

PSC No: 120 - Electricity
New York State Electric & Gas Corporation
Initial Effective Date: February 1, 2004

Leaf No. 294.2
Revision: 0
Superseding Revision:

SERVICE CLASSIFICATION NO. 11 (Continued)

SPECIAL PROVISIONS (CONT'D.)

(c) Individually Negotiated Contracts

1) Individual Agreements for Customers Considering Isolation

NYSEG is authorized to offer individually negotiated agreements for standby service to customers that may install back-up generation and disconnect their premises from the NYSEG system in lieu of taking tariff standby service. The customer must document that it can physically, environmentally, and economically isolate from NYSEG's grid by installing and operating back-up generation at a lower cost than paying for standby service, and that such option is the alternative the customer will select if NYSEG does not offer a negotiated rate alternative. At a minimum, the negotiated rate agreement must provide for recovery of NYSEG's marginal costs plus a reasonable contribution to NYSEG's recovery of its fixed costs. NYSEG will use its existing authorization under Service Classification No. 14 to gain contribution from any customer presently isolated from its delivery system. NYSEG will respond to a customer application for a negotiated rate agreement within ninety (90) days of its receipt, with a negotiated rate agreement offer or a written explanation for its rejection of the application. Either party may seek from Staff a non-binding resolution of a dispute over the negotiation of such an individual rate agreement.

In the event of a conflict between any provisions of an agreement negotiated pursuant to this authority and any provision of NYSEG's Joint Proposal filed April 7, 2003 in Case 02-E-0779 or the standby rates provisions of NYSEG's tariff on the same subject, the provision of the negotiated agreement shall take precedence and control.

2) Individual Agreements for Customers Selling into the Wholesale Market

NYSEG is authorized to offer individually negotiated agreements for standby service with customers that sell into the market, or to a third party, no less than 90% of their site's energy output, net of station power requirements, from generators located on the site having a total name plate rating equal to or greater than 50 MW. The rates and charges negotiated will reflect, where applicable, the characteristics of the specific interconnection arrangements, including, but not limited to, the voltage level of the interconnection, whether the interconnection is bi-directional, and the nature of the NYSEG facility where the generator is interconnected with the NYSEG system.

NYSEG will respond to a customer application for a negotiated rate agreement within ninety (90) days of its receipt with a negotiated rate agreement offer or a written explanation for its rejection of the application. Either party may seek from Staff a non-binding resolution of a dispute over the negotiation of such an individual rate agreement.

In the event of a conflict between any provision of an agreement negotiated pursuant to this authority and any provision of NYSEG's Joint Proposal filed April 7, 2003 in Case 02-E-0779 or the standby rates provisions of NYSEG's tariff on the same subject, the provision of the negotiated agreement shall take precedence and control.

Issued in compliance with orders in Case No. 02-E-0779 dated 07/30/03 and Case No. 03-E-1552 dated 11/28/03

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