

PSC NO: 220 ELECTRICITY  
NIAGARA MOHAWK POWER CORPORATION  
INITIAL EFFECTIVE DATE: APRIL 1, 2017  
STAMPS: Issued in Compliance with Order issued February 22, 2017 in Case 15-E-0302

LEAF: 229.3  
REVISION: 4  
SUPERSEDING REVISION: 3

#### GENERAL INFORMATION

#### 46. SUPPLY SERVICE CHARGES (Continued)

46.3.3.2 The actual amount of the net market value associated with Legacy Contracts assessed through the LTC pursuant to Rule 46.2, NYPA R&D Contracts assessed through the NYPA Benefit factor pursuant to Rule 46.2.6, New Hedges assessed through the New Hedge Adjustment factor pursuant to Rule 46.3.1, the Mass Market Adjustment determined pursuant to Rule 46.3.2, and any reconciliation balance from prior periods determined pursuant to Rule 46.3.3.4 below.

46.3.3.3 The Supply Service Adjustment factor shall be calculated monthly as the amount determined in accordance with Rules 46.3.3.1 and 46.3.3.2 divided by the forecasted kWh sales for the applicable month to all customers receiving Electricity Supply Service from the Company.

46.3.3.4 The Supply Service Adjustment shall be subject to reconciliation in which the reconciliation amount determined in accordance with Rules 46.3.3.1 and 46.3.3.2 shall be compared to the actual revenue billed by the Supply Service Adjustment factor for the applicable month. Any reconciliation balance, whether positive or negative, shall be included in the adjustment of subsequent periods pursuant to Rule 46.3.4.

46.3.4 Supply Reconciliation Balance – The charges or credits associated with -supply reconciliations for Mass Market customers that are delayed from the typical two month lag.

46.3.4.1 Generally, reconciliations will be performed on a two month lag basis. Any delay in these reconciliations will be implemented through the Supply Reconciliation Balance. Any subsequent reconciliations of the Supply Reconciliation Balance caused by sales variances will occur within the reconciliation of the New Hedge Adjustment.

46.3.5 Clean Energy Standard Supply (“CESS”) Charge - All customers receiving supply service in accordance with Rule 46.1 will be subject to the Clean Energy Standard Supply (“CESS”) charge. The CESS will consist of:

46.3.5.1 Renewable Energy Standard (“RES”) charge – The costs associated with the Clean Energy Standard (“CES”) RES program, where the Company procures qualifying Renewable Energy Certificates (“RECs”) and /or remits Alternative Compliance Payments (“ACPs”) as mandated by the CES Order in Case 15-E-0302. The annual RES cost will be calculated using available RES Compliance Year REC prices (\$/MWh) times the Company’s RES Compliance Year REC obligation percentage(s) times the Local Transmission Efficiency Factors for Secondary service Rule 39.18.

46.3.5.2 Any costs associated with purchases of RECs or ACPs that have occurred or are forecasted to occur for the period of January 1, 2017 through March 31, 2018 will be included in the first year RES calculations beginning April 1, 2017. Commencing April 1 2018, the RES charge calculation will be performed on an annual basis for the upcoming April through March period.

46.3.5.3 Zero-Emissions Credit (“ZEC”) Charge – The costs associated with the CES ZEC requirements, where the Company is contractually obligated to purchase ZECs from NYSERDA during the ZEC Compliance Year. The annual ZEC cost, as determined by NYSERDA for the ZEC Compliance Year, will be divided by the forecast annual kWh sales of all customers receiving Electricity Supply Service from the Company for the applicable period.

Issued by Kenneth D. Daly, President, Syracuse, NY