



GAS CUSTOMER CHOICE CONTRACT DIRECT ENERGY RESIDENTIAL/SMALL COMMERCIAL TERMS AND CONDITIONS

1. Contract to Purchase Natural Gas. Direct Energy will supply your natural gas as delivered by your Natural Gas Utility (“Utility”). These Terms and Conditions together with the Rate Plan Summary (defined below), which is incorporated herein by reference, constitute the contract (“Contract”) 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 Contract. Subject to Direct Energy’s acceptance of this Contract and acceptance by your Utility, you hereby appoint Direct Energy as your natural gas commodity supplier and limited agent. The “Initial Term” of your Contract is set forth in the Rate Plan Summary. Your service under this Contract will begin with the billing cycle following processing and acceptance of your enrollment request by your Utility. During your Initial Term, you will pay Direct Energy for your service at the rate set forth in the Rate Plan Summary. This rate is exclusive of all applicable state and local taxes and utility charges. Under this Contract, you will continue to pay distribution and transportation costs to your Utility. At the end of the Initial Term, Direct Energy will continue to provide natural gas service to you pursuant to Section 3.

3. Expiration of Initial Term. Only if you enrolled in a Fixed-Rate Plan, at least sixty (60) days prior to the end of your Initial Term, you will receive notice about the continuation of your Contract. At that time, you may enroll with Direct Energy under the proposed offer or cancel your Contract and switch to another supplier or back to the Utility without paying an early termination fee. If you do not respond to the notice within the sixty (60) day period, Direct Energy will provide you service

according to the terms of the notice. If you are enrolled in a Fixed Rate Plan, after the Initial Term, the rate for natural gas will be a month-to-month variable rate, cancelable at any time without penalty, that may be higher or lower each month and will be set in Direct Energy’s sole discretion. If you are enrolled in a Variable Rate Plan, after the introductory period, charges may increase or decrease 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 gas 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 natural gas 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.

4. Billing and Payment Terms. You will continue to receive a single bill from the Utility that bills you for the Utility distribution and service charges and Direct Energy’s natural gas commodity charges.



5. Customer's Right to Cancel. You may cancel this Contract within thirty (30) days of entering the Contract ("Unconditional Cancellation Period") without paying an early termination fee by contacting Direct Energy's Customer Contact Center at the information in Section 14. If you choose to cancel this Contract after thirty (30) days but before the end of the Initial Term, you are subject to the early termination fee in the amount set forth in the Rate Plan Summary. If you cancel and choose to return to the Utility as your natural gas supplier, you must remain with the Utility for twelve (12) months. You may also be charged a \$10 switching fee by the Utility.

6. Moves Outside a Territory Serviced by Direct Energy. If you move outside the Utility's service territory, this Contract will be automatically cancelled. If you move to a new location within the Utility's gas service territory, contact Direct Energy at the information in Section 14 to see if this Contract can be continued at the new location or if it will be automatically cancelled. If this Contract is cancelled pursuant to this Section 6, you will not be charged an early termination fee.

7. Disability or Death. In the event of your disability or death, this Contract may be cancelled upon request by your estate or spouse. If this Contract is cancelled pursuant to this Section 7, neither your estate nor your spouse will be charged an early termination fee. Furthermore, if this Contract is cancelled pursuant to this Section 7, your estate and/or spouse will continue to be obligated for payment obligations to Direct Energy for service prior to the date of cancellation.

8. Assignment. This Contract can be transferred or assigned by Direct Energy to another Michigan licensed supplier upon sixty (60) days written notice. After assignment, Direct Energy will have no further obligations under the Agreement.

9. Cancellation of Contract for Non-Payment. In the event of your non-payment of any amounts owed to the Utility for services provided by Direct Energy, your service may be cancelled by the Utility under its approved rules for shut-offs for non-payment of

services. In such a case, you will not be relieved of your payment obligations for service to the date of cancellation or from the obligation to pay the early termination fee in the amount set forth in the Rate Plan Summary.

10. Release of Information. You authorize Direct Energy to obtain from the Utility and further authorize the Utility to release to Direct Energy certain information that Direct Energy may need to provide your natural gas service, including your address, telephone number, account number and historical usage information.

11. Force Majeure. Direct Energy will not be liable for any interruption of natural gas or natural gas service to your account caused by a Force Majeure Event, which is an event outside of the control of Direct Energy 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. For purposes of this contract, Force Majeure Events include the right of Direct Energy to cancel this Contract if material changes to the Gas Choice Program are made by the State of Michigan or under the authority of the Michigan Public Service Commission.

12. Contacts for Questions about Billing, Service and Dispute Resolution. If you have a question about or disagree with the natural gas commodity portion of your bill, you may call Direct Energy's Customer Service Department at the information listed in Section 14. You understand that Direct Energy will attempt to respond to your complaint within three (3) business days and attempt to resolve it within ten (10) business days. If you are not satisfied with the resolution, you may contact the Michigan Public Service Commission at the information listed in Section 14.



13. Emergency. In the event of an emergency, such as a natural gas leak, please call the Utility at the information listed on the Rate Plan Summary.

14. Contact Information.

Direct Energy: You may contact Direct Energy in one of the following ways: (a) call 1-888-326-8559 or 1-844-726-3399 (for 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 choice ID(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 Utility: For your Utility's contact information, please refer to the Rate Plan Summary.

The Commission: You may contact the Michigan Public Service Commission at 1-800-292-9555 or at <http://michigan.gov/mpsc>.

RESIDENTIAL CUSTOMERS:

I ACKNOWLEDGE THAT I AM THE ACCOUNT HOLDER OR LEGALLY AUTHORIZED PERSON TO EXECUTE A CONTRACT ON BEHALF OF THE ACCOUNT HOLDER. I UNDERSTAND THAT BY SIGNING THIS CONTRACT, I AM SWITCHING THE GAS SUPPLIER FOR THIS ACCOUNT TO DIRECT ENERGY. I UNDERSTAND THAT GAS PURCHASED FOR THIS ACCOUNT BY DIRECT ENERGY WILL BE DELIVERED THROUGH THE UTILITY'S DELIVERY SYSTEM. THE ACCOUNT HOLDER, OR THE PERSON WHO SIGNED THIS CONTRACT ON BEHALF OF THE ACCOUNT HOLDER, HAS THIRTY (30) DAYS AFTER TODAY TO CANCEL THIS

CONTRACT FOR ANY REASON THROUGH WRITTEN OR VERBAL NOTIFICATION TO DIRECT ENERGY.

SMALL COMMERCIAL CUSTOMERS:

I ACKNOWLEDGE THAT I AM THE ACCOUNT HOLDER OR LEGALLY AUTHORIZED PERSON TO EXECUTE A CONTRACT AND LEGALLY BIND THE BUSINESS IN THIS CONTRACT. I UNDERSTAND THAT BY SIGNING THIS CONTRACT, I AM SWITCHING THE NATURAL GAS SUPPLIER FOR THIS COMMERCIAL ACCOUNT TO DIRECT ENERGY. I UNDERSTAND THAT NATURAL GAS PURCHASED FOR THIS COMMERCIAL ACCOUNT BY DIRECT ENERGY WILL BE DELIVERED THROUGH THE UTILITY'S DELIVERY SYSTEM. THE LEGALLY AUTHORIZED PERSON TO EXECUTE THIS CONTRACT AND LEGALLY BIND THE BUSINESS IN THIS CONTRACT, HAS THIRTY (30) DAYS AFTER TODAY TO CANCEL THIS CONTRACT FOR ANY REASON THROUGH WRITTEN OR VERBAL NOTIFICATION TO DIRECT ENERGY.