

PSC No: 120 - Electricity
New York State Electric & Gas Corporation
Initial Effective Date: January 1, 2007

Leaf No. 156
Revision: 3
Superseding Revision: 0

SERVICE CLASSIFICATION NO. 3 (Continued)

RATE CHOICES AVAILABLE TO CUSTOMERS: (CONT'D.)

A Transition Charge (NBC) Statement setting forth the monthly Transition Charge (NBC) will be filed with the Public Service Commission on not less than three (3) days' notice from the effective date of the revised charge for the first day of the billing cycle each month. Such statement can be found at the end of this Schedule (PSC 120 - Electricity).

2. ESCO Option with Supply Adjustment (EOSA)

This Retail Access choice applies a Retail Access Credit ("RAC") to the NYSEG Fixed Price Option (FPO). This FPO rate can be found in the description for Rate Choice No. 3, the NYSEG Fixed Price Option, in this Service Classification. The RAC, further described below, fluctuates with the market price of electricity, and consists of energy, Energy Losses (which include Unaccounted For Energy); Unforced Capacity ("UCAP"), UCAP Losses, UCAP Reserves, and an Additional Component. Customers electing this option will not be subject to the Merchant Function Charge.

Retail Access Credit (RAC)

The RAC consists of three components:

a) 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) for Service Classification No. 3. 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 the customer's specific billing period. The weighted average value of market supply is multiplied by the customer's metered kWh usage to determine the value of market supply to be credited to the customer's bill.

b) Capacity Component: The RAC also includes a component for the value of Unforced Capacity (UCAP), defined as the market-clearing price of capacity in \$/kWh as determined from the NYISO's monthly capacity auction price. The Capacity Component will be revised in accordance with each monthly UCAP auction held by the NYISO. The capacity price will also include UCAP Reserves, and will then be adjusted for UCAP Losses.

Issued in compliance with order in Case No. 05-E-1222 dated 08/23/06.

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