

PSC NO. 88 Gas
NEW YORK STATE ELECTRIC & GAS CORPORATION
Initial Effective Date: 11/01/07

Leaf: 15
Revision: 11
Superseding Revision: 10

GENERAL INFORMATION

5. NON-DAILY METERED GAS TRANSPORTATION REQUIREMENTS: (CONT'D)

H. Alternate Fuel Facilities:

Where service provided hereunder is subject to the Customer maintaining alternate fuel facilities, the Company reserves the right to conduct an on-site inspection of such facilities at any time to determine whether the facilities are properly installed, maintained, functioning and capable of serving the Customer's energy requirements at a level equivalent to the natural gas delivered hereunder.

I. Upstream Capacity Requirements:

A. Mandatory Capacity Release

An ESCO serving Mandatory Release Capacity Customers shall be required to take primary point capacity from NYSEG for a twelve month period to serve such customers' peak day needs, unless the ESCO has grandfathered capacity to serve such customers as described in Section 5.1.B. ESCO-Supplied Capacity.

Any new or incremental load served by an ESCO shall be served using a release of capacity from NYSEG for a twelve month period.

New ESCOs entering the Company's service territory after September 1, 2007, will be required to take capacity from NYSEG.

B. ESCO-Supplied Capacity

As of September 1, 2007, any ESCO providing primary point deliverability on an Upstream Pipeline(s) at the Receipt Point(s) designated by the Company for Mandatory Release Capacity Customers will be allowed to do so at the September 1, 2007, volumetric level, and as further adjusted as described below, established for each ESCO (also known as "Grandfathered Capacity").

The volumetric level of grandfathered primary point deliverability will be reviewed annually on April 1 to adjust for any reductions in the level of customer load served by the ESCO. If the change in the volumetric level of grandfathered primary point deliverability is less than 5% or 500Dth, whichever is less, the maximum level of grandfathered primary point deliverability for the ESCO will not be reduced. If the change in the volumetric level of grandfathered primary point deliverability is equal to or greater than 5% or 500Dth, the maximum level of grandfathered primary point deliverability for the ESCO will be reduced to equal customer load requirements on April 1. The level of grandfathered primary point deliverability will not be increased unless the ESCO purchases the entire book of customers from another ESCO as described below.

An ESCO using its own primary point deliverability to meet some or all of its customers' requirements may pass those grandfathered rights on as a package when it sells its entire customer book to another ESCO.

A Grandfathered ESCO shall be required to demonstrate on an annual basis, through an affidavit signed by an officer of its company, that it has and will continue to have under contract non-recallable, firm primary point deliverability on an Upstream Pipeline(s) at the Receipt Point(s) designated by the Company. The Upstream Capacity must be capable of fully meeting expected daily and seasonal requirements; recognizing that the capacity requirements are generally less in summer and transition months (April - October) than during winter months (November - March), as detailed below.

- (1) Aggregation Pool Operators will be required to demonstrate primary point capacity sufficient to meet 66 Heating Degree Days (HDD) of load.
- (2) If an ESCO for a Core customer cannot make the demonstration detailed above, the Customer must take a mandatory release of Company pipeline capacity.

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