Decision **27262-D01-2022**

Alberta Utilities Commission

Direct Energy Regulated Services

Amended 2020-2022 Energy Price Setting Plan (Index)

May 17, 2022

Alberta Utilities Commission
Decision 27262-D01-2022
Direct Energy Regulated Services
Amended 2020-2022 Energy Price Setting Plan (Index)
Proceeding 27262

May 17, 2022

Published by the:
Alberta Utilities Commission
Eau Claire Tower
1400, 600 Third Avenue S.W.
Calgary, Alberta T2P 0G5

Telephone: 310-4AUC (310-4282 in Alberta)
1-833-511-4AUC (1-833-511-4282 outside Alberta)
Email: info@auc.ab.ca
Website: www.auc.ab.ca

The Commission may, within 60 days of the date of this decision and without notice, correct typographical, spelling and calculation errors and other similar types of errors and post the corrected decision on its website.

Contents

Direct Energy Regulated Services **Decision 27262-D01-2022**
Amended 2020-2022 Energy Price Setting Plan (Index) **Proceeding 27262**

1 Decision summary

1. Previously, in Decision 25818-D01-2021,[1] the Alberta Utilities Commission approved a negotiated settlement agreement (NSA) with respect to Direct Energy Regulated Services' (DERS) 2020-2022 energy price setting plan (EPSP) (Index) (the EPSP (Index)). The NSA required DERS to file any amendments to the EPSP (Index) for the Commission's approval. The NSA further required that DERS file compliance documents with the Commission within one year of July 1, 2021, the effective date of the NSA.

2. In its application, DERS requested Commission approval of amendments to Appendix F.1 of DERS' 2020-2022 EPSP (Index).

3. These amendments were proposed to account for updated pricing and procurement information using additional market data, e.g., recent load settlement data, and the amendments relate to the indexing coefficients[2] in the index methodology of the EPSP (Index). The indexing coefficients are used in the calculation of DERS' monthly energy charge for electricity.

4. In this decision, the Commission approves DERS' amended 2020-2022 EPSP (Index), effective June 1, 2022. Further, the Commission finds that DERS has complied with the requirements in the NSA by providing certain compliance documents to the Commission within the one-year period specified by the NSA.

2 Background and process

5. DERS is a business unit of Direct Energy Marketing Limited. DERS is a regulated rate option (RRO) provider and performs the electricity regulated rate tariff functions in the service territory of ATCO Electric Ltd. DERS was appointed by ATCO Electric as the RRO provider under Section 104 of the *Electric Utilities Act*. DERS' EPSP (Index), which is approved by the Commission, establishes the pricing for electricity for RRO customers in ATCO Electric's distribution service territory.

[1] Decision 25818-D01-2021: Direct Energy Regulated Services, 2020-2022 Energy Price Setting Plan – Negotiated Settlement Agreement, Proceeding 25818, February 25, 2021.

[2] In Proceeding 25818, Exhibit 25818-X0112.01, Section 2.4, the NSA refers to regression coefficients used in the Index Methodology and shown at Appendix F.1 of the 2020-2022 EPSP (Index), PDF page 29. In Exhibit 25818-X0113.01, EPSP Appendix F.1, DERS referred to seasonal multipliers and regression coefficients. In Proceeding 27262, DERS refers to indexing coefficients and seasonal multipliers. The Commission considers that seasonal multipliers, regression coefficients and indexing coefficients to have the same meaning because the terminology is used interchangeably between the NSA, DERS' 2020-2022 EPSP Appendix F.1, and DERS' application in Proceeding 27262.

6. On March 25, 2022, DERS filed an application requesting Commission approval of amendments to its EPSP (Index) and confirmation of DERS' compliance with Section 2.4 of the NSA for certain documents to be filed with the Commission. DERS also requested an effective date of June 1, 2022, for the amended EPSP (Index).

7. The Commission issued a notice of application on March 28, 2022. No statements of intent to participate were received in response to the notice. The record of this proceeding closed on April 14, 2022, the date DERS filed confidential documents pursuant to a Commission ruling.[3]

3 Discussion of the issues and Commission findings

8. The Commission has addressed two issues in the sections below:

- Should DERS' amendments to the indexing coefficients in the index methodology in the EPSP (Index) be approved?
- Are the compliance documents filed with DERS' application complete and in accordance with the requirements of Section 2.4 of the NSA?

3.1 Indexing coefficients in the index methodology

9. In Section 2.4 of the NSA, parties to the NSA agreed that to the extent the updated load data results in a material change to the indexing coefficients, DERS will apply to the Commission to amend the EPSP (Index) to incorporate the updated coefficients.[4]

10. The EPSP (Index) approved in Decision 25818-D01-2021 uses a linear regression analysis to derive indexing coefficients from load settlement data to quantify certain EPSP costs. The linear regression analysis was based on data from January 1, 2008, to August 31, 2020.[5] The indexing methodology considers two separate indexing coefficients: one for the summer months from April to September, and another one for the winter months from October to March.

11. In its application to amend the EPSP (Index), DERS provided additional settlement data from September 1, 2020, to February 28, 2022, which was used to update both of the indexing coefficients. DERS is applying to update indexing coefficients in Appendix F.1 of its 2020-2022 EPSP (Index) "to reflect that a consistent sample period should be used to estimate each seasonal multiplier."[6] DERS requested that the revised indexing coefficients be approved by the Commission, effective June 1, 2022.

12. In assessing DERS' application, the Commission is guided by the *Regulated Rate Option Regulation* that includes provisions on EPSPs for the RRO providers, including DERS. EPSPs are a component of the regulated rate tariff approved under the regulation.[7] Pursuant to Section 6(1)(a), the Commission must have regard for the principle that a regulated rate tariff must provide the owner with a reasonable opportunity to recover the prudent costs and expenses

---

[3] DERS filed its confidential documents the same day that the Commission ruling was issued.
[4] Proceeding 25818, Exhibit 25818-X0122, PDF pages 9-10, paragraph 29.
[5] Proceeding 25818, Exhibit 25818-X0112.01, NSA, Section 2.4.
[6] Exhibit 27262-X0001, page 3.
[7] Section 3(1)(a)(ii) of the *Regulated Rate Option Regulation.*

incurred by the owner. The Commission finds that the proposed amendments to the EPSP (Index) are necessary to ensure that DERS is provided with a reasonable opportunity to recover its prudent costs and expenses under the regulated rate tariff, in accordance with Section 6(1)(a) of the *Regulated Rate Option Regulation*.

13. In considering the amendments to Appendix F.1 of the EPSP (Index), the Commission finds that the use of the updated data is consistent with the time periods set for the summer and winter month multipliers. The amendments to the EPSP (Index) will allow for better alignment of time periods for the recovery of costs and expenses by incorporating more recent load settlement data. The Commission finds that this achieves more accurate rate design and certainty. The amendments to the EPSP (Index) also balance the interests of DERS' customers and DERS, in which DERS is allowed to reasonably recover costs that are more reflective of market fluctuations during summer and winter periods.

14. Accordingly, the Commission approves amendments to Appendix F.1 of DERS' 2020-2022 EPSP (Index) to account for updated load settlement data. Therefore, the Commission approves DERS' amended 2020-2022 EPSP (Index), effective June 1, 2022. The public version of the approved EPSP (Index) is attached as Appendix 2 to this decision. A separate confidential decision will be issued in this proceeding and will be accessible to parties who sign confidentiality undertakings in accordance with the Commission's confidentiality rules, in Rule 001: *Rules of Practice*.

3.2 Compliance to previous Commission directions

15. In Decision 25818-D01-2021, the Commission noted that the term "compliance filing" was not intended to ensure compliance with previous Commission directions.[8] Rather, under the provisions in Section 2.4 of the NSA, DERS was required to provide the following compliance information to the Commission in a "compliance filing" to conform with the agreement of the negotiating parties (DERS, the Consumers' Coalition of Alberta (CCA) and the Office of the Utilities Consumer Advocate (UCA)):

> 1. Hourly settlement volumes for DERS and EPCOR [EPCOR Energy Alberta GP Inc.], and Hourly Alberta Pool prices from the AESO [Alberta Electric System Operator], with a calculation of the monthly load following costs for each of EPCOR and DERS.
>
> 2. EPCOR's "Average Full-Load Price", "Average Flat Price" and "Average Price" (which is how EPCOR refers to the volume-weighted block price) from the EPCOR monthly RRT [regulated rate tariff] Energy Charge Calculation.
>
> 3. DERS' flat, peak and procurement-volume-weighted block procurement prices from DERS' Final RRT Monthly Rates.
>
> 4. DERS' derived CRC [commodity risk compensation] from DERS' Final RRT Monthly Rates.
>
> 5. A history of DERS' block product RRO transactions including transaction date, volume, and price from DERS' Final RRT Monthly Rates.

[8] Decision 25818-D01-2021, paragraph 62.

6. Monthly time series of the NGX settlement prices for the “NGX Fin FF, FP for AESO Ext Peak” and “NGX Fin FF, FP for AESO Flat” products starting 120 days prior to the delivery month, subject to the permission of the NGX to provide it externally.

7. The NGX’s settlement price history for the EPCOR full-load product (“NGX Fin EPCOR RRO (%), FP for AESO Flat”), subject to the permission of the NGX to provide it externally.[9]

16. With respect to items 1 to 4 above, DERS filed an Excel data file containing the compliance filing information and other related regression data regarding the indexing coefficients.[10] The Commission has reviewed the documents included in the application and is satisfied that the information filed with the Commission is complete. The documents contain the information identified in items 1 to 4 in Section 2.4 of the NSA and no further information is required.

17. With respect to items 5 to 7 above, DERS was granted relief from filing the information required in items 5 to 7 in an April 14, 2022, ruling because the information was either (i) provided directly to the CCA and the UCA; or (ii) that the Commission already had access to the information in DERS’ monthly filings to the Commission.[11] Accordingly, no further information is required from DERS for items 5 to 7.

4 Other matters – incentive mechanism

18. In the NSA approved in Decision 25818-D01-2021, there were provisions for an incentive mechanism, which was to be included as part of a future compliance filing to the Commission. The Commission, in that decision, stated that:

> … it will assess any incentive mechanism or other amendments DERS proposes to the agreed-upon 2020-2022 EPSP (Index) subsequent to DERS applying for any such changes in the future “compliance filing” application, and any Commission approvals will be based on an assessment of the merits of the proposed changes at that time.[12]

19. In the application, DERS confirmed that discussions for an incentive mechanism took place between parties to the NSA but no such mechanism was proposed or included in DERS’ application amendments. As a result, there is no application before the Commission that proposes, or requires Commission approval of, an incentive mechanism in the amended EPSP (Index).

---

[9] Proceeding 25818, Exhibit 25818-X0112.01, NSA, Section 2.4, PDF page 7.
[10] Exhibit 27262-X0002, Attachment 1 NSA Compliance Information and Seasonal Multiplier.
[11] Exhibit 27262-X0007, AUC Letter – Ruling on a DERS’ motion for confidentiality and request for relief on filing compliance information.
[12] Decision 25818-D01-2021, paragraph 62.

5 Order

20. It is hereby ordered that:

(1) Direct Energy Regulated Services' amended 2020-2022 energy price setting plan (Index) is approved, effective June 1, 2022.

Dated on May 17, 2022.

Alberta Utilities Commission

(original signed by)

Carolyn Dahl Rees
Chair

Appendix 1 – Proceeding participants

Name of organization (abbreviation) **Company name of counsel or representative**
Direct Energy Regulated Services (DERS)

Alberta Utilities Commission Commission panel C. Dahl Rees, Chair Commission staff A. Sabo (Commission counsel) A. Culos (Commission counsel) E. Chu D. Mitchell L. Bondad

Appendix 2 – Pubic, redacted version of the amended 2020-2022 EPSP (Index)

(return to text)

Appendix 2 -
Redacted 2020-2022

(consists of 32 pages)

DIRECT ENERGY REGULATED SERVICES

REVISED 2020-2022 ENERGY PRICE SETTING PLAN (Index)

1. Definitions

Capitalized terms used in this Energy Price Setting Plan that are not otherwise defined herein, have the respective meanings ascribed to them in Schedule “A”.

2. RRO Energy Charge

The RRO Energy Charge applicable to each Rate Class for the term of the EPSP to be included in the Company’s RRT Price Schedules will be determined in accordance with Schedule “F”. The various components making up the RRO Energy Charge will be determined as follows:

(a) Base Energy Charge

Prior to the first day of the Allowable Price Implementation Period for each Month, the Company will complete an initial Forecast Load for the RRO Customers for the Month. The Forecast Load will be prepared for each Month, and then updated for that Month during the Allowable Price Implementation Period, as described in Schedule “C”.

The Energy Portfolio to be acquired by the Company for each Month will be determined in accordance with Schedule “D”. The Company will acquire the Energy Portfolio using the Energy Acquisition Process set out in Schedule “B” and Confidential Schedule “E” to the EPSP.

Any load not procured through the Energy Acquisition Process under the EPSP will be supplied in accordance with the Backstop Methodology as provided for in Confidential Schedule “E” to the EPSP.

The Base Energy Charge component of the RRO Energy Charge by Rate Class for the Company’s RRO Tariff for each Month over the term of the EPSP will be determined as described in Schedule “B” and Schedule “F” to the EPSP.

(b) Energy Return Margin

The Energy Return Margin will be set at an after tax rate of $2.83/MWh, which shall be grossed up for taxes by applying the Effective Tax Rate.

(c) Cost Recovery Items

The Company will include in the RRO Energy Charge the additional items listed in Section C of Schedule “F”. These items include NGX Collateral Costs and Counterparties Collateral Costs, NGX Trading Charges and Transaction Fees, AESO Trading Charges, AESO Collateral Costs, External EPSP Development and Regulatory Costs, RAM charges, and Uplift Charges calculated as shown in Section C of Schedule “F”.

3. Filing of Energy Charge with AUC

In accordance with Section 12 of the RRO Regulation, DERS will file with the AUC for acknowledgement before the beginning of each Month, the RRO Energy Charge for each Rate Class for the Month, and the supporting calculations, determined in accordance with the formulas set out in the Energy Charge schedule (Schedule “F”).

4. Code of Conduct

Access to commercially sensitive information in connection with the EPSP will be governed by the EPSP Code of Conduct set out in Schedule “G” and the Procurement Conduct Agreement set out in Appendix “G.1” to the EPSP.

5. Adjustment to the Protocol for Procurement Process

DERS will monitor market developments or trends that might have a material impact on the competitiveness of the Energy Acquisition Process. In the event that an adjustment is required to ensure the Energy Acquisition Process is competitive, DERS will file an adjustment with the AUC for acknowledgement prior to implementation.

6. Expiry Date

The expiry date of this EPSP is December 31, 2022.

7. Change in Law

In the event of any material change in applicable law or in policies or rules having the effect of law (including regulations, ministerial orders, AUC decisions, orders, guidelines, directives, or AUC or ISO [Independent System Operator] Rules) as a result of which additional material costs or benefits not provided for in the EPSP are incurred by DERS in its performance of the EPSP, a person directly and materially harmed or prejudiced by the change in the context of the operation of the EPSP may apply to the Commission for an order re-opening and modifying the EPSP to the extent required to address the change. An application made under this section must include, at a minimum, a detailed description of the change giving rise to the re-opening request, the direct and material harm or prejudice that the person believes will be suffered if the EPSP is not re-opened, and the specific modifications to the EPSP that the person requests that the Commission approve to address the change. For greater certainty, an application to re-open under this section will not be considered to be an application for review and variance and will not be subject to the requirements of AUC Rule 016 (*Review of Commission Decisions*) or any successor or replacement rule.

Schedule "A"
to DERS' EPSP

DEFINITIONS

1. Definitions

In the EPSP,

7x16 Peak Volume or **Peak Volume** or **7x16 Peak Product** or **Peak Product** means the volumes in MW for an electrical energy product for the hours HE08 to HE23, Monday through Sunday inclusive;

7x16 Peak Volume Block means 5MW of 7x16 Peak Product;

7x24 Base Volume or **Base Volume** or **7x24 Base Product** or **Base Product** means the volumes in MW for an electrical energy product for all hours in a day, Monday through Sunday inclusive;

7x24 Base Volume Block means 5 MW of 7x24 Base Product;

AESO means the Alberta Electric System Operator;

AESO Collateral Costs or **AESOCC** means the costs incurred for posting financial security with the AESO for a Month determined in accordance with Section C.2 of Schedule "F";

AESO Metered Volumes Report reports the hourly settlement volumes of pool participants according to asset id;

AESO Trading Charges or **AESOTC** means the current charges set by the AESO from time to time for transacting energy through the power pool;

Allowable Price Implementation Period or **APIP** means the period beginning up to 120 calendar days prior to the 1st day of the Month and ending 6 Business Days prior to the 1st day of the Month;

AUC or **Commission** means the Alberta Utilities Commission;

Backstop Methodology is detailed in Confidential Schedule "E";

Base Energy Charge by Rate Class or **BEC_{RC}** is the Energy Price in $/MWh of the Energy Portfolio for a Rate Class for a Month;

Base Product means an agreement to supply power during a Base Period at a specified price;

Base Period means the period from 00:00 hours to 24:00 hours Monday through Sunday inclusive;

Business Day means a day, which is not a Saturday, Sunday or a statutory holiday in the Province of Alberta, and "day" means any calendar day;

Commodity Risk Compensation or **CRC** is the amount as set out in Section D of Schedule "F";

Company means DIRECT ENERGY REGULATED SERVICES;

Counterparties Collateral Costs or **CCC** means credit costs that are in addition to any NGX Collateral Costs and AESO Collateral Costs, and include: (1) placement costs for having a sufficient credit facility in place to meet the total financial security requirements of the AESO and the NGX; and (2) standby (undrawn) credit costs associated with differences between the estimated credit facility and the estimated posted (drawn) financial security requirements;

Daily Target Price is the daily price calculated by DERS in accordance with Confidential Schedule "E";

DLL means the Distribution Line Loss factor and the forecast Unaccounted for Energy for the Rate Class as determined in Schedule "C" and is expressed as a percentage of customers' usage;

DEML means DIRECT ENERGY MARKETING LIMITED;

Derived Off Peak Procurement Price is the price DERS paid for energy in the Off-Peak Period that is derived from the Peak and Flat Block Procurement Prices;

DERS means DIRECT ENERGY REGULATED SERVICES a business unit of DEML;

EEA means EPCOR Energy Alberta GP Inc;

EEA Flat Price is the "Average Flat Price" from the EEA Monthly RRO Filing;

EEA Full-Load Price is the "Average Full-Load Price" from the EEA Monthly RRO Filing;

EEA Monthly RRO Filing is the EPCOR Energy Alberta GP Inc. Regulated Rate Option Acknowledgment Filing for Energy Charges that is submitted by EEA on the fifth last Business Day of each month;

EC_{RC} means the Energy Charge applicable to a Rate Class;

Effective Tax Rate means the combined Federal and Provincial tax rates expected to be in effect for a month to be applied to the Energy Return Margin by dividing the after-tax Energy Return Margin by one minus the combined Federal and Provincial Tax Rates;

Energy Acquisition Process means the process to procure Energy Product, as described in Schedule "B" to the EPSP;

Energy Charge or **RRO Energy Charge** or **RRO Energy Price** means the $/MWh amount applicable under the Company's RRO Tariff to a Rate Class for a Month as determined under Schedule "F";

Energy Portfolio means the Hedge Volumes acquired for a Month by way of the Energy Price Setting Process;

Energy Price means the price for electrical energy in $/MWh;

Energy Price Setting Plan or **EPSP** means the document entitled "2020-2022 Energy Price Setting Plan (Index)" and all attachments, schedules and appendices thereto including Schedule "A" – Definitions; Schedule "B" – Energy Price Setting Process; Schedule "C" – Forecast Load Methodology; Schedule "D" – Energy Portfolio Hedge Volume Determination Methodology; Confidential Schedule "E" – Protocol for Procurement; Schedule "F" – Energy Charge Applicable for Each Month During the Plan Term; Schedule "G" – Code of Conduct for the Energy Price Setting Plan;

Energy Price Setting Process is as set out in Schedule "B";

Energy Product means an agreement to supply power during a Base Period or Peak Period at a specified price;

Energy Return Margin or **ERM** is as set out in Section 2(b) of the Energy Price Setting Plan;

EPSP Code of Conduct means the rules and practices to which DERS and its affiliates will adhere while administering the EPSP as set out in Schedule "G" to the EPSP;

EU Act means the Electric Utilities Act, S.A. 2003, c.E-5.1 as amended;

Exchanges means i) Natural Gas Exchange Inc., and (ii) any other online internet trading system that may be established for trading electrical energy in Alberta;

Expiry Date of this EPSP is December 31, 2022;

External EPSP Development and Regulatory Costs or **EDR** has the meaning ascribed to it in Schedule "F" to the EPSP;

Final Settlement means the final calculation of settlement for a settlement month as described in AUC Rule 021: Settlement System Code Rules;

Forecast Load or **FL** means the forecast RRO usage in MW by hour determined in accordance with Schedule "C";

FPH or **Flat Product Hours** means the number of 7x24 hours in a month**;**

FPP or **Flat Product Price** or **Flat Block Procurement Price** means the weighted average price in $/MWh of the 7x24 Flat Products acquired for a Month;

FPV or **Flat Product Volume** means the Hedge Volume of the 7x24 Flat Products acquired for a Month;

FTL or the Forecast Total Load is the sum of the Forecast Load for a Month for each Rate Class including the distribution Line Loss Factor and the forecast Unaccounted for Energy for each Rate Class as determined in accordance with Schedule "C";

Full-Load Price means the price of a product that covers a percentage of load and settles as a financial swap against the Alberta hourly pool price with respect to consumer volume for each applicable hour;

Gains and Losses Without Commodity Risk Compensation, Energy Return Margin and Adders means Revenue Without Commodity Risk Compensation and Energy Return Margin minus Total Energy Portfolio Costs plus Spot Trades;

HE means "hour ending" and reflects the convention of measuring time by referencing the end of an hour during a day. For example, HE01 is the first hour of a day starting at midnight and ending at 00:59:59;

Hedge Volume means 7x24 Base Volume or 7x16 Peak Volume;

Independent System Operator or **ISO** means the corporation established by section 7 of the EUA;

Letter of Credit or **LOC** is a guarantee of payment issued by a bank on behalf of a client that is used as "payment of last resort" should the client fail to fulfill a contractual commitment with a third party;

Line Loss Factor or **LLF_{RC}** means the distribution line losses by Rate Class which will be determined by calculating the monthly line loss volumes as a percent of monthly metered volumes using the most recent six months of Final Settlement data for the Rate Class and taking the average of the monthly percentages;

Load Profile has the meaning ascribed to that term in AUC Rule 021: Settlement System Code Rules;

Market Surveillance Administrator or **MSA** means the entity established under section 42 of the Electric Utilities Act S.A. 2003 c. E-5.1;

Metered Forecast Load or **MFL** means the Forecast Load excluding distribution line losses and UFE;

Month means the calendar month with respect to which RRO Energy Charges are being established under this EPSP;

Monthly Settlement means the settlement data received for a settlement month approximately 3 weeks after the last day of the settlement month as described in AUC Rule 21: Settlement System Code Rules;

NGX means the online trading systems for electrical energy in Alberta operated by the Natural Gas Exchange, NGX Canada Inc. or any successor thereof;

NGX Collateral Costs or **NGXCC** means the costs incurred for posting financial security with the NGX in $/MWh determined in accordance with Section C.6 of Schedule "F" to the EPSP;

NGX Trading Charges and Transaction Fees or **NGXTC** means the $/MWh amount set by the NGX from time to time for load acquired or transacted on the NGX, determined in accordance with Section C.5 of Schedule "F";

OFFPFL means the Off Peak Forecast Load for the month;

$OFFPFL_{RC}$ means the Off Peak Forecast Load for a Rate Class for a Month;

OFFPFTL is the Off Peak Forecast Total Load for the Month and is calculated as $OFFPFTL = \Sigma\ OFFPFL_{RC} \times (1 + DLL_{RC})$ for all Rate Classes;

OFFPP means the Off Peak Price for the Month;

ONPFL is the On Peak Forecast Load for the Month;

$ONPFL_{RC}$ means the On Peak Forecast Load for a Rate Class for a Month and is equal to the total of the Forecast Load for the on peak hours for the Rate Class for the Month;

ONPFTL is the On Peak Forecast Total Load for the Month and is determined in accordance with section B.10 of Schedule "F";

OTC means over-the-counter;

Parental Corporate Guarantee or **PCG** is a guarantee of payment from a parent company for a subsidiary when the subsidiary enters into a contract with a counterparty;

Peak Block Procurement Price is the weighted average price paid by DERS for all the peak products procured for the Month;

Peak Period means the period from hours HE08 to HE23 Monday through Sunday inclusive;

Procurement Conduct Agreement means Appendix "G.1" to the EPSP;

Procurement Volume means the amount of Base Product and Peak Product that DERS requires in a Month;

Product means a Base Product or a Peak Product;

Protocol means the method for procuring product;

Quarter means a calendar quarter;

RAM means the Retail Adjustment to Market charges forecast for the Month;

Rate Class means the classes of customers eligible for RRO service under the RRO Regulation as designated by DERS and currently classified as follows: E1-Residential Service, E2-Small General Service, E3-Large General Service, E4-Oilfield Service, E5-Farm Service, E6-Lighting Service, and E7-Irrigation Pumping Service;

Revenue Without Commodity Risk Compensation and Energy Return Margin means the RRO revenue collected by the Company based on the weighted average BEC_{RC} grossed up for forecast Distribution Line Losses and Unaccounted for Energy;

RRO means the Regulated Rate Option;

RRO Customer means a "regulated rate customer" as defined in the RRO Regulation who accepts, uses or receives service from DERS at a Site located in the distribution service area of ATCO Electric;

RRO Regulation means the Regulated Rate Option Regulation, AR 262/2005, as amended, being the regulation that governs RRO service in the Province of Alberta;

RRO Site means a Site with respect to which an RRO Customer is the customer of record (as defined in DERS' RRO Tariff) for the Site;

RRO Tariff means the Tariff approved from time to time by the Commission pursuant to the EU Act and RRO Regulation respecting the provision of RRO Service by the Company in the distribution service areas in which the Company provides RRO service;

RRT Price Schedule means the Company's Price Schedule applicable to Regulated Rate Customers as approved from time to time by the Commission as part of the Company's RRO Tariff;

Seasonal Multiplier means the estimated regression coefficient (see Appendix F.1) used to quantify the relationship between DERS' and EEA's Full-Load Prices;

Site means a site as defined in AUC Rule 021: Settlement System Code Rules;

Spot Trades means the costs and revenues of clearing short and long positions at Alberta pool prices;

TEPC or **Total Energy Portfolio Cost** has the meaning ascribed to it in Schedule F;

Total Target Volume means, as the context requires, the 7x24 Base Volume or 7x16 Peak Volumes required for a Month;

Total Target Volume Blocks means, as the context requires, the 7x24 Base Volume Blocks or the 7x16 Peak Volume Blocks required for a Month;

UC is the Uplift Charge calculated in accordance with Section C.8 of Schedule "F";

Unaccounted for Energy or **UFE** means an amount of energy that is charged to DERS and represents energy that cannot be specifically allocated to a retailer or customer in accordance with Rule 021: Settlement System Code Rules, and is expressed as a percentage of customer usage;

Wholesale Class Information or **WCI** is the historical total consumption information that is provided by ATCO Electric for all sites by loss group and profile class for each settlement run;

and

Wholesale Settlement Detail or **WSD** is the historical consumption information that is provided by ATCO Electric at a site level.

Schedule "B"
to DERS' EPSP

ENERGY PRICE SETTING PROCESS

Capitalized terms used in this Schedule that are not otherwise defined herein have the meanings ascribed to them in Schedule "A" to the EPSP.

A. ENERGY ACQUISITION PROCESS

The Energy Price Setting Process begins with the Energy Acquisition Process under which the Company will procure energy supply for the Energy Portfolio.

The Company will procure over the Allowable Price Implementation Period energy supply for the Energy Portfolio in accordance with the methods and procedures for acquiring Energy Product set out below and in Schedule "D" and Confidential Schedule "E".

The Energy Portfolio will consist of Energy Products.

(a) DERS will procure as necessary the required Energy Portfolio in accordance with Confidential Schedule "E".

(b) The total volumes for the 7x24 Base Volume and 7x16 Peak Volume as determined in Schedule "D" to this EPSP will constitute the Hedge Volumes for the Month.

B. ENERGY PRICE SETTING PROCESS TIMELINES

The Energy Price Setting Process will begin no earlier than the first Business Day of the Allowable Price Implementation Period for each Month.

(a) The Energy Price Setting Process will end on the last Business Day prior to the end of the Allowable Price Implementation Period for each Month.

C. RRO ENERGY CHARGE

(a) Based on the procurement of the Energy Acquisition Process for the Month, five Business Days prior to the first day of the Month:

(i) DERS will calculate the Base Energy Charge for each Rate Class for the Month using the method described in Schedule "F".

(ii) DERS will calculate the RRO Energy Charge by Rate Class for the Month using the method described in Schedule "F".

Schedule "C"
to DERS' EPSP

FORECAST LOAD METHODOLOGY

Capitalized terms used in this Schedule that are not otherwise defined herein have the meanings ascribed to them in Schedule "A" to the EPSP.

A. RRO FORECAST LOAD METHODOLOGY

DERS will continue to utilize the forecasting system deployed across Direct Energy in order to complete its monthly and quarterly forecast. Forecasts will be developed at the rate class level.

1) **Forecast Total Load ("FTL")** for each Month will be determined as follows:

$$FTL = \sum FL_{RC} \times (1+DLL_{RC})$$

where:

"FL_{RC}" is the Forecast Load for the Month for each rate class

"DLL_{RC}" is the Distribution Line Loss factor and the forecast Unaccounted for Energy for the Rate Class as determined in Section A.4 of this Schedule "C".

2) $FL_{RC} = (\sum (DSC_{RC} \times P_{RC} \times UF_{RC})) \times SF_{RC}$

where:

"DSC_{RC}" is the current active site count by rate class

"P_{RC}" is the hourly profile by rate class for each week based on historical WCI data

"UF_{RC}" is the average weekly usage by rate class derived from the previous 3 years Final WSD settlement data

"SF_{RC}" is the site count factor applied to adjust the FTL for a net growth and attrition factor

3) SF_{RC} = average monthly net growth and attrition factor based on previous 2 year actual site count net growth/attrition calculated at the rate class level.

4) The Distribution Line Loss Factor and the forecast Unaccounted for Energy for the Rate Class will be determined as follows:

$$\mathbf{DLL_{RC} = UFE_{RC} + LLF_{RC}}$$

where:

"UFE_{RC}" is the forecast Unaccounted for Energy for the Rate Class.

"LLF_{RC}" means the Line Loss Factor for the Rate Class.

a) The forecast Unaccounted for Energy (UFE_{RC}) for the Rate Class will be determined by calculating the average monthly Unaccounted for Energy over the most recent six calendar months for which Final Settlement is available for the Rate Class, as charged to the Company by the AESO.

b) The Line Loss Factor or LLF_{RC} means the distribution line losses by Rate Class which will be determined by calculating the monthly line loss volumes as a percent of monthly metered volumes using the most recent six months of Final Settlement data for the Rate Class and taking the average of the monthly percentages.

B. FORECAST LOAD UPDATES

1. The Forecast Load for each Month will initially be updated prior to the first day of the Allowable Price Implementation Period. It will be updated monthly, 90, 60 and 30 days prior to the Month using the latest available settlement data (excluding initial-daily settlement data) to update the UF_{RC}, SF_{RC}, and UFE_{RC} and utilizing the current active site count. The updated Forecast Load will be used to recalculate the Total Target Volumes and Total Target Volume Blocks for the Month in accordance with the methodology set out in Schedule "D" to this EPSP.

C. ADJUSTMENTS TO INPUT DATA

1. Notwithstanding anything in this schedule to the contrary, the "Actual" load, site count and profile data used for purposes of the calculations described in this Schedule will be adjusted as necessary to reflect changes in the eligibility of sites for RRO service resulting from modifications to the RRO eligibility criteria set out in section 1(d) of the RRO Regulation. The timing of the adjustments to the data made by the Company will reflect the timing of the implementation of the modifications to the RRO eligibility criteria in the RRO Regulation as announced by the Alberta Department of Energy. In the event that the Alberta Department of Energy announces its intention to implement such a modification to the RRO eligibility criteria, the Company will advise the Commission of its plan to reflect those changes in its RRO Forecast Load methodology prior to implementing them.

D. METHODOLOGY CHANGES

1. Any Forecast Load methodology improvements identified during the term of the EPSP will be filed for acknowledgement with the Commission prior to implementation. In the acknowledgement filing, DERS will include:

   i. An explanation of the change to the methodology or adjustment to the inputs to the forecast;
   ii. Supporting analysis for the change to the methodology or adjustment to the inputs to the forecast; and
   iii. A schedule that shows the history of all the changes to the methodology and changes to the inputs to the forecast.

Schedule "D"
to DERS' EPSP

ENERGY PORTFOLIO HEDGE VOLUME DETERMINATION METHODOLOGY

Capitalized terms used in this Schedule that are not otherwise defined herein have the respective meanings ascribed to them in Schedule "A" to the EPSP.

A. HEDGE VOLUME DETERMINATION

1. The Average Hourly Total Target Volume respecting the 7x24 Base Volumes and 7x16 Peak Volumes required for a Month will be based on the Forecast Total Load prepared in accordance with Schedule "C", as follows:

   (a) The Average Hourly Total Target Volume respecting the 7x24 Base Volume required for the Month will be equal to the Off Peak Forecast Total Load (OFFPFTL) for the month divided by the number of days in the month divided by 8, rounded to the nearest 5 MW.

   (b) The Average Hourly Total Target Volume respecting the 7x16 Peak Volumes required for the Month will be equal to the On Peak Forecast Total Load (ONPFTL) for the month divided by the number of days in the month divided by 16, minus the 7x24 Base Volumes calculated in (a) above, rounded to the nearest 5 MW.

2. The Total Target Volume Blocks respecting the 7x24 Base Volume Blocks and 7x16 Peak Volume Blocks required for the Month will be determined as follows:

   (a) The 7x24 Base Volume Blocks will be equal to the 7x24 Base Volume determined in 1(a) divided by 5 MW.

   (b) The 7x16 Peak Volume Blocks will be equal to the 7x16 Peak Volume determined in 1(b) above divided by 5 MW.

Confidential Schedule “E”
to DERS’ EPSP

PROTOCOL FOR PROCUREMENT

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

Confidential Appendix "E.1" to DERS' 2020-2022 EPSP

REDACTED

Schedule "F"
to DERS' EPSP

ENERGY CHARGE APPLICABLE FOR EACH MONTH DURING THE PLAN TERM

Capitalized terms used in this Schedule that are not otherwise defined herein have the meanings ascribed to them in Schedule "A" to the EPSP.

A. RRO ENERGY CHARGE

The Energy Charge ("EC_{RC}") applicable to each RRO Rate Class for each Month will be determined as follows:

(1) $$EC_{RC} = (BEC_{RC} + AESOTC) \times (1+DLL_{RC}) + ERM + RAM + UC + NGXTC + NGXCC + AESOCC + CCC + EDR$$

where:

"BEC_{RC}" is the Base Energy Charge in $/MWh of the Energy Portfolio for the Rate Class for the Month determined in accordance with Section B of this Schedule "F" to the EPSP.

"AESOTC" are the AESO Trading Charges in $/MWh determined in accordance with Section C.1 of this Schedule "F" to the EPSP.

"DLL_{RC}" is the Distribution Line Loss factor and the forecast Unaccounted for Energy for the Rate Class as determined in accordance with Section A.4 of Schedule "C" to the EPSP.

"ERM" is the Energy Return Margin as set out in Section 2(b) of the document entitled "2020-2022 Energy Price Setting Plan (Index)" and will be $2.83/MWh grossed up by applying the Effective Tax Rate.

"RAM" is the Retail Adjustment to Market charge forecast for the Month in $/MWh determined in accordance with Section C.7 of this Schedule "F" to the EPSP.

"UC" are the Uplift Charges in $/MWh determined in accordance with Section C.8 of this Schedule "F" to the EPSP.

"NGXTC" are the NGX Trading Charges and Transaction Fees in $/MWh determined in accordance with Section C.5 of this Schedule "F" to the EPSP.

"NGXCC" are the NGX Collateral Costs in $/MWh determined in accordance with Section C.6 of this Schedule "F" to the EPSP.

"AESOCC" are the AESO Collateral Costs in \$/MWh determined in accordance with Section C.2 of this Schedule "F" to the EPSP.

"CCC" are the Counterparties Collateral Costs in \$/MWh determined in accordance with Section C.4 of this Schedule "F" to the EPSP.

"EDR" are the External EPSP Development and Regulatory costs in \$/MWh determined in accordance with Section C.3 of this Schedule "F" to the EPSP.

B. RATE CLASS ENERGY PRICE DETERMINATION

The Base Energy Charge ("BEC_{RC}") for the Month for each Rate Class will be determined as follows:

(2) $$\mathbf{BEC_{RC} = P_{FL\_ON} \times FTL\%_{RC\_ON} + P_{FL\_OFF} \times FTL\ \%_{RC\_OFF}}$$

$\mathbf{FTL\ \%_{RC\_ON}}$ is the total peak load forecast as a percentage of **FTL** by rate class.
$\mathbf{FTL\ \%_{RC\_OFF}}$ is the total off-peak load forecast as a percentage of **FTL** by rate class.

$\mathbf{P_{FL}}$ is the Full-Load Price for DERS, based on the EEA Monthly RRO Filing.

(3) $$\mathbf{P_{FL} = M \times (PFL_{EEA} - PF_{EEA}) + P_{B\_F}}$$

M is the Seasonal Multiplier estimated according to the methodology outlined in Appendix F.1.

$\mathbf{PFL_{EEA}}$ is the EEA Full-Load Price from the EEA Monthly RRO Filing.

$\mathbf{PF_{EEA}}$ is the EEA Flat Price from the EEA Monthly RRO Filing.

$\mathbf{P_{B\_F}}$ is DERS' Flat Block Procurement Price.

$\mathbf{P_{FL\_OFF}}$ is the estimated Full-Load Price for the Off-Peak period.

(4) $$\mathbf{P_{FL\_OFF} = P_{B\_OFF} \times FLP_{RATIO}}$$

$\mathbf{P_{B\_OFF}}$ is the Derived Off-Peak Block Procurement Price.

(5) $$\mathbf{P_{B\_OFF} = (H_F \times P_{B\_F} - H_{ON} \times P_{B\_ON}) / (H_F - H_{ON})}$$

$\mathbf{H_F}$ **=** the total hours in the Month

$\mathbf{H_{ON}}$ **=** the total hours in the Peak Period for the Month.

$\mathbf{P_{B\_F}}$ **=** DERS' Flat Block Procurement Price

$\mathbf{P_{B\_ON}}$ = DERS' Peak Block Procurement Price

$\mathbf{P_{B\_OFF}}$ **=** DERS' Derived Off-Peak Block Procurement Price

$\mathbf{P_{FL\_ON}}$ is the estimated Full-Load Price for the Peak Period.

(6) $\mathbf{P_{FL\_ON} = P_{B\_ON} \times FLP_{RATIO}}$

$\mathbf{FLP_{Ratio}}$ is the Full-Load Price divided by the total-load-weighted block procurement price.

(7) $\mathbf{FLP_{Ratio} = P_{FL} / P_{B\_W}}$

(8) $\mathbf{P_{B\_W} = FTL\ \%_{ON} \times P_{B\_ON} + FTL\ \%_{OFF} \times P_{B\_OFF}}$

$\mathbf{FTL\ \%_{ON}}$ is the total peak load forecast as a percentage of **FTL** across all rate classes.

$\mathbf{FTL\ \%_{OFF}}$ is the total off-peak load forecast as a percentage of **FTL** across all rate classes.

Backstop CRC Calculation

If there is not an EEA Full-Load Price in the EEA Monthly RRO Filing provided for the Month, the Backstop CRC will be applied to the procurement-volume-weighted block procurement price (Peak and Flat Block Procurement Prices weighted by Peak and Flat Block procurement volumes) to determine the Full-Load Price instead of Formula (3). This is detailed in Formula (9) below.

(9) $\mathbf{P_{FL} = P_{B\_PW} \times (1 + CRC_{12MA\%})}$

$\mathbf{P_{B\_PW}}$ is the procurement-volume-weighted block procurement price.

$\mathbf{CRC_{12MA\%}}$ is the percentage of total CRC to Revenue Without Commodity Risk Compensation and Energy Return Margin over the past twelve months. For any month in that twelve-month period where there was not an EEA Full-Load Price in the EEA Monthly RRO Filing, the CRC amount is replaced with that month's Gains and Losses Without Commodity Risk Compensation, Energy Return Margin and Adders.

(10) $$\mathbf{CRC_{12MA\%}} = \frac{\sum_{\mathbf{m=1}}^{\mathbf{12}} \mathbf{if}(\mathbf{n_m} = \mathbf{1}, \mathbf{CRC_m} \times \mathbf{U_m}, \mathbf{L_m})}{\sum_{\mathbf{m=1}}^{\mathbf{12}} \mathbf{BECWOCRC_m} \times \mathbf{U_m}}$$

m is the previous-month index from 1 to 12
n equals 1 in months where there is a Full-Load Price in the EEA Monthly RRO Filing.
$\mathbf{CRC_m}$ is the monthly CRC on a $/MWh basis.
$\mathbf{U_m}$ is monthly customer usage.
$\mathbf{BECWOCRC_m}$ is the BEC without CRC in month m.

$\mathbf{L_m}$ is the monthly Gains and Losses Without Commodity Risk Compensation, Energy Return Margin and Adders for month m for which Monthly Settlement data is available. Calculation of L_m will use the most recent settlement data, excluding daily settlement.

C. COST ADDER CALCULATIONS

1) The AESO Trading Charges ("**AESOTC**") for the Month will be the current AESO Trading Charges set by the ISO from time to time expressed in $/MWh.

2) The AESO Collateral Costs ("**AESOCC**") for the Month will be the AESO credit limit multiplied by the sum of the most recent AUC approved annual rate for Parental Corporate Guarantees ("PCG") costs divided by 12 plus the Letter of Credit ("**LOC**") cost divided by 12. These costs shall be divided by the MFL for the Month to derive the monthly cost adder.

3) The External EPSP Development and Regulatory Costs ("**EDR**") for the Month will be determined as follows:

a) With respect to costs incurred by the Company prior to the first Month of the EPSP, the EPSP Implementation Costs will include:

i.) all of the Company's external costs (including legal and consulting fees, and disbursements) associated with:

a) The development and preparation of the EPSP.

b) The preparation and filing with the AUC of the Application for approval of the EPSP and all aspects of the AUC's regulatory approval process for the EPSP.

ii.) intervener hearing costs approved for recovery by the AUC in respect of the AUC's regulatory approval process referred to in (i) above.

One-twelfth of the total of the costs identified in this subsection (a) will be included in the calculation of the RRO Energy Charge for each of the first 12 Months of the EPSP.

b) With respect to costs incurred by the Company after the beginning of the first Month of the EPSP, EDR costs will include:

i.) all of the Company's external costs (including legal and consulting fees, and disbursements) associated with:

a) The development and preparation of any amendments to the EPSP.

b) The preparation and filing with the AUC of any Applications for approval of such amendments and all aspects of the AUC's regulatory approval process for the amendments.

ii.) intervener hearing costs approved for recovery by the AUC in respect of the AUC's regulatory approval process referred to in (i) above.

One-twelfth of the total of the costs identified in this subsection (b) will be included in the calculation of the RRO Energy Charge a Month following the implementation of the amendment.

c) The implementation costs associated with ongoing implementation of the EPSP will be applied to the Month in which the costs occur;

d) Any EPSP EDR costs that occurred under previous EPSPs that were not fully recovered while they were in force will constitute EDR costs under this EPSP and will be recovered by DERS under this EPSP over a time period determined by DERS, acting reasonably;

e) The total costs for each Month calculated in a), b), c) and d) above will be divided by the MFL for the Month and expressed as a \$/MWh amount.

4) The Counterparties Collateral Costs ("**CCC**") adder in \$/MWh will be determined on a monthly basis as the sum of the estimated dollar amount of Parental Corporate Guarantees (PCG) issued on behalf of RRO Customers multiplied by the most recent AUC approved annual rate for PCG divided by 12. These costs shall be divided by the MFL for the Month to derive the monthly cost adder.

5) The NGX Trading Charges and Transaction Fees ("**NGXTC**") will be all broker and NGX fees divided by the MFL to arrive at the applicable \$/MWh amount.

6) NGX Collateral Costs ("**NGXCC**") in \$/MWh to be included in the RRO Energy Charge will be determined on a monthly basis as the estimated dollar amount of Parental Corporate Guarantees (PCG) issued on behalf of Regulated Rate Customers for NGX multiplied by the most recent AUC approved annual rate for PCG divided by 12 plus the dollar amount of Letters of Credit (LOC) issued multiplied by the actual LOC costs divided by 12. These costs shall be divided by the MFL for the Month to derive the monthly cost adder.

7) Retail Adjustment to Market ("**RAM**") charges will be the average of the last 12 months of RAM charges incurred divided by the MFL for the Month and expressed as a \$/MWh amount.

8) The Uplift Charges ("**UC**") will be the average of the last 6 months of AESO uplift charges incurred divided by the MFL for the Month and expressed as a \$/MWh amount. In the event that the AESO ceases charging the Company uplift charges, the UC will be set to zero once the six month average calculates to zero.

D. COMMODITY RISK COMPENSATION

The Commodity Risk Compensation ("**CRC**") is embedded in the Full-Load Price but can be derived as follows:

$$CRC = P_{FL} - P_{B\_PW}$$

Appendix "F.1"
Seasonal Multiplier Estimation Methodology

The estimate of the Seasonal Multipliers was obtained through a linear regression analysis that quantified the relationship between DERS' and EEA's monthly load-following costs (LFC). The sample period of the data begins January 1, 2008 and ends February 28, 2022. The regression equation estimated was:

$$LFC_m^{DERS} = M_0 \times LFC_m^{EEA} + D \times M_1 \times LFC_m^{EEA}$$

Where,

m indicates the Month

$D = 0$ when the Month is Oct-Mar, and $D = 1$ when the month is Apr-Sep.

The Seasonal Multiplier $M=M_0$ during Oct-Mar, and $M=M_0 + M_1$ during Apr-Sep.

$$LFC_m^{DERS} = \frac{\sum_{h=1}^{H} V_h^{DERS} \times P_h}{\sum_{h=1}^{H} V_h^{DERS}} - \frac{\sum_{h=1}^{H} P_h}{H}$$

$$LFC_m^{EEA} = \frac{\sum_{h=1}^{H} V_h^{EEA} \times P_h}{\sum_{h=1}^{H} V_h^{EEA}} - \frac{\sum_{h=1}^{H} P_h}{H}$$

Where,

V_h^{DERS} is the final settlement volume from the AESO Metered Volumes report for DERS for the hour h.

V_h^{EEA} is the final settlement volume from the AESO Metered Volumes report for EEA for the hour h.

P_h is the posted Alberta pool price in hour h.

H is the last hour of month m.

The regression coefficient estimates were $M_0 = 0.910$, and for $M_1 = -0.065$. Hence, the Seasonal Multiplier used in Formula (3) of Section F will be 0.910 during October through March and 0.844 April through September.

Schedule "G"
to DERS' EPSP

CODE OF CONDUCT FOR THE ENERGY PRICE SETTING PLAN

1. All personnel of Direct Energy Marketing Limited ("DEML") who are privy to the Confidential Schedule "E" relied on by the Energy Price Setting Plan, developed for the purposes of setting energy prices are required to sign a Procurement Conduct Agreement requiring them to keep all Confidential Schedule "E" information strictly confidential and to not disclose to any other person or use, except for the purposes of the Energy Price Setting Plan. A copy of the Procurement Conduct Agreement is attached as Appendix "G.1" to the EPSP.

2. Any consultants ("Consultants") retained by DEML in respect of the Energy Price Setting Plan will be required to sign confidentiality agreements requiring them to keep Confidential Schedule "E" information strictly confidential and to not disclose to any other person or use, except for the purposes of the Energy Price Setting Plan.

3. If DEML or any Consultants retained by DEML in respect of the EPSP become aware of an unauthorized disclosure or unauthorized use, or a possible unauthorized disclosure or unauthorized use, of Confidential Schedule "E" information ("Possible Unauthorized Use or Disclosure") that party will immediately report that concern to the Company who will work with the Market Surveillance Administrator ("MSA") to resolve the concern.

4. If, after discussing the concern with the MSA, if the concern remains unresolved, DEML will apply to the Alberta Utilities Commission ("AUC" or "Commission") to have the issue addressed, and will request that the Commission and its process respect the confidential nature of the Confidential Schedule "E" information and other matters to be addressed to the extent permitted under the Commission's Rules of Practice.

Appendix "G.1"
to DERS' EPSP

PROCUREMENT CONDUCT AGREEMENT

TO: DIRECT ENERGY MARKETING LIMITED

WHEREAS:

(a) Direct Energy Marketing Limited ("DEML") has adopted the energy price setting method set out in its Energy Price Setting Plan ("EPSP") for the purposes of acquiring an energy supply and setting the energy price for RRO Customers. Implementation of the EPSP will involve product procurement to acquire an energy supply including the use of alternative mechanisms such as forward contracts.

(b) The EPSP, as amended and adjusted from time to time, relies on specific pricing parameters developed for the purposes of setting energy price. The disclosure of the "Confidential Schedule "E" could adversely affect the Company's ability to acquire energy supplies and/or the costs incurred by the Company to acquire those supplies.

(c) DEML has made efforts to identify, and to organize and manage the involvement of directors, officers, employees and agents that have been involved or may become involved with the matters addressed in this Procurement Conduct Agreement.

NOW THEREFORE, in consideration of being permitted to become involved with the matters addressed in this Procurement Conduct Agreement, the undersigned agrees, acknowledges and confirms as follows:

1. The undersigned has read and understands the attached confidentiality provisions of the Procurement Conduct Agreement and agrees to abide by these provisions and their spirit and intent. In particular, until the date the EPSP is no longer used or intended to be used for the purposes of energy price setting for RRO Energy Charges, subject to section 2 below, the undersigned agrees to keep the Confidential Schedule "E" strictly confidential and to not disclose to any other person, except for the purposes of the EPSP.

2. The provisions of this Procurement Conduct Agreement relating to Confidential Schedule "E" will not apply to any part that is now or subsequently becomes part of the public domain through no violation of the Procurement Conduct Agreement.

3. If the undersigned becomes aware of a breach, or of any information the undersigned believes may indicate a breach, by any other person who is a party to an agreement corresponding to this Procurement Conduct Agreement, the undersigned will immediately report that breach or possible breach to a member of the compliance team and to the Market Surveillance Administrator and conduct himself or herself in accordance with their direction.

4. The undersigned acknowledges that the mishandling or unauthorized use or disclosure by the undersigned of Confidential Schedule "E" could cause irreparable harm and significant injury to DEML and/or its subsidiaries.

5. The undersigned understands that a breach of this Procurement Conduct Agreement could result in disciplinary action, if intentional, including possible termination of his or her employment or possible civil or criminal proceedings against the undersigned.

AGREED TO this ____ day of__________, 20__.

____
Name and Title