Delmarva Pipeline Company

Providing a seamless transportation path for natural gas to the Eastern Shore of Maryland and Virginia

Open Season Notice for Firm Service
August 21st, 2017 – October 22nd, 2017
Delmarva Pipeline Company is developing the proposed ("Delmarva Pipeline Company Pipeline") project, a project designed to transport natural gas to customers in the Delmarva Peninsula, including Maryland and Virginia. The project will provide these regions and their residents, who have historically been without access to natural gas and the associated benefits, with access to affordable, clean-burning, and abundant natural gas supplies to help meet the growing environmental need for cleaner fuels for power generation for industrial and commercial customers. In the future, local distribution companies will be able to provide home heating, hot water, and other domestic uses.

With this Open Season, which shall run from August 21st, 2017 to October 22nd, 2017 all parties who are interested in subscribing to long-term firm capacity on the Pipeline project are invited to submit a Service Request Form. The service commencement date for this Pipeline project is targeted for delivery in late 2020 or early 2021.

Project Description
The project will be capable of transporting natural gas to serve commercial and industrial energy consumers, natural gas-fired power generators, and local distribution companies. The proposed path will use existing utility corridors and infrastructure for most of its route in order to facilitate timely and efficient construction and minimize environmental and local impacts.

The initial project will interconnect with Transco at or near Gate 196. Proposed delivery points may include but not limited to Cecil, Kent, Queen Anne, Caroline, Dorchester, Wicomico, Somerset, and Worcester counties in Maryland, and Accomack County in Virginia.

Project Service
The Pipeline project will provide shippers with an opportunity to obtain firm transportation service from receipt points in northeastern Maryland to multiple delivery points in Maryland and Virginia. A bidder in the Open Season can qualify as an "Anchor Shipper" for the Pipeline project by submitting a bid of 20,000 Dth/d or greater for a term of 20 years or more. Multiple affiliates of a single entity that collectively submit bids in the aggregate totaling at least 50,000 Dth/d will, upon request, all be considered Anchor Shippers. The project developers may offer Anchor Shippers appropriate rate and rate-related incentives, including but not limited to, lower transportation rates than non-anchor shippers. The project developers are also willing to consider other appropriate incentives for Anchor Shippers.

Project Rates
Shippers will have the ability to choose to pay a cost-based recourse rate for long-term firm transportation service on the Pipeline project facilities or to pay a mutually agreeable negotiated rate for such service. Final rates for transportation service will be determined based on actual customer subscriptions, receipt/delivery point selections, negotiated services, and final project scope of facilities.

Open Season Nomination Process
During the Open Season period, interested parties must submit a Transportation Service Request Form, which specifies the Maximum Daily Quantity (MDQ), contract term (minimum term of 15 years), as well as receipt and delivery points. The Service Request Form is included in this package. The completed Service Request Form must be executed by a duly authorized representative and mailed, e-mailed or faxed, to:

1414 Key Highway Suite 201M
Baltimore, MD 21230
Attn: Eliot Powell, CFO, Delmarva Pipeline Company eliot.powell@delpipeco.com Fax No. 443-453-9854

The project developers reserve the right to reject any Service Request Form that is not received by October 31st, 2017.

Contracting for Service
Upon the close of the Open Season, the project developers will evaluate all valid requests for service as set forth in the Service Request Forms to determine if the proposed project is economically justified. The project developers will also evaluate the availability of necessary materials, equipment,
and third-party services at the time to confirm that the project can be completed in a manner that will satisfy all valid transportation requests submitted in this Open Season by the timing contemplated. If the project developers elect to proceed with the project, representatives will contact all parties who have submitted valid requests in order to finalize the terms on which service will be provided.

Any party who is awarded capacity must enter into discussions leading to a binding Precedent Agreement. The project developers reserve the right to reject any party’s valid request for service in the event a duly authorized representative of such party has not executed a binding Precedent Agreement.

**Capacity Allocation Process**

In the event that executed binding Precedent Agreements are received for a quantity of project capacity that exceeds the designed project capacity that is economically justified for the pipeline, point or segment capacity, such capacity will be allocated among shippers executing binding Precedent Agreements in a not-unduly discriminatory manner; first, to qualifying Anchor Shippers executing binding Precedent Agreements and, next, to other shippers that have executed binding Precedent Agreements. With respect to Anchor Shippers, the project developers will pro-rate capacity on a not-unduly discriminatory basis, taking into account the quantities subscribed under each such binding Precedent Agreement, the quantities associated with the primary points and primary firm paths under each such agreement, and other factors on a not-unduly discriminatory basis. If, after allocating capacity to Anchor Shippers, the developers are able to accommodate some but not all of the pipeline, point or segment capacity nominated by other (non-anchor) shippers, the developers will allocate such capacity on a not-unduly discriminatory basis. A shipper's status as an Anchor Shipper, and the Anchor Shipper's attendant rights, will continue to apply even if the shipper's aggregate capacity (including the capacity of its affiliates) falls below the minimum quantity required to qualify as an Anchor Shipper due to any pro-rata allocation resulting from the Open Season.

### Limitations and Reservations

The project developers reserve the right, at their sole discretion, to decline to proceed with the project or any portion of the project, including all or any portion of the project for which the developers have requested nominations as part of this Open Season. The project developers also reserve the right to proceed with one or more projects that may be defined through the contracting process and to develop alternative projects from the requests received during this Open Season that may be more representative of the timing requested and areas served. The Project Developers also reserve the right to reject any and all bids that do not satisfy the requirements set forth in this Open Season Notice. Without limiting the foregoing, the project developers may, but are not required to, reject any request for service in which the Service Request Form is incomplete, is inconsistent with the terms and conditions outlined in this Open Season Notice, contains additional or modified terms, or is otherwise deficient in any respect. The project developers reserve the right to request a nominating party to modify its proposed delivery point(s), to the extent that the developers determine that the nominated point(s) will unduly increase the cost of the overall project or otherwise adversely affect the scope of the project in light of the other nominations received prior to or as part of the Open Season. The project developers also reserve the right to reject requests for service in the event requesting parties are unable to meet applicable creditworthiness requirements. No request for service shall be binding on the project developers unless and until duly authorized representatives of both a requesting party and the project developers have executed binding Precedent Agreements.
Delmarva Pipeline Company Pipeline
Open Season for Firm Transportation Capacity

Service Request Form

Shipper Information

Company ____________________________________________
Contact ____________________________________________
Address ____________________________________________
Telephone ______________________ Fax ____________________
E-mail ______________________________

Maximum Daily Quantity

__________________________________________ Term (15 year minimum)

Receipt Point(s) Quantity (Dth/d) Delivery Point(s) Quantity (Dth/d)

__________________________________________ ________________________________________

__________________________________________ ________________________________________

__________________________________________ ________________________________________

Signature of Requestor/Customer:

Name ______________________________ Title ______________________________ Date ______________

By completing this Service Request Form, subject to the acceptance of shipper’s request for service and shipper’s receipt of notification of the quantities of capacity allocated to shipper, shipper hereby agrees to enter into negotiations with the objective to enter into a binding Precedent Agreement with the project company. If shipper does not enter into a binding Precedent Agreement, the project developers reserve the right to reject shipper’s request for service as set forth in this Service Request Form.

If you have any questions, please contact the representative listed below. In addition, please send your completed Service Request Form to:

Eliot Powell, CFO, Delmarva Pipeline Company 667-312-2963 office
1414 Key Highway Suite 201M 443-453-9854 fax
Baltimore, MD 21230 eliot.powell@delpipeco.com

Should you have any questions about the Pipeline project or the Service Request Form, please contact:
Mark Schroeder (667) 205-1290, Jerry Sanders (667) 309-3995, or Jim Devine (667) 930-3196