

CONTRACT FOR PARTICIPATION IN THE VOLUNTARY MI CLEAN AIR PROGRAM (OPTION B)



PART I – PROGRAM ENROLLMENT DETAIL

(Customer Name)

Subscription Information:

Contract Account Number: _____
If enrolling more than one facility, utilize Attachment A

MI Clean Air Enrollment Option: Carbon Offsets Only RNG Only Carbon Offsets & RNG

Subscription Term:

- Renewable Natural Gas: 3 Years 5 Years 10 Years Renewal
- Carbon Offset: 1 Year Match RNG subscription term

	Renewable Natural Gas (RNG)		Carbon Offsets	
Subscription Level¹	_____ %		_____ %	
Annual Contract Amount (Mcf)²	_____		_____	
Price (\$ / Mcf)³	\$_____ per Mcf		\$_____ per Mcf	
Other Specification(s) <i>Standard, feedstock type, vintage, location, levelized subscription⁴, etc.</i>	Specification	Requirement	Specification	Requirement
	<input type="checkbox"/> Levelized	_____	<input type="checkbox"/> Levelized	_____
	<input type="checkbox"/> Feedstock	_____	<input type="checkbox"/> Standard	_____
			<input type="checkbox"/> Vintage	_____
		<input type="checkbox"/> Geography	_____	
Procurement Option	<input type="checkbox"/> One-time, upfront payment <input type="checkbox"/> Annually <input type="checkbox"/> Monthly			

1. See Part II, Section 4
2. See Part II, Section 5
3. See Part III, Section 3 and Part IV, Section 4
4. See Part III and IV, Section 5

Optional –Subscription:

As an optional solution, you can elect to purchase RNG supplied by a third party if available and/or Carbon Offsets in accordance with the Company's MI Clean Air - Carbon Offset program tariff prior to new RNG resource(s) coming online.

	Renewable Natural Gas (RNG)		Carbon Offsets	
Subscription Level¹	_____ %		_____ %	
Annual Contract Amount (Mcf)²	_____		_____	
Price (\$ / Mcf)³	\$_____ per Mcf		\$_____ per Mcf	
Other Specification(s) <i>Standard, feedstock type, vintage, location, levelized subscription⁴, etc.</i>	Specification	Requirement	Specification	Requirement
	<input type="checkbox"/> Levelized	_____	<input type="checkbox"/> Levelized	_____
	<input type="checkbox"/> Feedstock	_____	<input type="checkbox"/> Standard	_____
			<input type="checkbox"/> Vintage	_____
		<input type="checkbox"/> Geography	_____	
Procurement Option	<input type="checkbox"/> One-time, upfront payment <input type="checkbox"/> Annually <input type="checkbox"/> Monthly			

1. See Part II, Section 4
2. See Part II, Section 5
3. See Part III, Section 3 and Part IV, Section 4
4. See Part III and IV, Section 5

Effective Start Date: _____

Effective End Date: _____ or Bill month prior to MI Clean Air - RNG subscription commencing.

Contact Information:

Energy Contact to be contacted regarding program updates and enrollment inquiries. Accounting Contact to be contacted regarding billing or payment inquiries.

Energy Contact

Name: _____

Title: _____

Phone Number: _____

Email: _____

Address: _____

Accounting Contact

Name: _____

Title: _____

Phone Number: _____

Email: _____

Address: _____

Part II, Terms and Conditions are a part of this Agreement. CUSTOMER ACKNOWLEDGES HAVING READ SAID TERMS AND CONDITIONS.

CONSUMERS ENERGY COMPANY

(Customer Name)

By: _____
(Signature)

By: _____
(Signature)

(Print or Type Name)

(Print or Type Name)

Title: _____

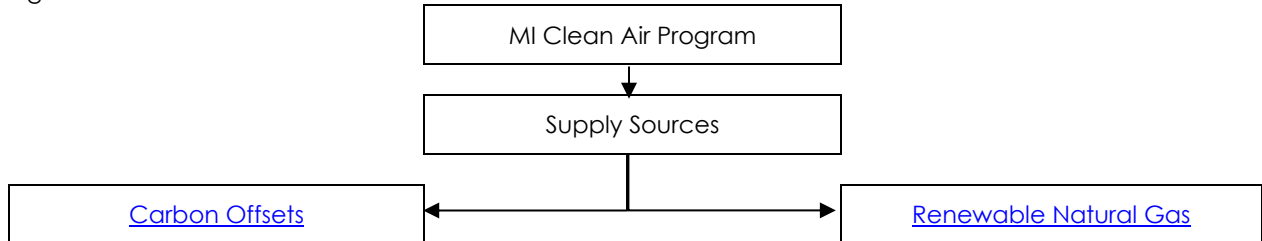
Title: _____

Date: _____

Date: _____

PART II
GENERAL - TERMS AND CONDITIONS

- 1. Request for Service:** Consumers Energy Company ("Company") agrees to supply, and the Customer agrees to purchase hereunder, all products identified in Part I in accordance with the Company's Voluntary MI Clean Air Program, which consists of the [RNG Program Tariff](#) and/or [Carbon Offset Program Tariff](#), copies of which are attached hereto and made a part hereof, and in accordance with such tariff amendments thereto as may be filed with and approved by the Michigan Public Service Commission (MPSC) during the term of this Agreement.



- 2. Rate Schedule for Natural Gas Service:** This Agreement is in addition to the Customer's full-service Natural Gas service and associated natural gas rate code. Base Natural Gas service will be provided at an available rate in accordance with the appropriate Rate Schedule in Section D of the [Rate Book](#).
- 3. Application of Rate Schedule:** Such service shall be governed by the Company's Rate Book and such future revisions and amendments thereof, supplements thereto or substitutions therefore as may be filed with and approved by the MPSC during the term of this Agreement.
- 4. Subscription Level:** The Subscription Level is the percentage of the Customer's participating account's(s') natural gas use to be matched with RNG and/or Carbon Offsets. The minimum participation match is 1% of natural gas use for each enrolled customer account. The Customer may select participation levels in 1% whole number increments up to 100% of their actual monthly natural gas usage to the MI Clean Air Program utilizing Carbon Offsets and/or RNG, which may be converted to equivalent amounts of "blocks" or other quantities consistent with the Carbon Offset and/or Renewable Natural Gas Program Tariffs.
- 5. Annual Contract Amount:** The Annual Contract Amount (ACA) is the volume of natural gas the Customer has committed to subscribe to and the Company has agreed to provide annually for the Subscription Term length. The ACA is the elected Subscription Level as stated in Part I, multiplied by Customer forecasted use unless the Customer has elected to enroll in the Levelized Subscription option.

5.1. Levelized Subscription: Should the Customer select the Levelized Subscription option based on their historical use, the ACA is based on their last 12-months of use at the time of enrollment as stated in Part I, and Section 5 in Part III and/or Part IV will apply dependent upon the enrollment selection as stated in Part I.

- 6. Early Termination of Contract:** Customers who choose to terminate their service agreement of the MI Clean Air Program early shall be removed from the program. A customer that ceases to meet the program eligibility requirements or elects to terminate their subscription shall be subject to an early termination fee. The termination fee shall be calculated based on the terms of the agreement, remaining subscription term and subscription charge, not to exceed the remaining value of the customer agreement. If the Company is able to transfer the level of subscription to another Customer that meets the eligibility requirements and is outside the existing program queue (or as otherwise acceptable at the Company's discretion), the termination fee may be waived. Customers shall be required to take service under the existing Rate Schedule for the remainder of their contract year. Customers who choose to terminate or transfer their MI Clean Air subscription shall be required to give the Company sixty (60) days written notice.

The Termination Payment will be equal to the sum of the present value of the remaining Monthly Payment(s) anticipated under the Agreement, assuming a discount rate equal to the annual 10-year United States (US) treasury rate at the time of termination as published in the Wall Street Journal (or other equivalent source if the Wall Street Journal is no longer published). The Monthly Payment is defined as the average monthly usage in cubic feet (Mcf) for the prior 12-months for all Customer accounts enrolled in MI Clean Air, multiplied by the Subscription Charge. The Future Time Period of Payment is defined as the month into the future that

the payment is expected to be made from the date of termination, for example a payment expected to be made 4 months into the future from the date of termination would be Future Time Period four (4).

$$\text{Monthly Payment} = \text{Prior 12-month average monthly usage (Mcf)} \quad \times \quad \text{Subscription Charge (\$/Mcf)}$$

$$\text{Present Value of Monthly Payment} = \frac{\text{Monthly Payment}}{\left(\left(1 + \frac{\text{Annual 10-Year US Treasury Rate}}{12} \right)^{\text{Future Time Period of Payment}} \right)}$$

$$\text{Termination Payment} = \sum \text{Present Value of Monthly Payments for all Future Time Periods remaining during the Subscription Term}$$

7. **Limitation of Liability:** The Company's maximum liability to Customer arising from Customer's enrollment and participation in MI Clean Air will be limited to the refund of any pre-payments the Customer pays to the Company under this contract.
8. **Dispute Resolution:** The parties to this Agreement agree the service provided hereunder is subject to the exclusive jurisdiction of the MPSC. The parties agree to attempt to resolve any dispute arising out of this Agreement in good faith. The parties agree, in the event they are unable to resolve any dispute arising out of this Agreement, any claim arising out of this Agreement and service provided hereunder shall be made exclusively at the MPSC.
9. **Counterparts and Electronic Documents:** This Agreement may be executed and delivered in counterparts, including by a facsimile or an electronic transmission thereof, each of which shall be deemed an original. Any document generated by the parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically and introduced as evidence in any proceedings as if original business records. Neither party will object to the admissibility of such images as evidence in any proceeding on account of having been stored electronically.
10. **Entire Agreement:** This Agreement insures to and binds the heirs, administrators, successors and assigns of the respective parties hereto. There are no understandings or agreements between the parties to this Agreement in relation to natural gas service at Customer's sites except as contained herein or in the Company's Rate Book. This Agreement supersedes all previous representations, negotiations, understandings, or agreements, either written or oral, between the parties hereto or their representatives pertaining to the subject matter hereof and constitutes the entire agreement of the parties. This Agreement shall not be transferred by Customer or otherwise alienated without Company's written consent; any such attempted transfer without Company's written consent shall be void.

PART III
RENEWABLE NATURAL GAS – TERMS AND CONDITIONS

1. **Customer Eligibility:** Subject to any restrictions, Renewable Natural Gas Program Option B is available to any Full-Service natural gas customer taking service under General Service Rate GS-3.
2. **Subscription Term:** The applicable three (3), five (5), and ten (10) year Service Agreement option, as selected in Part I is Customer's Subscription Term. The Agreement will become effective the date the Agreement is signed. Customer's participation will begin on the date the designated facility or facilities are available to MI Clean Air and in operation (which may be after the effective date if such facility or facilities remain in development when this Agreement is signed) and will continue for the duration of the selected Subscription Term.
3. **Subscription Charge:** Customer is responsible for the full applicable charges for the incremental costs of participation in MI Clean Air. The Subscription Charge shall be a cost per Mcf based on the cost of energy plus an administrative fee to support program administration and marketing. The Subscription Charge shall be applied to the percentage of consumption based on the Customer's desired Subscription Level as indicated in Part I.
4. **Subscription Charge Reconciliation:** The RNG facility or facilities that will ultimately support this Agreement have not yet been added to the program and therefore the final subscription charge is yet to be established. The Company shall develop the facility or facilities with all reasonable dispatch. The Company will reconcile the Subscription Charge noted in Part I to represent actual project costs at time of commercial operation. If the final subscription charge is less than or equal to 110% of the Subscription Charge noted in Part I, this Agreement will remain in full force and effect and the final subscription charge will become the Subscription Charge. If the final subscription charge is greater than 110% of the Subscription Charge noted in Part I of this Agreement, within ten (10) days from the date of notification, Customer will have the option to (1) agree to contract at the updated final subscription charge, or (2) terminate this Agreement without penalty upon written notification to the Company. An amendment to this Agreement will be executed to confirm the final subscription charge if it differs from the Subscription Charge noted in Part I.
5. **Levelized Subscription:** Should the Customer select the Levelized Subscription option based on their historical use, the ACA is based on their last 12-months of use at the time of enrollment as stated in Part I. In the event the Customer selects this option, the applicable RNG subscription amount (based on 1/12 of the stated ACA) shall not exceed their actual use for any given month, but Section 7.3 below will still apply. In such event where the Customer's Levelized Subscription amount exceeds their actual use in any month, the RNG subscription will be capped at the Customer's actual use for that month and the Company will charge the Customer based on their actual use for that month.
6. **Re-enrollment and Relocation:** Customers are automatically re-enrolled on previous contract length unless they choose to cancel program participation or are de-enrolled according to the provisions of this program. Customers who relocate within the Consumers Energy natural gas service territory shall have their RNG enrollment transferred to their new premises unless a request for cancellation is submitted to the Company.
7. **Annual Reconciliation:** An annual reconciliation of the RNG produced by the RNG Program's designated RNG facilities against the amount of RNG subscribed by RNG Program participants will be completed in the first quarter of each year for each preceding RNG Program year (which is based on a calendar year). Based on the outcome of the annual reconciliation one of the three scenarios below will apply. Customers will be informed of and confirm decisions on the reconciliation outcome in the first quarter of each year. Any additional charges based on the Customer decisions will be applied to their bill no later than the customer's April bill month.
 - 7.1. **RNG Production Shortfall:** If the annual review demonstrates that the RNG facilities have a shortfall in output versus total subscription for the RNG Program, then the Company shall provide, at the Customer's option and cost, RNG from a third party if available or carbon offsets in an amount that satisfies the Customer's share of the shortfall.
 - 7.2. **Gas Use Above Annual Contract Amount:** The ACA is the amount of gas (Mcf) on a calendar year basis the customer is enrolling in the RNG Program. If Customer's annual gas use exceeds the ACA, the Company will match the additional gas use with RNG based on the Subscription Level (to the extent RNG is available in the RNG Program) at the Subscription Charge. If RNG is only available at a price greater than the Subscription Charge, the Customer will have the option to match the additional gas use in that year at the Customer's

cost. If RNG is not available from the RNG Program the Company will provide, at Customer's option and cost, which could be higher than the Subscription Charge, RNG from another Company source outside of the RNG Program or a third party if available, or carbon offsets, in an amount that satisfies Customer's additional annual gas use above the ACA.

7.3. **Gas Use Below Annual Contract Amount:** The ACA is the amount of gas (Mcf) on a calendar year basis the customer is enrolling in the RNG Program. If Customer's annual gas usage falls below 90% of the ACA, the Customer agrees to pay the Subscription Charge multiplied by the difference between the ACA and the actual usage. If the customer's actual usage falls below 90% of the ACA for two consecutive years, the ACA will be adjusted for the remainder of the contract to the average of the previous two years actual usage by executing an amendment to this Agreement.

8. **Environmental Attribute Treatment:** Company will track and retire the Renewable Thermal Credits (RTCs) on behalf of Customer, via a verified system associated with the Customer's subscription. RTC retirement will take place by March 31 of the following year, annually. An attestation will be provided by March 31 to the Customer indicating the volume and serial numbers of RTCs retired.

PART IV
CARBON OFFSET - TERMS AND CONDITIONS

1. **Customer Eligibility:** Customers taking service on General Service Rate GS-3 and Transportation Customers, may be eligible to participate in Carbon Offset Program Option B.
2. **Subscription Term:** The Carbon Offset Program requires a minimum term of (1) one year. The Agreement will become effective the date the Agreement is signed. Customer's participation will begin on the Effective Date noted in Part I and will continue for the duration of the selected Subscription Term.
3. **Enrollment:** The enrollment period is open through the full calendar year. The Company will procure carbon offsets based on Customer subscription level noted in Part I, through market purchases, through RFP, by purchasing carbon offsets directly from projects as available, or by other Company-chosen methods. The Company may also develop carbon offset projects to self-supply offsets for the program. Customers with specific carbon offset co-benefit, project type, or vintage requirements may identify those requirements in Part I and will be responsible for any premium costs resulting from those requirements.
4. **Subscription Charge:** Customer shall pay a per-Mcf fee based on their subscription preference. Initial subscription fees will be based on an estimated carbon offset cost based on best available procurement costs, plus an additional administrative fee to support program administration, carbon offset procurement, and marketing. Subscription fees shall be adjusted on an annual basis if needed by Company. Company shall complete an annual reconciliation by March 31, for each proceeding program year, and Customer will be charged or credited any under or over collection in actual procurement costs.
5. **Levelized Subscription:** Should the Customer select the Levelized Subscription option based on their historical use, the ACA is based on their last 12-months of use at the time of enrollment as stated in Part I. In the event the Customer selects this option, the applicable Carbon Offset subscription amount shall be based on 1/12 of the stated ACA.
6. **Monthly Billing:** Customer's subscription charge is a dollar per Mcf monthly charge applied to the portion of natural gas used on Customer's account(s) based on the Subscription Level that is designated to participate in MI Clean Air under Part I and is designed to fully recover the costs of MI Clean Air. Should carbon offset prices, as referenced above, increase 25% or more above current program subscription costs, for the carbon offset component of the charge during the year, then the subscription fee will be adjusted quarterly as needed; additionally, under these conditions, the Company shall notify Customer of the price increase and offer an opportunity to terminate participation in the program.
7. **Environmental Attribute Treatment:** Company will track and retire the Carbon Offsets on behalf of Customer, via the American Carbon Registry system associated with the Customer's subscription. Carbon credit retirement will take place by March 31 of the following year, annually. An attestation will be provided by March 31 to Customer indicating the volume and serial numbers of carbon credits retired.

ATTACHMENT A – ACCOUNT LIST TO ENROLL

	Facility Name	Contract Account #	Estimated Annual Consumption (Mcf)	Subscription Level (%)	Annual Contract Amount (Mcf)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
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19					
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If you are enrolling more accounts than this form allows, request an excel copy of this form by emailing: micleanair@cmsenergy.com

ATTACHMENT B – CUSTOMER CONTACT LIST

Program staff will keep your organization updated as development of new Renewable Natural Gas facilities are constructed. Please note points of contact that are interested in staying informed on program updates, RNG facility development progress, and receive enrollment announcements below.

	Name	Title	Email	Phone Number
1				
2				
3				
4				
5				
6				
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8				
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If you have more points of contact to note than this form allows, request an excel copy of this form by emailing: micleanair@cmsenergy.com.