

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

Leaf No. 258  
Revision: 4  
Superseding Revision: 1

SERVICE CLASSIFICATION NO. 8 (Continued)

**RATE CHOICES AVAILABLE TO CUSTOMERS: (Cont'd.)**

**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, daily Day and Night market prices will be 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. 8, to develop weighted average Day and Night values of market supply. 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 load weighted market price of energy will be adjusted to reflect losses and Unaccounted For Energy.

The Day weighted average value of market supply, for the customer's specific billing period, is multiplied by the customer's metered Day kWh usage to determine the value of Day market supply to be credited to the customer's bill. Similarly, the Night weighted average value of market supply, for the customer's specific billing period, is multiplied by the customer's metered Night kWh usage to determine the value of Night market supply, which is also 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.

c) Additional Component: An additional credit ("Adder") in the amount of \$0.001 per kWh.

The Energy Component and Capacity Component [(a) and (b) above] will be combined to appear as a single line item credit on each customer bill. The Additional Component [(c) above] will also appear as a separate single line item credit on each customer bill.

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

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