

RATE AER

RENEWABLE ENERGY CERTIFICATE PURCHASE OFFER RIDER

AVAILABILITY

This rate is applicable to all residential customers currently taking electric distribution service at their primary residence. This rate will be available until December 31, 2012.

DEFINITION OF RENEWABLE ENERGY CERTIFICATES

"Renewable Energy Certificate ("REC") means the fully aggregated attributes associated with one megawatt hour of electricity generated by a renewable energy resource. One REC would be equivalent to the environmental attributes one MWH of electricity from a renewable or environmentally friendly generation source. This rider only applies to RECs generated by a residential electric customer's owned or leased renewable energy project that has been certified as an Ohio Renewable Energy Resource Generation Facility by the Public Utilities Commission of Ohio (<http://www.puco.ohio.gov/PUCO/Forms/Form.cfm?id=9464>). Such facility must be located in the Company's service territory.

"Renewable energy resource" means solar photovoltaic energy or solar thermal energy.

RENEWABLE ENERGY CERTIFICATE PURCHASE PRICE

The price paid for RECs acquired from a solar photovoltaic or solar thermal facility shall be \$300.00 per REC for 2010 purchases. After 2010, REC purchases shall be based upon current market price with reference to publicly available market sources.

NET MONTHLY BILL

Purchase of RECs under this rider will not affect a customer's bill.

TERMS AND CONDITIONS

The customer shall enter into a REC Purchase Agreement with the Company (see Exhibit 1), which contains all of the terms and conditions related to the Company's purchase of RECs.

SERVICE REGULATIONS

The billing for service and all conditions applying thereto are subject to the jurisdiction of the Public Utilities Commission of Ohio and the Company's Service Regulations currently in effect, as filed with the Public Utilities Commission of Ohio.

Filed pursuant to an Order dated July 29, 2010 in Case No. 09-834-EL-ACP before the Public Utilities Commission of Ohio.

Issued: October 19, 2010

Effective: October 20, 2010

Issued by Julie Janson, President

Residential Renewable Energy Certificate Purchase Offer Agreement

THIS RESIDENTIAL RENEWABLE ENERGY CERTIFICATE (REC) PURCHASE OFFER AGREEMENT (“Agreement”) is made and entered into by and between Duke Energy Ohio, Inc., hereinafter called the “Company,” and _____, hereinafter called the “Customer,” collectively the “Parties” or individually the “Party”), and is effective as of _____, 20_____.

WITNESSETH

WHEREAS, the Company is an electric distribution utility and electric light company, as defined in R.C. §4928.01(A); and

WHEREAS, Customer is a residential customer in Duke Energy Ohio’s service area, currently taking retail electric service at their primary residence under one of the Company’s Residential Tariffs (RS, ORH, TD-AM, TD, CUR, RS3P and RSLI).

NOW THEREFORE, in consideration of the mutual promises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, do hereby agree as follows:

1. Residential Customer: Customer represents and warrants that Customer is a residential electric distribution customer of Company, and that Customer owns a customer-sited solar photovoltaic or solar thermal energy project in the state of Ohio that has been certified as a Ohio Renewable Energy Resource Generation Facility by the Public Utilities Commission of Ohio (the “Project”) and is registered with the Generating Attributes Tracking System (“GATS”) or the Midwest Renewable Energy Tracking System (“MRETS”). Customer further represents and warrants that Customer has signed and completed the Company’s Interconnection documents contained in Rate IS – Interconnection Service and currently participates in the Company’s Net Metering Rider, Rate NM – Net Metering. If Customer is not a generation service customer of the Company, then the Company will not credit the Customer for electricity generated in excess of usage under Rate NM.

2. Fully Aggregated REC(s): Customer expects its Project will generate one or more REC(s), on an annual basis, and understands that a renewable energy credit means the fully aggregated environmental attributes associated with one megawatt-hour of electricity generated by a renewable energy resource derived from Customer’s Project which is equivalent to one (1) REC. Customer shall be responsible for tracking and recording renewable energy that amounts to less than one (1) megawatt- hour. Such renewable energy shall not be counted as one (1) REC until such time it amounts to one (1) megawatt-hour of electricity derived from Customer’s Project.

3. Purchase Price and Payment: Company hereby agrees to purchase the whole REC(s) from Customer’s Project. The purchase price and purchase commitments shall be based on the

current market prices based on public market information sources, public market information sources include processes such as Request for Proposals for RECs, public REC trading reporting services, or other market sources. For the 2010 vintage REC acquisitions the payment shall be \$300.00 per solar REC. The Company will update its purchase price each year based upon current market pricing. The Company will pay for actual generation of whole RECs for a one year calendar period at the end of the generation period.

Payment: Customer will forward Company an invoice detailing the amount owed and payment instructions. Within ten (10) business days after the later of (i) the day upon which Customer transfers RECS into Company's account on GATS or MRETS system or (ii) receipt of the Affidavit of Performance from Customer or (iii) receipt of Customer's invoice, Company shall pay Customer for the RECs.

Funds: All funds to be paid directly to Customer under this Agreement shall be rendered in the form of immediately available funds (US Dollars) by electronic transfer to the following account:

Bank Name: _____

Bank Account No.: _____

American Banking Association No.: _____

Project Criteria: Customer acknowledges and agrees that the Project must meet the following criteria:

- i. Customer must attach a copy of the Affidavit of Performance (Attachment A).
- ii. Projects will have a utility grade meter in accordance to P.U.C.O solar project size guidelines and will be provided by the customer, at its own cost and expense, on the output side of the inverter where kilowatt-hours can be measured and verified.
- iii. Project must be attached as a permanent fixture at the Customer's property (service address).
- iv. Renewable energy delivered from a Project shall be calculated at a minimum by reading the output of the meter at two different points of the year (*i.e.*, January 1 to December 31) and/or in accordance with the GATS or MRETS reporting requirements.

4. Term: The initial term of this Agreement is for fifteen years from the date of the agreement, unless the Agreement is terminated pursuant to paragraph 8 below.

5. Assignment of REC(s): Customer shall direct the REC(s) into GATS or MRETS system to the Company's account. The Company shall supply necessary account information for this purpose. The Company shall require and shall only accept REC(s) that Customer has created in the GATS or MRETS system. Customer shall also complete the Affidavit of Performance, attached hereto as Attachment A.

6. Inspection and Audit: After providing reasonable notice, Company has the right to inspect and audit the performance of the Project. Company will provide Customer, upon written request, a copy of any report generated as a result of the inspection and audit. Notwithstanding the foregoing, it shall be the sole responsibility of Customer to operate, maintain, repair, and inspect the Project to ensure its proper working order.

7. Attestation: Customer hereby agrees to submit an Affidavit of Performance, at the end of each calendar year, attesting to the current condition of the Project and the number of REC(s) the Project delivered. Customer shall create and maintain GATS or MRETS account to facilitate the transfer of the certified REC(s) to the Company and shall take necessary action to point the REC to Duke Energy Ohio's account.

8. Termination: This Agreement shall immediately terminate upon the following occurrences: (i) Project ceases to be a permanent fixture on Customer-owned property; (ii) Project materially fails to function in such a matter as to produce renewable energy megawatt hours; (iii) the Public Utilities Commission of Ohio revokes the Project's certification; (iv) the Public Utilities Commission of Ohio disallows cost recovery for any REC(s) the Company purchased in connection with this Agreement or Company's reasonable administrative costs; or (v) the term of the Agreement expires, ceases, fails, revokes, or is disallowed; or (vi) customer ceases taking electric distribution service from the Company.

9. Limitation of Liability and Indemnification: Customer shall assume all liability for and shall indemnify Company for any claims, losses, costs, and expenses of any kind or character to the extent that they result from Customer's negligence in connection with the design, construction or operation of its Project. Such indemnity shall include, but is not limited to, financial responsibility for: (a) Company's monetary losses; (b) reasonable costs and expenses of defending an action or claim made by a third person; (c) damages related to the death or injury of a third person; (d) damages to the property of Company; (e) damages to the property of a third person; (f) damages for the disruption of the business of a third person. This paragraph does not create a liability on the part of the Customer to the Company or a third person, but requires indemnification where such liability exists. The limitations of liability provided in this paragraph do not apply in cases of gross negligence or intentional wrongdoing. Notwithstanding the foregoing, Customer shall reimburse the Company for any regulatory penalties assessed against the Company for non-compliance with alternative energy benchmarks due to the negligence of the Customer or the failure of the Project for which the Customer has control and responsibility.

10. Notices: Unless otherwise stated herein, all notices, demands, or requests required or permitted under this Agreement must be in writing and must be delivered or sent by overnight express mail, courier service, addressed as follows:

If to the Customer:

If to the Company:

[Customer Name]
[Address]
[Telephone]

Duke Energy Ohio, Inc.
Legal Department/Regulatory
P.O. Box 960
Cincinnati, Ohio 45201-0960

Or to such other person at such other address as a Party may designate by like notice to the other Party. Notice received after the close of the business day will be deemed received on the next business day by 5:00 p.m., Eastern Standard Time.

11. Entire Agreement: This Agreement contains the Parties' entire understanding with respect to the matters addressed herein and there are no verbal or collateral representations, undertakings, or agreements not expressly set forth herein. No change in, addition to, or waiver of the terms of this Agreement shall be binding upon any of the Parties unless the same is set forth in writing and signed by an authorized representative of each of the Parties.

12. Assignment: Customer may not assign any of its rights or obligations under this Agreement without obtaining the prior written consent of the Company. No assignment of this Agreement will relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee and all necessary consents have been obtained.

13. Legal Jurisdiction and Interpretation: This Agreement in its entirety will be administered and subject to the laws of the state of Ohio.

14. Acceptance: The Parties hereby acknowledge their acceptance of the terms of this Agreement by signing below:

Customer Name (Print)

Company Representative (Print)

Customer Signature

Company Representative (Signature)

Address Line 1

Address Line 1

Address Line 2

Address Line 2

Phone Number

Phone Number

Attachment A

AFFIDAVIT OF PERFORMANCE

State of Ohio:

County of _____:

_____, Affiant, being duly sworn, affirmed according to law, deposes and says that:

- 1. I am the duly authorized representative of the solar project located at _____.
- 2. I have personally examined and am familiar with all information contained in the Residential Renewable Energy Certificate Purchase Offer Agreement (Agreement), including any exhibits and attachments, and that based upon my inquiry of those persons immediately responsible for obtaining the information contained in the Agreement, I believe that the information is true, accurate and complete.
- 3. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

The Statement:

As of _____, _____ located at _____ continued to be in
(Date) (Project)
good working order with no material corrective actions pertaining to safety and/or operation warranting attention. Further, the Project delivered the quantity of Renewable Energy Certificates (REC) and I now assign those REC(s) to Duke Energy Ohio, Inc.

Meter Read Date

_____ Start: _____

End: _____

Total REC(s) delivered _____

Sworn and subscribed before me this _____ day of _____,

_____ Month/Year

Signature of Affiant & Title

Notary Signature

Print Name and Title