

PSC NO: 15 ELECTRICITY

LEAF: 184.1

COMPANY: CENTRAL HUDSON GAS & ELECTRIC CORPORATION

REVISION: 7

INITIAL EFFECTIVE DATE: 03/10/10

SUPERSEDING REVISION: 6

Issued in Compliance with Order in C.08-E-0887 dated February 11, 2010

SERVICE CLASSIFICATION NO. 2 (Cont'd)**GENERAL SERVICE** (Cont'd)**SPECIAL PROVISIONS** (Cont'd)**2.11 HOURLY PRICING PROVISION**

Effective October 1, 2011 all customers with demand exceeding 500 kW in any two of the previous twelve months (as measured semi-annually for the twelve months ending June and December, but initially for the twelve months ended August 31, 2009) and electing to purchase their energy requirements from the Company will be billed for these requirements based on the charges set on an hourly basis according to the market price of electricity described below. All other customers taking service under this Service Classification may elect to purchase 100% of their energy requirements based on charges set on an hourly basis according to the market price of electricity described below.

The market price of electricity will be the hourly Day-Ahead Locational Based Market Price (DAM) as set forth by the New York State Independent System Operator (NYISO) for Central Hudson, Hudson Valley, Zone G (Zone G). The source of the hourly prices will be the NYISO website for the DAM.

Customers taking service under this Special Provision will also be subject to charges for energy balancing as well as non-energy components of electric power supply, such as capacity, ancillary services and allowances for working capital costs and bad debts.

Prior to May 1, 2011, these charges will be recovered through the HPP UCAP Charge, which will be determined on a monthly basis, coincident with the development of the components of the Energy Cost Adjustment Mechanism, as described in General Information Section 29, will be stated in whole \$0.00001 amounts per kilowatthour and will be filed with the Public Service Commission on the Statement of Market Price Charge and Market Price Adjustment. The UCAP Charge will be calculated as the sum of:

- (A) An energy balancing component calculated by subtracting the DAM from the Real-Time LBMP (RTM) as set forth by the NYISO for Zone G for each hour in the current month, multiplying the difference by any purchases or sales made by the Company in the real-time market for load balancing purposes and dividing the net result by the estimate of full service sales, including HPP sales, described in General Information Section 29; and,
- (B) A component for capacity charges determined by taking the sum of HPP customers' estimated unforced capacity (UCAP) requirements multiplied by the monthly NYISO Spot Auction price for the New York Control Area (NYCA); and,
- (C) A component for ancillary service charges, including NYPA Transmission Access Charges (NTAC), calculated by taking the sum of such charges incurred by the Company and dividing by the estimate of full service sales, including HPP sales, described in General Information Section 29; and,

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