Direct Energy Services, LLC ~ Toll-Free Phone: 1-888-548-7540
www.directenergy.com ~ csdirectenergy@directenergy.com

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 Contract Summary (defined below), which is incorporated herein by reference, constitute the agreement ("Agreement") between you and Direct Energy Services, LLC ("Direct Energy"). "Contract Summary" means, as applicable, either the section of the enrollment consent form/letter of authorization entitled '*Contract Summary*' or the Schedule A accompanying these Terms and Conditions entitled '*Third Party Supplier Contract Summary*'.

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 Contract Summary) of this Agreement will begin on the Effective Date (as defined in the Contract 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 Contract Summary.

4. Renewable Energy Plan. If you are purchasing our Renewable Energy Plan pursuant to this Agreement, you are agreeing to purchase from Direct Energy a product that is supported 100% by renewable energy credits ("RECs"), in an amount sufficient to match your annual consumption from your EDC. RECs are a tradeable, non-tangible energy commodity in the United States that represents proof that 1 megawatt-hour (MWh) of electricity was generated from an eligible renewable energy resource like biomass, hydro, solar or wind. Direct Energy will purchase and retire renewable energy certificates in either the state where you are located, the North American Electric Reliability Corporation (NERC) region, Independent System Operator (ISO), Regional Transmission Organization (RTO) or Balancing Authority Area of the customer being served, at any time and from time to time throughout the year. The electricity supply actually distributed to your service location will not contain electricity supply generated from any specific electric generation facility. The availability of electric generation facilities varies hour to hour, and from season to season, as does electricity use by customers. Direct Energy may take up to three (3) months following the close of a calendar year to make up any deficiency in the volume of renewable energy certificates needed from particular generation facilities associated with your Renewable Energy Plan.

5. Pricing, Billing and Payment Terms. During the Initial Term, you will pay Direct Energy for your electric generation service at the price set forth in the Contract Summary. The Initial Term Rate is for electric generation service and Sales and Use Tax, and excludes other taxes and regulated charges from the utility, including but not limited to, delivery and distribution charges. Electric generation service prices of electric suppliers such as Direct Energy are set competitively and are not regulated by the Board. As to your billing and payment terms, your EDC will send you a consolidated monthly bill which will set forth the total electric service charges. The bill will contain, among other charges, Direct Energy's electric generation service price multiplied by the amount of electricity you used during the billing cycle, as measured and/or estimated by your EDC. **Depending upon the date of the meter read, your bill from the EDC may be prorated. The prorated billing is a technique for applying standard methods to nonstandard billing periods. A billing period that is shorter or longer than the EDC's designated billing period days will have prorated charges based on a 30-day average for the applicable rate.** 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 Contract Summary. Direct Energy's provision of electric generation service 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 Notification of Changes (as defined in Section 6), 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.

6. Notification of Changes. Upon completion of the Initial Term, this Agreement will continue on a month-to-month basis. **To the extent you purchased our Renewable Energy Plan at the time of enrollment, the product you purchase from Direct Energy will not be a Renewable Energy product upon completion of the Initial Term.** Either you or Direct Energy can provide the other with thirty (30) days' notice of termination, provided that termination

on the first meter read is 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 EDC, using the contact information found in the Contract Summary, as well as Direct Energy, using the contact information provided in Section 17. Upon completion of the Initial Term, the rate for electricity will be a variable rate that may be higher or lower each month and will be set in Direct Energy's sole discretion. Direct Energy typically considers the following factors when setting variable rates:

- publicly available competitor pricing;
- strategic business objectives;
- customer retention or attrition;
- market volatility or uncertainty;
- anticipated customer usage;
- the cost of procuring power including wholesale prices, ancillary service costs, capacity auctions, utility fees, transmission and distribution losses and storage costs;
- weather, supply congestion and infrastructure issues;
- legal or regulatory issues; and
- profit margin.

This list of factors is not exhaustive and no single factor will determine the rate. Some factors must be estimated or projected and the factors Direct Energy considers may be weighed differently each month. Direct Energy may amortize sudden cost increases over multiple billing cycles so that its customers do not bear the burden of such increases in a single month. In addition, Direct Energy seeks to acquire the majority of its anticipated electricity supply in advance rather than from the spot market. **For all of these reasons, the variable rate may not correlate with changes in wholesale market prices or your local utility's rates**. In addition, the variable rate may be higher than your local utility rate or other suppliers' rates.

7. 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 ("Rescission Period") to cancel your enrollment with Direct Energy by contacting your EDC using the contact information set forth in the Contract Summary. This Agreement is not binding until the seven (7) day Rescission Period has expired and you have not rescinded your selection of Direct Energy as your electric power supplier. Thereafter, you may cancel service under this Agreement at any time during the Initial Term, subject to paying Direct Energy an early cancellation fee as set forth in the Contract 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. Upon completion of the Initial Term, there is no cancellation fee. If you are relocating, please refer to Section 8.

8. 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 (or you estate, if applicable) may cancel this Agreement with forty-eight (48) hours' prior notice to Direct Energy. In connection with the cancellation of this Agreement pursuant to this Section 8, you will not be charged an early cancellation fee. 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 17 below. If you cancel this Agreement, you (or your estate, if applicable) 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.

9. 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.

10. 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.

11. 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 17 below.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. Contact Information.

Direct Energy: You may contact Direct Energy in one of the following ways: (a) call 1-888-548-7540 or 1-844-827-0603 (Residential Door-to-Door customers only), 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 PO Box 180, Tulsa, OK 74101-0180 (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 EDC is set forth in the Contract 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.

18. Your Authorization to Release Your Information for Use and Sharing. By entering into this contract, you authorize us to act on your behalf under your utility's tariffs in accordance with the rules and regulations of the state public utility commission ("PUC") where you take service. You further acknowledge that this contract provides authorization for your local utility to release all information regarding your energy supply account(s) to us so we can provide the services described herein. This information may include, but is not limited to, usage information, billing determinants, bill cycle, budget billing status, address, account type, tax exemption status, rate service class, load profile, demand data, meter number, special account exceptions, public assistance status, existence of medical emergencies or disability, tax status and eligibility for economic development or other incentives, standard service status, electronic interval data when available, credit information when applicable, and all other data and information permitted by law to be disclosed to us to provide our services.

We also obtain information about you as outlined in our privacy policy (posted on our website) such as when you voluntarily provide personal information to us, use our website or mobile applications, or when we add information about you to your account profile from publicly available sources.

We will maintain the confidentiality of your personal information including your name, address, telephone number, email, account numbers, energy usage and historic payment information as required by applicable PUC regulations as well as federal and state laws.

Our use and sharing of your information will be consistent with the purposes and uses disclosed in our privacy policy, as amended from time to time and posted on our website. Your information may

be disclosed if required by law, such as pursuant to a lawfully issued subpoena or other legal process. Further, you understand that your information may be disclosed to an affiliate or a third-party to provide services or products to you, and any disclosure of such information will be made under confidentiality obligations not to disclose such information and to use it solely for the purpose of providing services to you or improved products to us. This authorization also allows us to contact you about our other products and services and to share information about your account with any designated rewards partner or with any affiliate, third-party vendor or marketing partner we use to provide energy services or energy-related services to you.

If you do not wish for us to use or share information about your account in the manner described above, you may cancel this contract by calling us at our contact information listed herein.

19. Credit Checks. You understand that as part of Direct Energy's process of qualifying you for this Agreement and continuing service under this Agreement, Direct Energy may investigate at any time and from time-to-time your credit history and choose to obtain a consumer credit report on you from a consumer-reporting agency. If Direct Energy learns that your credit, payment history, or account status is not satisfactory, Direct Energy may decline to provide electric generation service or any other service or product. 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.

NOTICE ABOUT YOUR ENVIRONMENTAL DISCLOSURE LABEL

You may access Direct Energy's Environmental Disclosure label associated with your account via the link shown below:
http://www.directenergy.com/nj/customer-support
This information is updated periodically following the requirements of the New Jersey Board of Public Utilities.