

**MATERIAL CHANGES
TO
BGS-CIEP CONTRACTS
FROM JULY 1, 2003 CONTRACT FILED WITH THE BOARD**

1. Add language to “Therefore” clause clarifying sufficiency of consideration.
2. Add definition for “Bankruptcy Code.”
3. Specify current rate for Default Supply Service Availability Charge of \$.00015.
4. Add definition for “Final FERC Order.”
5. Conform definition of “Firm Transmission Service” to current PJM tariff.
6. Add definition for “Guaranty.”
7. Add definition for “Renewable Energy Portfolio Standards.”
8. Amend the definition of “Total Exposure Amount” to provide that the amount shall be deemed to be zero for any day for which the amount calculated is zero.
9. Modify definition of “Transmission Charge” to provide for tracking to PJM rate changes allowed to become effective by FERC and as reflected in BGS-CIEP rate schedules.
10. Add to Section 2.1:

The parties acknowledge that the Agreement is a forward contract and, accordingly, the parties hereto are entitled to the protections of section 556 of the Bankruptcy Code. The parties therefore agree that the Agreement may be terminated by either party upon the commencement of a proceeding by the other party under any chapter of the Bankruptcy Code in accordance with Section 5.2 hereof.
11. Clarify Section 2.2 (a) to provide that BGS-CIEP Supplier is obligated to satisfy the Renewable Energy Portfolio Standards.
12. Clarify that Section 3.1 representations are for the benefit of the EDC and add the following representations to Section 3.1:
 - (g) That the Supplier has entered into this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;
 - (i) That the Supplier has made its trading and investment decisions (including regarding the suitability thereof) based upon its own judgment and any advice

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from such advisors as it has deemed necessary and not in reliance upon any view expressed by the Company;

13. Clarify that Section 3.2 representations are for the benefit of the Suppliers and add the following representation to Section 3.2:

(g) That the Company has entered into this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;
14. Clarify 5.1 (xi) that failure to comply with the Renewable Energy Portfolio Standards with respect to the BGS Supplier's BGS-FP Supplier Responsibility Share is an Event of Default.
15. Add the following to Section 5.1 (i.e., subsection (xv)) as an Event of Default: the making of a materially incorrect or misleading representation or warranty under this Agreement.
16. Modify Section 5.1 (i.e., subsection (xvi)) to include Events of Default under other BGS Agreements as an Event of Default.
17. Modify Section 5.4(a) providing for the calculation of volumes for the purpose of determining the Termination based on the previous years' volume "adjusted for such BGS-CIEP load changes as may have occurred since the previous calendar year" consistent with the Year 5 BGS Supplier Agreement.
18. Modify Section 5.4(b) to permit payment of a Termination Payment to a Defaulting Party on same terms as allowed in previous BGS Supplier Agreements. Make any necessary conforming changes in Section 5.4(c).
19. Add new Section 5.4(e) to clarify that previous BGS Supplier Agreements are modified to the extent necessary to require the calculation of a single Termination Payment between the Company and the BGS Supplier.
20. Add new Sections 5.6 and 5.7 to assure protections to the Non-Defaulting Party in bankruptcy:

5.6 Setoff of Payment Obligations of the Non-Defaulting Party

Any payment obligations of the Non-Defaulting Party to the Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the BGS-CIEP Supplier for the provision of BGS Supply shall be set off: (i) first, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the BGS-CIEP Supplier for the provision of BGS Supply that are unsecured and not subject to any Guaranty; (ii) second, to satisfy any payment obligations of the Defaulting party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the BGS-CIEP Supplier for the provision of BGS Supply that are unsecured, but which are subject to a Guaranty; and (iii) third, to satisfy any remaining payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this

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Agreement or any other agreement(s) between the Company and the BGS-CIEP Supplier for the provision of BGS Supply.

5.7 Preservation of Rights of Non-Defaulting Party

The rights of the Non-Defaulting Party under this Agreement, including without limitation Sections 5.4 and 5.6, shall be supplemental to, and not in lieu of, any right of recoupment, lien, or set-off afforded by applicable law, and all such rights are expressly preserved for the benefit of the Non-Defaulting Party.

21. Modify Section 6.2(a)(ii) to state that the credit limit will be the lesser of the Guaranty amount or the Supplier's Guarantor's Maximum Credit Limit and to permit a BGS Supplier to supply a substitute or amended Guaranty in a larger amount.
22. Add a provision to allow netting under Section 9.1 (i.e., subsection (h)) related to billing.
23. Extend period for presenting disputes in Section 9.1(k) and Section 9.3(d) from 90 days to 120 days.
24. Delete last sentence to Section 13.1 and substitute the following:

Notwithstanding anything to the contrary in this Agreement, the BGS-CIEP Suppliers have no obligations or liability to other BGS-CIEP Suppliers.

25. Add a provision (i.e., Section 15.8) for the Company to indemnify the BGS Suppliers with respect to the payment of Sales and Use Taxes the Company is responsible for collecting.
26. Revise Section 15.12 to read as follows:

15.12 Amendment

This Agreement, including the appendices hereto, cannot be amended without the written agreement of all Parties and the approval of the Board prior to such amendment becoming effective.

27. Revise Letter of Credit:
 - (i) Modify paragraph "2," to apply to multiple agreements;
 - (ii) Change "proper" to "conforming" in line 10 or paragraph "6";
 - (iii) Add "any day on which payments can be effected on the Fedwire system" to the definition of "business day" in paragraph 8;
 - (iv) Modify paragraph 15 to specify that authorized officers of the EDC must sign the referenced documents.

**MATERIAL CHANGES
TO
BGS-FP CONTRACTS
FROM JULY 1, 2003 CONTRACT FILED WITH THE BOARD**

1. Add language to “Therefore” clause clarifying sufficiency of consideration.
2. Modify definition of “Auction Price” to provide that price will be subject to adjustment due changes in transmission rates under Section 15.9.
3. Add definition for “Bankruptcy Code.”
4. Add definition for “Final FERC Order.”
5. Conform definition of “Firm Transmission Service” to current PJM tariff.
6. Add definition for “Guaranty.”
7. Add definition for “Renewable Energy Portfolio Standards.”
8. Amend the definition of “Total Exposure Amount” to provide that the amount shall be deemed to be zero for any day for which the amount calculated is zero.
9. Modify definition of “Transmission Charge” to provide for tracking to PJM rate changes allowed to become effective by FERC and as reflected in BGS-CIEP rate schedules.
10. Add to Section 2.1:

The parties acknowledge that the Agreement is a forward contract and, accordingly, the parties hereto are entitled to the protections of section 556 of the Bankruptcy Code. The parties therefore agree that the Agreement may be terminated by either party upon the commencement of a proceeding by the other party under any chapter of the Bankruptcy Code in accordance with Section 5.2 hereof.
11. Clarify Section 2.2 to provide that BGS-CIEP Supplier is obligated to satisfy the Renewable Energy Portfolio Standards.
12. Modify Section 2.2(b) by addition of the following obligation on the part of the Company:
 - (v) to the extent that (a) the Company purchases energy during the term of this Agreement from renewable energy resources that meet the eligibility requirements for satisfying the Renewable Energy Portfolio Standards; (b) the renewable energy attributes transfer to the Company under the terms of the energy purchase arrangements; and (c) the Company is not utilizing the renewable energy attributes associated with such purchases

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to meet obligations as a load serving entity other than its obligations associated with the BGS Load within PJM, the Company shall apply such renewable energy attributes against any to the extent that the Board's regulations or Orders expressly allow or authorize the Company to do so; and

13. Clarify that Section 3.1 representations are for the benefit of the EDC and add the following representations to Section 3.1:
 - (g) that the Supplier has entered into this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;
 - (i) that the Supplier has made its trading and investment decisions (including regarding the suitability thereof) based upon its own judgment and any advice from such advisors as it has deemed necessary and not in reliance upon any view expressed by the Company;
14. Clarify that Section 3.2 representations are for the benefit of the Suppliers and add the following representation to Section 3.2:
 - (h) that the Company has entered into this Agreement with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks;
15. Add the following language to Section 4.3 to assure the survival of the Company obligation to make adjustments under Section 15.9 related to changes in transmission rates: "adjustments including, without limitation, any obligation to pay amounts tracked and retained by the Company during the term of this Agreement for the benefit of the BGS-FP Suppliers under Section 15.9 hereof."
16. Clarify 5.1 (i.e., subsection (xi)) that failure to comply with the Renewable Energy Portfolio Standards with respect to the BGS Supplier's BGS-FP Supplier Responsibility Share is an Event of Default.
17. Add the following to Section 5.1 (i.e., subsection (xv)) as an Event of Default: the making of a materially incorrect or misleading representation or warranty under this Agreement.
18. Modify Section 5.1 (i.e., subsection (xvi)) to include Events of Default under other BGS Agreements as an Event of Default.
19. Modify Section 5.4(a) providing for the calculation of volumes for the purpose of determining the Termination based on the previous years' volume "adjusted for such BGS-CIEP load changes as may have occurred since the previous calendar year" consistent with the Year 5 BGS Supplier Agreement.

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20. Modify Section 5.4(b) to permit payment of a Termination Payment to a Defaulting Party on same terms as allowed in previous BGS Supplier Agreements. Make any necessary conforming changes in Section 5.4(c).
21. Add new Section 5.4(e) to clarify that previous BGS Supplier Agreements are modified to the extent necessary to require the calculation of a single Termination Payment between the Company and the BGS Supplier.
22. Add new Sections 5.6 and 5.7 to assure protections to the Non-Defaulting Party in bankruptcy:

5.6 Setoff of Payment Obligations of the Non-Defaulting Party

Any payment obligations of the Non-Defaulting Party to the Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the BGS-CIEP Supplier for the provision of BGS Supply shall be set off: (i) first, to satisfy any payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the BGS-CIEP Supplier for the provision of BGS Supply that are unsecured and not subject to any Guaranty; (ii) second, to satisfy any payment obligations of the Defaulting party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the BGS-CIEP Supplier for the provision of BGS Supply that are unsecured, but which are subject to a Guaranty; and (iii) third, to satisfy any remaining payment obligations of the Defaulting Party to the Non-Defaulting Party pursuant to this Agreement or any other agreement(s) between the Company and the BGS-CIEP Supplier for the provision of BGS Supply.

5.7 Preservation of Rights of Non-Defaulting Party

The rights of the Non-Defaulting Party under this Agreement, including without limitation Sections 5.4 and 5.6, shall be supplemental to, and not in lieu of, any right of recoupment, lien, or set-off afforded by applicable law, and all such rights are expressly preserved for the benefit of the Non-Defaulting Party.

23. Modify Section 6.3 to provide for a decline in the Independent Credit Threshold throughout the term of the Agreement according to a schedule to be provided by the Company.
24. Modify Section 6.4 to require separate Guaranties for the Independent Credit Threshold and for the credit limit unless BGS Supplier supplies an unlimited Guaranty.
25. For Section 6.5: (i) eliminate provision that MtM credit exposure will be deemed to be zero when calculation yields a negative number; (ii) Change the multiplier from 1.15 to 1.1; (iii) clarify that numbers used in referenced Appendix example are hypothetical.
26. Modify Section 6.6 (ii) to state that the credit limit will be the lesser of the Guaranty amount or the Supplier's Guarantor's Maximum Credit Limit and to

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permit a BGS Supplier to supply a substitute or amended Guaranty in a larger amount except that substitute or amended Guaranty cannot be used to satisfy a Margin call. Clarify that after satisfying a Margin call, a substitute or amended Guaranty may be provided at which time the BGS Supplier may request a return of Margin.

27. Clarify under Section 6.7 that if the BGS-FP Supplier posted a letter of credit, the Surplus Margin shall be returned on the next Business Day following the Business Day on which the amendment to the letter of credit is received from the issuing bank.
28. Add a provision to allow netting under Section 9.1 (i.e., subsection (e)) related to billing.
29. Extend period for presenting disputes in Section 9.1(h) and Section 9.3(d) from 90 days to 120 days.
30. Delete last sentence to Section 13.1 and substitute the following:

Notwithstanding anything to the contrary in this Agreement, the BGS-CIEP Suppliers have no obligations or liability to other BGS-CIEP Suppliers.
31. Add a provision (i.e., Section 15.8) for the Company to indemnify the BGS Suppliers with respect to the payment of Sales and Use Taxes the Company is responsible for collecting.
32. Revise Section 15.13 to read as follows:

15.13 Amendment

This Agreement, including the appendices hereto, cannot be amended without the written agreement of all Parties and the approval of the Board prior to such amendment becoming effective.

33. Add new Section 15.9:

15.9 Increases in Transmission Rates for Firm Transmission Service

(a) If during the term of this Agreement, a filing is made with the FERC to increase the rates for Firm Transmission Services, including any charge or surcharge imposed on customers receiving Firm Transmission Services, then the following procedures shall apply:

- (i) within forty-five (45) days of the date upon which the filing is made with the FERC, the Company will notify the BGS-FP Suppliers that such rate filing has been made, and will seek approval from the Board to increase the rates charged to BGS-FP Customers by the amount of such rate increase for Firm Transmission Services; provided that, if the rate increase for the Firm Transmission Services is to the demand component of such rate, the rate increase sought by the Company shall be

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stated as a dollar per kilowatt-hour charge based on a load factor for transmission service equal to the load factor for transmission service over the previous twelve (12) months; and further provided that the Company will provide the BGS-FP Suppliers with a copy of the Company's petition seeking such approvals from the Board;

- (ii) upon receipt of Board approval for the increase in the rates charged to BGS-FP Customers, the Company shall begin collecting the rate increase from the BGS-FP Customers;
- (iii) commencing with the date that the Company begins collecting the rate increase approved by the BPU from the BGS-FP Customers, the Company shall track that portion of the rates charged to BGS-FP Customers comprised by the rate increase and shall retain such tracked amounts for the benefit of the BGS-FP Suppliers;

(iv) upon approval by FERC, in a Final FERC Order and not subject to refund, of the proposed rate increase for Firm Transmission Rates, the following shall occur: (a) the Auction Price shall be deemed to be increased by the rate increase to BGS-FP customers approved by the BPU; and (b) the Company shall promptly pay each BGS-FP Supplier in proportion to its BGS Supplier Responsibility Share, the amounts tracked and retained for the benefit of BGS-FP Suppliers during the term of this Agreement; provided, however, that in the event only a proportion of the proposed rate increase to Firm Transmission Rates is approved by FERC, in a Final FERC Order and not subject to refund, the Auction Price shall be increased only by that portion of the proposed rate increase approved by FERC and the BGS-FP Suppliers shall be paid only that portion of the tracked and retained amounts associated with the rate increase approved by FERC; and further provided that in the event FERC approves less than the entirety of the proposed rate increase or rejects the proposed rate increase in its entirety, all amounts tracked and retained by the Company for the benefit of the BGS-FP Suppliers associated with the rejected rate increase to Firm Transmission Rates (or the rejected portion of the proposed rate increase to Firm Transmission Rates), shall be credited by the Company against future rates paid by BGS-FP customers and the BGS-FP Suppliers shall have no right in or to such amounts. The Company will pay simple interest on amounts tracked and retained hereunder, calculated at the lower of the Interest Index or six (6) percent per annum; and Nothing herein shall prevent or restrict the participation of the Company or the BGS-FP Suppliers in any FERC or judicial proceedings associated with any proposed rate increase to Firm Transmission Rates, in sponsoring, supporting, opposing, challenging or otherwise addressing such proposed rate increases.

34. Revise Letter of Credit:

- (i) Modify paragraph "2," to apply to multiple agreements;
- (ii) Change "proper" to "conforming" in line 10 or paragraph "6";
- (iii) Add "any day on which payments can be effected on the Fedwire system" to the definition of "business day" in paragraph 8;

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- (iv) Modify paragraph 15 to specify that authorized officers of the EDC must sign the referenced documents.