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PSC No: 120 - Electricity

New York State Electric & Gas Corporation

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Issued in Compliance with Order in Case 14-E-0423 dated December 15, 2014

GENERAL INFORMATION

35. Commercial System Relief Program (Cont'd)

J. Reservation Payment Option (Cont'd)

2. Penalties and Adjustment for Non-performance (Cont'd)

d. Performance Adjustment

A Performance Adjustment shall be applied in calculating the Performance Factor if the Direct Participant or Aggregator requests in writing to provide Performance Adjusted kW.

Once a Performance Adjustment is in effect, a Direct Participant or Aggregator may request subsequent increases to the Performance Adjusted kW if the updated kW level meets the requirements for Performance Adjusted kW. No more than one request shall be accepted per month to change to the Performance Adjusted kW. The Performance Adjustment shall become effective commencing the first day of the first calendar month that follows the Company's receipt of the request to initiate or update the Performance Adjusted kW.

If the current Performance Factor is lower than the previous month's Performance Factor, the lower Performance Factor becomes the new Performance Factor for the current month and each month thereafter the month in which a Performance Adjusted kW request is received or a lower Performance Factor is achieved.

3. Application of Payments

Reservation Payments shall be calculated on a monthly basis. Payments shall be made by bill credit, check, or wire transfer.

4. Testing

The Company may require a Direct Participant or Aggregator to participate in one or more Test Events, each for a period not to exceed one hour, commencing at a time determined solely at the Company's discretion, but within the Contracted Hours.

The Company shall make a payment for one hour of energy for the Load Relief achieved up to the contracted amount, as specified above in section J.1. A Direct Participant or Aggregator who fails the Test shall be subject to the Penalties described above in section J.2.

K. Voluntary Participation Option

1. Payments

Except as specified in section I, the Company shall make Performance Payments to a Direct Participant or Aggregator participating in the Voluntary Participation Option for Load Relief provided during a designated Load Relief Period.

The payment rate for Load Relief is as follows: The Performance Payment rate is \$0.15 per kWh.

The Performance Payment amount paid per event is equal to the applicable Payment Rate multiplied by the average hourly kWh of Load Relief provided during the event multiplied by the number of event hours.

2. Application of Payments

The Company shall make payment to a Direct Participant or Aggregator, after the end of the program year, for the sum of the payments due for all Load Relief Periods in the Capability Period. Payments shall be made by bill credit, check, or wire transfer.

ISSUED BY: James A. Lahtinen, Vice President Rates and Regulatory Economics, Binghamton, New York