

PSC No: 19 - Electricity  
Rochester Gas and Electric Corporation  
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## SERVICE CLASSIFICATION NO. 14

### STANDBY SERVICE (Cont'd)

#### ELECTRICITY SUPPLY PRICING OPTIONS (Cont'd):

##### 2. RG&E Variable Price Option (VPO)

This Non-Retail Access choice includes fixed charges for RG&E delivery service, and a commodity charge for electricity supply that fluctuates with the market price of electricity and consists of energy, capacity, capacity reserves, losses and unaccounted for energy. Electricity supply is provided by RG&E.

Delivery Rates, System Benefits Charge, and Retail Access Surcharge are specified in the Rates, System Benefits Charge, and Retail Access Surcharge sections, respectively, of this Service Classification.

Standby rates are designed in accordance with the methodology set forth in Case 02-E-0551, Proceeding on Motion of the Commission as to Rochester Gas and Electric Corporation's Electric Tariff Filing to Establish a New Standby Service in Accordance with Commission Order Issued October 26, 2001 in Case 99-E-1470, Order Establishing Electric Standby Rates (issued July 29, 2003) ("Standby Order"), such that RG&E will recover the requisite delivery revenue requirement and Transition Charge ("TC") revenues. The TC revenues will be collected over the contract demand and the distribution portion of the as-used demand billing determinants on an equal percentage basis. The TC revenues applicable to standby service customers will be calculated as part of, and at the same time as, the annual calculation of TC revenues for purposes of establishing the charges applicable to the different electricity supply pricing options.

#### Electricity Supply Charge

Standby customers taking service under this VPO electricity supply pricing option must select from two different options for their electricity supply charge. One option is VPO, based on the customer's class deemed load shaped, as described in (a) below. The other option is Hourly Pricing, based on hourly metered usage, as described in (b) below.

- (a) For VPO, the charge for electricity supply service will fluctuate with the market price of electricity and will include the following components: energy, capacity, capacity reserves, line losses and unaccounted for energy. Customers will be charged for energy based on their class deemed load shape using day-ahead prices. They will be charged for capacity based on their class deemed contribution to peak using the monthly NYISO capacity auction price, including an appropriate adder for capacity reserve responsibility. Customers will be charged for losses, company use and unaccounted for energy by multiplying the energy and capacity costs by a loss factor for their voltage level.
- (b) Standby customers with demands of less than 1,000 KW may elect to be served under the Hourly Pricing as described in detail below in Option 3

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