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**Rider 40**  
**TotalGreen**

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**Applicable to Rates 1, 4, 5, 6, and 7**

**Purpose**

The purpose of the TotalGreen program is to offer customers the option to offset the total net carbon emissions of 100% of their natural gas usage. Customers who choose to enroll in this Rider will pay a per-therm premium to purchase a combination of Carbon Offsets and Renewable Natural Gas (RNG) commensurate with their natural gas usage.

**Availability**

This Rider is available to those customers taking service under Rate 1 - Residential Service, Rate 4 – General Service, Rate 5 – Seasonal Use Service, Rate 6 – Large General Service, and Rate 7 – Large Volume Service who are not in arrears on utility payments owed to Nicor Gas. When a customer signs up for this program, they will need to indicate whether they choose Option 1 – a combination of 99%+ Carbon Offsets and <1% RNG or Option 2 – a combination 80-95% Carbon Offsets and 5-20% RNG. Program may be limited based on the number of Carbon Offsets or RNG available for purchase.

Service under this Rider shall be for a period of not less than one (1) month. Once the customer has subscribed to the program, the subscription will automatically renew on a month-to-month basis, unless the customer provides notice of cancellation. Customers may also change their election to choose a different option under this tariff at any time. Any updates to the account, including: enrollment, unenrollment, or changing the service option will be reflected in the next full billing cycle.

The Company reserves the right to terminate any or all contracts and/or this tariff at any time at the Company's discretion. Program pricing will be reviewed on a periodic basis.

The TotalGreen program will be offered as a pilot program for a minimum of five years, beginning on or before July 1, 2022, and ending no later than June 30, 2027.

**Program Description**

This Rider provides an elective means for customers to offset and reduce the net carbon emissions of their natural gas usage. These reductions are achieved by blending two distinct environmental commodities, Carbon Offsets and Renewable Natural Gas. These two environmental commodities are matched with the customers natural gas usage to achieve 100% carbon reduction of their natural gas use. This is a voluntary program, and by participating in the TotalGreen program, customers will reduce their greenhouse gas emissions associated with natural gas consumption, support RNG development, and help play a key role in creating a cleaner environment. Based on the program selection in accordance with Option 1 or Option 2 as previously described, the Company will match the Carbon Offset and RNG purchases to delivered energy on an annual basis.

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**Section A - Definitions**

**Renewable Natural Gas (RNG)** shall mean Gas that is matched with the environmental attributes produced from a landfill, anaerobic digester, or other renewable source of gas production. Each therm of the environmental attributes associated with the level of RNG selected under this Rider will be matched to 1 therm of natural gas consumed.

**Carbon Offsets** shall mean certificates created and quantified when one metric ton of greenhouse gas is reduced, captured, avoided, or destroyed that are used to compensate for an equivalent emission that occurs elsewhere. The carbon offset equivalency of one therm of natural gas, TotalGreen uses the EPA's combustion emissions factor of 0.0053 metric tons CO<sub>2e</sub>/therm.

**Program Administration Costs:** shall mean website development and maintenance costs, billing system setup and maintenance, and program management costs. These costs will be amortized over the five-year term of the program.

**Base period** shall mean the twelve-month effective period for the annual charge.

**Filing month** shall mean the month in which TotalGreen Charges are determined and filed with the Commission.

**Reconciliation year** shall mean the calendar year for which actual costs and associated revenues are to be reconciled.

**Section B - Determination of Charge**

a) Annually, the Company shall determine the TotalGreen Charge to be placed into effect.

b) The TotalGreen Charge shall be determined in accordance with the following formula:

$$\text{TotalGreen Charge} = (G \pm \text{ARB} \pm O) / T \times 100$$

Where:  $G = (C * \%_c) + (\text{RNG} * \%_{\text{RNG}}) + P$

TotalGreen Charge = Each TotalGreen Charge in cents per therm rounded to the nearest 0.01 cent; any fraction of 0.01 cents shall be dropped if less than 0.005 cents or, if 0.005 cents or more, shall be rounded up to the next full 0.01 cents.

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- G = The estimated TotalGreen costs associated with the base period.
- C = The cost of Carbon Offsets purchased on behalf of customers
- %<sub>C</sub> = The percentage of the carbon reduction portfolio that consists of Carbon Offsets
- RNG = The cost of RNG purchased on behalf of customers
- %<sub>RNG</sub> = The percentage of the carbon reduction portfolio that consists of RNG
- P = Program Administrative Costs recovered through the rider
- ARB = Annual Reconciliation Balance from any overcollection or undercollection during the immediately preceding year
- O = An amount representing the additional over- or under-recovery for a reconciliation year ordered by the Commission to be refunded or collected, including interest charged at the rate established by the Commission under 83 Ill. Adm. Code 280.40(g)(1) from the end of the reconciliation year to the order date in the reconciliation proceeding. If the Commission determines it is necessary to amortize additional over- or under-recovery, additional interest shall be charged in the same manner as that prescribed in Section E (b).
- T = The estimated applicable therms of gas associated with the service to be rendered during the base period.

**Section C – Information Sheet**

At least annually, the Company will file an information sheet, with the first information sheet being filed on or before May 20, 2022 to be effective July 1, 2022. If the Company determines during the Base Period that it is appropriate to revise the TotalGreen Charge to better match revenues recovered under this rider with the actual expenses incurred, the Company may, from time to time, calculate a revised TotalGreen Charge, to be effective as of the beginning of any monthly billing period during the Base Period

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**Section D – Reconciliation**

On or before September 30 of each calendar year (beginning September 30, 2023), the Company shall file a petition with the Chief Clerk of the Commission to initiate an annual reconciliation process. This petition shall include a reconciliation that compares revenues collected under this Rider during the Effective Period with the amount of revenues that were intended to be recovered or refunded under this Rider. Supporting documentation or workpapers affecting the information presented in the Company’s reconciliation petition shall be provided to the Commission’s Accounting Staff at the time of the reconciliation filing. Any applicable Annual Reconciliation Balance (ARB) shall be effective for the nine (9) month period beginning October 1. If the ARB results in a charge of 0.01 cents per therm or greater, a new information sheet may be filed adjusting the then effective charges or credits under this rider for the amount to be reconciled.

**Section E – Annual Internal Audit**

The Company shall annually conduct an internal audit of the revenue recovered or refunded pursuant to this rider. The audit shall include at least the following tests: 1) test that costs recovered through Rider TotalGreen are not recovered through other approved tariffs; 2) test customer bills that all Rider TotalGreen factors are being properly billed to customers in the correct time periods; 3) test that Rider TotalGreen revenues are properly stated; The above list of determinations shall not limit the scope of the audit. The Company shall submit the audit report by electronic mail to the Commission’s Manager of the Accounting Department, no later than February 1 following each annual reconciliation filing, with the initial internal audit report submitted no later than February 1, 2024. Such report shall be verified by an officer of the Company.

**Section F – Miscellaneous**

If a Commercial or Industrial customer prefers to pay a premium to purchase 100% RNG environmental attributes, this can be done through a special contract agreement with the Company. The term of the contract cannot extend beyond the end of the TotalGreen program, or June 30, 2027. Under this contract, the cost to the customer would be based on current market price for RNG environmental attributes and would be based on an annual schedule for those RNG environmental attributes.