



**The Cleveland Electric Illuminating Company  
Ohio Edison Company  
The Toledo Edison Company**

**Request for Proposals**

for

Request for Purchase of Up to:  
**150,000 Renewable Energy Certificates (RECs)**

Issued: September 27, 2007  
Credit Application Due: October 9, 2007  
Proposal Due Date: October 16, 2007

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## 1. Overview and Purpose

FirstEnergy Service Company, on behalf of The Cleveland Electric Illuminating Company, Ohio Edison Company and The Toledo Edison Company, (the Companies), is administering this Request for Proposal (RFP), establishing the right to purchase up to a total of 150,000 Renewable Energy Certificates (RECs) over a period beginning December 1, 2007 through February 15, 2009, for a predetermined, fixed price.

This RFP is designed to support the implementation of the green product tariff offering as outlined in “Stipulation and Recommendation”, dated May 29, 2007, and as approved in The Public Utilities Commission of Ohio (PUCO) Order Issued August 15, 2007, Case No. 06-1112-EL-UNC. This process will be administered by representatives from the Companies with involvement of the PUCO staff and the Office of the Ohio Consumers’ Counsel (OCC). The Companies will be offering customers the opportunity to purchase RECs from a period beginning on approximately December 1, 2007 and ending on December 31, 2008.

The quantities of Renewable Energy Certificates (RECs) to be actually purchased as agent for the Companies will be directly determined by the level of customer response to the Companies’ green product offering. REC Suppliers will sell the RECs to the Companies at the winning bid prices established through this RFP process, not to exceed 150,000 RECs. The REC quantities to be purchased from supplier(s) will be communicated quarterly, beginning on approximately March 31, 2008, and ending on approximately December 31, 2008. Upon purchase by the Companies, REC Suppliers will Retire said amounts, on behalf of the Companies. The Companies are not obligated to purchase any REC quantities exceeding customer demand.

## 2. Definitions

**“Renewable Energy Certificate” or “REC”** All rights, title and interest in and to the Environmental Attributes associated with the electricity generated from a Renewable Resource including the REC Reporting Rights. One REC represents the Environmental Attributes made available by the generation of one megawatt-hour “MWh” (equivalent to 1000 kilowatt-hours) of electricity from one or more Renewable Resources.

**Renewable Resource** An electric power generator producing electric power from sources that meet the requirements described further in Sections 3.1.1 (Type I) and 3.1.2 (Type II).

**REC Suppliers** Winning bidders who have entered into a definitive agreement with the Companies for the obligation to supply RECs, at prices determined by this RFP.

**"Retire" or "Retirement"** Means that the RECs purchased by the Companies from the REC Suppliers shall upon purchase be immediately and permanently removed from all applicable REC markets by the REC Suppliers on the Companies' behalf and shall not be resold, transferred or otherwise utilized by the REC Suppliers or any other party for any purpose what-so-ever.

**MWh** – Megawatt-hour or 1,000 KWh.

**MISO** - Midwest Independent Transmission System Operator responsible for conducting the electricity market in 15 states and one Canadian province. See website for further information.

<http://www.midwestiso.org/page/MisoPortalHome>

**PJM** - PJM Interconnection, a regional transmission organization responsible for conducting the electricity market in 13 states and the District of Columbia. See website for further information:

<http://www.pjm.com/index.jsp>

### 3. Scope

This RFP document solicits proposals from renewable energy generators, developers, energy marketers, brokers, etc. to supply RECs generated from a resource participating in either of the MISO or the PJM markets.

3.1 Product: Two types of RECs are being solicited, as defined below:

3.1.1 Type I: RECs of this type may originate from the following electric generating resources, brought into service on or after January 1, 1997: Wind, Solar Photovoltaic, Biomass Co-Firing of Agricultural crops and all energy crops, Hydro (as certified by the Low Impact Hydro Institute), Incremental Improvements in Large Scale Hydro, Coal Mine Methane, Landfill Gas, Biogas Digesters, Biomass Co-Firing of All Woody Waste including mill residue, but excluding painted or treated lumber. Type I RECs shall have been generated between the period of July 1, 2007 through December 31, 2008.

3.1.2 Type II: RECs of this type may come from any of the following resources: Wind, Solar Photovoltaic, Biomass Co-firing of Agricultural crops, Hydro (as certified by the Low Impact Hydro Institute), Incremental Improvements in Large Scale Hydro, Pumped Hydro, Compressed Air, Coal Mine Methane, Landfill Gas, and Biogas Digesters, co-Firing all Woody Waste including mill residue (but excluding painted or treated lumber), Solar thermal, Geothermal, Fuel cells, and Waste Coal.

3.2 Quantity: The Companies seek to secure the right to purchase up to a quantity of 75,000 RECs from each type, for a total of 150,000 RECs. If either type does not initially have 75,000 RECs awarded, winning bidders will be given an opportunity to sell additional RECs at the price that they bid.

3.3 Certification: REC Suppliers will be required to submit Attestations to the Companies for all RECs purchased by the Companies, included as Exhibits B-1 and B-2 in “Renewable Energy Certificate Purchase and Sale Agreement”. The Attestations will be due within 5 business days of the Retirement date.

3.4 Retirement Dates: Shall be established during the term of this agreement, on a quarterly basis. The Companies will notify the REC Suppliers by the fifth business day following the end of the calendar quarter, beginning with first quarter of 2008, of the quantities of RECs required. Within 5 business days of the notification, the REC Suppliers will cause this quantity to be Retired on behalf of the Companies. The lowest price RECs will be used up first, then the next lowest, etc., until the amount of RECs purchased from REC suppliers, satisfies customer demand for the quarter. The Companies will procure the first 25,000 RECs of customer demand with Type I, the next 25,000 with Type II, the next 25,000 with Type I, etc., continuing to alternate between both types until total customer demand is fulfilled, but in no event exceeding 150,000 RECs.

3.5 Resource Location: Only RECs sourced from a generation resource located in either the MISO or PJM markets are eligible.

3.6 Contract Duration: The term shall be December 1, 2007 through February 15, 2009.

#### 4. Schedule and Procedure

##### 4.1 Schedule

<u>Activity</u>	<u>Date</u>
RFP Issued	September 27, 2007
Notice of Intent to Bid Due	October 9, 2007
Appendix B Credit Information Due	October 9, 2007
Proposal Due Date	October 16, 2007
Contracts Awarded	October 19, 2007

4.2 Website Please refer to the following website for additional program information:

<http://www.firstenergy-auction.com/index.html>

4.3 Submittal of Proposals One original and one copy of all proposals must be mailed to the following address no later than 12:00 pm EST on October 16, 2007.

FirstEnergy Service Company  
Regulated Commodity Sourcing  
Attn: Christopher Wehr  
2800 Pottsville Pike  
Reading, PA 19605

Phone: 610 921-6721  
Fax: 330 315-9232

Alternatively bidders can fax one copy of proposal to the fax number listed above by the due date, to be followed by the original proposal to be received no later than October 16, 2007, 12:00 EST.

4.4 The Companies will perform a review of each proposal to determine if all required information has been provided. Material deficiencies will disqualify a proposal from further consideration, and the bidder will be notified in such an event.

4.5 The Companies reserve the right to solicit additional proposals, if it is deemed necessary to do so, and reserves the right to submit additional information requests to bidders during the bid evaluation process.

5. Bidder's Responsibilities

5.1 Timely submission of bids It is the bidder's responsibility to submit all requested material by the due date.

5.2 Legal and Binding Proposals Bid Pricing must be valid for at least 30 days after the proposal due date.

5.3 Compliance with Federal and State Regulations Bidders must provide documentation that will enable the Companies to assess the bidder's ability to comply with all federal and state regulations, and to obtain all permits, licenses and approvals necessary to conduct the sale of RECs.

5.4 Clarification of Proposals The Companies may request additional information related to the proposals. All requests will be made in writing, and the bidder will be required to respond to the request within 5 days or the Companies may choose to stop evaluating the bid.

5.5 Compliance Type I and Type II REC Standards Bidders will be responsible for complying with standards for Type I or Type II, as described in Section 3.1, for whichever type is being bid.

## 6 Confidentiality

The Companies will take reasonable precautions and efforts to maintain the confidentiality of all bids submitted. Bidders should clearly identify each page of information considered to be confidential or proprietary. Regardless of the confidentiality, all such information may be subject to review by the PUCO, or any other governmental authority or judicial body with jurisdiction relating to these matters and may be subject to legal discovery. Under such circumstances, the Companies will make all reasonable efforts to protect bidder's confidential information.

## 7 Proposal Content Requirements

The following identifies the requirements that all proposals must meet in order for consideration in selection of winning bidder. Proposals that do not meet the following criteria will be deemed ineligible and will not be considered for further evaluation.

All proposals must include concise and complete information on the following topics:

7.1 Bidder's Information Name of Company, Address, and Company Representative (name, phone number email address and fax number). Provide a list of all affiliated companies, including holding companies, subsidiaries or predecessor companies presently or in the last four years engaged in selling RECs or developing power supply projects.

7.2 REC Specifications Bidders are also required to designate which type of Renewable Resource(s) the RECs will be bid as, either Type I or Type II, as defined in Section 3.1. Type II offers will specify resource type for each lot offered (See Appendix C-2). The proposed quantity shall be expressed in number of RECs. REC Suppliers submitting green product bids must provide adequate documentation and certification of the green energy per the green power definitions as described in Section 3.1. The Companies reserve the right to audit such documentation and certification.

7.3 Legal Proceedings List all lawsuits, regulatory proceedings, or arbitration in which the bidder or its affiliates or predecessors have been or are engaged that could affect bidder's performance of its bid. Identify the parties involved in such lawsuits, proceedings, or arbitration, and the resolution or present status of such matters.

7.4 Other Information The Companies expect bidders to provide any and all information that could impact the submitted proposal. If it appears that information is inadvertently omitted from a proposal, the Companies may contact the bidder to obtain the information.

## 8 Bid Evaluation and Selection Process

The bid evaluation process will include an assessment of price and creditworthiness. The proposals with the lowest prices per REC and that meet the Companies' credit standards will be selected, until offers to sell up to 75,000 of each Type I and Type II RECs have been secured. Only execution of a definitive agreement by both the Companies and the bidder on mutually acceptable terms will constitute a "winning bid proposal".

8.1 Pricing Price will be used first to make the initial determination of which proposals will be selected for further consideration.

8.2 Creditworthiness To mitigate any potential future events of default, the Companies require bidders to meet the Companies' standards of creditworthiness. See Appendix B for the Credit Application.

8.3 Bidders are expected to execute the Contract included with this RFP. Any changes proposed by bidders to the Contract may be the basis for rejection of bid.

## 9. Evaluation of Proposals and Awarding of Contracts

The Companies will award Contracts to the lowest price bidders, provided that these entities meet all requirements set forth in this RFP, up to the amounts required to satisfy required quantities identified in Section 3.2.

The Companies are not obligated to enter into any agreement with any bidder(s) responding to this RFP and may terminate or modify this RFP at any time without liability or obligation to any bidder(s). The Companies also reserve the right to issue future RFPs for the procurement of RECs.

**Appendix A**  
**Notice of Intent to Bid**

Fax to: Christopher Wehr @ (330) 315-9232

Due: October 9, 2007

Note that completion of all information is required.

This form is to establish contact information for those who intend to respond to the FirstEnergy 2007 Request for Proposal for Renewable Energy Certificates.

Company\_\_\_\_\_

Contact Person\_\_\_\_\_

Title\_\_\_\_\_

Mailing Address\_\_\_\_\_

Phone\_\_\_\_\_

Fax\_\_\_\_\_

Email\_\_\_\_\_

Company website\_\_\_\_\_

**Appendix B  
Credit Application**

Fax to: Christopher Wehr @ (330) 315-9232

Due: October 9, 2007

Please provide the following data to enable the Companies to assess the financial viability of the bidder as well as the entity providing credit support on behalf of the bidder, where applicable. Include any additional documents and materials as needed, based on the questions below, including, but not limited to, Financial Statements, SEC Filings and Annual Reports.

**I. General Information**

Full Legal Name of Bidder: \_\_\_\_\_

Type of Organization:

\_\_\_\_ Corporation      \_\_\_\_ Corporate Subsidiary  
\_\_\_\_ Partnership      \_\_\_\_ Other                      (please check one)

State of Incorporation \_\_\_\_\_

D&B DUNS # \_\_\_\_\_

Internet Web Site, URL Address: \_\_\_\_\_

Years in Business: \_\_\_\_\_

Credit Risk Contact, Full Name: \_\_\_\_\_

Credit Risk Contact, Business Title: \_\_\_\_\_

Full Mailing Address: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Facsimile Number: \_\_\_\_\_

Full Legal Name of Parent Company of Bidder:  
\_\_\_\_\_

**Appendix B**  
**Credit Application (Continued)**

**II. Credit Information**

Standard & Poor's Credit Rating Senior Unsecured Debt: \_\_\_\_\_  
(if unavailable, please provide Corporate Issuer Rating)

Moody's Credit Rating Senior Unsecured Debt: \_\_\_\_\_  
(If unavailable, please provide Corporate Issuer Rating)

2 Years of Financial Statements (check if available and submitted)

\_\_\_\_ Annual Reports

\_\_\_\_ SEC Form 10-K

\_\_\_\_ SEC Form 10-Q

\_\_\_\_ Audited Annual and/or Quarterly Financial Information

Is the applicant and/or its parent company operating under federal bankruptcy laws or bankruptcy laws in any other jurisdiction?

Applicant: \_\_\_\_ Yes \_\_\_\_ No

Parent Company: \_\_\_\_ Yes \_\_\_\_ No

Is the applicant and/or parent company subject to pending litigation or regulatory proceedings (in state court, or in federal court, or from regulatory agencies, or in any other jurisdiction) which could materially impact on the applicant's and/or parent's financial condition?

Applicant: \_\_\_\_ Yes \_\_\_\_ No

Parent Company: \_\_\_\_ Yes \_\_\_\_ No

Is the applicant and/or parent company subject to collection lawsuits or outstanding Judgments that could impact solvency?

Applicant: \_\_\_\_ Yes \_\_\_\_ No

Parent Company: \_\_\_\_ Yes \_\_\_\_ No

For all questions marked "YES" above, please explain further here.

**Appendix B**  
**Credit Application (Continued)**

Please provide a statement disclosing existing, pending, or past adverse rulings, judgments, litigation, contingent liabilities, revocations of authority, administrative, regulatory (State, FERC, SEC, or DOJ) investigations and any other matters relating to financial or operational status for the past three years that arise from the construction and/or operation of Renewable Resource projects.

**III. Bank Information**

Bank Reference Name: \_\_\_\_\_

Bank Reference Contact, Full Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

**IV. Credit Reference Information**

First Credit Reference Name: \_\_\_\_\_

Contact, Full Name: \_\_\_\_\_

Contact Telephone Number: \_\_\_\_\_

Second Credit Reference Name: \_\_\_\_\_

Contact, Full Name: \_\_\_\_\_

Contact Telephone Number: \_\_\_\_\_

Third Credit Reference Name: \_\_\_\_\_

Contact, Full Name: \_\_\_\_\_

Contact Telephone Number: \_\_\_\_\_

**Appendix B**  
**Credit Application (Continued)**

**V. Certification and Verification**

The Companies will treat all financial statements provided by Applicant in a confidential manner. Applicant will notify the Companies if any financial or credit application information changes. Applicant certifies that the information herein is complete and accurate to the best of Applicant's knowledge, information and belief, and that the individual signing below is an authorized Representative of the bidder or, where applicable, the parent company. Applicant hereby authorizes the Companies to obtain any information that may be required relative to this Application from any source, including Applicant's bank and credit references. Applicant hereby authorizes each source to provide such information.

Legal Name of Applicant: \_\_\_\_\_

Signature of Authorized Representative: \_\_\_\_\_

Name (please print): \_\_\_\_\_

Title: \_\_\_\_\_

**Appendix C-1**  
**Bid Price Input Sheet Type I RECs<sup>1</sup>**

Bidder to provide pricing on a lot-by-lot basis. It is important to note that each bid is **completely independent** of one another. FirstEnergy may make an award to any given lot or portion of the lot based on REC bid price.

<b>Lot Number</b>	<b>Type I or Type II</b>	<b>REC Quantity (1 REC = 1 MWh) (Q)</b>	<b>REC Bid Price (\$/MWh) (P)</b>	<b>Lot Bid Value (Q) x (P)</b>
1	Type I			\$ -
2	Type I			\$ -
3	Type I			\$ -
4	Type I			\$ -
5	Type I			\$ -
6	Type I			\$ -
7	Type I			\$ -
8	Type I			\$ -
9	Type I			\$ -
10	Type I			\$ -

<sup>1</sup> See Section 3.1 for definition of Type I and Type II RECs.

**Appendix C-2**  
**Bid Price Input Sheet Type II RECs<sup>2</sup>**

Bidder to provide pricing on a lot-by-lot basis. It is important to note that each bid is **completely independent** of one another. FirstEnergy may make an award to any given lot or portion of the lot based on REC bid price.

Lot Number	Type I or Type II	Resource Type	REC Quantity (1 REC = 1 MWh) (Q)	REC Bid Price (\$/MWh) (P)	Lot Bid Value (Q) x (P)
1	Type II				\$ -
2	Type II				\$ -
3	Type II				\$ -
4	Type II				\$ -
5	Type II				\$ -
6	Type II				\$ -
7	Type II				\$ -
8	Type II				\$ -
9	Type II				\$ -
10	Type II				\$ -

<sup>2</sup> See Section 3.1 for definition of Type I and Type II RECs.