NATURAL GAS AND ELECTRICITY RATEFLEX PROGRAM
(Customer Agreement)

SVC

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Customer Disclosure Statement (Essential Agreement Information)

I choose Commerce Energy Inc. d/b/a Commerce Energy to supply natural gas &/or electricity commodity ("Energy") to each Location enrolled under this Agreement for a term of five years. By signing this Agreement, I agree to initiate commodity service and begin enrollment with Commerce Energy. I understand and accept:

a) This Agreement offers price stability and does not guarantee financial savings.

b) At the end of your Term, if the Volume Weighted Average Utility Price is less than the Volume Weighted Average Commerce Energy Price, we will credit you $100 for each commodity included in this Agreement (as calculated in para 6.7).

c) This Agreement is with Commerce Energy, an independent energy services company, and not with my Utility.

d) By signing for the ***Natural Gas and/or Electricity RateFlex Program***, I agree to buy natural gas and/or electricity from Commerce Energy at the Price and for the Term set out below.

e) You will continue to be billed by your utility for their charges as well as ours. You acknowledge that your billing and payment information may be provided to us by your utility.

f) I will be charged an introductory fixed price, the Intro Price, for the first three billing cycles and thereafter be a Variable Price for the remainder of the five year term. Changes to the Variable Price will be determined by business and market conditions. (see para 7).

g) I will pay the charges, as applicable, plus taxes (see para. 7). If I do not pay on time, I will be charged a late payment fee currently set at 1.5% per month (see para. 8).

h) This Agreement only covers the cost of Energy supply, and, as always, I will also be responsible for regulated delivery, transmission, transportation, and other costs billed by my Utility and not included in this contract.

i) The Term of this Agreement will begin in about 15 - 120 days after the signing date (**"Start Date"**) and end 5 years later (**"End Date"**) as set out in para. 4. Before the Term ends, this Agreement can be automatically renewed as allowed by law (see para. 5).

j) If I cause this Agreement to end early, I will owe Commerce Energy an Exit Fee of $75.00 per Location.

k) To claim any special tax exemption status, I give Commerce Energy proof (by mail, fax or e-mail) within 10 days. Otherwise, Commerce Energy has no obligation to refund tax payments that would have been exempt.

l) Contract Services. We are an energy retailer, not your utility, and will be providing you with Energy for the Term outlined in the Customer Agreement for the Charges (and Credits) outline in para 7. We may also bill you directly as outline in para 8.

YOU, THE BUYER, MAY CANCEL THIS TRANSACTION AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THIS TRANSACTION. SEE THE ATTACHED NOTICE OF CANCELLATION FORM FOR AN EXPLANATION OF THIS RIGHT. I have been advised orally of my right to cancel. I understand that Commerce Energy extends my cancellation period to 30 days from the date of my first bill under this Agreement.

THIS AGREEMENT IS ONLY VALID FOR RESIDENTIAL AND SMALL BUSINESS CUSTOMERS IN BALTIMORE GAS & ELECTRIC SERVICE AREAS. NO CHANGES TO THE PRE-PRINTED TERMS APPLY.

General Terms and Conditions For Residential Customers

1. Key Defined Terms. Agreement: Collectively, the Customer Agreement (front page, welcome letter, any enrollment correspondence), General Terms and Conditions and any other attached Schedule. **Customer:** The account holder named on the Customer Agreement. Also referred to as “I”, “my”, “you”, “your”. **Energy:** the natural gas ("Natural Gas") and/or the electricity ("Electricity") we supply to your Location. **Commerce Energy:** Commerce Energy Inc. Also referred to as “we”, “our”, “us”. **Commerce Energy Price:** Your supply Price for Natural Gas and/or Electricity prorated by the number of days to each calendar month for which it applies. **Deemed Monthly Consumption:** Your metered consumption of natural gas and electricity, as applicable, as read and reported by the Utility, prorated by the number of days to each calendar month to which it applies. **Deemed Monthly Utility Price:** Your Utility's commodity supply Price, prorated by the number of days to each calendar month for which it applies. **Intro Price:** the fixed rate we charge you for Energy during the first three billing cycles of the Agreement following the Start Date, the period of this applies is the "Intro Period". **Location:** Each natural gas and/or electricity account listed on the Agreement and any attached Schedule relating to your premises; each is a separate "Location" bound by this Agreement. **MPSC:** The State of Maryland Public Service Commission. **Party:** us or you; collectively “Parties”. **PJM:** PJM Interconnection is a regional transmission organization (RTO) that coordinates the movement of wholesale electricity in all or parts of 13 states, including Maryland and the District of Columbia. **Utility:** your local Energy distribution utility (including any successor). At any given time, the Utility’s price for Energy commodity may be lower or higher than our price. **Variable Price:** the variable fluctuation price we charge you for Energy and will be determined by us based on market conditions at our sole discretion and will not change more than once per billing cycle. **Volume Weighted Average Commerce Energy Price:** The weighted average Commerce Energy Energy Price for Energy supply,, as calculated by adding up the product of Commerce Energy Price and Deemed Monthly Consumption for every month of the Term, and then dividing it by your total Deemed Monthly Consumption, as applicable, for the Term. **Volume Weighted Average Utility Price:** The weighted average Utility Price for electricity supply, as calculated by adding up the product of Deemed Monthly Utility Price and Deemed Monthly Consumption for ever month of the Term, and then dividing it by your total Deemed Monthly Consumption, as applicable, for Term.

2. Notice and Details of Appointment of Agent. You give us the exclusive right to act as agent on your behalf in making all supply and delivery arrangements with your Utility and others in order to provide your Energy requirements to your Location. You agree, now and throughout the Term, that you: (a) are not, and will not be, bound by an agreement for your Location with an Energy supplier other than us; and (b) will not cancel or modify our appointment as your exclusive agent in providing Customer’s full Energy requirements to the Location.

3. Acceptance, Verification. This Agreement takes effect when you sign it and is conditional upon our acceptance of it. Our acceptance of this Agreement is at our sole discretion and depends, in part, on whether: (a) your Utility accepts our request to enroll you; (b) we can verify your information by recorded phone call (or other means acceptable to us); (c) you are creditworthy and (d) you are not already enrolled with us (existing customers cannot enter into this Agreement except pursuant to a re-contract, as reflected by a capital letter “R” in the upper right corner of the Customer Agreement). You consent to the recording of phone calls related to this Agreement.

4. Term. The Term of this agreement is specified on the Customer Agreement. A new Term will begin if this Agreement is renewed or otherwise extended. The Term begins on the **Start Date**, which will be our first day of Energy supply to you under this Agreement. Should the Start Date be delayed (for reasons such as the Agreement being improperly completed, not submitted to us, not implemented by the Utility, etc.), we will use commercially reasonable efforts to resolve issues within its control. In the case of a renewal agreement, the Start Date will be the first date after the end of the current Agreement. If the Start Date is not within 60 days of the Estimated Start Date due to your action or lack of action, we reserves the right to cancel this Agreement without penalty and propose a new Price to you. The **End Date** will be our last day of Energy supply under this Agreement, not including any renewal or extension. The Estimated End Date is the date calculated as Start Date plus Term, and the actual End Date may be 30 days or more from the Estimated End Date, depending on the time required to complete your switch back to Utility or other supplier.You remain responsible for all the charges through, to, and including the actual End Date.

5. RENEWAL. SUBJECT TO GOVERNING LAW, WE CAN RENEW THIS AGREEMENT WITH NEW OR REVISED TERMS. WE WILL SEND YOU WRITTEN NOTICE AT LEAST 45 DAYS BEFORE THE END OF THE TERM SPECIFYING ANY CHANGES TO TERMS AND CONDITIONS OF THE AGREEMENT. THE NOTICE WILL SPECIFY THE DATE BY WHICH YOU MUST ADVISE US YOU DO NOT WANT TO RENEW. IF YOU DO NOT ADVISE US BY THE SPECIFIED DATE, THIS AGREEMENT WILL RENEW IN ACCORDANCE WITH THE NOTICE.

6. Just Green. We will purchase and retire verified emissions reductions, allowances or instruments (“carbon credits”) to offset your natural gas consumption multiplied by the JustGreen gas participation level you selected up to 100%. We will purchase and retire renewable energy certificates or attributes (“green energy”) equivalent to your electricity usage multiplied by the JustGreen participation level you selected up to 100%. You can request (a) to change your level or (b) to discontinue your participation at any time, so long as you are not in Breach of this Agreement at the time of the request. We can suspend or discontinue JustGreen at any time. If JustGreen is discontinued by you or by us, you will then stop paying for it but the rest of this Agreement will remain in effect. Carbon credits and green energy that we purchase and retire on your behalf will: (a) relate to carbon credits and green energy produced in the year you pay for JustGreen (plus or minus 12 months) and (b) remain our legal property. Depending on your Utility, JustGreen related charges may appear as a separate line item on your bill or be included in the Energy charge.

7. Charges (and Credits) under this Agreement. We will supply you with Energy for the Location, as applicable. You agree to pay for the related charges, taxes, and other amounts charged by the Utility including, without limitation, charges relating to transmission, delivery, uplift, congestion and service charges. **7.1 Electricity Charge.** You will be charged a the Intro Price for the first 3 billing cycles from the Start Date. After the Intro Price period expires, you will be charged a Variable Price per kWh for the remainder of the term. The Variable Price will not change more than once each monthly billing cycle. Changes to the Variable Price will be determined by Commerce Energy according to business and market conditions, including, but not limited to, wholesale prices in the PJM market, and will not increase more than 35% over the rate from the previous billing cycle. You can contact Commerce Energy Customer Service at 1.877.226.5392 to determine your current Monthly Variable Price. **7.2 JustGreen Power Charge.** Your electricity consumption multiplied by your JustGreen Power Price. **7.3 Natural Gas Charge.** You will be charged an Intro Price for the first 3 billing cycles from the Start Date. After the Intro Price period expires, you will be charged a Variable Price per therm for the remainder of the term. The Variable Price will not change more than once each monthly billing cycle and will not increase more than 35% over the rate from your previous billing cycle. **7.4 JustGreen Gas Charge.** Your natural gas consumption multiplied by your JustGreen Gas Price. **7.5 Rebate.** For your Energy supply, should the Volume Weighted Average Utility Price over the initial Term of this Agreement be less than the Volume Weighted Average Commerce Energy Price for your Energy, we will pay/credit you a $100 rebate per commodity for Energy supplied according to this Agreement as applicable. The rebate calculation is based on Energy supply costs only and does not include costs for distribution, transmission, transportation, taxes, billing fees, capacity, ancillary services charges or Utility fees. You will not be eligible for the Rebate if this Agreement ends prior to the scheduled End Date.

8. Billing, Payment. Your Utility will normally bill you on our behalf, but we have the right to bill you directly. If you do not pay all amounts on your bill by the stated due date, then you will be charged a late payment fee, currently set at 1.5% per month.

9. Lock-In Option. You can change to a fixed price option, if available, at any point during the term of this Agreement. You will not be eligible for the Rebate if you have changed to the Lock-In option. Contact Commerce Energy Customer Service at 1.877.226.5392 for details.

10. Ending this Agreement Early, Default. If this Agreement ends early, for any reason, you must still pay all amounts charged to you up to the early end date. ***Your Right to Cancel:*** You may rescind this contract within 3 calendar days from the date of this Agreement. In addition, you can end this Agreement without having to pay the Exit Fee, within 30 days from the date of your first bill under this Agreement. ***Our Right to Cancel:*** We can end this Agreement, at no cost to us, if: (i) required/allowed by law; (ii) the Utility is unable to service your Location; (iii) a legislative or regulatory change materially alters our ability to profitably perform this Agreement; (iv) you move; or (v) you fall into “Default”. You will be given 45 calendar days prior notice of termination, via letter, allowing you an opportunity to remedy the termination condition. You will be in Default if you (a) breach a term of this Agreement or your Utility’s rules; or (b) switch to another energy supplier, including the Utility. If we end this agreement early, you may return to utility commodity service.

11. Rights of Non-Defaulting Party. If either Party defaults, the non-defaulting Party may terminate this Agreement effective on the date indicated in its notice of termination and shall have the right (i) to withhold any payments due to the Defaulting Party under this Agreement; (ii) to suspend performance on or after the date of termination; and (iii) to the extent allowed by law, to disconnect, or cause to be disconnected, each Location. In the event of disconnection for non-payment, you may be required to pay additional charges to your utility and us. These charges will be itemized on the disconnect notice. If we terminate this Agreement for reasons other than non-payment, you shall be transferred to the provider of last resort, and you shall be notified of the transfer. The Parties agree and acknowledge that under bankruptcy law (i) this Agreement constitutes a forward contract within the meaning of the United States Bankruptcy Code ("Code"), (ii) we are a forward contract merchant; (iii) we are not a Utility or "Utility" as that that term is usedin 11 U.S.C. 366, and you agree to waive and not to assert the applicability of the provisions of 11 U.S.C. 366 in any bankruptcy proceeding; and (iv) we are entitled to the rights under, and protections afforded by, the Code.

12. Exit Fee. You understand in order for us to be able to supply Energy to customers, we enter into long term supply arrangements with suppliers of Energy to meet the forecasted needs of our customers. If this Agreement ends early due to your default, you must pay us liquidated damages (the "Exit Fee") of $75, per commodity, per location.

13. Customer Information, Credit Review. You acknowledge and authorize us to access, use and update information about you (including contact, billing and credit history, and consumption information), and to obtain it from and provide it to your Utility, our affiliates and our service providers. Our supply of Energy to you may depend on your credit worthiness. We are not obligated to accept, or continue performing, this Agreement if you do not meet our credit requirements. You agree to Commerce Energy obtaining a credit report and investigating your credit rating, credit history and Utility bill payment status and history. We are not obligated to accept, or continue performing, this Agreement if you do not meet our credit requirements. We will send you a letter by regular mail if we do not accept this Agreement for credit reasonsYou may cancel our right to obtain or use your information at any time. We, our affiliates and business partners can use your information to communicate with you about other products and services.

14. Indemnification. We do not transmit or distribute Energy to you and do not generate the Energy used or consumed by you. Therefore, we do not promise a steady, continuous supply. There are events outside of our reasonable control which may result in fluctuations, interruptions or irregularities in Energy service. WE WILL NOT BE LIABLE FOR ANY FLUCTUATIONS, INTERRUPTIONS OR IRREGULARITIES IN ENERGY SERVICE OR FOR ANY DAMAGE OR CONSEQUENCES RESULTING THEREFROM. WE WILL ARRANGE FOR THE UTILITY TO DELIVER ENERGY TO THE FACILITY/METER(S) ASSOCIATED WITH THE LOCATION (THE "DELIVERY POINT"). FROM AND AFTER THE DELIVERY POINT, YOU WILL DEFEND, INDEMNIFY AND HOLD US HARMLESS FROM ANY AND ALL CLAIMS, LOSSES, EXPENSES, DAMAGES, CAUSES OF ACTION AND JUDGMENTS OF ANY KIND RELATED TO OUR DUTIES AND OBLIGATIONS HEREUNDER. WE SHALL NOT BE LIABLE FOR MATTERS WITHIN THE CONTROL OF THE UTILITY (INCLUDING, BY WAY OF EXAMPLE ONLY, MAINTENANCE OF THE DISTRIBUTION SYSTEM, SERVICE INTERRUPTIONS, LOSS, DETERIORATION OR TERMINATION OF SERVICE, OR METER READINGS) OR ANY DAMAGES CLAIMED TO HAVE BEEN INCURRED DUE TO ANY ACT OR OMISSION OF US, WHERE SUCH ACT OR OMISSION IS DUE IN WHOLE OR IN PART TO ANY EVENT OR CIRCUMSTANCE BEYOND ITS REASONABLE CONTROL OR ITS ABILITY TO PERFORM. EACH PARTY SHALL USE COMMERCIALLY REASONABLE EFFORTS TO MITIGATE DAMAGES.

15. Limitation of Liability. Notwithstanding any other provision in this agreement, in no event will we or any of its affiliated companies be liable for any consequential, exemplary, special, incidental or punitive damages, including, without limitation, lost opportunities or lost profits, even if we have been advised of the possibility of such damages. our liability related to this agreement, whether arising under breach of contract, tort, strict liability or otherwise, is limited to direct actual damages as the sole remedy and all other remedies or damages are expressly waived.

16. Dispute Resolution. You may contact us with regard to a concern or dispute under this Agreement by mail, fax or telephone using our contact information as set out at the top of the Offer Sheet. Any dispute resolution proceedings, whether in arbitration or court, will be conducted only on an individual basis and not in a class or representative action or as a named or unnamed member in a class, consolidated, representative or private attorney general action.

17. Amendment, Assignment. We may amend this Agreement by sending you written notice. Unless required by Governing Law (including, for example, a Utility tariff change or other regulatory order), you will have 30 days to reject the amendment, in writing. We will not amend the Term or Price without your consent. We may assign any part of our interest in this Agreement, including to another energy services company, without notice to you or your consent. You cannot assign your rights or obligations without our consent.

18. Substitution of Location(s). You may request the substitution of one or more Utility account(s) not already included in the Agreement for one or more existing Location(s) included in the Agreement.We will agree to such substitution provided that (i) you provide us with a minimum of 60 days notice of the request; (ii) the new Utility account(s) are located in the same Utility territory and PJM load zone, as applicable, as the Location(s) to be removed from the Agreement; and, (iii) in aggregate, the annual consumption, load profile, capacity requirement, and any other characteristics deemed by us to be material to the Agreement are comparable, in our reasonable opinion, between the new Utility account(s) to be added to the Agreement and the existing Location(s) to be removed from the Agreement. If we agree to the requested substitution then (i) each of your specified Utility accounts not already included in the Agreement will be a Location bound by this Agreement; (ii) we are authorized to deal with your Utility in this regard; and (iii) if Governing Law requires you to provide us with additional written authorization at the time of the substitution, as it relates to starting or ending service at a Location. If we do not agree to the requested substitution and you end service at a Location, you will pay all amounts charged to you, up to the early end date.

19. Inability to Perform. You accept that certain events beyond our control, including force majeure events declared by our direct or indirect suppliers, may affect our ability to supply Energyat your Price. If this happens, we may, without liability: (a) temporarily supply them to you at the market price available to us; or (b) suspend this Agreement until as soon as we are reasonably able to resume performance. This Agreement will otherwise remain in full effect.

20. Notice. We will send written notices relating to this Agreement to your billing address (as may be amended from time to time). At our discretion (if, for example, there is a fault with regard to your billing address), we may instead send notices to your service address (as may be amended). You give us permission to deliver pre-recorded phone messages to you concerning your account. You may opt out of receiving pre-recorded phone messages by contacting our Customer Service Department. You must send written notices to us at our address listed on the Customer Agreement and be able to give proof of delivery upon request. If a change in Governing Law necessitates that a group of customers be given a general notice, we may give it by posting it on our website at commerceenergy.com.

21. Governing Law. The laws of the State of Maryland govern this Agreement.

22. Miscellaneous. This Agreement is the entire contract between you and us. It can only be amended if agreed to by Commerce Energy's head office in a written notice to, or recorded telephone call with, you. Electronic, e-mail and fax signatures are for legal purposes equivalent to original signatures. If a part of this Agreement is deemed unenforceable, for any reason, we can make the minimal changes for it to be legal and enforceable. If our name does not appear on your Utility bill within 12 months of the anticipated Start Date and you have not contacted us in writing to implement this Agreement; or if we are unable to implement this Agreement for reasons beyond our control; then it will be deemed terminated at no cost to either you or us. No delay by us to exercise our rights under this Agreement will constitute a waiver of such rights.

23. Emergency. In an emergency, call your utility: BGE 1.800.685.0123.

24. Consumer Information. The services provided by the Utility will continue to be offered by your local utility; Baltimore Gas and Electric. You can reach the Maryland Public Service Commission by phone toll-free at 1.800.492.0474 or by the Internet at http://webapp.psc.state.md.us/Intranet/home.cfm. Should you have any questions or require additional information regarding this Agreement, you can contact us at: Commerce Energy, Inc. P.O. Box 2210, Buffalo, New York, 14240-2210, 1.866.587.8674, contactus@commerceenergy.com.

Commerce Energy

Executive Vice President