

Effective Date: 07/21/2016

PSC No: 16 - Gas
 Rochester Gas and Electric Corporation
 Initial Effective Date: June 19, 2015

Leaf No. 127.19.1
 Revision: 7
 Superseding Revision: 6

10. GENERAL RETAIL ACCESS (Continued)

D. ESCO/DC Participation (Cont'd) **5. Operational Issues (Cont'd)**

(g) Discontinuance or Curtailment of Gas Service (Cont'd)

(2) Curtailment Notification Process

The Company shall notify the Director of the Office of Electric, Gas and Water of the New York State Department of Public Service when a curtailment is declared and when the situation returns to normal. Notification shall be provided to the Energy Service Companies (ESCOs) and curtailed customers periodically during the curtailment period.

(3) Gas Requirements During a Curtailment

During a period of curtailment, ESCOs and Direct Customers may be required to maintain city gate deliveries of gas at the direction of the Company, subject to qualified upstream force majeure interruptions or curtailment preventing the ability to secure and deliver such supplies. The Company may request the ESCO to deliver up to and including proven primary point capacity requirements. Such delivery requirements shall apply whether the ESCO's customer(s) is curtailed or not.

It shall be the Company's option to purchase curtailed supplies in excess of plant protection requirements. Supplies would be delivered by ESCOs at a mutually agreeable utility city gate or upstream point. The Company may divert gas at the city gate, from an ESCO or Direct Customer, to serve higher priority customers. In the event of a redirection of supplies under this provision, the ESCO or Direct Customer whose gas is diverted in such instances shall be compensated.

(4) ESCO and Direct Customer Compliance

ESCOs and Direct Customers are required to comply with the requirements of the curtailment. Failure of the Company to adhere to one or more of the curtailment criteria is not basis for non-compliance, but may provide the basis for a complaint to the Commission. If, during the curtailment period, the Company is aware of ESCOs or Direct Customers that are not responding to required actions, all reasonable efforts shall be made to inform the non-responding party. Lack of such notification shall not relieve any party of its obligations.

(5) Penalties

Any ESCO or Direct Customer who fails to comply with the Company's curtailment instructions may be charged a penalty which shall be the greater of: (a) \$2.50 per therm, or (b) three times the market price. The market price during a curtailment shall be the higher of the midpoint index prices plus maximum firm transportation charges (commodity plus fuel plus demand) to the Company's city gates. The relevant indices and specific calculations are established in the GTOP Manual.

(6) Compensation for Diverted Gas

Compensation for the diverted gas shall be set at the market price in effect during the time of the curtailment, unless it can be demonstrated with adequate support that a contract calls for a higher price. The market price during a curtailment is the higher of the Niagara midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Mendon city gate, or the Dominion Transmission Incorporated (DTI) Appalachia South Point midpoint index price plus maximum firm transportation charges (commodity plus fuel plus demand) to the Caledonia city gate. The Company shall recover compensation from customers via the Gas Supply Charge (GSC), subject to Commission review.

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