Opinion in Support of Order No. 8551. In doing so, the DPSC found that the 2014 SREC Procurement Program was in the public interest and met the criteria of REPSA.

~~7~~7. The 2015 SREC Procurement Program

Based upon its review of the results of the 2014 Program, the Taskforce recommended for approval to the DPSC of a statewide program for the 2015 Compliance year (the "2015 SREC Procurement Program"). The 2015 SREC Procurement Program ("2015 Program") confirmed the goals of the Pilot Program, the 2013 Program and the 2014 Program, with some modifications. The 2015 Program continued to be based on five tiers of SRECs, all competitively bid, but with the intent of procuring a minimum of 9,000 SRECs and up to a total of 12,000 SRECs through the auction process. The 2015 Program also established an Alternative Compliance Payment of $400

and permitted Delmarva to establish an upset price for the purchase of SRECs and provided that bids received above these amounts could be rejected by Delmarva. The DPSC approved the 2015 SREC Procurement Program on March 3, 2015 pursuant to Order No. 8717. Thereafter, by Order No. 8764, dated July 21, 2015, the DPSC issued its Findings of Fact, Conclusions of Law and Opinion in Support of Order No. 8717. In doing so, the DPSC found that the 2015 SREC Procurement Program was in the public interest and met the criteria of REPSA.

8. Program Administration; Eligibility

~~7~~8.1 Public Solicitations

The Taskforce believes that the procurement of SRECs by retail electricity suppliers[8] operating in the State of Delaware should be implemented through public solicitations, managed by the SEU.[9] Solicitations under the Pilot Program, the 2013 Program, ~~and~~ the 2014 Program and the 2015 Program were managed by the SEU and the Taskforce has approved the use of the SEU for the ~~2015~~2016 SREC Procurement Program.[10] The solicitations will be for SRECs and other environmental attributes[11] created by the Eligible Energy Resources, but will not cover the energy output of the resources. Upon receipt and evaluation of the applications received in response to

[8] In 2011, the statute was amended so that RPS obligations were assigned to only commission-regulated electric companies. 26 *Del. C.* §354.

[9] The SEU will use a third party (the "***SREC Procurement Agent***") to perform some or all of its duties with respect to the 2015 SREC Procurement Program, including conducting solicitations, evaluating bids and executing agreements on behalf of the SEU. The SREC Procurement Agent for the 2015 SREC Procurement Program will be InClime, Inc. InClime, Inc. is a spinoff of SRECTrade and was established solely to operate utility and public agency renewable procurement programs. InClime, Inc. will be operated by Kevin Quilliam who oversaw the SREC auctions for the Pilot Program, the 2013 Program and the 2014 Program.

[10] As with the Pilot Program, the 2013 Program ~~and~~ ,the 2014 Program, and the 2015 Program the recovery of costs incurred by the SEU will be dealt with in separate proceedings.

[11] In addition to SRECs, environmental attributes include those attributes created from the Generation Unit's generation of electricity from solar energy in contrast with the generation of electricity using nuclear or fossil fuels or other traditional resources, such as emission credits, carbon credits, air quality credits, green credits, carbon tax credits, emissions reduction credits, greenhouse gas credits, certificates, tags, offsets, allowances and similar products, rights, claims or benefits, whether now existing or arising in the future. However, environmental attributes do not include tax credits other than carbon tax credits.

each solicitation, the SEU will award bids and execute agreements based on the criteria set forth in this ~~2015~~2016 SREC Procurement Program.

~~7~~8.2 Owner Qualifications

To apply as an owner (an "***Owner***") of an Eligible Energy Resource pursuant to the ~~2015~~2016 SREC Procurement Program, the applicant must own, lease, control or be the direct assignee of all of the SRECs created by such resource.[12] Any party participating in the ~~2015~~2016 SREC Procurement Program may submit an application jointly with an entity that has executed agreements[13] to control the SRECs produced by two or more Eligible Energy Resources (such entity, an "***Owner Representative***").

An Owner that is qualified to submit an application on its own behalf may, at its option, elect to designate an Owner Representative. Affiliates of retail electricity suppliers are permitted to participate in the ~~2015~~2016 SREC Procurement Program as Owners or Owner Representatives (as long as they satisfy the applicable requirements for being an Owner or Owner Representative).

~~7~~8.3 Eligible Projects

To qualify for participation in the ~~2015~~2016 SREC Procurement Program, a Generation Unit must: (a) qualify as a "Solar Photovoltaic Energy Resource" in accordance with the DPSC rules; and (b) be eligible for certification as an Eligible Energy Resource under REPSA.

In order to increase the likelihood that a wide variety of residential and commercial projects have an opportunity to participate in the ~~2015~~2016 SREC Procurement Program, the Taskforce has determined to continue with the distinct tiers of Generation Units (based on their date of interconnection approval and nameplate capacity) that had been established for the ~~2014~~2015

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[12] An Owner need not have been awarded SREC Transfer Agreements with respect to its Eligible Energy Resources.

[13] An Owner Representative need not have been awarded SREC Transfer Agreements with respect to its Eligible Energy Resources. It need only have executed agreements with Owners of two or more such resources.

Program, with one minor modification for which different pricing, bid rules and other contract terms and conditions will apply. The tiers are as follows:

GENERATION UNIT TIER DESIGNATIONS

	New Systems[14]
Tier	Nameplate Rating (DC at STC)
N-1	Less than or equal to ~~30~~25 kW
N-2	Greater than ~~30~~25 kW but less than or equal to 200 kW
N-3	Greater than 200 kW but less than or equal to 2 MW
	Existing Systems[15]
Tier	Nameplate Rating (DC at STC)
E-1	Less than or equal to ~~30~~25 kW
E-2	Greater than ~~30~~25 kW but less than or equal to 2 MW

The capacity of a Generation Unit and its applicable tier will be based on the aggregate nameplate rating of all solar arrays: (a) that are located on the same parcel of land (as established by the local taxing authority) or share a single utility interconnection point; and (b) for which applications are submitted for the same compliance year.[16]

~~7~~8.4 Ongoing Program Evaluation

The Taskforce will evaluate the ~~2015~~2016 SREC Procurement Program on a periodic basis to consider whether any changes or modifications are necessary or advisable. Any changes or

[14] Eligible "***New Systems***" are systems with final interconnection approval after the first date of the preceding auction process (i.e., ~~May 5, 2014~~April 13, 2015 for compliance year ~~2015~~2016).

[15] Eligible "***Existing Systems***" are systems with final interconnection approval before the first date of the preceding auction process. New Systems and Existing Systems may be referred to individually as a "system" or collectively as "systems" throughout.

[16] An Owner may, at its discretion, include additional solar arrays at other locations, in which case the capacity of such arrays will be aggregated for purposes of determining the capacity and tier of such project.

modifications to the program (*e.g.*, the allocation of SRECs among the different tiers) would be prospective only and executed SREC Transfer Agreements (as defined below) would not be affected. Any material changes to the ~~2015~~2016 SREC Procurement Program would be subject to approval of the appropriate regulatory bodies.

~~8~~9. Bid Applications

~~8~~9.1 General Requirements

Each Owner must submit, or designate its Owner Representative to submit, a completed bid application (and only one such bid application)[17] for each Generation Unit for which it intends to participate in the ~~2015~~2016 SREC Procurement Program. However, for New Systems that are an addition to or expansion of Existing Systems, a separate application may be submitted for both the New System and the Existing System provided that the New System has a separate meter from the Existing System installed in accordance with the requirements of Section 9.7. The application is an on-line application which is located and is to be completed on the SEU's website at www.SRECDelaware.com. The application must include, among other things: a description of the Generation Unit, including its location, the types of solar panels being used and its nameplate rating (at STC);[18] and

- if the Owner elects to designate an Owner Representative, the identity of the Owner Representative must be provided.

In addition, each bid application must be accompanied by:

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[17] A Generation Unit may not be included in more than one bid application in any single solicitation. If such unit is not awarded an SREC Transfer Agreement as a result of such solicitation, the Owner is free to submit an application for such unit pursuant to any future solicitation.

[18] The equipment description contained in the application is not binding on an Owner or an Owner Representative, provided that: (a) except as expressly permitted in accordance herewith, the nameplate rating (at STC) of any substitute equipment may not vary from that described in the original application by more than 5% for Tier 1 or Tier 2 projects, or 2.5% for Tier 3 projects; and (b) in no event will the substitution of different equipment affect the Estimated SREC Quantity contained in the original application.

- the appropriate deposit; and
- an analysis of the estimated annual energy output using PVWatts Solar PV Energy Calculator or such other modeling technique as may be acceptable to the SEU.

Once an Owner's bid is accepted, it must submit a standard form agreement to sell SRECs to the SEU (an "***SREC Transfer Agreement***") executed by the Owner and, if necessary or elected, an Owner Representative.

~~8.2~~ 9.2 Estimated Output

Each application to sell SRECs pursuant to the ~~2015~~2016 SREC Procurement Program must include a binding estimate of: (a) the annual energy output of the Eligible Energy Resource, as determined using PVWatts Solar PV Energy Calculator or such other modeling technique as may be acceptable to the SEU; and (b) the annual SREC production levels (such estimate of the SREC production levels, the "***Estimated SREC Quantity***"). The estimates for energy output and SREC production levels shall be subject to an annual degradation factor of 0.5%.

For Eligible Energy Resources claiming a bonus based on the use of Delaware-sourced equipment and/or an in-state workforce (as described in Section 2.3 above), the application must include a statement that it intends to qualify for the Delaware-sourced equipment and/or in-state workforce bonus and the binding SREC output estimate for such resources should include any such SREC bonus.[19] Failure to claim a bonus at the time an application is submitted will disqualify a project from being entitled to the bonus, regardless of whether Delaware-sourced equipment or an in-state workforce is later employed.

~~8.3~~ 9.2 Bid Deposit

Each application to participate in the ~~2015~~2016 SREC Procurement Program must be accompanied by a bid deposit in an amount equal to $100 per kW (DC) of the nameplate rating (at

[19] The "bonus" SRECs are not actually credited to retail electricity suppliers until they retire the SRECs to which the bonus applies. However, under the terms of the SREC Transfer Agreements, as long as the Owner provides evidence that the DPSC has certified that the Eligible Energy Resource qualifies for the bonus, payment for the SRECs will include the bonus amount.

STC) of the Eligible Energy Resource; provided that the bid deposit will be waived for qualifying projects that provide a copy of their DPSC certification as an Eligible Energy Resource along with their bid application. All bid deposits must be in the form of an acceptable letter of credit, cash or a bid bond[20] and will be held by the SEU on behalf of the participating retail electricity suppliers.

The bid deposits will be returned or released promptly upon: (a) rejection of an application; or (b) termination of an SREC Transfer Agreement based on the imposition by the interconnecting utility of a charge other than a standard interconnection fee (as described in Section 9.4 below). In addition, if an Owner claims in its application that a project will be entitled to the Delaware Equipment Bonus or the Delaware Workforce Bonus and such project is not certified by the DPSC as being eligible for either such "claimed" bonus, the SEU has the option to declare that the bid deposit will be forfeited and the SREC Transfer Agreement will be terminated. Otherwise, the bid deposit will be returned upon completion and commencement of operation of the Generation Unit on or prior to the Guaranteed On-Line Date (as defined in Section 9.5 below) and the posting of performance credit support (as described in Section 9.9 below). For Generation Units that commence operation after such date, the bid deposit will be used to pay delay liquidated damages (as described in Section 9.5 below) and the balance, if any, will be returned to the Owner promptly after the commencement of operation and the posting of performance credit support (as described in Section 9.9 below). Bid deposits will not earn interest.

9~~1~~0. SREC Transfer Agreements

In order to minimize transaction costs, the SEU will enter into standard form SREC Transfer Agreements with Owners and, if elected by such Owners, the Owner Representatives.

[20] A bid bond must be in the form of American Institute of Architects (AIA) Form 310. In addition, any applicant that provides a bid bond as bid security will be required to replace such bond with a deposit in the form of a letter of credit or cash no later than 10 days after the SEU provides notice that its bid application has been granted.

The SEU will countersign each SREC Transfer Agreement promptly upon determining that the associated application and bid qualify for selection pursuant to the pending solicitation (the date of signing by the SEU, the "***Execution Date***"). Each SREC Transfer Agreement will include:

- the Owner's agreement to maintain the Generation Unit as an Eligible Energy Resource;
- an acknowledgment by the Owner and, if applicable, the Owner Representative that: (a) the SEU and retail electricity suppliers have the right to inspect the Generation Unit (which right may be assigned to qualified third parties); and (b) the SEU has the right to resell the SRECs in any market where they are eligible to be traded, including states other than Delaware; and
- if the Owner is designating an Owner Representative, the appointment of the Owner Representative as the Owner's exclusive agent to manage SRECs within GATS on the Owner's behalf.

The form of the SREC Transfer Agreement is appended hereto as **Appendix A**. Some of the principal terms and conditions of the SREC Transfer Agreement are described in this Section 9.

~~9.1~~ 10.1 Term of Agreement

All SREC Transfer Agreements will have a term of twenty (20) years. The term will commence as follows:

- For New Systems or Existing Systems for which the Operation Date is prior to thirty (30) days following the close of the solicitation, the term of the Agreement shall commence on June 1, ~~2015.~~ 2016.
- For New Systems or Existing Systems for which the Operation Date is not thirty (30) days prior to the close of the solicitation, the term of the Agreement shall commence on the Operation Date regardless of when the Agreement is executed by the Owner or Owner Representative.

- Under either scenario, the date on which the term of the Agreement begins is the "***Commencement Date***", regardless of when the Agreement is signed by the Owner or Owner Representative. If the Owner or Owner Representative does not sign the Agreement until after the Commencement Date, they forfeit the right to compensation for any SRECs created prior to the Commencement Date.

~~9.2~~ 10.2 SREC Quantity

Pursuant to each SREC Transfer Agreement, the Owner and, if applicable, the Owner Representative, will be obligated to transfer (by providing permission to move the System to the SEU's GATS account) and sell to the SEU, and the SEU will be obligated to purchase and pay for, all of the SRECs produced at the Generation Unit up to the Contract Maximum (as defined below). To facilitate more efficient management and accounting for SREC procurement, and to maximize opportunities for the largest possible group of Owners to participate in the ~~2015~~2016 SREC Procurement Program, the quantity of SRECs that may be delivered pursuant to any SREC Transfer Agreement during any annual period will be limited to 110% of the Estimated SREC Quantity for such period (such amount, the "***Contract Maximum***"). All SRECs delivered pursuant to an SREC Transfer Agreement must be created based on the output of the Generation Unit that is the subject of that Agreement. In the event a Tier N-1, Tier N-2 or Tier E-1 project produces SRECs in excess of the Contract Maximum, the SEU will have the option to elect whether or not to purchase any or all of the surplus SRECs. If it exercises that option, the sale of any such excess SRECs will be subject to the same terms, conditions and pricing applicable to other SREC purchases under the SREC Transfer Agreement. In the event a Tier N-3 or Tier E-2 project produces SRECs in excess of the Contract Maximum, or if the SEU declines to purchase, or purchases only a portion of, the excess SRECs produced by a Tier N-1, Tier N-2 or Tier E-1 project, the SEU will transfer any such excess SRECs back to the Owner, who will have the right to sell such excess SRECs in any manner it deems appropriate.

For Tier N-3 and Tier E-2 projects that have a nameplate rating of 500 kW or greater, the Owner and, if applicable, the Owner Representative, will be obligated to sell to the SEU, for each annual period, a quantity of SRECs equal to no less than 80% of the Estimated SREC Quantity for such period (the "***Minimum Annual Quantity***").

The Estimated SREC Quantity may not be amended unless the Owner reduces the capacity of a Generation Unit either to avoid or minimize any interconnection fees or charges sought to be imposed by the interconnecting utility (as described in Section 9.4 below) or to allow the Generation Unit to fit within a pending solicitation (as described in Sections 10.1 and 10.2 below).

~~9.3~~ 10.3 Pricing

All New Systems and Existing Systems will be required to submit bids which will be evaluated and selected based on the lowest bid prices. Owners are required to submit bids only in their applicable Tier. For the ~~2015~~2016 SREC Procurement Program, the SREC price during the first ten (10) years of the term of the SREC Transfer Agreements will be the bid price, and the SREC price for the last ten (10) years of the SREC Transfer Agreements will be fixed at $35 per SREC.

~~9.4~~ 10.4 Utility Interconnections

If, based on an Owner's interconnection application, the interconnecting utility proposes to assess any fee or charge (other than a standard interconnection application fee), the Owner may, within ten (10) days of notice of such fee or charge by the interconnecting utility, either reduce the capacity of the Generation Unit to avoid or minimize such fee or charge or terminate the SREC Transfer Agreement. In order to take advantage of this right, each Owner must submit a complete interconnection application (Step 1) to the interconnecting utility no later than one hundred twenty (120) days after the Execution Date.

If an Owner reduces the capacity of a Generation Unit to avoid or minimize an interconnection charge, the Estimated SREC Quantity will be reduced by the same percentage and any excess deposit will be returned to the Owner.[21] If an Owner elects to terminate the SREC Transfer Agreement based on the imposition of an interconnection fee or charge, the entire deposit will be returned.

~~9.5~~ 10.5. Guaranteed On-Line Date; Delay Liquidated Damages

All projects must commence operation no later than twelve (12) months after the Commencement Date (the "***Guaranteed On-Line Date***"); provided that the Guaranteed On-Line Date will be subject to extension to the extent reasonably necessary based on: (a) events beyond the reasonable control of the Owner (*i.e.*, force majeure as defined in the SREC Transfer Agreement); or (b) the failure by the interconnecting utility to complete the interconnection (provided that the Owner or, if applicable, the Owner Representative shall have submitted a timely and complete interconnection application to the interconnecting utility). In no event will the Guaranteed On-Line Date be extended for more than one (1) additional year.

For any Generation Unit that fails to meet its Guaranteed On-Line Date, the Owner and, if applicable, the Owner Representative will be liable to pay liquidated damages for each full or partial day of delay. The amount of such damages will be equal to 1/30th of the deposit amount. In the event a Generation Unit is not operational within thirty (30) days of its Guaranteed On-Line Date, the SEU will have the right to terminate the SREC Transfer Agreement.

~~9.6~~ 10.6 Payment

All projects will be paid on a monthly basis. Each Owner will stipulate in the SREC Transfer Agreement whether payment is to be made to the Owner or, if applicable, the Owner

[21] A reduction in capacity to avoid or minimize an interconnection charge will not affect pricing under the SREC Transfer Agreement, regardless of whether the reduced capacity would have qualified the project to submit an application for a lower tier.

Representative. Payment will be based on the number of SRECs transferred to and registered in the SEU's GATS account during the relevant billing period.

~~9.7~~ 10.7 Metering

All Tier N-1, N-2, E-1 and E-2 Projects must install either a revenue-grade meter on site or revenue-grade online monitoring. All Tier N-3 Projects must install revenue-grade online monitoring.

~~9.8~~ 10.8 Conditions Precedent

The SEU's purchase obligations under each SREC Transfer Agreement will be conditioned on: (a) the Owner providing evidence that it has received a certification number from the DPSC confirming that the referenced Generation Unit qualifies as an Eligible Energy Resource; and (b) for Generation Units that are eligible in accordance with GATS rules and procedures, the Owner executing an agreement to move the generator to the SEU's GATS account. For projects claiming a bonus based on the use of Delaware-sourced equipment or an in-state workforce (as described in Section 2.3 above), the SEU's obligations will also be subject to delivery of confirmation from the DPSC that the resource qualifies for the claimed bonus (which confirmation may be delivered within thirty (30) days of the commencement of operation of the resource).

~~9.9~~ 10.9 Performance Credit Support

Pursuant to the terms of each SREC Transfer Agreement, the Owner and, if applicable, the Owner Representative, will grant the SEU a security interest in all of the SRECs (up to the Contract Maximum) generated by the project to secure their respective obligations under the agreements, including the obligation to deliver and sell the SREC output of the project.

To secure their obligations to deliver the Minimum Annual Quantity, Owners or Owner Representatives of Tier N-3 or Tier E-2 projects with a nameplate rating of 500 kW or greater will also be required to provide supplemental credit support in the form of cash, a letter of credit or

other collateral acceptable to the SEU. For each of the first ten 10) years of the SREC Transfer Agreement, such supplemental credit support shall be in an amount equal to five percent (5%) of the value (at the applicable price set forth in the SREC Transfer Agreement) of the first-year Estimated SREC Quantity; for each year thereafter, it shall be in an amount equal to ten percent (10%) of the value of the Estimated SREC Quantity for the 10th year of the Agreement. The supplemental credit support must be replenished to the required level in the event any portion of the credit support is drawn or used.

~~9.10~~ 10.10 Project Maintenance; Inspections

Owners and, if applicable, Owner Representatives will be responsible for maintaining Generation Units so that they remain Eligible Energy Resources and are able to produce their respective Estimated SREC Quantities. Owners and Owner Representatives must notify the SEU of any substantive changes to the operational characteristics of the Generation Unit.[22]

The SEU will have the right to physically inspect Generation Units to verify compliance with the terms of their applicable SREC Transfer Agreements. The SEU may delegate that right to the SREC Procurement Agent, any retail electricity suppliers or any other qualified third parties.

~~9.11~~ 10.11 Excused Performance

Owners will be excused from any delay in performance or failure to perform under an SREC Transfer Agreement caused by conditions beyond their reasonable control (*i.e.*, force majeure as defined in the SREC Transfer Agreement); provided that such relief shall be limited to the amount of time the condition exists that caused the delay but in no event greater than a period of one (1) year for any single force majeure event.

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[22] Owners and Owner Representatives are also required to provide the SEU with copies of any notice(s) submitted to the DPSC pursuant to 26 *Del.Admin. C.* § 3008(3.1.8) and any additional correspondence related to such notice(s).

~~9.12~~ 10.12 Default Provisions

Pursuant to the SREC Transfer Agreement, the Owner and, if applicable, the Owner Representative will be in default if:

- the full SREC output of a Generation Unit (up to the Contact Maximum) is not made available to the SEU within the timeframe required ; or
- for a Tier N-3 or Tier E-2 project with a nameplate rating of 500 kW or greater, the project fails to generate the Minimum Annual Quantity during any annual period and the Owner fails to pay applicable damages (as described in Section 6.13 below) within thirty (30) days after the end of such annual period; or
- the required credit support is not maintained.

In addition, an Owner Representative will be in default under an SREC Transfer Agreement if it fails to qualify as an Owner Representative under the terms of the ~~2015~~2016 SREC Procurement Program and such failure is not cured within thirty (30) days of notice of such failure.

~~9.13~~ 10.13 Remedies

Upon a breach or default by an Owner or an Owner Representative under an SREC Transfer Agreement, the SEU will be entitled to all of its remedies at law and in equity, including specific performance of and/or termination of this Agreement. Upon a breach or default by the SEU under an SREC Transfer Agreement, the Owner and, if applicable, the Owner Representative, will be entitled to their respective remedies at law and in equity. Equitable remedies will include specific performance of the Agreement.

In the event the SEU terminates an SREC Transfer Agreement based on a failure or refusal to sell the SREC output of the Eligible Energy Resource to the SEU, the SEU may recover damages calculated based on the difference, if positive, between the price for SRECs under the SREC Transfer Agreement and the cost to replace such SRECs in the market.

If a Tier N-3 or Tier E-2 project with a nameplate rating of 500 kW or greater fails to produce the Minimum Annual Quantity of SRECs during any annual period, the Owner will owe

damages equal to the amount of the shortfall, multiplied by the difference, if positive, between: (a) the lower of the prevailing market price of SRECs (as reasonably determined by the SEU) or the amount of the "Alternative Compliance Payment" (as defined in REPSA) for the year in which such shortfall occurs; and (b) the price for SRECs under the SREC Transfer Agreement. Such damages shall be due and payable no later than thirty (30) days after the end of the annual period to which they apply. Payment of such damages will be the Owner's sole liability for the failure to deliver the Minimum Annual Quantity.

~~9.14~~ 10.14 Replacement of Owner Representative

An Owner may remove its Owner Representative at any time and for any reason (or no reason) in its sole and absolute discretion.

~~10~~

11. Bid Awards

Promptly upon receipt of an application to sell SRECs from an Owner Representative or Owner in response to a solicitation issued pursuant to the ~~2015~~2016 SREC Procurement Program, the SEU will review the application to verify whether it is complete and complies with all applicable procedures. Partial or incomplete applications will be rejected. Any and all bids above a determined price, as established by Delmarva Power, and bids above the Alternative Compliance Payment of $400, will be rejected. In addition, owners of Existing Systems who default on their bids by not signing a contract will be prohibited from bidding in a subsequent long term auction.

~~10~~11.1 Competitive Solicitations

All projects will be required to submit price bids in competitive solicitations. A given system is only allowed to bid into one (1) auction and one (1) tier per year.

The price bid for each project must be for a fixed dollar amount, which amount cannot escalate or otherwise vary during the initial ten (10) year period of the term of the Agreement. The

SEU will award SREC Transfer Agreements to such projects with the lowest price bids in each solicitation. If Tier N-1 and/or Tier N-2 have losing bids that are lower priced than winning bids for Tier N-3, such bids will be applied to Tier N-3 in order to minimize the weighted average bid price of Tier N-3. Bids from Tier N-3 will not be applied to Tier N-1 or Tier N-2, and bids from Tier N-2 will not be applied to Tier N-1. Provided these stated minimums are met, the SEU will accept for each Tier the lowest bid prices.

If any Tier is undersubscribed because of insufficient bids or rejected bids, bids from any other Tiers can win those SRECs. The SEU will announce all solicitations for competitively priced bids at least thirty (30) days in advance of the bid date.

~~10~~11.2 Bidding Ties

If there are multiple bids at the same price that would cause a competitive solicitation to be oversubscribed (a "***Bidding Tie***"), the SEU will first select all applicants that claimed the Delaware Equipment Bonus and the Delaware Workforce Bonus. If this causes the solicitation to still be oversubscribed, a lottery will be held among only applicants that claimed the Delaware Equipment Bonus and Delaware Workforce Bonus. If there is still a Bidding Tie after awarding all applicants that claimed the Delaware Equipment Bonus and Delaware Workforce Bonus, the SEU will give each applicant involved in the Bidding Tie for such tier a 5-day period to reduce its price bid and will then evaluate any revised bids submitted by the applicants involved in such Bidding Tie. The SEU will then award one or more SREC Transfer Agreements to some or all of the applicants involved in such Bidding Tie as follows:

- first, if any such applicant submits a reduced price bid, to such applicant(s) on the basis of the lowest price bid until: (a) the pending solicitation is fully subscribed or only a *de minimis* portion of such solicitation (as determined by the participating retail electricity suppliers) remains unsubscribed; (b) the next highest price bid would cause the pending solicitation to be oversubscribed; or (c) there is a Bidding Tie with respect to the remaining bids; and

- second, if after completion of the first step, the pending solicitation is not fully subscribed and there is a Bidding Tie with respect to the remaining bids, the SEU will award SREC Transfer Agreements based on a lottery among the remaining applicants involved in such Bidding Tie that claimed the Delaware Equipment Bonus or the Delaware Workforce Bonus; and

- third, if after completion of the second step, the pending solicitation is not fully subscribed and there is a Bidding Tie with respect to the remaining bids, the SEU will award SREC Transfer Agreements based on a lottery among remaining applicants involved in such Bidding Tie that claimed neither the Delaware Equipment Bonus nor the Delaware Workforce Bonus.

If a project selected based on bid price or by lottery would cause the pending solicitation to be oversubscribed, the SEU will give the applicant the option to reduce the capacity of the Generation Unit to the remaining balance of the pending solicitation. If the applicant elects not to reduce the capacity of the Generation Unit, its bid application will be rejected and the solicitation will continue until the pending solicitation is fully subscribed or only a *de minimis* portion of the solicitation (as determined by the participating retail electricity suppliers) remains unsubscribed. If the applicant elects to reduce the capacity of the Generation Unit so that it fits within a pending solicitation, the Estimated SREC Quantity will be reduced by an equal percentage. In addition, if such reduction qualifies the project for a lower tier, the original form of SREC Transfer Agreement will be terminated and replaced with the form of agreement applicable to the lower tier. In such case, the reduced capacity of the Generation Unit will be reallocated from the tier originally bid to such lower tier and any excess deposit will be returned to the Owner.

Partial fill systems will be allowed to bid the rest of the system in future procurements, but the second bid will have to be in a tier size that reflects the cumulative system size. Systems that obtain multiple bids will first transfer SRECs at the lowest price each year.

For system additions, the bid must be in a tier size that reflects the cumulative system size. Systems that obtain multiple bids will first transfer SRECs at the lowest price each year.

~~11~~12. Solicitation for 2015 Compliance Year

~~11~~12.1 Resource Allocation

Based on forecasted load, the SREC solicitations for the 2015 compliance year will be for up to 12,000 SRECs, which will be allocated as follows:

- Tiers N-1, E-1, E-2 – 4,400 SRECs
- Tier N-2 – 2,300 SRECs
- Tier N-3 – 2,300 SRECs

Upon conclusion of the fulfillment of the 9,000 SRECs, Delmarva Power may procure up to ~~3~~6,000 SRECs through the auction, regardless of Tier, using the least expensive SRECs from New Systems or Existing Systems.

APPENDIX A

Form of SREC Transfer Agreement

SOLAR RENEWABLE ENERGY CREDIT

TRANSFER AGREEMENT

DELAWARE RENEWABLE ENERGY PORTFOLIO STANDARDS ACT

~~2015~~2016 SREC PROCUREMENT PROGRAM

SOLAR RENEWABLE ENERGY CREDIT TRANSFER AGREEMENT
DELAWARE RENEWABLE ENERGY PROGRAM

2014 SREC PROCUREMENT PROGRAM

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SOLAR RENEWABLE ENERGY CREDIT TRANSFER AGREEMENT
DELAWARE RENEWABLE ENERGY PROGRAM

2015 SREC PROCUREMENT PROGRAM

This Agreement, made this ____ day of _____, _____, pertains to the sale and transfer by the Owner (as identified below) of solar renewable energy credits created by a solar power project (as described in more detail below, the "***Project***")[1] to SEU One, LLC (or any successor organization thereto, the "***SEU***").

PART I
PROJECT AND OWNER INFORMATION

A. Owner:[2]

- Name of entity: _____
- Street address: _____
- City, state and zip code: _____
- Attention: _____
- Email address: _____
- Tax ID Number/SS Number:_____
- Owner's other Eligible Energy Resources:[3] _____
- Owner GATS Account No.:[4] _____

B. Owner Representative (if one is designated):

- Name of entity: _____
- Street address: _____

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[1] A Project may be located at multiple locations, provided that the same legal entity owns, leases, controls or is the direct assignee of all of the SRECs created by the entire Project.

[2] The Owner is the legal entity that owns, leases, controls or is the direct assignee of all of the SRECs created by the Project.

[3] Required only if: (a) the Project has a nameplate capacity of less than 100 kW; and (b) no Owner Representative is designated.

[4] If the Owner has not established a GATS account as of the Bid Date, it must provide the SEU with such account number promptly after the account is established.

- City, state and zip code: _____
- Attention: _____
- Email address: _____
- Tax ID Number/SS Number: _____
- Other Eligible Energy Resources: _____

C. Payee (check one):

☐ Owner

☐ Owner Representative

D. Project:

- Street address:[5] _____
  (or parcel number if property does not have street address)
- City, state and zip code: _____
- Nameplate capacity: _____ kW[6]
- Tier designation (check one):

☐ Tier N-1 Project (New system, less than or equal to ~~30~~25 kW-DC)

☐ Tier N-2 Project (New system, greater than ~~30~~25 kW and less than or equal to 200 kW-DC)

☐ Tier N-3 Project (New system, greater than 200 kW and less than or equal to 2,000 kW-DC)

☐ Tier E-1 Project (Existing system, less than or equal to ~~30~~25 kW-DC)

☐ Tier E-2 Project (Existing system, greater than ~~30~~25 kW and less than or equal to 2,000 kW-DC)

- Operational status (check one):

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[5] If the Project is located at multiple locations, the street address or parcel number for each location must be provided. A separate page may be attached if necessary.

[6] All capacity (kW) references are to the nameplate rating of the Generation Unit (DC at STC), as designated by the solar module manufacturer.

☐ Project under development as of Bid Date

☐ Operation Date has occurred as of Bid Date
Operation Date: _____

- Purchase Obligation Date (check one):

  ☐ June 1, ____

  ☐ First day of the month following project certification by DPSC as Eligible Energy Resource

- Utility interconnection:

  _____ Interconnecting Utility

- SREC credits (check if applicable):

  ☐ The Project qualifies for a 10% credit on SREC output (if applicable, the "***Delaware Equipment Bonus***") because the Project is sited in the State of Delaware and a minimum of 50% of the cost of renewable energy equipment, inclusive of mounting components, is manufactured in Delaware.

  ☐ The Project qualifies for a 10% credit on SREC output (if applicable, the "***Delaware Workforce Bonus***") because the Project is sited in the State of Delaware and is or will be constructed and/or installed either with a workforce at least 75% of whom are Delaware residents or by a company that employs at least 75% Delaware residents.

- Energy and SREC output

  Estimated first year total energy output: _____kWh (exclusive of any bonuses described below)

  Estimated first year total SREC output _____SRECs (exclusive of any bonuses described below)

  Delaware Equipment Bonus: _____ SRECs
  (10% of total SREC output, if applicable)

  Delaware Workforce Bonus: _____ SRECs
  (10% of total SREC output, if applicable)

  Estimated SREC Quantity (first year) _____ SRECs

E. Bid information:

- Date of receipt of Owner's application: _____
  [To be filled in by the SEU]

- Bid Price: $_____ / SREC (for first 10 Contract Years)

PART II
TERMS AND CONDITIONS

Section 2.1 Purchase and Sale of SRECs.

2.1.1 Sale. The Owner agrees to sell and deliver to the SEU all SRECs created by the Project (the "***Project SRECs***"), up to the Maximum Annual Quantity. The sale and delivery of SRECs pursuant to this Agreement shall be deemed to occur in the State of Delaware. The Owner acknowledges and agrees that the SEU intends to resell the Project SRECs to retail electric suppliers in Delaware.

2.1.2 Excess SRECs.

(a) If a Tier N-1 or N-2 Project or a Tier E-1 Project creates any Excess Amount during any Contract Year, the SEU shall, no later than thirty (30) days after the end of such Contract Year, notify the Owner whether or not it will purchase all or any portion of such Excess Amount. Failure by the SEU to notify the Owner of such election within such time period shall be deemed an election by the SEU to not purchase the Excess Amount or any portion thereof for such Contract Year. In the event that the SEU does not purchase any portion of the Excess Amount created by a Tier N-1 or N-2 Project or a Tier E-1 Project for any Contract Year, the SEU shall promptly transfer such SRECs to the GATS account of the Owner or, to any other GATS account they specify. The SEU will also hold the SRECs in the SEU GATS account for the Owner if they so desire.

(b) If a Tier N-3 Project or Tier E-2 Project creates any Excess Amount during any Contract Year: (a) the SEU shall have no right to purchase any such Excess Amount; (b) the Owner shall be free to use or sell such SRECs as it deems appropriate; and (c) the SEU shall promptly re-transfer such SRECs to the GATS account of the Owner or to any other GATS account they specify. The SEU will also hold the SRECs in the SEU GATS account for the Owner if they so desire.

2.1.3 GATS Registration. The Owner or, if one is designated, the Owner Representative, shall be responsible for transferring the Project SRECs to the SEU by

executing all required documents to move the Project generator to the GATS account of the SEU.

2.1.4 Term of Purchase.

(a) If the Operation Date of the Project did not occur prior to the Bid Date, the SEU's obligation to purchase SRECs (the "***Purchase Obligation Date***") shall commence as of the later of June 1, ~~2015~~2016, or the first day of the month after the Project is certified as an Eligible Energy Resource by the DPSC.

(b) If the Operation Date of the Project occurred prior to the Bid Date, the SEU's obligation to purchase SRECs shall commence as of June 1, ~~2015~~2016.

(c) Under either scenario described in Subsections (a) or (b) of this Section, the date on which the term of the Agreement begins will be the Commencement Date.

(d) The SEU's obligation to purchase SRECs shall continue from the Commencement Date for a period of twenty (20) years.

2.1.5 Project SRECs. The Owner shall not be entitled to transfer or sell any SRECs other than Project SRECs pursuant to this Agreement. All Project SRECs shall be free and clear of any liens, taxes, claims, security interests or other encumbrances other than as provided for in Section 5.2 of this Agreement.

Section 2.2 Operational Matters.

2.2.1 Interconnection.

(a) The Owner shall be solely responsible for interconnecting the Project to the electric transmission or distribution system of the Interconnecting Utility. In order to invoke its rights under this Section 2.2.1 (b)-(d), the Owner shall submit a complete interconnection application (Step 1) to the Interconnecting Utility no later than one hundred twenty (120) days after the Execution Date.

(b) If the Interconnecting Utility notifies the Owner that there will be a fee or charge (other than a standard interconnection application fee) required to interconnect the Project, the Owner may, within ten (10) days of such notice, elect to: (i) reduce the capacity of the Project to avoid or minimize such fee or charge; or (ii) terminate this Agreement.

(c) If the Owner elects to reduce the capacity of the Project pursuant to Section 2.2.1(b), it shall provide the SEU with written notice specifying the reduced nameplate capacity of the Project and upon such election,

the Estimated SREC Quantity (first year) shall be deemed to be reduced by the same percentage as the reduction in the nameplate capacity. Promptly upon receipt of such election, the SEU shall return or release any excess Bid Deposit to the Owner.

(d) If the Owner elects to terminate this Agreement pursuant to Section 2.2.1(b), it shall provide the SEU with written notice of termination promptly upon receipt of such election; the SEU shall thereafter return or release the entire Bid Deposit to the Owner.

2.2.2 Project Development. Unless the Project is operational as of the Execution Date, the Owner shall exercise all commercially reasonable efforts to complete construction of the Project, including obtaining all approvals of Governmental Authorities required in connection therewith.

2.2.3 Operation and Maintenance. The Owner shall operate and maintain the Project to ensure that it remains qualified as an Eligible Energy Resource at all times during the term of this Agreement.

2.2.4 Changes to Operational Characteristics. The Owner and, if one is designated, the Owner Representative, shall promptly notify the SEU of any substantive changes to the operational characteristics of the Project, including providing the SREC Procurements Administrator with copies of any notices submitted to the DPSC pursuant to 26 *Del. Admin C.* § 3008(3.1.8) and any correspondence relating to any such notices.

2.2.5 Metering. The Owner shall: (a) install, operate, maintain and calibrate (as necessary) the Required Meter for the Project; (b) provide the SEU with a detailed description of the Required Meter (including meter ID, pulse radio, channels, etc., if any); (c) provide not less than ten (10) days advance notice of any testing or calibration of the Required Meter; and (d) deliver to the SEU copies of all test results of Required Meters promptly upon the completion of any such test. The SEU shall have the right to test any Required Meter and, if such meter is determined to be operating outside industry standards, to require the Owner to re-calibrate such meter, at the Owner's cost.

2.2.6 Inspection. The Owner shall permit the SEU and its designees to inspect the Project at any time during normal business hours to verify the Owner's compliance with the terms of this Agreement; *provided, however*, that the Owner shall not be responsible for the cost of any such inspection.

Section 2.3 Conditions.

2.3.1 Certification as an Eligible Energy Resource. The SEU's obligation to purchase Project SRECs is subject to the Project being certified as an Eligible Energy Resource by the DPSC.

2.3.2 Approval to Operate. The SEU's obligation to purchase Project SRECs is subject to the Owner's receipt of an approval to operate the Project from the Interconnecting Utility.

2.3.3 GATS Registration. The SEU's obligation to purchase Project SRECs is subject to the Owner's completion of all requirements to move the Project generator to the SEU's GATS account.

2.3.4 Certifications. The Owner shall deliver to the SEU, promptly upon receipt thereof: (a) a copy of the DPSC certification of the Project as an Eligible Energy Resource; (b) the Owner's GATS account number and a copy of the Owner's GATS registration if an Existing System is already registered in GATS, or the required documentation to allow the SEU to register the New System in the SEU GATS account. If the Project is designated as being eligible for the Delaware Equipment Bonus and/or the Delaware Workforce Bonus in Part I, the Owner shall provide the SEU with a copy of the DPSC certification that the Project qualifies for such credit(s) no later than thirty (30) days after the Operation Date.

Section 2.4 Purchase Price and Payment Terms.

2.4.1 Purchase Price.

(a) The Purchase Price for Project SRECs created during Contract Years 1 through 10 will be the bid price set forth in the application submitted for such Project.

(b) For all Projects, the Purchase Price for Project SRECs created during Contract Years 11 through 20 shall be $35 per SREC.

2.4.2 SREC Bonus. If the Delaware Equipment Bonus or the Delaware Workforce Bonus is specified in Part I and the DPSC certify that the Project qualifies for either such bonus, payment of the Purchase Price will be based on the number of Project SRECs plus an additional ten percent (10%). If the Delaware Equipment Bonus and the Delaware Workforce Bonus is specified in Part I and the DPSC certify that the Project qualifies for both such bonuses, payment of the Purchase Price will be based on the number of Project SRECs plus an additional twenty percent (20%). Under either scenario, the bonus will be paid during the entire twenty (20) year term of the Agreement.

2.4.3 Payment. Subject to the limitations set forth in this Agreement, for all Projects, the SEU shall pay the Payee for Project SRECs no later than thirty (30) days after the end of the calendar month in which such SRECs were originally registered in the GATS account of the SEU. The Program Administrator shall have the right to make payments hereunder by wire transfer or ACH direct deposit. In the event the Program Administrator elects to make payment by wire transfer, Owner shall be responsible for providing the Program Administrator with account information and wiring instructions to facilitate such transfers.

2.4.4 Limitations.

(a) The SEU shall not be obligated to pay for any SRECs in excess of the sum of: (i) the Maximum Annual Quantity; plus (ii) if applicable, any portion of the Excess Amount which it has elected to purchase pursuant to Section 2.1.2(a).

(b) The SEU may withhold payment of any amounts disputed in good faith.

2.4.5 Payment Errors. In the event that any Party becomes aware of any payment error (whether such error was in the form of an underpayment or overpayment), such Party shall notify the other Parties in writing of such error and the Party required to make payment shall do so within thirty (30) days of such notification; *provided, however*, that no payment adjustment shall be required unless the foregoing notice is delivered within eleven (11) months of the date of the original payment.

Section 2.5 Completion Guarantee.

2.5.1 Guaranteed On-Line Date. The Owner shall cause the Operation Date to occur no later than the date which is 365 days after the Commencement Date (such date, the "***Guaranteed On-Line Date***"), *provided, however*, that the Guaranteed On-Line Date shall be extended for up to 365 days due to: (a) a Force Majeure event; or (b) the failure by the Interconnecting Utility to complete the interconnection after the Owner submits a timely and complete interconnection application in accordance with Section 2.2.1 of this Agreement.

2.5.2 Damages for Delayed Operation Date.

(a) If the Operation Date does not occur by the Guaranteed On-Line Date, the Owner shall pay to the SEU, and if such amount is not paid, the SEU shall be entitled to draw against the Bid Deposit, an amount equal to 1/30 of the original Bid Deposit amount for each day (or portion thereof) of such delay, for up to thirty (30) days of delay.

(b) If the Operation Date does not occur by the date which is 31 days after the Guaranteed On-Line Date, the SEU shall have the right to terminate this Agreement.

(c) The remedies set forth in Sections 2.5.2(a) and 2.5.2(b) shall be the Owner's exclusive remedy based on a delay in achieving or a failure to achieve the Operation Date by the Guaranteed On-Line Date.

(d) The Owner acknowledges and agrees that: (i) the SRECs being purchased by the SEU are for the benefit of certain retail electric suppliers operating in the State of Delaware; (ii) in the event the Operation Date does not occur by the Guaranteed On-Line Date, the damages to be suffered by the SEU and such electric suppliers would be difficult or impossible to determine with certainty; (iii) after taking into account the terms of this Agreement and all relevant circumstances as of the date hereof, the damages set forth in Section 2.5.2(a) represent reasonable and genuine estimates of such damages; and (iv) such damages are not intended to and do not constitute a penalty.

Section 2.6 Representations, Warranties and Acknowledgements.

2.6.1 Representations and Warranties of Owner. The Owner hereby represents and warrants to the SEU as follows:

(a) unless it is an individual, it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and is duly authorized and qualified to do business therein, in Delaware and in all other jurisdictions in which the nature of the business conducted by it makes such qualification necessary;

(b) it is not in violation of any Applicable Law in any manner that would reasonably be expected to affect its performance under this Agreement;

(c) there are no legal, administrative or arbitral proceedings or actions, controversies or investigations, now pending or to its knowledge threatened against it which, if adversely determined, could reasonably be expected to affect its performance under this Agreement;

(d) none of the execution, delivery or performance of this Agreement conflict with or result in a violation of the terms of its charter or by-laws or any agreement by which it is bound;

(e) the execution, delivery and performance of this Agreement have been duly authorized by all requisite action;

(f) this Agreement has been duly and validly executed and delivered by it and, when executed and delivered by the SEU, will constitute its legal, valid and binding obligation enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws relating

to the enforcement of creditors' rights generally and by general equitable principles;

(g) it has rights in, and good title to the Collateral, and has full power and authority to grant to the SEU the security interest in the Collateral and to execute, deliver and perform its obligations in accordance with the terms of this Agreement without the consent or approval of any other Person other than any consent or approval that has been obtained;

(h) the security interest granted by the Owner to the SEU pursuant to Section 5.2.1 constitutes a valid, legal and, upon the filing of the financing statements referred to in Section 5.2.2, a first-priority perfected security interest in all the Collateral granted by the Owner as security for the Secured Obligations;

(i) the Project is an Eligible Energy Resource as defined by REPSA and will obtain all necessary approvals, regulatory or otherwise, to perform the obligations set forth herein;

(j) the information set forth in Part I is true and accurate in all respects;

(k) the Owner has received no supplemental funding from public sources other than the funding, if any, identified in Part I;

(l) to the extent bidding in Tiers N-1, N-2 or N-3 all major components of the Project are or will be new and unused and are being or will be used for the first time in the Project; and

(m) if a New System, its completed System Interconnection Application's acceptance date with the Interconnecting Utility will be after the first date of the preceding compliance year's auction process.

2.6.2 Acknowledgements by Owner. The Owner hereby acknowledges and agrees that:

(a) the SEU has executed this Agreement and is purchasing Project SRECs for the benefit of certain retail electricity suppliers operating in the State of Delaware;

(b) in executing and performing this Agreement, the SEU is acting on behalf of such suppliers;

(c) such suppliers are third party beneficiaries of this Agreement who are entitled to directly enforce the terms hereof; and

(d) the SEU may appoint a third-party (the "***Contracting Agent***") to perform any or all of the obligations and responsibilities of the SEU pursuant to

this Agreement and, in such event, the Owner shall recognize the authority of the Contracting Agent to perform such obligations and responsibilities.

2.6.3 Acknowledgement by SEU. The SEU acknowledges and agrees that it is not entitled to any portion of the energy output, capacity or ancillary services from the Project pursuant to this Agreement.

Section 2.7 Change in Estimated SREC Quantity. An Owner may not modify the Estimated SREC Quantity except as expressly permitted hereunder.

Section 2.8 Default and Remedies.

2.8.1 Events of Default. Each of the following shall constitute an "***Event of Default***" with respect to a Party:

(a) such Party fails to pay when due any amount owed pursuant to this Agreement (other than an amount disputed in good faith) for a period of five (5) days following receipt of notice of such failure;

(b) any representation or warranty of such Party made pursuant to this Agreement shall have been incorrect when made and shall remain incorrect thirty (30) days after notice thereof;

(c) with respect to the Owner and, if one is designated, the Owner Representative: (i) the Bid Deposit or, if applicable, the Supplemental Credit Support is not maintained or the issuer thereof repudiates its obligations thereunder; or (ii) the lien required pursuant to Section 5.2 ceases to be a perfected, first priority security interest;

(d) with respect to the Owner and, if one is designated, the Owner Representative, the nameplate rating of the Project varies from that set forth in Part I by more than: (i) 5% for a Tier N-1 Project, a Tier N-2 Project, a Tier E-1 Project, a Tier N-3 Project with a nameplate rating less than 500 kW or a Tier E-2 Project with a nameplate rating less than 500 kW; or (ii) 2.5% for a Tier N-3 Project with a nameplate rating of 500 kW or greater or a Tier E-2 Project with a nameplate rating of 500 kW or greater, except that bids that were granted partial fill may submit a new system size at the time they accept the partial fill;

(e) with respect to the Owner and, if one is designated, the Owner Representative, any Project SRECs (up to the Maximum Annual Quantity and, if applicable, any portion of any Excess Amount that the SEU elects to purchase pursuant to Section 2.1.2(a)) are not transferred to the SEU;

(f) with respect to the Owner and, if one is designated, the Owner Representative, the Project shall have been designated in Part I as eligible for the Delaware Equipment Bonus or the Delaware Workforce Bonus and the DPSC shall have failed to certify the Project as eligible for any such designated credit within thirty (30) days after the Operation Date;

(g) with respect to the Owner Representative (but not the Owner), either: (i) any representation or warranty of the Owner Representative made pursuant to Part III shall have been incorrect when made and shall remain incorrect thirty (30) days after notice thereof; or (ii) the Owner Representative fails to perform any obligation pursuant to Part III for a period of 30 days following receipt of notice of such failure;

(h) such Party fails to perform any other obligation pursuant to this Agreement for a period of thirty (30) days following receipt of notice of such failure; or

(i) a proceeding is instituted against such Party seeking to adjudicate it as bankrupt or insolvent and such proceeding is not dismissed within sixty (60) days of filing; such Party makes a general assignment for the benefit of its creditors; a receiver is appointed on account of the insolvency of such Party; such Party files a petition seeking to take advantage of any Applicable Law relating to bankruptcy, insolvency, reorganization, winding up or composition or readjustment of debts; or such Party is unable to pay its debts when due or as they mature.

2.8.2 General Remedies.

(a) Upon the occurrence of an Event of Default by the Owner, the SEU shall be entitled to: (i) exercise any remedies described in this Agreement which, unless specified to be exclusive, shall be deemed non-exclusive; (ii) exercise any remedies available at law or in equity, including specific performance, termination of this Agreement, and/or recovery of damages equal to the incremental cost of replacing the expected SREC output of the Project for the remaining term of this Agreement (based on a reasonable forecast of the market price for SRECs, as determined by an independent expert designated by the SEU); and/or (iii) suspend its performance hereunder.

(b) Upon the occurrence of an Event of Default by the Owner Representative pursuant to Section 2.8.1(g), the Owner and/or the SEU shall be entitled to: (i) remove such Owner Representative as a Party to this Agreement by delivery of written notice to such Owner Representative and the other Party and, if necessary, replace such Owner Representative; and (iii) exercise any remedies available at law or in

equity, including specific performance; *provided, however*, that neither the Owner nor the SEU may terminate this Agreement based on such an Event of Default by the Owner Representative.

(c) Upon the occurrence of an Event of Default by the SEU, the Owner shall be entitled to: (i) exercise any remedies described in this Agreement which, unless specified to be exclusive, shall be deemed non-exclusive; (ii) exercise any remedies available at law or in equity, including specific performance or termination of this Agreement and recovery of damages equal to the difference, if positive, between the Purchase Price under this Agreement and the market price for SRECs in Delaware for the remaining term of this Agreement (based on a reasonable forecast of the market price for SRECs, as determined by an independent expert designated by the Owner); and/or (iii) suspend its performance hereunder. During any such suspension, the Owner and, if one is designated, the Owner Representative, shall have the right to transfer and sell Project SRECs to one or more third parties in order to mitigate its damages hereunder.

2.8.3 Specific Remedies.

(a) Upon the occurrence of an Event of Default described in Section 2.8.1(f), the SEU may terminate this Agreement and recover damages equal to the remaining balance of the Bid Deposit. Payment or forfeiture of such amount shall be the exclusive liability of the Owner in such event.

(b) The Owner and, if one is designated, the Owner Representative, acknowledges and agrees that: (i) in the event not all Project SRECs are transferred to the SEU or the Project fails to qualify for the Delaware Workforce Bonus after the SEU allots a portion of its procurement for SREC credits, the damages to be suffered by the SEU and certain retail electricity suppliers would be difficult or impossible to determine with certainty; (ii) after taking into account the terms of this Agreement and all relevant circumstances as of the date hereof, the damages set forth in Section 2.8.3(a) represent reasonable and genuine estimates of such damages; and (iii) such damages are not intended to and do not constitute a penalty.

2.8.4 Limitations of Liability.

(a) Neither Party shall be liable to the other Party for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages by statute, in tort or contract, or otherwise.

(b) Except to the extent provided otherwise in this Agreement, the Owner Representative shall not be liable for a breach or default by the Owner.

Section 2.9 Force Majeure.

2.9.1 Excused Performance. Notwithstanding any other provision of this Agreement, a Party shall be excused from performance hereunder (other than payment of amount due) to the extent it is unable to perform due to a Force Majeure event.

2.9.2 Conditions. A Party claiming Force Majeure shall: (a) have the burden of proving the existence and consequences of a Force Majeure event; and (b) exercise all commercially reasonable efforts to resume performance as soon as reasonably practicable. The suspension of performance due to a Force Majeure shall be of no greater scope and of no longer duration than is required by such Force Majeure.

2.9.3 Notification. A Party affected by a Force Majeure event shall: (a) provide prompt written notice of such Force Majeure event to the other Party (in no event later than five (5) days after the occurrence of such Force Majeure event), which notice shall include a description of the Force Majeure event and its effect on performance under this Agreement, and an estimate of the expected duration of such Party's inability to perform due to the Force Majeure; (b) keep the other Party reasonably apprised of efforts to address, and mitigate the impact of, the Force Majeure event; and (c) provide prompt notice to the other Party as soon as it is able to resume performance.

2.9.4 No Term Extension. In no event will any delay or failure of performance caused by a Force Majeure extend the term of this Agreement.

2.9.5 Extended Force Majeure. In the event that the Owner suffers a Force Majeure event that prevents it from performing hereunder for a period of one (1) year or more, the SEU may, by written notice, terminate this Agreement without liability to the Owner.

PART III
OWNER REPRESENTATIVE

The provisions of this Part III shall apply only if an Owner Representative is designated in Paragraph B of Part I.

Section 3.1 Agency Appointment. Subject to the Owner's rights to terminate or replace the Owner Representative pursuant to Section 3.3, the Owner hereby appoints the Owner Representative as the Owner's exclusive agent to manage, control, transfer, deposit and register the Project SRECs pursuant to the terms of this Agreement.

Section 3.2 Agency Responsibility. The Owner Representative shall be responsible for managing, controlling, transferring, depositing and registering the Project SRECs on behalf of the Owner within GATS pursuant to the terms of this Agreement. If the Owner has designated

the Owner Representative as the Payee, the Owner Representative shall accept all payments hereunder as agent for, and on behalf of, the Owner.

Section 3.3 Termination or Replacement of Owner Representative.

3.3.1 Right to Terminate or Replace. The Owner may, at its discretion, terminate and/or replace the Owner Representative at any time and for any reason (or no reason), *provided, however,* that: (a) the Owner shall immediately notify the SEU of such termination or replacement; and (b) any replacement Owner Representative shall execute a counterpart of this Agreement and agree to be bound by the terms hereof.

3.3.2 Effect of Termination or Replacement. Immediately upon receipt by the SEU of written notice in accordance herewith from the Owner that an Owner Representative is being terminated or replaced, such Owner Representative shall be deemed to no longer be a Party to this Agreement. Termination or replacement of the Owner Representative shall not affect any other contractual arrangements between the Owner and the Owner Representative.

3.3.3 Replacement Owner Representative.

(a) Immediately upon receipt by the SEU of: (i) written notice in accordance herewith from the Owner that it has designated a replacement Owner Representative; and (ii) an executed counterpart of this Agreement, signed by such replacement Owner Representative, such replacement Owner Representative shall be deemed to be a Party to this Agreement.

Section 3.4 Representations and Warranties of Owner Representative. The Owner Representative hereby represents and warrants to the SEU as follows:

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and is duly authorized and qualified to do business therein, in Delaware and in all other jurisdictions in which the nature of the business conducted by it makes such qualification necessary;

(b) it is not in violation of any Applicable Law in any manner that would reasonably be expected to affect its performance under this Agreement;

(c) there are no legal, administrative or arbitral proceedings or actions, controversies or investigations, now pending or to its knowledge threatened against it which, if adversely determined, could reasonably be expected to affect its performance under this Agreement;

(d) none of the execution, delivery or performance of this Agreement conflict with or result in a violation of the terms of its charter or by-laws or any agreement by which it is bound;

(e) the execution, delivery and performance of this Agreement have been duly authorized by all requisite action;

(f) this Agreement has been duly and validly executed and delivered by it and, when executed and delivered by the Owner and the SEU, will constitute its legal, valid and binding obligation enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization or moratorium or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles;

(g) the description of the Project set forth in Part I is true and accurate in all respects; and

(h) it owns, leases, controls or is the direct assignee of all of the SRECs created by the Project and at least one other Eligible Energy Resource.

Section 3.5 Continuing Eligibility. The Owner Representative shall, at all times during the term of this Agreement, own, lease, control or be the direct assignee of all of the SRECs created by the Project and at least one other Eligible Energy Resource.

PART IV
MINIMUM ANNUAL QUANTITY

The provisions of this Part IV shall apply only if the Project is designated as a Tier N-3 Project with a nameplate rating of 500 kW or greater or a Tier E-2 Project with a nameplate rating of 500 kW or greater in Paragraph D of Part I.

Section 4.1 Guaranteed Quantity.

4.1.1 Minimum Annual Quantity. During each Contact Year, the Owner shall transfer Project SRECs in an amount equal to no less than eighty percent (80%) of the Annual Contract Quantity (such amount, the "***Minimum Annual Quantity***").

4.1.2 Exclusive Remedy.

(a) If, during any Contact Year, the Owner fails to transfer the Minimum Annual Quantity of Project SRECs to the SEU, the Owner shall pay the SEU damages equal to the product of: (i) the difference between the Minimum Annual Quantity and the quantity of Project SRECs delivered during such Contact Year; and (ii) the difference, if positive, between (A) the lesser of the prevailing market price of SRECs as reasonably

determined by the SEU, and the applicable Alternative Compliance Payment and (B) the applicable price for Project SRECs under this Agreement. Payment of such amount shall be the exclusive liability of the Owner for any such failure with respect to any Contract Year.

(b) The Owner and, if one is designated, the Owner Representative acknowledge and agree that: (i) the Project SRECs are for the benefit of certain retail electric suppliers operating in the State of Delaware; (ii) if the Project produces less than the Minimum Annual Quantity during any Contact Year, the damages to be suffered by the SEU and such electric suppliers would be difficult or impossible to determine with certainty; (iii) after taking into account the terms of this Agreement and all relevant circumstances as of the date hereof, the damages set forth in Section 4.1.2(a) represent reasonable and genuine estimates of such damages; and (iv) such damages are not intended to and do not constitute a penalty.

Section 4.2 Supplemental Credit Support.

4.2.1 Obligation to Maintain. The Owner shall at all times maintain credit support (the "***Supplemental Credit Support***") in the following amounts:

(a) during the first ten (10) Contract Years, five percent (5%) of the value of the Annual Contract Quantity for the first Contract Year; and

(b) during the second ten (10) Contract Years, ten percent (10%) of the value of the Annual Contract Quantity for the eleventh Contract Year.

4.2.2 Form of Supplemental Credit Support. The Supplemental Credit Support shall be in the form of cash, a letter of credit or other collateral acceptable to the SEU.

4.2.3 Obligation to Replenish. If the SEU draws on the Supplemental Credit Support, the Owner must replenish such Supplemental Credit Support to the required level within three (3) Business Days.

PART V
CREDIT SUPPORT

Section 5.1 Bid Deposit.

5.1.1 Posting of Deposit. Unless the Project is designated as an "Operating Project" in Paragraph D of Part I (in which case no Bid Deposit was provided), the Owner shall cause the Bid Deposit to remain in effect during the term of this Agreement for the benefit of the SEU. No interest shall be owed with respect to a Bid Deposit.

5.1.2 Return or Release of Deposit. Unless the Bid Deposit has been returned or released pursuant to Section 2.2.1(d), the SEU shall return or release any remaining

balance of the Bid Deposit promptly after: (a) it receives written verification that the DPSC has certified the Project as an Eligible Energy Resource; (b) if the Project is a Tier N-3 Project with a nameplate rating of 500 kW or greater or a Tier E-2 Project with a nameplate rating of 500 kW or greater, the Owner provides the Supplemental Credit Support; and (c) the Owner has executed any documentation reasonably necessary to perfect the security interest described in Section 5.2.

5.1.3 Application of Deposit. The SEU shall be entitled to call on and/or apply the Bid Deposit as provided pursuant to this Agreement.

Section 5.2 Security Interest.

5.2.1 Grant.

(a) As security for the performance by the Owner of its obligations under this Agreement (the "***Secured Obligations***"), the Owner hereby grants to the SEU a first-priority security interest, lien and pledge in and to all of the Owner's right, title and interest in and to all Project SRECs, whether now existing or hereafter arising, the GATS account of the Owner, and all proceeds of any of the foregoing (collectively, the "***Collateral***").

(b) The SEU's security interest in and to the Collateral and the SEU's rights and the Owner's obligations hereunder, shall be absolute and unconditional irrespective of: (i) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the terms governing the Secured Obligations; (ii) any exchange, release or non-perfection of any Collateral, or any release or amendment or waiver of or consent to or departure from any guaranty, for any and all of the Secured Obligations; or (iii) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Owner in respect of the Secured Obligations or this Agreement.

5.2.2 Filing and Perfection.

(a) The SEU is hereby authorized to file one or more financing statements, continuation statements and/or any other documents required for the purpose of perfecting, confirming, continuing, enforcing or protecting the SEU's security interest in the Collateral, with or without the signature of the Owner, naming the Owner as "debtor" and the SEU as "secured party."

(b) The Owner, at its sole cost and expense, shall execute, acknowledge, deliver and cause to be duly filed any and all consents, instruments, certificates and documents and take any and all actions as the SEU may,

at any time and from time to time, reasonably request in order to perfect, preserve and protect the SEU's security interest in and to the Collateral and the rights and remedies created hereby.

5.2.3 Remedy. Upon the occurrence of an Event of Default by the Owner, the SEU may take any lawful action that it deems necessary or appropriate to protect or realize upon its security interest in the Collateral or any part thereof, or exercise any other or additional rights or remedies exercisable by a secured party under the UCC or under any other Applicable Law, including selling the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange or broker's board or elsewhere, at such price or prices and on such other terms as the SEU may deem commercially reasonable in accordance with the UCC and as permitted by Applicable Law.

PART VI
DEFINITIONS; RULES OF CONSTRUCTION

Section 6.1 Definitions. The following capitalized terms have the following meanings when used in this Agreement:

"***Affiliate***" means, with respect to any Person, another Person that controls, is under the control of, or is under common control with, such Person. The term "control" (including the terms "controls", "under the control of" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management of the policies of a person or entity, whether through ownership interest, by contract or otherwise.

"***Agreement***" means this Solar Renewable Energy Credit Transfer Agreement between the Owner, the SEU and, if one is designated, the Owner Representative.

"***Alternative Compliance Payment***" has the meaning set forth in the REPSA.

"***Annual Contract Quantity***" means: (a) for the first Contract Year, the Estimated SREC Quantity; and (b) for each subsequent Contract Year, 99.5% of the Annual Contract Quantity in effect for the immediately preceding Contract Year.

"***Applicable Law***" means any law, statute, treaty, code, ordinance, regulation, certificate, order, license, permit or other binding requirement of any Governmental Authority now in effect or hereafter enacted, amendment to any of the foregoing, interpretations of any of the foregoing by a Governmental Authority having jurisdiction and any judicial, administrative, arbitral or regulatory decree, judgment, injunction, writ, order, award or like action applicable to any Party.

"***Bid Date***" shall mean the date specified as such in Paragraph E of Part I.

"***Bid Deposit***" means a deposit in the amount of $100 per kW of the nameplate rating (DC at STC as designated by the solar module manufacturer) of the Project, in the form of a bid bond, letter of credit or cash.

"***Business Day***" means any calendar day that is not a Saturday, a Sunday or a state or federal holiday on which banks in Delaware are permitted or authorized to close.

"***Code***" means the U.S. Internal Revenue Code of 1986, including applicable rules and regulations promulgated thereunder, as amended from time to time.

"***Collateral***" has the meaning set forth in Section 5.2.1(a).

"***Commencement Date***" means the date as specified in Section 2.1.3(c).

"***Contract Year***" means each 12-month period commencing on the Purchase Obligation Date and each anniversary thereof.

"***Contracting Agent***" has the meaning set forth in Section 2.6.2.

"***DC***" means direct current electric energy.

"***Delaware Equipment Bonus***" has the meaning set forth in Paragraph D of Part I.

"***Delaware Workforce Bonus***" has the meaning set forth in Paragraph D of Part I.

"***DPSC***" means the Delaware Public Service Commission or any successor agency.

"***Eligible Energy Resource***" has the same meaning set forth in REPSA.

"***Environmental Attribute***" means any attribute of an environmental or similar nature (including all Generation Attributes) that is created or otherwise arises from the Project's generation of electricity from solar energy in contrast with the generation of electricity using nuclear or fossil fuels or other traditional resources, excluding: (a) any such attribute not legally capable of being transferred to the SEU; and (b) Tax Credits. Forms of Environmental Attributes include any and all environmental air quality credits, green credits, carbon credits, carbon tax credits, emissions reduction credits, greenhouse gas credits, certificates, tags, offsets, allowances, or similar products, rights, claims or benefits, howsoever entitled. Environmental Attributes include those currently existing (such as SRECs) or arising during the term of this Agreement under local, state, regional, federal or international legislation or regulation relevant to the avoidance of any emission or to the promotion of renewable energy under any governmental, regulatory or voluntary programs, including the United Nations Framework Convention on Climate Change and related Kyoto Protocol or other programs, laws, or regulations involving or administered by the Clean Air Markets Division or other division or branch of the U.S. Environmental Protection Agency or any successor administrator or other federal agency or department, or any local, state, regional, or federal entity given jurisdiction over a program, or any voluntary program, involving transferability of, or credit or reporting rights or other rights or benefits for, attributes of an environmental or similar nature.

"***Estimated SREC Quantity***" means the quantity of SRECs designated in Paragraph D of Part I, as such quantity may be reduced pursuant to the terms of this Agreement.

"***Event of Default***" has the meaning set forth in Section 2.8.1.

"***Excess Amount***" means, with respect to the SRECs created by the Project during any Contract Year, any such SRECs in excess of the Maximum Annual Quantity.

"***Execution Date***" means the date this Agreement is signed by the SEU, as designated on the signature page of the counterpart executed by the SEU.

"***Existing System***" means a system with final interconnection approval before the first date of the preceding auction process (i.e. ~~May 5, 2014~~April 13, 2015 for compliance year ~~2015~~2016).

"***Force Majeure***" means an event or circumstance that prevents a Party from performing its obligations in accordance with the terms of this Agreement, which event or circumstance is not within the reasonable control, or the result of negligence, of such Party, including acts of God; unusually severe actions of the elements such as floods, inundation, landslides, earthquake, lightning, hurricanes, or tornadoes; unusually severe weather; terrorism; war (whether or not declared); sabotage, acts or threats of terrorism, riots or public disorders; national or regional strikes or labor disputes; delay in delivery of equipment comprising the Project so long as such equipment was ordered within 90 days of the Execution Date; and actions or failures to act of any Governmental Authority (including the failure to issue permits); *provided, however*, that Force Majeure shall not include: (a) any strike or labor dispute by any employees or the Owner or any other employees of contractors employed at the Project and aimed at the Owner or such contractor(s); (ii) changes in, or that otherwise affect, the price of SRECs; or (iii) equipment failure, unless caused by a circumstance that would otherwise constitute a Force Majeure.

"***GATS***" means the generation attribute tracking system used by PJM Interconnection, LLC to facilitate the transfer of SRECs.

"***Generation Attribute***" means any characteristic of the solar energy output of the Project other than energy, capacity or Tax Credits, including the Project's generation source, geographic location, emission credits, carbon credits, vintage and eligibility for a renewable energy portfolio standard or comparable standard or program, including "generation attributes" as defined in REPSA.

"***Governmental Authority***" means any federal, state, local or municipal government, or quasi-governmental, regulatory or administrative agency, commission, court, tribunal or other body or authority exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory, taxing or other binding jurisdiction, authority or power, including PJM, GATS and NERC.

"***Guaranteed On-Line Date***" has the meaning set forth in Section 2.5.1.

"***Interconnecting Utility***" means the Person that owns the electric transmission or distribution system with which the Project is directly interconnected.

"***kW***" means 1 kilowatt of electric power.

"***Maximum Annual Quantity***" means, for each Contract Year, 110% of the Annual Contract Quantity.

"***Minimum Annual Quantity***" has the meaning set forth in Section 4.1.1.

"***MWh***" means 1 megawatt hour of electric energy.

"***New System***" means a system with final interconnection approval after the first date of the preceding auction process (i.e. May 5, 2014 for compliance year 2015).

"***Operation Date***" means the date on which the Project commences generating electricity.

"***Owner***" means the Person identified as such in Paragraph A of Part I.

"***Owner Representative***" means the Person, if any identified as such in Paragraph B of Part I.

"***Party***" means each of the Owner, the SEU and, if one is designated, the Owner Representative.

"***Payee***" means the Owner or the Owner Representative, as designated in Paragraph C of Part I.

"***Person***" means any natural person, corporation, limited liability company, general partnership, limited partnership, proprietorship, other business organization, trust, union, association or Governmental Authority.

"***PJM***" means PJM Interconnection, LLC or any successor organization thereto.

"***Project***" has the meaning set forth in the introductory paragraph of this Agreement, as such Project is described further in Paragraph D of Part I.

"***Project SRECs***" has the meaning set forth in Section 2.1.1.

"***Purchase Obligation Date***" means the date as of which the SEU is obligated to purchase SRECs hereunder as specified in Section 2.1.4(a) or 2.1.4(b).

"***Purchase Price***" means, with respect to any Contract Year, the amount per Project SREC to be paid by the SEU in accordance with Section 2.4.1.

"***REPSA***" means the Delaware Renewable Energy Portfolio Standards Act (26 Del. C. §§ 351 *et seq.*), as amended, and the implementing rules and regulations thereunder.

"***Required Meter***" means: (a) for all Tier N-1, N-2, E-1 and E-2 Projects, either a revenue-grade meter on site or revenue-grade online monitoring; and (b) for any Tier N-3 Project, revenue-grade online monitoring.

"***Secured Obligations***" has the meaning set forth in Section 5.2.1(a).

"***SEU***" has the meaning set forth in the introductory paragraph of this Agreement.

"***SREC***" means a tradable instrument which represents or is associated with 1 MWh of electric energy derived from an Eligible Energy Resource that generates electric energy using solar photovoltaic technology and which qualifies as a "Renewable Energy Credit" under REPSA, together with any Environmental Attributes associated with such energy or the generation thereof.

"***STC***" means standards test conditions, which are: (a) internal cell temperature of 25° C; and (b) irradiance of 1,000 watts per square meter with an air mass 1.5 spectrum.

"***Supplemental Credit Support***" has the meaning set forth in Section 4.2.1.

"***Tier N-1 Project***" has the meaning set forth in Paragraph D of Part I.

"***Tier N-2 Project***" has the meaning set forth in Paragraph D of Part I.

"***Tier N-3 Project***" has the meaning set forth in Paragraph D of Part I.

"***Tier E-1 Project***" has the meaning set forth in Paragraph D of Part I.

"***Tier E-2 Project***" has the meaning set forth in Paragraph D of Part I.

"***UCC***" means the Uniform Commercial Code as in effect in the State of Delaware.

Section 6.2 Rules of Construction. The following rules of construction shall apply when interpreting the terms of this Agreement:

(a) references to "Parts," "Sections," or "Exhibits" shall be to Parts, Sections or Exhibits of this Agreement unless expressly provided otherwise;

(b) each Exhibit to this Agreement shall be deemed to be incorporated herein by reference as if such Exhibit were set forth in its entirety herein;

(c) the terms "herein," "hereby," "hereunder," "hereof" and terms of similar import in this Agreement refer to the Agreement as a whole and not to

any particular subdivision unless expressly so limited and the term "this Section" refers only to the Section hereof in which such words occur;

(d) use of the words "include" or "including" or similar words shall be interpreted as "including but not limited to" or "including, without limitation";

(e) any reference to any Applicable Law shall be deemed to refer to that law as it may be amended from time to time;

(f) the headings appearing in this Agreement are for convenience only, do not constitute any part of this Agreement and shall be disregarded in construing the language contained herein; and

(g) no term of this Agreement shall be construed in favor of, or against, a Party as a consequence of one Party having had a greater role in the preparation or drafting of this Agreement, but shall be construed as if the language were mutually drafted by both Parties with full assistance of counsel.

PART VII
GENERAL PROVISIONS

Section 7.1 Notices. Any notices, requests, consents or other communications required or authorized to be given by one Party to another Party pursuant to this Agreement shall be in writing. Such communications directed to the Owner or, if one is designated, the Owner Representative, shall be addressed as set forth in Part I. Communications directed to the SEU shall be addressed as set forth below. Any Party may update its address for notice by providing written notice in accordance herewith. Written notices, requests, consents and other communications shall be deemed to have been received on the Business Day following the day on which it was delivered. Notwithstanding the foregoing, in the event the SEU establishes an on-line web site for certain routine communications pursuant to this Agreement, notice of such routine matters shall be permitted in accordance with procedures established by the SEU.

SEU:

[Contract Administrator]

Section 7.2 Governing Law. This Agreement and the rights and obligations of the Parties shall be governed by and construed, enforced and performed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law.

Section 7.3 Dispute Resolution. All disputes arising between or among the Parties pursuant to this Agreement shall be submitted to neutral, non-binding mediation. If the Parties to such dispute are unable to agree upon a mutually acceptable mediator, each such Party shall designate a mediator and those mediators shall agree on a single, neutral mediator to conduct

the mediation. All costs of the neutral mediator shall be shared equally by the Parties. If the Parties are unable to resolve a dispute within 30 days of the dispute being submitted to mediation, any Party to the dispute shall be entitled to initiate litigation in a court of competent jurisdiction.

Section 7.4 Jurisdiction and Venue. THE PARTIES AGREE THAT JURISDICTION AND VENUE IN ANY ACTION BROUGHT BY ANY PARTY PURSUANT TO THIS AGREEMENT SHALL PROPERLY (AND EXCLUSIVELY) LIE IN ANY FEDERAL OR STATE COURT LOCATED IN NEW CASTLE COUNTY, DELAWARE. BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT FOR ITSELF AND IN RESPECT OF ITS PROPERTY WITH RESPECT TO SUCH ACTION. EACH PARTY IRREVOCABLY AGREES THAT VENUE WOULD BE PROPER IN ANY SUCH COURT, AND HEREBY WAIVES ANY OBJECTION THAT ANY SUCH COURT IS AN IMPROPER OR INCONVENIENT FORUM FOR THE RESOLUTION OF SUCH ACTION.

Section 7.5 Service of Process. Each Party: (a) irrevocably waives personal service of process in any litigation relating to this Agreement; and (b) irrevocably consents to service of process in any action or proceeding arising out of, or relating to, this Agreement by the mailing of copies thereof by registered mail, postage prepaid, such service to become effective 10 days after such mailing; *provided, however*, that nothing in this Section 7.5 shall affect the right of a Party to serve process in any other manner permitted by Applicable Law.

Section 7.6 Waiver of Right to Jury Trial. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, AND AS SEPARATELY BARGAINED-FOR CONSIDERATION, EACH PARTY HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY CLAIM ARISING OUT OF, OR RELATING TO, THIS AGREEMENT.

Section 7.7 Records. Each Party shall keep and maintain complete and accurate records and all other data reasonably necessary for the proper administration of this Agreement. Any Party shall provide such records and data to another Party within 15 days of a written request for such information. All such records and data shall be retained by each Party for at least 3 years following the year in which such records were created.

Section 7.8 Assignment.

7.8.1 Restrictions. Except as permitted pursuant to Section 7.8.2, neither the Owner nor the Owner Representative may assign this Agreement or any portion thereof or delegate any of its duties hereunder except where otherwise provided in this Agreement, without the prior written consent of the SEU, such consent not to be unreasonably withheld, conditioned or delayed. Without limiting the foregoing, the Owner may not sell, assign, convey, dispose of or otherwise transfer the Project without assigning this Agreement to the purchaser, assignee or transferee.

7.8.2 Permitted Assignments. The Owner may assign this Agreement without the consent of the SEU: (a) in connection with any financing of the Project, which

financing shall be at the Owner's sole expense; or (b) to a purchaser or transferee of the Project provided all the requirements of the Section 7.8.2 are met. With respect to any permitted assignment of this Agreement: (i) the assigning Party shall provide at least thirty (30) days prior notice of any such assignment, which notice shall include the name of, and contact information for, the assignee; (ii) the assignee shall expressly assume the assignor's obligations hereunder pursuant to an agreement in form and substance reasonably acceptable to the non-assigning Party; and (iii) no such assignment shall relieve the assignor of its obligations hereunder in the event of a default by the assignee.

7.8.3 Consent to Assignment. Upon or prior to a permitted assignment in connection with a financing of the Project, the SEU agrees to execute a written consent in a form reasonably acceptable to the SEU. If such written consent is not requested, the Owner shall notify the SEU of any such assignment to its secured lender(s) no later than thirty (30) days after such assignment.

7.8.4 Binding Effect. This Agreement, as it may be amended from time to time, shall be binding upon, and inure to the benefit of, the Parties and their respective successors and permitted assigns.

Section 7.9 Delay and Waiver. Except as otherwise provided in this Agreement, no delay or omission to exercise any right, power or remedy accruing to a Party upon any breach or default by the other Party shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring.

Section 7.10 Relationship of the Parties. This Agreement shall not be interpreted to create an association, joint venture, or partnership between or among any of the Parties or to impose any partnership obligation or liability upon any Party.

Section 7.11 Survival of Obligations. Applicable provisions of this Agreement shall continue in effect after expiration or termination of this Agreement, including early termination, to the extent necessary to enforce or complete the duties, obligations and responsibilities of the Parties arising prior to such expiration or termination, including to provide for final billings and adjustments related to the period prior to termination and payment of any money owed pursuant to this Agreement.

Section 7.12 Severability. In the event any of the terms, covenants, or conditions of this Agreement, its Exhibits or the application of any such terms, covenants or conditions, shall be held invalid, illegal or unenforceable by any court or administrative body having jurisdiction, all other terms, covenants and conditions of the Agreement shall remain in full force and effect.

Section 7.13 Entire Agreement. This Agreement constitutes the entire agreement between and among the Parties and supersedes all previous and collateral agreements or understandings with respect to the subject matter hereof.

Section 7.14 Amendments. Amendments to the terms of this Agreement (including any Exhibit hereto) shall only be effective if made in writing and signed by the Parties.

Section 7.15 Headings. Captions and headings used in this Agreement are for ease of reference only and do not constitute a part of this Agreement.

Section 7.16 Counterparts. This Agreement and any amendment hereto may be executed in two or more counterparts, all of which taken together shall constitute a single agreement.

Section 7.17 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.

Section 7.18 Electronic Signatures. The parties hereto have agreed to conduct this transaction by electronic means, therefore, the affixing of an electronic signature to this Agreement evidences the intent of the parties to conduct this transaction electronically and no party may therefore deny the legal effect or enforceability of this Agreement solely because their signatures hereto are in electronic form.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year first above referenced.

Owner:

[Name of Owner]

By: _____

Owner Representative:

[Name of Owner Representative]

By: _____

SEU One, LLC

By: _____

Date: _____

EXHIBIT "C"
DELMARVA'S REPORT IN SUPPORT OF 2016 PROGRAM

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION	)	
OF DELMARVA POWER AND LIGHT	)	PSC DOCKET NO. 15-_____
COMPANY FOR APPROVAL OF THE 2016	)	
PROGRAM FOR THE PROCUREMENT OF	)	
SOLAR RENEWABLE ENERGY CREDITS	)	

DELMARVA POWER AND LIGHT COMPANY'S REPORT IN SUPPORT OF ITS APPLICATION FOR APPROVAL OF THE 2016 PROGRAM FOR THE PROCUREMENT OF SOLAR RENEWABLE ENERGY CREDITS

Pamela J. Scott
Assistant General Counsel
Delmarva Power & Light Company
500 North Wakefield Drive
Newark, DE 19702
(302) 429-3143
(302) 429-3801 (fax)
PJScott@pepcoholdings.com

Dated: October 8, 2015

1. Delmarva Power & Light Company ("Delmarva Power" or "Delmarva") has concurrently herewith filed its Application for the Approval of the 2016 Program for the Procurement of Solar Renewable Energy Credits (the "Application").

2. As indicated in the Application, the 2016 Program for the Procurement of Solar Renewable Energy Credits (the "2016 Program") was developed by the Renewable Energy Taskforce (the "Taskforce"). The 2016 Program contains several changes to the 2015 Program for the Procurement of Solar Renewable Energy Credits (the "2015 Program") as approved by the Public Service Commission (the "Commission") in Order No. 8717.

3. The Application provides background on the 2016 Program and highlights the key terms of the 2016 Program. While the Application fairly lays out the 2016 Program and its purpose, the Commission may also wish to consider the following information in connection with the Application: (i) the key inputs to the 2016 Program; (ii) the ways in which the 2016 Program differs from the 2015 Program; (iii) the rationale for continuing the SEU's involvement in the 2016 Program; and (iv) the rationale for seeking expedited treatment. While the 2016 Program was developed with the full participation of the Taskforce, Delmarva Power submits this Report and anticipates that other members of the Taskforce will join in support of certain of Delmarva Power's positions, as appropriate. To the extent necessary, either a representative from Delmarva Power or the Taskforce will be available to testify to any of the issues discussed in this Report.

4. Accordingly, in advance of the evidentiary hearing to be scheduled on the Application, Delmarva Power respectfully submits the following additional information to be considered by the Commission in connection with the Application:

A. Key Inputs to the 2016 Program

The Commission Staff did not engage a consultant to review the results of the 2015 Program; nevertheless, Delmarva can report that the 2015 Program had robust results resulting in low priced contracts compared to those obtained in similar programs in surrounding jurisdictions. The 2015 Program was evenly subscribed, with the number of bids matching available capacity. The overall weighted average price for all SRECs was $78.78 per SREC for a larger pool of SRECs than procured in 2014. The conduct of the auction went smoothly with InClime Inc., conducting the auction.

The results of the auction for the 2015 Program were considered by the Taskforce in developing the 2016 Program. In particular, the Taskforce considered the following in developing the 2016 Program: (1) whether to increase the total number of solicitation SRECs to be acquired through the auction from existing and new projects; (2) whether to continue to purchase some SRECs on the spot market; (3) whether to continue to allow bids in lower tiers to beat out bids in higher tiers; and (4) whether to reduce the kW breakpoint for certain Tiers from 30 kW to 25 kW. As discussed below, each of these suggestions was reviewed and implemented, as necessary, in the 2016 Program.

In addition, the Taskforce has continued to meet on a regular basis to consider issues related to the SREC Auction process and to discuss ideas for the 2016 Program. Each of those meetings was open to the public and the Taskforce had the opportunity to consider a wide variety of viewpoints from within the Taskforce and otherwise.

B. Comparison to the 2015 Program

The 2016 Program contains several modifications compared to the 2015 Program to address issues that arose as part of the 2015 Program. The primary changes are: (i) an increase

in the overall number of SRECs to be acquired through the auction process; and (ii) a reduction in the breakpoints for kW for Tiers N-1, N-2, E-1 and E-2 from 30 kW to 25 kW.

The Taskforce will continue to use long-term (20 year) contracts with all Owners who submit a successful bid in the auction. The key terms of those long-term contracts (attached as Appendix A to Exhibit "A" to the 2016 Program) have not changed significantly.

It is the view of the Taskforce that maintaining many of the processes for the auction and making only minor changes to the terms of the long-term contracts allows the ability to better study the market from year to year, and also decreases public confusion over the process and the programs. In addition, the incentives for Delaware workforce and manufacturing remain the same.

C. Rationale for Increasing the Number of SRECs to Be Acquired

In order to address the increasing demand in the market, it makes sense for Delmarva to increase its purchase of SRECs in the auction while still maintaining a balance between Existing Systems and New Systems. Therefore, the 2016 Program proposes that initially 9,000 SRECs be acquired through the annual auction, split between tiers, with the ability to acquire up to an additional 6,000 SRECs.

As with the Pilot Program, the 2013 Program, the 2014 Program, and the 2015 Program, the 2016 Program again requires a balance of different system sizes. The balanced approach allows a diverse solar market to develop in Delaware while providing some level of cost protection to ratepayers. Also, as with the 2015 Program, for the 2016 Program, the Tiers have been maintained, and Tiers N-1, E-1 and E-2 continue to be combined for solicitation purposes. In addition, the 2016 Program continues to provide credits for systems that are built with parts made in Delaware or by using a Delaware-based workforce.

D. Rationale for Reducing the kW breakpoint from 30 kW to 25 kW

The Taskforce proposes the reduction of the kW from 30 kW to 25 kW for Tiers N-1, N-2, E-1 and E-2 to be consistent with the interconnection limits established for Level 1 solar projects through Delmarva's interconnection process.

E. Rationale for Continuing the SEU's Involvement

Delmarva Power found the SEU and its contracting agent, InClime, Inc., to be very efficient and effective in administering the SREC auction for the Pilot Program, the 2013 Program, the 2014 Program and the 2015 Program. The Taskforce has approved the continued involvement of the SEU in the 2016 Program, and anticipates that they will contract with InClime, Inc. to run the auction. This provides for consistency in the Program and furthers the goal of reducing public confusion. In addition, this continues to allow the SEU to take advantage of their unique banking rights for SRECs. As experienced in the 2015 Program, the fees to be paid to the SEU and InClime, Inc. have declined due to economies of scale and learning curve benefits. It continues to be Delmarva's burden to show that it could not have performed the functions of the SEU and InClime, Inc. more cost effectively. As with the Pilot Program, the 2013 Program, the 2014 Program and the 2015 Program, the issue of whether Delmarva Power will be permitted to recover the costs of using the SEU and InClime, Inc. to administer the 2016 Program is not being dealt with in this proceeding.

F. Rationale for Seeking Expedited Treatment

The Taskforce has recommended that the next auction for SRECs begin no later than January, 2016, for the compliance year starting June 1, 2016. As a result, expedited approval from the Commission is needed to ensure that the procurement of SRECs can stay on track. As with the Pilot Program, the 2013 Program, the 2014 Program and the 2015 Program, the 2016

Program was developed by the Taskforce over many months with input from a number of stakeholders. In addition, each of the Taskforce meetings was open to the public.

The Commission Staff and the DPA have been thoroughly involved in the design of the 2016 Program. Furthermore, the 2015 Program on which the 2016 Program is based was also developed over a lengthy process and was the subject of evidentiary hearings before the Commission. Accordingly, Delmarva Power believes there is no prejudice to the ratepayers by giving the Application expedited treatment.

Pamela J. Scott
Assistant General Counsel
Delmarva Power & Light Company
500 North Wakefield Drive
Newark, DE 19702
(302) 429-3143
(302) 429-3801 (fax)
PJScott@pepcoholdings.com

Dated: October 8, 2015