GAS TRANSPORTATION OPERATING PROCEDURE MANUAL

FOR

THE BROOKLYN UNION GAS COMPANY D/B/A NATIONAL GRID NY (KEDNY) AND KEYSPAN GAS EAST CORPORATION D/B/A NATIONAL GRID (KEDLI)

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1 INTRODUCTION

Brief Description of Manual Contents

Pursuant to the New York Public Service Commission's (PSC) direction, these operating procedures are intended to provide both Energy Service Companies (ESCOs) and Direct Customers using gas transportation service in National Grid's service territories with a guide to the general rules, regulations, terms and conditions for eligibility and utilization of gas transportation service in their service territories. "National Grid" (or the "Company") includes:

The Brooklyn Union Gas Company d/b/a National Grid NY (formerly d/b/a KeySpan Energy Delivery New York (KEDNY)), hereinafter referred to as "Brooklyn Union Gas" or "KEDNY" and KeySpan Gas East Corporation d/b/a National Grid (formerly d/b/a/ KeySpan Energy Delivery Long Island (KEDLI)), hereinafter referred to as "KeySpan Gas East" or "KEDLI."

National Grid's Gas Transportation Operating Procedure Manual is subject to periodic update and changes. The manual will be available on National Grid's website, www.nationalgridus.com, which should be visited for the latest downloadable version.

This manual should be used in conjunction with the KEDNY and KEDLI gas tariffs. It is not intended to supersede any of the existing tariffs.

New York State Public Service Commission information and requirements may be obtained by visiting its website at: www.dps.ny.gov

2 OVERVIEW OF NATIONAL GRID

a Corporate Structure

National Grid

Information about National Grid's business can be found on the National Grid web site: www.nationalgrid.com.

Retail Access 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 (or Marketers). 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, and MA territories.

Specifically, the Gas Transportation 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 with the Wholesale Gas Supply Department and the Gas Control group.

The Customer Choice team, under the Customer Strategy and Operations, 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. This team also performs regulatory reporting.

Moreover, the Customer Choice team 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 both the aforementioned groups of the department.

Individual customers should contact KEDLI Customer Assistance Center at 1-800-490-0025 and KEDNY Customer Assistance Center at 1-718-643-4050.

<u>Gas Supply Planning</u>
Robert Moore – Director

Gas Transportation

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

The KEDNY/KEDLI contacts are:

Nancy Andrews
(516) 490-9362
Nancy.Andrews@NationalGrid.com
Jason Schlittenhardt
(516) 490-9467
Jason.Schlittenhardt@nationalgrid.com
Catherine Wunsch
(516) 450-9360
Catherine.Wunsch@nationalgrid.com

Customer Operations and Strategy

John Perla – Director, Customer Operations and Strategy
Lauren Baker – Manager, Customer Choice/Supplier Services

KEDNY/KEDLI contacts are:

- Michelle Rapp
- Blanca Romano

Customer Choice Billing and Creditworthiness

- Stephanie Brown
- Monique Holligan – SAP Billing
- Kirsten Richards
- Konica Shandal

ESCO Onboarding

-
- Konica Shandal

All correspondance with Customer Choice New York jurisdiction and Customer Choice Billing and Creditworthiness will be carried out via the "Contact Us Form" that can be reached via the following links:

KEDNY: https://www.nationalgridus.com/energy-service-companies/Metro-NY/ESCO-Support

KEDLI: https://www.nationalgridus.com/energy-service-companies/Long-Island/ESCO-Support

Gas Control

Gas Control is responsible for the day-to-day operation 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 GTIS. The 24/7 phone numbers for Gas Control for KEDLI are 631-861-2903; 2842; phone numbers for Gas Control, KEDNY are 631-861-2901; 2902. E-mail for both groups can be sent to GasControlDownstateNY@nationalgrid.com.

b Affiliate Transaction Standards

The Company's affiliate transaction standards can be found in Appendix 11 of the Joint Proposal approved by the Commission's August 12, 2021 "Order Adopting Joint Proposal, as Modified, and Imposing Additional Requirements" in Cases 19-G-0309 and 19-G-0310.

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 Territories

KEDNY and KEDLI

The Brooklyn Union Gas Company d/b/a National Grid NY (KEDNY)

The City of New York comprising the Boroughs of Brooklyn, Queens (former Wards 2 and 4 only) and Staten Island. See territory map below.

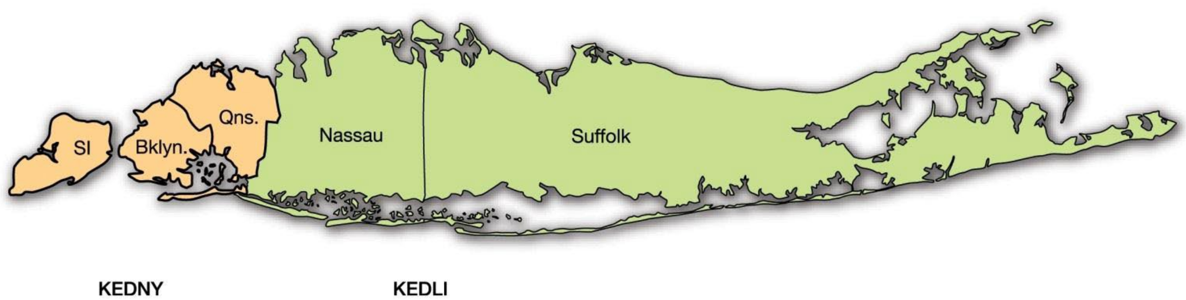
KeySpan Gas East Corporation d/b/a National Grid (KEDLI)

All of Nassau and Suffolk Counties and the Fifth Ward of the Borough of Queens. See territory map below.

Pipelines and Designations of Receipt Points

Pipeline	Receipt Point
Iroquois	South Commack Hunts Point
Tennessee Transcontinental Gas Pipeline	White Plains Narrows Long Beach Rockaway
Texas Eastern	Goethals

Territory Map



d *Service Classifications*

1. The Brooklyn Union Gas Company (KEDNY)
Please see KEDNY's gas tariff, P.S.C. No. 12, for specific service classifications and rates.

2. KeySpan Gas East Corporation (KEDLI)
Please see KEDLI's gas tariff, P.S.C. No. 1, for specific service classifications and rates.

e *Customer Breakdown*

The following statistics show a breakdown of KEDNY and KEDLI by customer segments.
Customers and Annual DTH as of June 2025.

1. Sales

KEDLI Sales	Customers	Annual Dths
Residential Non-Heating	71,552	1,189,060
Residential Heating	487,909	58,737,987
Non-Residential	53,332	24,966,634
Non-Firm Demand Response	75	137,235
KEDNY Sales	**Customers**	**Annual Dths**
Residential Non-Heating	519,211	3,799,084
Residential Heating	624,253	67,734,292
Non-Residential	56,050	32,461,628
Non-Firm Demand Response	1,630	8,879,078

2. Transportation

KEDLI Transportation	Customers	Annual Dths
Residential Non-Heating	1,430	21,768
Residential Heating	7,832	1,151,445
Non-Residential	8,554	18,213,257
Non-Firm Demand Response	2	121,184
KEDNY Transportation	**Customers**	**Annual Dths**
Residential Non-Heating	25,070	1,054,387
Residential Heating	24,243	3,306,200
Non-Residential	13,695	36,872,512
Non-Firm Demand Response	227	2,451,933

3 UNIFORM BUSINESS PRACTICES GENERIC TO AGGREGATION AND LARGE VOLUME TRANSPORTATION CUSTOMERS

The Uniform Business Practices (UBP) set forth in this section were originally approved by the New York State Public Service Commission on January 22,1999 and updated as of September 2020 in Case 98-M-1343. For the most recent version of the Uniform Business Practices, please refer to the Commission's website at www.dps.ny.gov. If 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 UBP, Section 3.

b Customer Information

This section establishes practices for the release of customer information by distribution utilities or Meter Data Service Provider (MDSP) 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 extent developed, for transmittal 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.

c Invoicing, 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 UBP 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. For additional details, please refer to UBP, Section 7.

Specific topics in the UBP include but are not limited to:

UBP Section 2 Paragraph F for details surrounding actions that may be taken bv the distribution utility for failure of ESCO or Direct Customer to make payment.

Section 7 Paragraph B for details surrounding invoicing for charges to ESCOs from the utility.

Section 7, Paragraph C for details regarding invoicing questions and disputes.

Requirements for billing and payment processing options offered by a distribution utility and ESCO in a multi-retailer model are outlined in UBP Section 9. The Section does not establish requirements for billing and payment processing in a single retailer model. A distribution utility and ESCO shall comply with the requirements established in Section 9,unless they agree upon modifications or other procedures for billing and payment processing in a Billing Services Agreement. For additional details, please refer to UBP, Section 9.

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.

e Switching Customers

An ESCO, Energy Broker or Energy Consultant shall transmit a gas enrollment request to a distribution utility no later than 10 business days prior to the effective date of the enrollment. The enrollment request shall contain as a minimum, the information required for processing set forth in Attachment 5, 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, Energy Broker or Energy Consultant 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 UBP, Section 5.

f Slamming Prevention (Unauthorized Customer Transfers)

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 UBP, Section 5.

g Discontinuance of Service

Customers returning to full utility service shall arrange to return to full utility service by contacting either the ESCO, Energy Broker or Energy Consultant or the distribution utility in accordance with UBP Section 5(H). An ESCO, Energy Broker or Energy Consultant contacted by the customer shall, within one business day, 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, Energy Broker or Energy Consultant about their returning to full utility service provided, however, that if the customer has already contacted the ESCO, Energy Broker or Energy Consultant or wants to proceed without contacting the ESCO, Energy Broker or Energy Consultant the utility shall, within one business day, 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.

For involuntary discontinuance of an ESCO, Energy Broker, Energy Consultants or Direct customer's participation, please refer to UBP Section 2, Paragraph F of the UBP.

h Dispute Resolution

UBP Section 8 describes the process whereby disputes involving distribution utilities, ESCOs, Energy Brokers, Energy Consultants 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, Energy Brokers, Energy Consultants 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, Energy Broker, Energy Consultant or Direct Customer to submit any dispute to another body for resolution. For additional details, please refer to UBP, Section 8.

i *Consolidated Billing*

A distribution utility and ESCO, Energy Broker or Energy Consultant 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, Energy Broker or Energy Consultant that offers consolidated billing shall use a bill ready method. For additional details, please refer to UBP Section 9.

In accordance with the UBP, National Grid offers a Consolidated Billing Program. Please direct any questions regarding consolidated billing to Konica Shandal (konica.shandal@natioanlgrid.com)

j *Marketing Standards*

The standards that ESCOs, Energy Brokers or Energy Consultants and ESCO marketing representatives must follow when marketing to customers in New York are detailed in UBP Section 10. It specifies standards relative to training of marketing representatives and in-person and telephone contact with customers. ESCOs, Energy Brookers or Energy Consultants shall not engage in misleading or deceptive conduct as defined by State or federal law, or by Commission rule, regulation or Order. ESCOs shall not contract with or otherwise do business with Energy Brokers and Energy Consultants that are not registered with the Commission pursuant to UBP Section 11. Customer enrollments facilitated by an unregistered Energy Broker or Energy Consultant shall be invalid. ESCOs, Energy Broker or Energy Consultant 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 UBP Section 10.

4 GAS DELIVERY MANAGEMENT PROCEDURES FOR RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS – FIRM TRANSPORTATION

Core Monthly Balancing Program

ESCOs serving customers taking transportation service under SC 17 for KEDNY or SC 5 for KEDLI must participate in the respective company’s Core Monthly Balancing Program.

The following provisions are applicable to the Core Monthly Balancing Program

ESCOs enrolling Community Choice Aggregation (CCA)/municipal gas aggregation (MGA) customers will be placed in a DUNS+4 pool. Refer to Section 11.3 for definition and Section 11.7 for chart in this GTOP for additional information.

a Become an Approved Gas Supplier

The approval processes for KEDNY and KEDLI are outlined on their respective National Grid websites under "Become an Approved Gas Supplier". The websites are:

https://www.nationalgridus.com/energy-service-companies/Metro-NY/Become-an-approved-supplier (KEDNY)

https://www.nationalgridus.com/energy-service-companies/Long-Island/Become-an-approved-supplier (KEDLI)

Note: Make sure that " Metro NY" or "Long Island NY" appears in the pathway in the upper left-hand corner of the site. If not, then click arrow under "New York" and select "Become an Approved Supplier" under either the "Metro New York" or "Long Island NY" banner.

Please reach out to the contacts listed below before commencing with the process as the procedure and the forms sometimes change.

- Konica Shandal: Konica.Shandal@nationalgrid.com

Step One:
Acquire approval from the New York Department of Public Service (NYPSC).

Step Two:
Once NYPSC approval has been granted, email a scanned copy of the approval letter, along with separate scanned copies of the following documents, to the contacts listed above:

- KEDNY KEDLI ESCO Application
- Approved Supplier Enrollment Form
- Taxpayer Form W-9 Certificate
- NY State Resale Certificate ST-120 (NY and/or LI)
-
- US-NSP Supplier Data Template
- Bank Letter (on bank letterhead) which supports US-NSP Template
- *Data Security Agreement (DSA) between ESCO and National Grid
- EDI Pre-testing working sheet (NY and/or LI)
- EDI Phase III Functional Waiver Agreement NY LI (optional)

- *Seller Service Agreement (LI SC8, NY SC19)
- *NAESB (NY and/or LI)
- Capacity Release Agreement (NY and/or LI)

If ESCO is interested in POR consolidated billing, ESCO must also provide the following:

- *Billing Services and Purchase of Accounts Receivables Agreement (BSA) Form for either KEDLI or KEDNY
- BSA Appendix A – KEDNY KEDLI
    - UCC Debtor lien Search – Performed in ESCO's state of incorporation.
    - Third Party Payment Authorization– only if ESCO wants POR payments sent to a third party.

*Executable Agreement

Note: If an ESCO does not choose POR, then the ESCO will be subject to a creditworthiness check as specified in the Uniform Business Practices Section 3. If an ESCO fails the creditworthiness check then the ESCO will be asked to post a security deposit once the ESCO begins to enroll accounts. The amount of the security deposit will be based upon the ESCO's enrollment level.

<u>Step Three</u>:
Once the documents have been collected and lien requirements satisfied, the ESCO must complete Electronic Data Interchange ("EDI") Phase III testing with National Grid.

Prior to beginning EDI testing, the ESCO will be required to post a cash deposit based on the level of testing required. This deposit will accrue interest, at the same rate as customer deposits, and be refunded if the ESCO commences with retail operations in the KEDLI and/or KEDNY service territories within 3 months of receiving final approval. If for any reason the ESCO fails to commence retail operations within the required time period, the deposit will be forfeited to the Company. The following amounts apply per region:

- EDI Core Transactions only: $5,000
- EDI Core Transaction and Single Bill Testing: $10,000

For additional information on EDI Data Dictionaries and Implementation Guides, please refer to the PSC website, www.dps.ny.gov.

<u>Step Four</u>:
Once EDI testing has been completed, the ESCO will receive an email stating that the approval process steps have been completed. At this point, the ESCO is able to request gas consumption history via EDI for KEDNY and/or KEDLI accounts.

The three months countdown to begin service and receive a refund of the EDI deposit begins now. If the completion email is received after the pool lock date for the following month, that month will not be counted towards the deadline. The ESCO must provide a list of prospective customers, for each region, that demonstrates the ESCO's ability to meet the annual normalized load requirement of 50,000 therms. The ESCO may begin enrolling accounts in a region only after National Grid has confirmed that the respective list of accounts satisfies the annual normalized load requirement for the region. Further, in order to begin serving customers in any given month, the ESCO must meet the minimum annual normalized load threshold in the ESCO's Pool report no later than 5 business days prior to the month's Pool lock date.

b Customer Eligibility

Service is available under KEDLI SC 5 and KEDNY SC 17 for the transportation by KEDLI and/or KEDNY of customer-owned natural gas to:

(i) a single Customer with a single facility or meter, that can demonstrate annual natural gas consumption of at least 3,500 DTHM at the single meter; (ii) a group of Customers that can demonstrate annual natural gas consumption of at least 5,000 DTHM; (iii) a single entity or firm with facilities at more than one location or having more than one meter that can demonstrate annual natural gas consumption of at least 3,500 DTHM at a single meter; and (iv) a single entity or firm with facilities at more than one location or having more than one meter that can demonstrate annual natural gas consumption of at least 5,000 DTHM.

Service to a single Customer will commence under these Service Classifications only after KEDLI and/or KEDNY has received documentable notice and agreement in addition to a Seller Agreement for service under this Service Classification executed by Seller for the applicable service period. Service to a group of Customers will commence under these Service Classifications only after KEDLI and/or KEDNY has received documentable notice and agreement and a Seller Agreement for service under these Service Classifications executed by Seller for the applicable service period.

For a Seller Agreement to be effective under these Service Classifications, the Seller must be qualified in conformance with the provisions of Service Classifications No. 8 (KEDLI) and/or 19 (KEDNY).

Service under this Service Classification will commence on the first day of the month.

c Customer Profiles

KEDNY and KEDLI will provide ESCOs with customer profiles (base, slope, load factor, and customer usage) in the format of 867HU Electronic Data Interchange (“EDI”) transactions. The Company will provide up to two years of monthly customer usage (actual or estimated), to the extent available within the Company’s customer system. The inclusion of the customer’s two-year usage history in the customer profile will facilitate ESCO’s nominations of ESCO’s delivery requirements and management of ESCO’s swing assets.

The Customer System calculates customer’s Base and Slope using the customer’s two-year usage history.

The Base factor for non-heat gas usage is determined as follows:

For KEDLI and KEDNY, the Base factor is determined by summing the therms associated with the four lowest summer months over the course of the prior 24 months. The Base equals the total therms divided by the total number of summer days in the four months. If 12 months of historical usage does not exist, the customer will be provided with a Base and Slope, based on their tariff code, from a set schedule of Base and Slope values.

The Slope, or temperature sensitive gas usage, is derived for both KEDNY and KEDLI by taking the sum of the total therms over the same 24 months, less the base load multiplied by the number of days for the period, divided by the actual heating degree days for the period.

d Enrollment Procedures

Enrollments are processed via EDI. Effective dates for enrollments will always be the first day of the following month. The deadlines for submitting the ENROLL and DROP transactions will adhere to the Uniform Business Practices as amended from time to time.

Enrollments and Drops may be submitted up to 10 business days prior to the last day of the current month.

e Delivery Quantity Determination Procedures - Core Daily Delivery Quantities

Core Daily Delivery Quantity (Core DDQ)

The ESCOs will be expected to make daily deliveries to the Company’s city gates, based on the ESCO’s core customer’s Daily Delivery Quantity (Core

DDQ). For ESCOs serving a pool with more than one customer, ESCO will be expected to deliver an amount that is equal to the aggregate of all of the ESCO's customers' Core DDQs. All ESCO pools for a specific month will be "locked" 10 business days prior to the end of the prior month. At this point, ESCOs will be able to view preliminary pools, and ESCO's customers' base and slope components, within GTIS. The pools will become final 2 days after the pool lock date.

ESCOs must verify ESCO pools monthly. The ESCO can view ESCO's preliminary pool reports in GTIS for the upcoming month any time after the second business day of each month. If ESCO notices a discrepancy, the discrepancy should be reported to Customer Choice as soon as possible via the Customer Contact system to allow sufficient time to investigate any discrepancy prior to the pool lock.

A Core Customer's DDQ will be calculated by multiplying forecasted HDDs by a customer's Slope and adding the product to the customer's Base. The Core DDQ is adjusted by UFG as an allowance for losses incurred in the process of delivery to the customer's metered facilities. Each ESCO's aggregate Core DDQ is rounded to the nearest whole DTH and posted to the Company's GTIS as the ESCO's daily requirement. (Forecasted and Actual weather location is measured at the Central Park weather station)

ESCO will manage daily and seasonal load swings of ESCO's pools by adjusting gas deliveries each day based on ESCO's pools forecasted Core DDQ for the next day. On Friday, the Company's GTIS will provide each ESCO with a forecasted requirement for Saturday, Sunday, and Monday. For company holidays, the forecasted requirements will cover the holiday and the day after.

The ESCO's forecasted Core DDQ will be locked on the preceding business day. The Core DDQ will be displayed during the nomination process and ESCO will be required to nominate to the city gate the supply needed to meet ESCO's customer pools locked forecasted Core DDQ for the next day.

A weather true-up will be carried out in which the forecasted Core DDQ will be adjusted to reflect the actual temperatures by applying actual HDDs once the actual temperatures become available. Any difference between forecasted Core DDQ and the weather adjusted actual Core DDQ will be trued up through adjustments to the ESCO's Tier 2B Retail Access Storage levels during the winter months (Nov-Apr). If the weather true-up adjustment exceeds the capability of the ESCO's Tier 2B Retail Access Storage, the Company will cash out the excess at the Daily Cash Out Price. When a weather true-up occurs during a summer month (May-Oct), any difference between the forecasted Core DDQ and the weather adjusted actual core DDQ will be cashed out at the Daily

Cash Out Price. The actual weather adjusted Core DDQ will be used to determine the ESCO's Monthly Imbalance Account.

f Capacity Assignment - Mandatory Capacity Program

ESCO's are required to complete a Capacity Release Agreement. See Appendices XI and XII for KEDLI and KEDNY agreements, respectively.

<u>Mandatory Capacity Program</u>

ESCOs serving customers under the Core Monthly Balancing Program must participate in the Company's Mandatory Capacity Program subject to the terms and conditions of the KEDLI and KEDNY tariffs and this Gas Transportation Operational Procedures Manual. The Mandatory Capacity Program consists of several capacity tiers: 1) Tier 1 – Pipeline Capacity Release; 2A) Tier 2A – Physical Storage Release: 2B) Tier 2B – Retail Access Storage and 3) Tier 3 – Peaking Service (allocated only if an ESCO's Tier 1, and Tier 2 allocations are not sufficient to meet ESCOs total estimated pool requirements)

The Company will use the aggregate Base and Slope components of each ESCO pool to provide the ESCO with sufficient portfolio assets to meet the design day requirements of each ESCO's pool. These portfolio assets will reflect (on a proportional basis) the mix of transportation and storage assets used by the Company to serve its firm sales customers.

ESCOs will also be provided access to additional storage assets every April in the form of a physical release of storage capacity from the Company's Gulf Coast Storage assets.

ESCOs must be certified with the ability to receive capacity from National Grid, on the pipelines released as part of this Mandatory Capacity Program by the pool lock date of any month for which ESCO plans on serving load; in the case of Canadian capacity assigned pursuant to this Mandatory Capacity Program, a replacement shipper designated by the ESCO to receive an assignment of capacity on its behalf must also be certified. This includes maintaining good standing with respect to the credit requirements of each pipeline and timely payment of pipeline charges. National Grid reserves the right to discontinue providing transportation service in accordance with the tariffs and the applicable terms of the suppler services agreements. ESCOs will not be able to receive capacity from National Grid on any pipeline on which the ESCO is deemed to lack certification; the ESCO will remain liable for costs associated with their allocated capacity. National Grid reserves the right to remove from the system any ESCO who fails to meet this certification requirement. Pipelines on which capacity is released under the Mandatory Capacity Program include;

- Algonquin
- Eastern Gas Transmission and Storage, Inc. (EGTS)
- Enbridge
- Iroquois
- Millennium
- TransCanada
- Texas Eastern
- Tennessee
- Transco

An import license may be needed, and it can be obtained from the Canadian National Energy Board website using their on-line application. Below is the applicable link:

-

  http://www.neb-one.gc.ca/oas/la/s15ab_ShrtTrmNtrlGs_ImprtExprt_Ovrvw.aspx?lang=En

Tier 1 – Pipeline Capacity Release

Subject to the conditions described below, the Company will release to theESCOs interstate pipeline transportation capacity which will be used for deliveries to the City Gates. Considering the issuance of FERC Order 712-B (April 16, 2009), the Company may release its interstate pipeline capacity in the Program to an ESCO either as principal or as an agent for its customers for the specified time periods. The pipeline allocation of Tier 1 capacity will be determined by the ESCO's total capacity volume (as determined by Base and Slope) and will be evaluated monthly. If the average temperature is 23 degrees Fahrenheit or below, or if peaking supplies are required, then the ESCO must deliver supply to the Company's City Gate points in a manner that conforms to the Tier 1 pipeline capacity release volumes on each pipeline as supplied to the ESCO by the Company every month. However, if the temperature is above 23 degrees Fahrenheit, andif no peaking supplies are required, there will be no restrictions on the Transco city gate. Please see Appendix D for a sample calculation of the Tier 1 Pipeline Capacity Release allocation. The 23 degrees can be modified at the Company's discretion.

Every November, Tier 1 pipeline capacity volumes shall be released on the following pipelines, in percentages that will change based upon the amount of the Company's total contracted pipeline capacity at the time of release:

Transcontinental Gas Pipeline (Transco) Long Haul (monthly)
Transco Leidy Line (6 months)
Transco Leidy Line Seasonal (5 winter months)
Transco Rockaway (6 months)

Texas Eastern Pipeline (TETCO) Long Haul (6 months)
Texas Eastern Pipeline (TETCO) Leidy Short Haul (6 months)
Tennessee (6 months)
Tennessee -Tetco (6 months)
Iroquois Northeast 07 (NE07) (annually)
Iroquois Dawn via Waddington (annually)
Iroquois EGTS Leidy (6 months)

Each month, changes in capacity will swing on the Transco Long Haul contract. This is described in more detail below. In cases where the Company does not have enough Transco Long Haul capacity to execute the total capacity release required, the ESCO will receive additional Transco assets to provide the total capacity release required.

Each May, the paths released for a six-month term will be reallocated as per specified percentages. Capacity volumes above these allocations will be allocated on Transco Long Haul.

If an ESCO begins serving load after November but before May, ESCO's entire capacity volume will be allocated on Transco Long Haul.

If an ESCO begins serving load in May, then ESCO's capacity volume will be allocated as per the May capacity release protocol.

If an ESCO begins serving load after May but before November, ESCO's entire capacity volume will be allocated on Transco Long Haul.

The Company will release pipeline transportation capacity to ESCOs at the Company's respective monthly weighted average costs of capacity (WACOC) for the month in which the capacity release occurs. The ESCOs will be invoiced directly by the pipeline companies for the physically released domestic assets. The WACOC for the NE07 and DAWN paths will only be applied to the Iroquois Pipeline portion of the released capacity. ESCOs receiving capacity on the NE07 and DAWN paths will have to pay the pipelines directly, at max rates, for Enbridge Pipeline assets; the Company will credit the ESCOs for these charges on the monthly ESCO bill.

No less than three business days prior to the first of the following month, an ESCO wishing to re-assign its capacity on Enbridge and/or TransCanada must notify the Company and include the following information:

1. The name of the entity that the capacity was originally released to
2. The volume to be released in GJ/day and dt/day
3. List the Canadian pipeline TransCanada and/or Enbridge for the capacity re-assignment.

4. The term of the assignment
5. The legal name of the new entity to which the capacity will be re-assigned

The Company reserves the right to reject an ESCO's requests for reassignment of Canadian capacity.

Base Component – non-temperature sensitive load
The ESCOs will be allocated pipeline transportation capacity on a one-for-one basis to satisfy the Base loads of the customers in the ESCO's pool. Pipeline transportation capacity shall be defined as the net Maximum Daily Quantity of all the transportation assets under contract by the Company that are not associated with a storage asset and delivered to the city gates for the applicable month.

Slope Component – temperature sensitive load
The remaining pipeline transportation capacity is the total company pipeline transportation capacity less what has been allocated to satisfy Base component of firm sales and transportation customers. ESCOs will be allocated ESCO's share of the remaining pipeline transportation capacity based on the percentage that ESCO's Slope component represents of the total system Slope. On a monthly basis, the Company will tally the total Slope component for all firm customers (sales and transportation) and the aggregate Slope component for each ESCO. The percentage of the remaining pipeline transportation capacity that an ESCO will receive is derived by dividing ESCO's aggregate Slope component by the total firm customers' Slope component.

The volumes of pipeline transportation capacity associated with the Base and Slope components for each ESCO will be grossed up for UFG and added together for the total release amount.

The Company will recalculate the ESCO's required capacity volume each month to reflect an increase or decrease in customers. If an ESCO's total capacity volume change does not exceed (+/-) 2,500 Dth then the entire change will be represented as an adjustment to the ESCO/s Tier 1 Transco Long Haul capacity release volume. Should the decrease in capacity release volumes exceed the ESCO's monthly release on Transco Long Haul, adjustments will be made on the remaining pipelines in the following order: Transco 6 month contracts, TETCO, Tennessee, IROQ EGTS Leidy, IROQ DAWN and IROQ NE07.

If an ESCO's total month to month change in capacity release volume exceeds (+/-) 2,500 Dth/day, then a "circuit breaker" approach will be implemented in which all volumes associated with non-annual releases will be proportionally recalculated based on the prior released percentages. ESCOs, either existing or with new pools, will not be eligible for a circuit breaker until the ESCO receives November or May capacity release.

Iroquois Daily Delivery Requirements

For November 1 through April 30, ESCOs will be required to deliver at least 22% of ESCO's Core DDQ each gas day via Iroquois. There will be no Iroquois Daily Delivery Requirements for May 1 through October 31. This percentage will be reviewed annually and updated as necessary.

National Grid may need to establish minimum delivery requirements at other points due to operational needs. The Company will provide a 30-day notice prior to this requirement going into effect. The notice will go out via the GTIS message board.

Summer Injections

The ESCO's pipeline transportation capacity releases will be adjusted for summer injections. The Company will project its end-of-winter storage balance for the storage contracts managed by the Company to determine the summer injection volumes needed to fill storage to approximately 98% by November 1st of each year. An ESCO's pro rata share of these summer injection volumes will reduce ESCO's summer tier 1 transportation capacity release quantity. The Company will determine the summer injection volumes and divide it by the number of days required for injection to determine the amount to subtract from the summer injection months' available transportation capacity release.

KEDLI and/or KEDNY reserve the right to change the Selected Pipelines to one or more of the pipelines named in the Pipeline and Receipt Point Section of this GTOP. Such a decision will be determined by the capacity and operational availability of the respective pipelines and their ability to accommodate capacity or operational concerns or issues.

The ESCO is required to meet all obligations required by the Selected Pipelines under their respective tariffs.

Tier 2A – Physical Storage Capacity Release

The Company will release physical storage capacity from each of the releasable storage contracts to the ESCO or ESCO's agent for each twelve-month period starting May 1st. The amount of physical storage capacity release from each storage contract is determined by multiplying: 1) the capacity of the storage contract by; 2) the ratio of the ESCO's Slope component to the Company's Slope component. The total Tier 2A physical storage capacity release volume is equal to the sum of the quantities released from each storage contract.

An ESCO that begins serving load to a new pool after May 1st will not receive any Tier 2A (physical storage) for new pool until the following May. Instead, National Grid will adjust the pool's Tier 2B (retail access storage) in the months of November through April to a level that satisfies the pool's total storage requirement as indicated by ESCO's pool size.

The releasable GSS storage contracts are:

- BUG EGTS contract 300004
- KGE EGTS contract 300005
- KGE EGTS contract 300174
- BUG EGTS replacement contract

The releasable FSMA storage contracts are:

- BUG TGP contract 1533
- KGE TGP contract 62829

National Grid will release storage capacity consistent with the ESCO pool volume or the minimum volume required by pipeline.

The ESCO will pay the following monthly charges directly to the storage provider:

Tier 2A Physical Storage Demand Charge
The Tier 2A Physical Storage Demand Price stated in dollars per dekatherm reflects the Company's Weighted Average Cost of Storage Capacity (Storage WACOC). ESCO will pay a Tier 2A Physical Storage Demand Charge each month determined by multiplying the Tier 2A Physical Storage Demand Price by the amount of physical storage capacity that is released.

The Tier 2A Physical Storage Variable Charges, which will be determined by the storage provider.

<u>Physical Storage Inventory Transfers</u>

In conjunction with the initial physical storage capacity release, the Company will transfer physical storage inventory that is available in each of the releasable storage contracts to the ESCO or ESCO's Agent. The amount of physical storage inventory transferred will be in proportion to: 1) the amount of physical storage capacity that is released to the ESCO and 2) the amount of the Company's physical storage inventory that is available at the time of transfer.

The Seller will pay the Company a Tier 2A Physical Storage Inventory Charge during the month of transfer determined by multiplying the Physical Storage Transfer Price by the amount of Physical Storage Inventory transferred to the Seller.

At the end of each 12-month period, when the Company adjusts the Physical Storage Capacity that will be released, the Company will only transfer Physical Storage Inventory to ESCOs or Agents of ESCOs who did not receive Physical Storage Capacity or Physical Storage Inventory Transfers 12 months earlier, or if ESCO had Physical Storage and Inventory recalled. These would be ESCOs who were not serving Firm Monthly load at the time of the previous release. The Company will notify the ESCO of the amount of the transfer no later than five (5) business days prior to the 1st of the next month and will perform the transfer no later than three (3) business days prior to the 1st of the next month.

Additional Tier 1 Transportation Capacity Associated with Released Tier 2A Physical Storage Capacity

Each 12-month period, the Company will release, to the ESCO or ESCO's agent, Tier 1 pipeline transportation capacity associated with released Tier 2A physical storage capacity. The amount of pipeline transportation capacity released on each transportation contract will be in proportion to the amount of physical storage capacity that is released.

The releasable Transportation contracts are as follows:

- KGE Transco contract 9062488 (FT)
- KGE Transco contract 9062489 (FT)
- BUG Transco contract replacement contract (FT) – May through April
- BUG Transco contract replacement contract (FT) - May through April
- KGE Transco contract 1003833 (FT X-287)
- BUG Transco contract 1003831 (FT X-285)
- KGE EGTS contract 700090 (FT-GSS) – Nov through March
- BUG EGTS replacement contract (FT – GSS) – Nov through March
- BUG EGTS contract 100003 (FTNN)
- KGE EGTS contract 100004 (FTNN)
- BUG TGP contract 217 (FT- A)
- KGE TGP replacement contract (FT- A)

The demand charges associated with the additional pipeline transportation capacity are captured in the Tier 2A Physical Storage Demand Charges that the ESCOs will pay each month directly to the pipeline. Variable charges, as determined by the pipeline, will be paid directly to the pipeline.

Minimum Storage Inventory Level
ESCOs participating in Monthly Balancing Service must meet Minimum Storage Inventory Levels (MSIL) each month indicated by the chart below. The MSIL requirements are applied to each ESCO's released Tier 2A Physical Storage Capacity field. Pursuant to this, ESCO must provide National Grid with storage balance four times per year. ESCO must submit proof of MSIL for end of the following months; January, February, August and October. These months will

confirm whether ESCO is at the appropriate inventory level in the winter months, on track during the summer and at the start of the winter season. During said months, ESCO must submit end of Month MSIL by the 2nd business day of the subsequent month ESCO will remain responsible for meeting the MSIL during the months that are not checked by the Company. The ESCO must provide backup from the pipeline indicating proof of ESCO's MSIL and complete the below form provided by National Grid.

<table>
<tr><th colspan="7">End of Month _____ MSIL _____%</th></tr>
<tr><td>ESCO Name</td><td colspan="6"></td></tr>
<tr><td rowspan="4">KEDNY</td><td colspan="2">EGTS K# 300004</td><td colspan="2">EGTS K# 5F9755</td><td colspan="2">TGP K# 1533</td></tr>
<tr><td>Replacement K#:</td><td></td><td>Replacement K#:</td><td></td><td>Replacement K#:</td><td></td></tr>
<tr><td>EOM Volume:</td><td></td><td>EOM Volume:</td><td></td><td>EOM Volume:</td><td></td></tr>
<tr><td>EOM %:</td><td></td><td>EOM %:</td><td></td><td>EOM %:</td><td></td></tr>
<tr><td rowspan="4">KEDLI</td><td colspan="2">EGTS K# 300005</td><td colspan="2">EGTS K# 300174</td><td colspan="2">TGP K# 62829</td></tr>
<tr><td>Replacement K#:</td><td></td><td>Replacement K#:</td><td></td><td>Replacement K#:</td><td></td></tr>
<tr><td>EOM Volume:</td><td></td><td>EOM Volume:</td><td></td><td>EOM Volume:</td><td></td></tr>
<tr><td>EOM %:</td><td></td><td>EOM %:</td><td></td><td>EOM %:</td><td></td></tr>
</table>

<u>EGTS & TGP</u>

The MSILs for withdrawals and injections are as follows:

November – April Minimum EOM Inventory Levels

Begin % Nov	95
EOM November	90
EOM December	75
EOM January	45
EOM February	15
EOM March	1
EOM April	0

May – October Minimum Injection Schedule Levels

Begin % May	0
EOM May	9
EOM June	28
EOM July	48
EOM August	66
EOM September	80
EOM October	95

If any ESCO falls below the MSILs set forth above, ESCO will have ten calendar days from the first of the month to cure the deficiency. If the ESCO fails to meet the MSIL within ten days, or if the ESCO fails to confirm compliance with the MSIL within the ten calendar days., then the ESCO's customers will be returned to Sales service and all capacity releases, including Physical Storage Release and Transportation Capacity Associated with Physical Storage, will be recalled subsequent to the next release month. In the case where the maximum injection per day does not satisfy the MSIL, we will expect the ESCO to do an in-ground storage transfer to get to the correct MSIL percentage or contact the pipeline for additional options to meet the MSIL.

Any remaining Physical Storage Inventory will be transferred to the Company and the Company shall pay the ESCO an amount equal to the volume transferred times the Company's Tier 2A Physical Storage Inventory Price as of the month of transfer. In addition, the ESCO will be debited for an amount equal to the delta between the MSIL and the volume transferred back to the Company multiplied by the Company's Tier 2A Physical Storage Inventory Price as of the month of transfer.

Tier 2A Physical Storage Capacity and associated Transportation Capacity will also be recalled if an ESCO's Total Tier 2B Retail Access Storage capacity level drops to a point that is less than or equal to their released Tier 2A Physical Storage Capacity level. This review is not performed between May 1 and October 31 since Tier 2B Retail Access Storage is not released during this time period. However, the ESCOs will still be obligated to satisfy MSILs as set forth in the injections schedule presented above.

The remaining Physical Storage Inventory, up to an amount equal to the MSIL for the month of transfer as stated above, will be transferred to the Company and the Company shall pay the ESCO an amount equal to the volume transferred multiplied by the Company's Tier 2A Physical Storage Inventory Price as of the month of transfer.

Under this situation, the ESCO shall receive only Tier 2B Retail Access Storage at a level that satisfies the total storage level warranted by ESCO's pool size. The Company will adjust the ESCO's Tier 2B Retail Access Storage Inventory by the amount purchased by the Company from Tier 2A Physical Storage Inventory, provided this amount does not put the Tier 2B inventory level above the maximum level.

If an ESCO ceases operations, the ESCO's customers will be returned to Sales service and all capacity releases, including Physical Storage Release and Transportation Capacity Associated with Physical Storage, will be recalled. Any remaining Physical Storage Inventory, up to an amount equal to the MSIL for the month of transfer, will be transferred to the Company and the Company shall pay the ESCO an amount equal to the volume transferred multiplied by the Company’s Tier 2A Physical Storage Inventory Price as of the month of transfer. In addition, the ESCO will be debited for an amount equal to the delta between the MSIL and the volume transferred back to the Company multiplied by the Company’s Tier 2A Physical Storage Inventory Price as of the month of transfer. Inventory volumes in excess of MSIL will be purchased at the Company’s discretion.

In the event the ESCO has their Physical Storage recalled, the Company requires notification of the amount that will be transferred to the Company no later than (5) business days prior to the 1st of the next month. Once approved by the Company the transfer must be executed no later than (3) business days prior to the 1st of the next month.

<u>Tier 2B - Retail Access Storage</u>

The Company will provide retail access storage from November 1 through April 30. On a monthly basis, each ESCO will be allocated Tier 2B retail access storage by multiplying all the non-released company’s storage contracts by the ratio of the ESCOs aggregated Slope component to the aggregated Slope component of all firm customers (sales and transportation). Please see Appendix D for a sample calculation of the Tier 2B Retail Access Storage allocation.

The ESCOs will need to maintain monthly Storage Inventory levels as dictated by the applicable Rule Curve and Ratchets. The Rule Curve and Ratchets will be updated annually and will be distributed to the ESCOs monthly, between November and April, along with ESCO’s Capacity Releases.

A penalty will apply if an ESCO ends March31st with an inventory level percentage that is above the higher of 45% or the end of March LDC inventory percentage. See Appendix D for a sample calculation of “Must Turn” penalty.

The ESCO can use ESCO’s Tier 2B to nominate to the city gate to satisfy ESCO’s Core DDQ. In addition, ESCO may also initiate two types of Storage Transfers: Inventory or City Gate.

Inventory Storage Transfers must go to other Core Monthly Balancing ESCOs who have received Tier 2B Retail Access Storage. The sending ESCO can transfer any volume up to the volume of inventory that ESCO has above the current month’s rule curve. Likewise, the receiving ESCO can accept any volume up to ESCO’s maximum Retail Access Storage Capacity as indicated by the current month’s capacity release process.

City Gate Storage Transfers can be sent to the city gate for the sending ESCO’s other deal types (Non-Firm Monthly pool or Non-Firm Daily pool) or to any other ESCO for any deal type. The sending ESCO can transfer a volume up to ESCO's MDWQ. The receiving ESCO can accept any volume for Non-Core Daily Balancing deal type. However, the receiving ESCO can only accept volumes for Non-Core Monthly Balancing and Core Monthly Balancing deal types such that the total of the transfer along with ESCO's other nominations for the day does not exceed ESCO's Non-Core or Core DDQs.

Each ESCO will pay, monthly between November 1 and April 30, a Tier 2B Demand Charge that is calculated by multiplying the Tier 2B Demand Price by the ESCO's Tier 2B Retail Access Storage and dividing by six months.

The Tier 2B Demand Price stated in dollars per dekatherm is a capacity price determined by adding: 1) the annual fixed costs of the Company's Retail Access Storage contracts in (a) above plus; 2) the fixed costs of the Company's pipeline transportation contracts required to refill these storage contracts for the period May through October plus; 3) the annual fixed costs of the Company's peaking service contracts used to provide Tier 3 Peaking Service and then dividing by; 4) the Company's quantity of Retail Access Storage.

Each ESCO shall also pay, on a monthly basis between November 1 and April 30, a Tier 2B Commodity Charge that is calculated by multiplying the Tier 2B Commodity Price by the Tier 2B volume that the ESCO delivers to the Company's city gate.

The Commodity Price (reflected in dollars per dekatherm) will be derived by adding: a) the Company's weighted average commodity cost of gas in underground storage plus b) the unitized variable costs to withdraw and deliver storage inventory to the Company's city gates.

The Tier 2B Commodity Price will be included on the Statement of Seller Charges and Adjustments filed with the Commission by the fourth business day following the effective month.

ESCOs that do not meet the creditworthiness guidelines set forth in the Uniform Business Practices will be required to prepay for Retail Access Storage. The prepayment must be made via wire transfer or ACH payment by no later than three (3) business days prior to the last day of the month preceding the month in which the Retail Access Storage is made available to the ESCO. The prepayment will be calculated by taking the product of 0.9 times the estimated price of the Tier 2B Demand Charge for that month. The prepayment amount will be trued up when actual costs of the Tier 2B Demand Charges are available and any adjustment will be made in the succeeding bill period. ESCOs may elect to make alternative security arrangements consistent with the Uniform Business Practice to secure credit for the purchase of Tier 2B Retail Access Storage, provided that any such alternative security must be in place no less than 60 days before the November 1st start date of the Tier 2B Retail Access Storage period. ESCOs who are participating in our Purchase of Receivables

Program that have given KEDLI and/or KEDNY first priority interest in ESCO's receivables will be exempt from this requirement.

Tier 3 – Peaking Service

The Company will provide a Tier 3 Peaking Service to ESCOs from November 1st to April 30th when the forecasted consumption of the ESCO's Pool exceeds the ESCO's total Tier 1 Pipeline Capacity Release Volume and available Tier 2B Retail Access Storage withdrawal volume.

The maximum amount of Tier 3 Peaking Service that will be available to an ESCO is:

> Maximum Tier 3 = DDQ – Tier 1 – Maximum Daily Withdrawal Tier 2B w/ratchet when applicable.
>
> If the ESCO hits the lower rule curve, then the last MDWQ that was in effect will be used in the calculation.

If an ESCO falls below the Company's Rule Curve and is not able to nominate from Tier 2B storage, any volume of their requirement that can't be met using their Tier 1 allocation and their maximum Tier 3 allocation will be cashed out on a daily basis at a rate that is equal to $25 per dekatherm plus the Daily Cash Out Price, multiplied by the difference between the ESCO's DDQ for the day and the quantity of gas delivered by the ESCO to the Company's city gates. Pricing and Cash Out procedures are further explained below. On a day that an OFO has been issued, the price will be $50 per dekatherm plus the Daily Cash Out Price. Please see Appendix D for examples of Tier 3 Peaking Supply charges for when an ESCO is above and below the rule curve.

The Company will determine the Tier 3 Peaking Service Price stated in dollars per dekatherm each day by weighting the following commodity prices using weighting percentages as dictated by the ratio of LNG to other peaking supplies in the Companies' portfolio.

The simple average of the following pipeline indices obtained from Platt's Gas Daily Price Guide, Daily Price Survey for date of flow:

> Transco – Transco Zone 6 NY mid-point price
> Texas Eastern – Tx. Eastern M3 mid-point price
> Iroquois – Iroquois Zone 2 mid-point price

Plus

The Company's LNG Inventory Price

Weighting percentages will be available to ESCOs in the annual November capacity update email which is sent in early October.

ESCO will pay each month a Tier 3 Peaking Service Charge computed by multiplying: 1) the Tier 3 Peaking Service Price by 2) the Tier 3 volumes the ESCO delivers to the Company's city gate. The weighting percentages shown above are estimates. The final percentages will be issued in October of each year for the subsequent November to April period. They will be reviewed and updated annually as the ratio of LNG to other peaking supplies vary from year to year.

The Company requires no payment from the ESCOs prior to the start of the winter season for the gas available as Tier 3 Peaking Service.

<u>Capacity Assignment – Mandatory Gulf Coast Storage Release</u>

The release of Gulf Coast Storage is mandatory as of April 2025

ESCOs must participate in the Company's Gulf Coast Storage Program, which is to commence on April 1 of each year. This program will require the ESCOs to accept physical storage capacity releases for an annual period from the Company based on the company's anticipated Gulf Coast Storage assets that will be available from April 1 to March 31 of each year.

The Company shall use the existing Base and Slope components of the ESCOs' Core customers as of April Pool each year to determine the amount of capacity each ESCO shall have the option to receive.

Method for Determining Gulf Coast Storage Capacity

The Company starts with the ESCO's Core customers' Base and Slope that exist in the Company's Customer system(s), on April 1 of each year. The Company will determine, based on the ESCO's aggregate base and slope component and the amount of Transportation assets, defined as the net MDQ at the Company's City Gates not related to Gulf Coast storage that would be released to the ESCOs compared to the rest of the firm customers. Since the Gulf Coast Storage assets are used to protect against transportation interruptions, this percentage of transportation allocation will be used in determining the percentage of Gulf Coast Storage Capacity the ESCO shall receive. For example, if the ESCO is determined to have 2% of all Transportation Assets of the company, the ESCO would receive 2% of the Gulf Coast storage capacity release.

Base and Slope Transportation Allocation

The Company shall determine the net deliverability capacity of its existing Transportation assets as of April 1st, excluding Transportation assets used for Gulf Coast storage, for its respective utility's city gates, the sum of which will be called the Total Transportation Asset MDQ "TTAMDQ". The ESCO's aggregate Base component amount shall be reduced from the TTAMDQ first before the slope component allocation occurs. After the Base Transportation component has been deducted from the TTAMDQ, the remaining, "Adjusted" TTAMDQ will be allocated based on the ESCO's aggregate Slope compared to other Firm Customers (Sales and Transportation) Slope component.

<u>See example below</u>:

A) TTAMDQ = 600,000 Dth

B) All Firm Customers (Firm Transportation and Firm Sales) Base = 200,000 Dth
C) All Firm Customers Firm Transportation and Firm Sales) Slope = 20,000 Dth

D) Seller A Base = 10,000 Dth
E) Seller A Slope = 2,000 Dth

Formula: (D + (A-B) * (E / C)) / A

Seller's Transportation Allocation percentage would be equal to:

(10,000 + ((600,000 – 200,000) * (2,000 / 20,000)) / 600,000) = 8.33%

Gulf Coast storage capacity release would be equal to 8.33% of asset capacity

Price

The Seller shall be released Gulf Coast Storage assets at the Max Rates charge of the Gulf Coast Storage assets, which currently are the Transcontinental Pipeline's WSS field.

Effective April 2025 Price:

The Seller shall be released Gulf Coast Storage assets at the Weighted Average Demand charge of the Gulf Coast Storage assets, which currently include Transcontinental Pipeline's WSS.

g ***<u>Nominations Process (NAESB Standards & Gas Delivery Scheduling)</u>***

Direct Customers and ESCOs who have elected Core transportation service are required to submit nominations to the Company's GTIS and to the interstate pipelines in accordance with the procedures developed by the North American Energy Standard Board (NAESB) and adopted by the Federal Energy Regulatory Commission (FERC), effective April 2, 2009 in 18 C.F.R. Section 284.12, or as stated below. See http://www.ferc.fed.us. In general, KEDLI/KEDNY will not confirm any gas that is nominated on an interstate pipeline without a corresponding nomination in GTIS. The acceptance of any gas without a corresponding nomination in GTIS will be at the discretion of the KEDLI/KEDNY and may result in an imbalance penalty.

On a daily basis, KEDLI/KEDNY will provide each ESCO and/or Direct Customer with the "locked" forecasted volume to be delivered to their city gate(s) for the next open Gas Day.

ESCOs providing transportation service to Core customers will be able to nominate gas as per the rules described in section f above to meet ESCO's calculated Core DDQ based on temperature.

Nominations will be available to ESCOs based on the ESCO's adherence to the Company's Rule and Ratchet Curves as they relate to the ESCO's Retail Access Storage Inventory Balance.

ESCOs may nominate Tier 2B Retail Access Storage during any cycle.

The quantity of gas deemed received by KEDLI and/or KEDNY for the Direct Customer and/or ESCO at the Receipt Point(s) will equal the volume so scheduled by the Upstream Pipeline less the amount to be retained by KEDLI and/or KEDNY as an allowance for fuel losses.

KEDLI/KEDNY has accepted the standard nomination deadlines and procedures as developed by the NAESB and adopted by the FERC, effective April 2, 2009 in 18 C.F.R. Section 284.12. As such, there are five distinct nomination cycles. Two cycles provide for gas deliveries before the Gas Day and three cycles provide for gas deliveries during the Gas Day. KEDLI/KEDNY will only accept nomination according to the schedule outlined below.

1. Timeline 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. KEDNY/KEDLI 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. KEDNY/KEDLI 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. KEDNY/KEDLI 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. KEDNY/KEDLI 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. KEDNY/KEDLI 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 Grid's market participants with increased scheduling flexibility and to meet changing customer supply requirements, National Grid New York and Long Island 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 submit 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. Each nomination to National Grid's GTIS must have a corresponding nomination on the delivering pipeline and must be confirmed by the Delivering Pipeline. Post Cycle ID-3 nominations must be nominated on National Grid's GTIS 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 its 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 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 considered and factored into any decisions made by National Grid's Gas Control. Market Participants are strongly encouraged to submit nominations as soon as possible and not wait until the post cycle to make daily nominations.

3. Outlined below are the current monthly pipeline nomination deadlines and delivery points:

   a. Iroquois Gas Transmission System South Commack Station - 11:00 AM EST on the last business day before the end of the month;

   b. Tennessee Gas Pipeline Corporation - White Plains Station - 11:00 AM EST on the last business day before the end of the month.

   c. Texas Eastern Transmission Corporation - Goethals Station, Staten Island - 11:00 AM EST on the last business day before the end of the month;

d. Transcontinental Gas Pipe Line Corporation – Rockaway, Narrows Station, and Long Beach Station - 11:00 AM on the last business day before the end of the month; and

4. Information required:

   a. Direct Customer and/or ESCO Name
   b. Start of gas flow- date/time
   c. End of gas flow- date/time
   d. Delivering Pipeline
   e. Volume to be delivered (includes losses) in Dth
   f. Receipt point
   g. Contract Number
   h. Activity Number
   i. Type of customer being supplied - Firm or Non-Firm

5. Weekends and Holidays

   ESCOs will have the ability to nominate multiple days during weekends (including the following Monday) and holidays (including day after). Forecasted Core DDQs will be locked on the last business day prior to the gas day. Core DDQs for Sat/Sun/Mon will be locked on Friday. During weekends (including the following Monday) and holidays (including day after) ESCOs will nominate multiple days in GTIS.

   Nomination changes in accordance with KEDNY/KEDLI Policies and Procedures may be made during hours other than normal business hours by contacting Gas Control personnel listed in the Communications Protocols Section of this manual.

6. Receipt and Delivery of Gas

   The ESCO must deliver or cause to be delivered at the City Gate the applicable forecasted Core DDQ of the ESCO’s pool, grossed up by the applicable UFG, for each day of the month. KEDLI and/or KEDNY will deliver to each Customer the Customer's gas requirements for each day of the month and will provide daily swing and balancing services to the extent that actual usage of the customers in the ESCO’s pool is different than the ESCO’s Core DDQ.

   KEDLI and/or KEDNY are not obligated to accept any volumes that have been nominated by the ESCO to the extent that such volumes exceed an ESCO's Core DDQ.

h *Balancing, Tolerances, Reconciliation/True Ups, Penalties, Imbalance Trading*

Sellers shall pay, after the utility issues a bill detailing applicable rates and charges, as set forth on the Statement of Seller Charges and Adjustments which shall be filed by KEDLI and/or KEDNY with the Commission not less than four business days following the last day of each month.

The following rates and charges are applicable to Sellers participating in the Company's Core Monthly Balancing Program.

<u>Daily Cash Out Prices</u>

This price is calculated by taking the simple average of the following interstate pipeline gas prices for the date of flow published in Platt's Gas Daily Price Guide, Daily Price Survey:

Transco – Transco Zone 6 NY mid-point price
Texas Eastern – Tx. Eastern M3 mid-point price
Iroquois – Iroquois Zone 2 mid-point price

<u>Daily Cash Out Penalty Charge (aka City Gate Balancing Penalty Charge)</u>

Daily Cash Out Penalty Charge is equal to $25.00 per dekatherm and is charged on any day that the total quantity of gas delivered to the city gate by the ESCO is less than the ESCO's Core DDQ. In such an event, the ESCO shall pay a per therm amount equal to the Company's Daily Cash Out price plus a City Gate Balancing Penalty Charge of $25.00 per dekatherm multiplied by the difference between the ESCO's Core DDQ for such day and the total quantity of gas delivered by ESCO to KEDLI and/or KEDNY on such day.

<u>Operational Flow Order ("OFO") Penalty Charge</u>

The Operational Flow Order Penalty Charge is equal to $50.00 per dekatherm and is charged to ESCO on any day KEDLI and/or KEDNY issues an OFO and the total quantity of gas delivered to the city gate by the ESCO is less than the ESCO's Core DDQ. In such an event, the ESCO shall pay a per therm amount equal to the Company's Daily Cash Out Price plus an OFO Penalty Charge equal to $50.00 per dekatherm multiplied by the difference between the ESCO's Core DDQ for such day and the total quantity of gas delivered by ESCO to KEDLI and/or KEDNY on such day.

In the event that the total quantity of gas delivered to the city gate is more than the ESCO's Core DDQ, and KEDLI and/or KEDNY at its discretion accepts the gas, the Company shall pay the ESCO a per therm amount equal to the Company's Daily Cash Out Price multiplied by the difference between the quantity of gas delivered by the ESCO to the company on such day and the ESCO's Core DDQ for such day.

<u>Monthly Cash Out Prices</u>

This price is calculated by taking the simple average of the Daily Cash Out Prices in effect throughout the month.

<u>Monthly Imbalance Account</u>

At the end of each month, the Company will determine the balance in each ESCO's Monthly Imbalance Account by taking the difference between the: 1) sum of the Seller's Core DDQs adjusted for daily Weather True-ups for the month and 2) the actual monthly consumption grossed up for UFG. As noted in section e, the weather true-up adjustment will be handled as a net increase or decrease to the ESCO's Tier 2B Retail Access Storage inventory balance. If the weather true-up adjustment exceeds the capability of the Seller's Tier 2B Retail Access Storage the Company will cash out such excess at the Daily Cash Out Price.

If the Pool's monthly consumption grossed up for UFG exceeds the weather adjusted monthly quantity of gas delivered by the ESCO to the city gate, the shortfall shall be purchased by the ESCO at the KEDLI and/or KEDNY's Monthly Cash Out Price.

If the Pool's monthly consumption grossed up for UFG is less than the adjusted monthly quantity of gas delivered by the ESCO to the city gate, the excess shall be credited to the ESCO at the KEDLI and/or KEDNY Monthly Cash Out Price

<u>Imbalance Trading</u>

All ESCOs will have the opportunity to reduce the balance in their Monthly Imbalance Accounts by trading monthly imbalances with other ESCOs who have opposing monthly imbalance positions. ESCOs that serve Core monthly balanced customers are limited to trading among themselves. Trading can only occur within the utility not intra-utility.

ESCOs may not engage in trades that worsen their Monthly Imbalance Account positions but must trade towards a zero imbalance. Therefore, an ESCO with a positive Monthly Imbalance Account (over delivery) may only engage in trades in which they are "Selling" and an ESCO with a negative Monthly Imbalance Account (under delivery) may only engage in trades in which they are "Buying". In addition, ESCOs may not engage in trading to a point that their Monthly Imbalance Account position changes from positive to negative or vice-verse. All trades are initiated and accepted via GTIS.

Tier 2B – Retail Access Storage

The Tier 2B – Retail Access Storage Demand Price and Retail Access Storage Commodity Price are dollars per dekatherm prices as described in section f.

Tier 3 – Peaking Service Price

The Tier 3 – Peaking Service Price is dollars per dekatherm price described in section f.

Merchant Function Charges

Applicable to Sellers participating in the Company's Purchase of Receivables (POR Program)

The Billing Service Fee will be applied to ESCOs who are participating in POR, which is a charge per customer invoice.

Commodity-Related Credit and Collection Expenses

The Commodity-Related Credit and Collection Expenses is a per dekatherm charge applicable to Sellers who participate in the Company's Purchase of Receivables program, and the equivalent level of Commodity-Related Credit and Collection Expenses is included in the Merchant Function Charge applicable to each service classification. These will not appear on the ESCOs' monthly invoice. They will be netted against any POR payments that are due to the ESCO.

Commodity-Related Credit and Collection Expenses Annual Imbalance Surcharge/Refund

The Commodity-Related Credit and Collection Expenses Annual Imbalance Surcharge or Refund is a per dekatherm surcharge to recover Commodity-Related Credit and Collection Expense under collections or refund Commodity-Related Credit and Collection Expense overcollections each Gas Cost Year from Sellers participating in the KEDLI and/or KEDNY Purchase of Receivables (POR) program.

Unaccounted for Gas (UFG)

A percentage UFG defined in Section, XI, Appendices, Part C Definitions.

Unitized Fixed Cost Credits: Unitized Fixed Cost Credits are applicable to Sellers serving transportation customers and are determined in accordance with tariff specifications.

i ***Meter Reading***

Customers will have their meters read on their cycle billing dates. Off-cycle bills rendered to such customers may be based on the Company's estimate of the customer’s usage.

j ***Termination of Service for Failure to Deliver Daily Transportation Quantities***

The Company shall have the right to terminate service under this Service Classification to any seller that fails to deliver at least ninety (90) per cent of the applicable DDQ or ADDQ for any three (3) days of a calendar month or any five (5) days within a twelve (12) month period.

5 GAS DELIVERY NOMINATION PROCEDURES FOR LARGER COMMERCIAL AND INDUSTRIAL CUSTOMERS (NON-FIRM DEMAND RESPONSE, Tier 1 and Tier 2)

Non-Core Monthly & Daily Balancing Services

a Become an Approved Gas Supplier

Please see section 4a for details on becoming an Approved Gas Supplier

b Customer Eligibility

Any existing Non-Core customer who qualifies for service metered at a single delivery point and meets the terms and conditions for service provided for under the corresponding sales service classification as contained in KEDLI and/or KEDNY's gas tariffs:

KEDLI SC19-Non-Firm Demand Response Transportation Service Tier 1
KEDLI SC19-Non-Firm Demand Response Transportation Service Tier 2
KEDNY SC18-22-Non-Firm Demand Response Transportation Service Tier 1
KEDNY SC18-22-Non-Firm Demand Response Transportation Service Tier 2

ESCOs serving pools comprised of KEDNY SC 18-22 and/or KEDLI SC 19 customers are responsible for delivering gas to the company, except when such transportation service has been interrupted by the Company.

The Company will use reasonable efforts to provide customers 2 hours' notice of interruption.

Daily Balancing Program

ESCOs serving customers taking transportation service under these service classifications, with the exception of power generators, have the option to select either the Company's Daily Balancing Transportation Service or the Non-Core Monthly Balancing Program. In order to be eligible for the Daily Balancing Program, the ESCO's customers must have Automatic Remote Meter equipment installed at their premises as well as a dedicated communication link that will allow the Company to access the customer's meter readings periodically throughout the day. The customer is required to pay for the Automatic Remote Meter and dedicated communication link.

ESCOs that participate in the Company's Daily Balancing Program will be allowed to return to the Non-Core Monthly Balancing Program on a best efforts basis. If approved to switch by the Company, the ESCO's customers must remain in the Non-Core Monthly Balancing Program for at least 12 months.

Power generators must select the Daily Balancing Transportation Service option.

KEDLI Service is available to a single large volume non-residential Customer that can demonstrate that the total rated hourly Btu input to supply gas-fired equipment installed for such use is 1,000,000 Btu per hour or greater at a single meter. KEDNY Service is available to on-system customers SC 18-22 that can demonstrate that the total rated hourly Btu input to supply gas-fired equipment installed for such use is 1,000,000 Btu per hour or greater at a single meter.

The provision of service under the KEDLI Service Classifications is conditioned on the Customer signing a Non-Firm Demand Response Transportation Service Agreement and for KEDNY a Form of Service Agreement for Non-Core Transportation Service, which will provide the conditions of acceptable delivery, the name of the Marketer and which program, daily or monthly they have chosen to participate in.

c Customer Profiles

ESCOs will be provided with customer profiles as described in section 4c.

d Enrollment Procedure

Non-Core Monthly and Daily Balancing accounts cannot be enrolled via EDI.

ESCO/Direct Customer will submit the customer's name, service address and account number via the "Contact Us Form" site at:

KEDNY: https://www.nationalgridus.com/energy-service-companies/Metro-NY/ESCO-Support

KEDLI: https://www.nationalgridus.com/energy-service-companies/Long-Island/ESCO-Support

New customer enrollments will be accepted no later than 10 business days prior to the last day of the month.

KEDLI and/or KEDNY will respond once the enrollment has been processed.

e Delivery Quantity Determination

Daily Balancing Program

ESCOs serving customers under the Daily Balancing Program are responsible for estimating the consumption of its Pool and for determining the quantity of gas to be delivered to its Pool throughout the day. The ESCO will have access to the telemetered consumption of the Pool three times each day and will be expected to make intra-day nominations to align deliveries grossed up for UFG with the Pool's actual consumption throughout the day.

Non–Core Monthly Balancing Program

ESCOs serving customers under the Non-Core Monthly Balancing Program will be expected to deliver, daily, to the Company's city gates an estimated Non-Core Daily Delivery Quantity (Non-Core DDQ), which will be based upon their Monthly Delivery Quantity (MDQ) with UFG. The ESCO's MDQ with UFG is calculated by multiplying the normal HDDs for the month by each customer's Slope and adding the product to the customer's Base and adjusting by UFG. The ESCO's Non-Core DDQ will be calculated as their MDQ with UFG divided by the number of days in the month.

By the first business day following the 21st of each month, KEDNY and KEDLI shall provide to the ESCOs notice of each Customer's Non-Core DDQ and, in case of an ESCO that supplies gas to more than one Customer, the Customers' Aggregate Non-Core DDQ for the upcoming calendar month.

f Capacity Assignment - Mandatory Capacity Program

ESCOs serving customers under the Daily Balancing Program and the Non-Core Monthly Balancing Program are not eligible to participate in the Company's Mandatory Capacity Program.

g Nominations Process (NAESB Standards & Gas Delivery Scheduling)

Direct Customers and ESCOs who have elected non-firm transportation service are required to make their own gas nomination to the KEDLI/KEDNY GTIS. ESCOs/Direct Customers are also required to make their nominations to the interstate pipelines in accordance with the procedures as developed by the North American Energy Standard Board (NAESB) and adopted by the Federal Energy Regulatory Commission (FERC), effective April 2, 2009, in 18 C.F.R. Section 284.12, or as stated below. In general, KEDLI and/or KEDNY will not confirm any gas that is nominated on an interstate pipeline without a corresponding nomination on the KEDLI/KEDNY GTIS. The acceptance of any gas without a corresponding nomination on KEDLI and/or KEDNY's GTIS will be at the discretion of KEDLI and/or KEDNY and may result in an imbalance penalty.

Direct Customers and/or ESCOs electing non-firm transportation service will have secondary rights through the City Gate(s). To the extent station capacity is not utilized to meet firm and non-firm demand response Tier 1 sales and transportation service, gate capacity will be allocated to Direct Customers and/or ESCOs electing non-firm demand response Tier 2 transportation service. To the extent a non-firm demand response Tier 2 transportation customer (s) can create incremental capacity for the benefit of firm Direct Customers at a constrained City Gate station, KEDLI and/or KEDNY, in its sole discretion, will increase the interruptible Direct Customer's and/or ESCO's allocated capacity through the constrained station.

The Company will accept month-ahead and day-ahead nominations from Direct Customers and/or ESCOs serving Non-Firm Demand Response customers in the following percentages (of their customer's total requirements) on the following pipelines:

- Transco – up to 100%
- Texas Eastern – up to 50%
- Iroquois – up to 50%
- Tennessee – up to 6%

Direct Customers and/or ESCOs serving non-firm loads and power generation customers may, on an intra-day basis, request access to any available city-gate capacity on any pipeline. To request such access, the Direct Customer and/or ESCOs must notify National Grid Gas Control by phone between 8:30 A.M. and 10:00 A.M. prior to the start of the effective Gas Day. The Direct Customers and/or ESCOs will need to provide the requested pipeline, requested volume, and a contact name and phone number. National Grid Gas Control will allocate available capacity on a *pro rata* basis to the requesting Direct Customers and ESCOs and will notify the parties of the capacity they have received between 10:00 AM and 11:00 AM. Any capacity remaining after allocation will be made available on a first come, first-served basis after 1:00 PM. It should be the intent of the Direct Customer and/or ESCO requesting capacity on an intra-day basis during this window to nominate the amount of gas requested as to not unduly restrict other requesting Direct Customers and/or ESCOs.

Should any of the City Gate(s) become constrained or exceed KEDLI and/or KEDNY's rights with respect to allocated capacity or system design, KEDLI and/or KEDNY reserves the right to reallocate the ESCO's/Direct Customer's deliveries to mitigate such constraints.

The quantity of gas deemed received by KEDLI and/or KEDNY for the ESCO and/or Direct Customer at the Receipt Point(s) will equal the volume scheduled by the Upstream Pipeline less the amount to be retained by KEDLI and/or KEDNY as an allowance for fuel losses.

Daily and Monthly Gas Flow

KEDLI and/or KEDNY have accepted the standard nomination deadlines and procedures developed by the NAESB and adopted by FERC. Effective April 1, 2016, KEDLI and/or KEDNY will maintain five distinct nomination cycles. Two cycles provide for gas deliveries at the beginning of the Gas Day and three cycles provide for gas deliveries during the Gas Day. KEDLI and/or KEDNY will only accept nominations as per the schedule outlined below.

1. Timeline 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. KEDNY/KEDLI 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. KEDNY/KEDLI 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. KEDNY/KEDLI 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. KEDNY/KEDLI 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. KEDNY/KEDLI 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 New York and Long Island 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 Supplier 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. Each nomination to National Grid's GTIS must have a corresponding nomination on the delivering pipeline and must be confirmed by the Delivering Pipeline. Post Cycle ID-3 nominations must be nominated on National Grid's GTIS before 09:00 such that National Grids 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 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 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 considered and factored into any decisions made by National Grid Gas Control. Market Participants are strongly encouraged to submit their nominations as soon as possible and not wait until the post cycle to make their daily nominations.

3. Outlined below are the current monthly pipeline nomination deadlines and delivery points:
   f. Iroquois Gas Transmission System B South Commack Station - 11:00 AM EST on the last business day before the end of the month;

   g. Texas Eastern Transmission Corporation - Goethals Station, Staten Island11:00 AM EST on the last business day before the end of the month;

   h. Transcontinental Gas Pipe Line Corporation – Rockaway, Narrows Station and Long Beach Station - 11:00 AM on the last business day before the end of the month; and

   i. Tennessee Gas Pipeline Corporation - White Plains Station - 11:00 AM EST on the last business day before the end of the month.

4. Information required:

   j. ESCO/Direct Customer Name
   k. Start of gas flow- date/time
   l. End of gas flow- date/time
   m. Delivering Pipeline
   n. Volume to be delivered (includes losses) in Dt.
   o. Receipt point
   p. Contract Number
   q. Activity Number
   r. Type of customer being supplied - Firm or Non-Firm

5. Weekends and Holidays

   Nomination changes in accordance with KEDLI and/or KEDNY's Policies and Procedures may be made during hours other than its normal business hours by contacting System Control personnel listed in the Communications Protocols Section of this Manual (Section VII).

6. <u>Receipt and Delivery of Gas</u>

The ESCO must deliver or cause to be delivered at the City Gate the applicable forecasted Non-Core DDQ with UFG of ESCO's pool, or ESCO's forecasted Delivery Quantity, for each day of the month. KEDLI and/or KEDNY will deliver to each Customer the Customer's gas requirements for each day of the month and will provide daily swing and balancing services to the extent that actual usage of the customers in the ESCO’s pool is different than the ESCO’s deliveries.

h *Balancing, Tolerances, Reconciliation/True Ups, Penalties, Imbalance Trading*

Daily Balancing Program

Daily Balancing Service Demand Charge

The following rates and charges are applicable to Sellers participating in the Company’s Daily Balancing Program.

The Company will utilize upstream assets and gas supply to manage differences between the quantity of gas delivered during the day by the Seller and the quantity of gas actually consumed during the day by the Seller’s Pool.

Sellers shall pay a daily balancing service demand charge which is calculated by multiplying: 1) the Daily Balancing Service Demand Charge set forth on the Statement of Seller Charges and Adjustments; by 2) 1/12 of the Pool’s annual normalized consumption.

Daily Cash Out

At the end of each day, the Company will determine the Aggregate Daily Imbalance Percentage for all Sellers participating in the Daily Balancing Program by subtracting: 1) the total telemetered daily consumption grossed up for UFG of the daily balanced pools, from: 2) the total quantity of gas delivered to the city gate for those pools, divided by: 3) the total telemetered daily consumption grossed up for UFG of the daily balanced pools.

The Company will then compare the Aggregate Daily Imbalance Percentage to the +/-5% Daily Imbalance Tolerance (“DIT”).

a) If the Aggregate Daily Imbalance Percentage is within the +/-5% DIT then:

The Seller’s daily imbalance quantity will be transferred to their Monthly Imbalance Account.

b) If there is a System Wide Positive Imbalance (over delivery) such that the Aggregate Daily Imbalance Percentage Exceeds the 5% DIT and

1) The Seller has a positive daily imbalance that is less than 5% then:

The Seller’s positive daily imbalance quantity will be transferred to their Monthly Imbalance Account

2) The Seller has a positive daily imbalance that exceeds 5% then:

The Seller's positive daily imbalance quantity shall be credited to the Seller at the following daily cash out prices:

0 to 5%	Transferred to the Monthly Imbalance Account
>5% to 10%	95% times the Daily Cash Out Price
>10% to 15%	90% times Daily Cash Out Price
>15% to 20%	80% times the Daily Cash Out Price
>20%	50% times the Daily Cash Out Price

3) The Seller has a negative daily imbalance (under delivery):

The Seller's negative daily imbalance quantity will be transferred to their Monthly Imbalance Account.

c) If there is a System Wide Negative Imbalance (under delivery) such that the Aggregate Daily Imbalance Percentage Exceeds the -5% DIT and

1) The Seller has a negative daily imbalance that is less than -5% then:

The Seller's negative daily imbalance quantity will be transferred to their Monthly Imbalance Account.

2) The Seller has a negative daily imbalance that exceeds -5% then:

The Seller's negative daily imbalance quantity will be purchased by the Seller at the following daily cash out prices:

0 to -5%	Transferred to the Monthly Imbalance Account
>-5% to -10%	105% of the Daily Cash Out Price
>-10% to -15%	110% of the Daily Cash Out Price
>-15% to -20%	120% of the Daily Cash Out Price
>-20%	150% of the Daily Cash Out Price

3) The Seller has a positive daily imbalance:

The Seller's positive daily imbalance quantity will be transferred to their Monthly Imbalance Account.

Monthly Imbalance Account

At the end of each month, the Company will determine the balance in each Seller's Monthly Imbalance Account. The balance will reflect: 1) any portion of the Seller's daily imbalance not subject to daily cash out and 2) any difference between the total monthly usage actually billed to the Seller's Pool grossed up for

UFG and the sum of the Pool's daily telemetered consumption volumes grossed up for UFG.

Monthly Imbalance Trading

All ESCO will have the opportunity to reduce the balance in ESCO's Monthly Imbalance Accounts by trading monthly imbalances with other ESCOs who have opposing monthly imbalance positions. ESCOs that participate in the Company's Daily Balancing Program are limited to trading among themselves. Trading can only occur within the utility not intra-utility.

ESCOs may not engage in trades that worsen ESCO's Monthly Imbalance Account positions but must trade towards a zero imbalance. Therefore, an ESCO with a positive Monthly Imbalance Account (over delivery) may only engage in trades in which ESCO is "Selling" and an ESCO with a negative Monthly Imbalance Account (under delivery) may only engage in trades in which ESCO is "Buying". In addition, ESCOs may not engage in trading to a point that ESCO's Monthly Imbalance Account position changes from positive to negative or vice-verse. All trades are initiated and accepted via GTIS.

Monthly Imbalance Cash Out

Once monthly imbalance trading is completed, any remaining Monthly Imbalances will be cashed out as follows:

a) The Monthly Cash Out Price for the Daily Balancing Program will be calculated by summing all the daily cash out prices from the month and dividing by the number of prices.

b) If the Monthly Imbalance Percentage is within the +/-5% level then:

1. Negative monthly imbalances will be purchased by the Seller at the Monthly Cash Out Price in a) above.

2. Positive Monthly Imbalances will be credited to the Seller at the Monthly Cash Out Price in a) above.

c) If the Monthly Imbalance Percentage is outside the +/-5% level then:

1. If the Seller has a positive Monthly Imbalance that exceeds 5% then:

The Seller's positive Monthly Imbalance quantity shall be credited to the Seller at the following average daily cash out prices for the month:

>5% to 10%	95% times the Monthly Cash Out Price in a) above.

>10% to 15%	90% times the Monthly Cash Out Price in a) above.
>15% to 20%	80% times the Monthly Cash Out Price in a) above.
>20%	50% times the Monthly Cash Out Price in a) above.

2. If the Seller has a negative Monthly Imbalance that exceeds 5% then:

The Seller's negative Monthly Imbalance quantity will be purchased by the Seller at the following average daily cash out prices for the month:

>-5% to -10%	105% of the Monthly Cash Out Price in a) above.
>-10% to -15%	110% of the Monthly Cash Out Price in a) above.
>-15% to -20%	120% of the Monthly Cash Out Price in a) above.
>-20%	150% of the Monthly Cash Out Price in a) above.

Non – Core Monthly Balancing Program

The following rates and charges are applicable to Sellers participating in the Company's Non-Core Balancing Program.

Swing Service Demand Charge

Sellers shall pay a swing service demand charge which is calculated by multiplying: 1) the Swing Service Demand Charge set forth on the Statement of Seller Charges and Adjustments; by 2) 1/12 of the Pool's annual normalized consumption.

City Gate Balancing

Daily Imbalance volumes for each Seller will be determined each day by comparing the Seller's Non-Core DDQ to the Seller's confirmed city gate deliveries. The Non-Core DDQ may be adjusted by Tier 1 and Tier 2 interruptions if applicable. There may also be some instances where a planned partial day interruption is activated and the ESCO's Non-Core DDQ will be adjusted based on the hours of the interruption. During these partial day interruptions, the Company will make reasonable efforts to adjust the ESCO's Non-Core DDQ.

If the confirmed city gate deliveries are less than 98% of the Non-Core DDQ, the Seller will pay a City Gate Balancing Penalty Charge equal to the delta between the confirmed city gate deliveries and 98% of the Non-Core DDQs, multiplied by the Company's Daily Cashout Price plus a penalty charge of $25 per dekatherm. The penalty charge increases to $50 per dekatherm on OFO days.

If the confirmed city gate deliveries are more than 102% of the Non-Core DDQ, and if the Company accepts the over delivery, the Company shall pay the Seller an amount equal to the delta between the confirmed city gate deliveries and 102% of the Non-Core DDQs, multiplied by the Company's Daily Cash Out Price.

Monthly Imbalance Account

At the end of each month, the Company will determine the balance in each Seller's Monthly Imbalance Account. This is done by comparing each Seller's adjusted monthly city gate delivery quantity to the total monthly usage actually billed to the Seller's Pool grossed up for UFG.

Monthly city gate delivery quantities will be adjusted as follows:

On days when the Seller delivered less than 98% of Seller's Non-Core DDQ, the volume that was cashed out will be added to Seller's monthly city gate delivery quantity.

On days when the Seller delivered more than 102% of Seller's Non-Core DDQ, and the Company accepted delivery, the volume that was cashed out will be subtracted from Seller's monthly city gate delivery quantity.

Monthly Imbalance Trading

All Sellers will have the opportunity to reduce the balance in their Monthly Imbalance Accounts by trading monthly imbalances with other Sellers who have opposing monthly imbalance positions. Sellers that participate in the Company's Non-Core Monthly Balancing Program are limited to trading among themselves. Trading can only occur within the utility not intra-utility.

Sellers may not engage in trades that worsen Seller's Monthly Imbalance Account positions but must trade towards a zero imbalance. Therefore, a Seller with a positive Monthly Imbalance Account (over delivery) may only engage in trades in which Seller is "Selling" and a Seller with a negative Monthly Imbalance Account (under delivery) may only engage in trades in which Seller is "Buying". In addition, Sellers may not engage trading to a point that Seller's Monthly Imbalance Account position changes from positive to negative or vice-verse. All trades are initiated and accepted via GTIS.

Monthly Imbalance Cash Out

Once monthly imbalance trading is completed, any remaining Monthly Imbalances will be cashed out as follows:

1. Negative Monthly Imbalances will be purchased by the Seller at the Monthly

Cash Out Price.

2. Positive Monthly Imbalances will be credited to the Seller at the Monthly Cash Out Price.

i ***<u>Meter Reading</u>***

If there is a Company failure of telemetering equipment, the Company will waive the penalty imbalance charge for the period. If there is a Customer failure of telecommunications associated with A/C Power to the telemetering equipment, the Marketer will incur the normal imbalance charges. . In the event of any equipment malfunctions, the previous day's actual read will be deemed to be the daily actual read until the situation is corrected. If the malfunction is due to customer reasons and is not remedied after eight (8) weeks, the customer will be returned to the applicable sales service for a minimum of twelve (12) months. The Company shall not be liable for any inaccuracies in the consumption reported if they resulted from malfunctioning telemetering equipment, telephone line problems, customer failure to maintain customer equipment or any other reason outside the control of the Company.

j ***Termination of Service for Failure to Deliver Daily Transportation Quantities***

KEDNY and KEDLI shall have the right to terminate service under this Service Classification to any seller that fails to deliver at least ninety (90) per cent of the applicable DDQ or ADDQ for any three (3) days of a calendar month or any five (5) days within a twelve (12) month period.

6 REQUIREMENTS OF POOL OPERATIONS

a *Marketer Contact Personnel*

To access information regarding marketer contact personnel for Authorized Gas ESCOs, please visit the appropriate National Grid Website at either:

KEDNY: https://www.nationalgridus.com/energy-service-companies/Metro-NY/
KEDLI: https://www.nationalgridus.com/energy-service-companies/Long-Island/

Then click on either "Residential Authorized Suppliers" or "Business Authorized Suppliers" If any information listed on the websites requires correction or updating, contact the Customer Choice Supplier Services personnel by accessing the "Contact Us Form" site at:

KEDNY: https://www.nationalgridus.com/energy-service-companies/Metro-NY/ESCO-Support

KEDLI: https://www.nationalgridus.com/energy-service-companies/Long-Island/ESCO-Support

7 COMMUNICATIONS PROTOCOLS

a ***Need for Open Lines of Communication Between ESCOs and Local Distribution Companies***

Each Local Distribution Company (LDC) shall develop, with input from market participants, a communication protocol. The objective of this protocol is to enhance communications among LDCs, Pipelines, ESCOs 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, ESCOs and Direct Customers.

Communications 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, ESCOs 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.

National Grid will maintain a database of contact information for Non-Firm Demand Response customers and interested stakeholders (e.g., DPS Staff, ESCOs, NYSERDA and oil associations) who provide their contact information. This database will be used to provide notifications to these customers and stakeholders regarding the Company's Non-Firm Demand Response service, including: forecast temperatures, potential interruptions, and the initiation/conclusion of actual interruptions. These notifications will be sent via multiple mediums, such as telephone, electronic mail and text message. Additionally, the Company will perform an annual communications test during which Non-Firm Demand Response customers will be asked to confirm their contact information.

The Company will commence daily communications with all demand response parties as soon as weather forecasts project outside temperatures to be 20 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.

Customers will be required to provide affidavits confirming that they have alternative fuel supply contracts in place for the upcoming winter heating season and that such contracts provide for alternative fuel replenishment on an as-needed basis. The affidavits will also include information regarding on-site storage facilities, total storage capacity, and estimated number of peak days of storage. Effective December 1, 2019, customers who fail to submit an affidavit will be subject to penalties of $100 per day for low-volume customers (less than 1,000,000 therms per year) and $1,000 per day for high-volume customers (1,000,000 therms per year or greater). Affidavits are due October 1 of each year and penalties will begin November 1.

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

During periods of normal operation, the LDC will work with ESCOs 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, ESCOs, 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 ESCOs, LDC procedures need to be responsive. Reliable delivery of gas will also require communication from ESCOs, Direct Customers and Pipelines.

To ensure 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 ESCO-related issues by submitting inquiries via the RightNow Portal at http://esco.custhelp.com/. Individual customers should contact KEDLI Customer Assistance Center at 1-800-490-0025 and KEDNY Customer Assistance Center at 1-718-643-4050.

Gas Control is responsible for interfacing with the gas pipelines on deliveries and maintenance work, for issuing and controlling System Alerts, Company-initiated interruptions, 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 KEDLI/KEDNY GTIS. The 24/7 phone numbers for Gas Control for KEDLI are 631-861-2903; 2842; phone numbers for Gas Control, KEDNY are 631-861-2901; 2902. E-mail for both groups can be sent to GasControlDownstateNY@nationalgrid.com. Please refer to the organization chart on Page 9 of this GTOP.

b Gas Transportation Information System (GTIS)

The Gas Transportation Information System (GTIS) is a Web application that allows timely, clear communication between ESCOs, KEDLI and KEDNY. The site offers access to the status of nominations and confirmations and is a significant step in improving the communication flow and ensuring quality service to our customers. The GTIS is utilized to notify ESCOs of their delivery requirements as well as allowing for the update of gas nomination information on the delivery system. The GTIS is also utilized to notify marketers of defaults, curtailments, system alerts and operational flow orders.

For an ESCO to gain access to the GTIS, the ESCO, following the approval process, will complete the GTIS New User Administrator Form and return it via email to Customer Choice Gas Transportation, Nancy Andrews at Nancy.Andrews@nationalgrid.com, Jason Schlittenhardt at Jason.Schlittenhardt@nationalgrid.com and/or Catherine Wunsch at Catherine.Wunsch@nationalgrid.com, . Each ESCO must have a minimum of one Administrator who will be responsible in conjunction with KEDLI and/or KEDNY for managing the access of their users to the GTIS.

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 Electronic Data Interchange (EDI)

With the exception of non-firm accounts, all ESCO’s are required to be EDI compliant. EDI transactions follow Uniform Business Practice Rules and Implementation Guidelines which may be found on the New York State Public Service Commission website at www.dps.ny.gov.

e Regular Meetings/Teleconferences

To improve lines of communication, KEDLI and/or KEDNY 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 KEDLI and/or KEDNY, 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.

KEDLI and/or KEDNY'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 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 5 of the Appendices section of this manual.

8 OPERATIONAL FLOW ORDERS (OFOs)

a Critical Periods and Critical Days

A Critical Period is a period of disruption to the operational integrity of the system or a force majeure event. A Critical Day exists when the KEDLI and/or KEDNY declares an Operational Flow Order (OFO) but may also be declared independently of an OFO. To improve all parties' understanding or roles during Critical Periods and to test communications procedures, KEDLI and/or KEDNY may conduct a critical day simulation exercise.

b Gas Transportation Information System (GTIS)

KEDLI and/or KEDNY will facilitate communications with ESCOs and Direct Customers through its GTIS.

This communication medium is the primary means of providing timely communications to ESCOs and Direct Customers.

ESCOs and Direct Customers should review the GTIS daily and take the necessary actions as identified in the GTIS communication notice.

KEDLI and/or KEDNY will supplement its GTIS notifications with notification via telephone facsimile or pager at the election of the ESCO or Direct Customer.

The ESCO and Direct Customer will be required to provide KEDLI and/or KEDNY with a 24-hour contact number.

c System Alerts (SA) and OFOs

System Alerts (SA) are announcements of actual or pending events that, if unchecked, may result in an OFO being issued. The SA should advise ESCOs and 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 ESCOs or Direct Customers, subject to the KEDNY and/or KEDLI's obligation not to unduly discriminate, or to all ESCOs and Direct Customers operating on the system. ESCOs and Direct Customers are expected to respond to SAs as soon as practical and notify KEDLI and/or KEDNY of their intended actions.

KEDNY and/or KEDLI are not obligated to issue a SA before an OFO but will endeavor to do so. SAs will be issued via-e-mail to all ESCOs and Direct Customers and posted to the GTIS.

d *Operational Flow Orders (OFOs)*

A Critical Day occurs when KEDNY and/or KEDLI issues an OFO. An OFO is issued at the sole discretion of KEDNY and/or KEDLI to alleviate conditions that threaten the operational integrity of the gas 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 to an OFO. When an OFO is preceded by a SA, the 24-hour notice begins with the issuance of the SA. To the extent practicable, there should be a minimum of 8 hours notice when a SA is changed to an OFO. KEDLI and/or KEDNY will supplement its GTIS notifications via telephone, facsimile or pager at the election of the ESCO/Customer.

During any period in which KEDLI and/or KEDNY believes its ability to accommodate imbalances can be restricted or impaired, KEDLI and/or KEDNY may impose a Forced Balancing Operational Flow Order (OFO).

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

- Extreme weather conditions
- Reduced gas availability
- Market conditions
- Maintenance on pipelines

e *Guidelines for Instituting OFO's*

The following guidelines apply to OFO's and OFO notifications:

1. OFO's will be posted on National Grid's GTIS as well as e-mailed to all ESCOs or Direct Customers affected by the OFO.
2. The OFO notice will provide as much advance notice as possible. The date and time of issuance, date and time the OFO takes effect, and the estimated duration will be included in the OFO notice.
3. The OFO notice will communicate clearly to designated ESCO or Direct Customer personnel the actions required, as well as the reason for the required actions, and will provide periodic updates to enable parties to continue their planning functions.
4. Actions required by the OFO will be limited both in duration and scope to meet the objective of the OFO.
5. The required actions will be as localized as possible.
6. The OFO shall not be used to simultaneously restrict over deliveries or under deliveries.

7. An OFO may be directed to specific ESCOs or Direct Customers, subject to KEDLI and/or KEDLI's obligation not to unduly discriminate in its application of OFOs.
8. KEDLI and/or KEDNY will 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. KEDLI and/or KEDNY will notify the Director of the Gas Division of the Department of Public Service when an OFO is declared and when the situation returns to normal.

Failure of KEDLI and/or KEDNY to adhere to one or more of the above guidelines is not a basis for ESCOs or Direct Customer not to comply with requirements of the OFO but may provide the basis for a complaint to the Commission regarding KEDLI and/or KEDNY's behavior.

f ***Company-Initiated Interruptions***

Customers served under Non-Firm Demand Response (NFDR):
Tier 1 transportation service classes are SC18-22 T1 (NY) and SC19 T1 (LI)
Tier 2 transportation service classes are SC18-22 T2 (NY) and SC19 T2 (LI)

On November 15, 2019, the Commission approved National Grid's proposed tariff amendments to combine the existing TC and interruptible ("IT") service classifications and introduce two new service classifications – SC 22- Non-Firm Demand Response Sales Service and SC 18-22 – Non-Firm Demand Response Transportation Service for KEDNY. SC 18 – Non-Firm Demand Response Sales Service and SC 19 – Non-Firm Demand Response Transportation Service for KEDLI. Each new service classification includes two pricing tiers determined by the customer's automatic fuel switching equipment – Tier 1 is only available to customers with automatic fuel switching equipment, while Tier 2 is available to customers without such switching capability.

KEDNY		**KEDLI**	
SC22	Non-Firm Sales	SC18	Non-Firm Sales
SC18-22	Non-Firm Transportation	SC19	Non-Firm Transportation

See section 6 of the Appendices section of this manual for the Illustrative Supply and System Dispatch Interruptible Matrix

g ***Responsibilities of ESCOs, Direct Customers and LDCs During a SA or OFO***

Some of the actions required by an OFO may include without limit:

- Require ESCOs to deliver gas to a specific point or points;
- Require ESCOs to balance daily or to deliver a specific quantity of gas; or
- 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, KEDLI and/or KEDNY must make authorized personnel available on a 24-hours-a-day, 7-days-a-week basis to handle the submission and processing of evening cycle and intraday nominations to facilitate the ESCOs and Direct Customers responses to the OFO.

If during an OFO KEDLI and/or KEDNY becomes aware that ESCOs or Direct Customers are not taking the required actions, it should make all reasonable efforts so to inform the non-responding ESCOs or Direct Customers. Lack of such notice will not relieve any ESCO or Direct Customer of its obligations. ESCOs or Direct Customers who fail to comply with the OFO shall be subject to service termination and the applicable penalty provisions as identified by the KEDLI and/or KEDNY's tariffs.

The ESCO, if necessary, should communicate with its Customers to secure compliance with the conditions of a KEDLI and/or KEDNY directed OFO. If the ESCO is aware of noncompliance of one or more of its customers, it shall notify KEDLI and/or KEDNY of the name(s), address and account numbers(s) of the end users(s). During an OFO, the application of penalties should not penalize ESCOs or Direct Customers whose imbalances work to benefit the integrity of the gas system.

At the next meeting of KEDLI and/or KEDNY, ESCOs and Direct Customers, there should be a review of any OFO's that may have been declared. However, any party that has a grievance concerning the necessity for, or individual treatment during an OFO, may address those concerns immediately with KEDLI and/or KEDNY. If, after such discussions, the party is still dissatisfied, it may bring its concerns to the attention of Department of Public Service Staff and, if necessary, to the Commission.

9 CURTAILMENT

a Curtailment

A Curtailment is the reduction of gas deliveries caused by a shortage of supply or pipeline capacity. A Curtailment situation is a catastrophic event. In a Curtailment situation, KEDLI and/or KEDNY physically curtail 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.

In the KEDLI and KEDNY territory on an annual basis Gas Planning provides a system load profile and recommendations of areas with pressure concerns which are affected by temperature. This will change based on system dynamics. (i.e. Pressure concerns resolved by addition of Pipe).

The protocol for curtailments 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, KEDLI and/or KEDNY will interrupt/curtail service in accordance with the following schedule:

1. Electric Generation Customers - Customers who use gas for the generation of electricity and/or steam.
2. Co-generation and Special Contract Customers – Customers who use gas as one energy type for boiler fuel to generate electric and/or thermal energy, or co-generation customers with special contracts, who do not have dual fuel options, but who agree to curtail their gas use.
3. Non-Firm Demand Response Tier 2 Customers - Customers whose gas use is dependent upon when the temperature drops below specified levels.
4. Non-Firm Demand Response Tier 1 Customers - Customer whose gas use is dependent upon when the temperature drops below specified levels. These specified levels are higher than Non-Firm Demand Response Tier 2 customers.
5. Firm Commercial, Industrial and Baseload Distributed Generation Customers
   a. Firm Commercial - Customers, excluding critical-care facilities, who use gas for general purposes (except for processing), such as water-heating and space heating.
   b. Industrial Customers - Customers who use gas for industrial processing.
   c. 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.
6. Firm Residential and Other Human Needs Services
   a. Firm Residential - Customers who use gas for residential (cooking, water heating, space-heating, general) and religious purposes.
   b. 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).

b ***<u>Notice of Service Curtailment for ESCOs serving Non-Firm Demand Response Customers</u>***

To the extent operating conditions allow, KEDLI and/or KEDNY will endeavor to provide 2 hours' notice of service curtailment to ESCOs and Direct Customers.

1. Notification by KEDLI and/or KEDNY's GTIS

a. KEDLI and/or KEDNY will post notice of service curtailments on GTIS.
b. ESCOs and Direct Customers are required to review GTIS notices on a daily basis and take the necessary actions as identified by posted notices.

2. Notification by Telephone

a. In the event that 2-hour notice of a service curtailment is not possible, KEDLI and/or KEDNY will supplement the GTIS notification via telephone.
b. An automated telephone message will provide the date and time of a Curtailment and any necessary KEDNY and/or KEDLI contact information.
c. The ESCO or Direct Customer is responsible to provide KEDLI and/or KEDNY with a telephone number that is available for notification 24-hours-per-day, 365-days-per-year. The ESCO or Direct Customer is responsible to notify KEDLI and/or KEDNY of any changes to this number.
d. KEDLI and/or KEDNY will use the GTIS and/or the automated telephone system to notify ESCOs or Direct Customers that they may resume using natural gas when a curtailment is concluded.
e. In the event of a conflict between telephone and the GTIS notice, the most recent notice will be deemed the official notice for determining compliance with the notification.

c ***Notice of Company-Initiated Interruptions for Tier 1 and Tier 2 customers***

The Company will endeavor to provide notification (within 2 hours) of a scheduled interruption. A scheduled interruption will be initiated in instances where the Company calls on peaking assets to supplement supply to meet high demand or for isolated distribution system reliability reasons in excess of four hours (other than for LNG plant idling or cooling or for system testing), or if the Company, at its sole discretion, determines that an interruption it is warranted to protect the reliability and safety of the system for firm customers. Upon receipt of such notice, the customer shall curtail or discontinue use of gas as instructed by the Company.

Tier 1 customers will be interrupted at 15°F and Tier 2 customers will be interrupted at 20°F as measured at LaGuardia Airport weather station for KEDNY and the Republic Airport (Farmingdale) weather station for KEDLI. The Company reserves the right to adjust this temperature setting, based on system needs, with a minimum forty-eight (48) hours' notice to customers.

d ***Responsibilities of ESCOs and Direct Customers During Curtailment***

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

The ESCO 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 the customer 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, KEDLI and/or KEDNY will acquire gas intended for lower priority customers at the City Gate. ESCO's/Direct Customers whose gas is diverted by KEDLI and/or KEDNY 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 ESCO's/Direct Customers from securing or delivering such supplies.

Any failure to interrupt gas usage when required to do so will result in penalties and/or changes in service. Any gas consumed during an interruption will result in unauthorized use charges as provided for in the Company's tariff. Non-compliance charges apply if gas is consumed when the Company is aware that the customer is incapable of interrupting, and an interruption has not been called. Should a customer be paying the Non-Compliance Charge, and an interruption is called, then for the duration of the interruption, the customer would pay the Unauthorized Use Charge, assuming it does indeed continue to use gas. Once the interruption ceases, the customer would again pay the Non-Compliance Charge.

Customers who receive two (2) violations within one (1) winter season (November through March), will be required to apply for firm service, and applications will be reviewed in the same manner as all other similar applications for firm service. While the application remains pending, the customer will be permitted to remain on NFDR service provided that they comply with the following:

i. Submit a remediation plan to address and remedy any and all conditions that caused the customer to incur two violations;
ii. Continue to pay non-compliance charges until remediation is complete or the end of the current winter season;
iii. Provide proof that the customer has had an efficiency audit conducted;
iv. Install, at the customer’s expense, a tank monitoring device that alerts the customer’s fuel oil supplier of tank levels or install an automatic shut-off valve;
v. Agree to be subject to unannounced, on-site inspections of customer’s alternate fuel facilities to verify their ability to interrupt when required.
vi. If a customer does not follow these requirements and firm service is unavailable, the customer will be terminated.

e ***Force Majeure***

Force Majeure: Seller will be excused from delivering the required gas supplies on any given day for Force Majeure events which directly and substantially affect a seller's natural gas deliveries to the Company.

For purposes of this section, a Force Majeure event will be any failure of the final pipeline delivering gas to the Company or an upstream pipeline feeding such pipeline, with such failure having been classified as a Force Majeure event pursuant to the terms of that pipeline's Federal Energy Regulatory Commission-approved tariff. A legitimate Force Majeure event that curtails the seller's firm transportation service on an upstream pipeline that ultimately feeds a downstream pipeline, which directly and substantially affects a seller's natural gas deliveries to the Company, will excuse a Seller from performing pursuant to this section to the extent of such curtailment. If at such time the Seller is delivering gas to Customers on other systems, the volume excused from performance on the company's system will be no more than a proportionate amount of the affected deliveries curtailed by the Force Majeure event. The Seller is responsible for supplying complete information and verifiable proof of all the particulars requested by the Company related to any such Force Majeure exclusion. In order to validate a claim of Force Majeure, the Seller must have a firm, non-interruptible service with the affected pipeline that is covered by the Force Majeure event and must be willing to present such agreements to the Company.

f ***Compensation to Non-Core Customers for Diversion***

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

Replacement Cost of Fuel: If gas is diverted from a customer, compensation will be at the midpoint price in Platts Gas Daily, Daily Price Survey for Transco Zone 6 N.Y on the day(s) of such diversion. The affected ESCO/Direct Customer will be compensated pursuant to the foregoing market price, unless it can demonstrate to the Company's satisfaction that its contract price for the gas diverted exceeded such market price.

g ***Unauthorized Use of Gas***

Any Non-Firm Demand Response customer who fails to cease its use of natural gas in accordance with KEDLI and/or KEDNY's instruction during a curtailment situation and/or a Company-initiated interruption will be subject to the KEDLI and/or KEDNY unauthorized use charge pursuant to tariff regulations.

10 INTERRUPTION REQUIREMENTS

a ***Alternative Fuel Source Requirements***

For more specific and detailed information regarding Non-Firm Demand Response Service Classification requirements, please see KEDLI Tariff Service Classification 19 and KEDNY Tariff Service Classification 18-22.

11 APPENDICES

A. Form of Service Agreement For Non-Core Transportation Service

a FORM OF SERVICE AGREEMENT FOR NON-CORE TRANSPORTATION SERVICE (Service Classification No. 18)

THIS AGREEMENT entered into this __ day of ____________, _____, by and between The Brooklyn Union Gas Company d/b/a National Grid NY, a New

York Corporation (Company) and ___________________, a corporation, partnership, individual (Customer).

WITNESSETH:

WHEREAS, the Company's Schedule for Gas Service (Tariff) contains a Service Classification No. 18 (SC-18) pursuant to which the Company offers a non-core transportation service to qualifying customers (NCT Service);

WHEREAS, Customer uses more than 35,000 therms per year;

Or

Customer is a part of a small customer aggregation Pool and
a) the total annual consumption of such Pool is at least 50,000 therms, and
b) the Company and the Seller supplying the Pool have entered into an agreement regarding the terms and conditions of such aggregation program and the other terms and conditions of Service Classification No. 19 have been complied with in all respects.

WHEREAS, Customer is not an electric generator.

WHEREAS, Customer has requested Company provide Customer NCT Service; and

WHEREAS, Company is willing to provide such service to Customer subject to the terms and conditions herein.

NOW, THEREFORE, Company and Customer agree as follows:

1. Definitions.

For the purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Daily Delivery Quantity" means the total quantity of gas that is required to be delivered to the Company grossed up to cover system losses under the Company's Monthly Balancing Program.

(b) "Delivery Quantity" means the total quantity of gas that is required to be delivered to the Company grossed up to cover system losses under the Company's Daily Balancing Program.

(c) "Seller" means person or entity meeting the Company's qualifications to sell gas to a Pool under this Service Classification.

FORM OF SERVICE AGREEMENT - Continued

2. Transportation Service.

Customer represents and warrants that Customer qualifies for service under SC-18, Rate NCTS-___. Subject to the terms and conditions of this Agreement, the Tariff, and the terms and conditions of SC-18, Customer hereby agrees to deliver or caused to be delivered gas in quantities as follows:

(a) For Monthly Non-Firm Balancing - The Daily Delivery Quantity, as determined by the Company at least monthly, based upon the customer's historical normalized consumption and/or estimates of consumption under normal conditions.

(b) For Daily Non-Firm Balancing - The Delivery Quantity as determined by the customer or his Seller which is adjusted as necessary during each day based on the customer's telemetered consumption in order to align deliveries with consumption.

(c) The Company agrees to receive, transport, and redeliver on anon-firm demand response basis to Customer gas in quantities no less than Customer's Daily Delivery Quantity or Delivery Quantity.

3. Customer Election

(Customers may elect to participate in either the Company's Monthly Balancing Program or Daily Balancing Program.

In order to be eligible for the Daily Balancing Program, customers must have Automatic Remote Meter equipment installed at their premises as well as a dedicated communication link that will allow the Company to access the customer's meter readings periodically throughout the day. The customer is required to pay for the Automatic Remote Meter and dedicated communication link.

Customers that participate in the Company's Daily Balancing Program will be allowed to return to the Monthly Balancing Program or sales service on a best efforts basis. If approved to switch by the Company, the Sellers's customers must remain in the Monthly Balancing Program or sales service for at least twelve months

Customer elects to participate in either Monthly Balancing Program or Daily Balancing Program____

4. Seller of Gas. Customer designates________________________________ to be its seller of gas hereunder.

5. Point(s) of Delivery. The Point(s) of Delivery for all gas transported by the Company for Customer's account hereunder shall be the outlet of Customer's meter located at

____

6. Rates and Charges for Service.

(a) Each month (or other period, if so indicated in the Tariff), Customer shall pay the Company, for all service provided hereunder, all applicable rates, charges, surcharges, fees, penalties and the like set forth under SC-18 and the general terms and conditions of the Tariff, including, but not limited to:

(i) the on-system transportation charges for Rate NCT-_____, Rate Schedule ____ (SC-18 Transportation Service rates are set forth on Statement of Non-Core Transportation Rates as filed with the NYS PSC. If a negotiated transportation rate schedule is selected, a pricing addendum is attached hereto and made a part hereof).

(b) The Company may seek authorization from the Commission for changes to any rate(s) and terms and conditions set forth herein, under SC-18, or the Tariff, as may be deemed necessary by the Company to assure just and reasonable rates and charges.

7. Term of Agreement.

(a) This Agreement shall be effective for an initial term of one (1) year, commencing as of the date first above written, and shall continue thereafter on a _________ to ________ basis, until terminated by Customer or the Company upon at least thirty (30) days' advance written notice to the other, specifying the termination date. The Company's obligation to provide service hereunder, and Customer's obligation to pay the charges referenced in paragraph 6 hereof shall commence on ____________, _____.

(b) Customer shall comply with this Agreement, the terms and conditions set forth under SC-18, and all applicable terms and conditions of the Tariff. Notwithstanding anything else herein or in the Tariff to the contrary, the Company shall have the absolute right, in its sole discretion, to terminate this Agreement immediately and the transportation services provided hereunder if Customer (I) violates any provision of this Agreement, the terms and conditions of SC-18, or the general terms and conditions of the Tariff; (ii) fails to comply with any term or condition of this Agreement or the general terms and conditions the Tariff; or (iii) makes any false or misleading representation or warranty with respect to this Agreement.

8. Notice. Except as may be otherwise provided in this Agreement or the Tariff, any notice to be given under this Agreement shall be in writing, and shall be hand delivered, sent by prepaid certified or registered mail, return receipt requested, or by Federal Express or similar private carrier, and shall be deemed to have been properly given and received (a) when delivered in person to the authorized representative of the party to whom the notice is addressed, (b) on the date received as indicated on the return receipt when sent by prepaid certified or registered mail, to the party notified or (c) or on the business day next following

mailing, when sent by Federal Express or other private carrier. Routine communications and
monthly billing statements shall be considered as duly delivered when mailed by registered,
certified, ordinary mail, Federal Express or other similar private carrier. All communications
shall be addressed to the respective parties as follows:

FORM OF SERVICE AGREEMENT - Continued

If to the Company: The Brooklyn Union Gas Company
d/b/a National Grid NY
175 East Old Country Road
Hicksville, New York, 11801
Attention: ___________________

If to Customer: ___________________________
____
____
Attention: ___________________

10. Incorporation by Reference. The terms and conditions of SC-18 and the general terms and conditions of the Tariff are incorporated herein by reference and made a part hereof.

11. Miscellaneous.

(a) No waiver by either party of any one or more defaults by the other in the performance of any of the terms and conditions of this Agreement shall operate or be construed as a waiver of any default or defaults, whether of a like or different nature.

(b) The interpretation and performance of this Agreement shall be in accordance with the laws of the State of New York, without recourse to the law governing conflict of laws, and to all present and future valid laws with respect to the subject matter hereof, including present and future orders, rules, and regulations of the New York Public Service Commission and other duly constituted authorities.

(c) Except as otherwise provided herein, neither party shall transfer or otherwise assign its rights and obligations under this Agreement without the express written consent of the other party.

(d) This Agreement and the Tariff constitute the complete agreement and understanding between the parties hereto with respect to the subject matter hereof and supersede any and all prior existing agreements or understandings between the parties hereto. No alteration, amendment or modification of the terms and conditions of this

Agreement shall be valid unless made pursuant to an instrument in writing signed by each of the parties hereto. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(e) Capitalized terms used, but not defined, herein shall have the meanings given to them under the Tariff.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers or representatives as of the date first above written.

BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY	________________________________
By:__________________________	By: ______________________________
Title: _______________________ _____________________________	Title:

B. Form of Service Agreement For Non-Core Transportation Service For Electric Generation

a FORM OF SERVICE AGREEMENT FOR NON-CORE TRANSPORTATION SERVICE FOR ELECTRIC GENERATION (Service Classification Nos.18 and 20)

THIS AGREEMENT entered into this ___ day of ____________, ____, by and between Brooklyn Union Gas Company d/b/a National Grid NY, a New York Corporation (Company) and ___________________, a corporation, partnership, individual (Customer).

WITNESSETH:

WHEREAS, the Company's Schedule for Gas Service (Tariff) contains a Service Classification Nos. 18 (SC-18) and 20 (SC-20) pursuant to which the Company offers a non-core transportation service for electric generation to qualifying customers (NCTEG Service);

WHEREAS, Customer has requested Company provide Customer NCTEG Service; and

WHEREAS, Company is willing to provide such service to Customer subject to the terms and conditions herein.

NOW, THEREFORE, Company and Customer agree as follows:

1. Transportation Service.

a) Customer represents and warrants that customer qualifies for service under either:
☐ SC-20 NCTEG-1 Rate.
☐ SC-18 NCTEG Rate.

b) Subject to the terms and conditions of this Agreement, the Tariff and the terms and conditions of SC-20, Customer hereby agrees to nominate the Daily Nomination Quantity on the Electronic Bulletin Board to Company. The Daily Nominations Quantity may not exceed the Maximum Daily Delivery Quantity of _____ dekatherms, exclusive of system losses. Subject to the terms and conditions of this Agreement, the Tariff and the terms and conditions of SC-20, upon Customer's communication of the Daily Nomination Quantity, Customer will be required to deliver or cause to be delivered daily to the Company for Customer's account gas in quantities equal to the Daily Nomination Quantity. The Daily Nomination Quantity shall include a quantity for system loss and unaccounted for gas. The Company shall not be required to accept deliveries of gas in excess of the Maximum Daily Delivery Quantity of ______, exclusive of system losses.

c) The Company agrees to receive, transport, and redeliver on an interruptible basis to Customer, gas in quantities equal to the Daily Nomination Quantity as adjusted for lost and unaccounted for gas; provided that the Company will not redeliver quantities greater than Customer's Maximum Daily Delivery Quantity.

2. Seller of Gas. Customer designates____ to be its seller of gas hereunder.

3. Point(s) of Receipt. The Point(s) of Receipt for all gas tendered by Customer to the Company hereunder shall be the existing delivery point of

____.
(name of pipeline)

known to the Company as

____.
(name of metering station)

4. Point(s) of Delivery. The Point(s) of Delivery for all gas transported by the Company for Customer's account hereunder shall be the outlet of Customer's meter located at ____. (Customer Service Location(s))

5. Delivery Pressure. Gas delivered to the Point(s) of Receipt by Customer, or that Customer causes to be delivered to the Point(s) of Receipt, shall be at such delivery pressures as are sufficient to enter Company's system.

6. Daily Balancing. The Company shall balance to zero Customer's account at the end of each day, as provided under the terms and conditions of SC-20.

7. Rates and Charges for Service.

(a) Each month (or other period, if so indicated in the Tariff), Customer shall pay the Company, for all service provided hereunder, all applicable rates, charges, surcharges, fees, penalties and the like set forth under SC-20, Rate Schedule 1 and the general terms and conditions of the Tariff.

(b) The Company may seek authorization from the Commission for changes to any rate(s) and terms and conditions set forth herein, under SC-20, or the Tariff, as may be deemed necessary by the Company to assure just and reasonable rates and charges.

8. Term of Agreement.

(a) This Agreement shall be effective for a term of five (5) years, commencing as of the date first above written. The Company's obligation to provide service hereunder, and Customer's obligation to pay the charges referenced in paragraph 8 hereof shall commence on ____________________________________.

(b) Customer shall comply with this Agreement, the terms and conditions set

11. Incorporation by Reference. The terms and conditions of SC-20 and the general terms and conditions of the Tariff are incorporated herein by reference, and made a part hereof.

12. Miscellaneous.

(a) No waiver by either party of any one or more defaults by the other in the performance of any of the terms and conditions of this Agreement shall operate or be construed as a waiver of any default or defaults, whether of a like or different nature.

(b) The interpretation and performance of this Agreement shall be in accordance with the laws of the State of New York, without recourse to the law governing conflict of laws, and to all present and future valid laws with respect to the subject matter hereof, including present and future orders, rules, and regulations of the New York Public Service Commission and other duly constituted authorities.

(c) Except as otherwise provided herein, neither party shall transfer or otherwise assign its rights and obligations under this Agreement without the express written consent of the other party.

(d) This Agreement and the Tariff constitute the complete agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersede any and all prior existing agreements or understandings between the parties hereto. No alteration, amendment or modification of the terms and conditions of this Agreement shall be valid unless made pursuant to an instrument in writing signed by each of the parties hereto. This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(e) Capitalized terms used, but not defined, herein shall have the meanings given to them under the Tariff.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers or representatives as of the date first above written.

BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY	______________________________
By:____________________	By: ___________________________
Title: ___________________	Title: _________________________

Service Classification No. 7

a ***Interruptible Transportation Service Agreement – SC7***

To KeySpan Gas East Corporation d/b/a National Grid:

____ (Customer) requests that National Grid provide interruptible transportation service of natural gas to Customer at __________________________________ (Service Location) under the terms of Service Classification No. 7. Customer (has) or (does not have) a dual fuel capability. Customer will be subject to the interruption provisions in Service Classification No. 4.

Business Name: __________Account#______________________________
____
Company or
Corporation Name:_________________Telephone#_____________
____
Service Address: ______________________________ Zip:________

Mailing Address: _____________________________ Zip:______________ ____________
Service Classification No. ______________Grid# ____________ _____________
Service Start_: ____

Option: (Please check one)

☐ Daily Balancing Transportation Service
(see Leaf Nos. 159.1, 159.1.1 and 159.1.2 for requirements)
or

☐ Monthly Balancing Transportation Service
(see Leaf Nos. 158.1 and 159 for requirements)

Seller of Gas
Customer designates ____
to be its Seller of gas hereunder.

Customer understands and agrees as follows:

1. Upon the customer's request, "National Grid" will estimate the customer's Annualized Transportation Quantity, based upon the equipment specified as Attachment A, hereto, to determine if the Customer has the capability of consuming at least 5,000 dth per year to qualify for service under Service Classification No. 7.

2. Customer shall take and pay for the service in accordance with Service Classification No. 7 and is bound by the terms and conditions contained therein and in accordance with any

changes or modifications thereof as approved by the Public Service Commission of the State of New York;

3. Customer's term shall begin on _________________________ and shall expire twelve months thereafter unless otherwise terminated pursuant to Service Classification No. 7. This term will be extended for additional twelve month periods unless the Customer or National Grid has provided sixty (60) days prior written notice of termination. Upon such termination, the Customer shall pay for all service rendered through effective date of termination.

4. Customer warrants that all information provided to "National Grid" for the purpose of qualifying for service under Service Classification No. 7 is true and accurate and Customer acknowledges that such information has been provided to "National Grid" for the purpose of inducing "National Grid" to provide service pursuant to Service Classification No. 7;

5. The Customer acknowledges and agrees that the supply and transportation of Customer purchased gas to an existing Receipt Point(s) of the company's gas facilities shall be solely the responsibility of the Customer,

6. Customer is responsible for the costs associated with the installation and maintenance of 1) remote meter reading devices to the extent such cost exceeds the cost of non-remote meter reading devices and 2) any new facilities required for the company's provision of service to Customer pursuant to Special Provision (a) of Service Classification No. 7; If telemetering equipment is inoperative for customer controlled reasons for a period of time greater than eight weeks, the customer shall be returned to the appropriate sales rate for a minimum term of 12 months.

7. Customer is responsible for additional charges, including, but not limited to FERC filing fees and any pipeline imbalance penalty charges;

8. In the event that the Company calls on peaking assets to supplement supply to meet high demand or for the isolated distribution system reliability reasons in excess of four hours (other than for LNG plant idling or cooling or for system testing), or if the Company, at its sole discretion, determines that it is warranted to protect the reliability and safety of the system for firm Customer, the Company will interrupt service to Customers on this service classification as described in the Company's Gas Transportation Operating Procedures ("GTOP"). The Company will endeavor to provide notification (within two hours) of this scheduled interruption. A Customer that continues to take gas after receiving notice of interruption by the Company may incur additional charges as contained in the Company's SC-7 Tariff and "National Grid" may take immediate action to terminate the Customer's gas supply;

9. All rates and charges under the Service Classification No. 7 tariff are subject to increase pursuant to Rule III.2 of the tariff where service is provided to a Customer in a municipality;

10. Charges for transportation of gas are applicable to quantities metered at the customer's Service Location;

11. The Customer will provide "National Grid" with a nomination schedule daily in the Timely Cycle for the next day's deliveries. All deliveries are expected to be load following. The nomination schedule shall indicate the pipeline as well as the quantity of gas nominated at the Company receipt point.

12. The Customer or supplier will abide by all requirements and procedures as specified in National Grid's Gas Transportation Operating Procedures Manual.

13. The Customer represents that seller is authorized to act as its agent in all dealings with "National Grid" including, but not limited to, the submittal of daily Customer nomination schedules. The Customer accepts full responsibility for all acts committed by such agent. The Customer must provide "National Grid" with at least thirty (30) days written notice of changes in a customer's agent before the new agent may nominate deliveries on "National Grid's" system;

14. If any provision herein is construed to be inconsistent with Service Classification No. 7, Customer acknowledges that the provisions of Service Classification No. 7 as modified and approved by the New York State Public Service Commission shall govern; and

15. "National Grid's" waiver of any one or more of the provisions of this Service Agreement and/or Service Classification No. 7 shall not operate or be construed as a future waiver of any provision or future provision, whether of a like or different character.

ACCEPTED:

Customer	KeySpan Gas East Corporation D/B/A National Grid
By:_____________	By:________________________________
Title:__________	Title:_____________________________
Date:____________	Date:______________________________

Instructions

* Customer should read this Service Agreement and Service Classification No. 7 before executing this Agreement.

C. Holiday Schedule

New Year's Day

Martin Luther King Jr.'s Birthday

President's Day

Memorial Day

Juneteenth National Independence Day

Independence Day

Labor Day

Veterans Day

Thanksgiving Day

Day After Thanksgiving

Christmas Day

D. Definitions

Abbreviations: BTU = British Thermal Unit = The quantity of heat necessary to raise the temperature of one pound of water one degree Fahrenheit.
THM = Therm = 100,000 BTU
DTHM = Dekatherm = 10 THM
CF = Cubic Feet = A unit of measurement of gas volume.
CCF = 100 CF
MCF = 1,000 CF

Access Controller: A party known to the Company to be in control of access to the metering equipment of a Customer, and to have an active account of its own with the Company.

Actual Reading: Is a reading of a meter obtained either by a Customer and submitted to the Company, or by a Company employee. Actual readings can also be made remotely from a transmission device attached to the meter.

Aggregated Daily Transportation Quantity: The sum of the Daily Transportation Quantities for all firm Customers purchasing natural gas from the same Seller.

Aggregate Daily Imbalance Percentage: Applicable to Sellers participating in the Company's Daily Balancing Program. The Aggregate Daily Imbalance Percentage is calculated by subtracting: 1) the telemetered daily consumption grossed up for UFG of the Seller's pool from 2) the quantity of gas the Seller delivers to the city gate for the pool, divided by 3) the telemetered daily consumption grossed up for UFG of the pool.

Applicant: A person, firm, partnership, corporation, association, developer, builder, governmental agency or other entity requesting gas sales or transportation service from the Company by completely filling out the appropriate application request form. A person or governmental agency may apply for service on behalf of a residential Applicant. All Applicants must first meet the following conditions for their application to be considered:
1. the gas service provided cannot be resold; and
2. the Applicant must own or occupy the premises to be supplied with gas. A residing Applicant maintains residence at the premises to be supplied with gas and a non-residing applicant does not. The term "Applicant" may be used interchangeably with "Customer". Applicants are covered under 16 NYCRR Parts 11 and 13.

Back-up Services: The provision of company-owned natural gas to satisfy the customer's daily usage requirements to the extent that any portion of the customer's Daily Transportation Quantity is not delivered to the Company on the customer's behalf.

Backbill: Charges not previously billed for service delivered to Customers prior to the current billing cycle.

Business Day: Any weekday when the Company's business offices are open.

Capacity Release: Interstate pipeline transportation capacity released by the Company to Seller or Seller's Agent participating in the Company's Mandatory Capacity Program in accordance with FERC regulations and the tariffs of the interstate pipelines.

City Gate: The points of delivery between the interstate pipelines providing service to Long Island, the New York Metropolitan area and the New York Facilities System, which points are used by the Company and others.

Company: KeySpan Gas East Corporation d/b/a National Grid (KEDLI) and/or The Brooklyn Union Gas Company d/b/a National Grid NY (KEDNY).

Core Customer: A customer who lacks or chooses not to utilize alternatives to natural gas. If a customer chooses to be a core customer for a specific application or end-use, such application must be separately metered.

Core Daily Delivery Quantity (Core DDQ): Applicable to Sellers participating in the Company's Core Monthly Balancing Program. The Core DDQ represents the total daily quantity of gas grossed up for UFG the Seller is required by the Company to deliver each day to the Company's city gate to serve the estimated gas consumption of the Seller's Pool. Such quantity shall be determined daily by the Company and is subject to the limitations, restrictions, and other provisions contained herein.

Critical Day: Any 24-hour period commencing 8:00 a.m. in which the Company has declared to be a "Critical Day" on eight hour prior notice.

Customer or Consumer: A person, firm, partnership, corporation, association, developer, builder, governmental agency, or any other entity approved for and supplied gas sales or transportation service by the Company. In general, residential or residing Customers are those maintaining residence at the premises to which gas is supplied whereas non-residential or non-residing Customers do not. A new Customer is a Customer who was not the last Customer at the premises to be served with gas regardless of whether the new Customer was a former Customer or is a Customer at a different location. Customers are covered by 16 NYCRR, Parts 11 and 13.

Customer's Commodity Account: The amount of natural gas, measured in therms, that (I) has been delivered to the Company for redelivery to the Customer but has not been consumed by the Customer or (ii) has been consumed by the Customer in excess of the amount that has been delivered to the Company for the Customer. A positive balance in the Customer's Commodity Account means that the Customer has used less natural gas than has been delivered to the Company for redelivery to the Customer and that the Company is holding such amount of the customer's gas in storage. A negative balance in the Customer's Commodity Account means that the Customer has used more natural gas than has been delivered to the Company for redelivery to the Customer.

Daily Balancing Service: The Company provides daily balancing service to Sellers participating in the Daily Balancing Program to enable Sellers to match the quantity of gas consumed each day by the Sellers' pool with the quantity of gas delivered by the Sellers.

Daily Delivery Quantity (DDQ): Applicable to Sellers participating in the Company's Monthly Balancing Program. The DDQ represents the total daily quantity of gas grossed up for UFG the Seller is required by the Company to deliver each day to the Company's city gate to serve the estimated gas consumption of the Seller's Pool. Such quantity shall be determined at least monthly by the Company and is subject to the limitations, restrictions, and other provisions contained herein.

Daily Imbalance Quantity: Applicable to Sellers participating in the Company's Daily Balancing Program. The Daily Imbalance Quantity represents the difference between the quantity of gas the Seller delivers to the city gate for the pool and the telemetered daily consumption grossed up for UFG of the pool. A negative daily imbalance results when the pool consumes more gas than is delivered. A positive daily imbalance results when the pool consumes less gas than is delivered.

Daily Imbalance Tolerance (DIT): Equal to +/-5%. Applicable to Sellers participating in the Company's Daily Balancing Program.

Daily Transportation Quantity: The quantity of gas to be tendered by Seller at the Receipt Point for the customer's account on any day.

Designated Interruption Temperature: The "Designated Temperature(s)" will be the temperatures set annually prior to the winter season by the Company. The Company reserves the right to adjust this temperature setting, based on system needs, with a minimum forty-eight (48) hours notice to Customers. There will be a "Designated Interruption Temperature" when a Customer's equipment will be switched over to an alternate fuel and a "Designated Resumption Temperature" when the Customer's equipment may be switched back to natural gas. There may be different Designated Temperatures for Customers with fully automatic controls and Customers with semi-automatic controls.

DUNS+4: A Data Universal Numbering System (DUNS) number is a unique nine-digit numerical identifier, plus additional four (4) digits.

Energy Service Company (ESCO): An entity eligible to sell natural gas to the Company's transportation customers pursuant to tariff guidelines. ESCOs may also sell other energy supplies and energy related services to customers.

Existing Core Customer: A Core Customer taking firm service under Sales Service Classifications.

Factor of Adjustment: The Company's system losses determined in accordance with Tariff Leaf 67 for KEDNY and Tariff Leaf 14 for KEDLI. The Factor of Adjustment is multiplied by the quantity of gas the Company is to deliver to a customer in order to calculate the corresponding quantity of gas grossed up for system losses that the customer's Seller is to deliver to the city Gate.

Firm Customer: A customer offered service under schedules or Contracts designed to provide customer's gas supply or transportation needs on a continuous basis.

Gas Cost Year: The twelve months beginning each September 1 and ending on August 31.

Gas Year: The 12-month period beginning November 1st and ending October 31st of each year.

GTOP Manual: Gas Transportation Operating Procedures Manual issued in compliance with Order in Case 97-G-1380 issued December 21, 1999 that describes the operating procedures associated with the Company's firm and Non-Firm Demand Response transportation service.

KEDLI: KeySpan Gas East Corporation d/b/a/ National Grid (KEDLI).

KEDNY: The Brooklyn Union Gas Company d/b/a/ National Grid NY (KEDNY).

Late Payment: Payment made more than 20 calendar days after the date payment is due. The due date for payment is specified by the Company on its bill, and is not earlier than the personal delivery date of the bill or earlier than three calendar days after the mailing of the bill. If Billing Agency arrangement exists refer to Uniform Business Practices for Retail Access section IX.B.5.

Load Factor: The ratio of : 1) the average daily normalized annual consumption of the Seller's Pool to 2) the estimated peak day consumption of the Seller's Pool.

Load Profile Factor: The Pool's maximum month's normalized consumption, divided by the minimum month's consumption minus one, all calculated as per the Company's records. The minimum load profile will never be less than one; the maximum load profile will never be greater than five.

Lost and Unaccounted for Gas ("LAUF") KEDNYs system losses stated as a percentage of sales determined in accordance with Tariff Leaf 69.

Marketer: A person or entity eligible to sell natural gas to the Company's transportation Customers. This may be used interchangeably with ESCO, Seller and/or Direct Customer.

Municipal Gas Aggregation (MGA): A qualifying Community Choice Aggregation ("CCA"), whereby a municipality elects to utilize CCA to procure natural gas supply from a competitive supplier in accordance with the requirements of the New York Public Service Commission set forth in Case 14-M-0224.

Monthly Delivered Quantity: The amount of natural gas that the Company estimates that a firm Customer will use in a calendar month.

New Core Customer: Any core customer that is not an Existing Core Customer. Partial Gas Cost Year: January 1, 2008 through August 31, 2008.

Non-Core Customer: A customer who has and chooses to utilize alternatives to natural gas. If a customer chooses to be a non-core customer for a specific application or end-use, such application must be separately metered.

Non-Core Daily Delivery Quantity (Non-Core DDQ): Applicable to Sellers participating in the Company's Non-Core Monthly Balancing Program. The Non- Core DDQ represents the total daily quantity of gas grossed up for LAUF the Seller is required by the Company to deliver each day to the Company's city gate to serve the estimated gas consumption of the Seller's Pool. Such quantity shall be determined at least monthly by the Company and is subject to the limitations, restrictions, and other provisions contained herein.

<u>Operational Flow Order</u>: Actions taken by the Company to control system operations.

<u>Pool</u>: A group of one or more customers to whom a Seller is selling gas, who are receiving transportation service, whose gas usage is aggregated by the Seller for the purpose of providing service under tariff guidelines.

<u>Physical Storage Transfer Price</u> – is a per dekatherm commodity price equal to the Company's weighted average commodity cost of gas in underground storage.

<u>Receipt Point (for customer-owned gas)</u>: The Company's City Gate(s) or the points of delivery between the interstate pipelines providing service to the New York Metropolitan area and the New York Facilities System, which point is used by "Brooklyn Union" and others.

<u>Seller</u>: A Seller is either: 1) an ESCO or Marketer that meets the Seller qualifications under the applicable Service Classifications and is selling gas to a Pool; or 2) a Core or Non-Core Customer who is qualified to purchase natural gas and deliver it to the Company's city gate on his own behalf. Seller is required by the Company to deliver each day to the Company's city gate to serve the estimated gas consumption of the Seller's Pool . Such quantity shall be determined at least monthly by the Company and is subject to the limitations, restrictions, and other tariff provisions. Seller may be used interchangeably with ESCO, Marketer and/or Direct Customer.

<u>Seller's Agent</u>: An ESCO or Marketer that is designated as agent by the Seller, to whom the Company will release capacity on behalf of the Seller, in order for the Seller to serve his pool's demand.

Seller's Base Component: The non-temperature sensitive related sales reflected in dekatherms per day of the Seller's Pool of transportation customers served under SC 5 or SC17.

Seller's Slope Component: The temperature sensitive related sales reflected in dekatherms per Heating Degree Day of the Seller's Pool of transportation customers served under SC 5 or SC17.

<u>Seller Service Agreement</u>: The agreement between the Company and Seller to provide service, the form of which is included in this Schedule for Gas Service, and the

term of which shall be for a period of no less than twelve months.

Service Agreement: An agreement executed by an eligible Customer that chooses to purchase natural gas from a qualified seller.

Supplier: A party that sells the commodity of natural gas.

Swing Service – The Company provides swing service under the monthly balancing program to manage imbalances that arise when weather deviates from normal and the quantity of gas actually consumed by the Seller's Pool differs from the quantity of gas delivered by the Seller to the Pool. The Company will rely on upstream pipeline, storage, peaking and supply assets to provide the Swing Service.

Tariff – Document filed by the Company with the Public Service Commission that sets out the Company rates, terms and conditions of service referred to as P.S.C. No. 12 Tariff for KEDNY and P.S.C. No. 1 Tariff for KEDLI.

Transporter: An interstate pipeline transporting gas to points of receipt on the Company's delivery system for the Pool's account.

Unaccounted for Gas ("UFG"): The company's system losses stated as a percentage of (sales or sendout) determined in accordance with Tariff Leaf 73 for KEDNY and Tariff Leaf 17.1 for KEDLI.

Unitized Fixed Cost Credits: Unitized Fixed Cost Credits are applicable to Sellers serving transportation customers and are determined in accordance with tariff specifications.

Upstream: From a reference point, any point located nearer to the origin of flow than the reference point.

Weighted Average Cost of Capacity ("WACOC"): the unitized weighted average cost of 1) KEDNY/KEDLI's Pipeline Transporters' Fixed Costs for firm domestic and unbundled Canadian pipeline transportation capacity used to deliver flowing gas supplies to the city gate, excluding transportation capacity used to deliver gas withdrawn from storage, plus 2) the fixed costs or basis premium of KEDNY/KEDLI's bundled city gate winter supply contracts. The WACOC will be updated as required to reflect changes to rates and prices.

Weighted Average Cost of Storage Capacity ("Storage WACOC") – the unitized weighted average cost of the Company's Fixed Costs for Storage Assets and the associated transportation assets to deliver gas withdrawn from storage to the Company's city gates, which will also include an allocation of the revenues/credits arising from asset management agreements equivalent to the ESCO customers' proportionate responsibility for the upstream storage services provided by the Company that is subject to the AMAs that result in the revenues/credits. The Company will also include any other revenues/credits that are associated with the ESCO customers' proportionate responsibility of upstream storage services provided by the Company. The Storage WACOC will be updated as required to reflect changes to underlying interstate pipeline and storage provider rates.

E. Capacity Release Example Calculations

Tier I – Capacity Release

Winter Allocation Calculation Example:

ESCO A: Base Slope

	Base	Slope
Customer A:	3.665	0.5269
Customer B:	2.250	0.2439
Customer C:	0.834	0.1430
ESCO A	6.749	0.9138

UFG factor for NY = 1.0153

A. Total Base for all ESCOs = **66,640.24 * 1.0153 = 67,659.84**

B. Base for all firm sales customers = **98,545.53 * 1.0153 = 100,053.27**

C. Total Company Transportation Capacity (not including trans associated with storage) = **1,258,829 * 60.7673% = 764,956.39**

D. ESCO A Base = **6.749 * 1.0153 = 6.852**

E. ESCO A Slope = **0.9138**

F. Slope for all Firm customers (Firm transportation and Firm sales) = **23,754.58**

Formula: = 6.852+((0.9138/23,754.58)*(764,956.39-(67,659.84+100,053.27)))

Daily volume of transportation that ESCO A will receive = **30 dths**

Marketer Base with UFG + ((Marketer Slope/All NY Slope) * (Total NY Transportation Capacity - (All NY Transportation Base with UFG + All NY Sales Base with UFG)))

Tier I – Capacity Release

Summer Allocation Calculation Example:

ESCO A: Base Slope

	Base	Slope
Customer A:	3.665	0.5269
Customer B:	1.2500	0.4689
Customer C:	0.2360	0.4290
ESCO A	5.1510	1.42477

UFG factor for NY = 1.0153

A. Total NY Slope (Sales and Transportation) = 23,718.94

B. Total NY Transportation Capacity (1,341,106 * 60.7543% NY allocation) = 814,779.56

C. Total NY Storage (48,805,886 * 60.7543% NY allocation) = 29,651,674

D. Desired % Full of Total System Storage for November 1 = 97%

E. NY System Ending Inventory = 8,895,502.32

F. Refill Storage Days = 184

G. NY Sales Base with UFG + NY Transportation Base with UFG = 167,694.20

H. ESCO Base with UFG 5.1510*1.0153 = 5.23

I. ESCO Slope 1.42477

Formula: 5.23+((1.42477/23,718.94)*((814,779.56-(((29,651,674*97%)-8,895,502.32)/184))-(167,694.2)))

Daily volume of transportation that ESCO A will receive = **38 dths**

Marketer Base with UFG + ((Marketer Slope/All NY Slope) * ((Total NY Transportation Capacity - (NY Total Storage Capacity * The Desired % Full of Total System Storage for November 1st) - The Total System Ending Inventory Balance for NY) / Number of Days to Refill Storage)) - (All NY Transportation Base with UFG + All NY Sales Base with UFG)))

F. **Tier 2B Retail Access Storage**

- Allocation Storage Capacity Example:

Retail Access Storage will be available from November 1 through April 30th

A. ESCO A Slope = **0.9138**

B. All Firm Customer Slope (Firm Transportation and Firm Sales) = **19,391.5740**

C. Total Storage capacity = 62,809,314 * 0.67 = **42,082,240.38** dths

D. Max Daily Withdrawal Capacity = 851,792 * 0.67 = **570,700.64** dths

Formula: (A/B) * C = ESCO A Allocated Storage

(0.9138 / 19,391.5740) * 42,082,240.38 = **1,983** Dths

(A/B) * D = ESCOS A max daily withdrawal

(0.9138 / 19,391.5740) * 570,700.64 = **27** Dths

G. Retail Access Storage Must Turn

For example, ESCO's utilize 55% of total Retail Access Storage by March 31st. ESCOs that fail to meet storage minimum utilization percentages will be charged for the volumes they did not utilize at the higher of:

1. SMTP = (P – 0.45) x RAS x EGTS x C
2. SMTP = (P – 0.45) x RAS x TRA

SMTP = Storage must turn penalty
P = ESCO percentage of RAS inventory level on March 31
RAS = ESCO Retail Access Storage allocation
EGTS = Current EGTS fuel retention percentage multiplied by 2
C = Highest of the Retail Access Storage Commodity prices for Nov – Apr
TRA = C – (Lowest of the Transco Z6 FOM prices for Nov – Apr)

The percentages are subject to change and will be dependent upon the March ending LDC inventory percentage.

H. Peaking example with no penalty, ESCO is above the rule curve for Retail Access Storage.

Tier 3: Peaking Supply Pricing

- Requirement = 1000 dths

  Max Tier 1 = 900 dths

  Max storage daily withdrawal = 60 dths

  Above the rule curve for retail Access Storage

  Peaking price = $7.52

  Example 1: 1000 dths – 900 dths – 60 dth = 40 dths of peaking

  40 dths * $7.52 = $300.80

Peaking example with penalty, ESCO is below the rule curve for Retail Access Storage.

Tier 3: Peaking Supply Pricing

- Requirement = 1000 dths

  Max Tier 1 = 900 dths

  Max storage daily withdrawal = 60 dths

  *Below the rule curve for retail access storage

  Peaking price = $7.52

  Average Daily index price = $8

(ESCO Should get 40dths of Peaking, since they are below the rule curve they have no access to Tier2B)

Example 2:

Peaking:	1000 dths – 900 dths – 60 dth = 40 dths
City Gate Shortage:	1000 dths – 900 dths – 40 dth = 60 dths
Peaking Cash-out:	40 dths * $7.52 = $300.80
Penalty Cash-out:	(60 dths * $25) + (60 * $8) = $1,980
	Total = $2,280.80

*ESCO is will not be able to nominate Tier 2B

I. Uniform Business Practice Rules

The most recent Uniform Business Practice Rules may be accessed at the New York State Public Service Commission's website at www.dps.ny.gov under the heading Natural Gas/ Power to Choose – Industry and ESCO Competitive Market Information.

J. Illustrative Supply and Demand Dispatch Interruptibility Matrix

	Circumstance	Tier 1 Sales Customers	Tier 2 Sales Customers	Tier 1 Transport Customers	Tier 2 Transport Customers	Interruptible Power Plants (j)
1	Temperature is **ABOVE 20°F** and NO LNG or Peaking Supplies are dispatched	**On**	**On**	**On**	**On**	**On**
2	Temperature is **20°F** and NO LNG or Peaking Supplies are dispatched	**On**	**Off**	**On**	**Off**	**On**
3	Temperature is **ABOVE 15°F** and NO LNG or Peaking Supplies are dispatched	On	Off	On	Off	On
4	Temperature is **15°F or BELOW** and NO LNG or Peaking Supplies are dispatched	Off	Off	Off	Off	On (a)
5	Peaking Supplies are dispatched to meet firm requirements and temperature is **ABOVE 15°F**	Off (b) (i)	Off (b), (i)	Off (b) (i)	Off (b) (i)	On (c), (f)
6	Peaking Supplies are dispatched to meet firm requirements and temperature is **15°F or BELOW**	Off	Off	Off	Off	On (c),(f)
7	Isolated gas system operational issue and LNG is dispatched for short duration (h)	On (a), (d)	On (c), (d)	On (a), (c), (d)	On (a), (c), (d)	On (a), (c), (d)
8	LNG is dispatched to meet firm requirements.	Off	Off	On (c), (f), (g)	On (c), (f), (g)	On (c), (f)
9	Peaking Supplies and/or LNG are dispatched for least-cost dispatch purposes and temperature is **ABOVE 20°F** (e)	On	Off	On	On	On
10	Peaking Supplies and/or LNG are dispatched for least-cost dispatch purposes and temperature is 20**°F or BELOW** (e)	On	Off	On	Off	On (c), (f)
11	Peaking Supplies and/or LNG are dispatched for least-cost dispatch purposes and temperature is **ABOVE 15°F** (e)	On	Off	On	On	On
12	Peaking Supplies and/or LNG are dispatched for least-cost dispatch purposes and temperature is **15°F or BELOW** (e)	Off	Off	On	On (c), (f)	On (c), (f)

Notes:	
(a) Balancing OFO **MAY** be issued. Non-complying customers may also be interrupted for system reliability.	
(b) Peaking Supplies may be dispatched when non-firm demand response customers are ON in the following circumstances:	
1.If peaking supplies must be dispatched ratably across a weekend and/or holiday with varying temperatures above and below 15°F.	
2.Peaking supplies based on a day ahead call option are dispatched based on a forecasted low temperature of 15°F or below. If the actual low temperature	
exceeds the forecasted low temperature, then the non-firm demand response customers may be allowed to burn gas if the system load decreases accordingly.	
3.In all cases where non-firm demand response customers are on, LNG and non-ratable peaking will be minimized to preserve winter deliverability.	
(c) One or more non-firm demand response customers may be interrupted if needed for gas system reliability.	
(d) Depends on distribution system location - may need to interrupt individual customers.	
(e) Peaking Supplies to be dispatched based upon a DESIGN rule curve in ALL cases. Least-cost dispatch of LNG will not occur:	
(1) prior to February 15th or 2) if system and/or portfolio reliability is threatened. LNG use for training/testing does not apply.	
(f) Balancing OFO **WILL** be issued. Non-complying customers will be interrupted for system reliability.	
(g) Monthly balanced interruptible transportation customers will be interrupted.	
(h) Maximum of FOUR hours of LNG sendout. LNG sendout for plant idling/cool down does not apply.	
(i)Non-Firm Demand Response Tier 2 Sales Customers will be interrupted as described above as soon as practical.	
(j) Interruptible Power Plants operating on KEDNY SC 14 and SC18 and KEDLI SC7 and SC14 may have contractual limits on the number of days of allowed interruptibility.	
(k) Note that the 15 °F temperature is illustrative. The applicable Designated Interruption Temperature is set each year. Tier 1 customers in KEDNY will be interrupted	
when the Company receives a report that the **LAGUARDIA AIRPORT TEMPERATURE** has reached the Designated Interruption Temperature. Tier 1 customers in KEDLI	
will be interrupted when the Company receives a report that the **FARMINGDALE AIRPORT TEMPERATURE** has reached the Designated Interruption Temperature.	
(l) Note that the 20 °F temperature is illustrative. The applicable Designated Interruption Temperature is set each year. Tier 2 customers in KEDNY will be interrupted	
when the Company receives a report that the **LAGUARDIA AIRPORT TEMPERATURE** has reached the Designated Interruption Temperature. Tier 2 customers in KEDLI	
will be interrupted when the Company receives a report that the **FARMINGDALE AIRPORT TEMPERATURE** has reached the Designated Interruption Temperature.	

K. Community Choice Aggregation and Municipal Gas Aggregation DUNS+4

Community Choice Aggregation (CCA) - Municipal Gas Aggregations (MGA)
Downstate - KEDLI/KEDNY
New Aggregation DUNS + 4
The ESCO will have to go through Onboarding process and EDI Testing.
The ESCO will receive separate DDQ's for each aggregation pool.
If the aggregation begins in any month except May or November, ESCO will only be released capacity on Transco. ESCO will not be eligible for a Circuit Breaker until ESCO receives May or November Capacity.
There will be separate imbalances for each aggregation pool.
There will be a separate ESCO invoice for each aggregation pool.
The ESCO name on the customer's bill will reflect the aggregation name.
The Call center reps will be able to determine that customers are part of an aggregation pool.
The Company will be able to accommodate any future decisions (should the resets order dictate) whereby there are different rules which would apply to aggregation customers as compared to traditional ESCO customers.