PSC No: 120 - Electricity   Leaf No. 117.9
New York State Electric & Gas Corporation   Revision: 12
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GENERAL INFORMATION

25. Supply Service Options: (cont'd.)

I. Supply Service Options (cont'd.)

      B.   Transition Charge (Non-Bypassable Charge [NBC])
          1.   Calculation of the Transition Charge (Non-Bypassable Charge [NBC]):   (cont'd.)

              (iii) All items collected through the NBC will be symmetrically reconciled and trued-up monthly in a competitively neutral manner. The credits or charges related to the reconciliation will be included in a subsequent monthly NBC.

A Transition Charge Statement setting forth the Transition Charge (NBC) will be filed with the Public Service Commission on not less than one (1) day's notice.

      C.   Calculation of the Commodity Charge
          Non-Demand Metered Customers
          (S.C. Nos. 1, 5, 6, 8, 9, 11 [Non-Demand], 12, and PSC No. 121 Street Lighting)

The charge for Electric Power Supply provided by NYSEG will fluctuate with the market price of electricity and will include the following components; Energy, Energy Losses, Unaccounted For Energy ("UFE"), Capacity, Capacity Reserves, Capacity Losses, Ancillary Services/NTAC, Hedge Adjustment 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 forward trading market prices of electricity for the region (East or West of the NYISO Total East Interface) in which the Customer is located and previous true-ups, weighted to reflect hourly usage based on load studies for the calendar month and day-type (Weekday, Saturday or Sunday/Holiday). Separate calculations will be made for each metered time period for the Customer's individual Service Classification.

The daily load weighted market price of energy will be adjusted to reflect losses. These daily average market supply values are used in conjunction with the service classification daily load study usage data to develop a weighted average value of market supply for each metered time period within the Customer's specific billing period. The weighted average 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 converted to $/kWh as determined from the NYISO's monthly and spot capacity auctions for the capacity zone in which the customer is located.   The capacity price will also include capacity losses and reserves. 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

$\text{UCAP Charge} = (\text{UCAP}_{req} * (1 + \text{Reserve}_{req}) * \text{Price}_{monthlyauc})$

UCAP_{req} = 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.

Reserve_{req} = Additional reserve requirement as required by NYISO.
$\text{Price}_{monthlyauc}$ = Monthly NYISO auction price.

$\text{Demand Curve Reserve Charge} = (\text{UCAP}_{req} * \text{DemandCurveReserve}_{req}) * \text{Price}_{spotauc})$
      UCAP_{req} = Described above.
      $\text{DemandCurveReserve}_{req}$ = Allocation of additional capacity requirement as required by the NYISO's demand curve.
      $\text{Price}_{spotauc}$ = Monthly NYISO SPOT auction price.

Ancillary Services/NYPA Transmission Adjustment Charge (NTAC) Component: The ancillary services/NTAC will be forecasted each month and included in the supply price and subsequently reconciled.

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