

NEW JERSEY RESIDENTIAL & SMALL COMMERCIAL TERMS AND CONDITIONS

Electricity Supply Service
Direct Energy Services, LLC

1. Terms of Service. 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. Agreement to Purchase Electric Generation Service. This Agreement serves as the Agreement for electric generation service to be provided to you by Direct Energy, an electric power supplier licensed by the New Jersey Board of Public Utilities (the "Board"). Subject to Direct Energy's acceptance of this Agreement and enrollment by your electric distribution company (the "Electric Distribution Company," or "EDC"), you agree to become a Direct Energy customer and appoint Direct Energy as your limited agent to fulfill the terms of this Agreement and perform the necessary tasks associated with your electric generation service. Direct Energy agrees to sell and supply to you, and you agree to purchase and accept, all of your electric generation requirements supplied to you, as measured and/or estimated by your EDC, all in accordance with the terms and conditions set forth in this Agreement. Your electricity will be delivered to you by your Electric Distribution Company. Direct Energy's license number is ESL-0078.

3. Term of Agreement. The Initial Term (as defined in your Rate Plan Summary) of this Agreement will begin on the Effective Date (as defined in the Rate Plan Summary). Your switch to Direct Energy as your electric power supplier may take up to two (2) billing cycles. The Initial Term will be for the number of months specified in the Rate Plan Summary.

4. Pricing, Billing and Payment Terms. During your Initial Term, you will pay Direct Energy for your electric generation service at the supply rate per kWh set forth in your Rate Plan Summary. This price is for your electric generation and transmission service, and it includes sales and use tax but *excludes* all other applicable taxes, distribution charges, and other utility fees and charges.

Electric generation service rates of electric power suppliers, such as Direct Energy, are set competitively and are not regulated by the Board. Your EDC will send you a consolidated monthly bill, which will set forth your total electric service charges. The bill will contain, among other charges, Direct Energy's electric generation service rate multiplied by the amount of electricity you used during the billing cycle, as measured and/or estimated by your EDC. Your payment will be due and payable to the EDC by the date specified in the bill. You agree to accept the measurements determined by your EDC for the purposes of providing you with electric generation service by Direct Energy. There is no charge for entering into this Agreement or for terminating this Agreement, unless provided for in the Rate Plan Summary.

Direct Energy's supply of electric generation to you under this Agreement is subject to the EDC 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 EDC prior to Direct Energy serving you. If any time during your Initial Term or any Renewal Period (as defined in Section 5), your EDC 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 EDC 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 the end of the Initial Term, this Agreement will continue on a month-to-month basis ("Renewal Period") unless either you or Direct Energy provide the other with thirty (30) days notice of termination, provided that termination occurs on the first meter read scheduled no less than thirty (30) days from the date of notice. It may take up to two (2) billing cycles to switch to an EDC or another electric power supplier. To cancel your service, you must contact your Electric Distribution Company, using the contact information found in the Rate Plan Summary, as well as Direct Energy, using the contact information provided in Section 16.

During the Renewal Period, Direct Energy will charge you for all electricity billed by your EDC at a variable price per kWh, based upon the price that we are able to obtain for wholesale electricity in the PJM market at the PSE&G load zone for the applicable period, plus an adder to cover all other charges related to supplying electricity. Your price will include generation and transmission charges and sales and use tax, but will not include charges for EDC service (generally, distribution charges, other utility fees and charges, and other taxes). During the Renewal Period, you may obtain next month's variable price by calling a Direct Energy Customer Service Representative at the toll-free telephone numbers set forth in Section 16. Pricing is typically available on the 20th business day of the previous month.

6. Your Right to Rescind and Early Cancellation Policy. You will receive a confirmation notice from your EDC confirming your selection of Direct Energy as your electric power supplier. You will have seven (7) calendar days from the date of the confirmation notice to cancel your enrollment with Direct Energy by contacting your EDC using the contact information set forth in the Rate Plan Summary. This Agreement is not binding until the seven (7) day recession period has expired and you have not rescinded your selection of Direct Energy as your electric power supplier. If you do rescind this Agreement, it will take 1 to 2 billing cycles for your Direct Energy service to be cancelled. 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 agree to pay any such fee to us immediately, but in any event, no later than ten (10) days after the date you receive an oral or written notice requesting payment. During the Renewal Period, there is no cancellation fee. If you are relocating, please refer to Section 7.

7. Relocation/Other Rights of Termination. In the event you (a) relocate, (b) become disabled and are unable to pay for electric generation service, or (c) die, you may cancel this Agreement without any penalty with forty-eight (48) hours prior notice to Direct Energy. If you change your residence/service location within your EDC's service territory, then you may have the option of entering into a new electricity supply contract with Direct Energy for your new residence/service location. Direct Energy's contact information is set forth in Section 16 below. If you cancel this Agreement, you will be responsible to pay for Direct Energy's service through the date that you are switched to another supplier or returned to your EDC.

8. Direct Energy's Right to Cancel Service. Direct Energy may cancel this Agreement for non-payment or any other breach of this Agreement with thirty (30) days prior written notice to you of such termination. If you fail to cure the breach within the thirty (30) day notice period, Direct Energy may terminate this Agreement, whether or not you cure the breach after expiration of such notice period. Also, if for any reason performance of this Agreement becomes materially uneconomical to Direct Energy, if Direct Energy is otherwise unable to continue this Agreement, or if a change in any law causes Direct Energy to no longer have the ability to serve you, Direct Energy may cancel this Agreement after giving you at least thirty (30) days advance written notice. 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 EDC for service. 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 EDC of your cancellation request.

9. Electric Distribution Company's Right to Cancel Service. If you are having trouble paying your electric bills, contact your EDC to see if it has a payment plan or other solution available to you. If you do not pay the total electric service charges on your bill, your electric service may be disconnected by the EDC. Your EDC will give you notice in the time frame prescribed by the Board before it disconnects your electric service. The EDC may also disconnect your electric service in certain emergency situations. This Agreement is automatically cancelled if the EDC disconnects you and returns you to service with your EDC.

10. Disputes. If you have any dispute related to this Agreement you should contact Direct Energy. 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 forty-five (45) days after initiation of the dispute. If you are not satisfied after discussing your terms of service with Direct Energy, you may contact the Board to request an alternate dispute resolution procedure or to file a formal complaint. The contact information for both Direct Energy and the Board is set forth in Section 16 below.

11. Late Payments/Insufficient Payments. When you are issued a consolidated bill from your EDC, containing both Direct Energy's charges and your EDC's charges, you will be subject to your EDC's policies and procedures regarding late or insufficient payments. If Direct Energy invoices you directly for Direct Energy's charges, you

will be required to pay Direct Energy and remit payment by the due date listed in the bill. If you fail to pay Direct Energy within said time period, Direct Energy reserves the right to charge you interest for any past due amounts, including unpaid interest fees, at a rate of 1.3% per month or such lesser amount as required by law. You agree that you will pay Direct Energy for any fees Direct Energy incurs to collect amounts owed by you to Direct Energy, including reasonable attorney fees and returned check fees.

12. Title to Electricity. Title to and risk of loss with respect to the electricity will pass from Direct Energy to you when it is delivered at the EDC's meter to you.

13. Force Majeure. Direct Energy will make commercially reasonable efforts to provide your electric generation service, but does not guarantee a continuous supply of electricity. Certain causes and events are out of Direct Energy's reasonable control and may result in interruptions in service. Direct Energy is not responsible for transmitting or distributing electricity. Direct Energy is not liable for damages caused by acts of God, changes in laws, rules, regulations, or other acts of any governmental authority (including the Board or PJM Interconnection, LLC, the operator of the regional power grid), accidents, strikes, labor troubles, required maintenance work, inability to access the local distribution utility system, nonperformance by the EDC or any other cause beyond Direct Energy's reasonable control. In addition, you may be required to pay any additional or increased fees or charges that are generally beyond Direct Energy's reasonable control, including, but not limited to, fees for switching, disconnecting, reconnecting, maintaining electric service or equipment, or transmission charges, that are imposed by law, rule, regulation, tariff, or Board rule or order. These charges or fees will be passed through to you and added to your price.

14. Limitations of Liabilities. Liabilities not excused by reason of force majeure or otherwise will be limited to direct, actual damages. Direct Energy will not be liable to you or any third party for consequential, incidental, punitive, exemplary or indirect damages, third party claims or other damages, whether based upon contract, warranty, tort, strict liability, or otherwise. Direct Energy is not liable for interruptions to, or shortages of, electricity supply, nor is it liable for any resulting associated loss or damage. These limitations apply without regard to the cause of any liability or damage. Direct Energy is not responsible for any failure to commence or terminate your electric generation service on the dates stated herein, due to any delay in enrolling you. Nothing in this Agreement shall constitute any waiver of any right you may have under New Jersey or Federal Consumer Protection laws.

15. Direct Energy's Representations and Warranties; Limitation. The electricity provided under this Agreement will meet the quality standard of the EDC and will be supplied from a variety of electric generation sources, including the electricity provided pursuant to any renewable energy requirements. Direct Energy makes no representations or warranties other than those expressly set forth in this Agreement. DIRECT ENERGY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

16. Contact Information.

Direct Energy: You may contact Direct Energy in one of the following ways: (a) call 1-888-548-7540, 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 account number(s)).

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 Electric Distribution Company: The contact number for your EDU is set forth in the Rate Plan Summary.

The New Jersey Board of Public Utilities: You may contact the New Jersey Board of Public Utilities Division of Customer Assistance at 1-800-624-0241.

17. Customer Information Release Authorization. By entering into this Agreement, you agree that your EDC may release to Direct Energy certain information that Direct Energy needs to provide service to you, including your address, telephone number, account number(s), historical usage information and peak electricity demand. Direct Energy will not give or sell your personal information to any unaffiliated party without your consent, subject to the provisions set forth in Section 18 below.

18. Privacy Policy. Direct Energy may not release your electricity billing, payment, or credit information without your consent; however, Direct Energy is permitted to disclose to any party, including the EDC, 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, account number(s), type or classification of service, historical electricity usage (actual or profiled by your EDC), current electricity 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 Board; as required by court order or the Board; as required by law enforcement agencies; or as required by your EDC. 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 electric generation 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.

19. 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 electric generation service under this Agreement. Direct Energy can refuse service based on your credit

standing. Direct Energy may require you to be current with your EDC payments or to submit a deposit for this Agreement as a condition of starting or continuing service in connection with this Agreement.

20. Choice of Law. This Agreement will be governed by New Jersey law, without regard to its conflict of law principles

21. Miscellaneous Provisions. This Agreement represents the entire Agreement between the parties with regard to the subject matter hereof, is subject to all valid and applicable laws and to all present and future orders, rules, and regulations of the board and any other authority having jurisdiction over the subject matter hereof, and supersedes any previous promises, understandings and agreements between the parties. 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 Direct Energy's 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; or (d) transfer this Agreement to another supplier licensed by the Board. 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. This Agreement is a forward contract within the meaning of the United States Bankruptcy Code and Direct Energy is a forward contract merchant.

22. Cancellation of Existing Service. You are responsible for canceling any agreements with other electric suppliers from whom you are purchasing electricity as of the date of this Agreement.