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PSC No: 19 - Electricity
 Rochester Gas and Electric Corporation
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 Revision: 7
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GENERAL INFORMATION
12. SUPPLY SERVICE OPTIONS (Cont'd)

C. Calculation of the Commodity Charge

1. S.C. Nos. 1, 2, 6 and P.S.C. No. 18 Street Lighting (Cont'd)

Ancillary Services/NYPA Transmission Adjustment Charge (NTAC) Component:

The ancillary services/NTAC shall be forecasted each month and included in the supply price and subsequently reconciled.

Hedge Adjustment:

The hedge adjustment shall pass through to customers the impact of any hedge position entered into on behalf of such customers.

NYISO Related Transmission Charges:

Transmission project costs allocated to the Company under the NYISO tariff as approved by FERC.

Supply Adjustment Charge Component:

Unaccounted For Energy, Renewable Energy Credits (RECs), Zero Emissions Credits (ZECs), and if applicable, Alternative Compliance Payment (ACP) and all costs incurred related to supply shall be reconciled and recovered or refunded through a subsequent Supply Adjustment Charge incorporated in the supply charge.

2. Non-Hourly Pricing S.C. Nos. 3, 4, 7, 9

The charge for Electric Power Supply provided by the Company shall fluctuate with the market price of electricity and shall include the following components: Energy, Energy Losses, Unaccounted for Energy ("UFE"), Capacity, Capacity Reserves, Capacity Losses, ancillary services, NTAC, and a Supply Adjustment Charge. The methodology for calculating the Energy and Capacity components of the charge for Electric Power Supply is as follows:

Energy Component:

For each day of the customer's billing cycle, a daily average value of market supply is derived from the day ahead NYISO posted Locational Based Marginal Prices (LBMP) of electricity for the region weighted to reflect hourly usage based on service classification load profiles for the calendar month and day-type (Weekday, Saturday or Sunday). Separate calculations shall be made for each metered time period for the Customer's individual Service Classification.

The daily load weighted market price of energy shall be adjusted to reflect losses and Unaccounted For Energy. These daily average market supply values are used in conjunction with the service classification profile to develop a weighted average value of market supply for each metered time period within the Customer's specific billing period. The weighted average value of market supply is multiplied by the Customer's metered kWh usage for each metered time period to determine the value of market supply.

Capacity Component:

The Capacity component is calculated using 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 capacity losses and reserves based on the NYISO monthly and spot capacity auctions. The service class profile will be used to determine the customer's capacity responsibility of state-wide system peak demand. A new capacity responsibility amount will be effective each May 1st. The service class profile contribution to the system peak demand may need to be adjusted for a growth factor.

Capacity Charge = UCAP Charge + Demand Curve Reserve Charge

UCAP Charge = (UCAPreq * (1 + Reservereq) * Pricemonthlyauc)

UCAPreq = The demand for the customer's service class that occurred at the time of the New York system peak of the prior year, grossed up for losses and a growth factor.

Reservereq = Additional reserve requirement as required by NYISO.

Pricemonthlyauc = Monthly NYISO auction price.

Demand Curve Reserve Charge = (UCAPreq * DemandCurveReservereq) * Pricespotauc)

UCAPreq = Described above.

DemandCurveReservereq = Allocation of additional capacity requirement as required by the NYISO's demand curve.

Pricespotauc = Monthly NYISO SPOT auction price.

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