RELIANT TERMS OF SERVICE

Residential Terms of Service

This document explains the terms and conditions that apply to your purchase of electricity from Reliant Energy Retail Services, LLC d/b/a Reliant Energy Residential Services (Reliant, we, our, us). Your contract with us includes the Terms of Service, your enrollment authorization in writing, by telephone or the internet, the Electricity Facts Label (EFL), and the "Your Rights as a Customer" disclosure document, as they may be amended from time to time. The terms "includes" or "including" mean "including without limitation." By accepting electric service from Reliant, you are entering into a contract with us and you will be bound by the Terms of Service.

Contact Information

You can contact us anytime, 24 hours a day, 7 days a week at:

Local Houston area telephone: 713-207-7777
Toll-free telephone: 1-866-222-7100
Website: reliant.com
Email: service@reliant.com
Fax: 1-888-773-9647
REP Certificate Number 10007

Or, write us at:

Reliant
P.O. Box 3765
Houston, TX 77253-3765

Spanish Language (Idioma Español)

Your contract documents are available in Spanish by contacting us at 713-207-7777 or 1-866-222-7100 or visit reliant.com/espanol.

Usted puede obtener los documentos de su contrato comunicándose con nosotros al 713-207-7777 o 1-866-222-7100 o reliant.com/espanol.

Pricing

You agree to pay the price indicated in the EFL and all amounts shown on your bill. Some products may require an advanced meter (smart meter) that records your usage more frequently and you will only be eligible for these prices if the appropriate meter and any other necessary equipment are installed at your location.

You agree to pay non-recurring fees charged by the transmission and distribution service provider (TDSP) that are necessary to implement and/or maintain electric service for you. Non-recurring fees by the TDSP may include service connection, disconnection or reconnection fees, meter test fees or special out-of-cycle meter read fees. Non-recurring fees will appear as line items on your bill.

You agree to pay all applicable Taxes (see *Taxes* below) and any fees charged by any governmental entity. The price, non-recurring fees and Taxes will be reflected on your monthly bill as Current Charges.

We will charge $25 for each payment transaction that is returned unpaid or not processed including: 1) returned checks, 2) returned electronic fund transfers, and 3) rejected credit card transactions. This charge will be reflected as Returned Payment Charge on your monthly bill, if applicable. We may also charge a service processing fee up to $5.95 for any payment processed by a Reliant Customer Care Representative or a $25 Disconnect Recovery charge if you fail to pay the past due amount before the expiration date of any disconnection notice issued by Reliant.

Optional Outdoor Lighting Service for Residential Use

Outdoor lighting service is available from us for guard and security lighting at your residence. If you have outdoor lighting service, you will pay the price for your specific outdoor lighting type described in the Miscellaneous Lighting Service or Outdoor Lighting EFL under the contract.

Billing, Payment and Payment Arrangements

We will provide a monthly bill that will include Current Charges and the Amount Due that will be due and payable 16 calendar days from the date shown on the bill, except you agree that we may issue a bill less frequently if we do not receive meter readings or usage information from the TDSP or ERCOT in time to prepare and send a monthly bill. We may also issue bills less frequently or send your bills electronically if you agree to accept alternate arrangements. If you are eligible to participate in the Reliant CEP program, then you agree to enroll on Reliant Paperless Billing to receive your monthly bill electronically. All eligible CEP participants will receive a discount on your monthly bill. In the event your participation in the Reliant CEP program is cancelled or terminated, you will no longer receive the monthly discount. If you do not pay your bill by the due date, we may charge you a Late Payment Penalty of 5% on the amount for the previous month's past-due electric service. The Late Payment Penalty will not apply to customers who are "LITE-UP qualified." If you are a customer who receives food stamps, Medicaid, AFDC or SSI from the Texas Department of Human Services (TDHS), then you are considered "LITE-UP qualified." You must provide evidence of enrollment in a TDHS program. Late Payment Penalties will not exceed the maximum amount permitted by Law. "Law" means any law, statute, regulation, rule, ERCOT protocol, exchange rule, decision, writ, order, decree or judgment, or any interpretations by any court, agency or instrumentality that has jurisdiction, including ERCOT. Public Utility Commission (PUC) rules and guidelines can be viewed at:
http://www.puc.texas.gov/agency/rulesnlaws/subrules/electric/Electric.aspx.

If you receive a disconnection notice we may also charge you a Disconnect Recovery charge if you do not pay the past due amount before the date your service is subject to disconnection as stated in the disconnection notice. This charge will apply regardless of whether your electric service is actually disconnected.

We reserve the right to adjust your bill. We may calculate a bill based on estimated meter readings absent actual meter readings from the TDSP or ERCOT. Once actual meter readings are received, we will issue a bill or make adjustments on a subsequent bill.

If you agree to purchase other products or services from us or you purchase products or services that are offered by us but provided from third parties (Third Party Services), you acknowledge that the bill we provide you may include the charges for those products and services. We will apply all payments you make on your bill first to the amounts you owe us for electric service.

Please call us if you anticipate having difficulty paying your bill by the due date. You may be eligible for payment assistance or a deferred payment plan. The Disconnect Recovery charge will be assessed on your account if you do not pay the past due amount before the date your service is subject to disconnection as stated on your disconnection notice, regardless of an extension on your account for any reason, including your eligibility for payment assistance or a deferred payment plan. The Reliant CARE program is also available to provide payment assistance to qualified customers who have experienced an emergency or temporary hardship impacting their financial status. The program is funded in part by contributions from Reliant customers. You may contribute to this program on your bill each month. Reliant also offers energy efficiency programs to all customers, including low-income customers.

If you fail to timely pay the amounts due and we refer your outstanding balance to an attorney or collection agent for collection, or file a lawsuit, or collect your outstanding balance through probate, bankruptcy or other judicial proceedings, then you agree to pay reasonable fees and expenses (including attorney fees) that we incur in the collection process.

Deposits

We do not deny service based on your credit score. However, you may have to provide an initial deposit before receiving electricity service if you cannot demonstrate satisfactory credit. An initial deposit may also be required to continue to receive electricity service, if you have been late paying your bill more than once during the last 12 months or your service has been disconnected for non-payment. You may be required to provide an additional deposit to continue to receive electricity service if (1) your average annual electric service bill for the

last 12 months is at least twice the amount of the original estimated annual bill, and (2) a notice for disconnection has been issued in the previous 12 months. If a deposit is required, the total amount of your deposit will not exceed an amount equal to the greater of either (1) the sum of the next two months estimated billings, or (2) one-fifth of the estimated annual billing.

If we hold your cash deposit longer than 30 days, your deposit will accrue interest from the day we received it at the interest rate established annually by the PUC. We will credit any accrued interest on your deposit to your account either on your January bill each year or on your final bill. This PUC rule can be viewed at:

http://www.puc.texas.gov/agency/rulesnlaws/subrules/electric/25.478/25.478.pdf

If you are LITE-UP qualified and are required to pay a deposit greater than $50, you will be eligible to pay your deposit in two installments. You must provide evidence of enrollment in a TDHS program. This PUC rule can be viewed at:
http://www.puc.texas.gov/agency/rulesnlaws/subrules/electric/25.454/25.454.pdf

Instead of paying a cash deposit, you may provide a Guarantee Agreement signed by an active Reliant customer with satisfactory credit. You also may avoid paying a deposit if (1) you submit a credit reference letter from your previous electric service provider confirming your positive payment record for 12 consecutive months during the past two years, (2) you have a satisfactory credit rating through a consumer reporting agency, (3) you are at least 65 years of age and you do not have a delinquent balance with your current electric service provider, (4) you are medically indigent or, (5) you have been a victim of family violence and can provide a certification letter by the Texas Council on Family Violence. Please contact us for additional information if you believe you may be eligible for one of these options. You may send your letters to us by fax using our toll-free fax number, 1-800-563-0120.

If you establish satisfactory credit with us by making timely payments for 12 consecutive months, then we will apply the deposit plus accrued interest to your account or cancel the Guarantee Agreement. If you do not establish satisfactory credit with us during the time you receive service from us, then we will apply the deposit plus accrued interest against the outstanding balance on your final bill or transfer the outstanding balance equal to the deposit identified in the Guarantee Agreement to the Guarantor's account for payment in accordance with the Guarantee Agreement. We will bill you for any remaining balance and the bill will be due upon receipt. We will refund any credit balance to you or transfer the credit balance to your new REP, at your request and with your new REP's consent.

Right of Rescission

If you are switching to Reliant from another Retail Electric Provider (REP), you can cancel your acceptance of the contract with us without penalty or fee by contacting us before midnight of the third federal business day after the date of your enrollment authorization and receipt of the contract documents. Please include the following:
1) request to cancel contract
2) name, address, phone number
3) Account Number or ESID Number
You may call us to cancel at 713-207-7777 or 1-866-222-7100 with this information, fax us at 1-888-773-9647, or e-mail us at service@reliant.com.

Canceling Your Contract

Your contract term is stated in the EFL. At the end of your contract term, you may cancel or terminate your contract by switching to a new provider. If you cancel the contract before the end of your contract term, you agree to pay the penalty or fee for early cancellation indicated in the EFL, if any, and you must select another REP to continue to receive electric service. Any Third Party Services that are included on your bill will automatically terminate when your electric service contract with us is cancelled.

If you move from your existing premise during the contract term and provide a forwarding address to us, you will not be responsible for the cancellation fee stated in the EFL. We may also request that you provide reasonable evidence that you no longer occupy the location covered by the contract. In order to ensure timely processing, you should notify us at least 3 days before the requested termination date.

Our obligations will end after the meter read date where we are no longer designated as your REP or when your electric service is disconnected by the TDSP. Your obligations under the contract will end when your account balance is paid in full.

Disconnection of Your Electric Service

WE MAY REQUEST DISCONNECTION OF YOUR ELECTRIC SERVICE IF YOU DO NOT PAY YOUR DEPOSIT OR THE PAST DUE AMOUNT OF YOUR ELECTRIC SERVICE BILL IN FULL BY THE DUE DATE ON THE DISCONNECT NOTICE. We will notify you in writing at least 10 calendar days before we disconnect electric service.

We may request disconnection of your electric service without prior notice immediately under specific situations, including the existence of a dangerous condition at your service address or theft of service.

Customer Care, Alternate Billing and Payment Options

If you have any questions, concerns, billing inquiries, or you are interested in applying for the following services we offer, please contact us at 713-207-7777 or 1-866-222-7100.

Balanced Billing: For customers currently enrolled on Balanced Billing, this option gives you the convenience of a stable bill amount so that you can plan your monthly budget. First, we review your usage history from the previous year for the same time period. We then apply your price to this usage. These expected bills will be averaged to establish your balanced bill amount.

Your monthly bills will show both your actual usage and actual bill amounts, but you pay only the balanced bill amount. The cumulative difference between your balanced bill payments and your actual cost will be reflected each month.

After six months under this option, we will review your account to determine if this balanced bill amount is still appropriate. If this review determines that your actual bills were more than 10% over or under your original average, we will adjust your future balanced bill amount to better reflect your current usage.

At the end of 12 months, any difference between your payments and your actual charges will be included in the calculation of your monthly balanced bill amount for the next year or you may pay in full or the difference will be credited to your account if the contract is cancelled or terminated, or your electric service is disconnected any credit or unpaid balance will appear on your final bill. The Balanced Billing option does not affect your obligation to pay for all actual usage.

If your participation in Balanced Billing is canceled or terminated for any reason or your electric service is disconnected, you will not be eligible to re-enroll on Balanced Billing, however, you may choose the new Average Billing option.

Average Billing: The Average Billing option helps you manage your electricity budget by allowing you to pay an averaged amount every month.

To calculate the amount that you will pay each month, we add your current bill amount to your previous 11 bill amounts for your service address, if available. We then take the total and divide the amount by 12 or by the total months available for your service address. If you do not have previous bills in your name at the service address or if you do not have 11 monthly bills at the service address, we take the previous usage that is available for the service address and

apply your current price to calculate your average monthly payment amount. Finally, we add or subtract 1/12th of any Deferred Balance that you have accumulated. The Deferred Balance is any difference between your average monthly payment amount and your actual monthly charges or if you are a former Balanced Billing customer the Deferred Balance can be found on your Reliant monthly bill.

In the event the contract is canceled or terminated or your electric service is disconnected the Average Billing option does not affect your obligation to pay for all actual usage.

Automatic Bank Draft: You may conveniently pay your bill by automatic bank draft.

Automatic Credit Card Pay: You may pay your bill by Visa, MasterCard or Discover.

Online Account Management: You may receive, view and/or pay your bill electronically through our electronic bill presentment option.

Antidiscrimination

We cannot deny service or require a prepayment or deposit for service based on your race, creed, color, national origin, ancestry, sex, marital status, lawful source of income, level of income, disability, familial status, location in an economically distressed geographic area, or qualification for low income or energy efficiency services.

We also cannot use a credit score, a credit history, or utility payment data as the basis for determining the price for electric service for products with a contract term of 12 months or less.

Critical Care and Chronic Condition Customer

If you have a person permanently residing in your premise who has been diagnosed by a physician as being dependent upon an electric-powered medical device to sustain life, you may apply for designation as a Critical Care Residential Customer. If you have a person permanently residing in your premise who has been diagnosed by a physician as having a serious medical condition that requires an electric-powered medical device or electric heating or cooling to prevent the impairment of a major life function through a significant deterioration or exacerbation of the condition, you may apply for designation as a Chronic Condition Residential Customer. To be considered for such designation, the PUC-approved form must be submitted by facsimile or other electronic means to the TDSP by a physician. The TDSP will notify you of the final status of your designation as a Critical Care or Chronic Condition Residential Customer, and will notify you when such designation will expire and whether you will receive a renewal notice. The TDSP will also notify us about your status. This PUC rule can be viewed at:
http://www.puc.texas.gov/agency/rulesnlaws/subrules/electric/25.497/25.497.pdf
Designation as a Critical Care or Chronic Condition Residential Customer does not relieve you of your obligation to pay for electric service that you receive from us.

Power Outages and Emergencies

Please call the telephone number listed on your bill if you have an electrical emergency or a power outage.

Dispute or Complaints

If you have any questions, concerns, or complaints, please contact us. In the unlikely event we cannot immediately respond to your question or complaint, we will promptly investigate the matter and report our findings to you. During this time, you will not be required to pay the disputed portion of your bill. If for any reason you are not satisfied with our response, you may contact the PUC.

Limitations of Liability

YOU AGREE THAT CAUSES AND EVENTS BEYOND OUR CONTROL, INCLUDING ACTS OF GOD, ACTS OF ANY GOVERNMENTAL AUTHORITY, ACCIDENTS, STRIKES, LABOR TROUBLE, AND EVENTS OF FORCE MAJEURE OCCURRING WITH RESPECT TO THE TDSP, ERCOT, OR OTHER THIRD PARTY SYSTEMS OR ASSETS (A FORCE MAJEURE EVENT), MAY RESULT IN INTERRUPTIONS IN SERVICE AND THAT WE WILL NOT BE LIABLE FOR THOSE INTERRUPTIONS. YOU ALSO AGREE THAT WE ARE NOT RESPONSIBLE FOR GENERATING YOUR ELECTRICITY OR FOR TRANSMITTING AND DISTRIBUTING ELECTRICITY TO YOUR SERVICE ADDRESS. FURTHERMORE, YOU AGREE THAT WE WILL NOT BE LIABLE WITH RESPECT TO ANY THIRD PARTY SERVICES; THAT OUR LIABILITY NOT EXCUSED BY REASON OF FORCE MAJEURE OR OTHERWISE WILL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY; AND NEITHER OF US ARE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES. YOU WAIVE ALL OTHER REMEDIES AT LAW OR IN EQUITY. THESE LIMITATIONS APPLY EVEN IF THE DAMAGES RESULT FROM NEGLIGENCE, WHETHER SOLE, JOINT, CONCURRENT, OR ACTIVE OR PASSIVE. THERE ARE NO THIRD PARTY BENEFICIARIES TO THE CONTRACT.

REPRESENTATIONS AND WARRANTIES

THE ELECTRICITY SOLD UNDER THIS CONTRACT WILL BE SUPPLIED FROM A VARIETY OF GENERATING SOURCES. IF YOU ELECT TO PURCHASE A RENEWABLE ENERGY PRODUCT, WE WILL ENSURE THAT THE APPROPRIATE AMOUNT OF RENEWABLE ENERGY CREDITS (RECs) IS RETIRED TO AUTHENTICATE THE RENEWABLE ENERGY CONTAINED IN THE PRODUCT. THE TDSP OR ERCOT SYSTEM WILL NOT DELIVER ELECTRICITY FROM A SPECIFIC GENERATING SOURCE TO YOUR SERVICE ADDRESS. IF YOU PURCHASE RENEWABLE ENERGY FROM US, YOU ARE PROVIDING FINANCIAL SUPPORT FOR RENEWABLE ENERGY GENERATION SOURCES AND NOT RECEIVING THE PRECISE ENERGY GENERATED FROM THAT SOURCE. WE MAKE NO REPRESENTATIONS OR WARRANTIES OTHER THAN THOSE EXPRESSLY SET FORTH IN THE CONTRACT, AND WE EXPRESSLY DISCLAIM ALL OTHER WARRANTIES, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING MERCHANTABILITY, CONFORMITY TO MODELS OR SAMPLES AND FITNESS FOR A PARTICULAR PURPOSE.

Taxes

You will be responsible and indemnify us for any and all Taxes. "Taxes" means all federal, state and local taxes, fees, governmental charges, and assessments presently or hereafter imposed on you as purchaser of electricity, on us as seller of electricity, or on electricity sales transactions, including gross receipts taxes, municipal administrative fees, and generation, utility, TDSP, regulatory, BTU or electricity taxes and assessments.

Provisions that Survive

Obligations regarding indemnity, payment of Taxes, limitations of liability, and waivers will survive the termination of the contract indefinitely.

Unenforceability

If either party or its activities under the contract become subject to any Law enacted during the contract term that renders the contract unenforceable or illegal, then either you or Reliant may terminate the contract without the consent of, and upon 30 days' notice to, the other, and without any obligation, payment or otherwise (other than payment obligations for electricity previously supplied to you).

Governing Law

YOUR CONTRACT WITH RELIANT IS GOVERNED BY THE LAWS OF THE STATE OF TEXAS. THE TEXAS UNIFORM COMMERCIAL CODE APPLIES TO THE TERMS OF SERVICE AND ELECTRICITY IS DEEMED A "GOOD". The Uniform Commercial Code can be viewed at the following website: http://www.statutes.legis.state.tx.us/?link=BC

Assignment

You may not assign your contract with us, in whole or in part, or any of your rights or obligations under the contract without our prior written consent. Reliant may, without your consent, (i) as part of any financing or other financial arrangements, assign, sell or pledge this agreement or its accounts, revenues, or proceeds, or (ii) assign this

agreement to an affiliate of Reliant or to any other person or entity succeeding to all or a substantial portion of the assets of Reliant.

Waiver

If either of us waives any one or more defaults by the other in the performance of any of the provisions of the contract, then such waiver will not be construed as a waiver of any other default or defaults whether of a like kind or of a different nature.

PRODUCT TYPE SECTION

Reliant offers the following product types. Only the specific section for your product type will apply to your contract. Your EFL contains your specific product type and term information.

Fixed Rate Products (Term)

Changes to Contract Provisions

We can make changes to the provisions of the contract at any time during the contract term with appropriate notice except for changes to your price other than stated in this section or the length of your contract term. We will notify you of any material change to the contract in writing at least 14 days before any change to the contract will be applied to your bill or take effect. If you do not cancel the contract before the effective date of the change, the change will become effective on the date stated in the notice. Notice is not required for a change that is beneficial to you.

Your price during the contract term is only subject to change to reflect changes in the TDSP charges, changes to the ERCOT or Texas Regional Entity administrative fees charged to load or changes resulting from federal, state or local laws that impose new or modified fees or costs on REPs, including Reliant, that are beyond the control of REPs.

Contract Expiration Notice

A contract expiration notice will be sent to you at least 30 days before the end of your initial contract term specified in your EFL. If you do not take action to ensure that you continue to receive service upon the expiration of your contract you will continue to be served by us automatically under a default renewal product on a monthly basis after the end of your initial contract term, until you switch to another provider, select another Reliant electric service plan, or we terminate or disconnect your electric service.

Indexed Products

Indexed Products (Term)

Changes to Contract Provisions

We can make changes to the provisions of the contract at any time during the contract term with appropriate notice except for changes to pricing formula or the length of your contract term. We will notify you of any material change to the contract in writing at least 14 days before any change to the contract will be applied to your bill or take effect. If you do not cancel the contract before the effective date of the change, the change will become effective on the date stated in the notice. Notice is not required for a change that is beneficial to you.

Your price during the contract term will vary as set forth in your EFL and may also change to reflect changes in the TDSP charges, changes to the ERCOT or Texas Regional Entity administrative fees charged to load or changes resulting from federal, state or local laws that impose new or modified fees or costs on REPs, including Reliant, that are beyond the control of REPs.

Contract Expiration Notice

A contract expiration notice will be sent to you at least 30 days before the end of your initial contract term specified in your EFL. If you do not take action to ensure that you continue to receive service upon the expiration of your contract you will continue to be served by us automatically under a default renewal product on a monthly basis after the end of your initial contract term, until you switch to another provider, select another Reliant electric service plan, or we terminate or disconnect your electric service.

Indexed Products (Month to Month)

Changes to Contract Provisions

We can make changes to the provisions of the contract at any time with appropriate notice except for changes to the length of your contract term. We will notify you of any material change to the contract in writing at least 14 days before any change to the contract will be applied to your bill or take effect. If you do not cancel the contract before the effective date of the change, the change will become effective on the date stated in the notice. Notice is not required for a change that is beneficial to you.

Your price will vary as set forth in your EFL and may also change to reflect changes in the TDSP charges, changes to the ERCOT or Texas Regional Entity administrative fees charged to load or changes resulting from federal, state or local laws that impose new or modified fees or costs on REPs, including Reliant, that are beyond the control of REPs.

Variable Price Products (Month to Month)

Changes to Contract Provisions

We can make changes to the provisions of the contract at any time with appropriate notice except for changes to the length of your contract term. We will notify you of any material change to the contract in writing at least 14 days before any change to the contract will be applied to your bill or take effect. If you do not cancel the contract before the effective date of the change, the change will become effective on the date stated in the notice. Notice is not required for a change that is beneficial to you.

Your price will vary according to a method determined by Reliant as set forth in your EFL.