

PSC No: 120 - Electricity  
New York State Electric and Gas Corporation  
Initial Effective Date: March 1, 2006

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## GENERAL INFORMATION

### 11. Self-Generation Deferral Incentive:

This provision is no longer available to additional customers on or after January 1, 2007. Customers being served under this provision as of December 31, 2006, will be permitted to continue such service until the Customer's incentive term expires, provided the Customer continues to meet the annual eligibility requirements.

Upon application, qualification, and 30 days' notice to the Corporation, any customer eligible for service under Service Classification Nos. 2, 3, or 7, with an annual load factor between 5 and 35 percent, and a Standard Industrial Classification (SIC) code contained within one of the 2 digit classifications 13, 14, 20 - 39, 70, or 79, who can demonstrate to the Corporation's satisfaction that self-generation is a viable option, may qualify for the Self-Generation Deferral Incentive (SGDI) in the form of a price cap in cents per kWh for the overall service bill, as stated in the applicable Special Provision, of the respective service classifications for all electric use during a term of 36 months. At the end of this term the customer will have the option for renewal.

In order to qualify for the incentive, the customer must: (1) have an annual load factor greater than or equal to 5% but less than or equal to 35%, (2) have a billing demand equal to or greater than 100 kW, (3) have a SIC code equal to 13, 14, 20 - 39, 70, or 79, and (4) submit documentation, satisfactory solely to the Corporation, showing that on-site self-generation is, economically and environmentally, a feasible and viable option. (Customers utilizing the incentive to displace existing on-site self-generation must document the continuing economic and environmental viability of the generation currently operating.) The load factor (annual kWh divided by the product of the maximum metered monthly demand and the number of total hours in the annual billing period) will be calculated by the Corporation based on the most recent 12 months of billing for existing customers and estimated billing for new customers or existing customers adding new load. Load factors for qualified customers will be recalculated annually, at the anniversary of service under this provision. Customers whose load factor "escapes" the range will no longer be eligible for billing under this provision. Load factor percentages will be rounded to the nearest whole number.

Upon qualification, the incentive rate will be applied to the customer's total monthly metered kilowatthour usage. If the bill with or without the price cap is lower than the minimum bill under this provision, the customer will be required to pay the minimum bill. Customers receiving the SGDI must agree not to pursue any self-generation options until 6 months after receiving their last bill with the incentive, otherwise the customer will be rebilled to recover the rate reduction received in the previous 6 months. SGDI will be subject to periodic (but not more than annual) review and possible modification, subject to Public Service Commission approval.

All qualifying applicants will be required to participate in appropriate conservation and demand side management programs offered by the Corporation. Qualifying customers must make a commitment to minimize, to the extent practicable, additions to Corporation's peak load.

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Binghamton, New York