

PSC No: 120 - Electricity  
New York State Electric & Gas Corporation  
Initial Effective Date: May 1, 2011

Leaf No. 117.10  
Revision: 5  
Superseding Revision: 4

#### GENERAL INFORMATION

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

#### I. Supply Service Options (cont'd.)

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

###### 1. Non-Demand Metered Customers (cont'd.)

(S.C. Nos. 1, 5, 6, 8, 9, 11 [Non-Demand], 12, and PSC No. 121 Street Lighting)

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

**Supply Adjustment Charge Component:** Unaccounted For Energy and all costs incurred related to supply will be reconciled and recovered or refunded through a subsequent Supply Adjustment Charge incorporated in the supply charge.

###### 2. Non-Hourly Pricing Demand Metered Customers

(S.C. Nos. 2, 3, 7, and 11 [Demand])

The charge for Electric Power Supply provided by NYSEG will fluctuate with the market price of electricity and will 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 load studies for the calendar month and day-type (Weekday, Saturday or Sunday/Holiday). Separate calculations will be made for each metered time period for the Customer's individual Service Classification. LBMP in Zone C will be used for customers electrically connected West of the Total East NYISO Interface. LBMP in Zone G will be used for customers electrically connected East of the NYISO Total East Interface.

The daily load weighted market price of energy will be adjusted to reflect losses and Unaccounted For Energy. These daily average market supply values are used in conjunction with the service classification daily load study usage data 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 price will also include capacity losses and reserves. The service class profile will be used to determine the customer's capacity responsibility of state-wide system peak demand. A new capacity responsibility amount will be effective each May 1<sup>st</sup>. The service class profile contribution to the system peak demand may need to be adjusted for a growth factor.

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