

MARYLAND RESIDENTIAL & SMALL COMMERCIAL TERMS AND CONDITIONS

Natural Gas Supply Service
Direct Energy Services, LLC

1. Agreement to Purchase Natural Gas. Direct Energy will supply your natural gas as delivered by your Natural Gas Utility ("NGU"). These Terms and Conditions together with the Rate Plan Summary (defined below), which is incorporated herein by reference, constitute the agreement ("Agreement") between you and Direct Energy Services, LLC ("Direct Energy"). "Rate Plan Summary" means, as applicable, either the section of the enrollment consent form/letter of authorization entitled 'Rate Plan Summary' or the Schedule A accompanying these Terms and Conditions entitled 'Rate Plan Summary - Schedule A to Terms and Conditions.'

2. Terms of Agreement. This Agreement serves as the agreement for natural gas supply service to be provided to you by Direct Energy. This Agreement is subject to the occurrence of the following conditions: (a) your receipt of this Agreement from Direct Energy; (b) Direct Energy's acceptance of this Agreement; (c) your Natural Gas Company's acceptance of your enrollment and; (d) your applicable rescission period having run. You agree to become a Direct Energy customer and appoint Direct Energy as your limited agent to perform the necessary tasks associated with your natural gas supply service and fulfill the terms of this Agreement. You authorize Direct Energy to obtain information from your NGU that includes your billing and payment information and history, historical and future natural gas usage, meter readings, and characteristics of natural gas service. Direct Energy agrees to sell and arrange for delivery to you, and you agree to purchase and accept, the quantity of natural gas delivered to you, as measured and/or estimated by your NGU, all in accordance with the terms and conditions set forth in this Agreement. Your natural gas will be delivered to you by your NGU. Direct Energy is licensed by the Maryland Public Service Commission (the "Commission") as a "gas supplier" to supply natural gas service in Maryland. Direct Energy's license number in Maryland is IR-719.

3. Term of Agreement. The term of this Agreement will begin on the meter read date that your natural gas supplier is changed to Direct Energy by the NGU. The Initial Term of your service is set forth in the Rate Plan Summary. When the Initial Term expires, this Agreement will automatically renew on a month-to-month basis, as described in the Rate Plan Summary and in Section 5. This Agreement will be effective during the Initial Term and through any of these monthly renewal periods, subject to the cancellation provisions of Sections 5 through 9 below.

4. Pricing, Billing and Payment Terms. During the Initial Term, you will be charged for your natural gas supply service at the price per therm ("therm") set forth in the Rate Plan Summary. This price is for your natural gas supply service and it includes transmission and gross receipts tax and excludes distribution charges and other taxes, utility fees and charges. As to your billing and payment terms, your NGU will send you a bill monthly which will set forth your NGU's charges and Direct Energy's charges. Your payment for both the NGU's and Direct Energy's charges will be due to the NGU by the date specified in the NGU bill.

Direct Energy's supply of natural gas to you under this Agreement is subject to the NGU accepting enrollment of your account for consolidated billing. If you are not eligible for consolidated billing, you will be required to remedy that restriction with your NGU prior to Direct Energy serving you. If any time during your Initial Term or any Renewal Period (as defined in Section 5), your NGU no longer provides consolidated billing for your account, you will be billed by Direct Energy for any charges owed to Direct Energy. You will be billed separately by your NGU for any taxes, distribution charges or other utility fees and charges. If Direct

Energy has any new or increased fees, taxes, or charges imposed on it or you during the term of this Agreement, you will be responsible for said fees.

5. Renewal. Upon completion of the Initial Term, this Agreement will automatically renew on a month-to-month basis. While taking service on a month-to-month basis, Direct Energy will charge you for all natural gas billed by your NGU at a variable rate per therm equal to the following: an amount no greater than \$0.70 per therm added to the closing price of next month's Henry Hub Natural Gas Futures Contract (converted from \$/MMBtu to \$/therm) as listed by the New York Mercantile Exchange ("NYMEX") for the day on which your rate is established. This price includes transmission and gross receipts tax and excludes distribution charges and other taxes, utility fees and charges. NYMEX is a principal U.S. commodity exchange on which the Henry Hub natural gas futures contract (symbol: NG) is traded. NYMEX settlement prices are available from various publications, including the Wall Street Journal and various internet sites. You may obtain your monthly price by calling Direct Energy by telephone at the number set forth in Section 15. Pricing is available on the 20th day (or following business day) of the previous month.

A notice will be sent to you 45 days before the expiration of your Initial Term informing you of your impending automatic renewal. The notice will contain a copy of the Agreement with the proposed terms highlighting any changes in the material terms of this Agreement and it will inform you of your right to accept the Agreement with the proposed terms or your right to cancel this Agreement. If you find the proposed changes unacceptable, you can, without incurring a charge from Direct Energy, cancel this Agreement and choose another gas supplier. However, if you do terminate this Agreement and do not choose another gas supplier, you will return to the NGU for service.

6. Your Right to Rescind and Early Cancellation Policy. You have three (3) business days after you receive a written copy of this Agreement to cancel your enrollment with Direct Energy by calling Direct Energy using the contact information set forth in Section 15 below. If you do so, Direct Energy will request the NGU to stop your enrollment. Thereafter, you may cancel service under this Agreement at any time during the Initial Term, subject to paying Direct Energy an early cancellation fee, if any, as set forth in the Rate Plan Summary. You can cancel service by contacting Direct Energy using the contact information set forth in Section 15 below. Your cancellation will not be effective until the next regularly scheduled meter read date following the date on which Direct Energy gives notice to the NGU of your cancellation request. Please see Sections 13 and 14 regarding the limitations of liability and indemnification provisions

7. Relocation. You should notify both your NGU and Direct Energy of a change in your residence/service location at least 30 days before such change. A final meter read will be made at your old address and your account will be finalized with both your NGU and Direct Energy. If you change your residence/service location within your NGU's service territory, then you may have the option of entering into a new gas supply contract for your new residence/service location. Direct Energy's contact information is set forth in Section 15 below. When you cancel, you will be responsible to pay for Direct Energy's service through the date that you are switched to another supplier or returned to service with your NGU.

8. Direct Energy's Right to Cancel Service. You are affirming to Direct Energy that you have provided Direct Energy with your correct and complete name, address and contact information and you do not have any outstanding balance with Direct Energy. If there is any evidence that any of these statements are or become untrue, or you otherwise provide fraudulent or misrepresented information, Direct Energy can cancel this Agreement immediately. Also, if for any reason performance of this Agreement becomes materially uneconomical to Direct Energy, or if Direct Energy is otherwise unable to continue this Agreement, Direct Energy can cancel this Agreement after giving you at least forty-five (45) days' advance written notice. Any such notice shall be sent by first class mail to you by Direct Energy. If Direct Energy cancels this Agreement, you must still pay all Direct Energy charges through the date you are switched to another supplier



or returned to the NGU for service. Please see Section 13 regarding the limitations of liabilities provision.

9. NGU's Right to Cancel Service. If you are having trouble paying, contact your NGU to see if it has a payment plan or other solution available to you. If you do not pay the total natural gas charges on your bill, your natural gas service may be disconnected by the NGU. You could also incur late fees. Your NGU will give you notice in the time frame prescribed by the Commission before it disconnects your natural gas service. The NGU may also disconnect your natural gas service for other reasons, some of which require notice from the NGU before termination and some of which do not require notice. This Agreement is automatically cancelled if, for any reason, the NGU disconnects you and returns you to service with your NGU.

10. Disputes. You should contact Direct Energy regarding any dispute related to this Agreement. Direct Energy will attempt to resolve the dispute in an efficient, fair and timely manner. Direct Energy will provide an acknowledgment to your dispute within a reasonable time after receipt. Direct Energy will then issue a report within thirty (30) days after initiation of the dispute. Direct Energy will report to you the results of its investigation of the dispute, and that report will be available to you upon request. If you are not satisfied after discussing your terms of service with Direct Energy, you may contact the Commission. The contact information for both Direct Energy and the Commission is set forth in Section 15 below.

11. Title to Natural Gas. Title to the natural gas will pass from Direct Energy to you when it is delivered by Direct Energy to the NGU.

12. Uncontrollable Forces. Direct Energy will make commercially reasonable efforts to provide gas service, but does not guarantee a continuous supply of natural gas. Certain causes and events out of the control of Direct Energy ("Force Majeure Event(s)") may result in interruptions in service. Direct Energy will not be liable for any such interruptions caused by a Force Majeure Event. Direct Energy does not transmit or distribute natural gas. Therefore, you agree that Direct Energy is not, and shall not be, liable for damages caused by Force Majeure Events, including but not limited to, acts of God, acts of any governmental authority, accidents, strikes, labor disputes or problems, required maintenance work, inability to access the local distribution utility system, non-performance by the NGU (including, but not limited to, problems with its gas distribution facilities or lines), changes in laws, rules, or regulations of any governmental authority (including, but not limited to, the Commission), or any cause beyond Direct Energy's control.

13. Limitations of Liabilities. THE REMEDY IN ANY CLAIM OR SUIT BY YOU AGAINST DIRECT ENERGY WILL BE LIMITED TO DIRECT, ACTUAL DAMAGES. BY ENTERING INTO THIS AGREEMENT, YOU HEREBY WAIVE ANY RIGHT TO ANY OTHER REMEDY. IN NO EVENT WILL DIRECT ENERGY OR ANY OF ITS AFFILIATES BE LIABLE FOR CONSEQUENTIAL, SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES. THESE LIMITATIONS APPLY WITHOUT REGARD TO THE CAUSE OF ANY LIABILITY OR DAMAGE. DIRECT ENERGY IS NOT LIABLE FOR ANY LOSS OR DAMAGE RESULTING FROM: (A) INTERRUPTIONS TO, OR SHORTAGES OF, NATURAL GAS SUPPLY; OR (B) ERRORS IN THE QUANTITY, QUALITY AND MEASUREMENT OF NATURAL GAS. THESE LIMITATIONS APPLY WITHOUT REGARD TO THE CAUSE OF ANY LIABILITY OR DAMAGE.

14. Indemnification. You are responsible for, and will immediately indemnify Direct Energy against, any and all loss or damage resulting from: (a) your failure to fully comply with this Agreement; or (b) your use or misuse of natural gas after it is delivered to you.

15. Contact Information.

Direct Energy: You may contact Direct Energy in one of the following ways: (a) call 1-888-200-7930, Monday through Friday 8:00 a.m. to 8:00 p.m. EST, and Saturday 8:00 a.m. to 5:00 p.m. EST (contact center hours subject to change without notice); or (b) write to Direct Energy at PMB #51, 7385 North State Route 3, Westerville, OH 43082 (be sure to include your choice ID(s)).

Direct Energy Services, LLC - Toll-Free Phone: 1-888-200-7930
www.directenergy.com - csdirectenergy@directenergy.com

Direct Energy's internet domain address is: <http://www.directenergy.com>. Answers to frequently asked questions can be found on Direct Energy's website.

Your NGU: For your NGU's contact information, please refer to the Rate Plan Summary.

The Commission: You may contact the Maryland Public Service Commission, with an Informal Complaint or otherwise, as follows: (a) call 1-800-492-0474; (b) write to 6 St. Paul Street, Baltimore, MD 21202-6806; or (c) internet site <http://webapp.psc.state.md.us/Intranet/home.cfm>.

16. Privacy Policy. Direct Energy may not release your natural gas billing, payment and credit information without your consent; however, Direct Energy is permitted to disclose to any party, including the NGU, any such information for the purpose of facilitating billing, bill collection and credit reporting. Further, except as described below, Direct Energy may not release your other proprietary personal information to any other person without your consent. Other proprietary personal information means your name, address, choice ID, type or classification of service, historical natural gas usage (actual or profiled by your NGU), current natural gas usage, expected patterns of use, types of facilities receiving service and individual Agreement information. These prohibitions do not apply to the release of your information under certain circumstances: as required by law, including release to the Commission; as required by court order or the Commission, as required by law enforcement agencies or your NGU. Further, Direct Energy may also share your other proprietary personal information with a third party for the purpose of, or in connection with, marketing, selling or evaluating Direct Energy's or any of its affiliates' products or services, including this natural gas supply service. Finally, Direct Energy may also share your other proprietary personal information with a third party for the purpose of marketing such party's products or services to you after you have been provided an opportunity to opt-out of the release of your information.

17. Credit Checks. Direct Energy reserves the right to perform credit checks and request financial data on you. Direct Energy reserves the sole right to determine if your credit standing is satisfactory for originating natural gas supply service under this Agreement. Direct Energy can refuse service based on your credit standing. Direct Energy may require you to be current with your NGU payments or to submit a deposit (deposit will be no greater than two months of your total natural gas service charges) for this Agreement as a condition of starting or continuing service in connection with this Agreement.

18. Choice of Law. This Agreement will be governed by Maryland law, without regard to its conflict of law principles.

19. Miscellaneous Provisions. This Agreement is subject to applicable laws and supersedes any previous promises, understandings and agreements. If any provision of this Agreement is deemed invalid, illegal or otherwise unenforceable, you agree that it shall be modified to the minimum extent necessary to render it valid, legal and enforceable. If a provision cannot be modified in a manner that would make it valid, legal and enforceable, the provision shall be severed from the Agreement, and all other provisions shall remain in full force and effect. Any failure on our part to enforce any of the terms of this Agreement or to exercise any right under such terms shall not be considered a waiver of Direct Energy's right to enforce each and every such term, exercise such right or exercise any other right under this Agreement. You may not assign this Agreement without Direct Energy's prior written consent. Direct Energy may: (a) transfer or sell this Agreement or your account in connection with any financing; (b) assign this Agreement to any of its affiliates; (c) transfer or assign this Agreement to anyone succeeding to all or substantially all of Direct Energy's assets or business; and (d) transfer this Agreement to another gas supplier licensed by the Commission. After assignment, Direct Energy will have no further obligations under this Agreement. This Agreement is binding upon you and Direct Energy, and will further bind each of your successors and permitted assigns. There are no third-party beneficiaries to this Agreement.