

SOMERSET COUNTY RENEWABLE ENERGY PROGRAM,

SERIES 2010

REQUEST FOR PROPOSALS

**For a Developer of Photovoltaic Systems with respect to certain Local Government
Facilities in the County of Somerset, New Jersey dated July 30, 2010**

Correction to Questions and Answers

No. 2, Issued on August 20, 2010

Correction issued on August 23

Below is a summary of the questions posed by Respondents and the Somerset County Improvement Authority's (the "Authority") responses to said questions. This document shall be posted on the Somerset County Improvement Authority's website at <http://www.scia.co.somerset.nj.us/>, and emailed to all Respondent Contact Persons.

This is a CORRECTION of the answer to Q55 issued on August 20, 2010, the corrected language is underlined:

Q55 – Deficiency Amount: Could the county provide the formula that will be used for calculation of the County Deficiency Amount so that Respondents can assess how much security, letter of credit or reserve, as applicable, will need to be provided? In particular, is there a requirement to lock in SREC prices through forward sale contracts to reduce such amount? Or will the county use the SACP schedule or another benchmark to estimate future SREC revenues? Also if the respondent elects to escrow the federal grant, how would it be released? Pro-rata with the amortization of the bonds issued by the County?

A55 – The County Deficiency Amount can be expressed as a formula in the following way: *PPA Payments from Local Units and projected SREC value = X, Bond Issuance – X = County Deficiency Amount.* Respondents are not required to secure long term contracts for the sale of the SRECs that will be generated by the Renewable Energy Projects; however such long term sale arrangement would provide the Authority with greater security than spot selling of SRECs. Respondents will be required to project the value of the SRECs over the course to the 15 year term; however the Authority will evaluate such projects to ensure the accuracy of same. Please note that using a more conservative SREC value in determining the County Deficiency Amount is a positive evaluation criteria (the lower the SREC value, the higher the County Deficiency Amount), and need not be the actual SREC economic value the Respondent hopes to

attain in the marketplace. In addition, please note that a revision to Section 1.1(f)(iv) of the RFP will be part of Addendum No. 2, dated August 24, 2010.

This CORRECTION to Questions and Answers No. 2, dated August 20, 2010, has been issued and posted on the Authority's website by order of Richard E. Williams, Chair, Somerset County Improvement Authority, this 23rd day of August 2010.