

NOTICE OF BID TO SEM MEMBERS
JANUARY 11, 2010

Notice of Auction

Pursuant to SEM Joint Contract, please be advised that the SEM will be going out to bid for Gas Supply Services on **January 22, 2010** at a time to be determined. On that date, the SEM will participate in an auction for the purchase of natural gas from a supplier. This auction is for Gas Supply Services only. Electric Supply Services will be sent to bid at a date to be determined in the future. You will receive a new Notice of Bid when the auction date for Electric Supply Services has been set.

Auction Process

The SEM State Executive Committee set a “strike price,” or maximum bid price, which is a price that the bids cannot exceed. The strike price was set by the SEM on **January 8, 2010**. The maximum price for the auction was set by the SEM State Executive Committee after review with the SEM energy consultant. Since the strike price is set, you will receive a Strike Price Notice on **January 11, 2010** advising of the strike price. More information regarding the strike price can be found by clicking the link for “Frequently Asked Questions” on the SEM Website at <http://www.njsem.org/seminformationdocuments.html>

SEM Members will be able to watch the auction while it is happening on-line at <http://www.worldenergy.com/>. More information will be provided to you regarding the time of the auction and how to watch the auction with the Strike Price Notice. In the meantime, you can view an auction demo on <http://www.worldenergy.com/> by clicking the “View Auction Demo” link.

Opt-Out Requirements

You will receive an Opt-out Notice with your Strike Price Notice, which will be received on January 11, 2010. You are free to wait to opt-out until after the Strike Price has been set. Unless you specifically “opt-out” you will be obligated to purchase your natural gas supply from the Supplier who is the successful bidder at the auction, as indicated in the SEM Joint Contract. **UNLESS YOU OPT-OUT YOU WILL BE BOUND BY THE GAS SUPPLY CONTRACT.** The Opt-out form is attached to this Notice of Bid. All Opt-out Notices must be received via email by **January 18, 2010**. If your Opt-out Notice is not received by that date, you will be obligated to purchase your natural gas supply from the Supplier who is the successful bidder at the auction. All Opt-out Notices must be sent by **email** to PERMA, the SEM Executive Director, at Steves@permainc.com. Opt-out Notices received by mail will not be accepted.

The Gas Supply Services Contract

Once the strike price is set and the auction begins, the Contract with the Supplier is expected to be signed within hours of the close of the auction. The form of the Contract can be found on our website at, www.NJSEM.org. The form of the Contract will be similar to State Contracts for natural gas supply. Billing under the Contract will be similar to billing for cooperative purchases, wherein you receive two bills: one from the contracted Supplier and one from your local utility company for distribution Services only.

Questions

All questions regarding this Bid Notice should be directed to Steves@permainc.com.

**OPT OUT FORM
FOR NATURAL GAS SUPPLY SERVICE AGREEMENT
2010**

As a SEM Member, you are automatically considered to be bound by any Gas Supply Contract executed by the SEM. To participate, you do nothing. However, unless you specifically “opt-out” you will be obligated to purchase your natural gas supply from the Supplier who is the successful bidder at the auction, as indicated in the Joint Contract for the SEM. **UNLESS YOU OPT-OUT YOU WILL BE BOUND BY THE GAS SUPPLY CONTRACT.**

To Opt-Out, you must submit this form to PERMA, the SEM Executive Director, at Steves@permanc.com by 4:00 p.m. on **January 18, 2010**. All Opt-out Notices must be sent by **email**. Opt-out Notices received by mail will not be accepted. If you previously notified the SEM of your decision to opt-out of the 2010 Gas Supply Contract you do not need to do so again.

TIME SENSITIVITY: If the signed Opt-Out Form is not received by 4:00 p.m. on **January 18, 2010**, you will be presumed to desire participation in the Natural Gas Supply Service Agreement and you will be subject to the terms and conditions of the Natural Gas Supply Service Agreement executed with a Natural Gas Supplier.

OPT OUT

Pursuant to Section 4.1(c)(1) of the SEM Contract, I am exercising the right to “opt-out” of the Natural Gas Supply Service Agreement. I have read the information provided above and understand by signing this form, I hereby confirm my election to NOT participate in the 2010 Natural Gas Supply Services Contract. I understand and agree that typing my name on this form is an electronic signature which is binding to the same degree as a written signature. I further warrant that I am duly authorized to sign this Opt-Out Form on behalf of the Participant.

Member Name: _____

Member Address: _____

Member Telephone Number: _____

Account Numbers Associated with Member: _____

Authorized by: /s _____

Title: _____

STRIKE PRICE NOTICE TO SEM MEMBERS

JANUARY 11, 2010

Notice of Strike Price

- 1) For purposes of obtaining Natural Gas Supply Services, the SEM has set a “strike price” of \$8.850 per dekatherm, which is the price which bids cannot exceed. **THE LOCAL DISTRIBUTER COMPANY CHARGES ARE NOT INCLUDED IN THE COMMODITY AND TRANSPORTATION RATES AND WILL BE IN ADDITION TO THE NATURAL GAS CHARGES.**

Auction Information

The Auction for the SEM’s Gas Supply Services will be held on **January 22, 2010** at SEM Members will be able to watch the auction while it is happening on-line at <http://www.worldenergy.com/>. To watch the auction on-line [information on how to access the auction site will be posted on the web site or emailed to you prior to the auction date]. Once the auction closes, the SEM anticipates that the Contract for Gas Supply Services will be executed within hours. A copy of the Contract can be found on our website at, www.NJSEM.org.

Opt-Out Requirements

Unless you specifically “opt-out” you will be obligated to purchase your natural gas supply from the Supplier who is the successful bidder at the auction, as indicated in the Joint Contract for the SEM. The Opt-out form is attached to this Notice of Bid. All Opt-out Notices must be received by **January 18, 2010**. If your Opt-out Notice is not received by that date, you will be obligated to purchase your natural gas supply from the Supplier who is the successful bidder at the auction. All Opt-out Notices must be sent by **email** to PERMA, the SEM Executive Director, at Steves@permainc.com. Opt-out Notices received by mail will not be accepted. **UNLESS YOU OPT-OUT YOU WILL BE BOUND BY THE GAS SUPPLY CONTRACT**. If you want to be included in the Gas Supply Services Contract, you do not need to do anything.

Questions

All questions regarding this Bid Notice should be directed to Steves@permainc.com.