

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: MARCH 1, 2016

LEAF: 221
REVISION: 7
SUPERSEDING REVISION: 6
STAMPS: Issued in compliance with Orders issued January 21, 2016 in Case 14-M-0094 and January 22, 2016 in Case 15-M-0252

GENERAL INFORMATION

41. SYSTEM BENEFITS CHARGE

41.1 The System Benefits Charge is a mechanism which permits the Company to recover from customers the costs associated with clean energy activities conducted by the New York States Energy Research and Development Authority ("NYSERDA") and energy efficiency programs implemented by the Company.

41.2 Service bills rendered to customers taking service under P.S.C. Nos. 220 and 214 Electricity are subject to the System Benefits Charge regardless of supplier, except:

- (i) load served by NYPA except as provided in Rule 41.2.1, or
- (ii) load served under the Empire Zone Rider as described in Rule 34.3.2.2 and Rule 34.3.3.2, or
- (iii) load served under the Recharge New York Program as provided in Rule 34.6, or
- (iv) as established by contract under the or SC-12 tariff as described in SC No. 12 – Sections 5.4.3 and 6.2.3.

41.2.1 Certain NYPA allocations are subject to the System Benefits Charge. These allocations include Economic Development Power (EDP) above the allocated 46 MW, and all deliveries of High Load Factor Fitzpatrick Power not specifically enumerated on Schedule A to the Agreement Among Niagara Mohawk Power Corporation, the New York Power Authority, and the Department of Public Service Resolving and Settling Certain Disputes dated May 22, 1997 or otherwise authorized by that Settlement Agreement.

41.2.2 Customers who have load served by NYPA are exempt from the SBC on the NYPA portion of their load, except as provided in Rule 41.2.1. Customers will be assessed the SBC on any non-NYPA portion of their load and would thus qualify to participate in the energy efficiency programs mentioned in Rule No. 41.1.

41.2.3 Effective January 21, 2016, customers will no longer have the option to elect to pay SBC on any exempt load. Customers who previously elected to become subject to the SBC under this option shall be grandfathered under this opt-in provision and continue to pay the SBC.

41.3 Clean Energy Fund (CEF) Surcharge Rate:

Beginning on March 1, 2016, the CEF surcharge rate will collect funds associated with NYSERDA administered clean energy activities, including RPS, EEPS, SBC IV, and CEF, as well as over- or under-collections associated with Company administered EEPS programs for the period prior to 2016. The surcharge rate will be calculated by dividing the necessary collections by the projected annual kWh sales. Necessary collections will include:

41.3.1 Annual authorized collections for NYSERDA administered programs, plus or minus any under- or over-collections for prior years.

41.3.2 Any under- or over-collections for Company administered EEPS programs.

Issued by Kenneth D. Daly, President, Syracuse, NY 13212