

**CONNECTICUT NATURAL GAS CORPORATION
RIDER DG
(DISTRIBUTED GENERATION REBATE RIDER)**

1. Availability:

Service under this rider is available to Customers who take service under Rate RSG, RSH, RSH-SE, RMDS, RMDS-SE, SGS, SGS-SE, MGS, MGS-SE, LGS, LGS-SE or IS and whose retail electric distribution service is provided by an electric distribution company (“EDC”) as defined in Connecticut General Statute 16-1(a)(29) and whose operating distributed generation (DG) unit has been approved by the applicable EDC. Additionally, the Public Utilities Regulatory Authority approved special contract DG customers are eligible for service under this rider.

To qualify for service under this rider, the Customer must be an approved natural gas fired customer-side distributed resource unit as defined in Section 2, Part A of Public Act 05-01, and have added electric capacity on or after January 1, 2006. Only approved DG units are eligible for the EDC Gas Rebate Program under this Rider.

2. Definitions:

Customer Side Distributed Resource means (A) the generation of electricity from a unit with a rating of not more than sixty-five megawatts on the premises of a retail end user with the transmission and distribution system including, but not limited to, fuel cells, photovoltaic systems or small wind turbines, or (B) a reduction in the demand for electricity on the premises of a retail end user in the distribution system through methods of conservation and load management, including, but not limited to, peak reduction systems and demand response systems.

Distributed Generation means Customer Side Distributed Resources that meet the part (A) definition above.

3. Terms & Conditions:

The service rendered under this rider shall be subject to the terms, conditions, and regulations of the firm or interruptible rate to which the Customer would otherwise be subject.

Enrollment in the EDC Gas Rebate Program requires the execution of a three-party agreement among the customer, the Company, and the EDC. The agreement identifies relevant customer account information and specific program protocols, procedures and responsibilities of each party. In the agreement, the Customer is also responsible for attesting to the eligibility of its DG unit. The agreement also specifies that the Customer remains financially responsible for any costs incurred by the Company to provide service to the DG unit in the event that it

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terminates service prior to the contractual term date established in the Service Agreement for the DG billing account.

4. Metering:

- A) Each eligible DG unit will be separately metered and a separate billing account will be established;
- B) A Daily Demand Meter may be required, in accordance with the Customer's current applicable tariff, for all Customers taking service under this Rider.

5. Charges Eligible For Rebate:

A) Firm Service: If service is taken under RSG, RSH, RSH-SE, RMDS, RMDS-SE, SGS, SGS-SE, MGS, MGS-SE or LGS, LGS-SE, the following delivery charges as reflected under Monthly Delivery Rate in the applicable tariff will be rebated at the same time the bill is rendered:

- Customer Charge
- Daily Demand Meter Charge (applicable for Rates RMDS, RMDS-SE, MGS, MGS-SE and LGS, LGS-SE)
- Delivery Charge per Ccf
- Demand Charge (if applicable)
- System Expansion Reconciliation (SER) mechanism
- Any other delivery-related charges or credits (e.g., an interim volumetric surcharge)

B) Interruptible Service (IS):

If the Company Supply Service Option is taken under Rate IS, the Company and the DG Customer will negotiate the portion of the charge per Ccf that is associated with the Company's local delivery service. This negotiated delivery rate component, as well as the Customer Charge and the daily demand meter charge, will be rebated at the same time the bill is rendered.

If transportation service is taken under Rate IS, no natural gas supply is provided by the Company, thus the Customer Charge, daily demand meter charge and the total delivery Charge per Ccf will be rebated at the same time the bill is rendered.

C) The monthly Conservation Adjustment Mechanism (CAM) charge is not Eligible for rebate.

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6. Monthly Invoicing:

- A) Company will immediately credit each eligible DG Customer the applicable retail delivery charge rebate as a credit on that month's bill;
- B) Company will invoice the applicable electric distribution company for the retail delivery charge credited to the DG Customer; and
- C) Electric distribution company will then reimburse the Company for the amount of the retail delivery charge credit.

7. Applicability Of Sales Tax:

Pursuant to the State of Connecticut sales tax policy on rebates, even though the EDC Gas Rebate Program under Rider DG reduces the amount paid by the Customer, it may not be used to reduce the measure of the sales tax. Sales tax is to be imposed on the total sales price before any rebate is applied (as per State of Connecticut Department of Revenue Services, Policy Statement 98 (1.1), Sales Tax Treatment of Coupons, Scan Cards, Cash Equivalents, Promotional Items and Rebates).

8. Term Of Service:

Customer must abide by the term of service as defined in the tariff (RSG, RSH, RSH-SE, RMDS, RMDS-SE, SGS, SGS-SE, MGS, MGS-SE, LGS, LGS-SE or IS) in which they are receiving service.

The EDC Gas Rebate Program will continue under Public Act 05-01 as long as it is required by legislation or until it is modified or repealed or disallowed by the Connecticut Public Utilities Regulatory Authority.