



PSEG

Energy Resources and Trade LLC

**PURCHASE AND SALE OF FIRM SOLAR RENEWABLE ENERGY CREDITS
TRANSACTION CONFIRMATION LETTER**

To: Brick Township Board of Education

June 13, 2011

PSEG ER&T Ref. # **BUPE40**

Attn: James Edwards

Phone: 732-785-3000 x1016

Fax

From Maria Salvatore

Phone: 973-430-6073

Fax: 973-643-3882

This Transaction Confirmation Letter (the "Confirmation Letter") between **Brick Township Board of Education** ("Seller") and **PSEG Energy Resources & Trade LLC, a Delaware limited liability company** ("Buyer") dated **June 13, 2011** (the "Effective Date"), confirms the terms of the transaction agreed to by Seller and Buyer (the Seller and Buyer each a "Party", and collectively, the "Parties"). This Confirmation Letter, together with the General Terms and Conditions, comprise the "Agreement".

This Confirmation Letter supersedes and replaces any prior written confirmation, including broker confirmations, regarding this transaction. The commercial terms of the transaction to which this Confirmation Letter relates are as follows:

- Trade Date:** **June 10, 2011**, which is the date that the Parties orally agreed to this transaction.
- Seller:** **Brick Township Board of Education**, with offices at 101 Hendrickson Avenue, Brick, NJ 08724.
- Buyer:** **PSEG Energy Resources & Trade LLC**, with offices at 80 Park Plaza, T19, Newark, NJ 07102.
- Product:** Solar Renewable Energy Certificates ("SRECs"), as defined in the NJ Renewable Energy Portfolio Standards ("RPS") 14:8-2, as amended. An SREC represents the environmental benefits or attributes of one megawatt-hour of generation from an electric generation facility, are issued by the New Jersey Board of Public Utilities ("NJ BPU"), or its designee, and have been approved by the NJ BPU as a means of compliance with the RPS.
- Vintage:** The SRECs will qualify for and be generated during the **Reporting Year(s) 2011**. "Reporting Year" 2011 shall be the period beginning on June 1, 2010 and ending on May 31st, 2011.
- Contract Quantity** **239 SRECs**. The obligations herein are Firm (as hereinafter defined). "Firm" shall mean that in the absence of Force Majeure, the Party to whom performance is owed shall be entitled to receive from the Party which failed to schedule and/or deliver, or schedule and/or receive, as the case may be, as liquidated damages and as its sole and exclusive remedy, an amount determined pursuant to Paragraph 6 of this Agreement, except as set forth in Paragraph 7 below.

Contract Price: \$652.50 per SREC.

Delivery Schedule: On or before July 15, 2011.

Delivery to Buyer: Seller will deliver certified SRECs using the PJM Generator Attribute Tracking System ("GATS"), and/or an equivalent system as sanctioned by the NJ BPU. Buyer has registered on GATS as Buyer's account named "PSEG Energy Resources & Trade LLC" to accept delivery of the SRECs from Seller ("Buyer's Account(s)"). Seller shall cause the permanent transfer of SRECs to Buyer's Account(s) by no later than midnight of the date indicated in the Delivery Schedule. Seller will notify Buyer upon completion of the transfer, at which time delivery shall be deemed complete. Delivery into an escrow account, without final delivery into Buyer's account, shall not be deemed a completed transfer.

Failure to make delivery on the day scheduled due to Buyer's action or inaction, or due to problems with GATS shall not be deemed to be a default by Seller. In such event, Seller shall deliver the applicable SRECs within three (3) Business Days of Seller being advised of the correction of the problem that prevented transfer. For purposes of this Agreement, "Business Day" means any day except a Saturday, Sunday, or a Federal Reserve bank holiday.

Payment: Buyer shall pay the Contract Price for delivered SRECs within ten (10) Business Days after Buyer receives an invoice from Seller, reflecting the total amount due to Seller for the delivered SRECs. Overdue payments shall accrue interest from the due date at the per annum rate of interest equal to two (2%) percent over the prime lending rate as published from time to time in the Wall Street Journal under "Money Rates" on such due date (or if not published on such day on the most recent preceding day on which published), but in no event to exceed the maximum lawful rate ("Interest Rate").

Invoicing/Settlements
ertsettlements@pseg.com
Sam Mathay
973-430-6182; or
Diana Lameira
973-430-7050
Fax: 973-623-0328


Certification: All SRECs included in the sale hereunder will be New Jersey Certified, as verified by an agent appointed by the NJ BPU.

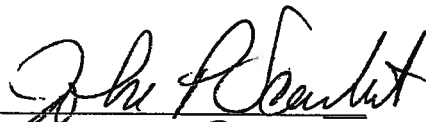
Other Terms: See the General Terms and Conditions attached hereto, and by this reference, made a part hereof.

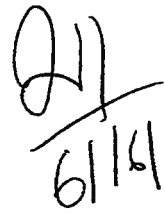
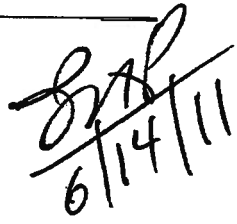

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed this Agreement by their undersigned duly authorized representatives as of the Effective Date hereof.

Brick Township Board of Education

PSEG Energy Resources & Trade LLC

Signature: 
Name: James W. Edwards
Title: Business Administrator
6/27/11

Signature: 
Name: JOHN P. SCARLATA
Title: V.P.


6/14/11

6/14/11


GENERAL TERMS AND CONDITIONS

1) WARRANTY; REPRESENTATIONS

Seller represents and warrants that all Product sold hereunder is delivered free and clear of all liens, encumbrances, and Claims or any interest therein or thereto by any person arising prior to Delivery. For the purposes of this Agreement, "Delivery" occurs when title and risk of loss related to Product has been transferred from Seller to Buyer and the transfer of certified SREC's are properly recorded with GATS and delivery accepted by Buyer into Buyer's account. On and as of the Trade Date, each Party represents and warrants to the other Party that the term "Claim" for purposes of this Agreement shall mean all third party claims or actions, threatened or filed and, whether groundless, false, fraudulent or otherwise, that directly or indirectly relate to the subject matter of an indemnity, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

Each of Seller and Buyer represent and warrant to each other that:

A) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

B) it has all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;

C) the execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

D) this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms; subject to any equitable defenses, bankruptcy principles, or the like;

E) it is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt;

F) there is not pending or, to its knowledge, threatened against it or any of its affiliates any legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;

G) no event of default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

H) it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement;

I) it is a "forward contract merchant" within the meaning of the United States Bankruptcy Code;

J) it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of all Products referred to in the Agreement to which it is a Party; and

K) with respect to this Agreement, it is a producer, processor, commercial user or merchant handling the Product, and it is entering into such Agreement for purposes related to its business as such.

2) MOVEMENT OF PRODUCT

Subject to the terms and conditions of this Agreement, Seller shall sell and deliver, and Buyer shall purchase and receive, the Contract Quantity of Product at Delivery and Buyer shall pay the Contract Price

for Product so delivered. Seller shall be responsible for any costs or charges imposed on or associated with the Product up to Delivery and Buyer shall be responsible for any costs or charges imposed on or associated with the Product at and from the Delivery.

3) PAYMENT

Payment shall be made in accordance with the Confirmation Letter. If Buyer in good faith disputes the correctness of an invoice, Buyer shall pay the undisputed amount when due and submit to Seller a written statement detailing the items disputed and the reasons therefore. The Parties shall attempt in good faith to resolve the dispute promptly through negotiations between executives who have authority to settle the discrepancy. If it is determined that Buyer owes all or a portion of the disputed amount, Buyer shall pay Seller that amount within five (5) Business Days of such determination, along with interest accrued from the original payment due date up to but excluding the date that payment is made. The past due amount shall carry interest as provided hereinabove in accordance with the Confirmation Letter.

4) ASSIGNMENT/DELEGATION

Neither Buyer nor Seller shall assign this Agreement nor delegate any of its duties hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed; otherwise any such delegation or assignment shall be voidable at the option of the other Party. Notwithstanding the foregoing, either Party may, without the prior consent of the other Party, (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements (and without relieving itself from liability hereunder), (ii) transfer or assign this Agreement to an affiliate of such Party which affiliate's creditworthiness it reasonably determines is equal to or higher than that of such Party at the time that such assigning Party entered into this Agreement, or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets whose creditworthiness it reasonably determines is equal to or higher than that of such Party at the time that such assigning Party entered into this Agreement; provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request.

5) WAIVER

The failure of Buyer or Seller to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a future waiver of any such provisions or the relinquishment of any such rights, but the same shall continue and remain in full force and effect for the term of this Agreement.

6) EVENT OF DEFAULT AND DAMAGES

A) If any of the following events shall occur (each an "Event of Default") such as: (i) the failure of either Party to make when due, any payment required hereunder if such failure is not remedied within five (5) Business Days after notice of such failure is given to the defaulting Party by the other Party; (ii) the failure of either Party to comply with any or all of its other respective obligations in good faith as herein set forth and such noncompliance is not cured within five (5) Business Days after notice thereof to defaulting Party; or (iii) either Party (a) filing a petition in bankruptcy, (b) having such a petition filed against it, (c) becoming otherwise insolvent or unable to pay its debts as they become due, or (iv) a Failing Party shall fail to provide Adequate Assurance of Performance in accordance with Paragraph 21, then the non-defaulting Party may, for so long as such Event of Default is continuing, establish by notice to the defaulting Party a date on which this Agreement shall terminate early, and the non-defaulting Party shall calculate, in a commercially reasonable manner, its damages, including any associated costs, resulting from the early termination of this Agreement. Such damages and costs, if any, shall be paid or cause to be paid by the defaulting Party to the non-defaulting Party within ten (10) Business Days of the defaulting Party's receipt of notice of the damages amount. The non-defaulting Party may suspend performance of its obligations under this Agreement until such Event of Default is cured, or if the Event of Default is a failure to pay as set forth in (i), until such amounts plus interest at the Interest Rate made in accordance with the Confirmation Letter have been paid, and/or exercise any remedy available at law or

in equity to enforce payment of such amount plus interest at the Interest Rate made in accordance with the Confirmation Letter.

B) If Buyer fails to accept all or any part of the quantity of Product to be delivered under this Agreement, Buyer shall pay Seller within five (5) Business Days of invoice receipt, an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Sales Price from the Contract Price plus reasonable legal costs incurred by Seller in enforcement and protection of its rights under this Agreement. "Sales Price" means the price, determined by Seller in a commercially reasonable manner, at which Seller resells (if at all) the Product, or, absent such a sale, the market price for such quantity of Product at or during the time that Buyer fails to accept the Product.

C) Unless excused by Force Majeure or Buyer's material failure to perform, if Seller fails to deliver all or any part of the quantity of Product to be delivered under this Agreement, Seller shall pay Buyer within five (5) Business Days of invoice receipt, an amount for such deficiency equal to the positive difference, if any, obtained by subtracting the Agreement Price from the Replacement Price plus reasonable legal costs incurred by Buyer in enforcement and protection of its rights under this Agreement. "Replacement Price" means the price, determined by Buyer in a commercially reasonable manner, at which Buyer purchases (if at all) substitute Product for the deficiency or, absent such a purchase, the market price for such quantity of Product at or during the time that Seller fails to deliver the Product.

D) Each Party hereby stipulates that the payment obligations set forth in (B) and (C) above are reasonable in light of the anticipated harm and each Party hereby waives the right to contest such payments as an unreasonable penalty or otherwise. Except as set forth in the "Payment" section in the transaction Confirmation Letter, the remedy set forth in (B) and (C) of this Paragraph 6 shall be the sole and exclusive remedy of the aggrieved Party for the failure of the other to deliver or accept, as the case may be, the quantity of Product specified herein and all other damages and remedies are hereby waived as to such failure(s), except as set forth in Paragraph 7 below.

7) LIMITATION ON LIABILITY

No waiver of remedies or damages herein shall apply to Claims of anticipatory repudiation or remedies therefor provided by law, except that neither Seller nor Buyer shall be liable to the other for consequential, incidental, punitive, exemplary or indirect damages, lost profits, or business interruption damages, whether by statute, in tort or in contract, under any indemnity provision or otherwise.

8) FORWARD CONTRACT

Buyer and Seller each acknowledge that it is a "forward contract merchant" and that all transactions pursuant to this Agreement constitute "forward contracts" within the meaning of the United States Bankruptcy Code.

9) NETTING AND SETOFF

If Buyer and Seller are required to pay any amount under this Agreement or under any other forward commodity contract between the parties on the same day, then, upon notice from one party to the other, such amounts with respect to each Party may be aggregated and the Parties may discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the Party owed the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims, combination of accounts, liens and other remedies and defenses which such Party has or may be entitled to (whether by operation of law or otherwise). The obligations to make payments under this Agreement and/or any other contract between the Buyer and Seller may be offset against each other, set off or recouped therefrom.

10) ENTIRE AGREEMENT

This Agreement, together with any attachments or exhibits specifically referenced herein, constitutes the entire contract between the Seller and the Buyer with respect to the subject matter hereof, supersedes

all prior oral or written representations and contracts, and may be modified only by a written amendment signed by Buyer and Seller.

11) COMPLIANCE WITH THE LAW

Seller and Buyer shall make good faith efforts to comply with the provisions of all federal, state, and other governmental laws and any applicable order and/or regulations, or any amendments or supplements thereto, which have been, or may at any time be, issued by a governmental agency. Seller agrees to cooperate fully with the reasonable request of Buyer with respect to any solar renewable energy compliance certification documentation filing requirement of the New Jersey Board of Public Utilities ("NJ BPU") certifying that Seller's generation facility(ies) continues to operate in conformity with the provisions of the New Jersey Administrative Code ("N.J.A.C.").

12) GOVERNING LAW

This Agreement shall be construed, enforced and performed in accordance with the laws of the State of New Jersey, without recourse to principles governing conflicts of law, and any dispute or Claim arising hereunder shall be exclusively litigated in any of the State of New Jersey Superior Courts located in any of the Counties throughout New Jersey.

13) NOTICES

Notices provided for or required under this Agreement shall be exercised in writing. The Parties shall be legally bound from the date the notification is exercised. Notices provided for or required in writing herein shall be delivered by hand or transmitted by facsimile or sent by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier. Notices hand delivered, shall be deemed delivered by the close of the Business Day on which it was hand delivered (unless hand delivered after the close of the Business Day in which case it shall be deemed received by the close of the next Business Day). Notices provided by facsimile shall be deemed to have been received upon the sending Party's receipt of its facsimile machine's confirmation of a successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. Eastern Prevailing Time on a Business Day, then such facsimile shall be deemed to have been received on the following Business Day. Notices provided by postage prepaid, certified mail, return receipt requested, or by overnight mail or courier, shall be deemed delivered upon mailing.

14) GOVERNMENTAL CHARGES

Seller shall pay or cause to be paid all taxes imposed by any government authority ("Governmental Charges") on or with respect to the Product arising prior to Delivery. Buyer shall pay or cause to be paid all Governmental Charges on or with respect to the Product at and from Delivery (other than ad valorem, franchise or income taxes which are directly related to the sale of the Product and are, therefore, the responsibility of the Seller). In the event Seller is required by law or regulation to remit or pay Governmental Charges which are Buyer's responsibility hereunder, Buyer shall promptly reimburse Seller for such Governmental Charges. If Buyer is required by law or regulation to remit or pay Governmental Charges which are Seller's responsibility hereunder, Buyer may deduct the amount of any such Governmental Charges from the sums due to Seller under this Agreement. Nothing shall obligate or cause a Party to pay or be liable to pay any Governmental Charges for which it is exempt under the law and timely asserts and diligently pursues such exemption, until final determination thereof.

15) INDEMNITY

Each Party shall indemnify, defend and hold harmless the other Party from and against any Claims arising from or out of any event, circumstance, act or incident first occurring or existing during the period when control and title to Product is vested in such Party as provided for in Paragraph 1. Each Party shall indemnify, defend and hold harmless the other Party against any Governmental Charges for which such Party is responsible under Paragraph 15.

16) AUDITING

Seller shall maintain reasonable records relating to this Agreement for a period of two (2) years from the Trade Date.

17) RECORDING

Each Party consents to the recording of its trading, marketing and scheduling representatives' telephone conversations without any further notice.

18) FORM OF AGREEMENT

The Parties intend that they are legally bound by the terms of the transaction from the moment they execute this Agreement. This Agreement shall be entered into and memorialized by an exchange of facsimile transmissions which shall constitute an original signed document for all purposes under law and this Agreement. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

19) FORCE MAJEURE

Force Majeure shall include, but not be limited to, acts of God, earthquakes, fires, floods, storms, strikes, labor disputes, riots, insurrections, acts of war (whether declared or otherwise), acts of governmental, regulatory or judicial bodies, but if and only to the extent that such event or circumstance prevents either Party from carrying out, in whole or part, its obligations under the transaction and such Party (the "Claiming Party") gives notice and details of the Force Majeure to the other Party as soon as practicable, then, unless the terms of the Product specify otherwise, the Claiming Party shall be excused from the performance of its obligations with respect to such transaction (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure). The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. The non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

20) ADEQUATE ASSURANCE

If a Party (the "Demanding Party") has a reasonable good faith belief that the ability of the other Party or the other Party's guarantor designated by the other Party (each the "Failing Party") to perform its obligations is materially impaired, the Demanding Party may demand Adequate Assurance of performance and/or payment, in an amount satisfactory to the Demanding Party. The Failing Party shall provide said Adequate Assurance within one (1) Business Day of receipt by the Failing Party of a written demand from the Demanding Party for such assurance. "Adequate Assurance" shall mean sufficient financial security or other credit assurance acceptable to the Demanding Party in a form, an amount and for a term reasonably specified and acceptable by the Demanding Party. The failure to provide Adequate Assurance within one (1) Business Day shall be considered an additional Event of Default.

21) CHANGE IN LAW

The Parties recognize and understand that the trading of SRECs is dependent upon state and federal laws, rules, regulations, permits and authorizations existing as of the effective date of this Agreement ("Applicable Law"). If, after such effective date, (i) the NJ BPU, pursuant to N.J.A.C. 14:8-2, as amended from time to time, issues an order discontinuing NJ BPU issuance of SRECs; or (ii) there occurs any material change (including promulgation, enactment, repeal and amendment) in the application of Applicable Law, including any material change by any state or federal governmental authority or the PJM Interconnection, L.L.C. ("PJM") regarding a Party's authority to sell or purchase SRECs ((i) and (ii) each being a "Change in Applicable Law") and such Change in Applicable Law either (a) renders this Agreement illegal or unenforceable, (b) would render performance by a Party illegal or unenforceable, (c) eliminates, abolishes or makes illegal the trading or transferring of SRECs, or (d) eliminates the RPS SREC requirement, then promptly after such Change in Applicable Law occurs, the Parties shall use their commercially reasonable efforts to reform this Agreement in order to give effect to the original intention of the Parties.

If following good faith negotiations between the Parties, the Parties are unable to reform this Agreement as described above, the affected Party may, at any time following the Change in Applicable Law, terminate this Agreement.