

PSC No: 120 - Electricity
 New York State Electric & Gas Corporation
 Initial Effective Date: ~~December 1, 2020~~ June 1, 2023
 Issued in compliance with Order in Case No-~~19-E-0378s~~, 15-E-0302 and 15-E-0751, dated ~~November 19, 2020~~ April 20, 2023.

Leaf No. 117.8.0

Revision: 34

Superseding Revision: 1

GENERAL INFORMATION

25. Supply Service Options: (cont'd.)

I. Supply Service Options (cont'd.)

B. Transition Charge (cont'd)

Components of the Transition Charge: (cont'd)

1. Non-Bypassable Charge ("NBC") (Cont'd)

- b) The NBC shall be set monthly based on a forecast and subject to a monthly true-up for all components based on the actual after-the-fact costs and load subject to the NBC.
- c) All service classes shall pay the NBC on a volumetric basis; residential customer classes shall also receive the benefits, if any, of NYPA purchased power and monthly payments received by the Company from NYPA under the Recharge New York Residential Consumer Discount Program (New York Public Authorities Law § 1005(13-b)), consistent with any the Company contracts with NYPA for such purchased power and/or monthly payments.
- d) All items collected through the NBC shall be symmetrically reconciled and trued-up monthly in a competitively neutral manner. The credits or charges related to the reconciliation shall be included in a subsequent monthly NBC.
- e) Any cost savings resulting from optimization activities associated with NYSEG's grandfathered transmission entitlements and procurement activities for Tier-1 eligible renewable energy certificates ("RECs") as defined in the Commission's August 1, 2016 Order Adopting a Clean Energy Standard issued in Case 15-E-0302 ("CES Order"), will be shared with customers and shareholders on an 80% / 20% basis. The credits related to the Electric Cost Incentive Mechanism ("ECIM") shall be included in a subsequent monthly NBC.

A Non-Bypassable Charge Statement setting forth the NBC shall be filed with the Public Service Commission on not less than one days' notice. Such statement can be found at the end of this Schedule.

2. Value of Distributed Energy Resources ("VDER") Value Stack Credits Statement

The following costs associated with Value Stack credits paid by the Company pursuant to Rule 40.B, Value Stack shall be allocated and collected by service classification as follows:

- a. Capacity Value [Market Value]: allocated to service classes based on how the Company allocates ICAP;
 - i. Costs associated with the Capacity Value [Market Value and Out of Market Value] shall not be recovered from Hourly Pricing customers
- b. Capacity Value [Out of Market Value], Environmental Value [Out of Market Value], and Market Transition Credit: all delivery customers, allocated to service classes based on the composition of subscribers who receive benefits in proportion to the benefits received;
 - ii. The Environmental Value [Out of Market Value] shall be recovered through the Transition Charge through December 31, 2024. Beginning January 1, 2025, the full cost of the Environmental Component (Rule 40.B.6.iii), including the Environmental Value [Out of Market Value], shall be recovered through the Supply Adjustment Charge.
- Demand Reduction Value (DRV) and Locational System Relief Value (LSRV): all delivery customers on a voltage level basis; allocated to service class by voltage level based on appropriate T&D demand allocators. The DRV and LSRV shall be collected from demand-billed customers on a per-kW basis.

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PSC No: 120 - Electricity
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Leaf No. 117.8.0

Revision: 34

Initial Effective Date: ~~December 1, 2020~~ June 1, 2023

Superseding Revision: 1

Issued in compliance with Order in Case No. ~~15-E-0378~~, ~~15-E-0302 and 15-E-0751~~, dated ~~November 19, 2020~~ April 20, 2023.

A Value of Distributed Energy Resources Cost Recovery ("VDER-CR") Statement setting forth the VDER rates shall be filed with the Commission on not less one day's notice. Such statement can be found at the end of this Schedule.

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PSC No: 120 - Electricity
 New York State Electric & Gas Corporation
 Initial Effective Date: ~~September 28, 2018~~ June 1, 2023
 Revision: ~~1615~~
 Issued in compliance with Order in Case Nos. ~~15-E-0302 and 15-E-0751-18-E-0071~~, dated ~~April 20, 2023~~ July 12, 2018.

Leaf No. 117.10
 Revision: ~~1746~~

Superseding

GENERAL INFORMATION

25. Supply Service Options: (cont'd.)**I. Supply Service Options (cont'd.)****C. Calculation of the Commodity Charge (cont'd.)****1. S.C. Nos. 1, 5, 6, 9, 11 (Non-Demand), and PSC No. 121 (Street Lighting) (cont'd)**

NYISO Related Transmission Charges: Transmission project costs allocated to the Company under the NYISO tariff as approved by FERC.

Hedge Adjustment: The hedge adjustment shall pass through to customers the impact of any hedge position entered into on behalf of such customers.

Supply Adjustment Charge Component: Unaccounted For Energy, Renewable Energy Credits (RECs) and Zero Emission Credits (ZECs) costs and if applicable, Alternative Compliance Payment (ACP), Offshore Wind Renewable Energy Credits (ORECs), costs the Company has paid for the Value Stack Energy Component not reflected in the price for the Energy Component and the Market Value of the Environmental component of the Value Stack pursuant to Rule 40.B., and all costs incurred related to supply shall be reconciled and recovered or refunded through a subsequent Supply Adjustment Charge incorporated in the supply charge.

Beginning January 1, 2025, the full cost of the Environmental Component (Rule 40.B.6.iii), including the Out of Market Value, shall be included in the Supply Adjustment Charge.

2. Non-Hourly Pricing S.C. Nos. 2, 3, 7, 8, 11 (Demand), and 12

The charge for Electric Power Supply provided by the Company shall fluctuate with the market price of electricity and shall include the following components: Energy, Energy Losses, Unaccounted for Energy ("UFE"), Capacity, Capacity Reserves, Capacity Losses, Ancillary Services/NTAC, and a Supply Adjustment Charge. The methodology for calculating the Energy and Capacity components of the charge for Electric Power Supply is as follows:

Energy Component: For each day of the customer's billing cycle, a daily average value of market supply is derived from the day ahead NYISO posted Locational Based Marginal Prices (LBMP) of electricity for the region (East or West of the NYISO Total East Interface) in which the Customer is located, weighted to reflect hourly usage based on service classification load profiles for the calendar month and day-type (Weekday, Saturday or Sunday/Holiday). Separate calculations shall be made for each metered time period for the Customer's individual Service Classification. LBMP in Zone C shall be used for customers electrically connected West of the Total East NYISO Interface. LBMP in Zone G shall be used for customers electrically connected East of the NYISO Total East Interface.

The daily load weighted market price of energy shall be adjusted to reflect losses and Unaccounted For Energy. These daily average market supply values are used in conjunction with the service classification profile to develop a weighted average value of market supply for each metered time period within the Customer's specific billing period. The weighted average value of market supply is multiplied by the Customer's metered kWh usage for each metered time period to determine the value of market supply.

Capacity Component: The Capacity component is calculated using the market-clearing price of capacity converted to \$/kWh as determined from the NYISO's monthly and spot capacity auctions. The Capacity Component shall be revised in accordance with each monthly UCAP auction held by the NYISO. The capacity price shall also include capacity losses and reserves based on the NYISO monthly and spot capacity auctions. The service class profile shall be used to determine the customer's capacity responsibility of state-wide system peak demand. A new capacity responsibility amount shall be effective each May 1st. The service class profile contribution to the system peak demand may need to be adjusted for a growth factor. The cost of the capacity component shall be applied to On-Peak hours only.

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PSC No: 120 - Electricity
 New York State Electric & Gas Corporation
 Initial Effective Date: ~~September 28, 2018~~ June 1, 2023
 Revision: 1847

Leaf No. 117.11
 Revision: 1948

Superseding

Issued in compliance with Order in Case Nos. 15-E-0302 and 15-E-0751, ~~17-E-0071~~, dated April 20, 2023 ~~July 12, 2018~~.

GENERAL INFORMATION

25. Supply Service Options: (cont'd.)**I. Supply Service Options (cont'd.)****C. Calculation of the Commodity Charge (cont'd.)****2. Non-Hourly Pricing S.C. Nos. 2, 3, 7, 8, 11 (Demand), and 12 (Cont'd)**

Capacity Component (Cont'd)

Capacity Charge = UCAP Charge + Demand Curve Reserve Charge

UCAP Charge = (UCAPreq * (1 + Reservereq) * Pricemonthlyauc)

UCAPreq = The demand for the customer's service class that occurred at the time of the New York system peak of the prior year, grossed up for losses and a growth factor.

Reservereq = Additional reserve requirement as required by NYISO.

Pricemonthlyauc = Monthly NYISO auction price.

Demand Curve Reserve Charge = (UCAPreq * DemandCurveReservereq) * Pricespotauc)

UCAPreq = Described above.

DemandCurveReservereq = Allocation of additional capacity requirement as required by the NYISO's demand curve.

Pricespotauc = Monthly NYISO SPOT auction price.

Ancillary Services/NYPA Transmission Adjustment Charge (NTAC) Component: The ancillary services/NTAC shall be forecasted each month and included in the supply price and subsequently reconciled.

NYISO Related Transmission Charges:

Transmission project costs allocated to the Company under the NYISO tariff as approved by FERC.

Supply Adjustment Charge Component: Unaccounted For Energy, Renewable Energy Credits (RECs), Zero Emission Credits (ZECs) costs if applicable, Alternative Compliance Payment (ACP), Offshore Wind Renewable Energy Credits (ORECs), costs the Company has paid for the Value Stack Energy Component not reflected in the price for the Energy Component and the Market Value of the Environmental component of the Value Stack pursuant to Rule 40.B., and all costs incurred related to supply shall be reconciled and recovered or refunded through a subsequent Supply Adjustment Charge incorporated in the supply charge.

Beginning January 1, 2025, the full cost of the Environmental Component (Rule 40.B.6.iii), including the Out of Market Value, shall be included in the Supply Adjustment Charge.

3. Hourly Pricing S.C. Nos. 2, 3, 7, and 11 (Demand)Energy Component

Customers served under these provisions shall be charged for the energy component of supply based on their hourly metered usage and the hourly supply cost. The electricity supply charge is equal to the sum of the hourly metered usage multiplied by the New York Independent System Operator (NYISO) Day-Ahead Market (DAM) Location Based Marginal Price (LBMP) for the Zone in which the customer is electrically connected, adjusted for system losses as set forth in the table herein, ancillary services, NTAC, transmission project costs allocated to the Company under the NYISO tariff as approved by FERC, and Supply Adjustment Charge. Capacity charges shall also be based on interval meter data. The DAM LBMP prices shall be the initial published DAM LBMP prices acquired by the Company. The customer's bill shall not be recalculated if such prices are modified by the NYISO at a later date.

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 Revision: ~~32~~
 Issued in compliance with Order in Case Nos. ~~15-E-0302 and 15-E-0751-18-E-0071~~, dated ~~July 12, 2018~~ April 20, 2023.

Leaf No. 117.11.2
 Revision: ~~43~~

Superseding

GENERAL INFORMATION

25. Supply Service Options: (cont'd.)

I. Supply Service Options (cont'd.)

C. Calculation of the Commodity Charge (cont'd.)

3. Hourly Pricing S.C. Nos. 2, 3, 7, and 11 (Demand) (Cont'd)

$Reserve_{req}$ = Additional reserve requirement as required by NYISO.

$Price_{monthlyauc}$ = Monthly NYISO auction price.

$Demand\ Curve\ Reserve\ Charge = ((UCAP_{req} * L_c) * DemandCurveReserve_{req}) * Price_{spotauc}$

$UCAP_{req}$ = Described above.

L_c = See above.

$DemandCurveReserve_{req}$ = Allocation of additional capacity requirement as required by the NYISO's demand curve.

$Price_{spotauc}$ = Monthly NYISO auction price.

Ancillary Services/NYPA Transmission Adjustment Charge (NTAC) Component: The ancillary services/NTAC shall be forecasted each month and included in the supply price and subsequently reconciled.

NYISO Related Transmission Charges:

Transmission project costs allocated to the Company under the NYISO tariff as approved by FERC.

Supply Adjustment Charge Component:

Unaccounted For Energy, Renewable Energy Credits (RECs), Zero Emissions Credits (ZECs), and if applicable, Alternative Compliance Payment (ACP), Offshore Wind Renewable Energy Credits (ORECs), costs the Company has paid for the Value Stack Energy Component not reflected in the price for the Energy Component and the Market Value of the Environmental component of the Value Stack pursuant to Rule 40.B., and all costs incurred related to supply shall be reconciled and recovered or refunded through a subsequent Supply Adjustment Charge incorporated in the supply charge.

Beginning January 1, 2025, the full cost of the Environmental Component (Rule 40.B.6.iii), including the Out of Market Value, shall be included in the Supply Adjustment Charge.

D. Merchant Function Charge (MFC):

The MFC shall be applicable to only those customers taking supply service from the Company (*i.e.*, NSS and Hourly Pricing) and is set forth in a statement at the end of this Schedule (P.S.C. No. 120 – Electricity). A separate MFC shall be calculated for Non-demand billed (hedged), (S.C. Nos. 1, 5, 6, 9, and street lighting), Non-demand billed (non-hedged), (S.C. Nos. 8 and 12), and Demand billed (S.C. Nos. 2, 3, 7, 11, 13, and 14) customers. For Service Classification Nos. 11, 13, and 14, the customer's otherwise applicable service classification shall determine the applicable MFC.

1) The MFC shall include the following rate components as described in the Joint Proposal dated July 14, 2010 in Case Nos. 09-E-0715, 09-G-0716, 09-E-0717, and 09-G-0718, and as further amended by the Joint Proposal dated February 19, 2016, in Cases 15-E-0283, 15-G-0284, 15-E-0285, and 15-G-0286.

- a) Commodity-related Uncollectible Costs
- b) Commodity-related Credit and Collections and Call Center costs;
- c) Commodity-related Administrative costs;
- d) Cash Working Capital on Purchased Power costs and

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Leaf No. 117.11.2
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Superseding

- e) Cash Working Capital on Commodity Hedge Margin costs.
- f) Prior Period Reconciliation

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