

Non-residential Distributed Generation Terms and Conditions

These terms and conditions apply to the Non-residential Distributed Generation program (“Program”). This Program has been approved by the Virginia State Corporation Commission.

Any reference in these documents to “Dominion Energy” should be read as a reference to Dominion Energy Virginia, as well as its authorized agents and contractors.

PowerSecure has been hired to manage the Distributed Generation program. PowerSecure, Inc. is a leading national distributed generation company and has been in business since 2000. They have deployed over 1,200 distributed generation systems for large industrial and commercial customers and currently manage approximately 1000 MW’s of generation assets for peak shaving needs for utilities and customers nationwide.

Contact PowerSecure about the program at 757-284-9187

Contract between Dominion Energy and Vendor

1. Third party implementation contractor (“Vendor”) will provide all services provided for in Dominion Energy’s Non-residential Distributed Generation Program (“Dominion Energy’s DG Program”) or otherwise necessary for implementation of Dominion Energy’s DG Program.
2. In the implementation of the program, Vendor may not sell metered electric energy to participating customers.
3. Vendor will enroll and enter into individual contracts with eligible Dominion Energy customers who are willing to reduce load normally provided by Dominion Energy during control events initiated by Dominion Energy in order to reduce Dominion Energy’s need for electrical capacity and energy during periods of peak demand in conformance with the requirements of Dominion Energy’s DG Program.
4. Dominion Energy may initiate a control event at any time during the year for any duration up to a total of 120 hours per calendar year subject to the physical constraints and environmental permitting requirements of the backup generation unit.
5. Upon notice of initiation of a control event from Dominion Energy, Vendor will communicate with the participating customers and dispatch the committed backup generators at such customers’ sites within 30 minutes of the notice of initiation of a control event by Dominion Energy.
6. Vendor will also (i) communicate with participating customers regarding control events, testing of backup generation and other aspects of Dominion Energy’s DG Program, (ii) collect and provide to Dominion Energy all data and detail requested by Dominion Energy to ensure compliance with Dominion Energy’s DG Program requirements, (iii) maintain comprehensive records for service provided to participating customers and make such records available for review by Dominion Energy, and (iv) upon request by Dominion Energy, terminate individual agreements with participating customers who fail to

meet eligibility requirements, fail to maintain compliance with environmental permits, or fail to perform under the individual contracts.

7. Dominion Energy will have the right to review and approve all marketing materials, contracts, and other customer communications and ensure that such customer communications clearly indicate that D Dominion Energy's DG Program is being offered by Dominion Energy through Vendor.

8. Subject to adjustment pursuant to paragraph 10 below, Dominion Energy will pay Vendor as consideration for its services an incentive payment each month ("Monthly Participation Payment") based on (i) the amount of load curtailment enrolled and actually delivered during control events ("Load Curtailment Capability Payment"), (ii) the amount of fuel consumed during control events ("Fuel Payment"), and (iii) the amount of operations and maintenance fees incurred during control events ("Variable Operations & Maintenance Adder"). The Monthly Participation Payment will be calculated as follows:

$$\text{Monthly Participation Payment} = \text{Load Curtailment Capability Payment} \\ + \text{Fuel Payment} + \text{Variable Operations \& Maintenance Adder}$$

i. The Load Curtailment Capability Payment is equal to \$5.12/kW-month.

ii. The Fuel Payment is calculated on a monthly basis as $(\text{Fuel Index Price}/0.14) \times \text{Generator Heat Rate (MMBTU/MWh)} \times \text{Generator Output (MWh)}$, where:

Fuel Index Price - Closing price for Ultra-Low Sulfur No. 2 Diesel Fuel – New York Harbor (in \$/gallon) set by the United States Energy Information Administration on the first working day of each month or other reasonably comparable index selected by the Dominion Energy from time to time - (http://tonto.eia.doe.gov/dnav/pet/pet_pri_spt_s1_d.htm). Dominion Energy reserves the right to use comparable indices and calculation methodologies as necessary to accommodate fuel(s) other than Ultra-Low Sulfur #2 Diesel Fuel if a participating customer elects to use such other fuel(s).

Generator Heat Rate – The Generator Heat Rate is 10 MMBTU/MWh.

Generator Output – Metered generator output (in MWh) of dispatched operation delivered during all control events and any tests of enrolled backup generators called by Dominion Energy occurring within the monthly payment period.

iii. The Variable Operations and Maintenance Adder is equal to \$3.00/MWh for each metered MWh of dispatched operation delivered during all control events occurring within the monthly payment period.

9. Vendor agrees to compensate customers as consideration for participating in Dominion Energy's DG Program not less than (i) eighty percent of the actual monthly Load Curtailment Capability Payment, and (ii) one hundred percent of the actual monthly Fuel Payment and Variable Operations and Maintenance Adder paid by Dominion Energy to Vendor. Compensation from Vendor to customer may be in the form

of a credit for services provided under the Vendor-customer agreement or as a direct payment to the customer.

10. Incentive payment calculations will be primarily based upon measured generator output data. As a secondary alternative, subject to approval by Dominion Energy, incentive payments may be determined using the following methodology: If a participating customer's backup generation achieves an average load curtailment amount across all control events during a given month anywhere in the range of five percent above to five percent below its enrolled commitment amount, the Load Curtailment Capability Payment will not be adjusted and will be paid based on the load curtailment committed by the customer. If, however, a participating customer's backup generation achieves an average load curtailment amount across all control events during a given month that is (i) greater than five percent above its enrolled commitment amount or (ii) less than five percent below its enrolled commitment amount, Dominion Energy will pay a Load Curtailment Capability Payment based on the actual average load curtailment amount across all control events achieved by the customer during such month; provided that, in no event will Dominion Energy pay a Load Curtailment Capability Payment based on the actual average load curtailment amount across all control events achieved by the customer during such month in excess of ten percent above a participating customer's enrolled commitment amount. In the event there are no control events during a given month, Dominion Energy will pay Vendor an amount equal to the Load Curtailment Capability Payment paid in the previous month, unless in Dominion Energy's discretion, the customer demonstrates that the backup generation is capable of achieving its total enrolled commitment, in which case, the Load Curtailment Capability Payment will be paid based on the load curtailment committed by the customer.

11. Dominion Energy, in its sole discretion, may terminate a customer's participation in Dominion Energy's DG Program if the customer fails to achieve at least fifty percent compliance with its enrolled commitment during any two months during a given year.

Obligations of Customer for Participation in the DG Program

1. Eligible customers will include any nonresidential customers who: (1) purchase electricity pursuant to schedules other than Schedule CS, Schedule SG, Schedule 10, Schedule DP-1 or Schedule DP-2, (2) have use of backup generation facilities of 200 kW or greater that are either owned by such customer or that are subject to a lease that is used as a financing instrument to facilitate the sale of such backup generation facilities to such customer, and (3) agree to allow Vendor to dispatch such backup generation facilities as directed by Dominion Energy for up to 120 hours per year. Load curtailment enrolled in this program may not simultaneously be enrolled in a demand response program offered by PJM Interconnection, L.L.C.
2. Vendor will provide dispatch, monitoring, maintenance and operation services as well as any additional agreed-upon services that are consistent with the provisions of Dominion Energy's DG Program.
3. Participating customers will submit to Vendor all data and detail requested by Dominion Energy to ensure compliance with Dominion Energy's DG Program requirements.
4. Upon notice of initiation of a control event from Dominion Energy, Vendor will communicate with the participating customers and dispatch the committed backup generators at such customers' sites within 30 minutes of the notice of initiation of a control event by Dominion Energy.
5. Participating customers will be responsible for obtaining and maintaining compliance with all applicable environmental permits required for participation in this program.
6. Subject to adjustment pursuant to paragraph 8 below, Vendor will pay customers as consideration for participating in Dominion Energy's Program an agreed upon amount, but in no event less than (i) eighty percent of the monthly Load Curtailment Capability Payment, and (ii) one hundred percent of the actual monthly Fuel Payment and Variable Operations and Maintenance Adder paid by Dominion Energy to Vendor.
7. Distribution of such incentive payments by Vendor to participating customers may be made as either a credit for services provided under the individual agreement with the customer or by direct payment to the customer.
8. Incentive payment calculations will be primarily based upon measured generator output data. As a secondary alternative, subject to approval by Dominion Energy, incentive payments may be determined using the following methodology: If a participating customer's backup generation achieves an average load curtailment amount across all control events during a given month anywhere in the range of five percent above to five percent below its enrolled commitment amount, the Load Curtailment Capability Payment will not be adjusted and will be paid based on the load curtailment committed by the customer. If, however, a participating customer's backup generation achieves an average load curtailment amount across all control events during a given month that is (i) greater than five percent

above its enrolled commitment amount or (ii) less than five percent below its enrolled commitment amount, Vendor will pay a Load Curtailment Capability Payment based on the actual average load curtailment amount across all control events achieved by the customer during such month; provided that, in no event will Dominion Energy pay a Load Curtailment Capability Payment based on the actual average load curtailment amount across all control events achieved by the customer during such month in excess of ten percent above a participating customer's enrolled commitment amount. In the event there are no control events during a given month, Dominion Energy will pay Vendor an amount equal to the Load Curtailment Capability Payment paid in the previous month, unless in Dominion Energy's discretion, the customer demonstrates that the backup generation is capable of achieving its total enrolled commitment, in which case, the Load Curtailment Capability Payment will be paid based on the load curtailment committed by the customer.