

**MEMPHIS LIGHT, GAS AND WATER DIVISION
CITY OF MEMPHIS**

GAS SERVICE

**SCHEDULE RNG
PRODUCER RENEWABLE NATURAL GAS TRANSPORTATION RATE**

1. AVAILABILITY

- 1.1 This rate schedule is available for gas transportation service of renewable natural gas (RNG) produced within the MLGW service territory for the purpose of off system usage.
- 1.2 Producer shall provide to the Division upon request all agreements, licenses, permits, and other documents demonstrating its ability to produce RNG and deliver its own gas to the Division's facilities.
- 1.3 If Producer fails to comply with any term of this rate schedule, any term of Producer's Transportation Service Agreement, or the Rules and Regulations of the Division, the Division may refuse to perform service under this rate schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This rate schedule shall apply to all transportation services performed by the Division for Producer during the term identified in Producer's Gas Transportation Service Agreement, up to the Maximum Daily Volume set forth in the Gas Transportation Service Agreement. Producer may not exceed its Maximum Daily Volume without prior approval of the Division. The transportation service rendered shall be on a firm basis.
- 2.2 Provided the Division's prior consent is obtained, Producer may produce volumes of gas in excess of the Maximum Daily Volume on any day if such production and transportation of such gas can be accomplished by the Division without detriment either to any other customer under any of the Division's sales or transportation rate schedules or to the Division's system operations. Subject to the foregoing restrictions, the Division's consent shall not be unreasonably withheld.
- 2.3 The Division will not be responsible for any interruption of deliveries of gas due to Force Majeure. Force Majeure shall mean act of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraint of rulers and peoples, civil disturbances, explosions, breakage or accidents to gas transmission or distribution lines, the necessity for making repairs or alterations in machinery in transmission and or distribution lines, changes in laws or regulations affecting the Division's gas transportation services not within the control of the Division, and which, by the exercise of reasonable care, the Division is unable to prevent or overcome, and whether occurring on the Division's distributing system or on the transmission lines by which gas is delivered to the Division. When Force Majeure occurs on the Division's system and the interruption of delivery of gas due to the Force Majeure is for a period of seventy-two (72) hours or longer, the Division will prorate the minimum bill for that part of the billing period in which delivery of gas was affected by Force Majeure and waive any associated imbalance charge
- 2.4 In the event of a system emergency, the Division retains discretion to use Customer's gas to protect system integrity, provided that the Division returns the gas in kind and does not apply an imbalance charge as a result.

3. MONTHLY RATE

As provided by contract.

4. MINIMUM BILL

As provided by contract.

5. PAYMENT

The rates established in the contract are net, the gross rates being 5% higher. In the event the current monthly bill is not paid on or before the delinquent date shown on the bill, the gross rates shall apply.

6. RECEIPT AND DELIVERY POINTS

- 6.1 The Receipt Point(s) for all gas transported by the Division under this rate schedule shall be a mutually agreeable interconnection between the Division's facilities and the facilities of Producer in the Division's service area.
- 6.2 The Delivery Point(s) for all gas transported by the Division under this rate schedule shall be at a mutually agreeable interconnection between the Division facilities and the facilities of the connected interstate pipeline(s).

7. NOMINATIONS AND SCHEDULING

- 7.1 Producer agrees to provide the Division in writing delivered by a method acceptable by the Division, no later than two (2) business days prior to the beginning of each calendar month, a schedule showing the daily nominated volumes it desires to have transported by the Division that month unless otherwise agreed to in the Transportation Service Agreement. Such schedule will show the volumes of gas at Points of Delivery out of the Division's system. The total volume received by the Division shall not exceed the Maximum Daily Volume unless advance agreement is obtained from the Division.
- 7.2 Producer may alter the schedule of daily volumes during the calendar month provided such alteration is received by the Division before the nomination deadlines of the interstate pipeline that receives the Producer's gas at the Delivery Point.
- 7.3 The Division reserves the right, at any time, to require Producer to modify its nominations to correct any imbalance if, in the Division's sole judgment, system conditions warrant such a change. Producer shall be solely responsible for any imbalance penalties occurring on the delivering pipeline system for its own account.

8. BALANCING AND PENALTIES

8.1 Operational Flow Orders

The Division shall have the right to issue Operational Flow Orders (OFOs) as specified in this

Section which require actions in order to alleviate conditions which threaten the integrity of the Division's system, to maintain system operations at the pressures required to provide an efficient and reliable service, to have adequate gas supplies in the system, to maintain service to Customers, to maintain proper storage inventory levels, to maintain the system balance, or other considerations deemed necessary in the Division's sole judgment.

Notice of an OFO shall identify the time the OFO will become effective and state the estimated duration of the OFO (or, if unknown, that the OFO is indefinite). Verbal notice by telephone from the Division's dispatcher or such other notice as deemed necessary by the Division to the Producer or his authorized agent shall be deemed to be proper notice of an OFO.

All volumes tendered to the Division at a Receipt Point and/or taken by the Producer at a Delivery Point in violation of an OFO shall constitute unauthorized receipts or deliveries. In such event, the Producer shall pay an additional charge of \$15.00 per MMBtu on such volumes up to plus or minus 110% of the volumes specified by the OFO. For any volumes exceeding that 10% tolerance level, Producer shall pay instead an additional charge of \$60.00 per MMBtu. These charges are in addition to any imbalance charge that a Producer may incur.

Compliance with OFOs, as well as the other terms and conditions of rate schedules, rules, and regulations, is essential to the Division's ability to provide deliveries and services under all rate schedules. A failure by one or more Producers to comply with an OFO may affect the Division's ability to provide such deliveries and services. In such event and in addition to other provisions hereof and not in lieu of any other remedies available in law or at equity, the Division will, except for negligence, undue discrimination, or willful misconduct, have no liability or responsibility for its inability to provide deliveries and services and will be indemnified and held harmless against any claims related to such failure to provide deliveries and services by the Producer(s) failing to comply with this rate schedule. Producers will be exempt from penalties or charges on imbalances that result from complying with an OFO.

8.2 Daily Balancing

The Daily Scheduling Variance shall mean the difference between scheduled daily volumes to the Delivery Point(s) on behalf of a transporting Producer and actual daily volumes received from the Producer at the Receipt Point(s). When the Daily Scheduling Variance is within plus or minus 10% of the daily received volumes, there shall be no daily balancing penalties. On each day where the Daily Scheduling Variance exceeds plus or minus 10% of daily received volumes, a charge of \$0.167 per MMBtu shall be assessed on all volumes in excess of the plus or minus 10% tolerance.

8.3 Monthly Balancing

Producer shall maintain a concurrent balance between scheduled volumes of gas and volumes of gas actually received from the Producer each month. If Producer does not maintain a concurrent balance between volumes of gas scheduled and volumes of gas received, the resulting imbalance shall be cashed out to eliminate imbalances accumulated during the month. All imbalances accrued by Producer under this rate schedule shall be resolved on a monthly basis pursuant to the provisions herein.

For monthly imbalances where scheduled deliveries to the Delivery Point(s) on behalf of the Producer exceed volumes received from the Producer, the Producer shall purchase from the Division the excess deliveries. The Producer shall pay the Division based on the accumulated sum of the results of the following formulas:

<u>Imbalance Level</u>	<u>Factor</u>
0% - <= 5%	1.00
> 5% - <= 10%	1.10
>10% - <= 15%	1.20
>15% - <= 20%	1.30
>20% - <= 25%	1.40
>25%	1.50

The amount due to the Division shall be determined by multiplying the imbalance level factor by the Index Price and then multiplying that dollar amount by the volumes within each corresponding imbalance level. In addition, the Producer shall pay the Division an amount for upstream transportation charges equal to the total imbalance volume multiplied by the currently effective maximum interstate pipeline transportation rates that serve the Memphis city gate specified in the corresponding rate schedule stated at the 100% load factor maximum rate equivalent, including all fuel and other applicable surcharges.

For monthly imbalances where volumes received from the Producer exceed scheduled deliveries to the Delivery Point(s) on behalf of the Producer, Division shall pay the Producer based on the accumulated sum of the results of the formulas listed below:

<u>Imbalance Level</u>	<u>Factor</u>
0% - <= 5%	1.00
> 5% - <= 10%	0.90
>10% - <= 15%	0.80
>15% - <= 20%	0.70
>20% - <= 25%	0.60
>25%	0.50

The amount due to the Producer shall be determined by multiplying the imbalance level factor by the Index Price and then multiplying that dollar amount by the volumes within each corresponding imbalance level. In addition, the Division shall credit the Producer's invoice an amount for upstream transportation charges equal to the total imbalance volume multiplied by the currently effective minimum interstate pipeline transportation rates that serve the Memphis city gate specified in the corresponding rate schedule, including all fuel and other applicable surcharges.

8.4 Index Price

Each month, Index Prices will be derived based on prices reported in natural gas trade publications. The applicable Index Price used for charging Producers taking volumes in excess of deliveries may be higher than the price used for reimbursing Producers whose gas deliveries exceed volumes taken.

9. RULES AND REGULATIONS

Service is subject to the Rules and Regulations of the Division.