

COGENERATION AND SMALL POWER PRODUCTION
SCHEDULE X

AVAILABILITY: For purchases of electricity by the Company from a qualified cogenerator or small power producer (Seller).

CHARACTERISTICS OF SUPPLY: As specified by the Company.

MONTHLY PAYMENTS:

Energy Payments: Subject to the compliance with the Special Provisions, Seller shall be paid the applicable net PJM locational marginal price (LMP) for the time period when energy is produced and delivered to the Company, less any ancillary services costs and other related costs.

Capacity Payments: Subject to compliance with the Special Provisions, Seller shall be paid for capacity based on prevailing PJM market prices for capacity, less any PJM penalties and other related costs.

Special Provisions:

1. In the event Seller and the Company are unable to reach agreement as to the applicability of any of the Special Provisions hereinafter set forth, either party shall have the right to request review by the Public Service Commission.
2. The Availability of this Schedule is restricted to cogeneration and small power production facilities which meet the qualification standards established by the Federal Energy Regulatory Commission.
3. To qualify for Energy Payments under this schedule, Seller shall comply with the PJM Small Resource Interconnection Process in order to be recognized as a PJM generation resource. Once Seller has completed the PJM Small Resource Interconnection Process and qualifies as a PJM generation resource, the Company shall act as Seller's agent for sales of energy from Seller's generation resource.
4. To qualify for Capacity Payments under this schedule, Seller shall comply with all PJM requirements to qualify as a PJM Capacity Resource. In addition to qualifying as a PJM Capacity Resource, Seller shall enter into an indemnification agreement with the Company to address any PJM penalties resulting from Seller's failure comply with PJM capacity-related obligations. Once Seller has qualified as a PJM Capacity Resource and entered into the indemnification agreement noted above, the Company shall act as Seller's agent for sales of capacity from Seller's generation resource.
5. Subject to PJM interconnection requirements, the Company installs, owns and maintains at the Seller's expense all metering equipment needed to measure the kilowatt-hours delivered to the Company.
6. The Company shall remit payment under this schedule to Seller on a monthly basis. Payment to the Seller is first applied to outstanding bills and then is accumulated to \$25 before payment is made.

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Schedule X continued

7. Parallel operation must cease immediately and automatically during system outages and other emergency or abnormal conditions specified by the Company. The Seller must cease parallel operation upon notification by the Company if such operation is determined to be unsafe, interferes with the supply of service to others, or interferes with system maintenance or operation. The Company accepts no responsibility whatsoever for damage or injury to any person or property caused by failure of the Seller to operate in compliance with Company requirements.
8. Failure of the Seller to comply with any of these requirements shall result in disconnection from the Company's system, and the Company will be under no obligation to make subsequent purchases therefrom.

Subject to applicable Terms and Conditions of the Company's Electric Service Tariff.