

April 7, 2010

Dear Sir or Madam,

RE: Request for Proposal to Purchase Alternative Energy Credits

UGI Utilities – Electric Division (“UGI”) is seeking to purchase renewable energy certificates to fulfill its Alternative Energy Portfolio Standard (AEPS) requirements for the 2010 – 2011 compliance year. The Request for Proposals (“RFP”) and bidding details are attached hereto.

UGI Utilities has proposed a competitive bidding process to obtain Alternative Energy Credits (“AECs”) to fulfill its obligations pursuant to Pennsylvania’s Alternative Energy Standards Act. An AEC is a tradable instrument that is used to establish, verify, and monitor compliance with the AEPS obligation whereby one AEC equals one megawatt hour of electricity from a recognized alternative energy source. This RFP is issued to purchase AECs necessary to meet the AEPS obligation put forth under UGI’s approved petition for a Default Service Supply Plan in Docket No. P-2008-2063006 and G-2008-2063688, to be effective January 1, 2010. This plan established the mechanism by which UGI will procure AECs. UGI’s plan approved by the PUC utilizes a competitive solicitation process to secure these credits. Therefore, UGI is issuing this RFP requesting bids on certain quantities of AECs as specified in the RFP. All acquisitions made through RFP’s will be monitored by a third party, Pace Global Energy Services, LLC (“Pace”), to ensure a fair and unbiased process. The summary of UGI’s AEPS obligations is shown below.

Compliance Year	Tier I (non Solar)	Tier II	Solar
2011	12,728	26,485	87

The schedule below provides key dates and times associated with this RFP.

RFP Schedule

April 7, 2010	Notice of RFP sent to potential suppliers
April 29, 2010 (10:00 a.m. E.T.)	RFP Conference Call with all interested parties Call-in Number – 800-827-3104 Code – 6986216546
May 6, 2010 (4:00 p.m. E.T.)	Notice of intent to submit bids due. E-mail notice to ugirfp@ugi.com
May 10, 2010 (9:30 a.m. E.T.)	RFP responses due to UGI/Pace
May 10, 2010 (4:00 p.m. E.T.)	Winning bidders selected by UGI, verified by Pace and verbally notified by UGI of bid status
May 10, 2010 (12:00 p.m. E.T.)	Results of auction sent to Pennsylvania PUC
May 13, 2010	Pennsylvania PUC approves results of RFP
May 13, 2010 Close of Business	UGI verbally notifies winning bidders

Responses to this RFP will be submitted through e-mail to ugirfp@ugi.com. Questions pertaining to this RFP must be received before 12:00 p.m. on May 4, 2010. Questions and Responses will be posted on UGI's website which can be found at <http://www.ugi.com/electric/wholesale/index.html>.

Through this e-mail address, both UGI and Pace Global Energy Services, LLC ("Pace") will receive your bid and will independently evaluate the responses and determine the winning bidders. Once the winning bidders are determined, the results must be forwarded to the PUC, which will either accept or reject the winning bids. UGI will also notify winning bidders of their tentative selection as a winning bidder. Therefore, all bids must remain open until the end of the third business day following submission. While UGI cannot dictate a timeline to the PUC, it is hoped the PUC will approve the results of the RFP within 3 business days of the bid deadline. Immediately following the PUC's decision, UGI will then contact the winning bidders by telephone to confirm the transaction(s). Confirmation agreements will then be exchanged to finalize the transaction.

By providing a bid, interested parties agree to execute the provided Renewable Energy Certificate Purchase and Sale Agreement contract without any modifications. UGI will require that this contract be executed upon awarding the bids.

If the winning bidder fails to deliver the credits awarded to them, UGI will purchase replacement credits and bill the defaulted party for any additional costs incurred.

The criterion for selecting winning bids will be based on price and the generation period. In the event of identical winning bids, credits will be awarded to the winning bidders on a pro rata basis.

Very truly yours,

Ayana Wood
Power Supply Analyst

Attachment

Transaction Confirmation

Date:

Re: Alternative Energy Credits

This Transaction Confirmation, together with the attached General Terms and Conditions, constitute the Purchase and Sale Contract (“Contract”) between xxxx, as Seller, and UGI Utilities, Inc. (UGI), as Buyer (together, the “Parties”) based on the terms set forth herein.

Seller: xxxx

Buyer: xxxx

Product: Alternative energy credits (“AECs”) as defined as of the date first set forth above in Title 73, Chapter 18F, Alternative Energy Portfolio Standards Act, Sections 1648.1 through 1648.8 of the Pennsylvania Statutes (the “AEPS Act”). The AEC’s will be administered and transferred, under the terms and conditions hereof, by the Environmental Information Services of PJM Interconnection, LLC (“PJM-EIS”) in connection with its obligations hereunder at such time as Seller transfers to Buyer, through PJM-EIS using GATS, the Quantity of AECs recognized by PJM-EIS on GATS as meeting Pennsylvania AEPS Act requirements.

Facilities: XXXX

Transaction Type: XXXX

Price: xxxx

Delivery and Payment: The Product will be delivered and paid for under the following terms:

- (i) AECs to be delivered by _____.
- (ii) Within __ Business Days of Buyer’s receipt of the Product, Buyer will pay to Seller an amount equal to the product of (i) the Quantity, and (ii) the Price.

Delivery will be effectuated through PJM-EIS using GATS. Title to the Product and risk of loss will transfer at such time as PJM-EIS recognizes the transfer of the Product to Buyer through GATS.

Payment: Payment by Buyer to Seller shall be made to the following account:

Wire Instructions:

Term: This Contract will terminate after the Quantity of the Product has been delivered and paid for under the terms hereof. Sections 1, 4-, 7 and 8 of the General Terms and Conditions will survive termination to the extent necessary for the Parties to enforce their rights hereunder.

Special Conditions:

- 1. If a fee is assessed by the PA PUC (or any other governmental entity) in connection with the transfer of certification of the AECS, as between the Parties Buyer will be responsible for such amounts. Buyer will indemnify, defend and hold harmless Seller from and against any such fees for which Buyer is responsible.
- 2. The General Terms and Conditions attached hereto are included herein for all purposes and are an integral part of this Contract. Provided, that, to the extent there is any conflict between a provision in the General Terms and Conditions and this Transaction Confirmation, the terms

of the Transaction Confirmation shall control. This Contract sets forth the entire agreement between the Parties with respect to the AEC purchase identified in this document superseding any and all contemporaneous or prior conversations, memoranda, agreements (oral or written) or other communication with respect to its subject matter between the Parties or any of their respective agents. There are no third party beneficiaries to this Contract. This Contract may not be terminated (other than as provided in this Contract) or changed except by a writing signed by both Parties. No right, obligation or provision of this Contract shall be deemed waived unless such waiver is evidenced by a writing signed by the Party charged with the waiver and any such waiver shall be strictly limited to the express terms of such writing. No representations or warranties have been given other than those expressly stated in this Contract to induce either Party to enter into this Contract.

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed this Contract by the undersigned duly authorized representatives as of the date of this Contract.

XXXX

XXXXXX

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

GENERAL TERMS AND CONDITIONS

1. Events of Default and Remedies:

1.1 An “Event of Default” shall mean, with respect to a Party (a “Defaulting Party”), the occurrence of any of the following:

- (a) the failure to make, when due, any payment required pursuant to this Contract if such failure is not remedied within three (3) business days after written notice;
- (b) the failure by Seller to deliver to Buyer, when required pursuant to this Contract, the AECs if such failure is not remedied within three (3) business days after written notice;
- (c) any representation of warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated;
- (d) a material breach of a covenant or obligation (other than as separately provided for in this Section 1.1) set forth in this Contract not cured within five (5) days following written notice thereof
- (e) such Party (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it and not discharged within thirty (30) days, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

1.2 If an Event of Default with respect to a Defaulting Party shall have occurred and be continuing, the other Party shall have the right to (i) suspend performance, (ii) withhold any payments due to the Defaulting Party under this Contract, and (iii) terminate this Contract on two (2) business days prior notice to accelerate all amounts owing between the Parties and to liquidate and recover its damages or enforce specific performance resulting from such Event of Default.

2. No Waiver. No waiver at any time by any Party hereto of its rights with respect to the other Party or with respect to any matter arising in connection with the Contract shall be considered a waiver with respect to any subsequent default or matter.

3. Assignment. Neither Party shall assign this Contract without the prior written consent of the other Party, which consent may not be unreasonably withheld; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (i) transfer or assign this Contract to an affiliate of such Party which affiliate’s creditworthiness is equal to or higher than that of such Party, or (ii) transfer or assign this Contract to any person or entity succeeding to all or substantially all of the assets whose creditworthiness is equal to or higher than that of such Party; provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof and so long as the transferring Party delivers such tax and enforceability assurance as the non-transferring Party may reasonably request, and further provided that with respect to (ii) above, the assigning Party (“Assignor”) shall be relieved of liability hereunder so long as the benefits of any Guaranty provided by the Assignor extends to the obligations of the Assignee pursuant to documentation or amendment reasonably satisfactory to the other Party.

4. Taxes and Indemnity. Seller will be responsible for any taxes imposed by any government authority on the creation, ownership, or transfer of the Product under this contract up to and including the time and place at which title transfers. Buyer will be responsible for any taxes imposed by any government authority on the receipt of ownership of the Product after the time and place at which title transfers. For avoidance of doubt, the foregoing two sentences will not apply, however, to the assessment of any fee as contemplated by Section 2 of the Special Conditions in the Transaction Confirmation. Each Party will indemnify, defend and hold harmless the other Party from and against any claims or demands made by others arising from or out of any event, circumstance, act or incident first occurring or existing during the period when title to the Product is vested in

such Party as provided herein, except to the extent arising from such Party's own gross negligence or willful misconduct. Each Party will indemnify, defend and hold harmless the other Party against any taxes for which such Party is responsible as provided herein.

5. Representations.

5.1 From the date of entering into this Contract and throughout the Term of this Contract, the Parties each warrant and covenant as follows:

- 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 Contract;
- c) it has the requisite authority to enter into and perform its respective obligations under the contract;
- d) the obligations hereunder are binding on it;
- e) it is not the subject of any bankruptcy proceeding or involved in litigation that would materially affect its ability to perform hereunder, except as provided for in any SEC Filing by it or any of its affiliates;
- f) the contract has been negotiated in the ordinary course of business, in good faith, for fair consideration on an arms length basis between Parties of equal sophistication and represents a bargained for exchange; and
- g) it has entered into this Contract in connection with the conduct of its business and it has the capacity and ability to perform its obligations hereunder.

6 Notices. All notices to xxxxxxxx shall be given to:

With additional Notices of an Event of Default or Potential Event of Default to:

All notices to xxx under the contract shall be given to:

With additional Notices of an Event of Default or Potential Event of Default to:

Except as otherwise expressly provided herein, all notices to the other Party under the Contract shall be in writing and shall be deemed effective upon receipt if received prior to 5:00 p.m., local time, on a business day, or on the next succeeding business day if otherwise.

7. Choice of Law. This contract will be governed by the laws of the state of Pennsylvania.

8. Waiver of Jury Trial. Each Party waives its respective right to any jury trial with respect to any litigation arising under, or in connection with this Contract.

UGI Utilities, Inc. – Electric Division
Request for Proposal
April 7, 2010

1. UGI is seeking quotes for supplying the following months of renewable energy certificates for its Alternative Energy Portfolio Standard (“AEPS”) requirements beginning January 2010. Bids must conform to the standards approved by the Pennsylvania Public Utility Commission (“PUC”) in UGI’s Default Service Supply filing (P-2008-2063006 and G-2008-2063688).
2. All bids must remain open until the end of the third business day following submission to UGI to allow the Pennsylvania PUC time to review and approve the winning bids.
3. All bids must be submitted by e-mail to ugirfp@ugi.com by **May 10, 2010 at 9:30 a.m. E.T.**
4. Bidders are free to submit bids for as many months as desired. Each month should be priced separately. For determining the winning bidder, each month will be evaluated and awarded individually.
5. Only credits certified by Pennsylvania will be accepted. The Certification Number must be included for existing projects to verify that they meet the qualified criteria for Pennsylvania. If no Certification Number is known at the time a bid is submitted, please indicate the appropriate source and Tier to meet PA compliance.
6. The winning bidder must create an account in PJM Environmental Information Systems, Inc.’s (“PJM-EIS”) Generation Attribute Tracking System (“GATS”) to allow for the transfer of credits. GATS is the Commission designated credit registry.
7. Credits must be transferred within 10 business days following the month of generation.
8. The Renewable Energy Certificate Purchase and Sale Agreement between UGI and the counter party will control all transactions completed under this RFP.
9. Winning bids will be determined by price. In the event two or more bids are received that contain identical prices, credits will be awarded on a pro rata basis.
10. All bids must be submitted in U.S. dollars.
11. A Bid Response Form is attached. Bids must be submitted on a form similar to the attached to be considered by UGI.

