SOUTHERN MARYLAND ELECTRIC COOPERATIVE, INC.

ELECTRICITY SUPPLIER

COORDINATION TARIFF

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1.0: DEFINITIONS/EXPLANATIONS OF ABBREVIATIONS

Active Load Management – the process for arranging to have firm load become interruptible in accordance with criteria established by the PJM Office of Interconnection.

Appropriate Similar Day – hourly forecasted load based on a comparable weekday, month and season.

Assignment of Contract – an assignment or transfer of a Customer contract from one supplier to another.

Bankruptcy - [See definition for Insolvency.]

Business Day – any day on which the Cooperative’s and/or PJM’s corporate offices are open for business.

Charge – any fee that is billable by the Cooperative to the Electricity Supplier under this Tariff, including any fee(s) for Coordination Services.

COMAR – the Code of Maryland Regulations of which Title 20 comprises the regulations of the Commission.

Commission – the Public Service Commission of Maryland.

Cooperative - also referred to as “Electric Cooperative,” Southern Maryland Electric Cooperative, Inc., or SMECO.

Cooperative’s System – the transmission, sub-transmission and distribution facilities owned, operated and maintained by the Cooperative or its agent.

Competitive Power Supply – unbundled energy, capacity, transmission, and required ancillary services provided by an Electricity Supplier to Customers; except that Competitive Power Supply does not include energy, capacity, transmission, or ancillary services provided to Customers by the Cooperative in the provision of Standard Offer Service.

Control Area Operator – PJM Interconnection, L.L.C. or successor organization.

Coordinated Electricity Supplier – an Electricity Supplier that has appointed a Scheduling Coordinator(s) as its designated agent for the purpose of submitting energy schedules to the PJM Office of Interconnection

Coordination Services – those services that permit the type of interface and coordination between Electricity Suppliers and the Cooperative in connection with the delivery of Competitive Power Supply to serve Customers located within the Cooperative’s Service Territory, including load forecasting, certain scheduling-related functions and reconciliation.

Credit Amount – an amount equal to two months of projected Electricity Supplier payments to the Cooperative.

Credit Resources – financial resources including, but not limited to, investment-grade bond rating, a guarantee from a parent entity with an investment-grade bond rating, and/or a letter of credit or cash deposit in the Credit Amount.

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Creditworthy – a creditworthy Electricity Supplier meets the Cooperative’s credit standards and pays the Cooperative's billed charges when due.

Customer – any person, partnership, association, corporation or governmental agency or other entity or its duly authorized representative receiving Competitive Power Supply from an Electricity Supplier.

Deliver – to tender a document or other item by certified mail, hand delivery, overnight express package delivery service, courier service, facsimile transmission, or electronic transmission with return receipt (with the original transmitted by certified mail, hand delivery, overnight express package delivery service, or courier service).

Electricity Supplier or “Supplier” – a supplier of electricity that has been certified or licensed by the Commission to sell electricity to Customers within the State of Maryland. For the purpose of this document, the Cooperative is not an Electricity Supplier in the provision of Standard Offer Service.

Electricity Supplier Representative – any officer, director, employee, consultant, contractor, or other agent or representative of the Electricity Supplier who has the authority to bind Electricity Supplier.

Electronic Data Interchange or “EDI” – the computer to computer exchange of business documents in conformance with ANSI X12 standards also known as Electronic Transactions.

Emergency – a condition or situation which the Cooperative or PJM deems, in its reasonable judgment, imminently likely to endanger life or property, or affect or impair, or imminently will affect or impair, the Cooperative’s electrical system or the electric system of others to which the Cooperative’s electrical system is directly or indirectly connected. Such a condition or situation includes, but is not limited to, potential overloading of the Cooperative’s transmission and/or distribution circuits, PJM minimum generation (“light load”) conditions, unusual operating conditions on either the Cooperative’s or the Electricity Supplier’s electrical system or conditions such that the Cooperative is unable to accept energy from the Electricity Supplier without jeopardizing the Cooperative’s electric system or the electrical systems of others to which the Cooperative’s electrical system is directly or indirectly interconnected.

Existing ALM Programs – SMECO’s Active Load Management Program in effect on July 1, 2000 as approved by the Commission, at credit levels to Customers as set by the Commission from time to time.


Full Requirements Service Provision – a provision that requires that an Electricity Supplier be the sole source of electricity supply supporting 100% of their customers’ purchased supply needs.

Insolvency – includes, but is not limited to, the appointment of a receiver, liquidator or trustee of the Electricity Supplier, or a decree by a court adjudging the Electricity Supplier bankrupt or insolvent or sequestering any substantial part of its property, or a petition to declare bankruptcy or to reorganize the Electricity Supplier or demonstrated inability or failure to pay its debts as they become due in the ordinary course of business. [This definition replaces the definition for bankruptcy.]

Interval Metering – metering equipment that supplies hourly or sub-hourly kW readings.

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Load Serving Entity or “LSE” – a PJM tariff term referring to an entity that has been granted the authority or has an obligation pursuant to State or local law, regulation, or franchise to sell electric energy to end-users within the PJM control area.

Locational Marginal Price or “LMP” – the hourly integrated marginal price to serve load at individual locations throughout PJM, calculated by the PJM OI as specified in the PJM Tariff.

Meter Read Date – the date on which the Cooperative schedules a meter to be read for purposes of producing a Customer bill in accordance with the regularly scheduled billing cycles of the Cooperative.

Month – a month under this Tariff means one-twelfth of a year, or the period of approximately 30 days between two regular consecutive readings of the Cooperative’s meter(s) installed on the Customer’s premises.

Non-standard Metering - Metering requested by a Supplier that captures information beyond the minimum components required by the Cooperative’s prevailing retail service tariff and/or requires a reading methodology or schedule that varies from standard metering services.

PJM – PJM Interconnection, L.L.C.

PJM Control Area – the area encompassing electric systems recognized by the North American Electric Reliability Council as the “PJM Control Area.”

PJM OI – the PJM Office of Interconnection, the system operator for the PJM Control Area.

PJM Tariff – the PJM Open Access Transmission Tariff on file with the FERC and which sets forth the rates, terms and conditions of transmission service over transmission facilities located in the PJM Control Area.

Scheduling Coordinator – an entity recognized by the PJM OI and qualified to act on behalf of the Electricity Supplier in taking such actions with PJM as are necessary in order for the Electricity Supplier’s obligations as defined in this Tariff to be met, including the submission of energy schedules to the PJM OI, and that either is 1) a member of the PJM Interconnection, L.L.C., or 2) is the PJM approved agent for scheduling purposes of one or more Electricity Suppliers that are members of the PJM Interconnection, L.L.C.

Service Territory – the geographic areas of the State of Maryland in which the Cooperative has an electric distribution franchise to serve electric Customers.

Standard Metering Services – the capture by metering equipment of the minimum billing components required by the Cooperative’s prevailing retail service tariff that is read or estimated on scheduled meter reading dates in order to enable a Customer’s bill to be created in accordance with the Cooperative’s regularly scheduled billing cycle.

Standard Offer Service - electricity service which the Cooperative must offer, until at least December 31, 2004, to its customers who do not otherwise receive electricity from an Electricity Supplier.

Supplier Average Generation Rate – the simple average generation or commodity portion of the Supplier rate, which does not include the transmission portion of the rate, that the Supplier charged an
individual Customer for a 12-month period or for the portion of a 12-month period that the Supplier served an individual Customer.

**Undisputed Charges** – charges for Coordination Services for which Electricity Supplier has not invoked the dispute resolution provisions of Section 17.0 of the Tariff.

**Unforced Capacity** - installed capacity rated at summer conditions that is not on average experiencing a forced outage or forced de-rating, calculated for each Capacity Resource on a rolling 12-month average (which shall be updated each month for the 12-months ending two months prior to the billing month) without regard to the ownership of or the contractual rights to the capacity of the unit.
2.0: GENERAL TERMS AND CONDITIONS

2.1 Scope and Purpose. This document sets forth the basic requirements for interaction and coordination between the Cooperative as the Local Distribution Company (SMECO) and each Electricity Supplier necessary for ensuring the delivery of Competitive Power Supply.

2.2 Electricity Supplier’s Responsibilities to Customers. The Electricity Supplier shall be solely responsible for having all necessary and appropriate contractual or other arrangements with its Customers, consistent with Commission rules and regulations and with this Tariff. The Cooperative shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

2.3 Tariff to Govern. This Tariff sets forth the basic requirements for business interactions and coordination between the Cooperative and Electricity Suppliers necessary for ensuring the delivery of Competitive Power Supply from Electricity Suppliers to their Customers via the Cooperative’s System.

2.4 Recourse to the Commission. Nothing in this Tariff shall restrict the rights of any party to file a complaint with the Commission.

2.5 FERC Jurisdiction. The inclusion of FERC-jurisdictional matters within the scope of this Tariff is intended solely for informational purposes and is not intended to accord any jurisdictional authority over such matters to the Public Service Commission. If anything stated herein is found by the FERC to conflict with or to be inconsistent with any provision of the Federal Power Act (“FPA”), or any rule, regulation, order or determination of the FERC under the FPA, the applicable FERC rule, regulation, order or determination shall control. To the extent required under any provision of the FPA, or any rule, regulation, order or determination of the FERC under the FPA, the Cooperative shall secure, from time to time, all appropriate orders, approvals and determinations from the FERC necessary to support this Tariff.

2.6 Electricity Supplier Obligations. Unless otherwise indicated, an Electricity Supplier will be required to:

   a) Obtain a license and any other necessary approvals from the Commission and any other appropriate Maryland State agencies and local governments for participation in the Maryland retail energy market;

   b) Execute all appropriate PJM applications and agreements;

   c) Submit a completed Application Package to the Cooperative (See Section 4.1);

   d) Satisfy the creditworthiness standards of the Cooperative pursuant to Section 5.0;

   e) Demonstrate, prior to Customer enrollment, that it is equipped with the communication capabilities necessary to comply with Electronic Data Interchange (“EDI”) testing requirements as approved by the Commission; and

   f) Pay all present and future federal, state, municipal and other taxes imposed by any taxing authority for sale of Competitive Power Supply to retail Customers under this Tariff. The Electricity Supplier shall collect and remit all such taxes to the applicable taxing authority to the extent required or permitted by law. If any transaction is exempt from the payment of any such taxes, the Electricity Supplier will, if requested, provide the Cooperative with valid tax exemption certificates. Should the Cooperative be required to
remit any such taxes directly to any applicable taxing authority, other than taxes previously collected by the Cooperative directly from the Electricity Supplier’s Customers, the Electricity Supplier indemnifies the Cooperative and will pay to the Cooperative all such tax amounts upon demand.

g) Notify the Cooperative of door-to-door activity no later than the morning of the day the sales and marketing activities begin. The notification shall include the supplier’s name, the beginning and ending dates of marketing activities, and zip codes within which sales and marketing activities will occur.

2.7 **Electricity Supplier and Cooperative Obligations.** The Cooperative shall provide Electricity Suppliers with services as necessary for the delivery of energy to serve retail access load located within the Cooperative’s Service Territory. The Cooperative and Electricity Supplier will cooperate in order to ensure delivery of energy to Customers. The Electricity Supplier and the Cooperative shall exchange all data, materials or other information that is specified in this Tariff in accordance with Commission standards, and that may otherwise be reasonably required by the Electricity Supplier or the Cooperative in connection with their obligations under this Tariff, subject to the confidentiality provisions in Section 16.0.

2.8 **Control Area Services and Obligations.** The Electricity Supplier is responsible for procuring those services provided by the PJM OI that are necessary for the delivery of Competitive Power Supply to its Customers. In addition, the Electricity Supplier must satisfy all obligations that are imposed on a Load Serving Entity (“LSE”) in the PJM. The Electricity Supplier must make all necessary arrangements for scheduling the delivery of energy through the PJM OI Control Area. The Cooperative and the Electricity Supplier shall coordinate with the PJM OI to determine the magnitude and location of the Electricity Supplier's actual or projected load, as required by the PJM OI, for the purpose of calculating the appropriate firm transmission service reservation, unforced capacity obligation, or other requirements under the PJM Tariff.

The Electricity Supplier shall meet all applicable reliability standards established by the Mid-Atlantic Area Council of the North American Electric Reliability Council or its successor, PJM or its successor, the FERC, the Commission, or any other State, regional, federal or industry body with authority to establish reliability standards.

2.9 **Communications and Data Exchange.** Electronic information exchange between the Electricity Supplier and the Cooperative under this Tariff shall employ an Electricity Supplier identification number, in accordance with Commission standards. In addition, the Cooperative may also assign to the Electricity Supplier identification numbers that may be required by PJM in connection with the submission and/or confirmation of load schedules for serving load in the Cooperative’s service territory.

2.9.1 **Electronic Data Interchange (“EDI”).** To the extent the Commission has established EDI or other standards for communications and data exchange, the Cooperative and the Electricity Supplier shall employ those standards or mutually agreeable alternate standards. To the extent the Commission has not established EDI standards, the Cooperative and the Electricity Supplier shall exchange information and data in formats agreed to by the Cooperative and Electricity Supplier. The Electricity Supplier and the Cooperative shall follow Commission approved EDI testing requirements and implementation guidelines.

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2.10 **Record Retention.** The Electricity Supplier and the Cooperative shall comply with all applicable laws, rules, and regulations for record retention, as they are and may, from time to time, be modified, including, but not limited to, those issued by the Commission and FERC.

2.11 **Net Energy Metering.** A Customer receiving electricity from an Electricity Supplier and participating in Rider NM (Net Energy Metering For Biomass, Micro Combined Heat and Power, Solar, Fuel Cell, Closed Conduit Hydro, or Wind Generating Systems) who has accrued net excess generation for the 12-month period that ends with the billing cycle that is complete immediately prior to the end of April of each year will be provided a net metering payment as outlined in Rider NM. No later than March 31 of each year the Cooperative will contact the Electricity Supplier of record for all Customers who have accrued, or appear to be close to accruing, net excess generation for the 12-month period ending with the billing cycle that is complete immediately prior to the end of April of that year. Within fifteen calendar days of receipt of such list, each Electricity Supplier of record will provide the Cooperative with the Supplier Average Generation Rate that it charged each Customer for the prior 12 months or for the portion of the prior 12 months that it served each Customer. The Cooperative will notify each Electricity Supplier of record of any additional Customers that have accrued net excess generation for the 12-month period ending with the billing cycle that is complete immediately prior to the end of April of that year subsequent to the March 31 notification. Within seven calendar days of receipt, each Electricity Supplier of record will provide the Cooperative the Supplier Average Generation Rate that it charged each additional Customer for the prior 12 months or for the portion of the prior 12 months that it served each Customer. The Supplier Average Generation Rate provided by the Electricity Supplier of record as of March 31 is the only rate that will be used to calculate the credit to the Customer for the entire 12-month period. If the Electricity Supplier of record does not provide rate information within the specified time period, the calculation of the credit to the Customer will use the rate paid to the Cooperative’s SOS Customers as a proxy for developing the net excess generation credit.

If a Customer discontinues service prior to the billing cycle that is complete immediately prior to the end of April of that year and has accrued cumulate net excess generation, the Cooperative will notify the Electricity Supplier of record as of the last date of service. The Electricity Supplier will provide, within seven calendar days, the Supplier Average Generation Rate that it charged the Customer for months that it served the Customer since the billing cycle that was completed immediately prior to the end of April of the previous year.

If a Customer correctly disputes the Electricity Supplier of record’s rate, or the Electricity Supplier’s failure to provide the rate, the Electricity Supplier will address the complaint with the Customer. The Electricity Supplier will indemnify the Cooperative for any additional costs incurred by the Cooperative which are caused by the Electricity Supplier of record’s rate not being provided in accordance with this Tariff, or the Electricity Supplier’s failure to provide its rate. These costs include, but are not limited to overpayment by the Cooperative to the Customer, legal fees incurred by the Cooperative, carrying costs paid by the Cooperative to the Customer and carrying costs incurred by the Cooperative.

3.0: **UTILIZATION OF SCHEDULING COORDINATORS**

3.1 **Participation Through a Scheduling Coordinator.** An Electricity Supplier is responsible for performing the responsibilities and obligations provided in this Tariff, but may elect to perform certain functions through a Scheduling Coordinator. To the extent an Electricity Supplier so elects, it becomes a Coordinated Electricity Supplier. A Coordinated Electricity Supplier may retain more than one

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Scheduling Coordinator with the Cooperative. An Electricity Supplier may become a Coordinated Electricity Supplier by entering into a business arrangement with another Electricity Supplier or other entity that will act as a Scheduling Coordinator. A Coordinated Electricity Supplier must enter into this business arrangement with a Scheduling Coordinator for all the Electricity Supplier’s responsibilities, including installed capacity obligation, import capability, load scheduling, and reconciliation rights and responsibilities. The Scheduling Coordinator is responsible for meeting all of the requirements of PJM, which may be necessary in order to carry out its responsibilities. All actions of the Scheduling Coordinator on behalf of the Electricity Supplier are binding on, and attributable to, the Electricity Supplier, whether such actions were or were not authorized by the Electricity Supplier.

3.2 **Designation of a Scheduling Coordinator.** To designate a Scheduling Coordinator, the Electricity Supplier must provide the Cooperative with a completed Scheduling Coordinator Designation Form fully executed by both the Electricity Supplier and the Scheduling Coordinator. The Scheduling Coordinator Designation Form is not intended to supplant or replace any agency contract between the Electricity Supplier and a Scheduling Coordinator.

3.3 **Change of Scheduling Coordinator.** The Electricity Supplier shall notify the Cooperative in writing if it changes Scheduling Coordinators or ceases to be a Coordinated Electricity Supplier or ceases to provide scheduling coordination on its own behalf and said notice shall specify the effective month of the change or termination. The effective day of the change or termination shall be the first day of the month indicated in the notification letter. If notification is received by the Cooperative less than 10 business days before the first day of that month, the effective day of the change shall be the first day of the subsequent month. The Cooperative will provide confirmation of receipt of change of Scheduling Coordinator to the Electricity Supplier within 2 business days of receipt of such notice. In the event the Electricity Supplier ceases using a Scheduling Coordinator, the Electricity Supplier shall immediately assume the direct performance of all Electricity Supplier responsibilities under this Tariff.

3.4 **Load Scheduling Through a Scheduling Coordinator.** Coordinated Electricity Suppliers cannot submit individual load schedules to the PJM OI, nor can Coordinated Electricity Suppliers propose scheduling changes on an individual basis. Rather, the Scheduling Coordinator is responsible for submitting all schedules and changes thereto on behalf of itself as well as its Coordinated Electricity Suppliers.

3.5 **Primary Obligations of Electricity Supplier.** Notwithstanding any designation of a Scheduling Coordinator, the Electricity Supplier remains responsible for fulfilling all of its obligations and requirements under this Tariff.

4.0: **COMMENCEMENT AND TERMINATION OF COORDINATION SERVICES**

4.1 **Application Process to Cooperative.** An Electricity Supplier seeking to sell electricity in the Cooperative’s service territory must deliver a completed Electricity Supplier Application Package (Package) to the Cooperative as directed on the Package.

4.1.1 **Completed Package.** A completed Package for services under this Tariff consists of the following:

a) A completed Registration Form fully executed by an Electricity Supplier Representative;

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b) A completed EDI Trading Partner Agreement, fully-executed by an Electricity Supplier Representative;

c) A Supplier Coordination Agreement fully executed by an Electricity Supplier Representative;

d) Written evidence that the Electricity Supplier is a PJM member in good standing and is a signatory to applicable PJM agreements either directly or through a Scheduling Coordinator;

e) A completed Credit Application Form fully executed by an Electricity Supplier Representative;

f) Proof that the Electricity Supplier has obtained a license from the Commission and any other governmental approvals required for participation in customer choice in Maryland; and

g) Any registration or processing fee set forth in Schedule 1.

4.1.2 Notice of Incomplete Package for Tariff Service. In the event an Electricity Supplier submits an incomplete Package, the Cooperative will provide written notice to the Electricity Supplier of the Package’s deficiency within 10 Business Days of the date of final submission of the Package. An incomplete Package shall not be processed until it is completed and delivered to the Cooperative.

4.1.3 Review of a Completed Package. Following receipt of a completed Package, the Cooperative shall review the package and conduct a credit review. The Cooperative shall conduct its review and notify the Electricity Supplier of acceptance or rejection within 30 days of receipt of the completed Package, or within a timeframe mutually agreed to by the Cooperative and the Electricity Supplier. For approved applications, the Cooperative shall execute the necessary agreements and return executed copies to the Electricity Supplier. Upon rejection of any application, the Cooperative shall provide the affected Electricity Supplier with written or electronic notice of rejection and shall state the basis for the rejection. When the basis for the rejection is for credit reasons, a copy of the notice shall be provided to the Commission.

4.1.4 Grounds for Rejecting a Package. The Cooperative may reject any Package under this Tariff on any of the following grounds:

a) An Electricity Supplier or an affiliate thereof has undisputed outstanding debts to the Cooperative arising from its previous receipt of services from the Cooperative under this Tariff;

b) The Electricity Supplier has failed to satisfy the Cooperative’s credit requirements; or

c) The Electricity Supplier has failed to deliver to the Cooperative a completed Package within 30 days of written notice of the Package’s deficiency.

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4.1.5 **Conditional Acceptance of Package.** Where grounds for rejection of an Application Package exist due to outstanding and undisputed debts owed to the Cooperative by an Electricity Supplier or an affiliate thereof, the Cooperative may offer the affected Electricity Supplier a conditional acceptance if the Electricity Supplier pays such debts before it receives Coordination Services. If the Electricity Supplier rejects the Cooperative’s offer of conditional acceptance under this Section, then its Application Package for Coordination Services will be deemed rejected.

4.2 **Commencement of Coordination Services.** Coordination Services under this Tariff shall commence within 15 days after the execution by all parties of the Supplier Coordination Agreement, provided that all of the information necessary for the Cooperative to provide services has been provided to the Cooperative and all conditions have been satisfied by the Electricity Supplier.

4.3 **Notice of Electricity Supplier Discontinuance to the Cooperative.** The Electricity Supplier shall provide to the Cooperative the same notice of discontinuance or cessation of business that the Electricity Supplier is required to provide the Commission pursuant to Commission regulations and procedures.

4.4 **Termination of Coordination Services.** Coordination Services under this Tariff will or may be terminated as follows:

4.4.1 **Supplier Cessation of, or Withdrawal from, Participation.** In the event the Electricity Supplier ceases to participate or otherwise withdraws from the provision of Competitive Power Supply to Customers in the Cooperative’s Service Territory, the Supplier Coordination Agreement between the Electricity Supplier and the Cooperative shall terminate 30 days following the date on which the Electricity Supplier ceases to supply any customers in the Cooperative’s Service Territory.

4.4.2 **Default by the Electricity Supplier.** In the event of Default by the Electricity Supplier pursuant to Section 6.0 of this Tariff, the Cooperative may terminate the Supplier Coordination Agreement between the Electricity Supplier and the Cooperative by providing written notice to the Electricity Supplier in Default, without prejudice to any remedies available to the Party not in Default by reason of the Default.

4.5 **Effect of Termination.** Upon termination of Coordination Service(s), the Electricity Supplier shall not be authorized to provide Competitive Power Supply to the Cooperative’s system. Any Customers of the Electricity Supplier shall either select a new Electricity Supplier or shall be provided Standard Offer Service in accordance with the Cooperative’s Retail Electric Service Tariff. The Electricity Supplier may thereafter provide Competitive Power Supply to the Cooperative’s system only upon satisfaction of the provisions herein for obtaining Coordination Services and Cooperative approval of a new application.

4.6 **Survival of Obligations.** Termination of Coordination Service(s) for any reason shall not relieve either the Cooperative or the Electricity Supplier of any obligation accrued or accruing prior to the termination.
5.0: CREDITWORTHINESS

5.1 Purpose and Intent. The Electricity Supplier must satisfy the Cooperative’s creditworthiness standards. These standards must be scalable, and will take into consideration the scope of operations of each Electricity Supplier. The primary scaling criterion is the projected total monies due the Cooperative from the Electricity Supplier. The purpose of the Cooperative’s credit review will be to provide reasonable and satisfactory assurance of the following:

a) The Electricity Supplier’s ability to pay the applicable Credit Amount, Supplier Coordination Fees, and/or any applicable penalties included in this Tariff; and

b) The Electricity Supplier’s ability to pay any other charges, fees, or penalties authorized by the Commission and payable to the Cooperative.

5.2 Finding of Creditworthiness. The Cooperative will apply, on a non-discriminatory basis, reasonable financial evaluation standards to assess and examine the Electricity Supplier’s financial condition. The Electricity Supplier shall demonstrate that it has sufficient Credit Resources to satisfy the Cooperative’s financial evaluation standards.

5.3 Credit Amount. The Electricity Supplier will supply all information requested by the Cooperative necessary to establish the requested Credit Amount. The Cooperative may require the Electricity Supplier to provide either the Credit Amount or an alternate Credit Amount applicable to the Electricity Supplier. The Cooperative will periodically review the Credit Amount and related credit terms. Following such review, the Cooperative may revise the Electricity Supplier’s required Credit Resources. The Electricity Supplier shall at all times satisfy requests for Credit Resources, and shall periodically, but no less frequently than quarterly, provide updated information to the Cooperative to reflect any changes in financial and business status on a confidential basis and promptly notify the Cooperative in writing of any such changes. On an ongoing basis, the Electricity Supplier must at all times maintain Credit Resources that are consistent, as determined by the Cooperative, with its obligations to the Cooperative.

5.4 Change in Financial Status. The Electricity Supplier shall promptly inform the Cooperative of any facts that would cause a change in the Credit Resources applicable to the Electricity Supplier. Failure to satisfy, on an ongoing basis, any of the requirements set forth in this Section, including failure to provide additional credit funds when requested by the Cooperative, if any such failure is not cured within 10 Business Days from receipt of written notice thereof, will constitute an Event of Default.

5.5 Failure to Maintain Creditworthy Status. Should an Electricity Supplier fail to maintain creditworthy status, the Cooperative may require the Electricity Supplier to provide additional Credit Resources, including, but not limited to, an investment-grade bond rating, a guarantee from a parent entity with an investment-grade bond rating, and/or a letter of credit or deposit of the Credit Amount.

5.6 No Endorsement of Electricity Supplier. By determining that the Electricity Supplier is Creditworthy under this Tariff, the Cooperative makes no express or implied warranties or guarantees of any kind with respect to the financial or operational qualifications of such Electricity Supplier.

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6.0: NONCOMPLIANCE AND DEFAULT

6.1 Definition of Noncompliance. The Cooperative or the Electricity Supplier shall be deemed to be in noncompliance of this Tariff upon its failure to observe any material term or condition of this Tariff.

6.2 Events of Noncompliance. Noncompliance of this Tariff shall include, but is not limited to, the following:

a) Electricity Supplier’s failure to maintain a valid license from the Commission as an Electricity Supplier;

b) Electricity Supplier’s failure to maintain its PJM membership as a Load Serving Entity in good standing, and/or to meet its PJM requirements directly or through a Scheduling Coordinator;

c) Failure of Electricity Supplier to maintain credit standards noted in the Creditworthiness Section (Section 5.0) of this Tariff;

d) Electricity Supplier’s failure to make payment of any Undisputed Charges for Electricity Supplier Services in the time prescribed;

e) Electricity Supplier Insolvency;

f) A written admission by the Electricity Supplier of its inability to pay its debts generally as they become due or the Electricity Supplier’s consent to the appointment of a receiver, trustee or liquidator of it, or of all or any part of its property; or

g) Breach of or failure to meet the requirements of SMECO’s Supplier Coordination Agreement.

6.3 Supplier Default. An Electricity Supplier is considered a default supplier if it is unable to deliver electricity because:

a) The Commission revokes or suspends the Electricity Supplier’s retail electricity license; or

b) The Electricity Supplier is unable to transact sales through the regional transmission organization designated for Maryland by the Federal Regulatory Commission.

6.4 Cure and Default. If either the Cooperative or the Electricity Supplier fails to comply with its obligations under this Tariff (hereinafter the Noncompliant Party), the other party shall provide written notice to the Noncompliant Party describing such noncompliance in reasonable detail and demanding its cure. The Noncompliant Party shall be deemed to be in default (Default) of its obligations under this Tariff if: i) it fails to cure its noncompliance within ten Business Days after its receipt of such notice; or ii) the noncompliance cannot be cured within such period and the Noncompliant Party does not commence action to cure the noncompliance within such period and, thereafter, diligently pursue such action to completion.

In the case of the Electricity Supplier’s failure to maintain its status as a Commission-licensed Electricity Supplier or the Electricity Supplier’s failure to meet its PJM obligations either directly or through a Scheduling Coordinator, or Electricity Supplier’s Insolvency, no notice shall be required or opportunity to cure permitted. In the event an Electricity Supplier is deemed to be in Default, the Supplier Coordination

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Agreement shall be terminated and the Electricity Supplier’s Customers will revert to Standard Offer Service.

7.0: CUSTOMER ENROLLMENT AND INFORMATION PROCESS FLOW

7.1 Disclosure by Selected Electricity Supplier. The Electricity Supplier must notify its customers that by signing up for Competitive Power Supply with the Electricity Supplier, the Customer is consenting to the disclosure by the Cooperative to the Electricity Supplier of certain basic information about the Customer. At a minimum, the notice shall inform the Customer that the following information will be disclosed: the Customer's Cooperative account number, data about meter readings, rate class and electric usage, the Customer's name, address(es) and telephone number, or as otherwise may be consistent with Commission rulings.

7.2 Procedure to Formalize Selection of Electricity Supplier. In order to initiate a Competitive Power Supply, the Electricity Supplier will obtain appropriate authorization, including that required by Section 16.2 from the Customer, or from the person authorized to act on the Customer's behalf, indicating the Customer's choice of the Electricity Supplier in accordance with the rules and regulations of the Commission.

7.2.1 Authorization Record. It is the Electricity Supplier's responsibility to maintain records of the Customer's authorization in the event of a dispute, in order to provide documented evidence of authorization to the Cooperative or the Commission. The authorization shall include the Customer's acknowledgement that the Customer has received the notice as described in Section 7.1 and has provided the written consent required by Section 16.2.

7.2.2 Enrollment by an Electricity Supplier. The Electricity Supplier shall provide an electronic file to the Cooperative, containing information in accordance with this Tariff or the procedures established by the Commission. Upon receipt of the electronic file from the Electricity Supplier, the Cooperative will confirm receipt of the file. Within 1 Business Day of receipt of the electronic file, the Cooperative will validate the records contained in the file, and will provide an electronic validation, including appropriate control totals such as number of records received, and the reason for any rejections (e.g., invalid account number) and any information the Electricity Supplier can use to identify rejected records.

7.2.3 Processing by the Cooperative. The Cooperative will process enrollment transactions in accordance with this Tariff and applicable Commission rules and regulations. The Cooperative will assign valid enrollment transactions an effective date equal to three business days after the enrollment process date. No more than two enrollments per Customer will be accepted within a single billing cycle. The Cooperative will reject enrollments submitted after the number of allowed enrollments have been processed. The Electricity Supplier may resubmit enrollments rejected for this reason during the Customer's next billing cycle. All electronic transactions associated with enrollment processing must be performed in accordance with this Tariff and applicable Commission data exchange standards, rules and regulations.

7.2.4 Notification of Enrollment. The Cooperative and the Supplier will provide written notice of enrollment to the Customer entering into a service agreement with the Supplier.

7.3 Change of Electricity Supplier. If a Customer contacts a new Electricity Supplier to request a change of Electricity Supplier and the new Electricity Supplier agrees to serve the Customer, the

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Customer's new Electricity Supplier shall obtain appropriate authorization from the Customer or person authorized to act on the Customer's behalf, indicating the Customer's choice of the new Electricity Supplier, and shall thereupon follow the same procedures for enrollment of that Customer as required for an initial Competitive Power Supply enrollment. The Cooperative will notify the Customer's current Electricity Supplier that the Customer has elected to terminate service from that Electricity Supplier once the Cooperative receives the enrollment transaction.

7.4 **Electricity Supplier Drop Processing by the Cooperative.** The Cooperative will process drop transactions in accordance with this Tariff and applicable Commission rules and regulations. Valid drop transactions will be assigned an effective date equal to three business days after the drop process date. No more than two drops per Customer will be accepted within a single billing cycle. Drops submitted after the number of allowed drops have been processed will be rejected. Drops rejected for this reason can be resubmitted by the Electricity Supplier during the Customer’s next billing cycle. The Cooperative will assign a customer who has been dropped by a supplier and not enrolled by a supplier to Standard Offer Service.

7.5 **Assignment of Contract.** At least 30 days prior to the effective date of any assignment or transfer of Customer contracts from one Supplier to another, the Suppliers shall jointly provide written notice to the Customers of the Supplier, the Commission, the Cooperative and the Office of People’s Counsel of the assignment or transfer. In addition, the Supplier receiving the transferred Customers must also contact the Cooperative to coordinate the transfer of the Customers’ contracts, and submit a valid enrollment transaction for each Customer. The Cooperative will not render a notice of enrollment to the Customer. An Assignment of Contract will not count towards the number of allowable enrollment and drop transactions.

7.6 **Customer Cancellation Request.** Upon request of a Customer to cancel supply service with a Supplier, the Supplier shall process the Customer's drop request for electric service within two Business Days after receipt of the drop request.

7.6.1 **Customer Cancellation.** After the third business day following a customer request for an Electricity Supplier to cancel supply service, the Customer may contact the Cooperative to verify that the cancellation request submitted by the Electricity Supplier has been processed by the Cooperative. If the Cooperative has not processed a Customer's cancellation request, and the Customer requests cancellation of supplier service, the Cooperative shall process a cancellation and return the Customer to Standard Offer Service. The drop will be assigned an effective date equal to three business days after the Cooperative has processed the cancellation request. A Customer’s drop request will not count towards the number of allowable drop transactions. The Electricity Supplier acknowledges that the Cooperative will accept Customer requests to switch to Standard Offer Service via a telephone call to the Cooperative’s Customer Service Center, and that a signed contract will not be required of the Customer. The Cooperative will use its best efforts to assure the integrity of such verbal Customer requests.

7.7 **Transaction Error Handling.** An Electricity Supplier shall notify the Cooperative of an enrollment or drop error via EDI transaction no later than two business days after the enrollment or drop transaction is initiated by the Electricity Supplier. The Cooperative shall process the cancel transaction and return the Customer to the enrollment state prior to the erroneous transaction.

7.7.1 **Incumbent Supplier-Identified Erroneous Transactions.** If an erroneous transaction is identified by the incumbent Supplier, the incumbent Supplier shall, upon verifiable consent of the Customer, cancel the pending enrollment by notifying the Cooperative by an EDI Cancel

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Transaction within 24 hours of the Customer's Consent and not later than two business days after
the erroneous enrollment or drop transaction is received by the Cooperative. Initiation of the EDI
cancel transaction by the incumbent Electricity Supplier without the verifiable Customer consent
is considered an unauthorized enrollment of the Customer with the incumbent Supplier.

7.7.2 **Electronic Cancel Transaction Received Later Than Two Business Days.** Electronic
Cancel Transactions received after the incumbent Supplier later than two business days after the
erroneous Enrollment or Drop Transaction is received by the Cooperative will be rejected.

7.8 **Customer Designation to Control.** Electricity Supplier acknowledges and agrees that the
Cooperative will give effect to all Customer requests to change to a new Electricity Supplier, or return
to the Cooperative’s Standard Offer Service; and consequently the Cooperative will give effect to the most
recent Customer designation of an Electricity Supplier, for which the procedures under Sections 7.2.3 and
7.3 have been completed. Except as otherwise provided in this Tariff, the Cooperative shall remove a
Customer from supplier services only if directed by the Supplier, subject to applicable bankruptcy law.

7.9 **Customer Termination of Service at Existing Account.** If a Customer contacts the
Cooperative to discontinue electric service, the Cooperative will notify the current Electricity Supplier of
the Customer's discontinuance of service for the account at the Customer's location. If available at that
time, the Cooperative will provide the Electricity Supplier that served the Customer at the old location
with the Customer's new mailing address or forwarding address.

7.10 **Supplier Discontinuance of Service.** When initiating the discontinuance of service to
Customers, the Electricity Supplier must comply with the notification requirements of the Maryland
Public Service Commission and submit a valid ‘drop’ transaction to the Cooperative prior to the date
service is to be discontinued.

7.11 **Effective Date of Discontinuance.** The Cooperative will process any discontinuance, except
those under Section 7.7 in accordance with 7.2.3 and the provisions of this Tariff that govern a retail
Customer’s changes of Electricity Supplier.

7.12 **Customer Number Change.** If the Cooperative elects to change the account number for a
Customer receiving Competitive Power Supply from an Electricity Supplier, the Cooperative will notify
the Electricity Supplier of the change in account number at the same Customer location via electronic file.

7.13 **Full Requirements Service Provision.** The Electricity Supplier shall agree to supply Full
Requirements Service for each of its Customers at each Customer account enrolled. Partial requirements
or split load service will not be supported.

8.0: GENERAL LOAD OBLIGATION ALLOCATION METHODS

8.1 **The Cooperative’s Role.** The Cooperative shall allocate hourly energy, and daily capacity and
transmission load obligations in accordance with the currently-effective PJM, FERC and Commission
rules, regulations, practices and procedures. The Cooperative will submit these values electronically to
PJM, following the PJM published guidelines as may be changed from time to time. These values will
also be made available to the Electricity Supplier.

8.2 **Load Profiles.** For accounts which do not have Interval Metering, the Cooperative will provide
load profiles for various classes from the Cooperative’s load research. The load profiling methodology

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may be updated on a periodic basis throughout the duration of the Supplier Coordination Agreement, subject to Public Service Commission approval. All load profiles and procedures necessary to apply them to the energy, capacity, and transmission allocations will be made available to the Electricity Supplier.

8.3 **Use of Historical Load Information for Forecasting Customer Load Obligations.** The Cooperative will provide historical Customer usage data for interval and non-interval metered Customers in accordance with Commission regulations and applicable provisions of this Tariff. The cost for this service is outlined in Schedule 1.

8.4 **Rounding to Whole Megawatts.** So long as the PJM OI or its successor requires the scheduling and delivery of energy only in whole MW, the Cooperative will round each Electricity Supplier’s aggregate load value for each hour to a whole MW value for PJM’s interchange accounting purposes. Change to Units of measurement regarding energy and peak load contributions shall be in accordance with PJM standards.

8.5 **System Losses.** For purposes of the Electricity Supplier’s load calculations, the applicable system losses shall be calculated by multiplying hourly kWh sales delivered to Customer(s) served at specified voltage levels by the applicable system loss factor. The applicable system loss factors are attached hereto as Schedule 2 and are subject to change from time to time to reflect changes in system losses or any separate charges on transmission customers that PJM may impose or change for the level of transmission line losses that is included in these factors. Any amendments to these loss factors will be filed with the Commission, and the FERC if required, provided to the Electricity Supplier, and become effective 30 days after filing unless otherwise ordered by the Commission or the FERC. The Cooperative will file any such revision and propose that it become effective concurrently with any change in or imposition of separate PJM line loss charges. The Cooperative will make a good faith effort to advise the Electricity Supplier of any change in these loss factors more than thirty (30) days in advance of a change when warranted.

8.6 **Unaccounted for Energy/Residual Load.** For purposes of allocating energy, capacity, and transmission obligations, the Cooperative will adhere to the philosophy that “the sum of the parts must equal the whole” on a non-discriminatory basis.

- For energy allocation, all Customer loads will be summed (after grossing up for System Losses as described in Section 8.5) and compared to the Cooperative’s Electric System Load as represented within PJM metered zonal hourly energy. The hourly residual, or mismatch, will be allocated back to all LSEs in a nondiscriminatory manner.
- For peak load contribution calculations, all Customer loads will be summed (after grossing up for system losses as described in Section 8.5) and compared to the Cooperative’s zonal obligation for capacity or transmission. The residual, or mismatch, will be allocated back to all LSEs in a nondiscriminatory manner.

9.0: LOAD RECONCILIATION, CAPACITY, AND TRANSMISSION ACCOUNTING PROCESSES

9.1 **Capacity.** The PJM Reliability Assurance Agreement (“RAA”) establishes the Unforced Capacity Obligation of Load Serving Entities in PJM for the purpose of ensuring the adequacy of supply during peak load periods. PJM’s implementation of the RAA places certain obligations on the Cooperative to calculate and report system peak load contribution data for each Customer attributable to the Electricity Supplier.

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9.1.1. **Customer-Specific.** In accordance with the PJM RAA and PJM rules and procedures, the Cooperative will calculate a system peak load contribution (“tag”) for each Customer. Such calculation will be updated from time to time in accordance with PJM rules and procedures. All calculation methods and results will be made available to the Electricity Supplier.

9.1.2. **Daily Electricity Supplier Obligation.** The Cooperative will report to PJM, according to PJM procedures, the sum of the system peak load contributions for all Customers served by the Electricity Supplier.

9.2 **Transmission.** The PJM Open Access Transmission Tariff (“OATT”) establishes the Network Service Transmission Obligation of Load Serving Entities in PJM. PJM’s implementation of the OATT places certain obligations on the Cooperative to calculate and report zonal peak load contribution data for each Customer attributable to the Electricity Supplier.

9.2.1 **Customer-Specific.** In accordance with the PJM OATT and PJM rules and procedures, the Cooperative will calculate a zonal peak load contribution (“tag”) for each Customer. Such calculation will be updated from time to time in accordance with PJM rules and procedures. All calculation methods and results will be made available to the Electricity Supplier.

9.2.2. **Daily Electricity Supplier Obligation.** The Cooperative will report to PJM, according to PJM procedures, the sum of the zonal peak load contribution for each Customer served by the Electricity Supplier.

9.3 **Load Forecasting.** The Cooperative is not obligated to provide load-forecasting services. The Electricity Supplier is responsible for forecasting its Customer load obligations.

9.4 **Load Scheduling.** The Electricity Supplier is responsible for fulfilling its load obligations directly with PJM or through a Scheduling Coordinator.

9.5 **The Day-After Settlement.** The Day-After Settlement occurs after the day of dispatch. PJM will perform the first portion of settlement as part of its wholesale accounting procedures by comparing the Electricity Supplier’s supply schedule to the load responsibility (See 9.5.2) submitted by the Cooperative. In the Day-After Settlement, PJM will bill or credit Electricity Supplier for the difference each hour between i) any hourly energy amounts actually supplied by the Electric Service Provider; and ii) the hourly load responsibility of the Electricity Supplier. The difference will be billed or credited to Electricity Supplier at PJM’s LMP. For the Day-After Settlement, actual system loads will be known. Also, actual system weather will be known and will be used to update Customer load profiles for monthly-metered load profile classes. The Day-After Settlement will be based upon estimates of Customer consumption.

9.5.1 **Estimate Customer Consumption.** The Cooperative will estimate hourly Customer consumption quantities as follows:

9.5.1.1 **Hourly Metered Customers.** If available, actual data from interval-metered Customers will be collected by the Cooperative and will be used for energy reconciliation. If not available, usage will be estimated.

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9.5.1.2 **Monthly Metered Customers.** The class average load profile will be determined in accordance with the load profiling methodology. The class average profile will be scaled according to each Customer’s historical consumption factor.

9.5.1.3 **Apply Losses.** The Customer's estimated usage by hour from Section 9.5.1.1 will be multiplied by the appropriate loss factor respective to Customer class per Section 8.5 to determine the Customer's estimated gross usage by hour.

9.5.1.4 **Aggregate Profiles.** The gross hourly estimated usage quantity for each Customer will be aggregated by the Cooperative to arrive at a total gross Customer usage quantity by hour for each Electricity Supplier.

9.5.1.5 **Allocate Unaccounted for Energy (Residual).** The gross hourly loads for the Electricity Suppliers and the Cooperative will be compared to the aggregate Cooperative’s Electric System Load as represented within the PJM zonal load for the Cooperative’s zone. Any differences will be allocated to the Electricity Supplier and the Cooperative’s loads on a non-discriminatory basis in accordance with Section 8.6.

9.5.2 **Submit Estimated Load Obligation Data to PJM.** The Cooperative will compute and submit to PJM the complete hourly estimated load obligation data quantities for each day. Such PJM data submittals will be in accordance with PJM accounting deadlines as outlined in the PJM Operating Agreement. Estimating the load obligation involves statistical samples and estimating error. The financial consequences of such errors shall be addressed and resolved pursuant to PJM procedures. Neither the Cooperative nor the Electricity Supplier shall be responsible to the other for any estimating errors.

9.5.3 **Financial Settlement and Billing.** The Cooperative and the Electricity Supplier will rely on PJM to perform calculations to determine the monetary value of reconciliation quantities and to bill and/or credit the Electricity Suppliers and the Cooperative, or its agent, for oversupplies and undersupplies at an hourly price through the PJM grid accounting system. Oversupplies and undersupplies will be calculated as determined by PJM.

9.6 **The “60 Day” Settlement/Consumption Energy Imbalance.** The second portion of the settlement process occurs after all actual monthly and interval energy usage data has been processed for the day in question (approximately 45-60 days later). Consumption Energy Imbalance service accounts for mismatches between the Day-After Load Estimation for the Electricity Supplier and the energy that was actually used by its Customers. Given the absence of universal real-time metering, the calculation of Consumption Energy Imbalance quantities must typically occur after the monthly reading, or monthly estimation, of Customers' meters.

9.6.1 **Meter Data Collection.** Meter data collected by the Cooperative shall be utilized to calculate the quantity of energy actually consumed by an Electricity Supplier’s Customers for a particular period. Such collection shall occur at the time of a Customer’s monthly meter reading.

9.6.2 **Monthly Metered Customers.** Data from monthly-metered Customers is collected in subsets corresponding to Customer billing cycles (billing routes), which close on different days of the month. The Cooperative shall convert such meter data, including estimates, to the equivalent hourly usage. Load profile class load curves will be scaled to metered usage to derive an estimate for the hour-by-hour usage.

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9.6.3 **Determine Consumption Energy Imbalances.** The Cooperative will determine hourly Consumption Energy Imbalance quantities at a minimum on a calendar month basis in conjunction with PJM’s billing schedule.

9.6.3.1 **Apply Losses.** The monthly-metered Customer's estimated usage by hour and the interval metered Customer’s hourly usage will be multiplied by the appropriate loss factor respective to Customer class to determine the Customer's gross usage by hour.

9.6.3.2 **Aggregate Profiles.** The gross hourly usage quantity for each Customer will be aggregated by the Cooperative to arrive at a total gross Customer usage quantity by hour for each Electricity Supplier.

9.6.3.3 **Allocate Unaccounted for Energy (Residual).** The gross hourly loads for the Electricity Suppliers and the Cooperative will be compared to the aggregate Cooperative’s Electric System Load as represented within the PJM zonal load for the Cooperative’s zone. Any differences will be allocated to the Electricity Supplier and the Cooperative’s loads on a non-discriminatory basis in accordance with Section 8.6.

9.6.3.4 **Calculate Consumption Energy Imbalances.** Hourly Consumption Energy Imbalances are calculated respective to each Electricity Supplier’s Estimated Day-After Settlement Load Obligations.

9.6.4 **Submit Reconciliation Data to PJM.** After a calendar month becomes fully metered or estimated, the Cooperative will compute and submit to PJM the complete hourly Consumption Energy Imbalance quantities for that calendar month. Such PJM data submittals will be in accordance with PJM accounting deadlines and the timing of such submittals may change from time to time. Estimating the load obligation involves statistical samples and estimating error. The financial consequences of such errors shall be addressed and resolved pursuant to PJM procedures. Neither the Cooperative nor the Electricity Supplier shall be responsible to the other for any estimating errors.

9.6.5 **Financial Settlement and Billing.** The Cooperative and the Electricity Supplier will rely on PJM to perform calculations to determine the monetary value of reconciliation quantities and to bill and/or credit the Electricity Suppliers and the Cooperative for oversupplies and undersupplies at an hourly price through the PJM grid accounting system. Oversupplies and undersupplies will be calculated as determined by PJM.

9.7 **Settlement Beyond “60 Days”**. Subsequent to the “60 Day Settlement”, PJM’s monthly bills to the Cooperative and Supplier shall be subject to adjustment for any errors in arithmetic, computation, meter readings or other errors as agreed upon by the Cooperative and the Supplier.

9.7.1 **Financial Settlement and Billing for Settlement Beyond 60 Days.** In accordance with PJM policy, the Cooperative shall perform calculations to determine the value of reconciliation quantities associated with settlements beyond 60 days and submit those calculations to PJM for billing purposes.

9.7.2 **Dispute Resolution.** Disputes relating to the calculation of financial settlement and billing charges shall be resolved through the PJM dispute resolution process.
9.8 **Settlement Calculations.** Settlement calculations will be provided upon request.

10.0: LOAD MANAGEMENT

10.1 **Demand Response Programs.** SMECO operates and makes available to customer-members Demand Response programs (DR programs) as approved and specified in its Retail Electric Service Tariff.

10.2 **Customer-Member Participation.** SMECO customer members may participate in SMECO’s Demand Response programs or any Demand Response programs offered by a Curtailment Service Provider (CSP) who is properly licensed and registered with PJM and the Maryland PSC to operate in SMECO’s service territory. Customer-members may not participate simultaneously in a SMECO program and a CSP program for the same capacity product.

10.3 **Program Credits and Benefits.** Customer members participating in SMECO’s DR programs will receive credits and benefits as specified in SMECO’s Retail Electric Service Tariff. Credits and benefits for customer-members participating in a CSP program are between the customer-member and the CSP. All PJM payments, credits, or other benefits provided to SMECO based upon the operation of its DR programs belong solely to SMECO.

10.4 **DR Program Operation.** SMECO will continue to have the right to operate its DR programs in response to PJM requests or whenever the Cooperative determines it to be appropriate or necessary.

10.5 **Ownership, Maintenance, and Operation of DR Programs and Equipment.** SMECO will continue to own, operate, and maintain all DR equipment, hardware, and software that it has paid for in connection with its DR programs. CSPs may not attach or connect to SMECO plant or equipment without SMECO written approval. Any attachment or connection to SMECO plant or equipment must be done by SMECO.

11.0: ELECTRICITY SUPPLIER CHARGES, BILLING AND PAYMENT

11.1 **Charges for Electricity Supplier Services.** The Electricity Supplier agrees to pay all charges for Electricity Supplier Coordination Services provided by the Cooperative as set forth in Schedule 1 of this Tariff.

11.2 **Electricity Supplier Payment of Obligations to the Cooperative.** The Electricity Supplier shall pay for all Coordination Services, or any other charge it incurs hereunder, in accordance with the following provisions:

11.2.1 **Billing Procedure.** Each month, the Cooperative shall submit an invoice to the Electricity Supplier for all Charges for Coordination Services provided under this Tariff and the Supplier Coordination Agreement. The invoice may be transmitted to the Electricity Supplier by any reasonable method as agreed to between the Electricity Supplier and the Cooperative. The Electricity Supplier shall make payment for Charges incurred on or before the due date that shall appear on the bill. This date shall be determined by the Cooperative and shall not be less than 15 days from the date of transmittal of the bill.

Issued: March 27, 2017
Effective: May 1, 2017
11.2.2 **Billing Corrections and Estimated Billings.** Notwithstanding anything stated herein, bills shall be subject to adjustment for any errors in arithmetic, computation, meter readings, or other errors as set forth in the Cooperative’s Tariff, from the date of such original monthly billing.

11.2.3 **Manner of Payment.** The Electricity Supplier shall make payments of funds payable to the Cooperative by electronic payment to a bank designated by the Cooperative. If disputes arise regarding the Electricity Supplier’s bill, the Electricity Supplier must pay the undisputed portion of disputed bills under investigation by the due date shown on the bill.

11.2.4 **Late Fee for Unpaid Balances.** If payment is made to the Cooperative after the due date shown on the bill, interest will be added to the unpaid balance until the entire bill is paid at the rate of 1.5% per month for two months. At the end of the second nominal billing interval, an additional charge to be made equal to 2% of any portion of the original amount which remains unpaid at the time. The total of these charges may not exceed 5%.

11.2.5 **Net Billing between the Cooperative and Electricity Supplier.** The Parties agree that the Cooperative may, as part of the routine billing and payment process between the Cooperative and Electricity Supplier, “net” or offset any and all amounts which may be due and owing by the Electricity Supplier to the Cooperative against any and all amounts which may be due and owing by the Cooperative to the Electricity Supplier, as a result of the Cooperative’s collection of the Electricity Supplier’s portion of the Customer’s payment pursuant to Section 11.2 hereof, prior to rendering payment or an invoice to the Electricity Supplier.

11.2.6 **Billing Disputes.** In the event the Electricity Supplier fails to make payment on or before the due date because of a billing dispute between the Cooperative and the Electricity Supplier, the Cooperative will continue to provide Coordination Services under this Tariff and the Supplier Coordination Agreement as long as the Electricity Supplier 1) continues to make all payments not in dispute, and 2) pays into an escrow account the portion of the invoice in dispute, pending resolution of the dispute. If the dispute cannot be resolved, the Cooperative may, at its election, stop processing new Customer enrollments for the Electricity Supplier or terminate the SupplierCoordination Agreement and retain the amount in escrow (including interest). The Cooperative shall notify the Electricity Supplier in writing of its intent to do so. The Electricity Supplier may, within 30 days, file a complaint with the Commission in which case the Cooperative will continue to provide all Coordination Services, including enrollment, and the Electricity Supplier will continue to make payments into the escrow account until final disposition of the complaint.

11.3 **Billing for Electricity Supplier’s Obligations to Other Parties.** The Cooperative will assume no responsibility for invoicing or billing of services between the Electricity Supplier and PJM, the Electricity Supplier and any energy source, or a Scheduling Coordinator and any Coordinated Electricity Suppliers.
12.0: RETAIL CUSTOMER BILLING AND PAYMENT COLLECTION

12.1 Billing Service Options. Upon enrollment with an Electricity Supplier, Customers have the option of electing one of two billing service options as defined below. The Electricity Supplier must notify the Cooperative of the Customer’s choice of billing service option when notifying of the Customer’s enrollment. Electricity Suppliers will be subject to the applicable billing fees as outlined in Schedule 1 of this Tariff and must successfully complete all relevant Commission approved billing testing prior to offering such billing service options to Customers.

12.1.1 Billing Service Options Defined.
- Cooperative Consolidated Billing. The Cooperative will render the bill with its charges and the Electricity Supplier’s charges shown separately on the bill.
- Separate Billing. Both the Cooperative and the Electricity Supplier will bill the end-use Customers individually for their respective charges.

12.1.2 Notification of Billing Option Changes. If a Customer’s billing option as described in section 12.1.1. changes after initial enrollment the Electricity Supplier must notify the Cooperative of the change and the effective date will be assigned equal to the date the change transaction was processed.

12.1.3 Change of Billing Options Offered. An Electricity Supplier who adds or deletes a billing option that it offered when Utility/Supplier Services are initiated pursuant to this Tariff shall provide 60 calendar-days’ notice prior to implementing the addition/deletion to its affected customers, the Cooperative, the Maryland Public Service Commission Staff, and the Office of People’s Counsel. An Electricity Supplier must complete all applicable Commission approved testing.

12.2 Cooperative Consolidated Billing (Bill Ready Format). If the Customer chooses to have the Cooperative render a consolidated bill, the Electricity Supplier must transmit its billing information to the Cooperative in a bill ready format and in accordance with the billing practices and EDI standards accepted by the Commission. If the Electricity Supplier fails to transmit its Customer’s information to the Cooperative within 3 business days of the date the Cooperative transmitted the metering data to the Electricity Supplier, the Cooperative will not render a consolidated bill; instead the Customer’s bill will state that the Electricity Supplier’s charges for the current billing period are not available; and the Electricity Supplier will have to retransmit its billing information the following month. The Cooperative will not be liable for the Electricity Supplier’s charges or losses, damages, or consequential damages associated with the Electricity Supplier’s Customers not being billed for the Electricity Supplier’s charges for that period. The Electricity Supplier is responsible for the bill content transmitted to the Cooperative. The Cooperative is not responsible for the content of any unpaid Electricity Supplier’s charges. The Cooperative’s billing fees to the Electricity Supplier are specified in Schedule 1.

12.3 Cooperative Consolidated Billing (Rate Ready Format). The Cooperative will accept billing information from an Electricity Supplier in a rate ready format under fees, terms and conditions mutually agreeable to the parties.

12.4 Bill Communications under Cooperative Consolidated Billing. The Cooperative and the Electricity Supplier may develop individual agreements to enable the Cooperative, for a fee, to include messages for the Electricity Supplier in the consolidated bill(s) for that Electricity Supplier’s customer(s).

12.5 Meter Reading. The Cooperative is responsible for determining the Customer’s consumption by reading the Customer’s meter or, in accordance with the Cooperative’s Retail Electric Service Tariff and

Issued: March 27, 2017
Effective: May 1, 2017
Commission regulations, estimating the Customer’s consumption for billing purposes for the applicable period. The Cooperative will normally provide the Electricity Supplier with actual or estimated meter read data within 1 business day of validating meter read data.

12.5.1 Off-Cycle Meter Reads. For informational purposes, the Cooperative will perform an off-cycle meter read for a fee in accordance with Schedule 1. However, this meter read is for informational purposes only and will have no other impact.

12.6 Exceptions to Meter Reading Dates. The Cooperative has circumstances that result in delays or changes to Meter Read Dates and/or the conveyance of meter information, including, but not limited to:

- **Account Terminations.** If a Customer account is terminated, the Meter Read Date may be adjusted. In such cases, the meter read data will normally be sent within 1 business day of validating the final bill meter read data.

- **Meter Reading Route Adjustments.** If a Customer’s meter reading route and associated billing cycle is adjusted, the Meter Read Date may be adjusted.

12.7 Bill Due Dates. For the consolidated billing options, the Electricity Suppliers must adopt the same bill due date as assigned by the Cooperative.

12.8 Furnishing Customers with Bills. The Cooperative shall render Customer bills no later than three business days from the date the Electricity Supplier’s information required under Sections 12.3 and 12.4 are due to SMECO.

12.9 Consolidated Bill Purchase of Receivables. After timely receipt of Electricity Supplier’s information required under Sections 12.3 and 12.4, the Cooperative will purchase the receivables from the Electricity Supplier.

- The Cooperative will not purchase receivables for non-commodity charges or early termination fees.

- The Cooperative may add to or deduct from any payments due to Electricity Supplier’s amounts that may result from reconciliations, adjustments or recalculations of estimated readings, cancel and rebills or any applicable billing adjustment.

12.10 Payment under Consolidated Billing from the Cooperative to the Electricity Supplier. When issuing a consolidated bill, the Cooperative will remit funds payable to the Electricity Supplier via Commission approved procedures.

12.11 Payment Posting under Consolidated Billing. Payments received by the Cooperative will be posted in accordance with the Commission’s procedures.

12.12 Credit and Collections. The Cooperative will follow its credit and collection policies for collection in accordance with the Code of Maryland Regulations.

12.13 Taxes. In accordance with Commission procedures, the entity that originates the charge is responsible for, and shall remit and file, taxes applicable to its charges.

12.13.1 Company Tax Responsibilities. The Cooperative is responsible for calculation, collection, and remittance of franchise tax on delivery service, and state and local energy taxes assessed on delivery service or other products and services provided by the Cooperative.

Issued: March 27, 2017
Effective: May 1, 2017
12.13.2 **Supplier Tax Responsibilities.** The Electricity Supplier is responsible for calculation, bill information transmission to the Cooperative, and remittance of State and local taxes assessed on all products and services provided by the Electricity Supplier.

13.0: **COOPERATIVE-SUPPLIED METERING SERVICES**

13.1 **Meters.** The Cooperative shall provide Standard Metering Services and Cooperative-owned Electric Metering Equipment in accordance with the Cooperative’s prevailing retail service tariff on file with the Commission, as said tariff may be revised by the Cooperative from time to time.

13.2 **Reading.** All Customers shall have their electric energy deliveries metered and read or estimated in accordance with applicable Commission regulations and Cooperative procedures.

13.3 **Non-standard Metering.** The Cooperative shall own and install equipment for any Electricity Supplier requesting Non-standard Metering. The Electricity Supplier shall pay all costs associated with the removal and testing of any existing electric metering equipment, the installation and testing of the Non-standard Metering equipment, and all incremental costs of Non-standard Metering services above those charges that the Cooperative has included in its tariffs for standard metering. The Non-standard Metering will be used for determining billing components required by the applicable retail tariff(s), as well as additional information requested by the Electricity Supplier starting with the first Meter Read Date following the installation. The Cooperative shall provide, but the Electricity Supplier shall pay, for the installation, operation and maintenance of the required compatible communication/telephone link in order to transmit the metered information to the Cooperative. As long as it does not interfere with the Cooperative’s operations, the Electricity Supplier may opt to install its own communication link for its own interrogation purposes. Any meter installed and owned by the Cooperative shall be used for billing, capacity obligation determination, transmission obligation determination, and energy reconciliation. All meters used for billing, whether required by the Cooperative or requested by the Electricity Supplier, will be maintained and tested by the Cooperative in accordance with Commission regulations. Additional metering services requested by the Electricity Supplier or the Customer and approved by the Cooperative will be provided at charges as provided by the Cooperative.

13.4 **Meter Testing.** In addition to any meter testing that is performed in compliance with Commission regulations, upon the Electricity Supplier’s written request, the Cooperative will test designated electric meter(s) used for billing. In the event a test requested by the Electricity Supplier establishes that a Cooperative-owned electric meter is registering inaccurately by more than the applicable Commission tolerances and requirements, as may be revised by the Commission from time to time, the costs of said tests shall be borne by the Cooperative. Any Cooperative-owned electric meter found to be inaccurate by more than the applicable Commission tolerances and requirements, or is otherwise found to be defective, shall be adjusted, repaired or replaced, at the sole cost and expense of the Cooperative. The cost of testing a meter at the request of the Electricity Supplier, which is determined to be operating within applicable Commission tolerances and requirements and not found to be defective, will be borne by the Electricity Supplier in accordance with Schedule 1.

14.0: **NON-UTILITY-SUPPLIED METERING.** Non-SMEO supplied metering is prohibited and not available in SMECO’s Service Territory.
15.0: SYSTEM OPERATION

15.1 Curtailment. The Cooperative shall have the right to curtail, interrupt or reduce the Electricity Supplier’s supply of electric energy and the right to disconnect the Electricity Supplier’s Customers whenever the Cooperative determines, or when the Cooperative is directed by PJM, that such a disconnection, curtailment, interruption or reduction is necessary to facilitate construction, installation, maintenance, repair, replacement or inspection of any of the Cooperative’s facilities; to maintain the safety and reliability of the Cooperative’s electrical system; as directed by governmental authorities; or due to Emergencies, forced outages, potential overloading of the Cooperative’s transmission and/or distribution circuits, or Force Majeure. Any other provisions of this Tariff that may seem to contradict this right shall be subordinated to this right. Curtailments and/or disconnects will be carried out in a nondiscriminatory manner with respect to a Customer’s Electricity Supplier.

15.2 Reasonable Efforts. The Cooperative shall use reasonable efforts to: minimize any scheduled curtailment, interruption or reduction to the extent practicable under the circumstances; provide the Electricity Supplier with prior notification of any such curtailment, interruption or reduction, to the extent practicable; and resume service as promptly as practicable following elimination of the condition causing the disconnection, curtailment, interruption or reduction.

15.3 PJM Requirements. The Electricity Supplier acknowledges and agrees that it will cooperate with the Cooperative so that the Cooperative will be in compliance with all PJM Emergency Operations Procedures as defined in the PJM Operating Manual, which include, but are not limited to, those procedures pertaining to minimum and maximum generation emergencies, and measures requiring involuntary Customer participation, such as supply voltage reduction or full interruption of Customer load by either manual or automatic means.

16.0: CONFIDENTIALITY OF INFORMATION

16.1 General. All information made available by the Cooperative to the Electricity Supplier in connection with the provision of Coordination Services, including, but not limited to, rate class load profile data, and information regarding computer or communications systems owned or leased by the Cooperative, shall be used only for the purposes of receiving Coordination Services and providing Competitive Power Supply under this Tariff to Customers in the Cooperative’s service territory. An Electricity Supplier shall not disclose such information to third parties without the Cooperative’s prior authorization and/or consent.

16.2 Customer-Specific Information. The Cooperative will not provide to the Electricity Supplier Customer-specific information, without the Customer’s written consent, except for information as allowed by the Commission for bill collection or credit rating reporting purposes or pursuant to Section 7.1 of this Tariff. The Electricity Supplier shall keep all such Customer-specific information supplied by the Cooperative confidential unless the Electricity Supplier has the Customer’s written authorization to do otherwise.

17.0 DISPUTE RESOLUTION

17.1 Informal Resolution of Disputes. The Cooperative and the Electricity Supplier shall use good faith efforts to informally resolve all disputes arising out of the implementation of this Tariff, the provisions of the Electricity Supplier Coordination Services, and/or the carrying out of Electricity Supplier responsibilities.

Issued: August 1, 2000
Effective: September 20, 2000
17.2 **Recourse.** Complaints or disputes that are not satisfactorily resolved between the parties may be filed with:

- Executive Secretary
  - Maryland Public Service Commission
  - 6 St. Paul Street
  - Baltimore, Maryland 21202

- Office of External Relations
  - Maryland Public Service Commission
  - 6 St. Paul Street
  - Baltimore, Maryland 21202

18.0: **FORCE MAJEURE.**

**Force Majeure.** Neither the Cooperative nor the Electricity Supplier shall be considered to be in default in the performance of its obligations under this Tariff, except obligations to make payments, to the extent that performance of any such obligation is prevented or delayed by any cause, existing or future, which is beyond the reasonable control of, and not the result of the fault or negligence of, the affected party, including, but not limited to, strike, lockout, or other labor difficulty, acts of the other party or its agents/contractors, riot, civil insurrection, war (whether or not declared), fire, flood, earthquake, unusually severe weather, government orders preventing performance or materially adversely affecting the affected party, acts of God, and other causes of a similar nature (a “Force Majeure Event”). If a party is prevented or delayed in the performance of any such obligation by a Force Majeure Event, such party shall immediately provide notice to the other party of the circumstances preventing or delaying performance and the expected duration thereof. Such notice shall be confirmed in writing as soon as reasonably possible. The party so affected by a Force Majeure Event shall endeavor, to the extent reasonable, to remove the obstacles which prevent performance and shall resume performance of its obligations as soon as reasonably practicable. The settlement of strikes and labor disturbances shall be wholly within the discretion of the party experiencing that difficulty. Economic hardship of either party shall not constitute a Force Majeure Event under this Tariff. Computer problems, including the failure of any year 2000 measures, shall not constitute a Force Majeure Event under this Tariff.

19.0: **REGULATORY AUTHORIZATIONS AND JURISDICTION**

19.1 **Compliance with Applicable Legal Authorities.** The Cooperative and the Electricity Supplier are subject to, and shall comply with, all existing or future applicable federal, state, and local laws, all existing or future Commission orders or regulations or other duly authorized actions of governmental authorities having jurisdiction over such matters. The Cooperative will not violate, directly or indirectly, or become a party to a violation of any applicable federal, state or local statute, regulation, rule or order in order to provide service to Electricity Supplier. The Cooperative’s obligation to provide service is subject to the condition that all requisite governmental and regulatory approvals for the provision of such service will have been obtained and will be maintained in force during such period of service. The Electricity Supplier acknowledges and agrees that the Cooperative may need to act in response to governmental or civil authority directives that may affect Customer load. The Electricity Supplier agrees to cooperate with the Cooperative in order to comply with these directives.

19.2 **Change in Applicable Legal Authorities.** This Tariff is subject to change in the future to reflect any FERC-required changes in the pricing mechanism, structure and/or operations of PJM, and to reflect any relevant changes required by the Commission or other Maryland State agency having jurisdiction, or

Issued: August 1, 2000
Effective: September 20, 2000
20.0: LIMITATION OF LIABILITY

20.1 General Limitation of Liability. The Cooperative shall have no duty or liability with respect to Competitive Power Supply before it is delivered by an Electricity Supplier to the Cooperative’s distribution system. The Cooperative shall have the same duty for distribution service to Customers receiving Competitive Power Supply as to those receiving electric energy and capacity from the Cooperative. In no event shall either party be liable to the other for any consequential, indirect, or special damages suffered by the other party arising from activities conducted pursuant to this Tariff or related Agreement.

20.2 Limitation of Liability for Service Interruptions and Variations. The Cooperative does not guarantee continuous, regular and uninterrupted supply of service. The Cooperative may interrupt or limit the supply of service, on a non-discriminatory basis with respect to Electricity Suppliers, for the purpose of making repairs, changes, or improvements in any part of its system for the general good of the service or the safety of the public or for the purpose of preventing or limiting any actual or threatened instability or disturbance of the system. The Cooperative is not liable for any loss, costs, damages, or expense to the Electricity Supplier as a result of such interruptions or limitations of supply or for any other reasons beyond the Cooperative’s control. The Cooperative also is not liable for any loss, costs, damages, or expense to the Electricity Supplier by failure to supply or by interruption, reversal, reduction, surge, or fluctuation in supply caused by events beyond the control of the Cooperative or any cause except willful default or willful neglect of the Cooperative.

20.3 Additional Limitations of Liability in Connection with Competitive Power Supply. Other than its duty to deliver Competitive Power Supply subject to the provisions of this Tariff, the Cooperative shall have no duty or liability to the Electricity Supplier providing Competitive Power Supply arising out of or related to a contract or other relationship between the Electricity Supplier and a Customer of the Electricity Supplier. The Cooperative shall implement Customer selection of the Electricity Supplier consistent with Commission rules and regulations and shall have no liability to the Electricity Supplier arising out of or related to switching or not switching Electricity Suppliers except in the event of gross negligence or willful misconduct of the Cooperative.

21.0: MISCELLANEOUS PROVISIONS

21.1 Notices. All filings pertinent to this tariff should be made to:

Executive Secretary
Maryland Public Service Commission
6 St. Paul Street
Baltimore, MD 21202

21.2 No Prejudice of Rights. The failure of either party to insist on any one or more instances upon strict performance of any provisions of this Tariff, or to take advantage of any of its rights hereunder, shall not be construed as a waiver of any such provisions or the relinquishment of any such right or any other right hereunder, which shall remain in full force and effect.

Issued: August 1, 2000
Effective: September 20, 2000
SCHEDULE 1 – ELECTRICITY SUPPLIER CHARGES

COORDINATION SERVICES:

**Supplier Registration.**  
$185.00  
One-time fee  
Covers costs for processing registration,  
credit application, and EDI testing

**Account Management.**  
Covers costs of enrollment, settlement,  
accounting, basic web support

<table>
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<tr>
<th>Year</th>
<th>$ 45.00 per MW/month</th>
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<tbody>
<tr>
<td>2004 and thereafter</td>
<td></td>
</tr>
</tbody>
</table>

BILLING SERVICES:

**Consolidated Bill.**  
$0.00 per bill

METERING SERVICES:

**Off-Cycle Meter Read.**  
(one-hour minimum charge)  
Residential $43.00  
Commercial $43.00  
Interval Actual cost

**Meter Testing.**  
Residential $75.00  
Commercial $75.00  
Interval Actual cost

CHARGES FOR RETAIL CUSTOMER BILLING AND CONSUMPTION DATA REQUESTS:

A. **General.**

Beginning upon each Customer’s Customer Choice Implementation Date, the Cooperative will provide 12 months of historical non-interval usage data on the Customer’s monthly billing statement. The Cooperative will not provide to the requesting party Customer-specific consumption data without the Customer’s written consent. It is the requesting party’s responsibility to maintain records of the Customer’s authorization in the event of a dispute in order to provide documented evidence of authorization to the Cooperative or the Commission. The recipient shall keep all such Customer-specific consumption data supplied by the Cooperative confidential unless the recipient has the Customer’s written authorization to do otherwise.

Issued: October 26, 2004  
Effective: January 1, 2005
B. Additional Requests For Usage Data.

1. Historical Consumption Request – Non-interval Data
   a) Charged on all usage requests except those associated directly with an EDI enrollment transaction.
   b) 12 months of consecutive monthly data is provided for each account included in a request.
   c) No charge for requests; any reasonable number of requests allowed.
   d) Consumption data may be available for up to the last 24 months of usage history.

2. Historical Consumption via EDI – Non-interval Data
   a) Charged on all usage requests via EDI except where the usage request is associated directly with an EDI enrollment transaction.
   b) Requesting entity must have successfully completed EDI testing with the Cooperative prior to making the request.
   c) Last 12 months of consecutive usage data will be provided.
   d) No charge for requests; any reasonable number of requests allowed.

3. Historical Consumption Request – Interval Data
   a) No charge for requests; any reasonable number of requests allowed.
   b) Usage cannot be provided beyond the last 24 months of billing date.
   c) Charged on all usage requests except those associated directly with an EDI enrollment transaction.

4. Special Load Data Requests
   a) Requests for load data not otherwise addressed in this tariff.
   b) Provided at SMECO’s option depending on SMECO resources.
   c) Request must be from a Customer for load data on his own account or from a party with signed authorization from a Customer to receive load data on that Customer’s account.
   d) Charge of $70.00 per hour will apply.
   e) Upon request, SMECO shall provide a written estimate of the total charges to provide the requested data prior to processing the request.
## SCHEDULE 2 – SYSTEM LOSS FACTORS

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<tr>
<td>General Service-Demand</td>
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<td>General Service Demand-Primary</td>
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<td>LP</td>
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<td>Street Lights</td>
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<td>Area Lights</td>
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<tr>
<td>Transmission &amp; Trans-NSWC</td>
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