

GENERAL INFORMATION

25. Supply Service Options: (cont'd.)

I. Supply Service Options (cont'd.)

B. Transition Charge (cont'd)

Components of the Transition Charge: (cont'd)

1. Non-Bypassable Charge ("NBC") (Cont'd)
 - b) The NBC shall be set monthly based on a forecast and subject to a monthly true-up for all components based on the actual after-the-fact costs and load subject to the NBC.
 - c) All service classes shall pay the NBC on a volumetric basis; residential customer classes shall also receive the benefits, if any, of NYPA purchased power and monthly payments received by the Company from NYPA under the Recharge New York Residential Consumer Discount Program (New York Public Authorities Law § 1005(13-b)), consistent with any the Company contracts with NYPA for such purchased power and/or monthly payments.
 - d) All items collected through the NBC shall be symmetrically reconciled and true-up monthly in a competitively neutral manner. The credits or charges related to the reconciliation shall be included in a subsequent monthly NBC.
 - e) Any cost savings resulting from optimization activities associated with NYSEG's grandfathered transmission entitlements and procurement activities for Tier-1 eligible renewable energy certificates ("RECs") as defined in the Commission's August 1, 2016 Order Adopting a Clean Energy Standard issued in Case 15-E-0302 ("CES Order"), will be shared with customers and shareholders on an 80% / 20% basis. The credits related to the Electric Cost Incentive Mechanism ("ECIM") shall be included in a subsequent monthly NBC.

A Non-Bypassable Charge Statement setting forth the NBC shall be filed with the Public Service Commission on not less than one days' notice. Such statement can be found at the end of this Schedule.

2. Value of Distributed Energy Resources ("VDER") Value Stack Credits Statement

The following costs associated with Value Stack and Wholesale Value Stack, as applicable, paid by the Company pursuant to Rule 40.B Value Stack and Rule 40.C.2 Wholesale Value Stack, shall be allocated and collected by service classification as follows:

- a. Capacity Value [Market Value]: allocated to service classes based on how the Company allocates ICAP;
 - i. Costs associated with the Capacity Value [Market Value and Out of Market Value] shall not be recovered from Hourly Pricing customers
- b. Capacity Value [Out of Market Value], Environmental Value [Out of Market Value], and Market Transition Credit: all delivery customers, allocated to service classes based on the composition of subscribers who receive benefits in proportion to the benefits received;
- c. Demand Reduction Value (DRV) and Locational System Relief Value (LSRV): all delivery customers on a voltage level basis; allocated to service class by voltage level based on appropriate T&D demand allocators. The DRV and LSRV shall be collected from demand-billed customers on a per-kW basis.

A Value of Distributed Energy Resources Cost Recovery ("VDER-CR") Statement setting forth the VDER rates shall be filed with the Commission on not less one day's notice. Such statement can be found at the end of this Schedule.

GENERAL INFORMATION

34. Distribution Load Relief Program (Cont'd)

C. Definitions (Cont'd)

Company Designated Area: An electrically defined area determined by the Company to be approaching system capacity limits during peak periods. A current list of the Company Designated Areas shall be listed on the Company's website.

Contingency Event: A Load Relief Period lasting four or more hours for which the Company provides two or more hours' advance notice.

Direct Participant: A Customer who enrolls under this Program directly with the Company for a single account and agrees to provide at least 50 kW of Load Relief.

Electric Generating Equipment: (a) electric generating equipment that is served under Service Classification No. 10, Service Classification No. 11, or Wholesale Distribution Service and used to provide Load Relief under this Program; or (b) emergency electric generating equipment that is interconnected and operated in compliance with rules governing Emergency Generating Facilities used for self-supply and used to provide Load Relief under this Program.

Immediate Event: A Load Relief Period lasting six or more hours for which the Company provides less than two hours' advance notice.

Load Relief: Power (kW) and energy (kWh): (a) ordinarily delivered by the Company that is displaced by use of Electric Generating Equipment and/or reduced by the Direct Participant or Aggregator at the Customer's premises; or (b) produced by use of Electric Generating Equipment by a customer taking service pursuant to Service Classification No. 10 or Wholesale Distribution Service and delivered by that Customer to the Company's distribution or transmission system during a Load Relief Period.

Load Relief Period: The hours for which the Company requests Load Relief during a Contingency Event or an Immediate Event. Load Relief shall not be required of a Direct Participant or Aggregator after 12:00 AM or before 6:00 AM.

Performance Factor: When a Planned Event or Test is called, is the quotient of: (i) the average hourly kW of Load Relief provided by the Direct Participant or Aggregator during the requested hours, up to the kW of contracted Load Relief to (ii) the kW of contracted Load Relief.

Renewable Generation: Behind-the-meter electric generating equipment that is not fossil-fueled and has no emissions associated with it.

Test: The Company's request under the Reservation Payment Option that Direct Participants and Aggregators provide one hour of Load Relief on not less than two hours advance notice.

GENERAL INFORMATION

35. Commercial System Relief Program (Cont'd)

C. Definitions

The following terms are defined for purposes of this Program only:

Aggregator: A party other than the Company that represents and aggregates the load of Customers who collectively have a Load Relief potential of 50 kW or greater in a Company Designated Area and is responsible for the actions of the Customers it represents, including performance and, as applicable, repayments to the Company.

Capability Period: The period during which the Company can request Load Relief. The Capability Period shall be from May 1 through September 30.

CBL: Customer baseline load as calculated under the Company's Customer Baseline Load methodology, using either the weather-sensitive adjustment option (the "weather adjusted CBL") or the average-day CBL. The Customer Baseline Load methodology shall be described in the Company's baseline operating procedure, which shall be published on the Company's website.

CBL Verification Methodology: The methodology used by the Company to verify the actual Load Relief provided (kW and kWh) during each hour of each designated Load Relief Period and Test.

Actual load levels are compared to the customer baseline loads to verify whether the Direct Participant or Aggregator provided the kW of contracted Load Relief; provided, however, that the Company may estimate the data pursuant to the Company's operating procedure if data is not available for all intervals. When the weather-adjusted CBL methodology is used and the calculated weather adjustment falls outside of the Company defined ranges (i.e., the Company deems the weather to be atypical on the day of a Load Relief Period or Test when compared to the baseline period), the Company may review and revise a participant's baseline based on the Customer's historical load data. When the weather-adjusted CBL methodology is used, the Company, at its own discretion, may select alternate hours for the adjustment period to calculate the weather adjustment in order to accurately reflect the customer's typical usage.

Contracted Hours: The four-hour period within a weekday, Monday through Friday during the Capability Period excluding federal holidays, during which the Direct Participant or Aggregator contracts to provide Load Relief whenever the Company designates a Planned Event.

Direct Participant: A Customer who enrolls under this Program directly with the Company for a single account and agrees to provide at least 50 kW of Load Relief.

Electric Generating Equipment: (a) electric generating equipment that is served under Service Classification No. 10, Service Classification No. 11, or Wholesale Distribution Service and used to provide Load Relief under this Program; or (b) emergency electric generating equipment that is interconnected and operated in compliance with rules governing Emergency Generating Facilities used for self supply and used to provide Load Relief under this Program.

GENERAL INFORMATION

35. Commercial System Relief Program (Cont'd)

C. Definitions (Cont'd)

Load Relief: Power (kW) and energy (kWh): (a) ordinarily delivered by the Company that is displaced by use of Electric Generating Equipment and/or reduced by the Direct Participant or Aggregator at the Customer's premises; or (b) produced by use of Electric Generating Equipment by a customer taking service pursuant to Service Classification No. 10 or Wholesale Distribution Service and delivered by that Customer to the Company's distribution or transmission system during a Load Relief Period.

Load Relief Period: The hours for which the Company requests Load Relief when it designates a Planned Event or an Unplanned Event.

Performance Factor: When a Planned Event or Test is called, is the quotient of: (i) the average hourly kW of Load Relief provided by the Direct Participant or Aggregator during the requested hours, up to the kW of contracted Load Relief to (ii) the kW of contracted Load Relief.

Planned Event: The Company's request, on not less than 21 hours' advanced notice, for Load Relief during the Contracted Hours. Planned Events shall be called when the Company's day-ahead forecasted load level is at least 92% of the forecasted summer system-wide peak. Day-ahead and summer peak forecast information for the system shall be posted to the Company's website. Planned Events shall be scheduled on weekdays and will begin at 2 p.m. and end at 6 p.m. There shall be a Planned Event confirmation or cancellation notification no less than 2 hours before the start of the event.

Renewable Generation: Behind-the-meter electric generating equipment that is not fossil-fueled and has no emissions associated with it.

Test: The Company's request under the Reservation Payment Option for Direct Participants and Aggregators to provide one hour of Load Relief on not less than 21 hours advanced notice. There shall be a Test confirmation or cancellation notification no less than 2 hours before the start of the Test.

Unplanned Event: The Company's request for Load Relief: (a) on less than 21 hours' advanced notice; or (b) for hours outside of the Contracted Hours.

D. Applications and Term of Service

1. Applications for service and the batch enrollment forms under this Program must be made electronically. Direct Participants and Aggregators may participate after the Company's receipt and approval of a completed application and enrollment form. For the Reservation Payment Option, the Company shall accept an application by April 1 for a May 1 commencement date, or by May 1 for a June 1 commencement date. However, if the application is received by April 1 and the Company does not bill the participant monthly using interval metering at the time of application, participation may commence on July 1 provided all conditions in Section F are satisfied. For the Voluntary Participation Option, the Company shall accept applications at any time provided all conditions in Section F are satisfied.

GENERAL INFORMATION

40. Value of Distributed Energy Resources (“VDER”)

A. Phase One Net Energy Metering (“NEM”)

1. Eligibility

- a. Any customer, residential or non-residential, who owns or operates electric generating equipment (“Facility”), as defined in Public Service Law (“PSL”) §66-j, limited in size in conformance with the statute for each facility type and customer type that generates electric energy. A customer may include energy storage equipment when submitting an application for net metering pursuant to this Rule.
 - i. To qualify for net metering, the Customer Generator must comply with the requirements of the generating size limits (solar generating equipment up to 2 MW generation capacity limit) by complying with the following criteria:
 - 1) Each project up to the respective generating size limit must be separately metered and separately interconnected to the utility grid.
 - 2) Each project must be located on a separate site which can be accomplished by a project having a separate deed or a unique Section-Block-Lot (SBL), a separate lease, and a separate metes and bounds description recorded via either a deed or separate memorandum of lease uniquely identifying each project.
 - 3) Each project must operate independently of other units.
- b. A customer taking service pursuant to Rule Nos. 22, 26, 27, 29, 30, or 31 may opt to take service under this Rule. Such election shall be a one-time election and shall be irrevocable.
- c. A DER Provider shall comply with the requirements set forth in the UBP-DER Addendum.
- d. A customer exporting to the NYISO wholesale market pursuant to Wholesale Distribution Service is ineligible for Phase One NEM. A customer may opt-in to Rule 40.B Value Stack subject to the provisions therein.

GENERAL INFORMATION

40. Value of Distributed Energy Resources (“VDER”)

A. Phase One Net Energy Metering (“NEM”)

2. Available To

- a. Phase One NEM shall be available to a customer with a project interconnected on or after March 10, 2017 and to projects for which Standard Interconnection Requirement Step 4 (for projects 50kW or less) or Step 8 (for projects greater than 50kW), as applicable, was not completed by March 9, 2017 as follows:
 - i. Mass market on-site projects, defined as projects located behind the meter of a residential or small commercial customer that is not billed based on demand, that are not used to offset consumption at any other site and interconnected before the earlier of January 1, 2020, or a Commission order directing modification. Should a new compensation methodology not be in place by January 1, 2020, projects placed into service after that date would receive Phase One NEM compensation only until the new compensation methodology is implemented and shall then be transferred to the new compensation methodology;
 - ii. Large on-site projects, defined as projects located behind the meter of a non-residential customer that is billed based on demand or subject to the provisions of the Company’s Hourly Pricing Provision, that are not used to offset consumption at any other site for which 25% of interconnection costs have been paid, or a Standard Interconnection Contract has been executed if no such payment is required, on or before July 17, 2017;
 - iii. A project eligible for Remote Net Metering pursuant to the Special Provisions within Rules 22, 27, 29, and 31 for which 25% of interconnection costs have been paid, or a Standard Interconnection Contract has been executed if no such payment is required, on or before July 17, 2017; and
 - iv. A project eligible for Community DG pursuant to Rule 37 for which 25% of interconnection costs have been paid, or a Standard Interconnection Contract has been executed if no such payment is required, on or before July 17, 2017, up to a total rated generating capacity of 28 MW. In the event that capacity remains below this threshold which would accommodate a portion of an eligible project, the provisions of this Rule shall be available to the entire project.
 - v. A project that has a rated capacity of 750 kW or lower; is sited at the same location and behind the same meter as the electric customer whose usage the project is designed to off-set; and has an estimated annual output less than or equal to that customer’s historic annual usage in kWh. The project shall be interconnected before the earlier of January 1, 2020, or a Commission Order directing modification. Should a new compensation methodology not be in place by January 1, 2020, projects placed into service after that date would receive Phase One NEM compensation only until the new compensation methodology is implemented and shall then be transferred to the new compensation methodology;
- b. A customer that meets the requirements of 2.a.i or 2.a.ii above shall be permitted to include energy storage technology with their Facility and remain eligible for Phase One NEM as described therein.
- c. A change in ownership shall not affect the compensation term.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER"): (Cont'd)

B. Value Stack:

1. Eligibility (Cont'd):
 - e. Expansion or Consolidation Projects Under Development
Interconnection applications for new projects sized between 2 MW and 5 MW, proposals to increase the capacity of existing projects, and proposals to increase the capacity of projects currently in the interconnection queue may be submitted to the Company. If Tranche limits are exceeded, Projects currently in the interconnection queue may not be consolidated until further consideration and action on proposed SIR changes has been taken by the Commission.
 - f. A customer taking service pursuant to this Rule shall be required to install metering equipment capable of recording hourly net consumption and net injections.
 - g. A DER Provider shall comply with the requirements set forth in the UBP-DER Addendum.
2. Applicable To:
The Value Stack shall be applicable to a customer interconnecting a Facility that is:
 - (a) not eligible for Grandfathered Net Metering as set forth in the Remote Net Metering Rule 42; or
 - (b) is not eligible for Phase One NEM as set forth in Rule 40.A; or
 - (c) has made a one-time irrevocable election to opt-in to the Value Stack; or
 - (d) participating in the Remote Crediting Program as described in Rule 50.
3. Definitions:
 - a. "Mass Market Customer": a customer billed pursuant to a residential service classification or a small commercial customer that is not billed based on demand and whose electric generating equipment supplies energy to a single account behind the same meter as the generating equipment.
 - b. "Net injection" or "Net hourly injection" is the amount of excess energy produced by a customer's electric generating equipment beyond the customer's usage that is fed back to the Company's system for a customer served under the Value Stack Tariff.
 - c. "Renewable energy systems": systems that generate electricity or thermal energy through use of the following technologies: solar thermal, photovoltaics, on land and offshore wind, hydroelectric, geothermal electric, geothermal ground source heat, tidal energy, wave energy, ocean thermal, and fuel cells which do not utilize a fossil fuel resource in the process of generating electricity.
4. Compensation:
 - a. The Company shall calculate the credit by multiplying the Value Stack Components, as applicable, by the net export net hourly injections to determine the total value of the credit.
 - i. The total value of the credit shall be applied to any outstanding charges on the customer's current electric bill, except for the Customer Benefit Contribution ("CBC") charge as described in Rule 40.B.7. Value Stack Billing.
 - b. Projects that qualified for Value Stack compensation before July 27, 2018, excluding Community DG projects and any projects receiving the MTC Component, are allowed a one-time, irrevocable election to receive compensation for the Capacity Component, DRV Component, and LSRV Component (if applicable), that is applicable to projects that qualified on or after July 27, 2018. This election must be for all components applicable to the project.
 - c. The credit values shall be set forth on the VDER-Cred Statement and filed on not less than one days' notice.
5. Cost Recovery:
 - a. The Company shall recover the costs for the credits paid to customers for each of the Value Stack Components pursuant to Rule 25.B.1, Transition Charge and the Supply Adjustment Charge pursuant to Rule 25.C. Commodity Charge. The cost values shall be set forth on the VDER CR Statement and filed on not less than one days' notice.

GENERAL INFORMATION

40. Value of Distributed Energy Resources (“VDER”): (Cont’d)

B. Value Stack:

6. The Value Stack Components:

i. Value Stack Energy Component

The compensation for energy under this provision shall be calculated based on the Facility’s hourly metered net generation and the hourly energy price. The hourly energy price is the New York Independent System Operator (NYISO) Day-Ahead Market (DAM) Location Based Marginal Price (LBMP) for the Zone in which the Facility is electrically connected, adjusted for system losses. The DAM LBMP prices shall be the initial published DAM LBMP prices acquired by the Company. The credit for the Facility shall not be recalculated if such prices are modified by the NYISO at a later date.

1. A customer taking service pursuant to Rule 40.C.2 (WVS) is ineligible to receive the Value Stack Energy Component.

GENERAL INFORMATION

40. Value of Distributed Energy Resources (“VDER”): (Cont’d)

B. Value Stack:

6. The Value Stack Components: (Cont’d)

6. Alternatives for Capacity Compensation (Cont’d)

b. Alternative Two:

- i. For a customer that has met the eligibility requirements of Rule 40.B.1. and 40.B.2. above prior to July 27, 2018, the capacity credit shall use the capacity costs calculated under Alternative One, however, the costs used to develop the credit are concentrated over the 460 peak summer hours: hours 14:00 through 18:00 each day in June, July and August. The resulting rate per kWh will be multiplied by the net export generation of the project in those 460 hours. The credit is assumed to be zero in the hours and months not identified herein. A customer-generator must elect Alternative 2 by May 1st to be eligible to receive Value Stack Capacity Component via this alternative beginning June 1st of that summer. A customer-generator electing Alternative 2 after May 1st will remain on Alternative One until April 30th of the following calendar year.
- ii. A customer meeting the eligibility requirements of Rule 40.B.1. and 40.B.2. on or after July 27, 2018, the capacity credit shall be the sum of the 12 monthly NYISO \$/kW-month auction price adjusted for the NYISO UCAP Effective Percentage and the NYISO Demand Curve Adder percentage for the months that make up the previous NYISO Capacity Year (May through April) divided by the number of hours between Hour Beginning 2:00 PM and Hour Beginning 6:00 PM inclusively on non-holiday weekdays from June 24 to August 31. That number of hours will be either 240 or 245 depending on the year. The resulting credit per kWh will be multiplied by the net energy exported adjusted for the appropriate energy losses for the customer’s service class during the hours between Hour Beginning 2:00 PM and Hour Beginning 6:00 PM inclusively on non-holiday weekdays from June 24 to August 31.
- c. Alternative Three: shall be equivalent to the customer-generator’s service classification capacity cost and shall be calculated by multiplying the customer-generator’s net energy export during the New York Control Area peak of the previous calendar year by the customer’s capacity component based on their Facility’s net export generation.

7. The Capacity Component shall be set forth on the VDER-Cred Statement.

8. A customer taking service pursuant to Rule 40.C.2 (WVS) is ineligible to receive the Value Stack Capacity Component.

GENERAL INFORMATION

40. Value of Distributed Energy Resources (“VDER”) (Cont’d)

C. Special Provisions (Cont’d):

2. Wholesale Value Stack (“WVS”)

- a. A customer taking service under Rule 40.B Value Stack that elects to export to NYISO, either directly or through aggregation, must take service under WVS.
 - i. In order to take service under WVS, an existing Value Stack customer must make this election by August 1st to be effective May 1st of the following year.
 - ii. A customer who is not yet interconnected to the Company’s distribution system that is eligible for Value Stack compensation pursuant to Rule 40.B and also elects to participate in WVS, must notify the Company at the time of the customer’s Value Stack eligibility date to receive compensation under WVS at time of successful enrollment with NYISO.
- b. A customer that elects to export to NYISO, shall receive energy and capacity compensation directly from NYISO in lieu of receiving the Value Stack Energy Component, Rule 40.B.6.i, and the Value Stack Capacity Component, Rule 40.B.6.ii.
 - i. A customer taking service under WVS shall be eligible for the following Value Stack Components, as applicable: Environmental Component, Demand Reduction Value (“DRV”) Component, Locational System Relief Value (“LSRV”) Component, Market Transition Credit (“MTC”), Community Credit, and the Non-Mass Market Community Credit (Rule 40.B.6.iii through Rule 40.B.6.viii).
- c. A WVS customer must adhere to the metering requirements set forth in Rule 40.B.1.f.
- d. A WVS customer must also take service under the Company’s Wholesale Distribution Service (“WDS”) tariff on file with the Federal Energy Regulatory Commission.
- e. A WVS customer returning to Rule 40.B Value Stack shall only be eligible for the Value Stack Capacity Component for which they were previously compensated under. In addition, such customer shall retain the same Value Stack Eligibility Date as well as any Value Stack component rates locked in at the time of previous Value Stack eligibility.

GENERAL INFORMATION

48. Term and Auto- Dynamic Load Management Programs

B. Definitions (Cont'd)

Applicable to Both Programs

“Company Designated Area” An electrically defined area determined by the Company to be approaching system capacity limits during peak periods.

“Direct Participant” refers to a customer who enrolls under Term- or Auto-DLM directly with the Company for a single account and agrees to provide at least 50 kW of Load Relief.

“Electric Generating Equipment” refers to: (a) electric generating equipment that is served under Service Classification No. 10, Service Classification No. 11, or Wholesale Distribution Service and used to provide Load Relief under this Program; or (b) emergency electric generating equipment that is interconnected and operated in compliance with rules governing Emergency Generating Facilities used for self supply and used to provide Load Relief under this Program.

“Load Relief”: Power (kW) and energy (kWh): (a) ordinarily delivered by the Company that is displaced by use of Electric Generating Equipment and/or reduced by the Direct Participant or Aggregator at the Customer’s premises; or (b) produced by use of Electric Generating Equipment by a customer taking service pursuant to Service Classification No. 10 or Wholesale Distribution Service and delivered by that Customer to the Company’s distribution or transmission system during a Load Relief Period.

“Load Relief Period” refers to the hours for which the Company requests Load Relief during: (a) a Term-DLM Event, which can also include Auto-DLM participants; or (b) an Auto-DLM Event, provided, however, that Load Relief shall not be required under Auto-DLM between the hours of 12:00 a.m. and 6:00 a.m.

Portfolio Quantity: For each Aggregation of an Aggregator or Direct Participant, the amount of Load Relief measured in kW that the Aggregator or Direct Participant has agreed to provide based on the Program Agreement and any Early Exit fees paid in association with that Aggregation.

“Program Agreement” refers to the specific terms and conditions that apply to Aggregators and Direct Participants based on signed contracts associated with their Vintage Year.

“Sub-aggregation” means a subset of Customers represented by an Aggregator. An Aggregator may create Sub-Aggregations as specified in the Program Agreement for a given year.

“Test Event” refers to the Company’s request of either Term- or Auto-DLM for Direct Participants and Aggregators to provide Load Relief in order to test participants’ response to a request for Load Relief. The duration of a Test Event is one hour for both Term- and Auto-DLM. If a Test Event is called under Term-DLM, Load Relief shall be requested within the four-hour span of Contracted Hours. If called under Auto-DLM, Load Relief shall be requested at a time determined solely at the Company’s discretion but not between the hours of 12:00 a.m. and 6:00 a.m.

“Vintage Year” refers to the first Capability Period an Aggregator or Direct Participant is contractually obligated to participation in.

Definitions applicable to Term-DLM only

GENERAL INFORMATION

48. Term and Auto- Dynamic Load Management Programs

C. Application and Terms of Service (Cont'd)

8. A customer that participates in Net Energy Metering, as identified in in PSL Section 66-j or PSL Section 66-l, or Phase One NEM (as defined in Rule 40.A) is not eligible to participate in these Programs. However, a customer that is participating in Rule 40.B., Value Stack and qualifies for DRV and/or LSRV of the Value Stack compensation is permitted to participate in these Programs in lieu of receiving the DRV and/or LSRV compensation
9. A Direct Participant/Aggregator that qualifies to participate in the Term DLM Program may be eligible to simultaneously participate in the Dynamic Load Relief Program, however, the Direct Participant/Aggregator shall not participate in the Commercial System Relief Program or the Auto-Dynamic Load Management Program at the same time.
10. A Direct Participant/Aggregator that qualifies to participate in the Auto DLM Program shall not be eligible to participate in the Dynamic Load Relief Program, or the Commercial System Relief Program or the Term DLM Program.
11. A Direct Participant/Aggregator exporting to the NYISO through one of its wholesale DER participation model programs may also participate in the Term and Auto- Dynamic Load Management Programs.

D. Event Notification by the Company

1. Under Term-DLM:
 - a. The Company shall call a Term-DLM Event or Test Event on not less than two hours' advanced notice.
 - b. A Term-DLM Event or Test Event shall not be called unless an Advisory was issued at least at least 21 hours in advance.
2. Under Auto-DLM:

The Company shall call an Auto-DLM Event or Test Event on not less than ten minutes' advanced notice.

E. Payment

1. The Company shall make Reservation Payments to a Direct Participant or Aggregator at the conclusion of each Capability Period in which the Direct Participant or Aggregator is enrolled under Term- or Auto-DLM. The Reservation Payment is equal to the applicable Reservation Payment Rate per kW multiplied by the Direct Participant or Aggregator's kW of Portfolio Quantity multiplied by the Performance Factor (as described in the Program Agreement). Reservation Payments to Aggregators or Direct Participants are determined per Aggregation based on the Aggregator's kW of Portfolio Quantity in that Aggregation. Details regarding the calculation of Reservation Payments are specified in the Program Agreement.
2. The Company shall make Performance Payments, as applicable, to a Direct Participant or Aggregator. The payment calculation method is described in the Program Agreement.

F. Early Exit Fee

Aggregators and Direct Participants shall have the right to terminate their obligations under their Program Agreement prior to the first Capability Period, before a Company specified deadline, by paying a fee equal to ten percent of the product of the remaining length of the contractual obligation in years, the Aggregator or Direct Participant's applicable reservation rate and the kW of Portfolio Quantity. At its discretion, the Company can offer additional opportunities to exercise such early exit rights or require payment of the Early Exit Fee based on a failure to meet minimum performance standards. These will be specified in Program Agreements.

SERVICE CLASSIFICATION NO. 10

APPLICABLE TO THE USE OF SERVICE FOR:

All customers with qualifying (or non-qualifying, as applicable) cogeneration or small power production facilities, with or without the requirement for supplemental service, back-up service, or maintenance service who choose to sell all or any excess energy to the Corporation whether or not engaging in simultaneous purchase, under the appropriate Service Classification, from the Corporation.

The Corporation's meters registering any sales by the Corporation to such customers will be, at the sole discretion of the Corporation, modified or installed in such a configuration as to prevent reverse registration. Prior to connection and operation, such a customer must sign an agreement and have approved by the Corporation the installation and all protective devices required under the Corporation's policy for such service. Also, prior to interconnection under this service classification, the customer shall pay for all costs of interconnection and protective devices which exceed the costs ordinarily incurred in rendering the same Contract Demand under the otherwise applicable Service Classification.

A customer exporting to NYISO, either directly or through aggregation, is ineligible to take service under this Service Classification.

Appropriate agreement(s) in the form(s) of those on file with the Public Service Commission, signed by the customer and accepted by the Corporation, is (are) required under this classification.

Customers over 100 Kw with firm or long term Capacity and Energy for sale to the Corporation may negotiate a Special Contract with the Corporation.

Customers may request a copy of NYSEG's guidelines for soliciting short-term capacity by writing to: Manager, Power Supply, New York State Electric & Gas Corporation, 4500 Vestal Parkway East, Binghamton, New York 13903.

CHARACTER OF SERVICE:

Continuous - Alternating Current, 60 Cycle;
Secondary Service at 120, 120/208, 120/240, 208, 240, 240/416, 277/480,
or 480 Volts; or
Primary (Distribution) Service at 2,400, 4,160, 4,800, 7,200, 8,320, 12,000, 12,470,
13,200, or 34,500 (Regulated) Volts; or
Subtransmission Service at 34,500 or 46,000 (both Non-Regulated)
Volts; or
Transmission Service at 115,000 Volts and above (Non-Regulated*);
Single Phase (not to exceed 15 kW or Three Phase. (Characteristics depend upon
available circuits and equipment.)

*Effective February 15, 2000.

SERVICE CLASSIFICATION NO. 10 (Continued)

RATE TO BE PAID BY THE CORPORATION: (Per Month) (Cont'd)

- (1) Qualifying small, random suppliers of energy, limited to secondary single phase service voltage, may elect to sell their output to the Company on a non-time differentiated basis. Deliveries will be measured using a standard kWh meter and energy payments based on the average NYISO Day Ahead LBMP applicable to the zone within which deliveries are made;
- (2) In the event the NYISO does not require a Dependable Maximum Net Capability, any applicable capacity payment shall be made based upon the $LBMCP_m$ divided by the number of hours in the respective month, times the energy delivered for the respective month.
- (3) The customer may be entitled to receive direct payment from the NYISO for (1) NYISO Tariff Schedule II Reactive Supply and Voltage Control, and/or (2) NYISO Tariff Schedule III Regulation and Frequency Response, and/or (3) NYISO Tariff Schedule V Operating Reserve, and/or (4) NYISO Tariff Schedule VI Black Start Service. Payment from the NYISO for each of these services is conditioned upon the customers meeting the requirements of the NYISO and making the appropriate contractual arrangements directly with the NYISO.
- (4) A customer exporting to NYISO, either directly or through aggregation, is ineligible to take service under Service Classification No. 10. An existing Service Classification No. 10 customer that elects to export to NYISO and take service under WDS must make that election by August 1st in order to be effective the following May 1st, at which time the customer must select an alternative Service Classification for which they are eligible. A customer currently exporting to NYISO who elects to export to the Company under Service Classification No. 10 must notify the Company by August 1st in order to be effective the following May 1st.

SERVICE CLASSIFICATION NO. 11 (Continued)

STANDBY SERVICE NOT APPLICABLE TO: (Cont'd)

2. Emergency Generators

Standby service rates shall not apply to customers whose only generating units are emergency generators. For the purpose of this Service Classification, a generating unit must meet each of the following two criteria to be considered an emergency generator:

- a) The emergency generator is used exclusively for purposes of supplying electrical power to the Customer when electrical power is not available from the Company.
- b) No load is served by the emergency generator while electric service is available from the Company to the premises, except for regularly scheduled tests when the generator is required to operate under load or participation in the NYISO's Special Case Resource Program or the Emergency Demand Response Program.

Excluding residential customers, the customer must submit a one-line diagram and specification sheet on the switch for the OSG for the Company's review and approval. In addition, the customer must enter into a letter agreement with the Company stating that the emergency generator shall not operate in parallel with the utility's system.

The customer shall maintain an operating log for each emergency generator indicating the date, time, hours, and purpose of each operation of each such facility. This log shall be made available to the Company upon request. Failure to do so shall permit the Company to (a) bill the customer under this Service Classification for the amount of standby service which the Company can reasonably estimate was delivered to and/or available to the customer during times when the Company did not charge the customer for such service due to this emergency generator exemption; and (b) establish a contract demand for one year, and thereafter as applicable.

3. New York Power Authority Allocations

Standby service shall not apply to that portion of a customer's delivery service associated with the delivery of electricity supply pursuant to applicable New York Power Authority ("NYPA") programs.

4. Stand-Alone Energy Storage Systems

A customer with a stand-alone energy storage system enrolled with NYISO to charge for wholesale purposes will be billed pursuant to the Wholesale Distribution Service ("WDS"), at such time that the WDS tariff becomes effective, and shall not be subject to Standby Service rates.

OPTIONAL STANDBY SERVICE RATE IS APPLICABLE TO:

1. Existing Customers

An Existing Customer is defined as a customer operating OSG (including renewable, Combined Heat and Power ("CHP"), and wholesale generators) or who:

- a) had commenced construction of an OSG facility;
- b) had been named by the New York State Energy Research and Development Authority ("NYSERDA") as an OSG project grant recipient as listed in the Commission Order Establishing Electric Standby Rates, issued and effective July 30, 2003, Attachment A, paragraph 4;
- c) had been named by NYSERDA as an OSG feasibility study grant recipient, as listed in the Commission Order Establishing Electric Standby Rates, issued and effective July 30, 2003, Attachment A, paragraph 4;
- d) had received a binding, written financial commitment from a lending institution for the construction and installation of an OSG; or
- e) was being billed at standby rates as of January 31, 2003 as set forth in this Service Classification at Special Provision (d) below.

To remain qualified as an Existing Customer, the customer must commence operation of its OSG by May 31, 2021.

ISSUED BY: Joseph J. Syta, Vice President, Controller and Treasurer, Binghamton, New York