PSC No: 120 - Electricity
New York State Electric and Gas Corporation
Initial Effective Date: October 30, 2005

Leaf No. 254
Revision: 1
Superseding Revision: 0

SERVICE CLASSIFICATION NO. 7 (Continued)

SPECIAL PROVISIONS: (Cont'd)

(i)   Real Time Pricing ("RTP") Provision (Cont'd.)

CALCULATION OF THE BILL: (Cont'd.)

The hourly day-ahead NYISO Locational-Based Marginal Prices ("LBMP") of electricity in Zones C or G (as applicable) will be applied to the customer's interval metered hourly usage. NYSEG will also add Energy Losses (which include Unaccounted For Energy), Unforced Capacity (UCAP), UCAP Reserves, and UCAP Losses to the LBMP determined prices. UCAP is defined as the market-clearing price of capacity in $/kWh as determined from the NYISO's monthly capacity auction price and the service classification load profile. The Capacity Component will be revised in accordance with each monthly UCAP auction held by the NYISO.

TERM AND EVALUATION OF THE PROGRAM:

The term of service is consistent with the customer choosing the NYSEG Variable Price Option (VPO) rate option, a complete description of which appears previously in this Service Classification, and in Section 12 of this Schedule, Customer Advantage Program. The Company will work closely with each RTP customer. The Company will evaluate the Program, including costs and benefits and propose necessary changes after each year of the Program.

(j)   Emergency Demand Response Program ("EDRP")

The EDRP seeks to provide customers with an economic incentive to respond to Emergency Operating Conditions as identified by the NYISO. EDRP can provide the NYISO, through the Company, with the ability to request voluntary load curtailment or replacement by participating customers for electric usage.

Customers who are qualified under EDRP in Section 20 of the General Information section of this Schedule may participate in the NYSEG EDRP as set forth therein.

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