

Contract: 104197  
Physical: 270675  
T-Post: 270689  
FEE: 270683



**Asset Management Arrangement**  
**The Brooklyn Union Gas Company d/b/a National Grid**

**TRANSACTION CONFIRMATION**

Date: October 4, 2017

Transaction Confirmation #: \_\_\_\_\_

This Transaction Confirmation is subject to the Base Contract for Sale and Purchase of Natural Gas between Seller, Colonial Energy, Inc. ("Seller" or "Asset Manager"), and The Brooklyn Union Gas Company d/b/a National Grid NY ("Buyer" or "National Grid") dated December 1, 2006. *The terms of this Transaction Confirmation are binding upon execution hereof by both parties.*

**Seller:**

**Colonial Energy, Inc.**  
**3975 Fair Ridge Drive, Suite T-10 N, Fairfax, VA 22033**  
Attn: Brian Kelly  
Phone: 703-218-2451  
Fax: 703-218-3058  
Base Contract No. \_\_\_\_\_  
Transporter: Transcontinental Gas Pipeline Company, LLC  
Transporter Contract Number: 1003682  
Trader: Carolyn Gilbert

**Buyer:**

The Brooklyn Union Gas Company d/b/a National Grid NY  
100 East Old Country Road  
Hicksville, New York 11801  
Attn: Contract Administration  
Phone: (516) 545-6068  
Base Contract No. \_\_\_\_\_  
Transporter: Transcontinental Gas Pipeline Company, LLC  
Transporter Contract Number: 1003682  
Trader: Samara Jaffe

**Contract Price:** See Special Conditions below.

**Term:** Begin: November 1, 2017

End: October 31, 2018

**Performance Obligation and Contract Quantity:** See Special Conditions Below.

**Delivery Point(s):** The interconnection between Buyer's facilities and the facilities of Transcontinental Pipe Line Company, LLC ("Transco") in Zone 6, New York; the primary delivery point of the Assets as further defined herein.

**Special Conditions:**

**A. Definitions**

"Assets" means Buyer's Transco Contract No. 1003682, having primary receipts at Transco's Station 65 and primary deliveries in Zone 6 at Narrows, N.Y. (Transco meter number 1006558). The maximum delivered quantity ("MDQ") of the Assets is 25,000 dt/day.

"CFTC" shall mean the U.S. Commodity Futures Trading Commission.

"Credit Support Provider" shall mean N/A.

"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.

"FERC" means the Federal Energy Regulatory Commission.

"GTIS" means National Grid's Gas Transportation Information System, used for nominating gas into the New York Facilities, The Brooklyn Union Gas Company's and KeySpan Gas East's systems.

"Letter of Credit" means an irrevocable, non-transferable, standby letter of credit issued by a major U.S. commercial bank, a U.S. branch office of a foreign bank, or U.S. financial institution, in any case with a credit rating of at least "A " by S&P and "A2" by Moody's, in a form reasonably acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

"Moody's" means Moody's Investors Services, Inc. or its successor.

#### **B. Gas Service and Release of Assets**

1. **Release of Assets:** Buyer shall release the Assets to Seller for the Term at no cost to Seller. Buyer shall remain responsible for payment of all demand charges related to the Assets. Seller shall be responsible for all variable costs in connection with the Assets during the Term unrelated to deliveries made on Buyer's behalf. Buyer and Seller each agree to take such actions and execute such documents as may be required to effectuate the release of the Assets from Buyer to Seller.
2. **Delivery Requirement:** On any day during the months of **November through March** of the Term, Buyer shall have the right, but not the obligation, to call on Seller to deliver at the Delivery Point, the quantity of Gas requested by Buyer and up to the MDQ.
3. **Termination Option:** If at any time during the Term, Seller fails to deliver to Buyer Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall the Assets.
4. **Force Majeure:** Should an event of Force Majeure occur that prohibits Seller from fulfilling its delivery obligation to National Grid, Seller must make best efforts to offer alternate supplies at a mutually agreed price. In the event that Buyer and Seller are unable to reach agreement on a price for alternate supplies, Seller shall be required to accept gas from Buyer at any point in the path between Station 65 and the Delivery Point and redeliver such gas to Buyer at the Delivery Point in accordance with FERC Order 712's AMA exemption from the Buy/Sell Prohibition.

#### **C. Price**

Gas delivered pursuant to the Asset Management Arrangement shall be priced equal to the Index for Transco, Station 85 as published daily in *Platt's Gas Daily*, plus variables to deliver to the Delivery Point.

#### **D. Nominations**

Buyer shall make all nominations orally or in writing prior to 10:00 AM prevailing Eastern Standard Time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (i.e., nominated ratably on Business Day prior to the Holiday). Seller shall nominate quantities scheduled to the Delivery Point directly into National Grid's Gas Transportation Information System ("GTIS").

#### **E. Asset Management Fee**

Subject to the delivery obligations set forth above, Seller shall have the right to optimize the Assets for its own account. In exchange for such right, during the Term, Seller shall make a payment to Buyer of [REDACTED] per Month. This payment shall be reflected as a credit to Buyer in Seller's invoice for the applicable Month.

#### **F. Credit Provisions**

**Independent Amount.** In the event Seller (i) has a Credit Rating below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB- by S&P and/or Baa3 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set at the Gas Daily Index.

**Collateral Requirement.** The "Collateral Requirement" for Seller means the Exposure (as defined below), minus the sum of (i) the amount of Cash previously transferred by Seller to National Grid, (ii) the amount of Cash held by National Grid as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of National Grid ("Letter of Credit"), and (iii) the undrawn value of each Letter of Credit; provided, however, that the Collateral Requirement of Seller will be deemed to be zero (0) if on the relevant Valuation Date, (i) no Event of Default with respect to Seller or its Credit Support Provider has occurred and is continuing, and (ii) the guaranty provided by Seller is in full force and effect. The "Collateral Requirement" for National Grid means zero (0).

**Exposure.** shall be calculated as the sum of:

- (i) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
- (ii) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus
- (iii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction

(iv) Confirmation; reduced by the Independent Amount, if any, previously provided by the Seller to the Buyer.

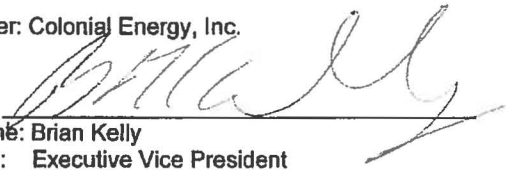
**G. Asset Management Arrangement**

It is the intention of the parties to structure this transaction as an Asset Management Arrangement ("AMA") as defined by the FERC in Order 712 (as modified and clarified) and in accordance with FERC's rules and regulations. Seller is acting as an Asset Manager as defined in 18 CFR 284.8(h)(3). If it is determined that this transaction does not constitute an AMA, the parties agree to modify the transaction as required while maintaining, to the extent possible, the economics of the transaction.

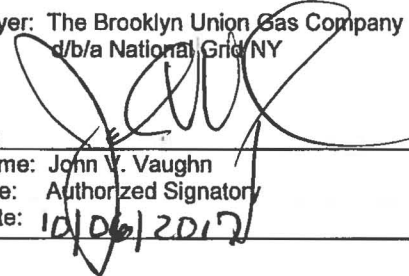
**H. Changes in Law**

If the FERC, the CFTC, or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Transaction Confirmation or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other or either party may terminate this Transaction Confirmation upon Notice to the other party.

Seller: Colonial Energy, Inc.

By:   
Name: Brian Kelly  
Title: Executive Vice President  
Date: 10/05/2017

Buyer: The Brooklyn Union Gas Company  
d/b/a National Grid NY

By:   
Name: John V. Vaughn  
Title: Authorized Signatory  
Date: 10/06/2017

