

**SERVICE CLASSIFICATION NO. 11
GENERAL SERVICE – ECONOMIC DEVELOPMENT**

PURPOSE:

This Service Classification is designed to attract business relocation or expansion to the Company's service territory by offering an Individual Electric Service, over a specified period, for new or additional load with a competitive viable alternative.

APPLICABLE TO THE USE OF SERVICE FOR:

Any new or existing Customer who meets all eligibility requirements stated below shall be eligible to take service in accordance with the rates, charges and provisions set forth under this Service Classification.

Requirements

- (1) Customer is eligible to take non-residential service under the Non-Retail Access Rate or the Retail Access Rate, and
- (2) Customer adds at least 50 kW of demand to the Company's system by (a) constructing a new facility; or (b) expanding an existing facility; or (c) adding facilities or equipment to an existing site; or (d) adding facilities (regardless of size) through the redevelopment of a vacant or inactive site, including land or buildings which have been previously developed and have been vacant or inactive for at least six months and which are proposed for reuse or redevelopment with the assistance of public financing; or (e) developing facilities or projects (regardless of size) which are located in area eligible to receive Urban Development Action Grants, and
- (3) Customer shall apply for service under this Service Classification prior to the addition of load as described in Requirement (2) above.

CHARACTER OF SERVICE

Alternating Current - 60 cycle, voltage and phase at the Company's option, as available and appropriate for the Customer's requirements, for new or additional load. The energy to be provided under this Service Classification shall be determined by subtracting from the total metered energy a base amount to be determined using a historical period. The Company reserves the right to require submetering of the additional load.

SERVICE CLASSIFICATION NO. 11 (Cont'd)
GENERAL SERVICE – ECONOMIC DEVELOPMENT (Cont'd)

INDIVIDUAL ELECTRIC SERVICE AGREEMENT:

Determination as to whether or not the Company shall enter into an Individual Electric Service Agreement shall be based on an assessment of the need to or attract a Customer's load or expand the Customer's usage and the demonstration of economic benefits to non-participating Customers.

Upon 30 days' notice to the Company, and upon acceptance of the application by the Company, such a Customer's eligible load may qualify for an Individual Electric Service Agreement, pursuant to this Service Classification. The Individual Electric Service Agreement shall be negotiated to avoid undue discrimination between similarly situated Customers.

The Individual Electric Service Agreement shall contain and specify all terms and conditions necessary for the Company to provide such service to the Customer, including but not limited to:

- (A) The term of service.
- (B) The characteristics of service in addition to Character of Service listed above.
- (C) A listing of the rates and charges to be paid for services rendered.
- (D) A statement that the Customer has met all of the requirements of this Service Classification, including the following:
 - (1) Customer must provide documentation as to its eligibility under the Applicable to the Use of Service For provision of this Service Classification. Customer must also demonstrate proof of the existence of a competitive viable alternative, and its planned procedure to disregard same.
 - (2) The documentation shall also include the results of a comprehensive production analysis and energy audit, including, but not limited to process usage, lighting, and HVAC requirements as presented by independent consultants, licensed in New York State as professional engineers, or as otherwise acceptable to the Company. The Customer agrees to evaluate and assess in good faith the resulting recommendations from the comprehensive production analysis and energy audit for inclusion in the Customer's facility.
- (E) The Customer shall provide, in a form acceptable to the Company, its pricing objective needed to attract the Customer or expand its usage. The pricing objective shall specify the relief from the otherwise applicable standard tariff rate that is necessary to attract the Customer or expand the Customer's load, recognizing contributions towards achieving that objective from other economic development entities.
- (F) The documentation shall demonstrate the Customer's participation in, or efforts to participate in, available State and/or local economic development programs as reviewed and attested to by the appropriate agency(ies) and Economic Development staff employed by the Company. To that end, the Company shall coordinate a comprehensive program of development initiatives that are available and applicable from the private and/or public sector(s). Each Individual Electric Service Agreement shall identify billing procedures provided under the Company's economic development tariff, contracts, and programs (including NYPA economic development programs) as appropriate.

SERVICE CLASSIFICATION NO. 11 (Cont'd)
GENERAL SERVICE – ECONOMIC DEVELOPMENT (Cont'd)

INDIVIDUAL ELECTRIC SERVICE AGREEMENT (Cont'd)

(G) The **Individual Electric Service Agreement** must be accompanied by a sworn affidavit of the senior manager or officer at the Customer's facility, representing that the information submitted is true and that absent the Individual Electric Service Agreement, the Customer would not have commenced taking or increased the use of electric service from the Company. The affidavit submitted by the Customer shall also include a commitment to continue to assess in good faith the resulting recommendations from any comprehensive production analysis and energy audit for inclusion in the Customer's facility, throughout the term of the Individual Electric Service Agreement.

Each Individual Electric Service Agreement shall be jointly filed with the Public Service Commission (“PSC” or “Commission”) by the Company and the Customer pursuant to the PSC’s Order Approving Guidelines For Flexible Rate Service Contracts, issued and effective April 14, 2005 in PSC Case 03-E-1761 (the “April 2005 Order”). The filing and any subsequent information requested by the PSC or its Staff regarding the Individual Electric Service Agreement shall be subject to full confidentiality protection as a trade secret.

PSC No: 19 - Electricity
Rochester Gas and Electric Corporation
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SERVICE CLASSIFICATION NO. 11 (Cont'd)

GENERAL SERVICE – ECONOMIC DEVELOPMENT (Cont'd)

RATES:

The specific charges for service under this Service Classification shall be stated in the Individual Electric Service Agreement executed for each Customer served hereunder.

DELIVERY RATE:

The rate contained in an Individual Electric Service Agreement shall, at a minimum, recover the Company's marginal costs plus a contribution toward system costs ("Marginal Cost Floor").

The Marginal Cost Floor is defined as:

$MC_{trans} + MC_{dist} + MC_{ancillary} + NTAC + \text{contribution toward system costs}$

Where:

MC_{trans} is the Company's FERC-approved Transmission Service Charge

MC_{dist} is the Company's marginal distribution costs

$MC_{ancillary}$ is the Company's system load weighted average of the NYISO ancillary services charges for Schedules 1 (fixed and variable), 2, 3, 5, and 6,

$NTAC$ is the NYPA Transmission Access Charge

Unless an updated marginal cost study is attached to the Individual Electric Service Agreement, the marginal costs that are approved by the PSC for use in the development of the Company's Excelsior Jobs rates shall be used for determining the Marginal Cost Floor.

COMMODITY RATE:

Customer Options:

- The Company may provide electric commodity service at the rate for commodity available in the otherwise applicable Service Classification, as amended or superseded; or
- The Company shall facilitate a Customer's access to market commodity options available from ESCOs by offering the Customer assistance with linking the Customer with an ESCO that shall offer, at a minimum, fixed price commodity for a period of at least six months.

If the Customer's pricing objective, as demonstrated by the Customer, cannot be met by a combination of the above delivery and commodity offerings and other economic development offers, the Company shall evaluate innovative solutions and pursue alternatives in an effort to achieve the Customer's pricing objective, provided that if the Company is the provider of the commodity, then the Company shall not be required to supply that commodity below cost, the commodity shall not be drawn from the Company's existing supply portfolio, and the pursuit of commodity service shall not result in an economic detriment to other Customers.

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

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Rochester Gas and Electric Corporation
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SERVICE CLASSIFICATION NO. 11 (Cont'd)
GENERAL SERVICE – ECONOMIC DEVELOPMENT (Cont'd)

TERM

The term of delivery service shall be limited to no more than five years, unless a longer term is approved by the PSC. Prospective adjustments may be negotiated by the Company and the Customer, as defined within the Individual Electric Service Agreement.

The term of standard Company-offered commodity service supplied by the Company shall be reflected in the Individual Electric Service Agreement and shall remain in effect for the time periods established in the otherwise applicable Service Classification.

Other commodity options may provide for prospective price changes and term limitations, as defined within the Individual Electric Service Agreement.

If a Customer terminates or breaches an Individual Electric Service Agreement with the Company prior to the expiration of the term in which the price for a non-tariffed commodity option was to remain in effect, the Customer shall be responsible for compensating the Company for any obligations the Company has, or any damages the Company incurs, to a commodity supplier or a provider of a financial hedge relating to that price.

SYSTEM BENEFIT CHARGE:

Per SBC Statement, as described in Rule 4. All kWh, per kWh.

MERCHANT FUNCTION CHARGE (“MFC”):

The Merchant Function Charge reflects the administrative costs of obtaining electricity supply. All customers taking supply service under this Service Classification with the Company shall be subject to a MFC charge (as explained in this Schedule, General Information Section 12.). See MFC Statement.

RATE ADJUSTMENT MECHANISM (“RAM”):

The RAM shall be applied per kW to all kW delivered under this Service Classification, (as explained in this Schedule, General Information Section 24). See RAM Statement.

EARNINGS ADJUSTMENT MECHANISM (“EAM”):

The EAM shall be applied per kWh delivered under this Service Classification, (as explained in this Schedule General Information Rule 4.K). The rate shall be set forth on the EAM Statement.

NON-WIRES ALTERNATIVE (“NWA”) SURCHARGE:

The NWA Surcharge shall be applied per kWh delivered under this Service Classification, (as explained in this Schedule General Information Rule 32). The rate shall be set forth on the NWA Statement.

ELECTRIC VEHICLE (“EV”) MAKE-READY SURCHARGE (“EV SURCHARGE”)

The EV Surcharge shall be applied per kW delivered under this Service Classification, (as explained in this Schedule General Information Rule 33). The rate shall be set forth on the EVMR Statement.

RECOVERY CHARGE:

The Recovery Charge shall be applied per kWh delivered under this Service Classification, (as explained in this Schedule General Information Rule 41). The rate shall be set forth on the Recovery Charge Statement.

ISSUED BY: Jeremy Euto, Vice President – Regulatory, Rochester, New York

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SERVICE CLASSIFICATION NO. 11 (Cont'd)

GENERAL SERVICE – ECONOMIC DEVELOPMENT (Cont'd)

INCREASE IN RATES AND CHARGES:

The rates and charges under this Service Classification shall be increased by the applicable effective aggregate percentage shown in Rule 4.J for service supplied within the municipality where the Customer is taking service.

TERMS OF PAYMENT:

All bills are rendered at the rates stated above. A late payment charge of 1½% per month shall become due and payable if payment is not made on or before the “last day to pay” date specified on the bill in accordance with the provisions of Rule 4.C.(2). If an Individual Electric Service Agreement is in effect, the late payment charge shall be stated in the Individual Electric Service Agreement, but shall not exceed the rate stated in Rule 4.C.(2).

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SERVICE CLASSIFICATION NO. 11

GENERAL SERVICE - ECONOMIC DEVELOPMENT (Cont'd)

Reserved for Future Use

SERVICE CLASSIFICATION NO. 11

GENERAL SERVICE -ECONOMIC DEVELOPMENT (Cont'd)

NYISO Incentivized Day-Ahead Economic Load Curtailment Program Rider

Any Customer that is taking service under this service classification and is participating in the NYISO's Incentivized Day-Ahead Economic Load Curtailment Program is eligible for service under this rider.

- a) Term
The Demand Reduction Incentive Payments offered under this rider will expire on October 31, 2003.
- b) Demand Reduction Provider
Customers taking service under this rider are responsible for enrolling with a NYISO approved Demand Reduction Provider ("DRP"). A DRP is an entity qualified pursuant to NYISO procedures that bids Demand Side Resources of at least 1 MW. The DRP shall aggregate the loads received from Demand Side Resources. The DRP shall, if necessary, pro-rate the demand reduction bids in order to submit bids in the whole MWs required by the NYISO.

RG&E will function as a DRP. Customers taking service under this rider will sign an agreement with RG&E.
- c) Demand Side Resources
Demand Side Resources ("DSR") are customers that are capable of reducing demand in a responsive, measurable and verifiable manner within time limits, are qualified to participate in the program, and have signed an agreement with RG&E.
- d) Registration Procedures
The DSR will enter into a signed agreement with RG&E specifying the terms under which the DSR will participate in the program. This agreement will include information needed by the NYISO for program administration. The data required will include at least the organization name, an administrative contact, 7x24 operations contacts, the LBMP zone and/or sub-zone, and billing meter number. RG&E will provide the DSR with the appropriate zonal designation.
- e) Metering and Meter Data Provision
DSRs taking service under the Demand Reduction Program will be required to have an interval-billing meter. If the DSR does not already have an interval meter, it must acquire one per general information section 3.E of this tariff. Customers will bear the cost of such metering equipment only to the extent that it is not covered by NYSERDA.

(Continued on next leaf)

SERVICE CLASSIFICATION NO. 11

GENERAL SERVICE -ECONOMIC DEVELOPMENT (Cont'd)

NYISO Incentivized Day-Ahead Economic Load Curtailment Program Rider (continued)

- f) Bidding by the DSR
- 1.) The DSR will submit its demand reduction bids to the DRP in accordance with the agreement.
 - 2.) Bids must be submitted to the DRP by 11:00 a.m. two days ahead of the curtailment day, (e.g. by 11:00 a.m. on Monday for Wednesday). However, bids for Saturday and Sunday must be submitted by 11:00 a.m. on Thursday, and bids for Monday and Tuesday must be submitted by 11:00 a.m. on Friday.
 - 3.) Bids must be submitted in blocks in accordance with the agreement between the DSR and the DRP.
 - 4.) Bids must be submitted in dollar and/or cents increments per KW for the desired block(s) of time in accordance with the agreement between the DSR and the DRP.
 - 5.) The DSR could include a curtailment initiation cost as an integral part of their bid.
 - 6.) The DSR will submit bids that the DRP will aggregate into whole MW increments.
 - i) DSRs must bid in 0.10 MW (100 KW) increments.
 - ii) The 0.10 MW (100KW) units will be inclusive of the appropriate loss factor.
 - iii) The 0.10 MW (100KW) units may include the curtailment initiation factor.
 - 7.) A bid can not be recalled or changed once it has been accepted by the DPR.
- g) Bidding by the DRP
- The DRP must submit its demand reduction bid to the NYISO in whole MW units. The DRP will aggregate the DSR bids, at each price level bid by the DSRs, into whole MW units. In the event that the total aggregated demand reduction bid by the DSRs does not total to a whole MW unit, the individual DSR demand reduction bids will be pro-rated downward so that the total DRP bid will total to the next lowest whole MW (e.g. DSR bids that totaled 2.3 MW would be pro-rated so that the total DRP bid was 2.0 MW). The DRP will aggregate bids from all of the service classifications at each price level. The DRP will be notified of the acceptance of the bid by the NYISO one day ahead. The DRP will notify the DSR upon receipt of notification of the acceptance of a bid by the NYISO on the day prior to the day of the curtailment.

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SERVICE CLASSIFICATION NO. 11

GENERAL SERVICE -ECONOMIC DEVELOPMENT (Cont'd)

NYISO Incentivized Day-Ahead Economic Load Curtailment Program Rider (continued)

h) DSR Customer Baseline Load and Actual Consumption

The DSR Customer Baseline Load ("CBL") is an average hourly energy consumption that is used to determine the level of curtailment for each individual DSR. The CBL will be calculated according to the NYISO Day-Ahead Response Program Manual that is posted on the NYISO's web-site.

The DRP shall submit demand reduction bids to the NYISO. All DSRs whose bids are included, in whole or in part, in the DRP's demand reduction bid that is scheduled and accepted by the NYISO, are expected to reduce their real-time energy consumption by the amount of the bid accepted by the DRP. The amount of actual real-time curtailment determined for a DSR will be equal to its CBL less its actual real-time consumption during the specified curtailment.

i) Payment by DSR

DSRs taking service under this rider will pay the rates and charges that would otherwise be applicable under this service classification and will be subject to all other terms and conditions of this service classification. Failure to pay any charges associated with service under this service classification, including any penalties charged per section (k) of this rider, will result in the rescinding the DSR's right to participate in this program.

j) Payment to DSR

The DRP will be paid by the NYISO in accordance with the NYISO Day-Ahead Demand Response Program Manual. The DSR will receive a rebate equal to 90% of the rate paid to the DRP by the NYISO for the amount of its demand reduction bid that was accepted by the DRP.

k) Non-Performance Penalties

For DSRs who fail to comply with a scheduled NYISO curtailment, non-conformance penalties, as described in the NYISO Day-Ahead Demand Response Program Manual, will apply. These penalties will initially be charged to the DRP by the NYISO, and will be passed along, in their entirety to the non-complying DSRs.

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SERVICE CLASSIFICATION NO. 11 (Cont'd)

GENERAL SERVICE – ECONOMIC DEVELOPMENT (Cont'd)

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GENERAL SERVICE – ECONOMIC DEVELOPMENT (Cont'd)

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