Scheduling Coordinator Agreement

REDACTED

Attachment 3 to

ARES Application

Exhibit 1.2

SCHEDULING COORDINATOR AGREEMENT
(PJM Interconnection, LLC)

This SCHEDULING COORDINATOR AGREEMENT (this "Agreement"), dated as of August 11, 2011 and effective as of the Effective Date, sets forth the rates, terms and conditions under which **Shell Energy North America (US), L.P.** ("Shell Energy"), a Delaware limited partnership, agrees to perform Scheduling Coordinator Services (as defined below) for **Verde Energy USA, Inc.** ("Customer"), a Delaware corporation. Shell Energy and Customer are hereinafter collectively referred to as "Parties" and individually as "Party." Capitalized terms used, and not otherwise defined, herein shall have the meaning ascribed to those terms in the PJM Interconnection, L.L.C. (or any successor organization, "PJM") Open Access Transmission Tariff (OATT or Tariff) or, to the extent that a term is not defined in the OATT, such term shall be as defined in the following documents: the Operating Agreement, the Reliability Assurance Agreement or other agreements between PJM and its members (such other agreements hereinafter referred to as the "PJM Agreements"), giving controlling precedence to those documents in the order in which they are listed here and, in the case of PJM Agreements to that agreement which defines the term in greatest detail.

1. **Term, Effective Date and Initial Service Date.**

(a) Effective Date. Subject to Sections 1(b) and 1(c), this Agreement shall be effective on the Effective Date and, except as otherwise earlier terminated in accordance with this Section 1, shall continue through the Primary Term Date (the "Initial Term"). The Initial Service Date shall occur on the later of the Effective Date and the fulfillment of all of the various express conditions precedent set forth in this Agreement. Upon the conclusion of the Initial Term, this Agreement shall automatically renew for successive twelve (12) month periods, unless either Party has given the other Party at least ninety (90) days' written notice prior to the end of the then effective term that it does not wish to renew this Agreement or unless terminated by a Party under the provisions of Sections 1(c) or 1(c).

(b) FERC Notice or Approval. If Shell Energy reasonably determines that this Agreement is, or may be, required to be filed with the Federal Energy Regulatory Commission ("FERC") for notice or approval prior to commencing performance of Scheduling Coordinator Services hereunder, then the Initial Service Date shall not commence until the date of such notice filing or, if approval is required, the date of a FERC order accepting this Agreement without material modification unacceptable to either Party. In no event shall Shell Energy be required to provide Scheduling Coordinator Services under this Agreement prior to satisfaction of all mandatory FERC requirements. In the event of any delay in the satisfaction of any such requirements, then, notwithstanding any other provision of this Agreement, at any time prior to the filing of such notice or FERC's issuance of all required approval(s) (as the case may be), either Party may terminate this Agreement upon five (5) days prior written notice to the other Party.

(c) Good Standing as Condition Precedent to Certain Obligations. The Initial Service Date shall not commence until the date Customer fulfills all requirements to be a Participant in good standing with PJM. In the event of any delay in the satisfaction of any such

requirements, then, notwithstanding any other provision of this Agreement, either Party may terminate this Agreement upon five (5) days prior written notice to the other Party. Customer's failure to maintain Participant in good standing status with PJM shall be deemed a default in observance of a material covenant under this Agreement. During any interval that Customer is not a Participant in good standing with PJM, and notwithstanding any other provision of this Agreement, Shell Energy shall be relieved of all its duties and obligations under this Agreement, except duties and obligations arising prior to the loss of such standing; provided that Shell Energy, in its sole commercial discretion, may continue to provide all, or any portion of, the services contemplated under this Agreement during any period that Customer is not a Participant in good standing with PJM but is not precluded from buying or selling in the PJM Interchange Energy Market, the PJM Capacity Credit Market or any other market operated by PJM; and, in any event, Customer shall continue to be bound by the terms and conditions hereof and remain responsible for paying all amounts specified herein for any Scheduling Coordinator Services rendered, or otherwise, plus any extraordinary costs incurred by Shell Energy in performing under such circumstances.

(d) Termination for Cause. If one of the following events occurs (an "Event of Default") with respect to one Party (the "Defaulting Party"), the other Party (the "Non-Defaulting Party") shall have the right to terminate this Agreement, upon the delivery of written notice of such termination to the Defaulting Party:

(i) The failure by Customer to make, when due, any payment due under this Agreement if such failure is not remedied within three (3) Business Days after written notice of such failure is given to Customer;

(ii) The default in the observance or performance by a Party of any of such Party's material covenants or agreements in this Agreement (other than a default in a payment obligation or obligation to post security set forth herein) and such default continues unremedied three (3) Business Days after written notice is given to such Party failing to perform its covenants or agreements under this Agreement;

(iii) Either Party becomes Bankrupt;

(iv) An Additional Event of Default occurs; or

(v) The Declaration of Authority entered into or to be entered into among Shell Energy, Customer and PJM expires or is terminated for any reason.

(e) Other Termination. Notwithstanding anything to the contrary in this Agreement, either Party may terminate this Agreement at any time for any or no reason by providing: (i) for any termination occurring within 18 months following the date of this Agreement, 180 days prior written notice to the other Party; and (ii) for any termination occurring thereafter, 90 days prior written notice to the other Party.

(f) Effect of Termination or Expiration. (i) Notwithstanding anything else set forth herein, the termination or expiration of this Agreement shall not relieve either Party of:

(1) any unfulfilled obligation or undischarged liability of such Party existing as of the termination or expiration date;

(2) the consequences of any breach or default under this Agreement to the extent not excused by this Agreement; or

(3) any obligations or liabilities arising from provisions of this Agreement that either expressly or by their nature survive the termination or expiration of this Agreement.

(ii) Upon a termination pursuant to Section 1(d), all amounts due to the Non-Defaulting Party will become immediately due and payable upon demand, and all amounts due to the Defaulting Party shall become due and payable the later of demand and twenty (20) days after the termination of this Agreement. If the Defaulting Party has not paid to the Non-Defaulting Party any amounts due by the time an amount is due from the Non-Defaulting Party to the Defaulting Party, then the Non-Defaulting Party may offset any amounts still due it under this Agreement from any amount to be paid to the Defaulting Party.

(iii) Any amounts owed by either Party to the other upon a termination pursuant to Section 1(e) shall become due and payable within twenty (20) days after the termination of this Agreement. Any corrections or adjustments to payments previously made shall be determined, and any refunds made (subject to invoice adjustments pursuant to Sections 5(a) and 5(b)).

(g) LIMITATION OF LIABILITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IN NO EVENT SHALL SHELL ENERGY'S TOTAL LIABILITY TO CUSTOMER HEREUNDER EXCEED THE AMOUNT OF THE SCHEDULING COORDINATOR FEES ESTIMATED TO BE PAID FOR THE CURRENT MONTH'S TRANSACTIONS TIMES TWELVE (12) TO SHELL ENERGY BY CUSTOMER FOR THE SERVICES PROVIDED HEREUNDER.

(h) LIMITATION OF LIABILITY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IN NO EVENT SHALL CUSTOMER HAVE ANY LIABILITY TO SHELL ENERGY HEREUNDER FOR ANY SPECIAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES.

2. **Services to be Performed by Shell Energy and Related Obligations**. Commencing upon the Initial Service Date and thereafter until this Agreement expires or is otherwise terminated, Shell Energy shall provide Customer with the following services (the "Scheduling Coordinator Services"):

(a) PJM Region: With respect to the sale of electricity to customers of Customer within the PJM Region, Shell Energy, pursuant to the terms of this Agreement, shall conduct the bidding, scheduling, and settlement activities with PJM required to effect such sales of Customer, and cause such electricity to be delivered, all for the benefit of Customer; provided, however, Shell Energy shall be entitled to decline to provide Scheduling Coordinator Services for Customer with respect to any portion of the PJM Region that are beyond the scope of Shell Energy's normal business activity as it pertains to scheduling load in PJM, in which case, Customer may perform such services itself in such areas as Shell Energy declines to serve or engage another service provider to provide such services in such areas.

(b) Scheduling Energy: Shell Energy shall submit the following Customer information to PJM, to the extent required to provide the Scheduling Coordinator Services: Day-Ahead Demand Bids and Bilateral Transactions for delivery within the PJM Region (the "PJM

Schedules"). Shell Energy shall not take title to energy, but shall act only as Customer's exclusive Scheduling Coordinator to the PJM markets. In the event that the PJM Schedules deviate consistently from actual usage, Shell Energy reserves the right to unilaterally modify the PJM Schedules before submitting them to PJM, and Customer shall be responsible for all charges relating to the changes. With respect to the PJM Schedules provided by Customer, Shell Energy shall allow a deviation from actual usage but reserves the right to adjust such Day-Ahead Demand Bid so that the PJM Schedules are within 10% of actual usage on an hourly basis. Furthermore, in the event that the PJM Schedules do not deviate consistently from actual usage, upon mutual agreement by Customer and Shell Energy, Shell Energy, nevertheless, may modify the PJM Schedules.

(c) Capacity: Provided that the Master Power Agreement between Customer and Shell Energy dated August 11, 2011 remains in effect, Shell Energy may provide a price to Customer for capacity. Shell Energy does not make any guarantees that capacity will be available in any month or that Shell Energy will make an offer to provide available capacity. If Customer purchases capacity through PJM, Shell Energy will pass-through all costs and any charges related to all capacity purchases directly to Customer. If Shell Energy sells capacity to Customer directly, such capacity will be sold at an agreed upon price and will be furnished under the Master Power Agreement. In addition, Customer may be charged or credited by PJM for other Capacity related charges, for load shifting or other settlements, and Shell Energy will pass-through all costs and any related charges to Customer.

(d) PJM Invoices and Settlements: Subject to Customer's fulfillment of the requirements of Section 3(k) below and PJM's remittance of invoices to Shell Energy, Shell Energy will be responsible for paying all regular PJM invoices, on behalf of Customer, which invoices are currently issued on a weekly and monthly basis. The weekly and monthly invoices include, but are not limited to, Spot Market Energy and Day-Ahead Scheduling Reserve charges, capacity charges, and ancillary services charges, non-hourly services charges, prior month resettle charges, any other resettle charges, and other miscellaneous charges, fees and advances. Shell Energy will pay the PJM invoices on behalf of Customer pursuant to PJM rules and procedures. Shell Energy will invoice Customer for all such charges, fees and advances that Shell Energy pays PJM on Customer's behalf (at actual charges from PJM, without markup). Notwithstanding anything to the contrary and for the avoidance of all doubt, Customer understands and agrees that Customer ultimately is responsible for all charges, fees and advances that are invoiced by PJM for any activity required to manage its customer load at PJM. Shell Energy will make payments under the PJM timeline, and Customer will be responsible for any additional costs incurred by Shell Energy to meet the timeline.

(e) On-going Reporting. To the extent available to Shell Energy, Shell Energy will provide to Customer such data as Customer may reasonably request from time-to-time that applies to Customer's daily/hourly PJM activity.

(f) Discrepancies: Shell Energy shall use reasonable efforts to assist Customer in resolving any third-party disputes relating to the Scheduling Coordinator Services provided by Shell Energy to Customer. Such assistance may include attempting to resolve any disagreements or discrepancies with the PJM, including the filing of disputes on Customer's behalf with the PJM where appropriate, but shall not include any disputes encompassed in PJM ADR Procedures or the rendering of legal advice. Each Party

agrees to immediately advise the other Party in writing of any disputes that may arise with the PJM pertaining to Customer. To avoid duplication of effort and confusion and unless Shell Energy expressly declines to handle a particular matter in writing, the Parties agree that Shell Energy shall initiate and coordinate the communication between Customer and the PJM pertaining to any dispute. Customer hereby expressly authorizes Shell Energy to make a reasonable settlement of any dispute that Customer may have with the PJM attributable to any action that Shell Energy is authorized to take on behalf of Customer pursuant to this Agreement at Customer's sole cost. In addition to the Scheduling Coordinator Service Fee, Customer shall responsible for reimbursing Shell Energy for Shell Energy's reasonable costs in providing such assistance.

(g) PJM Collateral Requirements. As of the Initial Service Date and thereafter until this Agreement expires or is otherwise terminated, Shell Energy agrees to provide or post collateral or other Financial Security as required by the Tariff based on Customer's Peak Market Activity upon such terms and up to a maximum aggregate amount available under the Collateral Credit Facility set forth under the Loan Agreement. Customer shall be solely responsible for posting any collateral or other Financial Security equal to its Peak Market Activity as required by the Tariff in excess of the amount available under the Collateral Credit Facility and for any collateral or other security that may be required by any other party or source. Notwithstanding anything to the contrary and for the avoidance of all doubt, Shell Energy's obligation with respect to this provision shall end on the day that this Agreement expires or is otherwise terminated and, at such time, such amount must be repaid by Customer to Shell Energy in accordance with the terms of the Loan Agreement. Customer will save, indemnify and keep Shell Energy harmless from and against any and all liability arising out of this provision, indebtedness or liability at any time owing to or in favor Shell Energy. Shell Energy reserves the right to withhold or modify any scheduling activities in the event Shell Energy has not received from Customer the collateral required by the Tariff in excess of the amount available under the Collateral Credit Facility. This provision shall survive termination or expiration of this Agreement.

(h) Shell Energy Excused. Shell Energy shall be excused from performing its obligations under this Agreement to the extent that any of the following prevents, delays or interferes with Shell Energy's ability to perform such obligations: (i) any failure by Customer to perform any of its obligations under this Agreement, any of the Transaction Agreements to which it is a party or any related/other agreement between the Parties (including the posting or maintaining of adequate collateral or reserves), (ii) any revisions to the Tariff, PJM Agreements or scheduling rules, or (iii) any actions by any governmental authority.

(i) Exposure Limits. Shell Energy shall be excused from performing its obligations under this Agreement (including scheduling any product with the PJM or incurring any additional exposure to PJM on Customer's behalf) to the extent that Customer, together with Customer's affiliates, purchases, schedules or attempts to schedule the equivalent of more than as set forth in the Supply Buckets with an independent system operator and/or Shell Energy in the aggregate.

(j) Compliance. Shell Energy shall comply with all procedures, rules and regulations, and maintain all necessary authorizations for it to perform its obligations under this Agreement, including, but not limited to, the regulations of PJM, NERC, the FERC, and

LDC in which Customer is selling energy to end-use customers in such LDC's service territory.

(k) PJM Annual FTR Auction: Shell Energy shall submit Customer's load requirements in the annual auction in relation to Customer's Planning Year ARR revenue. Shell Energy will consult with Customer on the bidding strategy and results.

3. Customer's Obligations.

(a) Load Forecasting: Customer shall forecast its load by hour and by location (transmission zone, aggregate or single bus) and timely provide the PJM Schedules in writing to Shell Energy. Customer acknowledges that Shell Energy will rely on Customer to develop and provide the PJM Schedules to Shell Energy for the purposes of preparing and submitting to PJM on Customer's behalf.

(b) Daily Timeline: By 5:00 p.m. eastern prevailing time on the days listed below under "Schedule Provided", Customer shall provide Shell Energy with final hourly load forecasts by location (transmission zone, aggregate or single bus) for the respective flow days listed below under "Flow Day". Below are the days for the final forecasts to be provided for the respective Flow Days:

Schedule Provided:	Flow Day:
Monday	Wednesday
Tuesday	Thursday
Wednesday	Friday
Thursday	Saturday
Friday	Sunday, Monday, Tuesday

If the deadline of providing a forecast(s) is a not a Business Day, then the forecast(s) to be provided on that day shall be provided on the Business Day prior. For purposes of this Agreement "Business Day" means any day except a Saturday, Sunday, the Friday immediately following the Thanksgiving holiday, the weekday before and after the Christmas holiday, or a Federal Reserve Bank holiday. Shell Energy will review the load forecast and seek Customer's direction and agreement on the scheduling plan. Customer shall provide to Shell Energy all information required to schedule the load, including information required under the Tariff and PJM Agreements. Customer understands and agrees that all information it provides to Shell Energy must be accurate, complete and consistent with Customer's scheduling plans. Customer shall comply with all rules, regulations, policies and procedures of the PJM in all scheduling matters. Customer acknowledges that Shell Energy will be communicating information that Shell Energy receives from Customer to the PJM and is relying on Customer to provide accurate and complete information. **WITHOUT LIMITING CUSTOMER'S OBLIGATIONS UNDER SECTION 8 OF THIS AGREEMENT, CUSTOMER AGREES THAT IT WILL INDEMNIFY AND HOLD HARMLESS SHELL ENERGY AND ITS AFFILIATES AND THEIR RESPECTIVE AGENTS, REPRESENTATIVES, CONTRACTORS, SUBCONTRACTORS, PARTNERS, MEMBERS, PARTICIPANTS, PRINCIPALS, SHAREHOLDERS, DIRECTORS, TRUSTEES, OFFICERS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS OF ANY OF THEM (COLLECTIVELY, "SHELL ENERGY RELATED PARTIES") WITH RESPECT TO ANY FINES OR PENALTIES THAT MAY BE ASSESSED AGAINST SHELL ENERGY RELATED PARTIES BY PJM FOR**

INACCURATE OR INCOMPLETE INFORMATION THAT CUSTOMER PROVIDES TO SHELL ENERGY.

(c) Contact List. Customer shall provide Shell Energy with a 24-hour emergency contact list, setting forth the contacts' names, titles, voice telephone numbers, facsimile numbers, e-mail addresses and physical location.

(d) No Customer Rights. Customer shall be solely responsible for all electric service and other contractual obligations that it may promise to third parties, including any customer service functions, and nothing in this Agreement shall be construed as giving rise to any contractual or other relationship between Shell Energy and such customers, or conferring any third-party beneficiary rights to such customers.

(e) Hedging. Customer shall be solely responsible for determining its hedging strategies and entering any hedging agreements or arrangements. Shell Energy shall be Customer's primary hedge provider in connection with Customer's load contracts assigned to Customer by PJM for all fixed price sales Customer makes upon such terms and conditions pertaining to such hedging arrangements as the Parties may negotiate from time to time. All hedging agreements or arrangements between the Parties shall be separately documented.

(f) Customer Billing Excluded. Customer shall be solely responsible for billing and collection services with regard to its customers, and Shell Energy shall have no responsibility or involvement with such matters.

(g) Participant Standing and Compliance. Customer must be a Market Participant, Transmission Customer or Member (collectively, "Participant") in good standing with PJM as necessary to conduct all of the activities contemplated under this Agreement and agrees to take such actions as are necessary to maintain such standing with PJM, subject to Paragraph 2(g). Participant good standing status includes, but is not limited to, Participant's demonstrated ability to meet PJM's credit requirements as set forth in Attachment Q, PJM Credit Policy, to the OATT and to comply with the general obligations of Market Participants as set forth in Schedule 1, PJM Interchange Energy Market, to the Operating Agreement. Subject to Paragraph 2(g), Customer shall comply with all procedures, rules and regulations, and maintain all necessary authorizations for it to perform its obligations under this Agreement, including, but not limited to, the regulations of PJM, NERC, the FERC, and any LDC in which Customer is selling energy to end-use customers in such LDC's service territory.

(h) Access. Customer shall provide Shell Energy full access to all PJM documentation, and electronic data and systems. This includes, but is not limited to, markets data and reports, operational data, billing and settlement data and files, and meter data; as well as, access to all relevant PJM systems (i.e., Customer's account in eSchedules for load bidding and scheduling). Customer will use commercially reasonable efforts to have Shell Energy given administrator status in Customer's account on the PJM systems. Customer understands and agrees that Shell Energy will be unable to perform the Scheduling Coordinator Services specified herein should Customer in any way limit or hinder Shell Energy's access to such documentation, data and systems. In addition, in the event that Shell Energy is unable to manage Customer's PJM requirements through a subaccount of the Shell Energy PJM account Customer shall grant access of its BlackRock account to Shell Energy for managing collateral at PJM, subject to Paragraph 2(g). Shell Energy

personnel shall be the authorized traders on the account, Customer shall use commercially reasonable efforts to have its own trading privileges revoked on such account and, in any event agree, shall not add or remove funds from the account. This provision shall survive expiration or termination of this Agreement for so long as Customer remains obligated to Shell Energy under this Agreement and/or the Collateral Credit Facility under the Loan Agreement.

(i) Customer Responsibility for Schedules Submitted on Its Behalf. Customer acknowledges and accepts full responsibility for all schedules (whether or not modified) submitted by Shell Energy on its behalf to the PJM and agrees that it shall be responsible for all charges relating to such schedules.

(j) Capacity. Customer is responsible for determining its capacity obligations with respect to PJM and satisfying such obligations.

(k) PJM Invoices and Settlements: Customer shall name Shell Energy as the billing contact for all PJM related charges as of the Initial Service Date and thereafter for the remaining term of the Agreement and direct PJM to remit all invoices for Customer relating to such period directly to Shell Energy for settlement.

(l) Performance Assurance. Shell Energy expressly retains the right to require and Customer acknowledges that Shell Energy will require additional security in the form of cash or Letters of Credit in amount equal to the Performance Assurance Amount.

4. **Fees for Scheduling Coordinator Services.** Customer shall pay to Shell Energy the following fees:

(a) Scheduling Coordinator Service Fee. Customer shall pay Shell Energy the Scheduling Coordinator Fee. Customer shall pay Shell Energy the Scheduling Coordinator Fee based on Customer's Day-Ahead schedules (Demand Bids or Bilateral Transactions) and Real-Time settlements (including any Bilateral Transactions) based on initial meter reads, and Customer shall pay on any additional real-time daily settlements that PJM makes. The forecast will be trued-up to Customer's actual usage by PJM under PJM's settlement procedures. Shell Energy shall re-bill or credit Customer, and Customer shall pay or receive, according to the updated actual usage as billed by PJM.

(b) Dispute Resolution Assistance Fee. An amount, if any, equal to Shell Energy's reasonable internal and third party costs associated with providing services pursuant to Section 2(e) of this Agreement.

5. **Invoicing and Payment**

(a) Invoicing. Unless Shell Energy otherwise notifies Customer in writing at least 90 days in advance of any change, Shell Energy will invoice Customer on a monthly basis for services rendered pursuant to this Agreement. Customer understands that Shell Energy may be required to pay PJM on a sub-weekly, weekly and monthly basis. Shell Energy reserves the right to, at any time, either charge Customer a carrying charge for the sub-weekly/weekly/monthly invoice payment timing difference or invoice Customer utilizing the same schedule as PJM invoices Shell Energy. If Shell Energy decides to bill Customer sub-weekly or weekly, terms of the sub-weekly or weekly payment will be determined at that time and Paragraph 5(b) shall be modified accordingly. For purposes of this Agreement, the carrying charge shall be equal to the amount in which PJM invoices Shell Energy on a sub-weekly or weekly basis (the "PJM Invoice") multiplied

by the Carrying Charge Rate multiplied by the number of days between the due date of the PJM Invoice and the due date of the invoice from Shell Energy to Customer for such month of service.

(b) Payment Information. Unless otherwise modified as provided in Paragraph 5(a) of this Agreement, by the tenth Business Day of each month, Shell Energy shall deliver to Customer a statement, which may be based on reasonable estimated amounts if actual amounts are not available, in electronic form and in hard copy setting forth amounts due by Customer to Shell Energy under this Agreement (including, but not limited to, all weekly and monthly charges, fees and assessments incurred by Shell Energy at or associated with the transmission zones or buses for which Customer is eligible to submit demand bids, Spot Market Energy and Day-Ahead Scheduling Reserve charges, ancillary services charges, PJM Settlement charges, Dispute Resolution Assistance Fees, capacity charges from PJM, the Scheduling Coordinator Fee and the carrying charge, if any) for the immediately preceding month together with any reconciliation from previous months. Customer shall pay all amounts owed by it under this Agreement in U.S. dollars by wire transfer in immediately available funds to the account set forth below by 16th day of such month or, if such day is not a Business Day, then on the next Business Day. At its sole option, Shell Energy may net any amounts it owes Customer under this Agreement or the Transaction Agreements to which both Customer and Shell Energy are parties with the amounts otherwise owing from Customer hereunder, in which case Shell Energy's statement to Customer shall reflect such netting, and Customer or Shell Energy shall pay the net amount owed, as appropriate. Shell Energy may revise the monthly invoice after the 10th Business Day of the month and Customer is obligated to pay the original invoiced amount and any revised amount by the 16th day of the month or, if such day is not a Business Day, then on the next Business Day.

Payments by Customer to Shell Energy shall be made via interbank transfer to the following account:

Shell Energy North America (US), L.P.
JPMorgan Chase Bank
ABA Routing No. 021000021
Account No. 30603873

Payments by Shell Energy to Customer shall be made via interbank transfer to the following account:

Verde Energy USA, Inc.
JP Morgan Chase Bank
ABA Routing No. 021000021
Account No. 946625951

Each invoice rendered under this Agreement shall be subject to adjustment by Shell Energy in order to true-up charges based on PJM settlements and other data. After revised PJM settlement and other data becomes known to Shell Energy, Shell Energy shall deliver to Customer a revised invoice reflecting debits or credits, as applicable, to

the previous billing amounts. Shell Energy's right to adjust invoices hereunder shall specifically survive termination of this Agreement.

Any amounts not paid by the due date will be deemed delinquent and will accrue interest at the Default Interest Rate, such interest to be calculated from and including the due date to but excluding the date the delinquent amount is paid in full.

6. **Affiliate Group**. Customer represents and covenants to Shell Energy that the entities listed on Appendix A are wholly owned or affiliated and for purposes of Customer's agreement with PJM pursuant to the Operating Agreement of PJM Interconnection, LLC, Customer and each of the entities listed on Appendix A may be treated collectively as a single PJM Participant (as such term is defined in the PJM Tariff). Customer agrees that it will not, without Shell Energy's prior written consent, register, treat or allow any entity other than the entities set forth on Appendix A to be considered a member of its Affiliate Group for purposes of its interaction with PJM without Shell Energy's prior written consent.

7. **Force Majeure**. If a Party, through no gross negligence, willful misconduct, fraud or intentional tort on its own part, is rendered unable, by an event of Force Majeure, as defined below, to carry out wholly or in part its obligations under this Agreement and if such Party gives written notice and full particulars of such event of Force Majeure to the other Party promptly after the occurrence of the event relied on, then the obligations of the Party affected by such event of Force Majeure, other than the obligation to make payments then due or becoming due hereunder, shall be suspended from the inception and throughout the period of continuance of any such inability so caused, but for no longer period, and the affected Party shall use commercially reasonable efforts to remedy the event of Force Majeure with all reasonable dispatch. The term "Force Majeure" shall mean an event that is beyond the control of the Party affected including but not limited to any act of God, act of the public enemy, invasion, insurrection, ice, explosion, breakage or accident to machinery or equipment, flood, earthquake, tornado, storm, fire, lightning, epidemic, war, riots, civil disturbance or disobedience, labor dispute, material shortage, sabotage, terrorist activity, restraint, curtailment, order, regulation or restriction imposed by court order, governmental, military or lawfully established civilian authorities, emergency circumstances upon the property or equipment of PJM, and action or non-action by or inability to obtain the necessary authorization or approvals from any governmental agency or authority, which by exercise of due diligence such Party has been unable to overcome. Force Majeure shall not include economic hardship.

8. **Indemnification**.

   (a) **Customer Indemnity and Release. SUBJECT TO SECTION 1(h)CUSTOMER SHALL RELEASE, DEFEND, HOLD HARMLESS AND INDEMNIFY THE SHELL ENERGY RELATED PARTIES (as defined above) FROM, FOR AND AGAINST ANY AND ALL DIRECT OR THIRD-PARTY LOSSES, CLAIMS, CHARGES, EXPENSES, DEMANDS, JUDGMENTS, LIABILITIES, FINES, PENALTIES, (INCLUDING BUT NOT LIMITED TO ANY FINES OR PENALTIES BY THE PJM), TAXES AND ATTORNEY'S FEES RELATING TO OR ARISING DIRECTLY OR INDIRECTLY FROM THIS AGREEMENT OR THE PROVISION OF THE SCHEDULING COORDINATOR SERVICES,**

EXCEPT TO THE EXTENT DIRECTLY RESULTING FROM A SHELL ENERGY PARTY'S GROSS NEGLIGENCE, WILLFUL MISCONDUCT, FRAUD OR INTENTIONAL TORT.

(b) **Shell Energy Indemnity and Release. SUBJECT TO SECTION 1(g), SHELL ENERGY SHALL RELEASE, DEFEND, HOLD HARMLESS AND INDEMNIFY CUSTOMER AND ITS AFFILIATES AND THEIR RESPECTIVE AGENTS, REPRESENTATIVES, CONTRACTORS, SUBCONTRACTORS, PARTNERS, MEMBERS, PARTICIPANTS, PRINCIPALS, SHAREHOLDERS, DIRECTORS, TRUSTEES, OFFICERS, AGENTS, EMPLOYEES, SUCCESSORS OR ASSIGNS OF ANY OF THEM (COLLECTIVELY, "CUSTOMER RELATED PARTIES") FROM, FOR AND AGAINST ANY AND ALL DIRECT OR THIRD-PARTY LOSSES, CLAIMS, CHARGES, EXPENSES, DEMANDS, JUDGMENTS, LIABILITIES, FINES, PENALTIES, (INCLUDING BUT NOT LIMITED TO ANY FINES OR PENALTIES BY THE PJM), TAXES AND ATTORNEY'S FEES RELATING TO OR ARISING DIRECTLY OR INDIRECTLY FROM THIS AGREEMENT OR THE PROVISION OF THE SCHEDULING COORDINATOR SERVICES, EXCEPT TO THE EXTENT DIRECTLY RESULTING FROM A CUSTOMER RELATED PARTY'S GROSS NEGLIGENCE, WILLFUL MISCONDUCT, FRAUD OR INTENTIONAL TORT.**

(c) **Scope of Indemnities, Releases and Allocation of Liability. EXCEPT AS EXPRESSLY PROVIDED OTHERWISE, THE INDEMNITIES, RELEASES AND ALLOCATIONS OF LIABILITY IN THIS AGREEMENT ARE WITHOUT REGARD TO THE CAUSES OF LOSSES, INCLUDING THE NEGLIGENCE OR GROSS NEGLIGENCE OF ANY INDEMNIFIED PARTY, RELEASED PERSON OR PERSON AWAY FROM WHICH A LIABILITY IS ALLOCATED, WHETHER SUCH NEGLIGENCE IS SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE, OR THE STRICT LIABILITY OF AN INDEMNIFIED PARTY, RELEASED PERSON OR PERSON AWAY FROM WHICH A LIABILITY IS ALLOCATED.**

9. **Confidential Information**. Each Party shall hold in confidence all confidential information disclosed to it by the other Party or its representatives that, including this Agreement, proprietary practices, technical information, information regarding management policies, economic policies, financial and ownership information, marketing strategies and practices and other data and any information that is designated as "confidential" or "proprietary" ("Confidential Information"). For the avoidance of doubt, Shell Energy considers its scheduling and trading strategies and the pricing information to be proprietary and confidential and Customer considers its customer information, load profile, sales and marketing strategies and operations to be proprietary and confidential. Furthermore, Customer is subject to state regulation that imposes strict confidentiality on customer identification. Confidential Information shall not include (a) information that is publicly available, or (b) information obtained by a Party from a third party not known to be under an obligation of non-disclosure to Customer or Shell Energy, as the case may be. The obligations in this Section 9 shall continue in effect during the term of this Agreement and for two years after the termination date. Notwithstanding the foregoing, each Party may disclose Confidential Information (i) to the extent necessary to perform this Agreement, (ii)

to any governmental authority or as otherwise required by law, but only to the extent legally required to do so, and (iii) to its advisors, auditors, legal counsel and insurers provided they agree to similar prohibitions on disclosure.

10. **No Dedication of Facilities**. Neither the Scheduling Coordinator Services performed by Shell Energy under this Agreement nor either Party's actions or inactions under this Agreement shall constitute or be construed as a dedication of the systems or assets, or any portion thereof, of either Party to the public or to the other Party.

11. **Complete Agreement**. This Agreement is the Parties' complete and final expression of agreement on the subject matter of this Agreement and supersedes all prior agreements, representations, understandings, negotiations, offers and communications, whether oral or written, regarding the subject matter of this Agreement.

12. **Authorized Representatives**. Each Party shall designate in writing one or more persons as its authorized representative(s) to act on its behalf in carrying out the provisions of this Agreement. The Parties shall be bound by the oral and written communications, directions, requests, decisions and other actions taken by their respective authorized representative.

13. **Change in Tariff or PJM Operating Procedure.** If there is a change in the PJM's Tariff or operating procedure that has an impact on the implementation of this Agreement, the Parties agree to use commercially reasonable efforts to conform this Agreement to accommodate such changes.

14. **Drafting Ambiguity.** The rules of construction that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments, exhibits, or schedules to this Agreement.

15. **Global Agreement**. Shell Energy and Customer agree that except as otherwise expressly provided to the contrary herein, the terms of the Global Agreement entered into between Shell Energy, Customer and others on August 11, 2011 as may be amended, supplemented, modified and restated from time to time, are incorporated herein and shall apply to this Agreement *mutatis mutandis*.

****

To evidence their acceptance of this Agreement, the Parties have caused their authorized representatives to sign below as of the date set forth in the introductory paragraph.

SHELL ENERGY NORTH AMERICA (US), L.P.

By:_____
Name: Glenn Wright
Title: Senior Vice President

VERDE ENERGY USA, INC.

By: _____
Name: Thomas Fitzgerald
Title: Chief Executive Officer

to any governmental authority or as otherwise required by law, but only to the extent legally required to do so, and (iii) to its advisors, auditors, legal counsel and insurers provided they agree to similar prohibitions on disclosure.

10. **No Dedication of Facilities**. Neither the Scheduling Coordinator Services performed by Shell Energy under this Agreement nor either Party's actions or inactions under this Agreement shall constitute or be construed as a dedication of the systems or assets, or any portion thereof, of either Party to the public or to the other Party.

11. **Complete Agreement**. This Agreement is the Parties' complete and final expression of agreement on the subject matter of this Agreement and supersedes all prior agreements, representations, understandings, negotiations, offers and communications, whether oral or written, regarding the subject matter of this Agreement.

12. **Authorized Representatives**. Each Party shall designate in writing one or more persons as its authorized representative(s) to act on its behalf in carrying out the provisions of this Agreement. The Parties shall be bound by the oral and written communications, directions, requests, decisions and other actions taken by their respective authorized representative.

13. **Change in Tariff or PJM Operating Procedure.** If there is a change in the PJM's Tariff or operating procedure that has an impact on the implementation of this Agreement, the Parties agree to use commercially reasonable efforts to conform this Agreement to accommodate such changes.

14. **Drafting Ambiguity.** The rules of construction that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments, exhibits, or schedules to this Agreement.

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SHELL ENERGY NORTH AMERICA (US), L.P.

By: Glenn T. Wright
Name: Glenn Wright
Title: Senior Vice President

VERDE ENERGY USA, INC.

By: _____
Name: Thomas Fitzgerald
Title: Chief Executive Officer

Appendix A
PJM Affiliate Group Members

Verde Energy USA Holdings, LLC
Verde Energy USA Trading, LLC
Verde Energy USA Pennsylvania, LLC
Verde Energy USA New Jersey, LLC
Verde Energy USA Illinois, LLC