

PSC NO: 10 – Electricity
Consolidated Edison Company of New York, Inc.
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GENERAL RULES

25. Supply and Supply-related Charges and Adjustments - Continued

25.2 Adjustment Factors – MSC - Continued

25.2.2 Adjustment Factor – MSC II

The Adjustment Factor – MSC II includes the following:

- (a) NYISO commodity-related rebills issued to the Company; provided, however, that charges/credits to be flowed through the Adjustment Factor - MSC II related to rebills will be limited to five percent of the total MSC/MAC costs for that month. Residual amounts will be deferred with interest and flowed through the Adjustment – Factor MSC II in subsequent month(s) subject to the same five percent limitation; and
- (b) the costs/benefits of “hedges,” applicable unless the Customer would have taken service under Rider M on a mandatory basis if not for one or more of the conditions described in Special Provision (E) of that Rider. The costs/benefits of hedges include the following:
 - (i) the Cost Increment/Decrement of energy and capacity obtained from any source other than Purchased Power Contracts entered into prior to May 1, 2000, Company-owned Generation Assets, and Public Policy Contracts. The Cost Increment/Decrement of energy and capacity reflects the difference between the actual monthly costs of these purchases, including fixed and variable costs, and the imputed revenue associated with pricing these purchases at the market price(s) included in the MSC;
 - (ii) all costs incurred and benefits received from hedging instruments associated with transactions intended to reduce price volatility to customers (e.g., transaction costs, such as option premiums, costs of providing credit support and margin requirements, and professional fees, and gains and losses associated with such transactions made in the commodities exchanges and with other counterparties);
 - (iii) monthly amortized costs of Transmission Congestion Contracts (“TCCs”) purchased through the NYISO auctions, direct sales or from the secondary market on behalf of Full Service Customers; and
 - (iv) revenues received from TCCs held on behalf of Full Service Customers.

The Adjustment Factor - MSC II is separately determined for Customers who would have taken service under Rider M on a mandatory basis if not for one or more of the conditions described in Special Provision (E) of that Rider, to reflect the fact that they do not receive the costs/benefits of hedges.

The Adjustment Factor – MSC II amount will be estimated each month, and a true-up to actual MSC II costs will be included in the Adjustment Factor – MSC II in the following month. The Adjustment Factor – MSC II will be applied on a cents per kilowatthour basis, taken to the nearest 0.0001 cent.

Issued by: Robert Hoglund, Senior Vice President & Chief Financial Officer, New York, NY