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GENERAL RULES

20. Standby Service - Continued

20.7 Negotiated Contracts

The Company may enter into individually negotiated agreements for Standby Service with the following:

- a) Customers who can demonstrate that they can economically isolate from the utility grid, by installing and operating back-up generation at a lower cost than tariffed standby service, and would do so without the negotiated rate alternative; or
- b) Customers whose premises are currently isolated from the utility grid and rely on existing on-site generating equipment for electric service and would continue to do so without the negotiated rate alternative; or
- c) Customers who are served by on-site generating equipment having a total nameplate rating of 50 MW or greater, where no less than 90 percent of the site's energy output, net of station power requirements, is sold into the market or to a third party. The rates and charges negotiated will reflect, when applicable, the characteristics of the specific interconnection arrangements, including, but not limited to, the voltage level of the interconnection, whether the interconnection is bidirectional, and the nature of the Company facility where the generator is interconnected with the Company system.

At a minimum, the negotiated rate agreement must provide for a reasonable contribution to the Company's recovery of its fixed costs.

Within 60 days of a Customer's application for a negotiated rate agreement, the Company shall respond with either an offer or a written explanation for rejection.

For information relating to individually negotiated contracts entered into pursuant to the provisions of this General Rule 20.7, see Addendum - NEG to this Rate Schedule.

Issued by: Robert N. Hoglund, Senior Vice President & Chief Financial Officer, New York, NY