

Ambit Texas, LLC

Smart Plan

Terms of Service

PUCT Certificate #10117 **Effective July 1, 2010**

The following is your Terms of Service Agreement ("Agreement") with Ambit Texas, LLC d/b/a Ambit Energy ("Ambit Energy," "we," "our") for the purchase of electricity service for the plan you selected, as specified in the Electricity Facts Label ("EFL") and hereby made an integral part of this Agreement along with the Your Rights As A Customer ("YRAC") document. To be eligible for Smart Plan prepaid service, you must have a provisioned AMS (or electronic "smart") meter at your service location. If you enroll and your meter is subsequently de-provisioned, Ambit Energy will work with you, at your option, to switch you to a post pay Ambit Energy product or another retail electric provider. By enrolling for service with Ambit Energy, you agree to be bound by this Agreement and the EFL and pay for the electric service Ambit Energy provides to you under this Agreement and the EFL. Please retain this Agreement, the YRAC, and the EFL for your records. Ambit Energy is certified as a Retail Electric Provider ("REP") by the Public Utility Commission of Texas ("PUCT"), PUCT Certificate #10117.

Contact Information

Internet Address	www.ambitenergy.com
Mailing Address	P.O. Box 864589 Plano, TX 75086
Customer Service	(877) 282-6248
Facsimile	(214) 969-5928
Hours of Operation	Monday - Friday 8:00 AM - 6:00 PM CT Saturdays 10:00 AM - 5:00 PM CT

Ambit Energy will arrange for the delivery of electricity from your local energy delivery company officially referred to as your Transmission and Distribution Service Provider or (TDSP) or "Transmission Distribution Utility"(TDU) to the service location designated by you pursuant to this Agreement.

Outage Reporting

In the event of an outage in your area, please call your local TDU:

Oncor Electric Delivery	(888) 313-4747
Centerpoint Energy	(800) 332-7143
AEP Texas Central	(866) 223-8508
AEP Texas North	(866) 223-8508
TNMP	(888) 866-7456

Ambit Energy is not liable for service interruptions or outages. Any questions relating to your electric distribution lines or meters should be directed to your TDU listed above.

SERVICE TERM: Your service under this Agreement is provided under a variable-price ("month-to-month") product, with no minimum term, as specified in the EFL. If you are a new Smart Plan Customer, your selected product will become effective on the day your service begins with Ambit Energy under this Agreement, which coincides with the date your meter is read by your TDU. Because this date is determined by your TDU, Ambit Energy is not able to commit to a specific date for the commencement of service. Your enrollment will not be considered complete and Ambit Energy will not process a switch or move-in transaction until you make a satisfactory payment to initiate service and validate at least one of your Primary Communication Methods.

SPECIAL CONDITIONS FOR SMART PLAN SERVICE:

As a condition for enrollment under Ambit Energy's Smart Plan, you are required to select at least one Primary Communication Method at the time of enrollment, maintain your selected Primary Communication Method, and ensure that at least one Primary Communication Method is working at all times while under the prepay Smart Plan. Primary Communication Method is defined in this Agreement as a cell phone capable of receiving text messages (i.e., "short messaging service" or SMS text messages) or valid e-mail address that you designate during enrollment and/or subsequently update or modify after enrollment.

You will not receive a monthly bill; however, you may access your account balance by texting the applicable code to Ambit Energy's text number, contacting

Continued on Page 2



Ambit Texas, LLC

Smart Plan Terms of Service

PUCT Certificate #10117 **Effective July 1, 2010**

Page 2

Ambit Energy's customer service department at (877) 282-6248, or logging on to your Ambit Energy online account management portal. Additionally, upon your request, Ambit Energy will send you a Payment and Usage Summary for a twelve month period or for the length of your time as an Ambit Energy prepay customer, if shorter than 12 months, unless you designate another time period not to exceed 24 months at the time of your request. You agree to receive any Payment and Usage Summary you request by electronic mail or by accessing such Summary in your Ambit Energy online account management portal. Ambit Energy will not send you a disconnect notice prior to disconnecting service. However, Ambit Energy will communicate to you using your Primary Communication Method at least once between three to seven days before Ambit Energy estimates that your prepaid balance will be exhausted. Additionally, Ambit Energy will communicate to you through your Primary Communication Method when your service has been disconnected and when a disconnect order has been sent to your TDU.

In addition to communicating to you through your Primary Communication Method, Ambit Energy may also communicate to you through communication means of e-mail, text message, online account management portal, U.S. first class mail, and/or Ambit Energy's customer care telephone line, as designated in this Agreement. If you choose to receive Ambit Energy communications by text message, please note that your wireless cell phone provider may apply standard texting rates. Ambit Energy is not liable for delays or failures in the receipt of any and all SMS text messages, as delivery is subject to effective transmission from your Wireless Service Provider and/or Network Operator.

PRICING: Your price per kWh for electricity service is listed under the Electricity Price Section of the EFL and is only effective until your initial payment amount is exhausted. As a prepay customer, each billing cycle begins when you make a payment and ends when that amount is exhausted. Any subsequent payment will begin your next billing cycle and a new rate may apply at that time at the sole discretion of Ambit Energy. The Smart Plan is a variable-price product (month-to-month product) and is subject to rate adjustments throughout this Agreement. If you make an initial

payment to begin service under this Agreement, but such payment is insufficient to cover the cost of activation, Ambit Energy will issue a refund to the customer of any monies paid within thirty (30) days of when your electricity service is scheduled to begin with Ambit Energy under this Agreement. If at any time you maintain a negative account balance and you do not recharge service, then the rate for the kilowatt usage you have not prepaid for will be the same rate charged for the kilowatts purchased with your last payment.

The price on the EFL does not include non-recurring fees charged by the TDU. Non-recurring TDU charges may include, but are not limited to, charges for such service or events as the following: meter test or re-read charges, self-selected switch, disconnection and reconnection fees (if applicable), move-in fees, meter-tampering costs, and broken-meter-seal repairs. To begin service under Smart Plan, you will be required to pay the TDU pass-through move-in or self-selected switch fee, if applicable, to establish service in addition to making an initial payment to your prepay account. Ambit Energy may provide a discount based on the dollar amount of any energy payment transaction. If such discount applies, such will be disclosed to you at the time of purchase. Ambit Energy reserves the right to adjust your remaining balance to account for meter-read errors, miscalculation of taxes or other errors and omissions. However, if the adjustment is for more than fifty dollars (\$50.00) of under-billed usage, then Ambit Energy will offer you a deferred payment plan.

Non-Recurring Ambit Energy Fees. You may also be charged non-recurring fees for services Ambit Energy provides, which will only be incurred in limited cases as described below. These charges will be in addition to your energy usage kilowatt charge and TDU non-recurring charges. The Non-Recurring Ambit Energy Fees listed below do not include TDU non-recurring charges, which may be also incurred as separate charges. **Insufficient Funds.** For each transaction not processed due to insufficient funds, including (a) returned checks, (b) returned electronic fund transfers, and/or (c) rejected credit card transaction, a \$25.00 Returned Check or a \$25.00 Insufficient Funds Charge will apply.

RIGHT TO RESCIND: If you are switching to Ambit Energy from another REP, you may rescind this Agreement without fee or penalty of any kind within three Federal business days after receiving the Terms of Service document by notifying Ambit Energy by phone toll-free at (877) 282-6248 or by fax at (214) 969-5928. If rescinding by fax, please write the name on the account, address, phone number, ESI ID, sign,

Continued on Page 3

Ambit Texas, LLC

Smart Plan Terms of Service

PUCT Certificate #10117 **Effective July 1, 2010**

Page 3

and specify that you are rescinding this Agreement within three Federal business days of receiving Ambit Energy's Terms of Service.

CANCELLATION RIGHTS: To cancel this Agreement, you may call or fax us using the contact information provided above. Cancellation is permitted for any reason.

You may cancel your Agreement with Ambit Energy at any time without incurring an early termination or cancellation fee. Ambit Energy reserves the right to terminate this Agreement for non-payment, fraud, theft of service, believable threats or harm made by the Customer to Ambit Energy's owners, employees or contractors, for insufficient payments resulting in interruption of service, or for any other reason as allowed by law. Regardless of the method or reason for cancellation of the Agreement, you are responsible for all outstanding charges incurred through the date on which the cancellation is effected by the TDU. Within thirty (30) days of your final meter read for the service location(s) enrolled under this Agreement, Ambit Energy will refund any overpayment without interest or transfer the overpayment as a credit that will appear as a credit on your bill to any account you establish with Ambit Energy after you terminate service under this Agreement.

PAYMENTS: In order to ensure your power is not interrupted, it is crucial that you make payment well in advance of account balance depletion to cover delays in Ambit Energy's payment receipt. Please visit our website or call our call center at 1-877-282-6248 to discuss the quickest payment methods available. Upon receipt of any payment, Ambit Energy will send you a confirmation of payment through your Primary Communication Method. One of the benefits of the Smart Plan product is that you can track your usage in near real-time versus waiting until the end of each monthly billing cycle to see your electricity usage. Ambit Energy will receive near real-time usage data for Smart Plan customers. Based on the usage data Ambit Energy receives coupled with the estimated 24 to 48 hour delay in receipt of this usage information, Ambit Energy will provide you with an estimate of your days remaining before your account balance will exhaust.

If it is determined that you are abusing the insufficient funds process by disputing charges that are

determined to be valid by your credit card company or writing a bad check, Ambit Energy may refuse to continue to provide you with service. Additionally, if Ambit Energy receives notice of an insufficient funds payment, such rejected payment will be considered an unsatisfactory payment or no payment, which will result in a deduction of such amount from your prepaid energy balance. In order to ensure that your payment is promptly applied, you can pay any time through our toll-free call center at 1-877-282-6248, your Ambit Energy online account management portal, or through one of our approved pay stations. If you make a payment with a check through Ambit Energy's post-pay customer PO Box payment remittance address, Ambit Energy will apply such payment to your account, but Ambit Energy cannot guarantee that such payment will be applied promptly due to a lack of a remittance stub to associate such payment quickly to your account.

If you are liable for any Ambit Energy non-recurring fees as specified in this Agreement or TDU non-recurring charges, such charges will be due when you next recharge your account balance unless such charges are due to meter tampering, in which case, such charge amounts will be immediately deducted from your prepay account balance. Ambit Energy will apply any payments received first to non-recurring Ambit Energy charges and TDU pass-through charges, and then any remaining amount will be applied to your energy account prepayment balance.

VOLUNTARY BILL-PAYMENT ASSISTANCE PROGRAM: Ambit Energy's bill-assistance program is funded by voluntary donations made by our Customers. The proceeds fund bill-payment assistance for residential electric Customers. To provide a voluntary donation to our program, please contact Ambit Energy at 1-877-282-6248 to designate the amount you would like to donate.

DEFERRED-PAYMENT PLANS: A Customer is eligible to enter into a deferred-payment plan when a customer has a balance of fifty (\$50.00) dollars or larger that may have accrued on an account only if: (1) the Customer's prepaid account balance is exhausted during an extreme weather emergency or (2) if the customer has been under-billed. Please be aware that Ambit Energy is not required to offer a deferred payment plan to you if you express an inability to pay. Ambit Energy will never refuse a Customer's participation in any deferred payment plan on any basis set forth in the Discrimination Paragraph of this Agreement. No more than 25% of each payment transaction amount will be applied to any deferred payment plan amount owed under this Agreement.

Continued on Page 4

Ambit Texas, LLC

Smart Plan Terms of Service

PUCT Certificate #10117 **Effective July 1, 2010**

Page 4

Your service may be terminated and disconnected if you do not meet the requirements of a deferred-payment plan.

CRITICAL CARE: Ambit Energy is unable to offer the Smart Plan product to critical care customers. If it is determined at any time that you are a critical care customer, Ambit Energy will work with you to move you to a non-prepay (i.e., post-pay) product of your choice or assist you in choosing another retail electric provider.

DISCONNECTION OF SERVICE: Ambit Energy may disconnect service immediately without notice for the following reasons: (1) a known dangerous condition exists, in which event prior notice will be given, if possible (notice will be provided by phone, e-mail, text message, and/or posted on the door of the residential unit as soon as possible after service is disconnected); (2) service was connected by a person without authority and without an Agreement; (3) service is reconnected without authority after being disconnected for failure to pay; (4) there is evidence of tampering with equipment of the TDU; or (5) there is evidence of theft of service. If service was disconnected due to a dangerous situation, Customer must correct the situation and notify Ambit Energy before service will be reconnected.

Ambit Energy will communicate a warning to the Customer at least three days and not more than seven days before the Customer's prepaid balance is estimated to drop to zero. Service may be disconnected upon the exhaustion of your prepaid balance except on weekends, when Ambit Energy's customer service center is not operating, during an extreme weather emergency or during any period in which all prepayment options are unavailable. Ambit Energy is unable to predict the exact hour that the TDU will disconnect your service upon Ambit Energy's submission of a disconnect order to your TDU. Ambit Energy will submit a reconnect order to the TDU as soon as reasonably possible to cancel a submitted disconnect order upon Ambit Energy's receipt of sufficient payment. If however, a satisfactory payment is made after the disconnect order is sent to the TDU, Ambit Energy will cancel the disconnect order to your TDU.

If your service has been disconnected for non-payment or any other reason, and then you do not reconnect your service, Ambit Energy will send a move out order to your TDU. The move out order will be sent on or after the eight day following the day the TDU worked the disconnect order. The applicable TDU disconnect fee, if any, will be placed on your account at the time the disconnect order is sent, and if you subsequently reconnect service, you will be required to pay both the TDU reconnect fee and disconnect fee before monies will be applied to your prepay energy balance to recharge and restore your electricity service.

COLLECTIONS: In the event you default in the prompt payment of amounts due under this Agreement, Ambit Energy reserves the right to charge you for any and all fees or charges reasonable and necessary in order to collect or attempt to collect delinquent balances. Ambit Energy may use the services of debt-collection agencies, consumer reporting agencies and other remedies as allowed by law to collect any unpaid balances on your account.

DEPOSITS: Ambit Energy will **never** charge a deposit for customers enrolled under the Smart Plan product.

REFUSAL OF SERVICE: Ambit Energy may refuse to provide electric service to a Customer for one or more of the reasons specified in Section 25.477 of the PUCT rules and regulations <http://www.puc.state.tx.us/rules/subrules/electric/25.477/25.477.pdf>).

DISCRIMINATION: Ambit Energy will not discriminate, deny service, or require a prepayment or a deposit for service based on 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. Ambit Energy will not use a credit score, a credit history, or third-party utility-payment data as the basis for determining the price for electric service for a product with a contract term of twelve months or less.

MATERIAL CHANGE: You agree and allow Ambit Energy to provide you with at least 14 calendar days advance written notice of any change in the Terms of Service by e-mail communication. Any change(s) would be effective on the date stated in the notice. In the event of an unfavorable change to this Agreement, you will have the option to cancel this Agreement without penalty or fee at any time. You can cancel at any time without incurring an early termination fee. No notice will be sent of contractual changes that benefit the Customer.

Continued on Page 5

Ambit Texas, LLC

Smart Plan Terms of Service

PUCT Certificate #10117
Effective July 1, 2010

Page 5

CUSTOMER INFORMATION: By entering into this Agreement, you authorize your TDU to release to Ambit Energy certain information that we need to provide you with service, including your address, phone number, account numbers and historical usage information.

FORCE MAJEURE: We will endeavor in a commercially reasonable manner to provide service, but we do not guarantee a continuous supply of electrical energy. Events that are out of our control (“force majeure” events) may result in interruptions in service. We will not be liable for any such interruptions. We do not generate your electricity nor do we transmit or deliver electricity to you. Therefore, you agree that we are not liable for damages caused by events of force majeure, including acts of God; acts of any governmental authority, such as the Public Utility Commission of Texas (PUCT); accidents; strikes; labor trouble; required maintenance work; inability to access the TDU system; non-performance of the TDU; changes in laws, rules, regulations, practices or procedures of any governmental authority or the Electric Reliability Council of Texas; or any cause beyond our control.

ASSIGNMENT: You may not assign this Agreement, in whole or in part, or any of its rights or obligations hereunder without the prior written consent of Ambit Energy. Ambit Energy may, without your consent, (a) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial agreement; (b) transfer or assign this Agreement to an affiliate of Ambit Energy; (c) transfer

or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of Ambit Energy; and/or (d) transfer or assign this Agreement to a PUCT certified REP. In the case of (b), (c) or (d), any such assignee shall agree in writing to be bound by the terms and conditions hereof. Upon any such assignment, Customer agrees that Ambit Energy shall have no further obligations hereunder.

LIMITATIONS OF LIABILITY: LIABILITIES NOT EXCUSED BY REASON OF FORCE MAJEURE OR OTHERWISE SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES. NEITHER PARTY WILL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, SPECIAL, EXEMPLARY OR INDIRECT DAMAGES. LOST PROFITS OR PENALTIES OF ANY NATURE ARE HEREBY WAIVED. THESE LIMITATIONS APPLY WITHOUT REGARD TO THE CAUSE OF ANY LIABILITY OR DAMAGE, INCLUDING THE NEGLIGENCE OF AMBIT ENERGY. THERE ARE NO THIRD-PARTY BENEFICIARIES TO THIS AGREEMENT.

REPRESENTATIONS AND WARRANTIES: THE ELECTRICITY SOLD UNDER THIS AGREEMENT WILL MEET THE APPLICABLE TDSP'S STANDARDS AND MAY BE SUPPLIED FROM A VARIETY OF SOURCES. AMBIT ENERGY MAKES NO REPRESENTATIONS OR WARRANTIES OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT, AND AMBIT ENERGY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

GOVERNING LAW: This Agreement shall be governed by and construed, enforced and performed in accordance with the laws of the State of Texas and venue shall be in Dallas County, Texas. The provisions of the Uniform Commercial Code (“UCC”) shall apply to this Agreement, and electricity shall be a “good” for purposes of the UCC (<http://www.statutes.legis.state.tx.us>).