



GAS TRANSPORTATION OPERATING PROCEDURES MANUAL

Niagara Mohawk Power Corporation d/b/a National Grid

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1. Introduction

a. *Brief Description of Manual Contents*

Since June 1996, all National Grid gas customers have had the option to purchase their natural gas supplies from a provider other than National Grid.

Through the **SupplierSelect** Program, customers may purchase natural gas from Marketers who are on “National Grid’s Approved Energy Supplier List.” Marketers and Direct Customers are responsible for arranging pipeline deliveries of gas into National Grid’s distribution system. Once the gas reaches National Grid’s system, National Grid transports it on a firm or interruptible basis (in accordance with the terms of the customer’s service classification) to the customer’s facility or home.

This Manual contains the procedures to be used by Marketers and Direct Customers; each Marketer and Direct Customer should review the applicable terms, agreements, and services offered. This Manual should be used in conjunction with the terms and conditions for the Program set forth in Service Classification No. 11 of National Grid’s Gas Tariff, PSC No. 219.

If a conflict arises between the contents of this Manual and the Tariff, the Tariff shall govern.

National Grid reserves the right to modify these procedures as may be necessary, consistent with requirements of the NY Public Service Commission.

Questions about the content of this Manual should be directed to National Grid’s ESCO Transportation Allocation section located at 175 E. Old Country Rd. (MOB, First Floor) Hicksville, NY 11801 or by calling (516) 545-3893 or 2599. Current information of interest to Marketers and Direct Customers may also be obtained from the National Grid Energy Market Center located at:
<http://www.nationalgridus.com>

2. Overview of National Grid

a. Corporate Structure

National Grid

National Grid is an international electricity and gas company and one of the largest investor-owned utilities in the world. National Grid's operations in the United Kingdom and the United States are focused on delivering energy safely, reliably and efficiently.

In the north-eastern United States, National Grid has electricity transmission systems and distribution networks that deliver electricity to 3.3 million customers. In addition, National Grid owns and operates generation stations with a total capacity of 4,100MW. National Grid owns gas storage facilities and provides natural gas to approximately 3.4 million customers.

National Grid also has businesses operating in related areas such as LNG importation, land remediation, metering and interconnectors.

All our networks are highly complex – requiring a unique mixture of skills, experience and planned investment.

Further detailed information on National Grid's business can be found on the National Grid web site: <http://www.nationalgrid.com>

Supplier Select Program

National Grid customers have the option to purchase their gas and electric commodity from eligible entities other than National Grid. These entities are called Energy Service Companies or ESCOs. The relationship between National Grid and the ESCOs is managed under the guidelines of the state regulatory agencies which govern the Gas and Electric businesses in the Downstate NY, Upstate NY, Long Island, MA and RI territories.

Specifically, the ESCO Transportation Allocation section of the Gas Supply Planning Department is responsible for ESCO gas delivery, balancing, billing and capacity release. These responsibilities are carried out while working in close cooperation with other sections within Gas Supply Planning, as well as the Wholesale Gas Supply Department and the Gas Control group.

The Customer Choice Regulatory section, within the Billing Operations Department, is the first point of contact for the ESCOs for enrollment issues, slamming complaints, community aggregation issues, customer

usage/historical usage requests and general inquiries. They also perform regulatory reporting. ESCOs are provided a premier service for all inquiries through our website at www.nationalgridus.com and via the Right Now inquiry system

The Customer Choice Billing and Creditworthiness section, also within the Billing Operations Department, deals with aspects of the ESCO on-boarding process, creditworthiness, ESCO bill presentation and tracking, and Sarbanes-Oxley compliance.

The development of projects pursuant to regulatory orders, inclusion and advocacy of projects in the US Investment Plan and EDI processes with associated standards are also key functions of all three of the aforementioned groups.

Individual customers should contact the Customer Assistance Center at 1-800-642-4272.

Gas Supply Planning

Elizabeth Arangio - Director

ESCO Transportation Allocation

Joseph Calabrese
Manager
ESCO Transportation
Allocation
Nancy Andrews
Jennifer Coulon
Sandy DeCristoforo
Anthony Monico
Catherine Wunsch
Jason Schlittenhardt
Dawn Querzoli

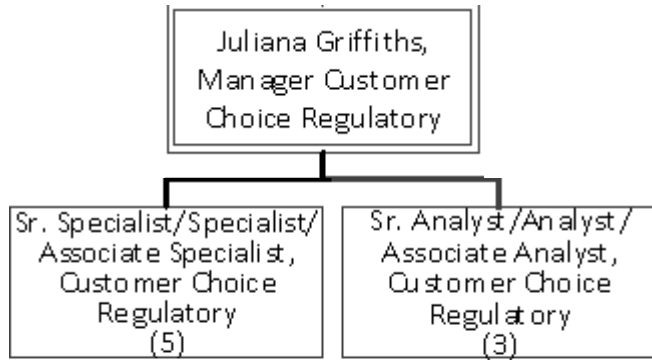
The Niagara Mohawk Power Corporation (NiMO) contacts are:

- Jennifer Coulon
(516) 545-2599
Jennifer.Coulon@NationalGrid.com
- Jason Schlittenhardt
(516) 545-3893
Jason.Schlittenhardt@NationalGrid.com

Billing Operations

Charles Florzcyk - Director

Customer Choice Regulatory

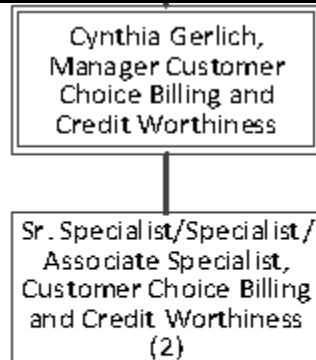


Joan Jerz *Manprit Aneja*
Blanca Romano *Kathleen Coyne Frank*
Michelle Rapp *Donna Laura*
Jessica Thomas
Susan Ocepa

The Niagara Mohawk Power Corporation (NiMO) contacts are:

- Donna Laura
- Jessica Thomas

Customer Choice Billing and Creditworthiness



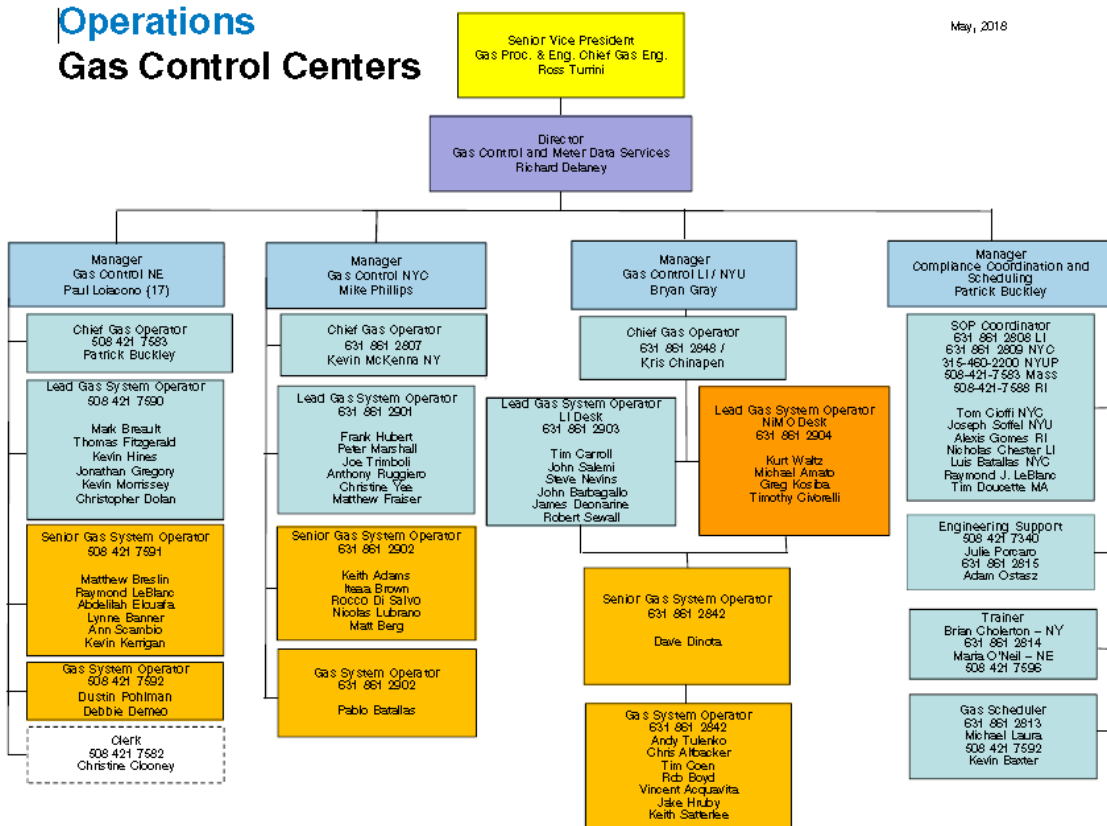
Zachary Masterson
Konica Shandal
Kenyatte Marshall
Kirsten Richards
Greg Accardo
Sergio Smilley

All correspondance with Customer Choice Regulatory and Customer Choice Billing and Creditworthiness will be carried out via the RightNow Inquiry system.

Gas Control

Gas Control is responsible for the day-to-day operations of the National Grid gas transportation and distribution system. Gas Control handles all work impacting the movement of gas throughout the system and coordinates all construction and maintenance work which may impact gas delivery. Gas control also provides city gate allocations and the availability of capacity at National Grid's city gates.

Interfacing with the gas pipelines on deliveries and maintenance work, Gas Control is also responsible for issuing and controlling System Alerts, Operational Flow Orders and Curtailments. Gas Control is the central hub of communication between pipelines and ESCOs and for National Grid's gas transportation and distribution activities. As such, Gas Control verifies daily system requirements and confirms all gas deliveries for the Company and third parties through the Company's Electronic Bulletin Board. The 24/7 phone number for Gas Control is 631-861-2904.



b. *Affiliate Transaction Standards*

National Grid (the “Company”) will refrain from giving any appearance that National Grid speaks or acts on behalf of any Marketer. The Company will not participate in any joint promotion or marketing with any individual Marketer on a discriminatory basis. The Company will not represent to any customer that an advantage may accrue by involving any individual Marketer as a potential alternative supplier.

In the event a situation arises where these standards are not being complied with, please contact National Grid's Ethical Business Conduct Advice Team at (315) 428-6341.

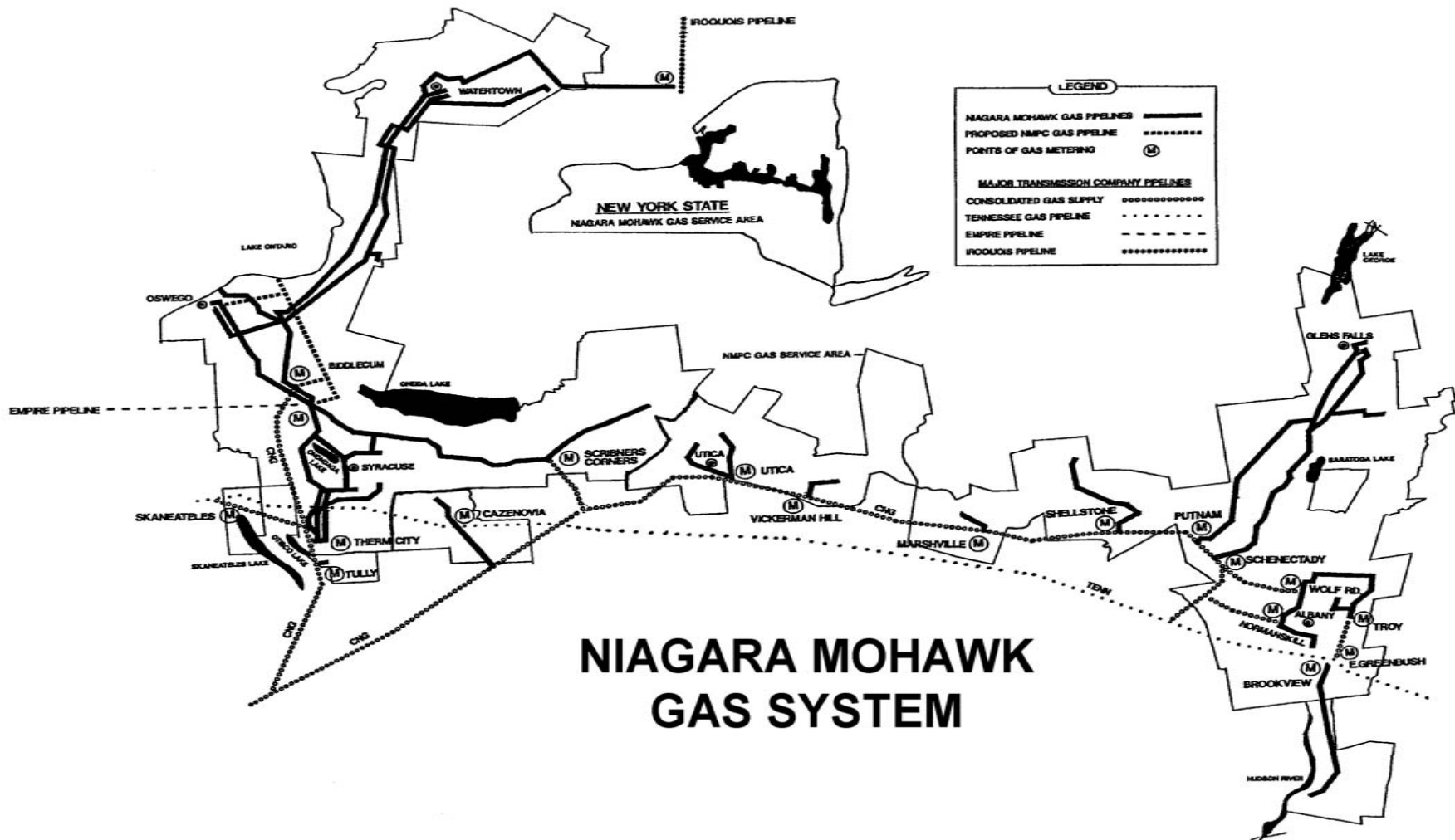
c. *Territory*

Narrative Description

National Grid is a regulated energy delivery company with the largest service territory in New York State. The Company serves more than 1.5 million electricity customers across 24,000 square miles of upstate New York and more than 540,000 natural gas customers over 4,500 square miles of eastern, central, and northern New York.

National Grid strongly endorses retail competition among all energy suppliers. While National Grid will not endorse any specific provider of energy if you do choose another supplier, National Grid will continue to provide safe, reliable energy delivery services and will always respond to energy emergencies, regardless of who provides you with your energy commodity. For more information about choosing your supplier, visit <http://www.nationalgridus.com>.

Pipelines Serving the Franchise Area with Designations of Receipt Points



d. Service Classifications

1. Please see the Niagara Mohawk Power Corporation P.S.C No. 219 Schedule for Gas Service for specific service classifications and rates.

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e. Customer Breakdown

The following statistics show a breakdown by customer segments. These statistics will be updated annually.

Customers and Annual Consumption as of August 2018:

Transportation:

| | Customers | Annual DTH |
|---|----------------|--------------------|
| <u>Residential and Small Commercial</u> | <u>102,040</u> | <u>19,726,104</u> |
| <u>Large C/I, IPP and</u> | <u>914</u> | <u>101,295,184</u> |
| <u>Distributed Generation</u> | <u>7</u> | <u>1,452,897</u> |

3. Uniform Business Practices Generic to Aggregation and Large Volume Transportation Customers

The Uniform Business Practices set forth in this section were approved by the NY PSC and represents the latest issued version. If a conflict arises between the GTOP and the UBP, the UBP shall govern.

a. *Creditworthiness*

National Grid establishes unsecured credit limits for all entities, including Marketers, Gas Suppliers who act as Marketers, and customers to whom the Company makes sale of gas for resale, by applying on a consistent, non-discriminatory basis the same financial evaluation standard. Credit limits are reviewed regularly. If an entity is assigned an unsecured credit limit that is not sufficient to meet the requirements, these requirements may be met by providing security in a form that is acceptable to National Grid.

Please refer to Section 3, Paragraph E, Appendix B, Uniform Business Practices Case 98-M-1343).

Applicability to Upstate New York Territory:

These standards apply to Marketers and Direct Customers. Each entity must qualify on an individual basis.

- A Marketer/Direct Customer's participation in the Company's **SupplierSelect** Program is contingent upon the Marketer/Direct Customer meeting the credit requirements set forth herein.
- Credit appraisals and security requirements will be reviewed by the Company annually, at a minimum, and adjusted as financial evaluation dictates.
- Direct Customers, participating in Daily Balancing, who are dropped from their marketer's pool either through voluntary or involuntary action and cannot demonstrate the ability to deliver gas to the Company, will be subject to the following credit requirement:

The credit requirement shall be the product of the Customer's effective MDQ for the applicable month times the Commodity Charge times 30 days. The Commodity Charge shall be the sum of the peak forecasted NYMEX price for the next 12 months plus the effective average demand cost of gas.

Credit Exposure/Security Calculation

Please refer to Section 3, Paragraph D - Appendix B, Uniform Business Practices Case 98-M-1343

- For the purpose of Natural Gas Imbalance Risk, the term MDQ shall mean:

MDQ - **Summer MDQ** = (Sum Total Thermal Response x 17.4 HDD) + Sum Total Daily Baseload
Winter MDQ = (Sum Total Thermal Response x 42.8 HDD) + Sum Total Daily Baseload

b. Customer Information

This section establishes practices for release of customer information by distribution utilities or Meter Data Service Providers to ESCOs and Direct Customers and identifies the content of information sets. The distribution utility or MDSP and an ESCO shall use EDI standards, to the distribution utility or MDSP and an ESCO shall use EDI standards, to the extent developed, for transmitted of customer information and may transmit data, in addition to the minimum information required, via EDI or by means of an alternative system. Please refer to UBP, Section 4- Appendix B, Uniform Business Practices Case 98-M-1343.

c. Billing, Collection Services and Charges

Procedures for invoices of charges for services provided by the distribution utility directly to an ESCO or Direct Customer are detailed in UPB Section 7. A distribution utility and ESCO or Direct Customer may agree to establish other arrangements and procedures for presentation and collection of invoices for services rendered. This section also describes billing questions and disputes and Charges to ESCOs from the Company. For additional details, please refer to UBP, Section 7- Appendix B, Uniform Business Practices Case 98-M-1343.

Please refer below for specific topics.

Failure to Make Payment

Please refer to Section 2, Paragraph F - Appendix B, Uniform Business Practices Case 98-M-1343

Billing Questions and Disputes

Please refer to Section 7, Paragraph C - Appendix B, Uniform Business Practices Case 98-M-1343

Charges to Marketers from the Company

Please refer to Section 7, Paragraph B - Appendix B, Uniform Business Practices Case 98-M-1343

The Company will charge Marketers/Direct Customers for the following:

- Purchase of Receivables (“POR”) Discount Rates

Discount Rate for Uncollectables

As of the Effective Date, the Company will implement separate POR discount rates for the uncollectible components applicable to the S.C. 1 and non-residential service classifications pursuant to rule 33.1.3 of the tariff.

- **Assessment of Credit and Collections Processing Costs**
As of the Effective Date, in lieu of including in the discount rate a factor to recover collections processing costs, the Company will implement a separate charge for collections processing costs pursuant to rule 33.1.2 of the tariff. An equivalent level of Credit and Collection Processing Costs shall be captured each month in the Merchant Function Charge (on a unitized rate per therm basis) and will be applied to marketers taking part in the company’s Purchase of Receivables program and will be netted against the payment that is made to the marketer.
- Daily and Monthly Cashout of Imbalances and Additional Charges pursuant to Rule 29 of the Tariff, Balancing Charge, Over 50% Imbalance Penalty Charge, Forced Balancing OFO Charges, Demand Transfer Rate and Cashouts for True-ups.
- Additional historical customer usage, billing and credit information available upon request under Service Classification No. 11 of the Tariff.
- Other rates and charges approved by the PSC and set forth in the Company’s Tariff, including, but not limited to, transportation or distribution rates, miscellaneous surcharges, and taxes.

d. New Delivery Customer Requirements

UBP Section 5 establishes practices for receiving, processing and fulfilling requests for changing a customer’s natural gas provider and for obtaining a customer’s authorization for the change. A change in a provider includes transfer from (1) one ESCO to another; (2) an ESCO to a distribution utility; and (3) a distribution utility to an ESCO. This Section also establishes practices for: an ESCO’s drop of a customer or a customer’s drop of an ESCO, retention of an

ESCO after a customer's relocation within a distribution utility's service area, assignment of a customer, and initiation or discontinuance of procurement of natural gas supplies by a Direct Customer. This Section does not establish practices for obtaining other energy-related services or changing billing options.

The process of changing a service provider is comprised of two steps. For enrollment with an ESCO, the first step is obtaining customer agreement to accept natural gas service, according to the terms and conditions of an offer. A sales agreement establishes the terms and conditions of the customer's business arrangement with the ESCO. The second step is enrollment and the distribution utility's modification of its records to list the customer's transfer to a provider on a specific date. This transaction is primarily between the ESCO and the distribution utility. For additional details, please refer to UBP, Section 5-Appendix B, Uniform Business Practices Case 98-M-1343.

Refer below for specific topics:

Information to be Submitted by Marketer

Marketers will also provide information about the customer's special needs, if any, including life support equipment.

Commencement of Service

The Company must accept new delivery customers before service may commence; any conditions set forth in the Company's Tariff for the initiation of service to such new delivery customers must be met.

Initiation of Service Fees, Deposits, or Other Requirements

Any fees, deposit requirements, or other charges identified in the Company's Tariff will apply to initiation of service to new delivery customers.

Special Meter Reading Fees

There will be no Company fees for special meter readings if performed in conjunction with the initiation of new delivery service.

e. *Switching Customers*

An ESCO shall transmit an enrollment request to a distribution utility no later than 10 business days prior to the month in which service is to commence. The enrollment request shall contain as a minimum, the information required for processing set forth in Attachment 4, Enrollment Request of the UBP. The distribution utility shall process enrollment requests in the order received. The distribution utility shall accept only one valid enrollment request for each commodity per customer during a switching cycle. If the distribution utility receives multiple enrollment requests for the same customer during a switching cycle, it shall accept the first valid enrollment request and reject subsequent requests. An ESCO shall submit an enrollment request after it provides the sales agreement to the customer and, for residential customers, after the expiration of

the cancellation period. For additional details, please refer to UPB, Section 5-Appendix B, Uniform Business Practices Case 98-M-1343.

Please refer below for specific topics:

Customer Notification

Please refer to Section 5, Paragraph E - Appendix B, Uniform Business Practices Case 98-M-1343

Marketer Notification

Please refer to Section 5, Paragraph D - Appendix B, Uniform Business Practices Case 98-M-1343

Notice Period Required and Switch Date

The request for a switch shall be submitted to the Company using the same process as described above.

The switch will then occur on the customer's regular meter reading date as specified in the Tariff. Deliveries for customers shall commence on the 1st of the month of the customer's regular meter reading date

Frequency of Switches Allowed

Please refer to Section 5, Paragraph L - Appendix B, Uniform Business Practices Case 98-M-1343

Switching Fees

Please refer to Section 5, Paragraph L - Appendix B, Uniform Business Practices Case 98-M-1343

Verification of Accounts

Please refer to Section 5, Paragraph L - Appendix B, Uniform Business Practices Case 98-M-1343

Budget Billing Adjustments

Please refer to Section 5, Paragraph L - Appendix B, Uniform Business Practices Case 98-M-1343

f. Slamming Prevention

A change of a customer to another energy provider without the customer's authorization, commonly known as slamming is not permitted. The distribution utility shall report slamming allegations to the Department on at least a monthly basis. For additional details, please refer to UPB, Section 5, Paragraph K-Appendix B, Uniform Business Practices Case 98-M-1343

g. Discontinuance of Service

Discontinuance of Sales by Marketer to an Individual Customer

A customer may discontinue service by contacting either the ESCO or the distribution utility in accordance with UPB Section 5. An ESCO contacted by the customer shall, within two days, process the customer's request to return to full utility service. A utility contacted by a customer shall remind the customer to contact the ESCO about their returning to full utility service provided, however, that if the customer has already contacted the ESCO or wants to proceed without contacting the ESCO, the utility shall, within two days, process the customer's request to return to full utility service. If a change to full utility service results in restrictions on the customer's right to choose another supplier or application of a rate that is different than the one applicable to other full service customers, the distribution utility shall provide advance notice to the customer. For additional details, please refer to UBP, Section 5, Paragraph H. - Appendix B, Uniform Business Practices Case 98-M-1343.

Involuntary Discontinuance of a Marketer's or Direct Customer's Participation in the *SupplierSelect* Program

For involuntary discontinuance of an ESCO or Direct customer's participation, please refer to UBP Section 2, Paragraph F- Appendix B, Uniform Business Practices Case 98-M-1343

Assignment of Marketer Contracts

Please refer to Section 5, Paragraph J - Appendix B, Uniform Business Practices Case 98-M-1343

h. Dispute Resolution

UPB Section 8 describes the process whereby disputes involving distribution utilities, ESCOs or Direct Customers shall be handled, including disputes alleging anti-competitive practices. The processes are not available to resolve disputes between retail customers and ESCOs or distribution utilities. They are also not applicable to matters that, in the opinion of the PSC Staff, should be submitted by formal petition to the PSC for its determination or are pending before a court, state or federal agency. The availability of the processes does not limit the rights of a distribution utility, ESCO or Direct Customer to submit any dispute to another body for resolution. For additional details, please Refer to UPB, Section 8 - Appendix B, Uniform Business Practices Case 98-M-1343.

i. Partial Requirements Customers

Not applicable.

j. Billing Agency Arrangements

Not applicable.

k. Consolidated Billing

A distribution utility and ESCO shall establish in a billing services agreement (BSA) detailed expectations for their responsibilities, including consequences for any failure to carry out such responsibilities. A distribution utility may use the bill ready or the rate ready method for issuing consolidated bills. An ESCO that offers consolidated billing shall use a bill ready method. For additional details, please refer to UPB Section 9- Appendix B, Uniform Business Practices Case 98-M-1343

In accordance with the Uniform Business Practices case 98-M-1343, National Grid offers a Consolidated Billing program. Any questions regarding consolidated billing, please contact Sergio Smilley at (516) 545-2468.

l. Metering

Not applicable.

m. Marketing Standards

The standards that ESCOs and ESCO marketing representatives must follow when marketing to customers in New York are detailed in UPB Section 10. It specifies standards relative to training of marketing representatives and in-person and telephone contact with customers. ESCOS shall not engage in misleading or deceptive conduct as defined by State or federal law, or by Commission rule, regulation or Order. ESCOs will maintain an internal process for handling customer complaints and resolving disputes arising from marketing activities and shall respond promptly to complaints forwarded by the Department. For additional details, please refer to UPB Section 10- Appendix B, Uniform Business Practices Case 98-M-1343.

4. Gas Delivery Management Procedures for Residential and Small Commercial Customers – Firm Transportation

MONTHLY BALANCING SERVICE

National Grid's Monthly Balancing Service is designed around and offered in conjunction with Dominion Energy Transmission, Inc's (DETI's) Delivery Point Operator (DPO) and City Gate Swing Customer (CSC) Program. Marketers must participate in DETI's Program in order to participate in National Grid's Monthly Balancing Service. Any penalty charges assessed to National Grid or gas supply costs incurred as a result of a City Gate Swing Customer will be passed on directly to the appropriate party who caused the penalty.

a. *Become an Approved Gas Supplier*

In order to become an approved Gas Supplier, a Marketer must meet all requirements listed on National Grid's website under "Become an Approved Gas Supplier". The website is:

<https://www1.nationalgridus.com/BecomeAnApprovedSupplierGas>

Step One

First, the marketer must obtain approval from the New York State Department of Public Service (PSC). Please access the PSC website at www.dps.ny.gov for instructions on completing the Energy Service Company Retail Access Application process.

Once PSC approval has been granted, the approval letter must be submitted to National Grid.

Step Two

Once PSC approval has been given, the Marketer Applicant shall submit "**SupplierSelect**" Form 1 which is the "Application for Authorization to Act as an Energy Service Company for the Supplier Select Program." Applicant must agree to comply with all of the terms and conditions set forth in Form 1. Form 1 may be obtained from the National Grid website at (see above):

Two copies of Form 1 must be mailed to the following address:

National Grid
175 E, Old Country Rd. (MOB First Floor)
Hicksville, NY 11801
**Attn: Sergio Smilley, Customer Choice Billing and
Creditworthiness**
Telephone No. (516) 545-2468

If a Marketer indicates that they will not be participating in National Grid's consolidated billing/Purchase of Receivables Program, a check will be done to determine creditworthiness. The Applicant shall also send its two most current years of audited financial statements, if available. The Applicant shall indicate the credit rating of its senior unsecured debt and/or provide its Dun & Bradstreet number, if it has one.

The Credit Risk Policy and Guidelines for Marketers who would like to participate and continue to participate in the **SupplierSelect** Program can be found in Section 3, - Appendix B, Uniform Business Practices Case 98-M-1343

Step Three

The Marketer must complete NAESB contract(s). The NAESB, which is actually titled "Base Contract for Sale and Purchase of Natural Gas", must be signed and three copies returned to:

National Grid
175 E, Old Country Rd. (MOB First Floor)
Hicksville, NY 11801
Attn: **Sergio Smiley, Customer Choice Billing and Creditworthiness**
Telephone No. (516) 545-2468

The NAESB contracts are available on the National Grid website under "Become an Approved Gas Supplier", step 3.

The Marketer has two options available when completing the NAESB contract:

Option 1 is for Marketers who are only interested in participating in Gas Retail Access. These Marketers only need to complete a "NAESB" contract and leave the box for "Special Provisions" unchecked.

Option 2 is for Marketers who are interested in participating in Gas Retail Access and buying or selling gas to National Grid. These Marketers must also complete the "NAESB" contract but they must check the box for "Special Provisions". In addition, the Marketer must sign and submit 3 copies the "Special Provisions Addendum" as well.

In addition, all Marketers should complete a "New York State Resale Certificate ST-120" in order to avoid New York State Sales Tax charges, if applicable. Also, National Grid will pay all credits due a supplier via ACH. In order to be properly set up for these payments, the supplier must submit one signed copy of the **ACH Authorization** form and the **Approved Supplier Enrollment** form. These completed forms should also be mailed to Sergio Smiley at the above address.

A Marketer who plans on having a third party manage their gas pool will need to submit three signed copies of the ***Pool Operator Agreement***.

Please note: It is very important that the third-party pool manager that is listed on the Pool Operator Agreement is not listed as a contact on the NAESB contract. The NAESB contract is between Niagara Mohawk Power Corp d/b/a National Grid and the approved gas marketer. All notifications must be between these two entities and the name of the entity on the NAESB must match the name on the Form 1 Application as well as any Approval documents provided by the NYS PSC.

Marketers applying for Monthly Balancing Services must obtain approval from DETI. National Grid's Monthly Balancing Service is designed around and offered in conjunction with DETI's Delivery Point Operator and City Gate Swing Customer Program. To become approved for this program, the Marketer must call Mr. Terry Cole at 1-804-771-3855.

The pipelines on which Marketers must be approved to receive capacity from National Grid is:

- Dominion Energy Transmission Inc. –
Contact: DETICredit@domenergy.com
- Iroquois Gas Transmission System L.P. –
Contact :Heather Chappa (203) 925-7229 ;
http://www.iroquois.com/documents/WelcomePackage_FILL-IN.pdf
- Tennessee Gas Pipeline Company, LLC. (TGP) –
Contact: Dayna Owens – Dayna.Owens@kindermorgan.com / (713) 420-5952;
<https://pipeportal.kindermorgan.com/portalui/CommonForms.aspx?TSP=TGP>
- Transcanada Gas Pipeline –
Contact(s): Kelsi Webb (403) 920-5582, at mainline_contracting@transcanada.com; or Amelia Cheung (416) 869-2115 at amelia_cheung@transcanada.com



Agency Agreement
Form.docx

- Union Gas Pipeline –
Contact(s): Kerry Anderson (519)436-4614, Karen Blain (519) 436-4626, Paula Brady (519) 436-5330 or they can all be reached via e-mail: S&TContracting@spectraenergy.com .
<https://www.uniongas.com/storage-and-transportation/resources/getting-started>

A Marketer who serves customers in a monthly balanced pool will receive, from National Grid, all capacity that has been allocated to those customers. A Marketer who plans on having their capacity released to a third party must submit three signed copies of the **Capacity Release Agreement**. Note: a Marketer who is using a Pool Operator and releasing capacity to a third party will only need to submit a Capacity Release Agreement.

Step Four

Once the application form (from step two) is received, the Marketer must complete initial EDI testing. For this, please complete the following forms:

Pre-Testing Worksheet

Trading Partner Agreement

Electronic Data Interchange Testing Agreement

These forms should be completed and returned via email to Sergio.smilley@nationalgrid.com. These forms are available on the National Grid web site Or, completed copies may be mailed to:

National Grid
175 East Old Country Road (MOB, First Floor)
Hicksville, NY 11801
Attention: Sergio Smilley, Customer Choice Billing and
Creditworthiness

Any questions about completing these forms may be directed to Sergio Smilley at 516-545-2468.

Step Five

After successfully completing EDI testing, the marketer will be asked to submit a list of prospective customers that constitutes a minimum annual load of 50,000 therms. The 50,000 therms load requirement applies separately to each pool type (Daily Balancing, and Monthly Balancing) offered by the marketer.

Step Six

If the Marketer will be participating in National Grid's consolidated billing/Purchase of Receivables Program (as indicated on Form 1) a "Billing Services Agreement" must be executed. Customer Choice Billing and Creditworthiness (Sergio Smilley) will guide the Marketer through the process of executing this agreement. The Marketer should review the "Agreement for Billing Services and for the Purchase of Gas Accounts Receivable". Please review Article 5, specifically Sections 5.4 and 5.5, "ESCO Covenants and Obligations". The document may be obtained from:

www.nationalgridus.com/niagaramohawk/energy_supplier/gas_approv_supplier.asp

Step Seven

Once the above requirements have been met, National Grid's Customer Choice Regulatory section will notify the PSC that the Marketer is being placed on "National Grid's Approved Energy Supplier List" and that the Marketer is now eligible to participate in the **SupplierSelect** Program. National Grid's "Approved Energy Supplier List" can be obtained by going to:

<http://www.nationalgridus.com>

and then choosing "Energy Supply Companies" under the "Business Partners" banner. This information is extracted from the **SupplierSelect** Form 1. It is the Marketer's responsibility to ensure that the information posted is correct. If a Marketer wishes to make a change, please contact Sergio Smilley at (516) 545-2468, or at <http://esco.custhelp.com/>.

Step Eight

The Marketer will then be issued a User ID and Password so that the Marketer can utilize the website functions. The National Grid Energy Market Center is reached by going to:

<http://www.nationalgridus.com>

and then clicking on "Energy Supply Companies" under the "Business Partners" banner.

If there are any questions regarding the User ID and/or Password, the Marketer should contact Sergio Smilley at (516) 545-2468 or by email at sergio.smilley@nationalgrid.com.

b. Pool Operators

Eligible Marketers may designate a Pool Operator.

The Pool Operator shall be responsible for all deliveries, balancing, and settlement activities described in Service Classification No. 11 of the Tariff of its own customers, if any, and the customers of the Marketer on whose behalf it is acting. All actions of the Pool Operator related to the Marketer participating in National Grid's **SupplierSelect** Program are absolutely binding on, and attributable to, such Marketer. Such Marketer is fully liable to the Company for all acts and omissions of the Pool Operator and shall indemnify, defend and hold harmless the Company from and against any and all claims, losses, damages, as

described in the Tariff, that are directly or indirectly caused by, or arise out of, or are in any way connected with the Pool Operator's acts or omissions.

To designate a Pool Operator, a Marketer must provide the Company with a fully executed Pool Operator Agreement. See Appendices for Pool Operator Agreement.

c. Customer Eligibility

Monthly Balancing Service is available to customers who have taken service under Service Classification Nos. 1, 2, 3, 5, 7, 12 and 13 who have met the term provisions of their respective service classifications.

Under Monthly Balancing Service, a customer may:

- join a Marketer's pool, but may designate only one Marketer to serve an individual gas account;
- authorize National Grid to provide a Marketer information on its billing history information;
- switch Marketers
- residential or human needs customers may return to Sales Service
- customers who are not residential or Human Needs may return to Sales Service if National Grid, in its judgment, has adequate supplies of gas and upstream capacity available to serve the customer and the customer authorizes National Grid to recall the upstream pipeline capacity previously released to the customer.

d. Enrollment Procedures

Please refer to Section 5, - Appendix B, Uniform Business Practices Case 98-M-1343

- Enrollments are processed via EDI. For a complete description of EDI protocols, testing procedures, the certification process, EDI data standards and test plans please visit the NYSPSC website at www.dps.ny.gov.
- Enrollments shall be submitted no later than 10 business days prior to the month service is to commence.

A customer may only begin taking service from a Marketer on the scheduled meter read date. The customer may call in its meter read to National Grid's Customer Service Center or enter its read into the website at: www.nationalgridus.com (by logging in under "Your Account") or, under certain circumstances, accept an estimated read.

Enrollment Procedures for Sales Customers Who Consume Over 50,000 Therms Annually

- If the Marketer attempts to electronically enroll a National Grid Sales customer whose annual usage exceeds 50,000 therms, the Marketer will receive a message via EDI that will state “Customer usage over 50,000 therms, call NM.” The Marketer should contact the Customer Choice Regulatory section via the RightNow system. The Marketer will be asked to email the **SupplierSelect** Form 2 to Supplier Services to the Right Now System.

e. Delivery Quantity Determination Procedures

Deliveries for customers shall commence on the 1st of the month of the customer’s regular meter reading date.

Forecasted Daily Contract Quantity: Based on historic usage patterns and expected weather conditions, National Grid will issue a forecasted Daily Contract Quantity (DCQ) for each pool. (The Base and Thermal Methodology can be found in the Appendices of this manual.)

The forecasted DCQ is provided to each Marketer no less than 2 business days prior to the 1st day of the next month. The forecasted DCQ is the quantity of gas that may be delivered daily. Marketers may meet the forecasted DCQ with flowing supply and/or storage. After the forecasted DCQ is issued for the 1st day of the month, Marketers may go to National Grid’s website each day after 8:00 a.m. EST for the next day’s forecasted DCQ.

Actual Daily Contract Quantity: National Grid will issue an actual DCQ, based on actual heating degree days, the day following the delivery of the forecasted DCQ. The actual DCQ will be posted to National Grid’s website and will be used in conjunction with nominations and /or daily delivery requirements on non-DETI pipelines, as well as Peaking volume (when applicable) to determine a daily measured volume for each Marketer. This daily measured volume, further explained in section i below, will be uploaded to DETI and will result in a change to the Marketer’s storage balance on Dominion Energy Transmission.

f. Capacity Assignment/Use Procedures – Comparability Determination

Release of Capacity: Pipeline capacity will be released by National Grid to Marketers participating in Monthly Balancing Service on behalf of customers in a prearranged capacity release transaction at maximum demand rates in accordance with the respective pipeline’s tariff. The terms of each release will be for one calendar month. Releases will occur in each month of the year.

All Marketers must be certified to receive capacity from National Grid on the pipelines listed below:

- Dominion Energy Transmission Inc. (DETI)
- Iroquois Gas Transmission (IGT)

- Tennessee Gas Pipeline (TGP)
- TransCanada Pipeline
- Union Gas

The amount of capacity to be released on each pipeline will be equal to a percentage of the pool's total peak day allocation (% x MPDQ) as set forth on the table below. The releases will be made subject to recall. The MPDQ is defined in Leaf 171 of PSC No. 219 Gas Tariff, and in the appendices of this manual. The Company reserves the right to change the capacity and allocation, as needed, to maintain the Company's system reliability.

| | <i>November</i> | December - March | April | May - September | October |
|-------------------------|-----------------|------------------|-----------|-----------------|-----------|
| | % of MPDQ | % of MPDQ | % of MPDQ | % of MPDQ | % of MPDQ |
| Not to City Gate | | | | | |
| TGP 0-4 Ellisburg 65075 | 1.43 | 1.43 | 1.43 | 1.43 | 1.43 |
| Union M12 (M12186) | 5.33 | 5.33 | 5.33 | 5.33 | 5.33 |
| TransCanada FT (42385) | 5.26 | 5.26 | 5.26 | 5.26 | 5.26 |
| | | | | | |
| To City Gate | | | | | |
| DETI FTNN (100001) E/W | 34.68 | 34.68 | 34.68 | 31.06 | 32.28 |
| DETI FT (200290) W | 1.02 | 1.02 | 1.81 | 0.28 | 0.79 |
| DETI FT (200558) E | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 |
| DETI FT NMP (200720) | 3.06 | 3.06 | 3.06 | 3.06 | 3.06 |
| IGT RTS (730-05) | 5.26 | 5.26 | 5.26 | 5.26 | 5.26 |
| TGP Dracut (330545) | 2.04 | 2.04 | 2.04 | 2.04 | 2.04 |
| TGP Dracut (330539) | 3.06 | 3.06 | 3.06 | 3.06 | 3.06 |

All releases are recallable by National Grid when (1) a customer elects to change Marketers; (2) a Marketer fails to perform its obligations under PSC No. 219 Gas Tariff; (3) a Marketer ceases to meet the credit or security requirements outlined in Section 3, - Appendix B, Uniform Business Practices Case 98-M-1343; or (4) if the customer discontinues service.

A marketer that is participating in POR shall be deemed to have met the creditworthiness criteria for imbalance security as stated in the UBP's if that marketer has provided the requisite first priority security interest in their receivables to National Grid.

g. Storage/Peaking Services

Release of GSS Storage

National Grid's GSS Storage Demand and Storage Capacity on DETI will be released to Marketers participating in Monthly Balancing Service on behalf of customers in a prearranged storage release transaction at Maximum Rates in accordance with DETI's tariff, provided the customer has a positive thermal response. No GSS Storage Demand or Storage Capacity will be released on behalf of customers who have a negative thermal response. The term of each such release will be for one calendar month. The amount

of GSS Storage Demand to be released will be equal to a percentage of the pool's total peak day allocation (% x MPDQ). The percentage will be set forth on the Statement of Balancing Charges, which is updated each November 1. The GSS Storage Capacity to be released will be equal to the specified % of the pool's total MPDQ times 52.3 days. The releases will be made subject to recall. The Company reserves the right to change the capacity and allocation, as needed, to maintain the Company's system reliability.

Release of Storage Transportation

National Grid's FTNNGSS and FT associated with Storage Capacity on DETI will be released to Marketers participating in Monthly Balancing Service in a prearranged storage release transaction at Maximum Rates in accordance with DETI's tariff for November through March. The amount of Storage Transportation (FTNNGSS and FT) will be equal to a percentage of the customer's MPDQ, provided the customer has a positive thermal response. No FTNNGSS or FT associated with Storage Capacity will be released on behalf of customers with a negative thermal response. The percentage will be set forth on the Statement of Balancing Charges, which is updated each November 1 and the Storage Transportation capacity will be allocated between the contracts in a prorated manner based on MDQ. The terms of each release will be at the Company's discretion, but not less than one month. The releases will be made subject to recall. The Company reserves the right to change the capacity and allocation, as needed, to maintain the Company's system reliability.

All releases are recallable by National Grid when (1) a customer elects to change Marketers; (2) a Marketer fails to perform its obligations under PSC No. 219 Gas Tariff; (3) a Marketer ceases to meet the credit or security requirements outlined in Section 3, - Appendix B, Uniform Business Practices Case 98-M-1343; or (4) if the customer discontinues service.

A marketer that is participating in POR shall be deemed to have met the creditworthiness criteria for imbalance security as stated in the UBP if that marketer has provided the requisite first priority security interest in their receivables to National Grid.

Transfer of Storage Inventory for Customers Migrating from Sales

National Grid will transfer storage inventory to each Marketer participating in Monthly Balancing Service on behalf of customers migrating from sales service. The storage inventory associated with new customers is equal to the MPDQ of the new customers x the percentage set forth on the Statement of Balancing Charges x 52.3 days, provided the customer has a positive thermal response.

No inventory will be transferred for customers who have a negative thermal response. The inventory will be transferred as per the schedule below.

| Storage Inventory Transfer Schedule | | |
|--|--|-------|
| Apr 1 | (New Enrollments from Sales Service-MPDQ) x allocation %*) x 52.3 days) x | 0% |
| May 1 | ((New Enrollments from Sales Service-MPDQ) x allocation %*) x 52.3 days) x | 14.3% |
| Jun 1 | ((New Enrollments from Sales Service-MPDQ) x allocation %*) x 52.3 days) x | 28.6% |
| Jul 1 | ((New Enrollments from Sales Service-MPDQ) x allocation %*) x 52.3 days) x | 42.9% |
| Aug 1 | ((New Enrollments from Sales Service-MPDQ) x allocation %*) x 52.3 days) x | 57.1% |
| Sept 1 | ((New Enrollments from Sales Service-MPDQ) x allocation %*) x 52.3 days) x | 71.4% |
| Oct 1 | ((New Enrollments from Sales Service-MPDQ) x allocation %*) x 52.3 days) x | 85.7% |
| Nov 1 | ((New Enrollments from Sales Service-MPDQ) x allocation %*) x 52.3 days) x | 100% |
| Dec 1 | ((New Enrollments from Sales Service-MPDQ) x allocation %*) x 52.3 days) x | 90% |
| Jan 1 | ((New Enrollments from Sales Service-MPDQ) x allocation %*) x 52.3 days) x | 66% |
| Feb 1 | ((New Enrollments from Sales Service-MPDQ) x allocation %*) x 52.3 days) x | 42% |
| Mar 1 | ((New Enrollments from Sales Service-MPDQ) x allocation %*) x 52.3 days) x | 18% |

*as set forth on the Statement of Balancing Charges effective each November 1

The Storage Gas Transfer Rate for customers migrating will be the sum of (1) National Grid's established average commodity cost of gas in storage, plus (2) the Demand Transfer Recovery Rate (DTR Rate). The Storage Gas Transfer Rate will be posted on the Company's website not less than two days before its effective date.

The DTR Rate will be equal to the System Average Unrecovered DETI Demand Charge revenue per therm beginning in the month of April through the initial month that storage capacity is released to the Marketer. The demand charges in this calculation include DETI FT, FTNNGSS, and GSS. The System Average Unrecovered DETI Demand Charge revenue shall equal the sum of the differences between the DETI Demand Charge revenue collected and the average DETI Fixed Demand costs incurred beginning the month of April through the initial month that storage capacity is released to the Marketer. The DTR Rate will be set forth on the Storage Transfer Rate Statement (Demand Transfer Recovery Rate Statement) to be filed with the Public Service Commission not less than two business days prior to the date on which the statement is proposed to be effective.

In the event a customer participating in Monthly Balancing Service switches from transportation service to sales service, storage inventory shall be returned to National Grid unless mutually agreed upon between the Company and the Marketer. The storage inventory amount will be calculated on the same basis as the storage transfer clause as referenced in Storage Transfer for Customers Migrating on leaf 184 of the Company's Tariff. The Company will pay the Marketer the average commodity cost of gas in National Grid's storage account as stated on the effective Storage Transfer Rate Statement.

In the event a customer participating in Monthly Balancing Service switches Marketers, storage inventory volumes shall be returned to National Grid by the previous Marketer, and in turn, the Company will transfer same storage inventory volume to the customer's new Marketer. The storage inventory amount will be calculated on the same basis as the storage transfer clause as referenced in Storage Transfer for Customers on leaf 184 of the Company's Tariff. The Company will pay the previous Marketer and receive from the current Marketer the average commodity cost of gas in National Grid's storage account as stated on the effective Storage Transfer Rate Statement.

In the event the Marketer transfers insufficient storage volumes to National Grid, the Company will bill the Marketer the difference between the required amount and the amount actually transferred times the peak forecasted NYMEX price for the remainder of the winter (during November through March) or summer (April through October) months plus the effective demand cost of gas in accordance with Rule 17.3.4 of the Company's Tariff. The Marketer shall be responsible for all taxes and pipeline fees associated with moving or transferring the storage gas to National Grid.

Minimum Storage Requirements

Gas Marketers meet Minimum Storage Inventory Levels (MSIL) on released storage capacity upstream of National Grid's city gates or, if a Gas Marketer chooses, provide additional financial security, in the form of a Standby Letter of Credit prescribed by the Company or Advance Cash Deposit for the winter season in lieu of the MSIL as follows:

- (1) Marketer Chooses to Maintain Minimum Storage Inventory Levels (MSIL)

Gas Marketers must meet MSIL on released storage capacity upstream of National Grid's city gates as follows:

| | |
|-------------------------------|---|
| October 1 through October 31 | MSIL equals (Marketer MPDQ x allocation %* x 52.3 Days) x 65% |
| November 1 through January 31 | MSIL equals (Marketer MPDQ x allocation %* x 52.3 Days) x 35% |
| February 1 through March 15 | MSIL equals (Marketer MPDQ x allocation %* x 52.3 Days) x 15% |

*as set forth on the Statement of Balancing Charges effective each November 1

If at any time from October 1 through March 15, the Gas Marketer does not meet the Minimum Storage Inventory Levels set forth above, the Company will notify the Gas Marketer that it has ten (10) calendar days to cure the deficiency or provide financial security in accordance with item (2) below.

- (2) Marketer Chooses Not to Maintain Minimum Storage Inventory Levels (MSIL)

Marketers will be required to post financial security in the form of a Standby Letter of Credit or Advance Cash Deposit for the duration of the winter season in an amount equal to the sum of Marketer's MPDQ times allocation % as set forth on the Statement of Balancing Charges times 52.3 days times the peak forecasted NYMEX price for the current winter month's plus the effective average demand cost of gas. All or any unused portion of the financial security with applicable interest will be returned to the marketer within 30 days of March 31st.

Gas Marketers will default to Option (1) and agree to authorize the Company to access their storage balance information on upstream storage operator(s) unless:

1. Marketer provides in writing by September 1 of each year that it chooses Option (2) and does not agree to authorize the Company to access Gas Marketers' storage balance information on upstream storage operator(s) and,
2. Marketer provides by October 1 of each year the required security in the form of a Standby Letter of Credit or Advance Cash Deposit.

If the Gas Marketer does not cure the storage deficiency or provide financial security within the ten (10) calendar day cure period the Company will, at its sole discretion, return the Gas Marketer's customers to sales service in accordance with Provision k of the Monthly Balancing Service section of this schedule. In the event the gas in storage is less than the volume required to be transferred back to the Company, the Company will send an invoice to the Marketer for the insufficient volume times the peak forecasted NYMEX price for the remainder of the winter months plus the effective demand cost of gas as defined by Rule 17.3.4 of the Company's Tariff, PSC No. 219.

Information provided to National Grid regarding Minimum Storage Inventory levels ("Confidential Information") shall, for a period of one (1) year from the date of written disclosure, be held in confidence by National Grid and its representatives, attorneys and agents nor shall it be disclosed to others by National Grid without the prior written approval of the disclosing Gas Marketer. The above notwithstanding, Confidential Information may be disclosed by National Grid to (a) its officers, directors, employees and attorneys, as representatives of National Grid, who require knowledge thereof in connection with their duties in carrying out the aforesaid purpose of the minimum storage level tariff, and (b) to a judicial or regulatory body requiring its disclosure, provided that, prior to such disclosure, National Grid has notified the disclosing Gas Marketer of the requirement with an opportunity for the Gas Marketer to object or seek an appropriate protective order.

Peaking

Peaking service will be provided on days when actual DCQ exceeds all other capacity released to the marketer.

Peaking volume = Actual DCQ – Released Pipeline Capacity volume

The Marketer will pay a Peaking Demand charge during the Winter months (November through April) as described on leaf 183 of the Company's tariff.

The Marketer will pay a Peaking Commodity charge when the Marketer uses Peaking supply as described on leaf 183 of the Company's tariff.

Peaking service will replace the previous practice by which actual DCQ was reduced to match total released capacity, followed with a "DCQ True-up"

h. Nomination Procedures

North American Energy Standards Board (NAESB) nomination timeline effective April 1, 2016.

1. Time Line for Gas Nominations

a. Timely Nominations

Timely Nominations are due one (1) hour after the NAESB pipeline nomination deadline for Timely Nominations or by 3:00 pm EST for gas to flow the following morning at 10:00 am EST. National Grid will confirm its acceptance of the ESCO's nominated delivery volumes by 5:30 pm EST.

b. Evening Nominations

Evening Nominations are due one (1) hour after the NAESB pipeline nomination deadline for Evening Nominations or by 8:00 pm EST for gas to flow the following morning at 10:00 am EST. National Grid will confirm its acceptance of the ESCO's nominated delivery volumes by 9:30 pm EST.

c. Intraday 1 Nominations

Intraday 1 Nominations are due one (1) hour after the NAESB pipeline nomination deadline for Intraday 1 Nominations or by 12:00 pm (noon) EST for gas to flow the same day at 3:00 pm EST. Gas flow will be prorated over the remaining hours in the current Gas Day assuming uniform hourly flow pattern of 1/24. National Grid will confirm its acceptance of the ESCO's nominated delivery volumes by 1:30 pm EST. An Intraday 1

Nomination may not cause a previously scheduled and confirmed gas supplier's gas to be bumped.

d. Intraday 2 Nominations

Intraday 2 Nominations are due one (1) hour after the NAESB pipeline nomination deadline for Intraday 2 Nominations or by 4:30 pm EST for gas to flow the same day at 7:00 pm EST. Gas flow will be prorated over the remaining hours in the current Gas Day assuming a uniform hourly flow pattern of 1/24. National Grid will confirm its acceptance of the ESCO's nominated delivery volumes by 6:00 pm EST. An Intraday 2 Nomination may not cause a previously scheduled and confirmed gas supplier's gas to be bumped.

e. Intraday 3 Nominations

Intraday 3 Nominations are due one (1) hour after the NAESB pipeline nomination deadline for Intraday 3 Nominations or by 9:00 pm EST for gas to flow the same day at 11:00 pm EST. Gas flow will be prorated over the remaining hours in the current Gas Day assuming a uniform hourly flow pattern of 1/24. National Grid will confirm its acceptance of the ESCO's nominated delivery volumes by 10:30 pm EST. An Intraday 3 Nomination may not cause a previously scheduled and confirmed gas supplier's gas to be bumped.

2. Late Day Gas Nominations

In an effort to provide National Grids market participants with increased scheduling flexibility and to meet changing customer supply requirements, National Grid will begin accepting post cycle ID-3 nominations effective April 1, 2016. Post cycle ID-3 nominations will be confirmed on a best efforts basis subject to daily operational constraints as determined by the sole discretion of the company. Market Participants are strongly encouraged to use the recognized NAESB cycles and not wait until the post cycle ID-3 to make their initial nominations. Market Participants wishing to make a Post Cycle ID-3 nomination or change to an existing nomination must do so no later than one (1) hour prior to the close of the gas day. All nominations and changes must also be accepted and confirmed by the delivering pipeline.

The ESCO may make late nominations after the ID-3 cycle to existing nominations and/or new nominations within the current gas day but not later than one (1) hour prior to the end of the Gas Day.

Post Cycle ID-3 nominations must be on nominated before 09:00 such that National Grid's Gas Control Center can review and confirm each nomination. Post Cycle ID-3 nominations will be accepted on a best efforts basis subject to operational constraints as determined by National Grid's Gas Control Center at their sole discretion.

To ensure operational safety, reliability and feasibility, all market participants wishing to make post cycle ID-3 nominations and changes must also contact National Grid's Gas Control by telephone prior to making a post cycle ID-3 nomination. National Grid's ability to accept and confirm Post Cycle ID-3 nominations will be accepted on a best effort basis. As such operational parameters will be taken into account and factored in to any decisions made by National Grid's Gas Control. Market Participants are strongly encouraged to make their nominations as soon as possible and not wait until the post cycle to make their daily nominations.

General Rules Associated with Nominations

All questions related to nominations should be referred to Jennifer Coulon at (516) 545-2559 or Jason Schlittenhardt at (516) 545-3893.

All customers located west of and including the city of Amsterdam are considered to be behind National Grid West gate. Customers located east of Amsterdam are considered to be behind National Grid East gate.

All nominations must be confirmed by the pipelines and National Grid in order for the gas to flow.

Gas nominated on Dominion Pipeline for delivery to a National Grid meter must be entered on Dominion's Dekaflow system as a 1Nom©. 1Nom© automatically transfers the information to National Grid's TSA system where it is confirmed.

Gas nominated on the TGP and IGT contracts that deliver to National Grid's citygate must match gas nominated on National Grid's EBB. Failure to do so will result in National Grid's inability to confirm the Marketer's nomination.

Marketers with East gate customers will be required to deliver the lesser of 9% of their East gate forecasted DCQ or their TGP capacity release volume via TGP on days when the average Albany temperature is below -2 degrees Fahrenheit.

The penalty for not meeting the TGP delivery requirement will be a per dekatherm charge of \$25 plus the Gas Daily TGP Zone 6 plus variables from Zone 6-5. The \$25 increases to \$50 during OFOs.

All Marketers will be required to deliver the lesser of 7% of their total forecasted DCQ or their IGT released capacity volume via IGT each day during the winter season (November – April). The IGT Croghan gate is shut during May – October but the IGT capacity can be used to serve DCQ via DETI.

The penalty for not meeting the IGT delivery requirement will be a per dekatherm charge of \$25 plus the Gas Daily Iroquois Receipts plus variables within Zone 1. The \$25 increases to \$50 during OFOs.

i. Balancing and Trading

In National Grid's Monthly Balancing Program, balancing is provided by the Marketers/Pool Operators, who are assigned National Grid's transportation and storage capacity in conjunction with Dominion Energy Transmission's (DETI's) DPO/CSC Program. DETI provides no notice service to Marketers/Pool Operators once they are enrolled in the DPO/CSC Program.

National Grid (the "DPO" or Delivery Point Operator) will release both DETI transportation and DETI storage contracts to the Marketer/Pool Operator (the "CSC" or City Gate Swing Customer). With this capacity, the Marketer/Pool Operator will make nominations on a primary basis to their designated DETI meter. Once measured volumes are entered by National Grid for this meter, the surplus gas, if any, will flow into the Marketer/Pool Operator's storage. The deficit gas, if any, will be deducted from the Marketer/Pool Operator's storage account. The measured volumes are the volumes that National Grid expects the Marketer/Pool Operator to nominate to the DETI meters. These volumes take into account the Marketer/Pool Operator's Actual DCQ, TGP daily delivery requirements (if applicable), IGT daily delivery requirements (if applicable), volumes nominated on Non-DETI pipelines and Peaking (if applicable).

Measured Volumes = Actual DCQ – *TGP volume – **IGT volume - ***Peaking volume

*TGP volume – if daily delivery requirement is in effect, this will be the maximum of the requirement or the released TGP capacity.

**IGT volume – for November through April, this will be the maximum of the daily delivery requirement or the released IGT capacity.

***Peaking volume – described in section i.

Monthly Balancing Services does not provide for trading of imbalances.

j. Reconciliation/True-ups

Actual usage will be trued up to actual DCQs by billing cycle on a monthly basis. The difference between actual usage and actual DCQs will be cashed out using the average of the daily cashout rates as derived using the method described in Rule 29.3.1.2 of the Company's tariff, PSC No. 219.

k. Standby Services

Upon commencement of Monthly Balancing Service, sales service by National Grid will terminate and National Grid will have no further obligation to maintain the availability of gas supplies except for residential and human needs customers. Costs for residential and human needs customers for maintaining such supplies will be recovered through a Standby Charge.

Human needs customers are defined as residential, or related usage (residential hotels, prisons), or critical care accounts (nursing homes, hospitals, etc.). For Marketers' ease of administering to Human Needs Customers, the following list shows various Human Needs Customers by Standard Industrial Classification Code:

- An apartment or housing complex with a single meter (SIC 0020-0040 and 0050)
- Master metered mobile home park (SIC 0062)
- A hot water or heat account for a residential complex with individual meters for each apartment, townhouse or condominium (SIC 6513)
- A rooming or boarding house (SIC 7021)
- An Office or Clinic for Medical Doctor(s) (SIC 8011)
- An Office or Clinic for Dentist(s) (SIC 8021)
- A skilled nursing care health facility (SIC 8051)
- An intermediate health care facility (SIC 8052)
- A nursing and personal care health facility (SIC 8059)
- A general medical and surgical hospital (SIC 8062)
- A psychiatric hospital (SIC 8063)
- A specialty hospital (SIC 8069)
- A kidney dialysis center (SIC 8092)
- A specialty outpatient clinic (SIC 8093)
- A correctional institution, such as a prison (SIC 9223)
- Residential Hotel

l. Meter Reading

Customers in Monthly Balancing Service are not required to have an approved remote meter installed. SC1 and SC2 customers' meters are read on a cycle basis. SC7 and SC5 customers' meters are read on the first day of each month. (Exception: When the first of the month falls on a weekend or a holiday, SC7

and SC5 customers' meters will be read on the business day closest to the first day of the month.)

Customers taking service under SC12 and elects Monthly Balancing may have an Approved Remote Meter (ARM) installed at the Company's expense.

m. Summary of Applicable Fees, Charges and Penalties

Each customer in a Monthly Balancing pool will receive a transportation bill from National Grid that will include the following:

- Metered usage times the transportation rate
- Applicable surcharges and taxes
- Standby charge, if applicable

Each Marketer participating in Monthly Balancing Service will receive an invoice from National Grid for the following:

- Any TGP or IGT penalty as described in section h above.
- Peaking Demand charge and Peaking Commodity charge (when applicable).
- Any penalty charges assessed to National Grid or gas supply costs incurred as a result of a DETI City Gate Swing Customer
- Storage Gas Transfer Rate (average commodity cost of gas in storage plus the DTR)
- Payment of storage inventory purchased by National Grid for customers returning to sales service, if applicable
- Cashouts for Monthly True-Ups
- Balancing Services Cost Recovery
- Applicable surcharges, taxes, and fees

5. Gas Delivery Management Procedures for Larger Commercial and Industrial Customers, Firm and Interruptible

DAILY BALANCING SERVICE

a. *Become an Approved Gas Supplier*

Please refer to section 4 (a) of this document

b. *Pool Operators*

Please refer to section 4 (b) of this document

c. *Customer Eligibility*

Daily Balancing Service is available to customers served under Service Classification Nos. 5, 6, 7, 8, 9 and 12 who agree to be non-core customers. SC9 contracts with effective dates before June 1, 1996 will have to amend their existing service agreements in order to participate in Daily Balancing.

The Customer and the Customer's Marketer understand that if Daily Balancing Service is chosen, they must comply with the following conditions:

- Customer forfeits its ability to obtain future sales service under the Company's Tariff. Customer takes full responsibility and assumes all liability including, but not limited to, contingent liability for its decision to opt to participate in Daily Balancing.
- Customers served under Service Classification Nos. 5 & 7 classified as Human Needs must certify that they are 100% dual fueled or alternately certify that they maintain, or have continuous access to, five (5) winter months (November – March) of primary firm capacity from a liquid receipt point into the Company's east/west city gate, as applicable, sufficient to meet the customers Maximum Peak Day Quantity. See Appendices for Human Needs Customer Waiver.
- Customers enrolled in Daily Balancing must have an Approved Remote Meter (ARM) installed and operational. See Appendices Section for procedures.
- Join a Marketer's pool, but may designate only one Marketer to serve an individual gas account.
- Act as a Direct Customer but may enter into a Pool Operator Agreement; the Pool Operator would be responsible for gas supply scheduling, balancing, and settlement activities in accordance with National Grid's requirements, including requirements described in Service Classification No. 11 of the Company's Tariff (see Appendices for Pool Operator Agreement).

- Authorize National Grid to provide Marketer/Pool Operator information on its National Grid billing history.

d. Enrollment Procedures

Please refer to Section 5, - Appendix B, Uniform Business Practices Case 98-M-1343

- Enrollments for Daily Balanced accounts must be processed manually. The marketer must contact Customer Choice Regulatory via the RightNow system to request assistance with the enrollment.
- Enrollments shall be submitted no later than 10 business days prior to the month service is to commence.
- A customer may only begin taking service from a Marketer on the scheduled meter read date. The customer may call in its meter read to National Grid's Customer Service Center or enter its read into the website at: www.nationalgridus.com or, under certain circumstances accept an estimated read.

Enrollment Procedures for Sales Customers Who Consume Over 50,000 Therms Annually

- Please refer to section 4 (d) of this document

Direct Customers

A customer who meets the eligibility requirements for a Direct Customer (see Customer Eligibility set forth in c. above) may become a Direct Customer by calling Sergio Smilley at (516) 545-2468. Any customer who is eligible to participate in Daily Balancing but is not enrolled by a Marketer will automatically become a Direct Customer in Daily Balancing.

e. Delivery Quantity Determination Procedures

It is the Marketers'/Direct Customers' responsibility to determine the delivery quantity. Deliveries for customers shall commence on the 1st of the month of the customer's regular meter reading date.

f. Capacity Assignment/Use Procedures

National Grid does not retain capacity for customers participating in Daily Balancing Service.

g. Nomination Procedures

See section 4 h for nomination timeline.

For Nominations behind National Grid's East / West Gates and on DETI, please refer to section 4 (h) of this document.

Empire Pipeline - Gas nominated on Empire Pipeline must be adequate to fulfill the needs of the Marketer's customers that are located west of and including the city of Rome (Operating Center Numbers 11, 13, 14, 15, 16, 18, 20, 22, and 23; see Appendices for Operating Centers and Pipeline Eligibility table).

Tennessee Gas Pipeline (TGP) - Gas nominated on TGP must be adequate to fulfill the needs of the Marketer's customers that are eligible for Tennessee gas (see Appendices 9 "Operating Centers and Pipeline Eligibility" for specific information).

Iroquois Gas Pipeline - Customers located in Boonville can only be served off Iroquois Gas Pipeline.

Gas nominated on TGP and IGT contracts that deliver to National Grid's citygate must match gas nominated on National Grid's EBB. Failure to do so will result in National Grid's inability to confirm the Marketer's nomination.

Marketers with East gate customers will be required to deliver 9% of their total East gate nominations via TGP on days when the average Albany temperature is below -2 degrees Fahrenheit.

The penalty for not meeting the TGP delivery requirement will be a per dekatherm charge of \$25 plus the Gas Daily TGP Zone 6 plus variables from Zone 6-5. The \$25 increases to \$50 during OFOs.

h. Balancing: daily/monthly, tolerances, trading, and penalties

Marketers and Direct Customers who participate in Daily Balancing Service under Service Classification No. 11 will be subject to a Monthly Balancing Charge per therm of MPDQ for all customers contained within their Daily Balancing pool. The Monthly Balancing Charge will be set forth on the Statement of Balancing Charge to be filed with the Public Service Commission not less than three (3) days prior to any change in the effective rates. The standard Monthly Balancing Charge rate will be based on a 5% Allowed Imbalance Tolerance. Marketers and Direct Customers may elect a larger Allowed Imbalance Tolerance for the months of April through October up to the percentages allowed per Rule 29.2.4 found on Leaf 118 of PSC No. 219 gas tariff.

Pooling Areas: A Marketer may have one Daily Balancing pool for each pooling area. Pooling areas will be:

- East – Dominion Energy Transmission, Inc. & Tennessee Pipelines
- West – Dominion Energy Transmission, Inc., Empire State, and Iroquois Pipelines

Daily imbalances will be the confirmed deliveries minus the customers’ City Gate usage in each pooling area. An exception would be if there is an OFO in place in one of the pooling areas.

Daily Tolerance: The tolerance (currently 5%) stated as a percent of city gate usage allowed before charges occur in the Company’s daily cashout procedure.

The Storage Capacity Balances are those in effect on April 1st of each year. The Storage Capacity Balance will be equal to the Company’s contracted Storage Capacity for those storage fields utilized for capacity release less any capacity released to marketers. If the Storage Capacity Balance is projected to drop below 10,000,000 Dt at any time during the year, tolerance levels will be renegotiated for both the November 1st to March 31st and April 1st to October 31st periods.

| November 1 st – March 31 st | April 1 st – October 31 st | |
|--|---|-------------------|
| + or – 5% | Storage Capacity Balance | Allowed Tolerance |
| | Greater than or equal to 18,000,000 Dt | + or – 10% |
| | Greater than or equal to 16,000,000 and less than 18,000,000 Dt | + or – 8% |
| | Greater than or equal to 14,000,000 and less than 16,000,000 Dt | + or – 7% |
| | Greater than or equal to 12,000,000 and less than 14,000,000 Dt | + or – 6% |
| | Greater than or equal to 10,000,000 and less than 12,000,000 Dt | + or – 5% |

Daily Cashout: At the end of each day the All Pools Percent Imbalance will be calculated, i.e., total deliveries of all pools will be compared with total usage of all pools. If the absolute value of the All Pools Percent Imbalance is less than 5%, there will be no daily cashout for any Daily Balancing Pool for that day.

If the absolute value of the All Pools Percent Imbalance is greater than the marketer’s elected Allowed Imbalance Tolerance but the absolute value of the Marketer Percent Imbalance is less than the marketer’s elected Allowed Imbalance Tolerance, that Marketer will not be cashed out.

However, if both the absolute value of the All Pools Percent Imbalance and the absolute value of the Marketer Percent Imbalance is greater than the marketer’s elected Allowed Imbalance Tolerance, that Marketer will be cashed out for his Cashout Volume. The Cashout Volume will be the marketer’s total under/over delivery imbalance minus the market’s City Gate Usage multiplied by the marketer’s Allowed Imbalance Tolerance.

The Daily Cashout Schedule is as follows:

For Under Deliveries:

| Percentage of City Gate Use | Charge Per Therm |
|-----------------------------|--------------------------|
| 0 to 5% | Daily Cashout Rate* |
| >5% to 10% | 105% Daily Cashout Rate* |
| >10% to 15% | 110% Daily Cashout Rate* |
| >15% to 20% | 130% Daily Cashout Rate* |
| >20% to 50% | 140% Daily Cashout Rate* |
| >50% | 150% Daily Cashout Rate* |

* As described in Rule 29.3.1.2 of the Company's tariff, PSC No. 219.

For Over Deliveries:

| Percentage of City Gate Use | Payment Per Therm |
|-----------------------------|--------------------------|
| 0 to 5% | Daily Cashout Rate* |
| >5% to 10% | 95% Daily Cashout Rate** |
| >10% to 15% | 90% Daily Cashout Rate** |
| >15% to 20% | 70% Daily Cashout Rate** |
| >20% to 50% | 60% Daily Cashout Rate** |
| >50% | 50% Daily Cashout Rate** |

* As described in Rule 29.3.1.2 of the Company's tariff, PSC No. 219.

Additional Charges: If any Marketer is out of balance by more than fifty percent twice in any given month, an additional \$5/Dt penalty will be assessed for the Cashout Volume, if any, on the third occurrence and each occurrence thereafter in that month. For the first occurrence, the Company will issue a "Notice" via website message board. For the second occurrence, the Company will issue a "Warning" via website message board.

Monthly Cashout: The difference between the Cashout Volume and the Marketer Imbalance is the Remaining Imbalance for that day. Each pool's Remaining Imbalance becomes a rolling imbalance for trading and cashout at month's end.

The Remaining Imbalance for trading purposes will have a slight adjustment at the end of the month. Total usage will vary slightly because National Grid bills each customer at the monthly average of the daily BTU factors, and each daily usage volume is calculated at the daily BTU factor. National Grid will use the Total Billed Volume to calculate the Remaining Imbalance as follows:

(Marketer Nomination-Sum of customers' billed city gate usage) – Cashout Volume = Remaining Imbalance

Monthly Imbalance Trading: Marketers may avoid monthly cashout charges by arranging with each other to trade offsetting monthly imbalances with other Marketers on the National Grid system. All imbalance trading is subject to final

approval by the Company. National Grid will endeavor to make imbalance information available to Marketers by 5:00 p.m. on the fourth business day of each month. An imbalance trade may be effectuated by written/electronic notice by all affected parties to National Grid, delivered prior to 5:00 p.m. on the seventh business day following the close of the month. The notice must include the names and authorized signatures of the trading parties and must specifically state which party is to be assessed cashout charges for any remaining net imbalance.

A Marketer may only trade its imbalance to a net result equaling zero, i.e., a Marketer cannot change its position from a positive imbalance to a negative imbalance as a result of imbalance trading.

i. Reconciliation/True-ups

Monthly Cashout: At the end of each month, an All Pools comparison of actual usage to deliveries will be calculated. The chart below indicates the applicable cashout rates for individual Marketers, depending on whether the All Pools imbalance is less or greater than a 2% tolerance. Each Marketer’s Remaining Imbalance will be cashed out at the applicable rates as stated below.

For Under Deliveries:

| Monthly Imbalance Level | All Pools <2% Imbalance | All Pools >2% Imbalance |
|-------------------------|---------------------------------|---------------------------------|
| 0 to 2% | Average of Daily Cashout Rates* | Average of Daily Cashout Rates* |
| >2% | Average of Daily Cashout Rates* | 120% of Daily Cashout Rates* |

* As described in Rule 29.3.1.2 of the Company’s tariff, PSC No. 219

For Over Deliveries:

| Monthly Imbalance Level | All Pools <2% Imbalance | All Pools >2% Imbalance |
|-------------------------|---------------------------------|--|
| 0 to 2% | Average of Daily Cashout Rates* | Average of Daily Cashout Rates* |
| >2% | Average of Daily Cashout Rates* | 80% of Average of Daily Cashout Rates* |

* As described in Rule 29.3.1.2 of the Company’s tariff, PSC No. 219

j. Standby Services

Service Classification No. 8 (PSC No. 219 Gas Tariff leaves 153-157) customers may elect a Daily Elected Contract Demand (D1 Election) and contract with the Company for Standby Sales Service up to their elected D1 Election. The D1 Election may be any quantity, including zero, except that requests for an increased D1 Election are subject to Company approval. The term of the Customer’s D1 Election will be one year and renewable on a year-to-year basis. The customer or its authorized agent (Customer’s Marketer) must place a pipeline nomination with the Company, not to exceed its D1 Election, in order to

purchase Standby Sales Service. Nominations are due by 8:00 a.m. on the business day before the day the gas will be consumed. For example, for a Gas Day commencing at 10:00 a.m. on Thursday, nominations are due by 8:00 a.m. on Wednesday, the prior day.

Customers taking Standby Sales Service will pay a Standby Sales D1 Contract Demand Charge each month equal to the effective Standby Sales D1 Contract Demand Rate per Therm times the Customer's Daily Elected Contract Demand in Therms.

The Standby Sales D1 Contract Demand Rate per therm reflects the demand costs of the Company's gas supply portfolio and will be set forth on the Gas Transportation Rate Statement

For each day in the calendar month, the actual Daily Standby Commodity Price will be multiplied by the customer's Daily Nominated Standby Quantity to compute that day's cost. Each day's cost will be summed for the month and billed to the customer's Marketer.

Daily Standby Commodity Price is the weighted average per therm commodity price of flowing supply and storage withdrawals, including variable transportation and fuel costs, to the city gate for that day. The Daily Standby Commodity Price will be set forth in the Statement of Daily Standby Commodity Prices each month. The D1 Election also represents the customer's Core Load; therefore, the difference between the customer's Maximum Peak Day Quantity and D1 Election, if any, would be considered non-core load.

k. Storage/Peaking Service

Not applicable to Daily Balancing Service.

l. Meter Reading

All customers who choose Daily Balancing Service are required to have an Approved Remote Meter (ARM) installed at their expense by National Grid. National Grid will provide consumption data received from the ARM to Marketers and Direct Customers via the website. ARMs data will be posted in TSA at 11:45 AM, 1:45 PM, 4:45 PM and 6:45 PM. Nominations may be adjusted accordingly.

m. Summary of Applicable fees, charges and penalties

Each customer participating in Daily Balancing Service will receive a transportation bill from National Grid that will include the following:

- Metered usage times the transportation rate
- SC8 D1 Demand Charge, if applicable
- Applicable surcharges and taxes

Each Marketer participating in Daily Balancing Service will receive an invoice from National Grid that will include the following:

- Any TGP penalty as described in section g above.
- Daily Cashout charges, if applicable
- Monthly Cashout charges, if applicable after imbalance trading
- Penalty charge of \$5/Dt applied to the Marketer's Daily Cashout Volume, if Marketer is out of balance by >50% on any given day
- Commodity Cost of Gas, if applicable
- Balancing Services Cost Recovery, if applicable
- Balancing Charge
- Operational Flow Order penalty charges, if any
- Applicable surcharges, taxes, and fees

6. Requirements of Pool Operations

a. *Provide a list of Marketer Contact Personnel*

Each Marketer / Direct Customer shall provide an up-to-date name, address, e-mail address, fax and telephone number of its personnel responsible for gas deliveries (Primary and Secondary Nominator) and for responding to System Alerts and OFOs (Interruption Contact 1 & 2). In addition, as a matter of general communications, Marketers should also provide additional contacts such as:

- ✓ Enrollment Contact
- ✓ EDI Contact
- ✓ Retail sales contacts
- ✓ Billing contact
- ✓ Regulatory contact
- ✓ Credit contact
- ✓ Contract Contact
- ✓ Imbalance Trading
- ✓ Storage Inventory Transfer

National Grid's secure website allows each Marketer and Direct Customer to update contact personnel. It is the Marketer's and Direct Customer's responsibility to update the information on the Company's secure website. Please contact Jason Schlittenhardt or Jennifer Coulon to establish access.

- 1) Contacts can be added and edited on line by going to National Grid's Electronic Bulletin Board at <http://ebb.nationalgridus.com/ebb>:
- 2) Click on "**Transportation Services Applications**" under the Natural Gas Program
- 3) Under the "**Contact Information**" you will be able to add and edit contact information.

National Grid will conduct, at least twice a year, a test of communication procedures to verify e-mail and telephone contact numbers.

7. Communications Protocols

a. *Need for Open Lines of Communications Between Marketers and LDCs*

Communication Protocol

Each LDC shall develop, with input from market participants, a communication protocol. The objective of this protocol is to enhance communications among LDCs, Pipelines, Marketers, and Direct Customers bringing gas to the LDC's city gate. Well-developed communications will reduce errors and will provide all entities with the information necessary to properly fulfill their responsibilities. Underlying the protocol is the recognition that as increasing numbers of

customers opt for transportation service, the traditional bilateral communication between LDCs and customers increasingly becomes a communication loop including LDCs, Pipelines, Marketers, and Direct Customers.

Communication should be two way, with numerous ways of communicating and in a manner that is clear and understandable. Each party must accept the responsibility for clarifying and understanding the messages being exchanged.

Communication should be consistent within an organization and to the extent practical consistent over time.

Communication among the LDC, Marketers, and Direct Customers can occur on a regular basis (daily, monthly, seasonally), and on an as-needed basis (clarifications, alerts, operational flow orders, etc.). Different ways of communicating (telephone, fax, internet website, e-mail, mail, and face-to-face meetings) can be utilized depending upon the circumstances and the message, which must be conveyed. The method and number of communications utilized should be responsive to the evolving needs of all market participants as the industry changes.

The Role of the LDC

All Market participants must understand that the LDC has the obligation to maintain the reliable operation of the gas distribution system.

The Company will commence daily communications with all demand response parties as soon as weather forecasts project outside temperatures to be 15 degrees or below for the upcoming three consecutive days or during times when three days of consecutive customer interruptions occur.

The Company will implement daily communications with demand response customers (email, mobile text messages, fax or phone call), during an interruption and, at a minimum at least one time at the end of every interruption to remind customers to replenish alternate fuel inventories as needed to maintain minimum levels.

If a customer fails to interrupt when required, the customer will participate in an unannounced interruption at the end of January. In addition, the customer will need to provide an affidavit stating that it is in compliance with the Company's tariff and will also include its alternate fuel supplier's contact information.

During periods of normal operation, the LDC will work with Marketers and Direct Customers to provide efficient service to customers and to coordinate the flow of information on a multitude of issues including the nomination and confirmation process among Pipelines, Marketers, Direct Customers, and the LDC. This communication process is essential in assuring the uninterrupted flow of gas.

During critical periods, the role of the LDC becomes more demanding and includes the decision as to whether to issue System Alerts (SAs), or Operational Flow Orders (OFOs) to protect the integrity and the reliability of the gas system. In more extreme cases, the LDC may have to institute curtailment procedures to protect service to Core Customers.

All parties shall at all times be treated evenhandedly. No long or short-term benefit shall be conferred to a party that is not available on an equal basis to others that are similarly situated. As the restructured natural gas industry evolves, LDCs will continue to be responsive to the needs of market participants. As the market evolves and the proportion of customers that arrange their gas supplies increases, either on their own or by relying on Marketers, LDC procedures need to be responsive. Reliable delivery of gas will also require communication from Marketers, Direct Customers, and Pipelines.

To insure the reliable delivery of gas to all customers in a seamless manner, the LDC should communicate with all market participants so that parties can exchange information.

Please contact Supplier Services for all Marketer related issues at <http://esco.custhelp.com/>.

Individual customers should contact the Customer Assistance Center at 1-800-642-4272.

Gas Control verifies daily system requirements and confirms all gas deliveries for the Company. Gas Control manages OFOs and Curtailments. The 24/7 phone number for Gas Control is 516-545-4696.

b. National Grid's Websites

To assure the delivery of gas to the LDC's city gate each day, operational information needs to be communicated. Marketers and Direct Customers must have computer internet access and the LDC, Marketers, and Direct Customers should exchange, via the LDC's websites, the information needed to properly schedule gas deliveries.

This includes where applicable:

- Forecasted Daily Contract Quantities (DCQs)
- Actual DCQs
- Daily imbalances and daily cashouts
- Monthly imbalances for trading and month-end cashouts
- Maximum Peak Day Quantities
- Customer consumption
- System Alerts
- Operational Flow Orders

All of the bulleted information is located on National Grid's **Transportation Services Application** (TSA). **National Grid's Electronic Bulletin Board** (EBB) also provides information regarding OFOs, System Alerts, and will provide email and text messages regarding nominations.

National Grid's TSA is located in a link under Upstate New York on National Grid's EBB. Marketers who become approved Gas Suppliers will be provided with a EBB User ID and Password and both a EBB and TSA operations manual which will explain how to use and navigate the systems.

Assistance will be provided by National Grid upon request.

National Grid's Electronic Bulletin Board (E.B.B) will provide access to National Grid's Transportation Application Services (TSA) through a single sign on process.

All Dominion pipeline nominations will be entered into Dekaflow which will feed directly into National Grid's TSA near on an hourly basis. TSA will update the EBB five times during the day. *(If you are looking for the most current nominations for Dominion pipeline you would look on TSA.)*

TSA transfers data to EBB at 8:20 AM, 11:20 AM, 1:30 PM, 4:20 PM, 5:20 PM, 7:20 PM, 8:20 PM, 9:20 PM, 10:20 PM, 11:20 PM and 12:20 AM.

Any non-Dominion pipeline nominations will need to be entered into National Grid's EBB. The EBB will transfer that information over to TSA five times a day. *(If you are looking for the most current nominations on Empire, Tennessee Gas Pipeline, or Iroquois Pipeline then you would look on the EBB.)*

EBB transfers data to TSA at 8:35 AM, 11:35 AM, 1:45 PM, 4:35 PM, 5:35 PM, 7:40 PM, 8:35 PM., 9:35 PM and 10:45 PM.

c. Semi-annual "Reliability Forums"

A reliability forum will be established as a vehicle for on-going communications among ESCOs, pipelines and others. The reliability forum will meet at least twice a year (pre-post winter) and address expected market requirements and supplies to meet those requirements. ESCO notification will be conducted via e-mail and facsimile.

d. EDI or Other Means of Transferring Information

Please refer to Section 2, Paragraph B (2) - Appendix B, Uniform Business Practices Case 98-M-1343

National Grid currently uses EDI, the website, e-mail, fax, telephone, and meetings to transfer information to others.

For more information regarding EDI, contact <http://esco.custhelp.com/>.

e. *Other regular meetings/teleconferences*

Regular Meetings

In order to improve lines of communication, National Grid will set up operational conference calls on a regular basis that would be open to participation by all ESCOs and Direct Customers operating within its system. The frequency of the conference calls is expected to increase during the winter heating season.

There will also be regular meetings among National Grid, ESCOs and Direct Customers prior to the heating season and after the heating season. These meetings will address issues of concern to all. It is anticipated that the party hosting the meeting will seek input from other parties in formulating an agenda.

National Grid's normal business hours are Monday through Friday from 8:00 am to 5:00 pm. All calls relating to operational issues (nominations and deliveries) during hours other than normal business hours should be directed to the Gas System Control telephone numbers listed in this section.

For questions relating to New York State's Uniform Business Practices, including customer usage and billing information, see section 11 of this document.

Conference Calls

As Marketers bring a greater proportion of gas and capacity to the Company's system, regular communication among personnel will increase since each will need to rely on the other to effectively and reliably serve retail gas customers.

In order to foster improved lines of communication, it is recommended that each LDC set up an operational conference call on a regular basis that would be open to participation by all Marketers and Direct Customers operating on its system. The LDC would determine the frequency of the calls and it is expected that the frequency of calls would increase during the winter heating season. The cost of such calls shall be shared by the participants.

8. Operational Flow Orders (OFO)

a. *Critical Periods*

A Critical Period is a period of disruption to the physical integrity of the system or a force majeure event. A Critical Day exists when the Company declares an OFO.

b. System Alerts

System Alerts (SAs) are announcements of actual or pending events that, if unchecked, may result in an OFO being issued. The SA advises Marketers/Direct Customers what actions are requested and what actions may be mandated if the voluntary response is not adequate. SAs may be directed to specific Marketers/Direct Customers, subject to the Company's obligation not to unduly discriminate, or to all Marketers/Direct Customers operating on the system. Marketers/Direct Customers are expected to respond to SAs as soon as practical, giving notice to the Company of their intended actions.

The Company is not obligated to issue a SA before an OFO, but will endeavor to do so..

SAs will be posted on National Grid's TSA and EBB Websites, as well as e-mailed to all Marketers and Direct Customers affected by the SA.

Copies of such notifications will be sent to the New York State Director of the Office of Gas and Water of the Department of Public Service

c. Operational Flow Orders

A Critical Day occurs when the Company issues an OFO. An OFO is issued at the sole discretion of the Company to alleviate conditions which threaten the operational integrity of the Company's system or to prevent an interruption or curtailment. Economic considerations will not be a basis for declaring an OFO.

Except where a more immediate response is needed, there should be at least 24 hours notice of an OFO. When an OFO is preceded by a SA, the 24 hour notice begins with the issuance of the SA. To the extent practical, there should be a minimum of 8 hours notice when a SA is changed to an OFO.

During any period in which the Company's believes its ability to accommodate imbalances can be restricted or impaired, National Grid may impose a Forced Balancing Operational Flow Order (OFO).

It is impossible to detail all the conditions under which the Company may find it necessary to initiate an OFO. However, some of those conditions include:

1. Extreme weather conditions
2. Reduced gas availability
3. Market conditions
4. Maintenance on pipelines and system infrastructure.

d. Guidelines for Instituting OFOs

The following guidelines apply to OFOs and OFO notifications:

1. OFOs will be posted on National Grid's websites, as well as e-mailed to all Marketers/Direct Customers affected by the OFO.
2. The OFO notice will provide as much advance notice as possible and provide the following information. The reason for the OFO, the date and time of issuance, date and time the OFO takes effect, and the estimated duration of the OFO notice.
3. The OFO notice should communicate clearly to designated Marketer/Direct Customer personnel the actions required, as well as the reason for the required actions, and provide periodic updates to enable parties to continue their planning functions.
4. Actions required by the OFO should be limited both in duration and scope to meet the required objective.
5. The required actions should be as localized as possible.
6. The OFO should not be used to simultaneously restrict over deliveries and under deliveries
7. An OFO may be directed to specific marketers or Direct Customers, subject to the Company's obligation not to unduly discriminate in its application of OFOs.
8. The Company shall respond to reasonable requests for information by parties within a reasonable time after the OFO event.
9. Economic considerations shall not be a basis for declaring an OFO.
10. The Company shall notify the New York State Director of the Office of Gas and Water of the Department of Public Service as well as any concerned and relevant parties when an OFO is declared and when the situation returns to normal.
11. Nominations will be accepted in accordance with the NAESB nomination schedule.

Failure of the Company to adhere to one or more of the above guidelines is not a basis for Marketers or Direct Customers not to comply with requirements of the OFO.

e. *Responsibilities of Marketers/Direct Customers During an OFO or SA*

Some of the actions required by an OFO may include:

- Requiring Marketers to deliver gas to a specific point.
- Requiring Marketers to balance daily or to deliver a specified quantity of gas.
- Change daily nominations for customer groups being served with a flat monthly nomination.

Upon notice that an OFO will be issued and for the duration of the OFO, the Company will provide authorized personnel on a 24 hour a day, 7 days a week basis to handle the submission and processing of evening cycle and intraday nominations to facilitate the Marketers/Direct Customers responses to the OFO.

If during an OFO period the Company is aware of Marketers/Direct Customers that are not responding to the required actions, it should make all reasonable efforts to inform the non-responding Marketers/Direct Customers that required actions are not being taken. Lack of such notice shall not relieve any Marketer/Direct Customer of its obligations. Customers who fail to comply with the OFO shall be subject to service termination and the applicable penalty provisions as identified by the Company's tariff.

The Marketer, if necessary, should communicate with its customers to secure compliance with the conditions of a Company directed OFO. If the Marketer is aware of noncompliance of one or more of its customers, it shall notify the Company of the name(s), address and account number(s) of the end user(s). During an OFO the application of penalties should be constructed so as not to penalize Marketers/Direct Customers whose imbalances work to benefit the integrity of the gas system.

At the next meeting of the Company, Marketers, and Direct Customers, there should be a review of any OFOs that may have been declared by the Company. However, any party that has a grievance concerning the necessity for, or individual treatment during, an OFO, may address those concerns immediately with the LDC.

9. Curtailment

A Curtailment is the reduction of gas deliveries caused by a shortage of supply or pipeline capacity. A Curtailment situation is a more catastrophic event than a System Alert ("SA") or an Operational Flow Order ("OFO"). In a Curtailment situation, the Company physically curtails gas flow to similar types of end use Customers. Curtailment may be required to protect the needs of core Customers and/or to protect the operational reliability of the system.

a. *Marketer Curtailment Plans*

In accordance with the NY Public Service Commission's Proceeding on Long Term Curtailment Plans in Case No. 93-G-0932, National Grid will request that each Marketer enter their curtailment plan on the Company's secure website for each upcoming winter season. The request will be sent to each Marketer participating in Daily Balancing Service on October 1st and the plans will be due by November 1st. Marketers are asked to update curtailment plans as required.

The Commission's Order states, "We do not believe the Commission or the LDC should be making decisions with respect to redirection of gas among suppliers or to establish curtailment priorities for gas the LDC does not own. The supplier of the gas must advise the LDC, as the distributor of the gas, what actions to take with respect to curtailment. Each non-utility supplier must provide to the utility a plan for curtailment for its customers."

b. Protocols

The protocol for a curtailment is:

Supply Issue – All customers are cut across the board.

Pressure – Look at temperature and area and, using the appropriate list, cut those customers in the geographic area where the pressure concern occurs.

In a Curtailment situation, the company will interrupt/curtail service in accordance with the following schedule:

1. Interruptible Customers, Non-firm Electric Generation Customers
 - Interruptible Customers - Customers who agree to take service on an interruptible basis on 4-hour or 1-hour notice in the case of system emergency.
 - Non-firm Electric Generation Customers - Customers who use gas for the generation of electricity and/or steam.

2. Firm Commercial, Industrial and Baseload Distributed Generation Customers
 - Firm Commercial - Customers, excluding critical-care facilities, who use gas for general purposes (except for processing), such as water-heating and space heating.
 - Industrial Customers - Customers who use gas for industrial processing.
 - Baseload Distributed Generation Customers – Customers using gas for the operation of either co-generation or distributed generation equipment used for mechanical, electrical or thermal applications employing reciprocating engines, gas turbines and/or emerging gas technologies.

- Firm Residential and Other Human Needs Services
 - Firm Residential - Customers who use gas for residential (cooking, water heating, space-heating, general) and religious purposes.
 - Human Needs Services - Customers who use gas for prisons, hospitals, nursing homes, other critical-care facilities, apartments, condominiums, cooperative residences, or supportive/supervised living facilities (community residences).

c. Notice of Service Curtailment and Interruptions

To the extent operating conditions allow, the company will provide 24 hours advance notice of service curtailment or interruption to Marketers and Direct Customers. When possible, efforts will be made to provide 4-hour advance notice of a service curtailment or interruption. In the event that 24-hour notice of a service curtailment/interruption is not possible, the Company will supplement the email notification via telephone.

d. *Responsibilities of Marketers and Direct Customers During Curtailment*

During a Curtailment situation, Marketers and Direct Customers will take immediate action as directed by the Company. If such actions are insufficient, the Company will physically curtail gas service to Customers pursuant to the listed priorities in subsection A, above.

The Marketer or Direct Customer may not be required to deliver gas on days that their deliveries are to be interrupted for the full day or the days they will be burning an alternate fuel for the entire day.

On August 23, 2007, the State of New York Public Service Commission issued an Order in Case 06-G-0059 establishing guidelines for curtailments. Pursuant to such guidelines, the needs of core Customers, sales or firm transportation, will be met first in the event of interruption or force-majeure curtailment. When necessary to meet high-priority customer demand, the Company will acquire gas intended for lower priority customers at the City Gate. Marketer's/Direct Customers whose gas is diverted by the Company will be required to continue making nominations of gas throughout the curtailment period up to their maximum delivery obligation as directed, unless qualified upstream force majeure interruptions or curtailments prevent the Marketer's/Direct Customers from securing or delivering such supplies.

Failure to take the necessary actions as indicated by the National Grid website or email notification to provide a valid telephone number for notification purposes will subject the Marketer or Direct Customer to the applicable penalty provisions as provided for by the pertinent service classifications and tariffs.

e. *Compensation to Non-Core Customers for Diversion*

The Marketer/Direct Customer will be the party compensated for the diverted gas. To the extent individual direct customers are affected by directing the payment to the Marketer, they would enter into contractual arrangements with the Marker that clearly spell out the resolution of compensation issues between the Marketer related to occasions when gas supplies are diverted.

Replacement Cost of Fuel: The replacement cost of diverted fuel will be calculated as set forth in Rule 3.6.1 of National Grid's Gas Tariff, PSC No. 219.

If it can be demonstrated by the Marketer/Direct Customer with adequate support that a contract calls for a higher price, the Company will reimburse the Marketer/Direct Customer at the higher contract price.

f. *Unauthorized Use of Gas*

An Interruptible Customer who has been given proper notice and who fails to cease its use of natural gas in accordance with the Company's instruction during a curtailment situation will be subject to a penalty charge equal to the incremental cost of gas, plus an additional charge equal to the greater of \$25 per Dth or 125% of the highest per Dth cost of gas purchased in the Company's gas supply portfolio during the calendar month of unauthorized usage. The incremental cost of gas is defined as the highest price gas the Company purchases as a direct result of that Marketer's / Direct customers' failure to curtail service. All charges are subject to all utility taxes and surcharges. The following exceptions apply to the Unauthorized Use of Gas provisions set forth above:

1. Pilot Fuel (Not Separately Metered) - Up to 10 therms per day of gas usage for pilot/ignition purposes will be except for the Unauthorized Use of Gas penalty during a Curtailment.

2. Equipment Failure - If a Customer is unable to switch to its alternate energy source due to an equipment failure, and the Customer notifies Gas Control at (315) 460-2405 prior to or within 4-hours of the posting the Curtailment notice, the penalty charges for the first 4 hours of the Curtailment period will be waived, provided the Customer has taken the necessary steps to repair the equipment within 24 hours. In any case, following the first 24 hours of the Curtailment period, the Customer shall be billed the full Unauthorized Use of Gas penalty charge.

10. National Grid Customer Interruption Requirements

a. *Alternative Fuel Source Requirements*

Customers receiving gas service from National Grid under S.C. Nos. 4, 6, 9, or 14, and have an alternative fuel source of Fuel Oil No. 2, diesel, or kerosene will be required to meet the criteria specified under Rule 3 of Tariff.

Customers receiving gas service from National Grid under S.C. Nos. 4, 6, 9, or 14, and provide gas service to Human Needs customers (as defined in PSC Tariff No. 219) will be required to meet the criteria specified under Rule 3 of Tariff.

Customers receiving gas service from National Grid under S.C. Nos. 4, 6, 9, or 14 will be required to complete and return to the Company within 14 days National Grid's Alternative Fuel Source Verification form (see Appendices for Alternate Fuel Source Verification form). The customer shall indicate their alternative fuel source, whether they serve Human Needs customers, and provide their facility's total combined estimated load (natural gas and other alternative fuels) in therms. Failure to return the National Grid Alternative Fuel Source Verification Form shall result in the Company classifying the customer as utilizing Fuel Oil #2 as the primary alternative fuel source and being eligible for Rule 3 of the Tariff. The Customer, if requested by National Grid, shall be prepared to provide documentation acceptable to the Company validating their selection of alternative fuel source.

b. Verification of Adequate Alternative Fuel Sources

Customers determined to be eligible for Rule 3 of the Tariff will be required to complete National Grid Alternative Fuel Source Requirements Form and return to the Company within 14 days, but no later than October 15th of the current winter heating season.

The Customer's completion of National Grid's Alternative Fuel Source Requirements Form will indicate that the Customer has:

- prior to November 1 of the current winter season, filled their available on-site alternative fuel source storage to the National Grid determined alternative fuel source requirement value and/or entered into a relationship with an alternative fuel source supplier to supply the difference between the Customer's on-site alternative fuel source storage capacity and the National Grid determined alternative fuel source requirement value. This relationship entered into between the Customer and Alternative Fuel Source Supplier shall not rely upon spot market purchases to satisfy the Customer's alternative fuel source requirements value,
- Elected to curtail their facility's operation during a requested interruption. A curtailment shall mean zero gas consumption recorded on the Customer's meter for the applicable interruptible load and the Customer agrees to not switch to the facility's primary alternative fuel source during the interruption, or
- Elected to fill their On-Site Alternative Fuel Source Storage Capacity and curtail their facility's operations during an interruption. A curtailment shall mean zero gas consumption recorded on the Customer's meter for the applicable interruptible load and the Customer agrees to only utilize the available on-site alternative fuel source in operating their facility during the duration of their

interruption. The Customer must assume that the duration of interruption would be for the maximum allowed number of days (10 days for SC-4 and SC-6 customers, and 5 days for SC-9 & SC-14 customers), and agree that they would not go out to the spot market for replenishment of the alternative fuel source during the interruption.

The Customer, if requested by National Grid, should be prepared to provide documentation to substantiate the On-Site Alternative Fuel Source Storage Capacity, the filling of the On-Site Storage Capacity prior to November 1st of each year, and the potential relationship with an Alternative Fuel Source Provider as specified in Rule 3 of the Tariff. Examples of documentation that might substantiate that the above requirements have been satisfied are included below. National Grid Mohawk will also accept other forms of Customer specific documentation that will also substantiate that the above requirements have been satisfied.

Examples of Customer Specific Documentation:

- Trade documentation regarding the capacity of the On-Site Alternative Fuel Source Storage facility;
- Invoice(s) documenting that the On-Site Alternative Fuel Source Storage Capacity has been filled prior to November 1 of the current winter heating season either to,
 - a) capacity if the on-site storage capacity is less than the Required Number of Gallons of Alternative Fuel Source indicated on the National Grid Alternative Fuel Source Requirements Form sent to the customer, or
 - b) The Required Number of Gallons of Alternative Fuel Source indicated on the National Grid Alternative Fuel Source Requirements Form sent to the customer.
- A letter from the Customer's Alternative Fuel Source Provider indicating that arrangements have been made between the Customer and Alternative Fuel Source Provider, prior to November 1 of the current winter season, to supply the difference between the On-Site Alternative Fuel Source Storage Capacity and the Required Number of Gallons of Alternative Fuel Source indicated on the National Grid Alternative Fuel Source Requirements form sent to the customer. The Customer should be able to provide, if requested by the Company, documentation that established this relationship.
- An Affidavit from an Officer of the Customer stating that they have satisfied the requirements specified on the National Grid Alternative Fuel

Source Requirements form. These key points identified on the Affidavit would include:

- 1) the on-site storage capacity,
- 2) the filling of the storage capacity prior to November 1 of the current winter heating season, and
- 3) Entering into a relationship with an alternative fuel source supplier for any differences between the On-site Storage capacity and the National Grid Required Alternative Fuel Source Requirements. The difference cannot be purchased at spot market.

c. *National Grid On-Site Inspection of Interruptible Customers with Alternative Fuel Sources*

- **Mandatory Inspections**
National Grid will conduct on-site inspections of Customers with interruptible service who:
 - 1) meet the eligibility requirements specified in Rule 3 of the Tariff, and
 - 2) Did not come into compliance with the Alternative Fuel Source Requirements specified in Rule 3 of the Tariff during the previous winter season from the point in time when National Grid identified that the Customer did not reduce their facility's gas usage to zero.

- **Random Inspections**
National Grid will inspect all customers eligible for a random on-site inspection whom meet the eligibility requirements specified in Rule 3 of the Tariff. National Grid's current policy is that all customers eligible for a random on-site inspection will be inspected annually. The Company reserves the right to change the criteria regarding the number of random on-site inspections conducted annually. Variables that may influence a change in policy regarding random on-site inspection criteria include National Grid resource availability and the population of eligible customers for random on-site inspections. Said changes on policy regarding random on-site inspections will be published within this document.

The customers eligible for a random on-site inspection will include:

- 1) Customers who indicated on the Alternative Fuel Source Requirements form that they have sufficient capacity and/or have entered into a relationship to supply the difference between on-site capacity and the National Grid determined storage requirement prior to November 1 of the current winter heating season, and
- 2) Customers who indicated on the Alternative Fuel Source Requirements form that they have elected, prior to November 1 of the current winter heating season, to fill their on-site alternative fuel source storage capacity and curtail their facility's operations during an interruption. A curtailment

shall mean zero gas consumption recorded on the Customer's meter for the applicable interruptible load and the Customer agrees to only utilize the available on-site alternative fuel source in operating their facility during the duration of their interruption, and agrees that they would not go out to the spot market for replenishment of the alternative fuel source during the interruption.

- **Inspection Procedures**

National Grid will not commence the inspection of Customer facilities eligible for either a mandatory or random inspection prior to November 15th of the current winter heating season. A customer chosen for random on-site inspection will be notified prior to the Company conducting the random on-site inspection.

A customer chosen for a mandatory or random inspection shall be requested to provide the Energy Consultant with copies of written documentation that confirms that the Customer has satisfied the criteria outlined in Rule 3 of the Tariff; i.e.,

- 1) the capacity of the on-site alternative fuel source storage,
- 2) Confirmation that on-site alternative fuel source storage capacity was filled and/or that a relationship exists with an alternative fuel source supplier to provide the difference between the filled storage capacity and the alternative fuel source value provided by the customer at the beginning of the current winter heating season.

Section 10.b above provides examples of documentation that may satisfy these requirements.

d. National Grid On-Site Inspection of Eligible Interruptible Customers Who Did Not Reduce to Zero the Interruptible Portion of Their Gas Service When Requested to Interrupt During the Winter Season or Who Did Not Return to National Grid the Alternative Fuel Source Requirements Form

Should an eligible interruptible customer, as defined in Rule 3 of the Tariff, (a) not reduce to zero the interruptible portion of their gas service when requested during the winter season, or (b) not return to National Grid the Alternative Fuel Source Requirements Form:

- 1) National Grid shall notify the Customer that they have not returned the Alternative Fuel Source Requirements Form and they will be subject to the penalties associated with the failure to maintain alternative fuel sources, as well as any other applicable penalties, or
- 2) National Grid shall notify the customer that they have not reduced to zero the interruptible portion of their gas service and they may be

subject to the penalties associated with the failure to maintain alternative fuel sources depending upon their ability to provide proof that they have met the alternative fuel source requirements as specified in Rule 3 of the Tariff, as well as any other applicable penalties, or

- 3) National Grid shall inform the Customer that the applicable alternative fuel source penalties will continue to be assessed to the Customer through the winter season until the Customer comes into compliance with the alternative fuel source requirements.

A Customer's compliance with the alternative fuel source requirement shall consist of the Customer providing the Company with copies of written documentation that confirms that storage was filled and/or that a relationship exists with an alternative fuel source supplier to provide the difference between the filled storage capacity and the alternative fuel source value provided by the customer at the beginning of the winter season.

e. *National Grid Determination of Alternative Fuel Source Requirements*

Customers enrolled in Service Classification Nos. 9 or 14, where applicable, shall be required to have 5 days of alternative fuel source based on their MPDQ.

Customers enrolled in Service Classification No. 4 or 6 shall be required to have 10 days of alternative fuel source. The alternative fuel source requirement shall be computed by determining the Customer's average monthly gas usage in therms for the winter period November through March based on the prior three (3) winter seasons. If three years of data is not available, a shorter period of time may be used. This average monthly consumption will then be divided by 30 and then multiplied by 10 days. The resulting therms will then be converted to gallons by dividing by the appropriate conversion factor. If no Customer history exists, the estimated winter seasons' gas usage in therms provided by the customer will be utilized.

The Customer would have the opportunity to contest the alternative fuel source calculation by providing documentation to National Grid within 10 days of receipt of letter as to why they believe the alternative fuel source requirement should be less. National Grid will have 5 days to respond to the Customer, and National Grid shall have the sole authority to accept or reject the Customer's request for an alternative fuel source value.

f. *Customer's Replenishment of Alternative Fuel Source Requirements*

A Customer would:

- 1) not be required to replenish their alternative fuel source requirement value as determined by National Grid, and
- 2) not be subject to the penalties defined in Rule 3 of the Tariff,

Once the Customer has initially depleted their National Grid assigned amount of Alternative Fuel Source Requirements resulting from National Grid ordered interruptions of gas service.

A Customer would be subject to the provisions of Rule 3 of the Tariff, including the penalties, if a Customer depletes, on a voluntary basis, their Alternative Fuel Source Requirements and does not replenish their alternative fuel source to the National Grid determined Alternative Fuel Source Requirements value.

11. Appendices

a. Agreements/Forms

1 SupplierSelect Form 1

Application for Authorization to Act as a Marketer

Applicant hereby request authorization from National Grid (the Company) to offer aggregation services under Service Classification No. 11 - Load Aggregation, as set forth in the Company's gas tariff, P.S.C. No. 219, GAS.

Applicant Name _____

Mailing Address _____

Billing Address _____

Contact Person _____

Telephone _____ Fax _____ E-mail Address _____

Dun & Bradstreet No _____

Applicant elects the following options: **(Please Check All Applicable)**

Daily Balancing Service

Monthly Balancing Service

Residential Service

Non-Residential Service

National Grid will issue the bill on behalf of the Applicant (One-Bill Option)

The Applicant will issue a separate bill for gas supply service only. National Grid will issue the bill for transmission and delivery service. (Two-Bill Option)

I, _____, _____, am authorized to state that

(Name)

(Title)

Applicant has read, understands and agrees to abide by all provisions of Service Classification No. 11 applicable to the services to be provided.

Applicant represents and warrants that he/she is in, and will continue to be in, full compliance with the following requirements applicable to residential customers:

1. Contracts between the marketers and customers must contain specific language advising customers of protections that have been waived in the transaction. Each marketer must file with Staff from the Consumer Services Division of the Public Service Commission a copy of its standard contract.
2. A system to handle customer complaints is operational and that the P.S.C. help and hotline numbers are provided to customers.
3. The bills rendered will be clear and in plain language and Staff from the Public Service Commission's Consumer Services Division shall receive a sample copy.
4. Procedures are in place to insure customers receive adequate prior notice of termination of gas supply services. The procedures must provide that notifications be sent at least 15 days before discontinuation of supply service to allow customers the opportunity to pay the overdue bill or request service from another provider.

Applicant represents and warrants that he/she is in, and will continue to be in, full compliance with the following requirements applicable to non-residential customers:

1. Contracts between the marketers and customers must contain specific language advising customers of protections that have been waived in the transaction. Each marketer will file with Staff from the Consumer Services Division of the Public Services Commission a copy of its standard contract.
2. A reasonable dispute resolution process is established. Until such time as a process is developed and put into effect, and for a period of no longer than six months, consumers will be allowed to approach the Consumer Services Division of the Public Service Commission for resolution of disputes.

.....

| | |
|------|-----------|
| Date | Signature |
|------|-----------|

Applicable to Monthly Balancing Service Only:

This Agreement is in furtherance of participation by _____ (hereinafter designated "Marketer") and National Grid (hereinafter "the Company") to permit Marketer to participate in the Company's **SupplierSelect** Program in conjunction with Dominion Transmission Inc.'s ("DETI") Delivery Point Operator (DPO)/Citygate Swing Customer (CSC) Program ("Program") and Marketer's agreement participating in such Program. By execution of this Agreement, Marketer agrees that they will have executed a Citygate Swing Customer Agreement with DETI prior to enrolling any customers in the Company's Monthly Balancing program. The parties to this Agreement recognize that Marketer's participation in Dominion Transmission Inc.'s Program is essential to the successful participation in National Grid's Monthly Balancing Program.

- Marketer agrees to abide by the terms and conditions set forth in Service Classification No. 11 of the Company's PSC No. 219 Gas Tariff.
- In the event that the Company recalls the capacity and storage, Marketer agrees hereby that the recall is not reputable (i.e., that the Company is recalling such capacity but it is not returning the same release to the Marketer).
- The term of this Agreement shall be one (1) year from the date of execution and shall survive month to month thereafter unless sooner terminated by either party; provided, however, if Marketer's **SupplierSelect** or Monthly Balancing agreements terminates with the Company or DETI, respectively, this agreement shall automatically terminate at the same time.

- Either party may terminate this Agreement upon thirty (30) days written notice to the other for any reason whatsoever.
- Check either 1 or 2:
 - _____ 1. Marketer hereby authorizes DETI to provide the Company information relating to Marketer's Storage Gas Balance(s) under contract(s) covering capacity released by the Company to support Marketer's participation in the CSC program. DETI may provide information via DETI's EBB or via paper fax.
 - _____ 2. **Marketer does not authorize the Company access to its DETI Storage Gas Balance.** If this option is selected, the Marketer further agrees to provide additional credit as described in the Company's PSC No. 219 Gas Tariff, Minimum Storage Requirements.

Marketer may change the selection above by submitting a revised Form 1 to the Company by September 1 of each year.

If these terms and conditions are acceptable to the Marketer, please indicate your agreement to those terms by executing the acceptance below.

Date

Signature

cc: Dominion Energy Transmission Inc (DETI)

2. Pool Operator Agreement for the SupplierSelect Program

National Grid ("the Company") will permit a Marketer/Direct Customer to enter into a business arrangement with another eligible Marketer or other qualified entity that will act as a Pool Operator on behalf of one or more Marketer(s)/Direct Customer(s) serving retail customers in the Company's *SupplierSelect* Program.

By submitting this Form _____(Marketer/Direct Customer) hereby notifies the Company that it has appointed _____ to act as its Pool Operator in scheduling gas supply deliveries to serve its retail customers in accordance with the Company's Tariff, P.S.C. No. 219.

The Marketer's/Direct Customer's utilization of the Pool Operator, and the Pool Operator's right to act on behalf of the Marketer/Direct Customer, is subject to the following terms and conditions:

- The Pool Operator shall be deemed to be acting on behalf of the Marketer/Direct Customer with respect to gas supply scheduling for the duration of its appointment. The Pool Operator is responsible for the performance of all of the Marketer's/Direct Customer's gas supply scheduling, balancing and settlement activities in accordance with the requirements of the Company, including those requirements described in Service Classification No. 11 of the Company's Tariff. Please choose applicable Balancing Program(s):

_____ Daily Balancing Service

_____ Monthly Balancing Service

- For Monthly Balancing Service, in the event that the Company recalls the capacity and storage, the Marketer and its Pool Operator agrees hereby that the recall is not reputable (i.e., that the Company is recalling such capacity but it is not returning the same release to the Marketer).
- The term of this Agreement shall be one (1) year from the date of execution and shall survive month to month thereafter unless sooner terminated by either party. If Marketer's *SupplierSelect* or Monthly Balancing agreements terminate with the Company or DETI, respectively, this agreement shall automatically terminate at the same time.
- Either party may terminate this Agreement upon thirty (30) days written notice to the other for any reason whatsoever.
- The Pool Operator shall submit separate schedules for each Marketer/Direct Customer upon whose behalf it is scheduling, including a separate schedule for itself if it is serving customers in the Company's *SupplierSelect* Program. These schedules will form the basis for the calculation of imbalance charges for each entity under the responsibility of the Pool Operator. Imbalances and charges shall be calculated individually for each Marketer/Direct Customer on the basis of these schedules. Payment of these imbalance charges remains the responsibility of each Marketer/Direct Customer as described below.

Pool Operator Agreement for the *SupplierSelect* Program (Con't)

- The Marketer/Direct Customer may authorize the Company to submit bills to the Pool Operator for balancing and settlements for all gas supply deliveries scheduled with the Company on the Marketer's/Direct Customer's behalf. Payments from the Marketer/Direct Customer are due within 20 days from the issuance of the bill. The Marketer/Direct Customer shall retain ultimate payment responsibility for such billings, including late payment charges as applicable.

_____ Bill Pool Operator - Billing Address: _____

_____ Bill Marketer/Direct Customer

- All actions of the Pool Operator related to Marketer's/Direct Customer's participation in the Company's *SupplierSelect* Program are absolutely binding on, and attributable to, such Marketer/Direct Customer. The Marketer/Direct Customer is fully liable to the Company for all acts and omissions of the Pool Operator, including failures to comply with the requirements set forth in this Form. The Marketer/Direct Customer shall indemnify, defend and hold harmless the Company from and against any and all claims, losses, damages, as described in the Tariff, that are directly or indirectly caused by, or arise out of, or are in any way connected with the Pool Operator's acts or omissions, whether such claims, losses, and damages are incurred by the Company or by third parties.
- The Company has the right to suspend or terminate the permission granted in this Form, at any time, without any recourse by the Marketer/Direct Customer, in the event the Pool Operator fails to abide by these terms and conditions. Marketer/Direct Customer and the Pool Operator understand and agree that any disputes related to the activities of the Pool Operator are outside the scope of any dispute resolution provisions in the Company's Tariff or in the State of New York Public Service Commission's Orders in connection with NYS Uniform Business Practices.

For MARKETER/DIRECT CUSTOMER:

For POOL OPERATOR:

Name of Firm _____
 Name _____
 Signature _____
 Title _____
 Date _____

Name of Firm _____
 Name _____
 Signature _____
 Title _____
 Date _____

3. SupplierSelect Form 2

Supplier Select Form 2

1. Application for Load Aggregation Transportation Service for Customers <50,000 Therms
2. Application to Change Marketer for all Customers

Marketer Name: Central New York Energy

(■ = required information)

Assignment of Marketer Information

■ Account Number:

Customer Name:

■ Balancing Type:

Service provided to customer will be: Daily Monthly

■ Start Date:

Service will begin on the first day of: Month: Year:

Will this account be billed under the Utility One-Bill Option? Yes No

Do you want up to 24 months of Customer usage history provided to you? Yes No

I hereby certify that the customer noted has designated the Marketer recorded above as their energy service company to provide energy services which may include procurement of gas. I also certify that customer agrees that any entity that succeeds by purchase, merger, consolidation or spin-off to the properties, substantially as an entirety, of Marketer may continue to provide the service indicated above for the term specified unless and until Customer chooses to change its designation of Marketer in accordance with all applicable procedures and provisions of such Service Classification No. 11.

As the customer's designated Marketer, I agree to abide by all the terms and conditions as set forth in applicable provisions of Service Classification No. 11 as set forth in the P.S.C. 219 Gas Tariff. I accept the responsibility to provide documentation that indicates that the customer has selected our firm to supply gas commodity service.

The Marketer agrees that all upstream capacity and/or storage releases to the Aggregator on behalf of the undersigned customer are subject to recall in accordance with P.S.C. No. 219 Tariff provisions.

Marketer Representative Name:

Marketer Representative Title:

4. SupplierSelect—Customer Drop

Supplier Select Form 3

Marketer Name: Central New York Energy

(■ = required information)

Customer Information

■ Account Number:
Customer Name:

Service Address

Service Street Address:
City:
State: Zip Code:

Mailing Address

(Complete if different from Service Address)

Service Street Address:
City:
State: Zip Code:
Telephone Number:

Marketer hereby certifies that the Customer noted has been notified in writing, of this termination of service fifteen (15) days prior to the 1st of the month in which service is to be discontinued. We request that this customer be taken off our list of active natural gas supply customers.

Marketer Name:
Marketer Title:

5. Pre-Testing Worksheet

**Please complete this worksheet and email to:
Sergio.smilley@nationalgrid.com**

The purpose of the Pre-Testing Worksheet is for trading partners to demonstrate they have met all necessary requirements to engage in Phase II or III EDI testing in New York. Utilities and E/Ms are required to transmit a completed worksheet to their trading partner(s) prior to entering a test queue and beginning testing. Submission of the worksheet indicates that the trading partner has completed internal systems testing and achieved correct and accurate results, including testing with sufficient volumes to assure acceptable throughput to satisfy both trading partners' performance requirements.

| Identification & Contact Information |
|---|
| Company Name: |
| Company ID Number |
| Business Contact Name: |
| Contact Email: |
| Contact Phone: |
| Technical Contact #1: |
| Contact Email #1: |
| Contact Phone #1: |
| Technical Contact #2: |
| Contact Email #2: |
| Contact Phone #2: |
| Date: 9/25/2008 |

| Communications Information | | |
|--|--------------|-------------------|
| | Test | Production |
| DUNS Number: Note: When the same NGrid supplier Id code is assigned for NY and NE, the value must be uniquely identify NY and NE. | | |
| N1~SJ (N103 – Identification Code Qualifier) | 1, 9 or 24 | 1, 9 or 24 |
| N1~SJ (N104 – Identification Code) | DUNS, DUNS+4 | DUNS, DUNS+4 |

| | | |
|--|-------------------|-------------------|
| Note: When an additional NGrid supplier Id code is needed, the value must be unique. | or Federal Tax Id | or Federal Tax Id |
| Common Code: Note: This field must always be unique. | | |
| ISA Qualifier: | | |
| ISA Sender/Receiver ID: Note: This field must be unique. | | |
| GS Sender/Receiver ID: Note: When the same NGrid supplier Id code is assigned for NY and NE, the value must be uniquely identify NY and NE. | | |
| Receiver URL Address: | | |
| Sender IP Address: | | |
| Port Number: | | |
| Authentication ID: | | |
| Authentication Password: | | |
| PGP Public Keys will be provided via: | | |
| Protocol Failure E-Mail : | | |
| VAN Phone Number, if used: | | |
| CGI Program Name: | | |

Known Non-Compliance: Document any known non-compliant transactions or business processes your company is operating with and the expected date of compliance. Add rows if necessary.

| Description of Non-compliance and Transaction Affected | |
|--|--|
| | |
| | |
| | |

Exceptions to the Test Plan PH2/PH3: Document any exceptions you will make to the test plan. Add rows if necessary

| Description of Test Plan Exception | |
|------------------------------------|--|
| | |
| | |
| | |

Manual Processes to be Used in Testing and Production: Document any manual processes you will be using to supplement the EDI automated processes.

| Description of Manual Processes |
|---------------------------------|
| |
| |
| |
| |
| |

Demonstration of Phase I X12 Certification: To gain entry to testing queues, each trading partner is required to provide copies of the following transaction files certified X12 compliant by PSC Staff.

| Transaction Required | Comments or Exceptions |
|---|------------------------|
| <i>TRANSACTION REQUIRED FROM UTILITY</i> | |
| 814 Enrollment Response | |
| 814 Drop | |
| 814 Drop Response | |
| 867 Historical Usage | |
| 867 Monthly Usage | |
| 814 Change | |
| 814 Change Response | |
| 248 Account Assignment | |
| 568 Accounts Receivable Advisement | |
| 810 Utility Rate Ready Invoice | |

TRANSACTION REQUIRED FROM E/M

| | |
|------------------------|--|
| 814 Enrollment | |
| 814 Drop | |
| 814 Drop Response | |
| 824 Application Advice | |
| 814 Change | |

NY EDI TOP Supplement 1

PSC Case 98-M-

Understanding Responsibilities: Please review the list below and document any exceptions or comments. Submitting this worksheet implies understanding with the item, unless otherwise noted.

| Understanding | Comments or Exception |
|--|-----------------------|
| ALL PARTIES | |
| I understand that transactional testing will be conducted with a minimal amount of human intervention. | |
| I understand that the New York PSC retains dispute resolution responsibilities related to all levels of trading partner testing. | |
| I understand that I must complete Phase I pre-testing certification of all transactions prior to beginning testing with any trading partners. | |
| I understand that I must document any areas where I am not compliant with the standards and procedures of the NY EDI Collaborative and provide dates for when I will be compliant. | |
| I understand that I must provide trading partner EDI information to my trading partners prior to beginning testing with that trading partner. | |
| I understand that I must send 997/Functional Acknowledgements for all tests, and in production. | |
| I understand that I must document any scenarios of the test plan that I will NOT test (exceptions). | |
| UTILITY ONLY | |
| I understand that I must conduct regular test teleconferences with all E/Ms that I am currently testing with. | |
| E/M ONLY | |
| I understand that I must notify the Utility of the billing scenarios that I am currently offering. | |
| I understand that I must be an eligible, Phase I-certified E/M prior to beginning testing with any Utilities. | |
| I understand that I must keep up with the established test schedule of the Utility while in testing. | |
| I understand that I must participate in regular teleconferences conducted by the Utility while in testing. | |

6. Capacity Release Agreement

This Agreement ("Agreement") is made as of this _____ day of _____, 200__, by and among Niagara Mohawk Power Corporation d/b/a National Grid, a New York Corporation, having its principal office at 175 East Old Country Road, Hicksville, NY 11801 ("Company"), _____, a _____, having its principal place of business at _____ ("ESCO"), and _____, a _____, having its principal place of business at _____ ("Aggregator"). (Company, ESCO and Aggregator are hereinafter sometimes referred to collectively as the "Parties" or individually as a "Party").

WHEREAS, ESCO has been authorized by the New York State Public Service Commission ("PSC") to act as an energy services company in the State of New York and approved by the Company to participate in the Company's retail access program (the "Program");

WHEREAS, ESCO has retained Aggregator to assist it in ESCO's participation in the Program;

NOW THEREFORE, in consideration of the mutual representation, covenants and agreements set forth herein, and intending to be legally bound hereby, the Parties agree as follows:

1. ESCO represents that it is in compliance with all applicable laws, the PSC's Uniform Business Practices ("UBP"), and all applicable PSC rules, regulations, and PSC orders relating to ESCO qualification or obligations (collectively, "Applicable Law"), and all Tariff provisions for the Company (including Company's SC 11 Load Aggregation Service Agreement), each as may be amended from time to time ("Company Requirements") relating to the sale of natural gas by energy services companies in Company's service territory.
2. ESCO represents that it has appointed Aggregator as its agent for purposes providing services to ESCO under the Program.
3. Aggregator represents that it is acting as ESCO's agent for purposes of providing services to ESCO under the Program.
4. ESCO represents that it is obligated to supply gas to one or more retail customers on Company's distribution system in quantities determined by the Company from time to time ("Contract Quantity"), pursuant to a state-regulated retail access program ("State Program"), as defined in Part 284 of the Federal Energy Regulatory Commission's ("FERC") Regulations. The details of ESCO's eligibility to participate in such State Program shall not be deemed to be altered in any way by this Agreement or the transactions contemplated hereunder.

5. Aggregator represents that it has a contractual obligation to supply gas to ESCO in an amount equivalent to the Contract Quantity and to act as an agent or as an asset manager for ESCO.

6. ESCO and Aggregator requests that, in lieu of a release of interstate pipeline capacity by Company to ESCO, Company release interstate pipeline capacity sufficient to transport the full Contract Quantity to Aggregator (the "Capacity Release").

7. Aggregator represents that is obligated to use up to the full amount of the Capacity Release to supply the Contract Quantity to ESCO and, as a result, Aggregator qualifies for the exemptions from bidding and the prohibition against tying of releases of interstate gas pipeline capacity pursuant to FERC's Regulations.

8. The Parties intend that the transactions hereunder qualify for the waiver of the Federal Energy Regulatory Commission's ("FERC") prohibition on tying and bidding requirements for capacity releases made as part of state-approved retail access programs contemplated by FERC Orders 712, 712-A and 712-B.

9. As between Company, Aggregator and ESCO, Aggregator and ESCO warrant title to the gas to be transported pursuant to the Capacity Release to LDC.

10. If ESCO ceases to be authorized to sell natural gas in Company's service territory or if ESCO terminates its retail natural gas business in Company's service territory, ESCO shall immediately notify Company and this Agreement shall be suspended or terminated effective the same day as such event occurred.

11. To the fullest extent allowed by law, in no event shall any Party be liable for any consequential, incidental, indirect, special or punitive damages incurred by another Party and connected with, arising from or related to this Agreement or the performance or failure to perform services hereunder, including but not limited to loss of good will, cost of capital, claims of customers and lost profits or revenue, whether or not such loss or damages is based in contract, warranty, tort, negligence, strict liability, indemnity, or otherwise, even if a party has been advised of the possibility of such damages.

12. ESCO and Aggregator, to the fullest extent allowed by law, shall indemnify, defend and save harmless Company, its parent, subsidiary and affiliate companies, and its and their officers, directors, shareholders, agents, employees, contractors, representatives, successors and assigns ("Indemnified Parties") from and against any and all suits, actions, legal proceedings, claims, losses, demands, damages, costs, liabilities, fines, penalties, royalties, obligations, judgments, orders, writs, injunctions, decrees, assessments, diminutions in value of any kind and expenses of whatsoever kind or character, including reasonable attorneys' fees and court costs, whether incurred in a third party action or in an

action to enforce this provision that may at any time be imposed on, incurred by or asserted against any of the Indemnified Parties by any third party, including, without limitation, the FERC or ESCO Customers, arising from on in connection with any (a) breach of a representation or warranty or failure to perform any covenant or agreement in this Agreement by ESCO or Aggregator, (b) any violation of applicable law, regulation or order by ESCO or Aggregator, or (c) any act or omission by ESCO or Aggregator with respect to this Agreement, first arising, occurring or existing during the term of this Agreement, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of the Agreement, except to the extent caused by an act of gross negligence or willful misconduct by an officer, director, agent, employee, or affiliate of Company or its respective successors or assigns. The obligations of ESCO and Aggregator as set forth in this section shall survive the expiration, cancellation, or termination of this Agreement.

13. No Party shall assign any of its rights or obligations under this Agreement without obtaining the prior written consent of the other Parties, which consent shall not be unreasonably withheld.

14. This Agreement constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof, supersedes any and all previous agreements and understandings between the Parties with respect to the subject matter hereof, and binds and inures to the benefit of the Parties, their successors and permitted assigns.

15. Except as otherwise provided herein, no modification or waiver of all or any part of this Agreement will be valid unless in writing and signed by the Parties or their agents and approved by Company. A waiver will be effective only for the particular event for which it is issued and will not be deemed a waiver with respect to any subsequent performance, default or matter.

16. Interpretation and performance of this Agreement will be in accordance with, and will be controlled by the laws of the State of New York, except its conflict of laws provisions to the extent they would require the application of the laws of any other jurisdiction. Both parties irrevocably consent that any legal action or proceeding arising under or relating to this Agreement will be brought in a court of the State of New York in New York or Kings County, or a Federal court of the United States of America located in the State of New York, New York or Kings County. Both Parties irrevocably waive any objection that it may now or in the future have to the State of New York, New York or Kings County as the proper and exclusive forum for any legal action or proceeding arising under or relating to this Agreement.

17. If one or more provisions herein are held to be invalid, illegal or unenforceable in any respect, it will be given effect to the extent permitted by

applicable law, and such invalidity, illegality or unenforceability will not affect the validity of the other provisions of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this agreement to be executed as of the date first above written.

NIAGARA MOHAWK POWER CORPORATION
D/B/A NATIONAL GRID

By: _____
Name: _____
Title: _____
Date: _____

_____ (ESCO)

By: _____
Name: _____
Title: _____
Date: _____

_____ (Aggregator)

By: _____
Name: _____
Title: _____
Date: _____

7. Agreement Application for Transportation of Customer Owned Gas - FORM 'T'

Date

_____, 20____

The Undersigned, (hereafter called "Customer") hereby applies to Niagara Mohawk Power Corporation d/b/a National Grid (hereafter called "Company") for gas transportation service. The Customer agrees to supply customer-owned gas to the Company at any mutually agreeable interconnect on the Company's gas distribution system. The Company agrees to deliver, after an adjustment for losses as stated in Rule 17.1 of P.S.C. No. 219 Gas Tariff, an amount of _____ (not less than 50,000), therms per year of customer-owned gas to the Customer's premises located at _____ commencing _____ (date).

The Customer agrees that if the premises are to be served from a main extension constructed or to be constructed pursuant to Rule 10 of the General Information contained in the Company's schedule for Gas Service, P.S.C. No. 219 Gas Tariff, the Customer will pay the charges and/or surcharges required under said rule. The Customer's contribution/annual surcharge for the excess portion of the main extension is \$_____.

Deliveries:

The customer agrees to supply to the Company the above annual amount of gas. The Company agrees to deliver on a _____ (firm or interruptible) basis this amount after an adjustment for losses as stated in Rule 17.1 of the Tariff.

Term:

This agreement will be continued from year to year and thereafter until changed unless terminated by advance written notice of either party to the other.

Rates:

Customer agrees to observe and perform all of the rules and regulations of the Company and to pay the rates and charges provided in P.S.C. No. 219 for the transportation of customer-owned gas. Customer agrees to pay such rates and charges contained in the Company's gas tariff, P.S.C. No. 219 Gas, filed with the Public Service Commission of the State of New York as the same may be from time to time changed, amended and/or supplemented.

- _____ SC7 – Firm Transportation Service
- _____ SC5 – Firm Transportation Service
- _____ SC8 – Firm Transportation Service with Standby Sales Service
- _____ _____ Daily Elected Contract Demand (D1 Election - Dts per day)
- _____ SC6 – Interruptible Transportation Service – Choose Term of Rate:
_____ Monthly _____ Annually
- _____ SC12 – Distributed Generation

Human Needs:

Human Needs customers are defined as residential, or related usage (residential hotels, prisons), or critical care accounts (nursing homes, hospitals, etc.). See Rule 3.2.1 in Company's gas tariff, P.S.C. No. 219, for further definition. Under the provisions of the Home Energy Fair Practices Act (HEFPA), to the extent that residential and human needs customers are curtailed by their supplier, they continue to retain the right to return to the Company as the supplier of last resort.

Customer hereby certifies that they qualify as Human Needs (check applicable):

Yes _____ No _____

Agreement Application for Transportation of Customer Owned Gas - FORM 'T' (continued)

Balancing Services:

_____ DAILY BALANCING – Customers taking transportation service under SC7, SC5, SC8, SC6 and SC12 who agree to be non-core customers are eligible for this Balancing Service. The Customer understands that if this Balancing Service is chosen, they must comply with the following conditions:

1. Customer forfeits its ability to obtain future sales service under the Company’s Tariff. Customer takes full responsibility and assumes all liability including, but not limited to, contingent liability for its decision to execute this contract, and opt to participate in Daily Balancing.
2. Customers served under Service Classification Nos. 5 & 7 classified as Human Needs must certify that they are 100% dual fueled or alternately certify that they maintain, or have continuous access to, five (5) winter months (November – March) of primary firm capacity from a liquid receipt point into the Company’s east/west city gate, as applicable, sufficient to meet the customers Maximum Peak Day Quantity.
3. Customers enrolled in Daily Balancing must have an Approved Remote Meter (ARM) installed and operational.

_____ MONTHLY BALANCING – Customers taking transportation service under SC7, SC5 and SC12 are eligible for this Balancing Service. The Customer understands that if this Balancing Service is chosen, they must comply with the following conditions:

1. Customers choosing this Balancing Service retain the right to return to Sales Service.
2. Customers participating in this Balancing Service will designate a supplier/marketer. That marketer/supplier will be responsible for accepting any and all upstream capacity and/or storage that the Company has held for this customer while under sales service.

Niagara Mohawk Power Corporation d/b/a National Grid

CUSTOMER:

By: _____

Customer Name

Title: _____

Federal Tax ID Number

Date: _____

National Grid Billing Account Number

Signature by Customer’s Duly Authorized Representative

Title

Date

8. Affidavit for SupplierSelect Program

A Marketer supplying gas to Monthly Balanced Aggregation customers, who elects to take no assignment of DETI capacity, storage, and storage capacity, must complete the following affidavit, which must be signed by a duly authorized officer of the Marketer’s company and must be notarized.

AFFIDAVIT OF FIRM TRANSPORTATION (FT), STORAGE (GSS), AND STORAGE CAPACITY (FTNGSS)

STATE OF _____
COUNTY OF _____

_____, being duly sworn, says: I am _____ of
Name Title of Officer
_____, the
Company Name of Marketer

Applicant-above named, on behalf of which I have subscribed the foregoing application and know the contents thereof and the same is true to the best of my knowledge. I further attest to one of the following:

- I. As a Marketer for a National Grid (the Company) Monthly Balancing Aggregation pool who elects no assignment of DETI capacity, storage, and storage capacity, there is in place one or more executed contract(s) for all of the following:

_____ Non-recallable, primary firm capacity on DETI Transmission delivered into the Company’s system for the term _____, through _____ for a daily quantity equal to 45% of the Aggregator’s Maximum Peak Day Quantity (MPDQ) issued by the Company. The contract number for DETI deliveries into the Company’s City Gate is _____;

_____ Non-recallable, GSS demand and capacity on DETI Transmission for the of term _____, through _____ for a daily demand quantity equal to 55% of the Aggregator’s Maximum Peak Day Quantity and GSS capacity equal to GSS demand x 52.3 days issued by the Company. The contract number for DETI deliveries into the Company’s City Gate is _____;

_____ Non-recallable, FTNGSS firm capacity on DETI Transmission delivered into the Company’s system for the term 11/1/20__, through 3/31/20__ for a daily quantity equal to 55% of the Aggregator’s Maximum Peak Day Quantity (MPDQ) issued by the Company. The contract number for DETI deliveries into the Company’s City Gate is _____;

If all of the above requirements are not met, DETI capacity (FT), storage (GSS), and storage capacity (FTNGSS) will be released to the customer’s Marketer.

This Affidavit covers the period _____, through _____, unless the Marketer’s MPDQ changes during that time period. If the MPDQ increases, this Affidavit must be renewed. The Marketer’s MPDQ, which is delivered to the Marketer on a monthly basis, is equal to _____.

Officer’s Signature

Sworn to before me this _____ day
of _____, 20_____

Notary Public

9. Operating Centers and Pipeline Eligibility

| DOMINION WEST | OPERATING CENTER | DOMINION EAST | OPERATING CENTER |
|-----------------|--------------------------|---------------|------------------|
| Syracuse | 11 (Empire Gas Pipeline) | Albany | 30 |
| Watertown | 13 (Empire Gas Pipeline) | Troy | 31 |
| Fulton / Volney | 14 (Empire Gas Pipeline) | Schenectady | 32 |
| Oswego | 15 (Empire Gas Pipeline) | Hudson | 33 |
| Pulaski | 16 (Empire Gas Pipeline) | Glens Falls | 38 |
| Utica | 17 | Saratoga | 39 |
| Rome | 18 (Empire Gas Pipeline) | Warrensburg | 40 |
| Herkimer | 19 | | |
| Oneida | 20 (Empire Gas Pipeline) | | |
| Carthage | 22 (Empire Gas Pipeline) | | |
| Lowville | 23 (Empire Gas Pipeline) | | |
| Amsterdam | 34 | | |
| Gloversville | 35 | | |
| Canajoharie | 36 | | |

| TENNESSEE GAS PIPELINE |
|--|
| East Gate Daily Balancing Customers with the following Service Classifications can be served: SC5, SC6, SC7, SC8, SC9 and SC14 (Dependent upon negotiated contract with National Grid) |

If you have any questions as to whether or not a customer can be served, please email your customer's account number and address to Jennifer.Coulon@nationalgrid.com [(516) 545-2599], and Jason.Schlittenhardt@nationalgrid.com [(516) 545-3893].

| IROQUOIS GAS PIPELINE |
|------------------------------|
| Town of Boonville only |

10. Alternative Fuel Source Verification



Alternative Fuel Source

Verification

National Grid (the Company), as a condition of PSC Tariff No. 219, General Information Rule No. 3, requires interruptible sales or transportation customers to identify (a) your facility's primary alternative fuel source that would allow you to operate your facility in the event that the Company was required to interrupt sales or transportation service to your facility and (b) your facility's total combined estimated load in therms. You are requested to complete the required data fields identified below. The customer's failure to return this form back to the Company by October 1st will result in the Company classifying the customer as utilizing Fuel Oil#2 as the primary alternative fuel source. Please return or fax this form to the address identified below:

National Grid
 Ms. Dawn Herrity
 One MetroTech Center,
 Brooklyn, NY 11201.
 Fax: 718.596.7802.

Required Data to be completed by the Customer

| |
|--|
| Customer Name: |
| Customer Facility: |
| Address (Street / PO Box) |
| State / Zip code |
| Indicate the Alternative Fuel Source (Please place an "X" in the appropriate ballot box): |
| <input type="checkbox"/> Fuel Oil No. 2 <input type="checkbox"/> Fuel Oil No. 4 <input type="checkbox"/> Fuel Oil No. 6 <input type="checkbox"/> Diesel <input type="checkbox"/> Propane <input type="checkbox"/> Kerosene Other (Please Specify): _____ |
| Indicate the facility's total combined annual estimate load (natural gas and other alternative fuels) in therms: |
| <input type="checkbox"/> 0 to 3,000,000 therms <input type="checkbox"/> 3,000,000 to 12,000,000 therms <input type="checkbox"/> 12,000,000 to 20,000,000 therms <input type="checkbox"/> Greater than 20,000,000 therms |

The customer, if requested by the Company, shall be prepared to provide documentation acceptable to the Company validating their selection of alternative fuel source.

| |
|---------------------------------|
| Customer Name and Title: |
| Customer Signature: |
| Date: |

11. Alternative Fuel Source Requirements



Alternative Fuel Source Requirements

National Grid (the Company) has determined that your facility identified below meets the Alternative Fuel Source requirements outlined in PSC Tariff No. 219, Rule No. 3.4. You are requested to complete the required fields below. Failure to return this form back to the Company by October 15th will subject your facility to the penalty provisions identified within Rule 3.4. Please return or fax this form to: National Grid, Dawn Herry, One MetroTech Center, Brooklyn, NY 11201 Fax: 718.596.7802.

| |
|----------------------------|
| Customer Facility Name: |
| Customer Facility Address: |

National Grid Assigned Alternative Fuel Source Storage Capacity Requirements

The Company has assigned below your facility's alternative fuel source storage capacity requirements. Your facility has the opportunity to contest the alternative fuel source calculation, as defined in Rule 3 of PSC Tariff No. 219, Alternative Fuel Source Requirements, by providing documentation to your National Grid Energy Consultant, within 10 days of receipt of letter, as to why they believe the alternative fuel source requirement should be changed. The Company will have 5 days to respond to the customer, and the Company shall have the sole authority to accept or reject the Customers request for an alternative fuel source value.

Required number of gallons of alternate fuel source

| |
|----------------|
| Gallons |
|----------------|

REQUIRED DATA TO BE COMPLETED BY CUSTOMER

Customer's total capacity (in Gallons) for on-site alternative fuel source storage capacity

| |
|----------------|
| Gallons |
|----------------|

Customer Verification of Alternative Fuel Source Requirements: (place an "X" in the appropriate ballot box):

Option A: I certify that my facility, prior to November 1 of the current winter heating season, has sufficient alternative fuel source storage capacity and/or has entered into a relationship with an alternative fuel source provider to supply the difference between on-site storage capacity and the Company's determined alternative fuel source requirements specified above and as defined in Rule 3 of the Tariff. If requested by the Company I shall provide documentation to substantiate the storage capacity and/or relationship with an alternative fuel source provider as defined in Rule 3 of the Tariff.

Option B: I elect, prior to November 1 of the current winter heating season, to curtail my facility's operations when requested rather than be subject to the requirements outlined in rule 3.4. Failure to comply completely with an interruption request will subject the customer to penalty charges outlined in Rule 3.4.4. Curtailment of a Customer's operation shall be defined to mean that zero gas consumption is recorded on the Customer's meter for the applicable interruption period. For Customers with both interruptible and firm loads, curtailment of the Customer's operations shall be defined to mean that zero gas is consumed for the interruptible portion of the Customer's load. The Customer must accomplish this zero gas consumption for the duration of the interruption period by curtailing the operation of its facility rather than switching to its primary alternative fuel source.

Option C: I certify that my facility's available alternative fuel storage capacity is less than the required alternative fuel storage capacity at full operational levels and I elect, prior to November 1 of the current winter heating season, that I will curtail my facility's operations to a reduced level to the degree necessary to supplement its primary alternative fuel source so that it can completely interrupt gas consumption for 10 full days (or 5 full days for customers taking transportation service under SC-9 or SC-14) rather than be subject to the requirements outlined in the Rule 3.4. Failure to comply completely with an interruption request will subject the customer to penalty charges outlined in Rule 3.4.4. Curtailment of a Customer's operation shall be defined to mean that zero gas consumption is recorded on the Customer's meter for the applicable interruption period. The Customer must accomplish this zero gas consumption for the duration of the interruption period by reducing/curtailing the operation of its facility for the portion of their requirements that exceeds the Customer's available alternative fuel source storage capacity rather than switch to its primary alternative fuel source.

| | |
|---------------------|-----------------|
| Customer Name: | Customer Title: |
| Customer Signature: | Date: |

12. Remote Metering

What does an “Approved Remote Meter (ARM)” do?

1. An ARM measures and records the quantity of gas used by a customer.
2. The NYS Public Service Commission has approved an ARM for billing purposes.
3. An ARM calls National Grid using a 1-800 phone number.
4. An ARM is capable of reporting gas usage data to customers or customer’s Gas Marketers via National Grid’s website.
5. An ARM requires appropriate telephone service:
 - a) ARM’s installed for customers with historic or anticipated peak hourly gas usage in excess of 15 Dths must be served by a separate, dedicated phone line unshared with any other user.
 - b) All other ARM’s may share telephone lines, provided that the shared line is open for data collection between the hours of 10:00 am and 11:00 am, 1pm and 2pm, 4pm and 5pm, daily.
 - c) Reliable access to daily usage must be provided to National Grid. If it is not provided, a dedicated phone line will be required or a dedicated customer-owned cell phone acceptable to National Grid may be used. In areas where reliable cell phones service is not available, as determined at the sole discretion of National Grid, a dedicated telephone line will be required.

Eligibility

All customers who choose Daily Balancing will be required to have an ARM installed by National Grid. The customer’s National Grid Representative should contact Meter & Test in order to get the ARM and the Telephone Line Station Protector

**13. INSTALLATION OF APPROVED REMOTE METER
AUTHORIZATION FORM**

To Be Completed By Customer:

Customer Name: _____

Mailing Address: _____

Address Where Remote Metering will be installed: _____

National Grid Billing Account Number: _____

Telephone: _____

Fax: _____

Customer hereby authorizes National Grid (the Company) to install an Approved Remote Meter at customer's facility meeting the requirements of P.S.C. No. 219 Gas tariff as filed with the NYS Public Service Commission.

1. Customer agrees to assume all of the responsibilities for installation and maintenance provided on Attachment 1.
2. The installation required at Customer's facility as outlined by the Company for which customer agrees to pay to the Company \$900, the total cost associated with the Approved Remote Metering installation. Customer will be invoiced for this installation. Customer is responsible for telephone service to the unit, as well as replacement cost of remote metering if it is not covered under the warranty. Customer is also responsible for the cost of replacing or repairing the unit in the event that it is vandalized.

DATE

Authorized Customer Signature

By _____
Accepted: National Grid

14. Remote Metering – Installation and Maintenance Attachment 1

A. Customer Responsibilities

1. Customer agrees to:
 - a) Identify a specific individual who will meet with a National Grid (NG or Company) Representative to identify the location for the remote metering unit, and be available to the NG technical installer on site to resolve any installation questions.
 - b) Install electric service, if required.
 - c) Install analog signal telephone service to the remote meter as follows:
 - Customers with historic or anticipated peak hourly gas usage in excess of 15 Dths must serve the remote metering by a separate, dedicated phone line.
 - All other remote meters may share telephone lines, provided that the shared line is open for polling of the meter between 10:00 am and 11:00 am, 1pm and 2pm, 4pm and 5pm, daily.
 - Customer will install a telephone line station protector supplied by NG.
 - d) Inform the Company when electric (if required) & telephone service is installed and telephone line is activated.
 - e) When the Company is notified that the telephone and electric service (if necessary) has been installed and activated, the Company will go on site in order to activate the unit. If it is discovered by the Company that the unit is unable to be activated and synchronized because the phone or electric service (if applicable) is not activated, the Company reserves the right to charge the customer an additional \$115.00 for each site visit after the first visit.
2. Customer agrees to pay the following costs:
 - a) Installation costs, including cost of equipment, installation labor, and synchronization of the equipment with the Company's gas load management computer system.
 - b) Cost to provide electric service, if required.
 - c) Cost to provide telephone service.
3. Agreement to maintenance & replacement terms associated with the remote metering installation, including:
 - a) After equipment warranty period of one year, the cost of replacement of a remote-metering unit due to inoperable or unreliable service is the customer's responsibility. NG will acquire and own the equipment and perform repairs and maintenance.
 - b) Within 24 hours of being notified, the customer must arrange and pay for repair of the telephone or electric service to the unit. If the Customer has notified the Company that the phone service or electric service (if applicable) is operational, the Company will send a technician to the site to repair the unit. If it is discovered by the Company that the unit is unable to be repaired or synchronized because the phone or electric service (if applicable) is not activated, the Company reserves the right to charge the customer an additional \$115.00 for each site visit after the first visit.
 - c) If the ARM after ten business days continues to fail to call into the Company, the Company will charge the customer \$115.00 per day until the ARM becomes operational. In the event the ARM does not call into the Company, the Company will make reasonable efforts to inform the customer and their Marketer of the applicable charge.

B. National Grid Responsibilities

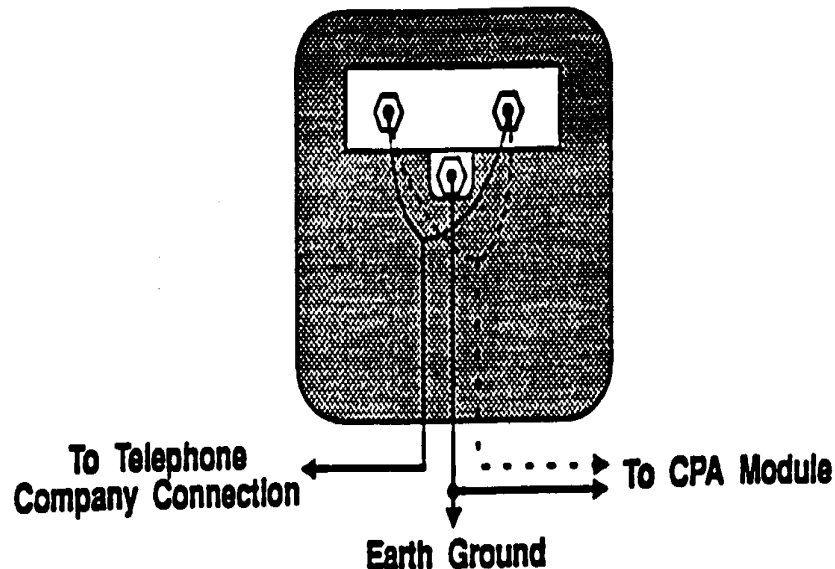
1. Determine if the customer is applying for a service or program that requires a remote metering installation:
 - a) Inform customer of requirements for installation as stated in Section A and any associated considerations specific to that customer.
 - b) Provide customer w/ handout outlining installation specifications and customer/company responsibilities.
 - c) Arrange site visit to meet with customer to identify equipment location, designate phone, and power (if required) and remote metering locations.
 - d) Identify any required meter modification in order to install remote metering equipment.
 - e) Provide customer with advance statement of the total cost for the installation.
 - f) Obtain customer approval by executing Authorization Form for Installation of ARM.
 - g) Acquire and own the remote metering equipment.
 - h) Provide customer with installation schedule once customer has installed telephone & electric service.
 - i) Install the remote metering and synchronize the meter with NG's gas load management computer system.

2. Once remote metering equipment is installed, perform routine maintenance on the equipment, including:
 - a) Notify customer if phone or electric service is out of service; remind customer that repairs must be completed in agreed upon timeframe.
 - b) Replace unit, if necessary. If replacement of the unit is required, advise & bill customer for replacement.
 - c) Offer daily load information gathered by ARM to the customer via NG's website.

15. Customer Installation of the Telephone Line Station Protector

Install the Telephone Line Station Protector by following the steps below:

1. Mount the TII Telephone Station Protector in a suitable location. Wiring of the protector



2. Connect one end of the 12 AWG earth ground wire to the center terminal on the TII Protector.
3. Connect the other end of the earth ground wire to the grounding electrode system in conformance with the national and local code regulations. Refer to NEC Article 250 – Grounding in order to effectively ground the protector (See definition below).
4. Connect the red and green wires from the telephone cable respectively to the left and right screw terminals.

Effectively Ground: Intentionally connect to earth through a ground connection or connections of sufficiently low impedance and having sufficient current carrying capacity to prevent the buildup of voltages that may result in undue hazards to connected equipment or persons.

16. Base and Thermal Methodology

Base and Thermal Methodology - The calculation of the Annual values set forth below may differ slightly from the values calculated by the Company due to timing.

1. Enter the most current usage available.
2. Enter the HDD values for the months corresponding with the usage entered. The monthly HDD values are updated each month and can be found on the website.
3. HDD = difference between 65 (average temp for use of heat) and the average temperature for the day, unless the average temperature is > 65, then HDD = 0.
4. Forecasted DCQ = (Forecasted HDD X (Thermal Response X Monthly Thermal Adjustment Factor)) + daily baseload.
5. Actual DCQ= (Actual HDD X (Thermal Response X Monthly Thermal Adjustment Factor)) + daily baseload.

| Month | Usage – Dths | HDD | ANNUAL CALCULATIONS – Values in Dths | | | | | | | |
|---------------|--------------|--------------|--|----------|---|-----|-----------|-----|----------|------|
| Jan-07 | 1,045 | 1150 | Baseload | 1,139.00 | =Sum of the lowest 2 months between Jun & Sep | | | | | |
| Feb-07 | 980 | 1269 | Daily Baseload | 18.672 | =Baseload / # of days in the 2 lowest months | | | | | |
| Mar-07 | 1,096 | 1002 | Annual Baseload | 6,815.33 | =Product of the Daily Baseload X 365 days | | | | | |
| Apr-06 | 788 | 488 | Total Load | 9,551.00 | =Total annual load | | | | | |
| May-06 | 715 | 238 | Thermal Load | 2,735.67 | =Total load - Annual Baseload | | | | | |
| Jun-06 | 569 | 59 | Thermal Response | 0.430 | =Total Thermal Load / total annual HDD | | | | | |
| Jul-06 | 654 | 0 | MPDQ | 50.93 | =Thermal Response X 75 HDD + daily baseload | | | | | |
| Aug-06 | 570 | 19 | Released FT | 22.918 | =MPDQ X (percentage in section 4F) | | | | | |
| Sep-06 | 666 | 141 | GSS Storage Demand | 28.011 | =MPDQ X % indicated on Statement of Balancing Charges | | | | | |
| Oct-06 | 761 | 500 | Monthly Thermal Response Adjustment Factors | | | | | | | |
| Nov-06 | 771 | 617 | January | 100% | April | 85% | July | 0% | October | 85% |
| Dec-06 | 936 | 879 | February | 100% | May | 50% | August | 0% | November | 100% |
| Totals | 9,551 | 6,361 | March | 100% | June | 25% | September | 40% | December | 100% |

Negative Thermal Response Calculation - If the Base & Thermal Calculation calculates a negative thermal response, the Annual Values will default to the calculation below.

1. Enter the most current usage available.
2. The Annual Values will be calculated twice per year as stated in the calculations below.
3. Forecasted and Actual DCQ = Daily Baseload.

| Month | Usage | SUMMER CALCULATIONS (April through October) | | |
|---------------|--------------|---|--------|---|
| Jan | 788 | Daily Baseload | 41.032 | = MPDQ X 75% |
| Feb | 253 | Thermal Response | 0.000 | = ZERO |
| Mar | 344 | MPDQ | 54.710 | =Peak usage from Apr thru Oct / 31 Days |
| Apr | 292 | Released FT | 41.032 | = MPDQ X 75% |
| May | 141 | GSS Storage Demand | 0.000 | = ZERO |
| Jun | 917 | | | |
| Jul | 983 | WINTER CALCULATIONS (November through March) | | |
| Aug | 1,696 | Daily Baseload | 21.968 | = MPDQ X 75% |
| Sep | 875 | Thermal Response | 0.000 | = ZERO |
| Oct | 1,358 | MPDQ | 29.290 | =Peak usage from Nov thru Mar / 31 Days |
| Nov | 908 | Released FT | 21.968 | = MPDQ X 75% |
| Dec | 745 | GSS Storage Demand | 0.000 | = ZERO |
| Totals | 9,300 | | | |

**Negative Thermal response customers will receive 75% of MPDQ, which will be allocated across all contracts.*

The message- Due to the rate case changes TSA is disabling the DCQ reducing and TSA will stop sending these Messages.

In warmer than normal weather, these factors work well. However, that is not the case for colder than normal conditions. Therefore, the following protocol will be in place going forward:

For April and May - If the HDD is greater than 10 for any given day, the adjustment factor (currently 85% for April & 50% for May) will be set at 100%. When these conditions occur, a message (using the TSA website message board) will be sent to all the Marketers participating in monthly balancing that says:

"Due to the colder than normal weather forecast, your East and West Gate Thermal Responses for Gas Day _____, will be changed to: East=_____ and

West=_____. We are using the new Thermal Response(s) to calculate your Forecast / Actual DCQ."

If this calculation produces DCQ's greater than a marketer's DETI FT release, National Grid will only expect a nomination that is less than or equal to their DETI FT release.

For September - If the HDD is greater than 15 for any given day, the adjustment factor (currently 40%) will be set at 100%. When these conditions occur, a message (using the TSA website message board) will be sent to all the Marketers participating in monthly balancing that says:

"Due to the colder than normal weather forecast, your East and West Gate Thermal Responses for Gas Day _____, will be changed to: East=_____ and

West=_____. We are using the new Thermal Response(s) to calculate your Forecast / Actual DCQ."

If this calculation produces DCQ's greater than a marketer's DETI FT release, National Grid will only expect a nomination that is less than or equal to their DETI FT release.

For October - If the HDD is greater than 24 for any given day, the adjustment factor (currently 85%) will be set at 100%. When these conditions occur, a message (using the TSA website message board) will be sent to all the Marketers participating in monthly balancing that says:

"Due to the colder than normal weather forecast, your East and West Gate Thermal Responses for Gas Day _____, will be changed to: East=_____ and

West=_____. We are using the new Thermal Response(s) to calculate your Forecast / Actual DCQ."

If this calculation produces DCQ's greater than a marketer's DETI FT release, National Grid will only expect a nomination that is less than or equal to their DETI FT release.

17. National Grid Human Needs Customer Waiver

NATIONAL GRID HUMAN NEEDS CUSTOMER WAIVER

For Service Classification No. 5 & 7 Firm Customers: As defined in the PSC No. 219 Gas Tariff, customers served under Service Classification Nos. 5 & 7 classified as Human Needs must certify that they are 100% dual fueled or that they have continuous access to five (5) winter months (November–March) of primary firm capacity from a liquid receipt point into the Company’s east/west city gate, as applicable, sufficient to meet the customer’s MPDQ (Maximum Peak Day Quantity). You have been identified as Human Needs customer. If a Human Needs customer certifies to either of the above conditions, it may remain in Daily Balancing Service, but will forego its ability to obtain future backup gas supply service under the Company’s Tariff.

PLEASE COMPLETE **ONE** OF THE FOLLOWING:

_____ As an authorized representative, I certify that, as a Human Needs customer, my facility is 100% dual-fueled and will switch to its alternate fuel if the natural gas being transported for the facility by a gas marketer is curtailed. Additionally, the facility requests to be treated as a non-Human Needs customer.

Type of alternate fuel (Check One):

_____ #2 Fuel Oil _____ #4 Fuel Oil _____ #6 Fuel Oil _____ Electricity _____ Kerosene
_____ Other

OR –

OR-

___ YES, as an authorized representative, I certify that this facility is not 100% dual-fueled and requests that National Grid make the necessary arrangements to be switched to Monthly Balancing Service and be treated as a Human Needs customer.

Customer Name _____

Customer's National Grid Billing Account Number _____

Contact Name _____ Telephone Number _____

By signature below, I attest that all of the information on this form is true and correct.

Signature of Authorized Representative

Date

Title

RETURN THIS FORM TO:

NATIONAL GRID

ADDRESS

Internal Mail Drop

FAX #

**NOTE: FAILURE TO EXECUTE AND RETURN THIS FORM WILL
RESULT IN AUTOMATIC TREATMENT AS A HUMAN NEEDS
CUSTOMER AND APPLICATION OF APPLICABLE STANDBY CHARGES**

18. Renewable Interconnection Agreement Template

DIGESTER GAS SALES AGREEMENT

This Digester Gas Sales Agreement ("Agreement"), dated as of the __ day of ____, 201_ by and between _____[LDC] (hereinafter referred to as "Buyer" or "Company"), a _____[state] corporation with offices at _____[address] and _____[Seller] (hereinafter referred to as "Seller"), a _____[state] [entity type] with offices at _____[address] and each hereinafter referred to as a "Party" or collectively as the "Parties".

WHEREAS, Seller owns an anaerobic digester situated within a landfill located in _____ that recovers digester methane gas from _____; and

WHEREAS, Buyer is a regulated natural gas distribution company which owns and operates a natural gas distribution system in _____; and

WHEREAS, Seller desires to sell and deliver Pipeline Quality Processed Digester Gas to Buyer, and Buyer desires to purchase and accept such Processed Digester Gas from Seller; and

WHEREAS, Buyer has agreed to operate and maintain certain of the facilities required in connection with the delivery of Processed Digester Gas, and Seller has agreed to reimburse Buyer for performing such operation and maintenance services; and

NOW THEREFORE, in consideration of the foregoing premises and of the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

ARTICLE 1 DEFINITIONS

1.1 The term "Btu" means British Thermal unit, and shall be the quantity of heat required to raise the temperature of one (1) pound of water one degree Fahrenheit at sixty (60) degrees Fahrenheit at a pressure of 14.73 psia.

1.2 The term "Day" means a period of twenty-four (24) consecutive hours beginning and ending at 9:00 AM Central Standard Time.

1.3 The term "Delivery Point" shall mean the point of interconnection between the facilities of Seller and Buyer at or near the Landfill where Processed Digester Gas will be sold and delivered by Seller to Buyer under this Agreement, as shown on Exhibit "A" hereto. [Schematic drawing]

1.4 "Facilities" means those facilities that will be maintained by the Company pursuant to this Agreement and other facilities utilized in connection with the

delivery of Processed Digester Gas.

1.5 "Landfill" means the _____.

1.6 The term "Maximum Daily Quantity" (or "MDQ") is the maximum amount of Processed Digester Gas that Buyer is obligated to purchase on any Day during the term of this Agreement.

1.7 The term "MMbtu" means one million Btu.

1.8 The term "Month" means a period beginning at 9:00 AM Central Standard Time on the first Day of any calendar month and ending at 9:00 AM Central Time on the first Day of the next succeeding calendar month.

1.9 The term "Plant" means the digester and processing facilities operated by Seller located at the Landfill.

1.10 The term "Processed Digester Gas" means natural gas produced by Seller at the Plant.

1.11 "Services" has the meaning set forth in Article 8 of this Agreement.

1.12 "Pipeline Quality" has the meaning defined in latest version of AGA Report 4a.

ARTICLE 2 EFFECTIVE DATE AND TERM

2.1 The term of the Agreement shall commence as of the date first written above and shall remain in effect through _____, 20__, and from month to month thereafter unless terminated by either Party on no less than thirty (30) days prior written notice to the other.

2.2 Upon the termination of this Agreement for any reason, any monies due and owing Seller or Buyer shall be paid pursuant to the terms hereof, and any corrections or adjustments to payments previously made shall be determined and made at the earliest possible time. The provisions of this Agreement shall remain in effect until the obligations under this paragraph have been fulfilled.

ARTICLE 3 SALE AND PURCHASE OBLIGATIONS

3.1 Subject to the terms and conditions of this Agreement, Seller agrees to sell and deliver, and Buyer agrees to purchase and receive, each Day during the term of this Agreement, at the Delivery Point, a quantity of Pipeline Quality Processed Digester Gas equal to the lesser of (a) the quantity of Processed Digester Gas produced by the

Plant on such Day or (b) the MDQ for such Day.

3.2 As of the effective date of this Agreement, the MDQ shall be _____MMBtu.

3.3 Seller shall tender Pipeline Quality Processed Digester Gas for delivery at a substantially uniform rate of flow throughout each Day, at a minimum of 0 mdth/day and a maximum of ___ mdth/day, except that if Seller becomes aware that the rate of delivery or the total quantity of Pipeline Quality Processed Digester Gas, Seller will deliver for any Day will differ by more than _____ (%) (positive or negative) from that achieved the previous Day, Seller shall so notify Buyer's Gas Control Center at the contact set forth in Section 13.10 below. Seller also shall notify Buyer's Gas Control Center at least _____ (__) hours in advance of any suspension of Processed Digester Gas deliveries under this Agreement necessitated by Seller's maintenance of its Plant.

ARTICLE 4 PRICE OF GAS

4.1 The price paid for each MMBtu of Processed Digester Gas sold and purchased under this Agreement in any Month shall be equal to _____.

ARTICLE 5 TITLE TO GAS

5.1 Seller hereby warrants good and merchantable title to all Pipeline Quality Processed Digester Gas delivered hereunder, free and clear of all liens, encumbrances and claims whatsoever. Seller will indemnify Buyer and hold it harmless from any and all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of adverse title claims of any and all persons to said Pipeline Quality Processed Digester Gas.

5.2 Title to all Pipeline Quality Processed Digester Gas received by Buyer shall pass to Buyer at the Delivery Point. As between the Parties hereto, Seller shall be deemed to be in exclusive control and possession of the Processed Digester Gas deliverable hereunder and responsible for any damage or injury caused thereby until the same shall have been delivered to Buyer at the Delivery Point; thereafter Buyer shall be deemed to be in exclusive control and possession of such gas and responsible for any damage or injury caused thereby.

ARTICLE 6 GAS PRESSURE, TEMPERATURE AND QUALITY

6.1 Seller shall tender Pipeline Quality Processed Digester Gas for delivery to Buyer under this Agreement at the Delivery Point at pressures sufficient for such Pipeline Quality Processed Digester Gas to enter Buyer's facilities at such point, but in no event in excess of the maximum allowable operating pressure on Buyer's system which, at the time of execution of this Agreement, is ___ psig. Buyer shall promptly notify Seller

of any changes in the maximum operating pressure of the Buyer's system.

6.2 Seller shall tender Pipeline Quality Processed Digester Gas for delivery to Buyer under this Agreement at the Delivery Point at a temperature no less than __ degrees Fahrenheit and no greater than __ degrees Fahrenheit. Should Seller tender Processed Digester Gas to Buyer at the Delivery Point at a temperature colder or warmer than such range and Buyer's meter is damaged as a result, then in addition to and without limitation of any other remedy Buyer may have, Buyer shall be entitled to receive from Seller an amount equal to Buyer's cost to repair or replace such meter and any other related equipment affected.

6.3 Seller agrees that it will exercise reasonable care and diligence in tendering Pipeline Quality Processed Digester Gas for delivery to Buyer under this Agreement, and warrants that all Pipeline Quality Processed Digester Gas when tendered for delivery to Buyer hereunder at the Delivery Point shall:

- a. be compatible and interchangeable with pipeline gas as defined in _____;
- b. be within the limits set forth below: Table 1: Gas Quality Specifications

| Gas Quality Specification | Low | High |
|---|------------|--|
| BTU Content (Heat Content) [BTU/scf] | 980 | 1100 |
| Wobbe Number (capped @ 1400 w/ BTU of 1100) | 1290 | 1390 |
| Relative Density | 0.56 | 0.60 |
| Water Vapor Content [lb/MMscf] | - | 6.5 |
| Mercaptans (as Odorant) [lb/MMscf] | 0.35 | 0.75 |
| Hydrocarbon Dew Point, [°F] CHDP | - | 12°F |
| Hydrogen Sulfide (H₂S) | - | 2 ppmv |
| Total Sulfur | - | 1.0 ppmv |
| Diluent Gases Carbon Dioxide (CO₂) Nitrogen (N₂) Oxygen (O₂) Total Diluents | - | 2.0% 2.5% 0.15% Not to exceed 4.0% |
| Hydrogen | - | 0.1 vol% |
| Total Bacteria | - | Not Detectable |
| Mercury | - | Not Detectable |
| Other Volatile Metals (including arsenic) | - | Not Detectable |
| Siloxanes (D4) | - | Not Detectable |
| Ammonia | - | Not Detectable |
| Non-Halogenated Semi-Volatile and Volatile Compounds | - | Not Detectable |
| Halocarbons | - | Not Detectable |
| Aldehyde/Ketones | - | Not Detectable |
| Radon | - | <1 pci/L |
| PCBs | - | Not Detectable |
| Pesticides | - | Not Detectable |

NOTES:

1. *Not-detectable for purposes of this specification is defined as a value less than the lowest detectable level for a mutually agreeable standard industry analytical test method*
2. *BTU = commonly referred to as Higher Heating Value (HHV)*
3. *Wobbe = Interchangeability parameter; ratio of BTU content to specific gravity*
4. *In addition to the specified limits above, gas received into Buyer's pipeline system shall be pipeline quality and as such remain commercially free of objectionable materials and merchantable as defined in latest edition of AGA Report 4A "Natural Gas Contract Measurement and Quality Clauses"*

c. be monitored as to conformity with all of the foregoing criteria by manual test or by mutually acceptable continuous monitoring equipment; and Buyer will require quarterly random grab sampling to ensure gas is free of objectionable materials with analytical costs to be reimbursed by the Seller.

6.4 Seller shall maintain in good working order its facilities at the Plant that enable it to ensure that the pressure, temperature and quality of the Pipeline Quality Processed Digester Gas it tenders for delivery under this Agreement fully conform with the criteria set forth in this Agreement.

6.5 In addition to any and all other remedies that it may have, Buyer shall have the right to reject as non-conforming any Processed Digester Gas Seller tenders for delivery under this Agreement that fails to comply with the pressure, temperature or quality specifications set forth in this Agreement, and will maintain suitable equipment at Seller's premise in order to remotely monitor and shut off Seller's supply should it not meet such specifications.

6.6 The Parties shall develop a facility start-up gas quality sampling and testing plan (the "Plan") to ensure all equipment is functioning as and intended in order to provide Pipeline Quality Processed Digester Gas conforming to the quality specifications set forth in Table 1 above. The Plan shall include provisions regarding frequency of initial testing.

**ARTICLE 7
GAS MEASUREMENT**

7.1 The quantity of Processed Digester Gas delivered hereunder shall be measured according to Boyle's and Charles' Laws for the measurement of gas under varying temperatures and pressures and shall be determined as follows:

- a. the sales unit of the Processed Digester Gas delivered shall be one (1) MMBtu of gas measured as HHV on a real, dry, basis at standard temperature and pressure;
- b. the unit of weight for the purpose of measurement shall be one (1) pound mass of gas;

c. the average absolute atmospheric pressure shall be assumed to be 14.73 pounds per square inch; and

d. the temperature of gas passing through the meter shall be determined by the continuous use of a temperature measuring device; the arithmetic averages of the temperature recorded each twenty-four (24) hour Day shall be used in computing gas volumes or continuous instantaneous temperature measurements may be applied to metering instruments to provide the volume computation.

7.2 The metering equipment shall be sealed and the seals shall be broken only upon occasions when the meters are to be inspected, tested or adjusted, and representatives of Seller shall be afforded at least twenty-four (24) hour notice and reasonable opportunity to be present upon such occasions. Buyer shall use reasonable efforts to give Seller more than twenty-four (24) hour notice of such inspections, tests or adjustments.

7.3 Periodic tests of such metering equipment, at intervals not to exceed two times per year, will be made at any reasonable time upon request there for by Seller. If, as a result of any such additional test, the metering equipment is found to be defective or inaccurate, it will be restored to a condition of accuracy or replaced. If an additional test of the metering equipment is made at the request of Seller with the result that said metering equipment is found to be registering correctly or within two percent (2%) plus or minus of one hundred percent (100%) accuracy, Seller shall bear the expense of such additional test. If such additional test shows an error greater than two percent (2%) plus or minus of one hundred percent (100%) accuracy, then Buyer shall bear the expense of such additional test and any necessary repair or replacement.

7.4 All meters shall be adjusted as close as practical to one hundred percent (100%) accuracy at time of installation and testing. If any of the metering equipment tests provided for herein disclose that the error for such equipment exceeds two percent (2%) plus or minus of one hundred percent (100%) accuracy, and the period of inaccuracy cannot be reasonably ascertained, then the period of inaccuracy will be assumed to have begun at the midpoint in time between the discovery of the inaccuracy and the previous meter test.

7.5 Any correction in billing resulting from such correction in meter records shall be made in the next monthly invoice rendered by Buyer after the inaccuracy is discovered. Should any metering equipment fail to register the gas delivered or received during any period of time, the amount of Processed Digester Gas delivered or received during such period will be estimated by the Parties according to the amounts previously delivered or received during similar periods under substantially similar conditions, and upon mutual agreement of the Parties shall be used as the basis for billing for that period.

ARTICLE 8
OPERATION and MAINTENANCE SERVICES, EQUIPMENT REPLACEMENT COSTS

8.1 SCOPE - During the term of this Agreement the Company will perform, or cause to be performed, in a prudent and workman like manner the Services set forth in Section 8.2 below. Upon the mutual agreement of the Parties, the Company may perform additional Services (the "Unscheduled Services") in connection with the Facilities. In the case of emergencies that render the Facilities unsafe, the Company may perform emergency services that it deems necessary to make the Facilities safe (the "Emergency Services"), including shutting off gas supply and the gas delivery. The Company shall attempt to notify Seller prior to commencing any such Emergency Services, however if prior notification is impractical, the Company shall have the right to commence the Emergency Services immediately and to notify Seller within 24 hours thereafter.

8.2 SERVICES - During the term of this Agreement, the Company shall provide the labor and materials necessary to operate and maintain the gas meters, gas regulators, odorant system, gas chromatographs, telephone lines and other ancillary equipment required by the Company in connection with the delivery of Processed Digester Gas pursuant to this Agreement (the "Services"). The Services do not include repairs for damages, malfunctions or failures caused by or occurring as the result of: (a) repairs, adjustments or any other actions performed by persons other than the Company's authorized representatives; (b) failure of components not serviced by the Company's authorized representatives; (c) abuse, misuse or negligent acts of Seller or others; or (d) an event of force majeure as defined in Article 11 hereof. Installation of the equipment described above is the Seller's responsibility.

8.3 COST OF SERVICES - Seller shall reimburse the Company for the fully loaded cost incurred by the Company in performing the Services, Unscheduled Services and/or Emergency Services.

8.4 EQUIPMENT REPLACEMENT AT END OF LIFE – Seller shall reimburse the Company for the fully loaded cost to replace gas meters, gas regulators, odorant system, gas chromatographs, telephone lines and other ancillary equipment when such equipment reaches the end of its service life.

ARTICLE 9
BILLING AND PAYMENT

9.1 On or before the fifth (5th) day of each Month, Buyer shall notify Seller of the quantity of Processed Digester Gas delivered by Seller to Buyer during the preceding Month. Seller shall render a written statement to Buyer on or before the fifteenth (15th) day of such succeeding Month which, upon verification by Buyer, shall be paid by Buyer by the twenty-fifth (25th) day of such Month. If the twenty-fifth (25th) day of any Month falls on a weekend or bank holiday, payment by Buyer shall be due on the next succeeding business day.

9.2 The fully loaded costs incurred by the Company in performing any Services, Unscheduled Services and/or Emergency Services will be applied as an offset to the amount invoiced by Seller pursuant to Section 9.1 above.

9.3 AUDITS. Each Party shall have the right at its own expense to examine and audit at a reasonable time and upon reasonable prior notice the books, records and charts of the other Party relevant to this Agreement. Each Party shall use reasonable efforts to make available such records as may be necessary to verify the accuracy of any statements or charges made under or pursuant to any of the provisions of this Agreement. A formal audit of accounts shall not be made more than once each calendar year.

ARTICLE 10 ACCESS TO PREMISES

10.1 Seller agrees during the term of this Agreement that it will provide access as may be required by the Company's authorized representatives for the performance of its obligations hereunder. Upon 24 hours' notice, Seller shall grant access to, or obtain access for, the Company's authorized representatives for performance of the Services and the Unscheduled Services. Furthermore, Seller shall grant or obtain immediate access for the Company's authorized representatives for the performance of Emergency Services.

ARTICLE 11 FORCE MAJEURE

11.1 The term force majeure as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning earthquakes, fires, storms, floods, washouts, arrests, the order of any court of governmental authority having jurisdiction while the same is in force and effect, civil disturbances, explosions, breakage, accidents to machinery or lines or pipe, freezing of or damage to facilities, inability to obtain or unavoidable delay in obtaining material, equipment, and any other cause whether of the kind herein enumerated or otherwise, not reasonably within the control of the Party claiming suspension and which by the exercise of due diligence such Party is unable to prevent or overcome.

11.2 In the event of either Party being rendered unable, wholly or in part, by force majeure to carry out its obligations (other than the continuing obligation set forth herein below), it is agreed that on such Party's giving notice and full particulars of such force majeure in writing or by telegraph or teletype to the other Party within a reasonable time (not to exceed five (5) days) after occurrence of the cause relied on, the obligations of both Parties, so far as they are affected by such force majeure, shall be suspended during such period of force majeure, but for no longer period, and such cause shall so far as possible be remedied with all reasonable dispatch.

11.3 Neither Party shall be liable in damages to the other for any act, omission or

circumstance occasioned by, or in consequence of, force majeure, as herein defined. Such causes or contingencies affecting the performance by either Party, however, shall not relieve it of liability unless such Party shall give notice and full particulars of such cause or contingency in writing, to the other Party at the address set forth in Section 13.10 within a reasonable time after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either Party relieve it of liability in the event of its failure to use due diligence to remedy the situation and remove the cause with all reasonable dispatch, nor shall such causes or contingencies affecting the performance relieve Buyer from its obligation to make payments of amounts in respect of Pipeline Quality Processed Digester Gas delivered.

11.4 To the extent that, in Buyer's sole judgment. Buyer's ability to receive, measure monitor and/or odorize pipeline quality Processed Digester Gas is impaired by conditions on its system including, but not limited to, the performance of routine maintenance or repairs, then Buyer's obligation to purchase and receive such Processed Digester Gas shall be suspended for the duration of such condition.

ARTICLE 12 EVENTS OF DEFAULT

12.1 EVENTS OF DEFAULT - The occurrence of anyone or more of the following shall be an "Event of Default" under this Agreement:

- (a) Failure by a party to pay/reimburse any amount when due and payable that is required to be paid by the terms of this Agreement.
- (b) Failure by a party to perform any covenant, condition or agreement required to be performed by it by the terms of this Agreement that continues for a period of ten (10) days after the required date of performance.

12.2 REMEDIES ON DEFAULT.

- (a) The non-defaulting party shall have the right, upon written notice to the defaulting party, to terminate this Agreement upon any Event of Default.
- (b) Upon any Event of Default by the Company, Seller, or a designee of Seller, may cure any breach or default of the Company under this Agreement that resulted in an Event of Default (including the failure to perform Services), in which case the full cost thereof shall be reimbursed to Seller by the Company.

ARTICLE 13 MISCELLANEOUS

13.1 Except as provided hereinafter, neither this Agreement nor any rights or obligations hereunder may be assigned or transferred, by operation of law or otherwise by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Buyer

may assign this Agreement and all of its rights and obligations to an affiliate of Buyer at any time upon 30 days prior written notice to Seller.

13.2 Seller shall provide, at no cost to Buyer, all of the electricity and compressed air required for Buyer to operate the facilities that will measure, regulate and odorize the Processed Digester gas delivered by Buyer to Seller under this Agreement at Buyer's facilities for such purposes located at or near the Delivery Point.

13.3 The sale and delivery of Processed Digester Gas by Seller and the purchase and receipt thereof by Buyer are subject to all valid legislation with respect to the subject matter hereof and to all valid present and future orders, rules and regulations of duly constituted authorities having jurisdiction. Neither Buyer nor Seller shall be liable to the other for failure to perform any obligation hereunder where such failure is due to compliance with such valid laws, orders, rules or regulations. If any statute, order, rule, or regulation of a duly constituted authority having jurisdiction over a Party or the performance of this Agreement prevents Seller from charging or collecting the price or prices payable hereunder or prevents Buyer from recovering costs representing the price or prices payable hereunder, the following shall apply notwithstanding any other provision of this Agreement:

a. If Buyer is prevented from recovering any costs representing all or a portion of the price or prices payable hereunder, or Buyer's recovery of such costs is made subject to refund, Buyer may, at its option, terminate this Agreement by written notice to Seller, effective not less than sixty (60) days after delivery thereof;

b. If Seller is prevented from charging or collecting all or any part of the price or prices payable hereunder, or Seller's collection of such prices is made subject to refund, Seller may, at its option, terminate this Agreement by written notice to Buyer, effective not less than sixty (60) days after delivery thereof.

13.4 This Agreement sets forth all understandings between the Parties respecting the terms and conditions of this transaction. All other agreements, understandings and representations by and between the Parties hereto prior to this Agreement, whether consistent or inconsistent, oral or written, concerning this transaction are merged into and superseded by this written Agreement.

13.5 All headings appearing herein are for convenience only and shall not be considered a part of this Agreement for any purpose.

13.6 The Parties may, by mutual agreement, waive any provision herein; however, a waiver shall not be construed to constitute a continuing waiver hereunder and furthermore, a waiver by either Party of any one or more defaults by the other Party in performance of any provision of this Agreement shall not operate or be construed as a waiver of future default or defaults, whether of a like or different character.

13.7 Seller hereby agrees to indemnify and hold harmless Buyer from damage to Buyer's or third parties' property or injury to persons (including death) to the extent

resulting from the negligence of Seller, its servants, agents or employees, while engaged in activities under this Agreement. Buyer shall indemnify and hold harmless Seller from damage to Seller's or third parties' property or injury to persons (including death) to the extent resulting from the negligence of Buyer, its servants, agents or employees while engaged in activities under this Agreement except to the extent Buyer's Schedule for Gas Service (as filed with and approved by the Public Service Commission of the State of _____), limits Buyer's liability. The obligations under this Section shall survive termination of this Agreement.

13.8 THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF _____, WITHOUT REGARD TO ANY RULES GOVERNING CONFLICTS OF LAWS THAT WOULD REQUIRE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

13.9 This Agreement may be executed in several counterparts, each of which is an original and all of which constitute one and the same instrument.

13.10 Unless otherwise specified, any notice, request, demand, statement, bill or other payment provided for in this Agreement, or any notice which a Party may desire to give to the other, shall be considered duly delivered as of the earlier of the date of the receipt by the addressee or three (3) business days after the postmark date when mailed by ordinary mail or given to the addressee at the addresses listed below:

BUYER:

Notices:

Billings:

SELLER:

NOTICES and BILLINGS

(Original)

(Copy Submitted to)

IN WITNESS WHEREOF, The Parties have duly executed this Agreement as of the day and year first above written.

[Buyer]

By: _____

[Seller]

By: _____

ENGINEERING SERVICES REIMBURSEMENT AGREEMENT

THIS ENGINEERING SERVICES REIMBURSEMENT AGREEMENT ("Agreement"), effective as of this [] day of [] ("Effective Date"), is by and between [] ("Customer"), a [] organized and existing under the laws of [] with offices at [], and [] ("Company"), a corporation organized and existing under the laws of the State of [] with offices at [].

WHEREAS, Customer is proposing to build an anaerobic digester within a landfill located in [] that will recover methane gas from [] to be burned on site to generate electricity, with excess gas to be treated to meet pipeline gas specifications and sent to Company's natural gas distribution system (the "Project"); and

WHEREAS, Customer desires to have Company perform certain engineering services (as specified below) in connection with the Project, and Company has agreed to perform such services upon the terms and conditions set forth below;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties entering into this Agreement (each a "Party", and collectively, the "Parties"), with the intent to be bound, agree as follows:

ARTICLE I - SERVICES

1.1 Scope of Services. Company will perform those services specified in Exhibit A attached hereto and hereby incorporated herein ("Services"). No goods, equipment, or materials will be provided under this Agreement. This Agreement does not provide for generation interconnection service, procurement of equipment, installation or construction, or transmission service.

1.2 Customer's Responsibilities.

Customer shall provide/perform:

1. Complete and accurate information regarding requirements for Services, including, without limitation, constraints, space requirements and relationships, special equipment, systems, site requirements, underground or hidden facilities and structures, all applicable drawings and specifications, Process Hazards Assessment (PHA) and Facility Siting Study;
2. If and to the extent applicable, Company access to the site where Services will be performed;
3. A project manager who will be given the authority to coordinate all aspects of the Project between Customer and Company;

4. If and to the extent applicable, adequate parking and security for the vehicles of Company personnel performing the Services; and
5. Other responsibilities and access deemed necessary by, and in the sole discretion of, Company to facilitate performance of the Services.

Customer shall reasonably cooperate with Company as required to facilitate Company's performance of the Services. Other express Customer responsibilities, if any, shall be as specified in Exhibit A attached hereto.

Anything in this Agreement to the contrary notwithstanding, Company shall have no responsibility or liability under this Agreement for any defective performance or nonperformance to the extent such defective performance or nonperformance is caused by the inability or failure of (i) Customer to cooperate or to perform any of the tasks or responsibilities contemplated to be performed or undertaken by Customer in Exhibit A or elsewhere in this Agreement, or (ii) Customer and Company to reach agreement on any matter requiring their mutual agreement as contemplated in Exhibit A or elsewhere in this Agreement.

1.3 Unknown Conditions. Customer represents, warrants and covenants that all information provided by Customer is accurate and complete and acknowledges and agrees that Company may and will rely on this representation, warranty and covenant in performing under this Agreement. If, as a result of additional, different, or previously unknown information, any changes in Services are required that will result in an increase or decrease in the cost or time of performance under the Agreement, the Price, schedule and other affected provisions of this Agreement shall be equitably adjusted and this Agreement shall be amended in writing to memorialize such changes.

1.4 Changes and Extras. Customer may request changes in Services in writing. If any such changes will result in an increase or decrease in the cost or time of performance under this Agreement, the Price, schedule and other affected provisions of the Agreement shall be equitably adjusted and this Agreement shall be amended in writing to memorialize such changes. Company may make changes in Services with the prior written approval of Customer (which approval shall not be unreasonably withheld, conditioned, or delayed).

1.5 Governmental Requirements. Changes in Services may be necessary in order to meet the requirements of governmental authorities, laws, regulations, ordinances, Good Utility Practice (as such term is defined in Article V, Section 1, below) and/or codes. After Customer's approval (which shall not be unreasonably withheld, conditioned, or delayed), Company will make changes in Services as it deems necessary, in its sole discretion, to conform to such requirements. If any such changes will result in an increase or decrease in the cost or time of performance under this Agreement, the Price, schedule and other affected provisions of this Agreement shall be equitably adjusted and this Agreement shall be amended in writing to memorialize such changes. If Customer withholds its approval, and in Company's sole and exclusive judgment the withholding of approval by Customer is not reasonable, then, at Company's election, this

Agreement may be immediately terminated upon written notice to Customer.

ARTICLE II – PRICE, TAXES, AND PAYMENT

2.1 Price. The price for the Services to be paid by Customer shall be the actual costs and expenses incurred by the Company and its affiliates in connection with performance of the Services or otherwise incurred by Company in connection with this Agreement, and shall include, without limitation, any such costs that may have been incurred by Company prior to the Effective Date (the “Price”).

The Price shall include, without limitation, the actual costs and expenses for the following to the extent incurred in connection with performance of the Services: labor (including, without limitation, internal labor); materials; subcontracts; equipment; travel, lodging, and per diem paid in accordance with Company policy; copying and reproduction of materials, overnight delivery charges, certified mailing charges, first class mailing charges and similar types of incidental charges; transportation; carrying charges and surcharges; all applicable overheads including an Administrative and General (A&G) expense charge at Company’s current rate at the time of invoicing; all federal, state and local taxes incurred; all costs and fees of outside experts, consultants, counsel and contractors; all other third-party fees and costs; and all costs of obtaining any required consents, releases, approvals, or authorizations. All invoiced sums will include applicable expenses, surcharges, and federal, state and local taxes.

Exhibit B sets forth illustrative examples of hourly internal labor rates for certain engineer and project manager titles. Actual hourly rates may vary from these examples, based upon the salaries and titles of specific employees providing Services. For the avoidance of doubt, Customer shall be responsible for the actual costs and expenses incurred by the Company and its affiliates in connection with performance of the Services.

If Customer claims exemption from sales tax, Customer agrees to provide Company with an appropriate, current and valid tax exemption certificate, in form and substance satisfactory to Company, relieving Company from any obligation to collect sales taxes from Customer (“Sales Tax Exemption Certificate”). During the term of this Agreement, Customer shall promptly provide Company with any modifications, revisions or updates to the Sales Tax Exemption Certificate or to Customer’s exemption status. If Customer fails to provide an acceptable Sales Tax Exemption Certificate for a particular transaction, Company shall add the sales tax to the applicable invoice to be paid by Customer.

2.2 Payment. Customer shall provide Company with an initial prepayment in the amount of _____ US dollars (\$_____) (“Initial Prepayment”). Company shall not be obligated to commence performance of Services until it has received the Initial Prepayment. If, during the performance of the Services, Company determines that one or more additional prepayments are required before completing the Services, Company may, but is not required to, request additional prepayment from Customer; any such requests will be in writing. If an additional prepayment is requested and is not received

from Customer on or before the date specified in each such request, or if no date is specified, within 30 days of receipt of the written request, Company may cease work upon the depletion of the Initial Prepayment and any other prepayments made by Customer to date, as applicable. Upon Company's receipt of the additional requested prepayment from Customer (such prepayment to be additional to the Initial Prepayment and any other prepayments made by Customer to date), Company will continue to perform the Services. The Initial Prepayment and the additional prepayments (if any) represent estimates only.

Company is not required to request additional prepayments from Customer and may elect, in its sole discretion, to continue performing Services hereunder after the depletion of the Initial Prepayment, or any other prepayments made by Customer to date, as applicable, without additional prepayments and invoice Customer for such Services at a later date. Customer shall be responsible to pay Company the total Price for completing the Services actually performed by Company whether or not any additional prepayments were made at Company's request. Any election by Company to seek or defer additional prepayments in one instance shall not obligate the Company to seek or defer additional prepayments in any other instance.

Company will invoice Customer for all sums owed under this Agreement. With the exception of additional prepayments required under the first paragraph of this Section 2 of Article II, in which case the due date provided in such paragraph shall apply, payment shall be due in full within thirty (30) days of Company's submittal of an invoice, without regard to claims or off-sets. Payment shall be made in immediately available funds transmitted by the method specified in the invoice. A continuing late payment charge of 1.5% per month will be applied on any late payments.

If Company's Price for completing the Services is less than the Initial Prepayment plus any such additional prepayments paid by Customer under this Article ("*Total Prepayment*"), Company will refund the remaining unused portion of the Total Prepayment to Customer.

ARTICLE III - SCHEDULE, DELAYS, AND FORCE MAJEURE

Company will use reasonable efforts to commence the Services promptly following its receipt of all of the following: a fully executed Agreement, the Initial Prepayment, and all information required by this Agreement to be supplied by Customer prior to commencement of the Services.

If Company's performance of the Agreement is delayed by Customer, an equitable adjustment shall be made for any increase in the cost and/or time of performance caused by the delay.

Any delays in, or failure of, performance by Customer or Company, other than payment of monies, shall not constitute default and shall be excused hereunder, if and to the extent such delays or failures of performance are caused by occurrences beyond the reasonable control of Customer or Company, as applicable, including, but not

limited to, acts of God, Federal and/or state law or regulation, sabotage, explosions, acts of terrorism, unavailability of personnel, equipment, supplies, or other resources for utility-related duties, delays by governmental authorities in granting licenses, permits or other approvals necessary in connection with Services, compliance with any order or request of any governmental or judicial authority, compliance with Company's public service obligations, storms, fires, inclement or adverse weather, floods, riots or strikes or other concerted acts of workers, and accidents.

ARTICLE IV – INTELLECTUAL PROPERTY

Any drawings, specifications or other documents (i) prepared or used by Company, or (ii) prepared by Customer for Company in connection with this Agreement, shall be the proprietary, confidential information and sole property of Company at no cost to Company (collectively "*Materials*").

Excluding third-party owned documents and software, Customer is granted an irrevocable, nontransferable, and non-assignable license to use such Materials solely in connection with the Project. No commercialization of such Materials by Customer is authorized. Customer shall not disclose any of the Materials to any third party, in whole or in part, without the prior written consent of Company.

The obligations imposed by this Article IV shall survive the completion, cancellation, or termination of this Agreement.

ARTICLE V – PERFORMANCE

Company shall perform the Services in a manner consistent with "Good Utility Practice" (as such term is defined below); provided, however, that Company shall have no responsibility or liability in connection with (i) any items or services provided by Customer or its third party contractors or representatives whether or not such items or services are incorporated in the Services, (ii) any items or services provided, manufactured or licensed by third parties whether or not such items or services are incorporated in the Services, or (iii) any defects in Services that result from the acts or omissions of persons other than Company or accidents not caused by Company.

"Good Utility Practice" shall mean the practices, methods and acts engaged in or approved by a significant portion of the natural gas utility industry during the relevant time period, or any practices, methods and acts which, in the exercise of good judgment in light of the facts known at the time the decision was made, would have been reasonably expected to accomplish the desired result consistent with good business practices, safety, and law. Good Utility Practice is not intended to require or contemplate the optimum practice, method or act, to the exclusion of all others, but rather to be reasonably acceptable practices, methods, or acts generally accepted in the region in which the Services are to be performed.

ARTICLE VI – INSURANCE

From the commencement of the Agreement through its expiration, each Party shall provide and maintain, at its own expense, insurance policies issued by reputable insurance companies with an A. M. Best rating of at least B+ (collectively, the “*Required Insurance Policies*”). The Required Insurance Policies shall, at a minimum, include the following coverages and limitations:

Workers’ Compensation and Employers Liability Insurance, as required by the State in which the work activities under this Agreement will be performed. If applicable, coverage will include the U.S. Longshoremen’s & Harbor Workers’ Compensation Act, and the Jones Act. If a Party is a qualified self-insurer by the State, Excess Workers’ Compensation coverage shall be maintained in lieu of the Workers’ Compensation coverage.

Public Liability, including Contractual Liability and Products/Completed Operations coverage, covering all operations to be performed under this Agreement, with minimum limits of:

| | | |
|-----------------|---|----------------------------|
| Bodily Injury | - | \$1,000,000 per occurrence |
| Property Damage | - | \$1,000,000 per occurrence |

Automobile Liability, covering all owned, non-owned and hired vehicles used under or in connection with this Agreement, with minimum limits of:

| | | |
|-----------------------|---|----------------------------|
| Bodily Injury | - | \$500,000 per occurrence |
| Property Damage | - | \$500,000 per occurrence |
| OR | | |
| Combined Single Limit | - | \$1,000,000 per occurrence |

If requested, each Party will provide evidence to the other Party that it maintains the Required Insurance Policies required under this Article.

Either Party may elect to self-insure to the extent authorized or licensed to do so under the applicable laws of the State of _____, provided, that, the electing Party provides written notice of any such election to the other Party. Company hereby notifies Customer that it is a qualified self-insurer under the applicable laws of the State of _____ and that it elects to self-insure to satisfy its obligations under this Article.

ARTICLE VII – INDEMNIFICATION AND LIMITATION OF LIABILITY

7.1 Except as specifically provided herein, each Party shall indemnify and save harmless the other Party or the other Party’s directors, agents, officers, and employees against all claims, demands, losses, damages, judgments, and associated costs and expenses for property damage, personal injuries, bodily injuries, or death suffered by third parties (including but not limited to government agencies) arising out of such Party’s performance under this Agreement.

7.2 Neither Party, nor their directors, agents, officers or employees shall be liable to the other Party, its directors, agents, officers or employees for incidental, special, indirect or consequential damages of any nature connected with or resulting from their performance of this Agreement.

7.3 Company, its officers, directors, employees and agents shall not be liable to Customer, or its contractors or subcontractors, for any claims, costs, expenses, losses, damages, or judgments arising out of Company's document review. Customer shall indemnify and hold Company, its officers, directors, employees and agents, harmless from any such claims, costs, expenses, losses, damages or judgments of any of Customer's contractors or subcontractors. This indemnification and hold harmless obligation shall be separate from and independent of any other obligations of Customer to indemnify and hold harmless Company, its officers, directors, employees and agents.

7.4 Customer hereby undertakes to comply with all applicable federal, state and local laws, rules, ordinances and/or regulations in effect on the date hereof which regulate or control the design, engineering, construction and installation of the Project. Customer shall indemnify and hold Company, its officers, directors, employees, agents and servants, harmless from any loss, damage, penalty or injury, including Company's reasonable attorney's fees and expenses, resulting from Customer's violation of the above described laws, rules, ordinances and/or regulations. This indemnification and hold harmless obligation shall be separate from and independent of any other obligations of Customer to indemnify and hold harmless Company, its officers, directors, employees and agents.

ARTICLE VIII – TERM AND TERMINATION

8.1 The term of this Agreement shall expire thirty (30) months from the Effective Date. As of the expiration of this Agreement or, if earlier, its termination, the Parties shall no longer be bound by the terms and provisions hereof, except (a) to the extent necessary to enforce the rights and obligations of the Parties arising under this Agreement before such expiration or termination (including, without limitation, with respect to payment of all amounts due and payable hereunder), and (b) such terms and provisions that expressly or by their operation survive the termination or expiration of this Agreement.

8.2 Either Party may terminate this Agreement for convenience by delivery of written notice to the other Party, such termination to be effective on the tenth (10th) day following delivery of such written notice, or upon payment in full of all amounts due and payable hereunder, whichever is later. On or before the effective termination date of this Agreement, Customer shall pay Company all amounts due and payable as the Price for that portion of the Services performed to the effective date of termination ("*Amount Outstanding*"), including, without limitation, all costs and expenses incurred, less the Total Prepayment. In the event that the Total Prepayment exceeds the Amount Outstanding, Company shall remit the balance to Customer.

ARTICLE IX – MISCELLANEOUS PROVISIONS

9.1 Assignment and Subcontracting. Customer agrees that Company has the right, but

not the obligation, to (i) use the services of its affiliated companies in connection with the performance of Services, and (ii) issue contracts to third parties for, or in connection with, the performance of Services hereunder, without the prior consent of Customer, and that the costs and expenses of such affiliated companies or third parties charged or chargeable to Company shall be paid by Customer as part of the Price.

9.2 No Third-Party Beneficiary. Nothing in this Agreement is intended to confer on any person, other than the Parties, any rights or remedies under or by reason of this Agreement.

9.3 Amendment; Equitable Adjustments. This Agreement shall not be amended, superseded or modified, except in a writing signed by both Parties. In any circumstance in which this Agreement contemplates an equitable adjustment to Price, schedule or any other term of this Agreement, Company shall have no obligation to continue performance hereunder until and unless such equitable adjustment has been mutually agreed to by both Parties in writing.

9.4 Notices.

Any notice given under this Agreement shall be in writing and shall be hand delivered, sent by registered or certified mail, delivered by a reputable overnight courier, or sent by facsimile with electronic confirmation of receipt, to the party's representatives as follows:

Customer:

[_____]

Attn: []

[_____]

[_____]

Phone: [_____]

Facsimile: [_____]

Company:

With a copy to:

9.5 Waiver. No term of this Agreement may be waived except in a writing signed by an authorized representative of the Party against whom the amendment, modification, or waiver is sought to be enforced. Waiver of any provision herein shall not be deemed a waiver of any other provision herein, nor shall waiver of any breach of this Agreement be construed as a continuing waiver of other breaches of the same or other provisions of this Agreement.

9.6 Approvals. It is understood that Company may be required to obtain, regulatory,

and other third-party approvals and releases in connection with the provision of the Services. If so, this Agreement shall be effective subject to the receipt of any such approvals and releases, in form and substance satisfactory to Company in its sole discretion, and to the terms thereof.

9.7 Laws. This Agreement shall be interpreted and enforced according to the laws of the State of _____ and not those laws determined by application of the State of _____'s conflicts of law principles. Venue in any action with respect to this Agreement shall be in the State of _____; each Party agrees to submit to the personal jurisdiction of courts in the State of _____ with respect to any such actions.

9.8 Severability. To the extent that any provision of this Agreement shall be held to be invalid, illegal or unenforceable, it shall be modified so as to give as much effect to the original intent of such provision as is consistent with applicable law and without affecting the validity, legality or enforceability of the remaining provisions of the Agreement.

9.9 Integration and Merger; Entire Agreement. Customer and Company each agree that there are no understandings, agreements, or representations, expressed or implied, with respect to the subject matter hereof other than those expressed herein. This Agreement supersedes and merges all prior discussions and understandings with respect to the subject matter hereof, and constitutes the entire agreement between the Parties with respect to such subject matter.

9.10 Authority. Each Party represents to the other that the signatory identified beneath its name below has full authority to execute this Agreement on its behalf.

9.11 Information and Coordination Contact. _____, with contact information set forth above, or such other representative as Company may designate, will be the point of contact for Customer to submit the information required for Company to perform the Services stated in this Agreement. [_____] or such other representative as Customer may designate, will be the point of contact for Company to request additional information from Customer, if required.

9.12 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered an original, and all of which together shall constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile or other electronic transmission (including, without limitation, by e-mailed PDF) shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes. Signatures of the Parties transmitted by facsimile or other electronic means (including, without limitation, by e-mailed PDF) shall be deemed to be their original signatures for all purposes.

[Signatures are on following page.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

[Company]

By: _____
Name:
Title:

[Customer]

By: _____
Name:
Title:

EXHIBIT A

Scope of Services

Company's scope of Services shall be:

1. Assign a Project Engineer and Project Manager to provide technical support for the Project;
2. Arrange and schedule periodic Project meetings;
3. Provide standards for Customer to follow in order to design metering equipment in accordance with Company specifications;
4. Provide the specifications for the meters to be installed and determine the size and quantity of meters required;
5. Provide technical assistance as needed by Customer in reviewing the design and layout for analytical equipment to be installed by Customer in accordance with manufacturer's recommendations;
6. Provide technical assistance as needed by Customer in reviewing the design and layout for odorant equipment to be installed by Customer in accordance with applicable health and safety codes for the storage of odorant, including _____;
7. Review drawings and specifications created by Customer for the equipment set forth below. Company reserves the right to make changes to the design in order to meet Company standards;
8. Provide technical assistance as needed to ensure design is in compliance with National Grid's safety standards including performance of safety Process Hazard Analyses (HAZOP, PHA) and a Facility Siting Study if applicable;
9. Provide engineering services to assist Customer in design and development of specifications for the work to purchase and install the equipment and facilities set forth below; and
10. Discuss ownership and maintenance of the equipment and facilities set forth below in order to prepare a list of equipment ownership and identify the point of ownership transfer of the outlet piping and inlet piping on engineering drawings and piping and instrumentation drawings.

Equipment and Facilities Required for Project (to be provided by Customer):

1. Gas service and associated metering equipment for back up supply from Company;
2. Gas outlet system tie-in and associated metering equipment for gas produced on site (buy back meter);
3. Remote Terminal Unit (RTU) to transmit gas quality and flow data to Company's Gas Control Room;

4. Gas Chromatograph (10 component) to measure BTU, inerts (CO₂, N₂), Oxygen of digester gas including sampling probe and equipment;
5. Odorant Chromatograph to measure mercaptans, total sulfur, and H₂S in the digester gas including sampling probe and equipment;
6. Moisture Meter to measure amount of H₂O in the digester gas;
7. Remote control valve to enable remote shut-in of Customer's outlet in cases where gas from the plant is out of specification as listed in Table below;
8. Odorant injection system with sight glass diffusion probe, storage tank(s) with dike;
9. Gas filters with differential gages on plant outlet line, associated piping valves assemblies for sampling probes, access points and corrosion coupon insertion point;
10. Analyzer Building – prefab concrete building to house RTU and all analytical equipment with electric service and Power Conditioning, and Battery Back Up system, gas detector(s); and
11. Odorant Building – negative pressure concreted building to house odorant equipment with electric service and gas detector(s), charcoal filter, blower, fire suppression and monitoring equipment and appropriately designed spill containment (as required by _____ Fire Marshall).

Assumptions and Conditions:

Any dates, schedules or cost estimates resulting from the Services are preliminary projections/estimates only and shall not become or give rise to any binding commitment.

The Services contemplated by this Exhibit and this Agreement do not include any construction, relocations, alterations, modifications, or upgrades with respect to any facilities ("Construction"), nor does Company make any commitment to undertake such Construction. If the Parties elect, in their respective sole discretion, to proceed with any Construction: (i) such Construction would be performed pursuant to a separate, detailed, written, and mutually acceptable Cost Reimbursement Agreement to be entered into by the Parties prior to the commencement of any such Construction, and (ii) payment of all actual costs incurred by Company or its Affiliates in connection with or related to such Construction shall be the responsibility of Customer and Customer shall reimburse Company for all such costs.

For the avoidance of doubt: This Agreement does not provide for generation interconnection service, procurement of equipment, installation or construction. The Company shall not have any responsibility for seeking or acquiring any real property rights in connection with the Services or the Project including, without limitation, licenses, permits, consents, permissions, certificates, approvals, or authorizations, or fee, easement or right of way interests. Neither this Agreement nor the Services include securing or arranging for Customer or any third party to have access rights in,

through, over or under any real property owned or controlled by the Company.

EXHIBIT B

b. Holiday Schedule

New Year's Day
Martin Luther King Jr.'s Birthday
President's Day
Good Friday
Memorial Day
Independence Day
Labor Day
Veteran's Day
Thanksgiving Day
Day After Thanksgiving
Christmas Eve
Christmas Day
New Year's Eve

c. Glossary of Terms

“Actual Daily Contract Quantity” – Based on historic usage patterns and actual weather, the actual DCQ will be issued the day following the delivery of the forecasted DCQ.

“Aggregator” – A non-utility entity that aggregates customers (including Direct Customers) for the purpose of obtaining natural gas supply for those customers. It does not sell natural gas supply to those customers.

“Aggregated Group” - A group of customers who have contracted with a specific Marketer who combines the customers' load for purposes of nominations, scheduling, reconciliation of monthly imbalances and supplemental supply billing (Equivalent to a Marketer Pool).

“Annual Period” - The 12 Months beginning with the month in which the customer first receives service under the applicable Service Classification and each succeeding 12-month period.

“ARM” – Approved Remote Meter.

“Balancing” - A process that reconciles actual customer use with the amount of natural gas delivered to the LDC city gate. The difference between these two is called an imbalance.

“Base and Thermal Methodology” – Daily Baseload equals the customer's average daily usage in the two months of lowest daily usage during the period of June through

September. Annual Baseload equals Daily Baseload multiplied by 365. Thermal usage equals total usage during the twelve-month period minus Annual Baseload. Degree Day Usage equals Thermal Usage divided by the total number of degree days during the twelve-month period. The Maximum Peak Day Quantity equals the product of Degree Day Usage multiplied by 75 plus Daily Baseload. A negative thermal response will occur for customers whose Annual Baseload is greater than their annual usage.

“Baseload” – As applied to gas, the portion of a customer’s or group of customers’ load that does not vary seasonally or in response to variation in temperature.

“BCF” - Billion cubic feet.

“British Thermal Unit (BTU)” - The quantity of heat required to raise one pound of water (about one pint) one degree Fahrenheit at or near its point of maximum density. It is common in the natural gas industry to use the general/average value of 1034 BTUs = 1 Cubic Foot.

“Carbon Monoxide (CO)” - A poisonous, combustible gas formed by incomplete combustion of carbon, or reduction of carbon dioxide.

“City Gate” - The point of interconnection between a pipeline and a local distribution company where gas is delivered to the LDC. Some LDCs have multiple city gates served by the same or different pipelines.

“Company” – Shall mean Niagara Mohawk Power Corporation, dba National Grid, Niagara Mohawk Power Corporation, Niagara Mohawk, NM, National Grid or NG

“Core Customer - Defined as customers that (1) do not have alternatives to the use of gas and (2) those who receive either (a) firm sales service, or (b) firm transportation service and participate in the Company’s Monthly Balancing program, or (c) firm transportation service and purchase standby sales service. In the case of (c), a customer who receives firm transportation service and purchases standby sales service, the portion of the customer’s usage that will be considered “core” is limited to the customer’s elected Daily Contract Demand Level.

To the extent customers do not meet the definition of core customers as defined in Paragraph 3.2.3.1, they shall be deemed to be non-core customers.

“Critical Day” - A critical day exists when the LDC declares an OFO.

“Critical Period” - A period of operational stress or impending potential stress that may impact the integrity of the LDC’s gas distribution system or a force majeure event.

“Cubic Foot” - The amount of gas required to fill a volume of one cubic foot under stated conditions of temperature, pressure and water vapor, usually referenced to 14.7

PSI and 60 degrees Fahrenheit. It is common in the natural gas industry to use the general /average value of 1 Cf = 1034 BTUs.

“Curtailement” - The reduction of gas deliveries caused by a shortage of supply or a lack of pipeline capacity. Usually there is a stated priority of customers on the pipeline for the purposes of curtailing deliveries. Service to industrial customers, for example, is usually curtailed before service to residential customers.

“Customer Account Number”-The utility unique identifier associated with a utility customer.

“Customer Service System (CSS)” – National Grid’s billing system.

Daily Elected Contract Demand - (D1 Election) means the maximum daily quantity of standby sales gas which a customer may use as specified on their Application for Service Form T as set forth in the Company’s Gas Transportation Operating Procedures Manual. The Customer’s D1 Election may not exceed their Maximum Peak Day Quantity.

“Degree Days” – a measure of deviation in temperature used to indicate the need for gas to serve heating loads. The number of degree days on a day is calculated by subtracting the average daily temperature (average of the daily high and low temperature) from 65 degrees Fahrenheit.

“Dekatherm (Dth)” - A unit of heating (or thermal) value equal to 10 Therms or one million Btu’s (1MMBtu). 1 MMBTu = 1 Dth (or DT).

“DTR” – Demand Transfer Rate. A fee to recover pipeline costs that are billed to the Company on a fixed levelized basis and recovered from customers on a volumetric basis. This charge reconciles the collection from the customers with the amount paid to DETI from the Company.

“Design Day” - A 24-hour period of demand which is used as a basis for planning gas capacity requirements.

“Direct Customer” – A customer that purchases and schedules delivery of natural gas to the Company’s City Gate for its own consumption from one or more suppliers and not for resale. A customer with an annual use of a minimum of 3,500 dekatherms of natural gas at a single service point qualifies for direct purchases and scheduling of natural gas. Direct Customers do not have to file an application with the Department of Public Service, but must comply with certain operating requirements established by the Company.

“Distributed Generation Service” – Please refer to leaf # 215 of National Grid’s PSC No. 219 Gas Tariff

“DPS” – Department of Public Service.

“Dual-Fuel Capability” - The ability of a commercial or industrial end-user to burn fuels other than natural gas, usually coal, propane or fuel oil, at its option.

“Entity” – A natural person, corporation, partnership, association, or other legally recognized form of business organization.

“Federal Energy Regulatory Commission (FERC) [Successor to the Federal Power Commission]” - An independent federal agency created in 1977 which regulates, among other things, interstate wholesale sales and transportation of natural gas at “just and reasonable” rates.

“Firm Service” - The highest quality sales or transmission service offered to customers under a rate schedule that anticipates no interruption to that service.

“Forecast Daily Contract Quantity” – Based on historic usage patterns and expected weather conditions, the amount of gas that must be delivered daily by a Marketer.

“Force Majeure” - An “*Act of God*” or other unexpected and disruptive event beyond the control of buyer or seller which interferes with or precludes a party’s ability to perform under a contract. A force majeure clause in a contract is intended to excuse a party from performing a contract obligation if the event asserted is of the type specifically included within the language of the clause. It is strictly construed by most Courts.

“Forced Balancing Operational Flow Orders” - Orders issued by a pipeline or LDC in difficult operational circumstances to protect the integrity of its gas system, either by restricting service or requiring affirmative action by shippers.

“Form ‘T’ Agreement” – Transportation Agreement for large Commercial and Industrial customers (greater than 50,000 therms annual use) that must be executed by the customer and National Grid.

“FT” - Firm Transportation.

“FTNNGSS” – Firm Transportation No Notice Gas Storage Service.

“Gas Day” - A period of twenty-four consecutive hours beginning at 10:00 a.m. E.S.T., and ending at 10:00 a.m. E.S.T., the next calendar day.

“Gas Supply Service (GSS)” – The furnishing of gas supply, including transportation to the Company’s City Gate, to meet a customer’s needs, exclusive of the delivery service provided by the Company under its tariff.

“Gas Week (Bid Week)” - Usually the last full week each month when gas purchasers firm up and finalize their required gas purchases and transportation arrangements for the upcoming month. All parties (utilities, marketers, shippers, etc.) finalize their upstream and downstream transportation arrangements for the upcoming month.

“Gas Confirmation Process” - The process by which a gas supplier’s nomination to the LDC city gate is verified by the pipelines and the LDC upstream and downstream along the path of the gas suppliers.

“GSS” – Gas Storage Service.

“Human Needs Customer” - High priority customers such as residences, hospitals and nursing homes, for which failure to get gas could be life threatening.

“Interruptible Service” - Transportation service that is subject to interruption for lack of gas supply or pipeline capacity at the insistence of the gas seller or the pipeline as the case may be. (In the context of a gas purchase contract, it is sometimes referred to as “best efforts” service.) Rates for interruptible service are lower than those for firm service.

“Interstate Gas” - Natural gas transported in interstate pipelines and consumed in a state other than the one in which it was produced.

“Intrastate Gas” - Natural gas produced, sold and consumed in the same state without being transported in interstate commerce and not made subject to federal (FERC) jurisdiction.

“IT” – Interruptible Transportation.

“Involuntary Switch” – A process or situation where a customer’s Marketer is changed from one provider to another without the customer’s authorization. This type of switch includes when the Marketer goes out of business, assigns its customers to another Marketer or decides to no longer serve a particular customer, or where a customer returns to the Company as a result of a Marketer’s failure to deliver. An Involuntary Switch that is not in accordance with the “Discontinuance of Service” provision set forth in Service Classification No. 11 of the Company’s tariff is referred to as Slamming.

“Line Loss” - The amount of gas lost in a distribution system or pipeline.

“Line Pack” - Inventory of gas in a pipeline or in a gas distribution system.

“Liquefied Natural Gas” - Natural gas which has been liquefied by reducing its temperature to minus 260 degrees Fahrenheit at atmospheric pressure. It remains a liquid at minus 116 degrees Fahrenheit and 673 psig. In volume, it occupies a volume 1/600 of that of the vapor.

“Load Factor” - The ratio of the average consumption to maximum consumption for the same time period. Most commonly the average annual daily consumption divided by the maximum daily consumption during a 12-month period.

“Local Distribution Company” - The company whose primary function is to distribute gas supply procured by it or by Marketers or Direct Customers, to retail gas users. LDCs also provide transportation service to retail end users as well as other services.

“Lost and Unaccounted for Gas (LUG)” - The difference between the quantity of gas available from all sources (purchased, transported, and locally produced) and the quantity accounted for by sales or company uses. Lost and unaccounted for gas is primarily associated with leakage, metering inaccuracies and theft.

“Market Participants” - LDCs, Marketers or their agents, Direct Customers, Pool Operators, and Pipelines involved in bringing gas to an LDC’s city gate.

“Maximum Allowable Operating Pressure (MAOP)” - The maximum pressure at which a gas system may be operated.

“Maximum Peak Day Quantity (MPDQ)” – The maximum quantity (based on 75 degree days) of gas that the customer may take on any winter day. Customers will be assigned an MPDQ in accordance with the Base and Thermal Methodology.

“Minimum Storage Inventory Level (MSIL)” – Marketers participating in Monthly Balancing must meet storage levels based on released storage capacity upstream of NM’s City Gate from October 1 through March 15.

“Mcf” - One thousand cubic feet. The average domestic user consumes 100 – 200 Mcf annually. Very roughly, 1 Mcf = 1 MMBTu = 1 Dth = 1 gigajoule.

“MMBTU” - One million British Thermal Units.

“MMcf” - One million cubic feet.

“New York Mercantile Exchange (NYMEX)” - A shipper’s request to move a certain volume of gas on a pipeline during a given period. Most nominations are made on a daily basis, although intraday nominations are required by NAESB standards and hourly nominations are possible on some pipeline systems.

“Normal Degree Day” - Estimated (normalized) degree-days for a given day based on historical average.

“Normalized” - Adjusted for weather using weather normalization (degree-day) factors.

“North American Energy Standards Board, Inc (NAESB)” - A non-profit North American industry association whose mission is “to develop and promote standards to simplify and expand electronic communications, and to simplify and streamline business practices that will lead to a seamless marketplace for natural gas.”

“Peaking” – Service provided by National Grid on days when actual DCQ exceeds all other capacity released to the marketer

“Peak Day” - The day in which the highest volume of gas is delivered into the utility’s system in order to meet usage demands.

“Peak Month” - The month in which the highest volume of gas is delivered into the utility’s system in order to supply usage demands.

“Pool Operator” – An eligible Marketer or other qualified entity responsible for deliveries, balancing, and settlement activities for a Direct Customer or another Marketer.

“Pools” - Pools are groups of customers supplied by one Marketer.

“Pooling Point” - A physical or logical point where gas is aggregated from many receipt points to serve a number of contracts without tying a particular receipt point to a particular contract. Pooling points have traditionally been thought of as mainline pipeline receipt points. Under Order 636 that definition was expanded to include places where title passes from the gas merchant to the shipper, or where aggregation, balancing and penalties are determined. Order 636 prohibits tariffs that inhibit the development of pooling points.

“Pro Rata Allocation” - Methodology that allows all customers within a defined group or pool to receive the same proportion of gas available as their portion of total volumes under contract (as opposed to first-come, first-served).

“PSC” – Public Service Commission.

“Receipt Point” - The point at which gas is delivered into a pipeline, such as the interconnection between a producer’s production (or processing) facilities and the pipeline system.

“Sales Service” – Service provided under Service Classification Nos. 1, 2, or 3.

“SupplierSelect Program” – The distribution and delivery by the Company to the customer of natural gas furnished by the customer or by a third party on the customer’s behalf pursuant to the provision of Service Classification No. 11 of the tariff.

“System Alert” - An announcement of actual or pending events that if unchecked may result in an OFO.

“The Company” – Niagara Mohawk Power Corporation d/b/a National Grid.

“Thermal Response” – The actual daily demand in dekatherms minus the non-temperature sensitive daily baseload quantity in dekatherms; thermal response is the resulting difference divided by the heating degree days on that day.

“Throughput” - The volume of gas flowing through a pipeline or distribution system.

“Voluntary Switch” – A process or situation where a customer’s energy supplier is changed from one provider to another with the customer’s direct authorization.

d. Uniform Business Practices

Appendix B

Case 98-M-1343

February 2016

Please refer to the New York State Public Service Commission website at www.dps.ny.gov under Natural Gas/Power to Choose.