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# Appendix H Interconnection

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# Appendix H Interconnection Requirements

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## H-1. Introduction

In July 2003, the Federal Energy Regulatory Commission (FERC) proposed expedited grid-connection procedures for small generators, such as commercial farms producing and using biogas to generate electricity. FERC divided generators with a capacity of 20 MW or less into three categories. For connecting a generator of 2 MW capacity or less in capacity to a distribution, using pre-certified equipment, FERC proposed “super expedited“ procedures that avoid any costly grid connection studies. The procedures for generators with a capacity between 2 and 10 MW will be more complicated but are not likely to include the requirement of a grid connection study. Only generators with more than 10 MW in capacity or connected to a high voltage transmission grid would likely be required to perform a grid connection study.

State Public Utility Commissions will implement the FERC rule when promulgated. Promulgation is expected by the summer of 2004. The expedited interconnection procedures for small generators with 2 MW or less of capacity is in Section H-2. For the complete FERC rule, *Standardized Interconnection Agreements and Procedures for Small Generators*, and links to fact sheets, visit the FERC web site at [www.ferc.gov](http://www.ferc.gov).

As discussed in Chapter 5, there are several types of possible agreements for the sale of electricity generated using biogas to a utility. However, the options that are available will vary depending on Public Utility Commission regulations in the state. In addition, contractual requirements also will vary by state and utility. Examples of complex and simple contractual requirements for surplus sale agreements are presented in Sections H-3 and H-4, respectively. One feature of the more complex program is the requirement for a standby service rider. An example of a net metering program and tariff is presented in Section H-5.

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# Appendix H Interconnection Requirements

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## **H-2. STANDARD AGREEMENT FOR INTERCONNECTION AND PARALLEL OPERATION BY SMALL GENERATING SYSTEMS (2003 FERC PROPOSED RULE)**

Docket No. RM02-12-000

**Expedited Interconnection Procedures – Small Generators (up to and including 2 MW)**  
(To be included with Section 14.2.3 of the Interconnection Procedures  
under consideration in FERC Docket RM02-1-000)

1. Application and Definitions

- a. This expedited interconnection procedure is available for small generators up to and including 2 MW in size that will participate in a FERC regulated market, sell power for resale in interstate commerce or are interconnected to a FERC regulated transmission line. These procedures apply only to generators that meet certain national standards addressing technical requirements for continuous interconnected operation of small generators. In addition the generator must meet certain criteria regarding the relationship between the size of the generator and the size of the circuit to which they will interconnect. Small generators meeting these standards are entitled to a presumption of approval of the interconnection without additional testing, fees, or other requirements imposed by the interconnecting Transmission Provider or any Affected System utility.

Although generators meeting all the standards herein are entitled to a presumption of approval, the presumption is rebuttable. Should the Transmission Provider or Affected System petition the FERC to require additional testing because of special circumstances and received Commission approval, the generator would then have to undergo additional testing and interconnection study at the generator's expense.

- b. Definitions: Unless otherwise defined herein, terms shall have the meanings specified in Article 1 of the Standard Generator Interconnection Procedures issued in FERC Docket No. RM02-1-000

2. National Codes and Standards

Small generators must comply with all national codes and standards applicable to the ongoing interconnected operation of a small generator with the electricity grid.

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3. Technical Requirements

Under the national codes and standards applicable to small interconnected generators, a generator may not energize or re-energize a circuit unless grid voltage is present and within normal operating bounds. A small generator must immediately and automatically disconnect from the grid and cease interconnected operations any time the grid is de-energized or outside of normal operating bounds. The codes and standards also dictate acceptable operating conditions for the small generators including, but not limited to, voltage, frequency and harmonics.

4. Threshold for Determination of the Presumption of No Grid Impact

For interconnections on radial circuits the small generator (in aggregate with other generation on the circuit) may not exceed 15 percent of the total measured peak load or design capacity of the circuit (as most recently measured at the substation). For interconnections on networked circuits, the small generator (in aggregate with other generation on the circuit) may not exceed 25 percent of the minimum measured load on the circuit. A small generator may not contribute more than 25 percent of the maximum short circuit current at the point of interconnection.

5. Analysis of Interconnection - Limited Interconnection Studies - Costs

If a small generator meets all of the criteria in Sections 1 - 4, the impact and facilities studies are waived. A limited feasibility study may be conducted to determine compliance with the load and short circuit contributions in Section 4. This study must be completed in 15 days after acceptance of a valid interconnection request. Costs to the generator are waived if short circuit calculations have recently been performed in the area of the interconnection or if the short circuit and load thresholds are sufficiently greater than the generator capacity that no calculations are needed.

6. Disputes

If a dispute arises during the application of these procedures, either the generator or Transmission Provider may seek immediate resolution through FERC's alternative dispute resolution process. At the generator's option, dispute resolution will be binding. Alternative dispute resolution may include any dispute

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resolution services made available by the FERC including those that occur by telephone.

Should a Transmission Provider desire a waiver from these procedures that would otherwise apply to the small generator interconnection, the Transmission Provider must seek such waiver from FERC within 15 days of the receipt of a valid small generator interconnection request. The Transmission Provider shall have the burden to show, in a clear and convincing manner, why the application of these rules would result in an unsafe or unreliable interconnection or that the interconnection would interfere with the quality of electric service to other customers.

7. Capacity and Energy. Metering.

Small generators are entitled to participate in any available energy and capacity markets and receive the appropriate compensation due to participants in those markets. Metering shall be installed as needed to participate in the various markets.

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**STANDARD AGREEMENT FOR INTERCONNECTION AND PARALLEL OPERATION OF SMALL GENERATION SYSTEMS (Pre-certified systems up to and including 2 MW)**

This Interconnection Agreement ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_, ("Transmission Provider"), and \_\_\_\_\_ ("Generator"), a [specify whether corporation, and if so name state, municipal corporation, cooperative corporation, or other], each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties". In consideration of the mutual covenants set forth herein, the Parties agree as follows:

**1. Definitions**

Unless otherwise defined herein, terms in this Agreement shall have the meanings specified in Article 1 of the STANDARD GENERATOR INTERCONNECTION AND OPERATING AGREEMENT (IA) issued in FERC Docket No. RM02-1-000.

**2. Scope of Agreement** -- This Agreement is applicable to conditions under which the Transmission Provider and the Generator agree that one or more generating facility or facilities up to and including two (2) MW to be interconnected to the Transmission Provider's system, as described in Exhibit A.

**3. Establishment of Point(s) of Interconnection** -- Transmission Provider and Generator agree to interconnect the Facility at the locations specified in this Agreement and in accordance with Federal Energy Regulatory Commission Rules relating to Interconnection of Small Generation systems.

**4. Responsibilities of Transmission Provider and Generator** -- Each Party will, at its own cost and expense, operate, maintain, repair, and inspect, and shall be fully responsible for, Facility or Facilities which it now or hereafter may own unless otherwise specified on Exhibit A. Generator shall conduct operations of its facility(s) in compliance with all aspects of the Rules, and Transmission Provider shall conduct operations on its utility system in compliance with all aspects of the Rules, or as further described and mutually agreed to in the applicable Facility Schedule. Maintenance of Generator and associated interconnection equipment shall be performed in accordance with the applicable manufacturer's recommended maintenance schedule. The Parties agree to cause their Facilities or systems to be constructed in accordance with applicable specifications equal to or greater than those provided by the National Electrical Safety Code, the American National Standards Institute, IEEE and Underwriter's Laboratory in effect at the time of construction. Each Party covenants and agrees to design, install, maintain, and operate, or cause the design, installation, maintenance, and operation of its transmission and distribution system and related Facilities and Units so as to reasonably minimize the likelihood of a disturbance, originating in the system of one Party, affecting or impairing the system of the other Party, or other systems with which a Party is interconnected.

Transmission Provider will notify Generator if there is evidence that the operation of Generator's equipment causes disruption or deterioration of service to other customers served from the same grid or if the generator operation causes damage to Transmission Provider's or Affected Systems. Generator will notify Transmission Provider of any emergency or hazardous condition or occurrence with the Generator's Unit(s) which could affect safe operation of the system.

**5. Limitation of Liability and Indemnification**

The Parties shall at all times indemnify, defend, and save the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's performance of obligations under this Agreement on behalf of the indemnifying Party, except in cases of negligence or intentional wrongdoing by the indemnifying Party.

**6. Right of Access, Equipment Installation, Removal & Inspection**— Upon reasonable notice, the Transmission Provider may send a qualified person to the premises of the Generator at or immediately before the time the Facility first produces energy to inspect the interconnection, and observe the Facility's commissioning (including any testing), startup, and operation for a period of up to no more than three days after initial startup of the unit.

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Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, Transmission Provider shall have access to Generator's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

**7. Disconnection of Unit** – Generator retains the option to disconnect from Transmission Provider's utility system. Generator will notify the Transmission Provider of its intent to disconnect by giving the Transmission Provider at least thirty days' prior written notice. Such disconnection shall not be a termination of the agreement unless Generator exercises rights under Section 7.

Generator shall disconnect Facility from Transmission Provider's system upon the effective date of any termination under Section 7.

Subject to Commission Rule, for routine maintenance and repairs on Transmission Provider's utility system, Transmission Provider shall provide Generator with seven business days' notice of service interruption. Transmission Provider shall have the right to suspend service in cases where continuance of service to Generator will endanger persons or property. During the forced outage of the Transmission Provider's utility system serving Generator, Transmission Provider shall have the right to suspend service to effect immediate repairs on Transmission Provider's utility system, but the Transmission Provider shall use its best efforts to provide the Generator with reasonable prior notice.

**8. Effective Term and Termination Rights**-- This Agreement becomes effective when executed by both parties and shall continue in effect until terminated. The agreement may be terminated for the following reasons:

(a) Generator may terminate this Agreement at any time, by giving the Transmission Provider sixty days' written notice;

(b) Transmission Provider may terminate upon failure by the Generator to generate energy from the Facility in parallel with the Transmission Provider's system within twelve months after completion of the interconnection;

(c) either party may terminate by giving the other party at least sixty days prior written notice that the other Party is in default of any of the material terms and conditions of the Agreement, so long as the notice specifies the basis for termination and there is reasonable opportunity to cure the default; or

(d) Transmission Provider may terminate by giving Generator at least sixty days notice in the event that there is a material change in an applicable rule or statute.

**9. Governing Law and Regulatory Authority** -- The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the State where the Point of Interconnection is located, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, rules, or regulations of a Governmental Authority.

**10. Amendment** --This Agreement may be amended only upon mutual agreement of the Parties, which amendment will not be effective until reduced to writing and executed by the Parties.

**11. Entirety of Agreement and Prior Agreements Superseded** -- This Agreement, including all attached Exhibits and Facility Schedules, which are expressly made a part hereof for all purposes, constitutes the entire agreement and understanding between the Parties with regard to the interconnection of the facilities of the Parties at the Points of Interconnection expressly provided for in this Agreement. The Parties are not bound by or liable for any statement, representation, promise, inducement, understanding, or undertaking of any kind or nature (whether written or oral) with regard to the subject matter hereof not set forth or provided for herein. This Agreement replaces all prior agreements and undertakings, oral or written, between the Parties with regard to the subject matter hereof, including without limitation [specify any prior agreements being superseded], and all such agreements and undertakings are agreed by the Parties to no longer be of any force or effect. It is expressly acknowledged that the Parties may have other agreements covering other services not expressly provided for herein, which agreements are unaffected by this Agreement.

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**12. Notices** -- Notices given under this Agreement are deemed to have been duly delivered if hand delivered or sent by United States certified mail, return receipt requested, postage prepaid, to:

(a) If to Transmission Provider:

(b) If to Generator:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The above-listed names, titles, and addresses of either Party may be changed by written notification to the other, notwithstanding Section 10.

**13. Invoicing and Payment** -- Invoicing and payment terms for services associated with this agreement shall be consistent with applicable Rules of the Commission.

**14. No Third-Party Beneficiaries** -- This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.

**15. No Waiver** -- The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered to waive the obligations, rights, or duties imposed upon the Parties.

**16. Headings** -- The descriptive headings of the various articles and sections of this Agreement have been inserted for convenience of reference only and are to be afforded no significance in the interpretation or construction of this Agreement.

**17. Multiple Counterparts** -- This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective duly authorized representatives.

[Transmission Provider NAME]

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

[Transmission owner NAME (if different from Transmission Provider)]

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

[Generator NAME]

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

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**EXHIBIT A to the agreement**

**FACILITY SCHEDULE NO. \_\_\_\_\_**

[The following information is to be specified for each Point of Interconnection, if applicable.]

1. Name:
2. Facility location:
3. Delivery voltage:
4. Metering (voltage, location, losses adjustment due to metering location, and other):
5. Normal Operation of Interconnection:
6. One line diagram attached (check one): \_\_\_\_\_ Yes / \_\_\_\_\_ No
7. Facilities to be furnished by Transmission Provider (usually none):
8. Facilities to be furnished by Generator (usually contained with pre-certified generator):
9. Cost Responsibility (if any):
10. Control area interchange \_\_\_\_\_
11. Supplemental terms and conditions attached (check one): \_\_\_\_\_ Yes / \_\_\_\_\_ No

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**EXHIBIT B to the agreement**

**Small Generator Interconnection Application**

(For use with Generators up to and including 2 MW)

An applicant (Generator Owner) makes application to \_\_\_\_\_ (Transmission Provider) to install and operate a generating facility up to and including 2 MW interconnected with the \_\_\_\_\_ utility system.. This application, unless otherwise established at the scoping meeting between Generator Owner and Transmission Provider, will be considered as application for a feasibility study for generators under Federal Energy Regulatory Commission rules for expedited treatment of generators up to and including 2 MW in capacity.

**Section 1, Applicant Information**

Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Facility Location (if different from above): \_\_\_\_\_

Telephone (Daytime): Area Code \_\_\_\_\_ Number \_\_\_\_\_ (Evening) Area Code \_\_\_\_\_ Number \_\_\_\_\_

Account No. (if applicable): \_\_\_\_\_ Pole Number: \_\_\_\_\_

Energy Service Provider Name: \_\_\_\_\_

**Section 2, Generator Qualifications**

(informational only) Is the generator a Qualifying Facility as defined under Subpart B, Section 201 of the Federal Energy Regulatory Commission's regulations per the Public Utility Regulatory Policies Act of 1978?

\_\_\_\_\_ Yes \_\_\_\_\_ No

Is Generator powered from a Renewable Qualifying Energy Source: \_\_\_\_\_ Yes \_\_\_\_\_ No

Type Qualifying Energy Source (if applicable): \_\_\_\_\_ Solar \_\_\_\_\_ Wind \_\_\_\_\_ Hydro \_\_\_\_\_ Other

Other generator energy source: \_\_\_\_\_ Diesel, Natural Gas \_\_\_\_\_ Diesel, Fuel Oil Other: \_\_\_\_\_  
(State type)

Will excess power be exported? \_\_\_\_\_ Yes \_\_\_\_\_ No

Site Load: \_\_\_\_\_ kW (Typical) Maximum Export: \_\_\_\_\_ kW.

**Section 3, Generator Technical Information**

Type of Generator: \_\_\_\_\_ Synchronous \_\_\_\_\_ Induction \_\_\_\_\_ DC Generator or Solar with Inverter

Generator (or solar collector) Manufacturer, Model Name & Number: \_\_\_\_\_

(A copy of Generator Nameplate and Manufacturer's Specification Sheet may be substituted)

Output Power Rating in kW: \_\_\_\_\_ Single phase \_\_\_\_\_ Three phase

Inverter Manufacturer, Model Name & Number (if used): \_\_\_\_\_



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Manufacturer: \_\_\_\_\_ Type: \_\_\_\_\_ Accuracy Class: \_\_\_\_\_ Proposed Ratio Connection: \_\_\_\_\_/5

Manufacturer: \_\_\_\_\_ Type: \_\_\_\_\_ Accuracy Class: \_\_\_\_\_ Proposed Ratio Connection: \_\_\_\_\_/5

**Section 5, General Technical Information**

Enclose copy of site One-Line Diagram showing configuration and interconnection of all equipment, current and potential circuits and protection and control schemes. Is One-Line Diagram Enclosed?: \_\_\_\_\_ Yes

Enclose copy of any site documentation that describes and details the operation of the protection and control schemes. Is Any Available Documentation Enclosed?: \_\_\_\_\_ Yes

Enclose copies of schematic drawings for all protection and control circuits, relay current circuits, relay potential circuits, and alarm/monitoring circuits (if applicable). Are Schematic Drawings Enclosed? \_\_\_\_\_ Yes

**Section 6, Installation Details**

Installing Electrician: \_\_\_\_\_ Firm: \_\_\_\_\_ License No.: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Telephone: Area Code: \_\_\_\_\_ Number: \_\_\_\_\_

Installation Date: \_\_\_\_\_ Interconnection Date: \_\_\_\_\_

Supply certification that the generating system has been installed and inspected in compliance with the local Building/Electrical code of the municipality of \_\_\_\_\_

Signed (Inspector): \_\_\_\_\_ Date: \_\_\_\_\_

(In lieu of signature of Inspector, a copy of the final inspection certificate may be attached)

**Section 7, Generator/Equipment Certification**

Generating systems must be compliant with *IEEE, NEC, ANSI, and UL standards*. **By signing below, the Applicant certifies that the installed generating equipment meets the appropriate preceding requirement(s) and can supply documentation that confirms compliance.**

Signed (Applicant): \_\_\_\_\_ Date: \_\_\_\_\_

**Section 8, Applicant Signature**

**I hereby certify that, to the best of my knowledge, all the information provided in the Interconnection Application is true and correct. I also agree to install a Warning Label provided by (utility) on or near my service meter location.**

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Signature of Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

Send the completed application to:

(Utility Address)

This section for use by \_\_\_\_\_(utility) Only

**Section 9, Approval or Non-Approval**

(utility): \_\_\_\_\_ Has Approved \_\_\_\_\_ Has Not Approved this Interconnection Application.

Name : \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Reason for Not Approving:

**Approval to connect to the Company system indicates only that the minimum requirements for a safe proper interconnection have been satisfied. Such approval does not imply that the Generator Owner's facility meets all federal, state and local standards or regulations.**

**Section 10, Internal Notifications**

Send Applicant Warning Label for installing on/ near service meter: \_\_\_\_\_Yes

Notify Billing Dept. of Interconnected Generation: \_\_\_\_\_Yes

Notify District Engineering of Interconnected Generation: \_\_\_\_\_Yes

Notify System Protection of Interconnected Generation: \_\_\_\_\_Yes

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# Appendix H Interconnection Requirements

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## H-3. EXAMPLE OF A COMPLEX SURPLUS SALE TARIFF



**STANDBY SERVICE RIDER**

Section No. 5  
 1<sup>st</sup> Revised Sheet No. 101

**AVAILABILITY**

Available to any non-residential customer who has an alternative source of electric energy supply which normally serves all or a portion of the customer's electrical load requirements and who desires use of the Company's electric service for temporary backup or maintenance power. Under this service the Company will provide a permanent service connection to supply the customer's contracted load in accordance with the provisions in the General Rules and Regulations, Section 2.4.

**RESERVATION FEES**

	<u>Firm Standby</u>			
	<u>Unscheduled</u>	<u>Scheduled</u>	<u>Non-Firm</u>	
	<u>Maintenance</u>	<u>Maintenance</u>	<u>Standby</u>	
Customer Charge per Month	\$17.36	\$17.36	\$17.36	R
Demand Charge per Month per kW of Contracted Standby Capacity				
Secondary Voltage Service	\$3.25	\$3.15	\$2.35	
Primary Voltage Service	\$2.30	\$2.20	\$1.40	
Transmission Transformed Voltage Service	\$1.50	\$1.40	\$0.60	
Transmission Voltage Service	\$0.90	\$0.80	\$0.00	
Annual Allowed Grace Period of Unscheduled Use of Standby Service for Exemption from Demand Usage Rates (Hours per kW of Contracted Standby Capacity)	964	964	0	

**USAGE RATES**

Demand Charge per Month per kW of Standby Capacity Used. Capacity actually used under this Rider will be charged at the same demand rate as contained in the base tariff to which this Rider is attached.

Energy Charge per kWh of Standby Energy Used. Energy actually used under this Rider will be charged at the same energy rate as contained in the base tariff to which this Rider is attached.

**RESOURCE ADJUSTMENT**

Bills are subject to the adjustments provided for in the Fuel Clause Rider and in the Conservation Improvement Program Adjustment Rider.

(Continued on Sheet No. 5-102)

Date Filed: 07-13-01	By: Kent T. Larson	Effective Date: 10-01-01
	State Vice President, Minnesota	
Docket No. E002/M-01-1087		Order Date: 09-14-01



**STANDBY SERVICE RIDER (Continued)**

Section No. 5  
1<sup>st</sup> Revised Sheet No. 102

**SURCHARGE**

In certain communities, bills are subject to surcharges provided for in a Surcharge Rider.

**LATE PAYMENT CHARGE**

Any unpaid balance over \$10.00 is subject to a 1.5% late payment charge or \$1.00, whichever is greater, after the date due. The charge may be assessed as provided for in the General Rules and Regulations, Section 3.5.

**DETERMINATION OF DEMAND**

For billing purposes, the customer demand for this Standby Service Rider will be determined separately from the billing demand determined under the tariff to which this Rider applies. For purposes of applying the Reservation Fee, the demand will be the quantity specified in the customer's Electric Service Agreement as the maximum amount of Standby Service the Company is obligated to supply. This quantity may be different between the summer and winter seasons. For applying the Usage Rate, the demand will be the smaller of the following two amounts: (1) the amount of the Standby capacity contracted for by the customer minus the actual demand supplied by the customer's own generating facilities, but not less than zero, or (2) the amount of actual capacity supplied by the Company. This amount of used Standby service demand will be determined independent of and will have no effect on the billing demand of the customer under their base tariff including any demand ratchet provisions of that base tariff.

**TERMS AND CONDITIONS OF SERVICE**

1. Standby Service Rider is applicable to any non-residential customer who requires 40 kW or more of Standby capacity from the Company. Standby Service may not be used by a customer to serve controllable demand that is subject to interruption as determined by the Company under the Company's controllable service schedules, however, customer will always be permitted to implement demand side load reductions or use alternative generation capacity when necessary, due to full or partial outage of the customer's generator, instead of using Standby Service from the Company.
2. Customer will execute an Electric Service Agreement with the Company which will specify:
  - a. Type of Standby Service elected by the customer and the base tariff that this Rider is attached to and under which demand and energy rates will be selected during months Standby power is used.
  - b. The total Standby capacity requirements for which Company will be providing Standby power and to which the Standby Service reservation fee applies as well as the expected level of firm service the customer will take, even if that level is zero.

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(Continued on Sheet No. 5-103)

Date Filed: 06-12-01	By: Kent T. Larson	Effective Date: 07-29-02
	State Vice President - Minnesota & Dakotas	
Docket No. E,G002/M-01-937		Order Date: 07-29-02



**STANDBY SERVICE RIDER (Continued)**

Section No.	5
Original Sheet No.	103
Relocated from MPUC No. 1 Sheet No.	5-28.1 & 5-28.2

**TERMS AND CONDITIONS OF SERVICE (Continued)**

3. The Company's meter will be ratcheted to measure the flow of power and energy from Company to customer only.
4. Company will not be obligated to supply Standby Service to back-up a customer's generator at a level in excess of the Standby capacity for which customer has contracted. This restriction in no way limits the amount of load for which a customer may require service from the Company under the base tariff to which this Rider is attached.
5. Customer will be liable for all damages allowed by law to the extent caused by customer's use of Standby power in excess of contracted Standby capacity.
6. Company will require customer to contract for additional Standby and Supplemental capacity if the customer exceeds the contract amount in any three of the preceding 12 months.
7. Customer will annually furnish documentation to Company confirming the maximum capacity and reliability of the power source for which customer requires Standby Service. The Company and the customer will review the actual output and performance of the power source relative to the capacity nominated for Standby Service in the Electric Service Agreement. If this review shows a significant and consistent shortfall between the power source's actual performance and the nominated capacity due to factors reasonably within the customer's control, the Company will notify the customer of its intent to refuse to provide Standby Service. Upon receipt of such notice, the customer may agree to reduce the Standby Service nomination in its Electric Service Agreement or to take such action as necessary to operate the power source at or reasonably near the nominated Standby Service capacity. If the customer's power source does not operate at or reasonably near that level during the 12 months immediately following the Company's notice, the Company may refuse to provide Standby Service until such time as the customer agrees to reduce its Standby Service nomination or provide the Company with documentation demonstrating the power source's actual performance at or reasonably near the nominated Standby Service capacity for a trial period of three consecutive months.
8. Customer will remain on Standby Service for a period of not less than 12 months.

(Continued on Sheet No. 5-104)

Date Filed:	06-30-97	By: James M. Ashley	Effective Date:	02-03-98
		General Manager, Marketing and Sales		
Docket No.	E,G002/M-97-985		Order Date:	02-03-98



**STANDBY SERVICE RIDER (Continued)**

Section No. 5  
 Original Sheet No. 104  
 Relocated from MPUC No. 1 Sheet No. 5-28.2 &  
 5-28.3

**TERMS AND CONDITIONS OF SERVICE (Continued)**

9. Customer will be allowed annually a grace period as specified above for use of unscheduled Standby Service without incurring additional demand charges for use of Standby Service. Use of this grace period will be measured in terms of Standby energy used by customer with the maximum amount of grace energy being the hours specified above times the contracted Standby capacity. After the grace period has been exhausted and customer uses unscheduled Standby Service, the customer shall pay the Usage Rates instead of the Reservation Fees as listed above. In a billing month, when customer uses Standby Service, the base tariff billing demand and the Standby Service billing demand will be determined individually. The base tariff billing demand will be the greatest 15 minute load determined after separating Standby Service usage from the total metered demands. The time of this determined greatest 15 minute demand may or may not be at the same time when Standby Service is used. Billed demand charges for usage of Standby Service will be in addition to the billed demand charges for the base tariff as just described.
  
10. Notwithstanding the grace period noted in Section 9 above, in the event customer requires unscheduled Standby Service at the times of Company's system peak hours in which the Company would have insufficient accredited capacity under the Mid-Continent Area Power Pool (MAPP) Agreement, if not for additional capacity purchases, and the Company incurs additional capacity costs as a result of such unscheduled Standby Service, customer shall pay peak demand charges for the month in which such unscheduled Standby Service occurs and for each of the five succeeding months instead of the above listed demand charges, or the demand charges under Section 9 above. Such peak demand charges shall be based upon the following:
  - a. If customer has notified Company of an unscheduled outage at least three hours prior to Company's system peak hour, such peak demand charges shall be based on one-sixth of any additional capacity costs incurred by the Company as a result of the unscheduled outage. Such additional capacity costs shall not include any MAPP after-the-fact capacity purchase costs incurred by the Company.
  
  - b. If customer has not notified the Company of any unscheduled outage at least three hours prior to the Company's system peak hour, such peak demand charges shall be based on one-sixth of any additional capacity costs or MAPP after-the-fact purchase costs incurred by the Company as a result of the unscheduled outage. The demand for billing purposes for the succeeding five months shall be equal to the demand placed on the system during the time of the Company's system peak hour.

(Continued on Sheet No. 5-105)

Date Filed: 06-30-97	By: James M. Ashley General Manager, Marketing and Sales	Effective Date: 02-03-98
Docket No. E,G002/M-97-985		Order Date: 02-03-98



Northern States Power Company  
Minneapolis, Minnesota 55401

**MINNESOTA ELECTRIC RATE BOOK - MPUC NO. 2**

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**STANDBY SERVICE RIDER (Continued)**

Section No. 5  
Original Sheet No. 105  
Relocated from MPUC No. 1 Sheet No. 5-28.3

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**TERMS AND CONDITIONS OF SERVICE (Continued)**

11. In the event any portion of the capacity associated with the additional capacity costs or MAPP after-the-fact purchase costs incurred by the Company and attributable to the customer under Section 10 above are subsequently used to satisfy the Company's MAPP requirements for the Company's customers, the peak demand charges under Section 10 shall be discounted with respect to that portion subsequently used by the Company's customers.
12. The Company shall provide notice to the Standby customers when peak load conditions are expected to occur through the same means that the Company notifies interruptible customers of the potential interruption.
13. Company will install and charge customer for the metering necessary, as determined by the Company, to allow for proper billing of the separate base tariff and Standby Rider demands and grace period identified above. Customer shall reimburse the Company for the costs of installing, operating, and maintaining these meters and any other facilities required to serve the customer's Standby load. Such required additional equipment shall include the metering equipment used to measure the electrical output of the customers' alternative source of electric energy supply. In particular, the Company will install a meter that measures the flow of power and energy from the customer's own generating facility. If, as a result of the customer's construction and installation of their generating facility, it is more practical or economical for the customer to install some or all of the metering equipment required, the customer may be permitted to do so subject to Company's approval of an installation plan for such equipment.

(Continued on Sheet No. 5-106)

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**STANDBY SERVICE RIDER (Continued)**

Section No. 5  
 1<sup>st</sup> Revised Sheet No. 106

**ADDITIONAL TERMS AND CONDITIONS OF SERVICE WITH FIRM STANDBY SCHEDULED MAINTENANCE**

1. Scheduled maintenance rates are available to Standby Service customers who agree to schedule maintenance of their power source during qualifying scheduled maintenance periods.
2. Qualifying Scheduled Maintenance Periods

Customers With 40 kW to 10,000 kW of Contracted Standby Capacity. Maintenance must occur within the calendar months of April, May, October, and November. Customer must provide Company with written notice of scheduled maintenance prior to the beginning of the maintenance period.

C

Customers With Greater Than 10,000 kW of Contracted Standby Capacity. Maintenance must occur at a time period mutually agreed to by Company and customer. These time periods will normally not include those times when Company expects system seasonal peak load conditions to occur, and at those times when Company is required to use oil-fired generation equipment or to purchase power that results in equivalent production costs. Customer shall provide an annual projection of scheduled maintenance to the Company. Customer shall be allowed changes or additions to this projection upon notice to the Company based on the following schedule:

<u>Outage Length</u>	<u>Required Notice</u>
Less than 48 hours	24 hours
2 days to 30 days	7 days
Over 30 days	90 days

3. The duration of qualifying scheduled maintenance periods may not exceed a total of six weeks in any 12 month period.
4. An additional charge shall apply if customer does not comply with all terms and conditions for qualifying scheduled maintenance periods. The additional charge shall be determined by calculating the additional charges which would have applied if customer were billed on the Unscheduled Maintenance Option for the period extending back to the customer's last scheduled maintenance period.
5. General Service or General Time of Day Service demand charges shall not apply to use during qualifying scheduled maintenance periods. Further, qualifying scheduled maintenance period time and energy will not count against the grace period.

(Continued on Sheet No. 5-107)

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	State Vice President – Minnesota & Dakotas	
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Northern States Power Company  
Minneapolis, Minnesota 55401

**MINNESOTA ELECTRIC RATE BOOK - MPUC NO. 2**

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**STANDBY SERVICE RIDER (Continued)**

Section No. 5  
Original Sheet No. 107  
Relocated from MPUC No. 1 Sheet No. 5-29

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**ADDITIONAL TERMS AND CONDITIONS OF SERVICE FOR NON-FIRM STANDBY OPTION**

1. Non-firm standby rates are available to customers who agree to use Standby Service only by prearrangement with the Company.
2. Company makes no guarantee that Standby Service will be available to Non-Firm Standby Service customers; however, the Company will make reasonable efforts to provide Standby Service whenever possible.
3. Customer must request use of Standby Service and receive approval from the Company prior to actually using Standby Service.
4. Use of Standby Service without prior approval by the Company shall subject the Non-Firm Standby Service customer to the following:
  - a. General Service or General Time of Day Service monthly demand charges for the unapproved Standby Service used in a given month, plus
  - b. Firm Standby Service unscheduled maintenance option reservation fees for six months prior to the month in which unapproved use of Standby Service occurred.
5. If unapproved use of Standby Service occurs twice in any 12 month period, the Company reserves the right to convert the Non-Firm Standby Service customer to Firm Standby Service.
6. Non-Firm Standby Service customers will remain on Non-Firm Standby Service for a period of not less than five years which includes a one year trial period.

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General Manager, Marketing and Sales

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Order Date: 02-03-98

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# Appendix H Interconnection Requirements

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## H-4. EXAMPLE OF SIMPLE SURPLUS SALE TARIFF

**SMALL POWER PRODUCER RIDER  
TIME-OF-DAY PURCHASE RATES**

Firm Power	Rate Zones 1 & 9	Code 40-982
Nonfirm Power	Rate Zones 1 & 9	Code 40-983

**AVAILABILITY:** Available to any qualifying facility with generation capacity of 100 kw or less, and available to qualifying facilities with capacity of more than 100 kw if firm power is provided.

**METERING CHARGE:**

Firm Power	\$8.87 per month
Nonfirm Power	\$3.25 per month

**PAYMENT SCHEDULE:** For energy delivered to the utility.

	Capacity Payment (On-Peak Only)	Energy Payment		
		On-Peak	Off-Peak	
Summer	1.700¢ per kWh	2.120¢ per kWh	1.710¢ per kWh	-R- -I- -I-
Winter	1.700¢ per kWh	2.270¢ per kWh	1.890¢ per kWh	-R- -I- -I-

**SPECIAL CONDITIONS OF SERVICE :**

1. The customer will sign a contract agreeing to terms and conditions specified for small power producers. The minimum term of the contract is 12 months.
2. If the qualifying facility does not meet the 65% on-peak capacity requirement in any month, the compensation will be the energy portion only.

**REGULATIONS:** General Rules and Regulations govern use under this schedule.

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**SMALL POWER PRODUCER RIDER  
TIME-OF-DAY PURCHASE RATES (Continued)**

**DEFINITIONS:**

Firm Power: Power delivered at a minimum of 65% capacity factor during the on-peak period in each month.

Capacity Factor: The number of kilowatthours delivered during a period divided by the product of (the maximum one hour delivered capacity in kilowatts in the period) times (the number of hours in the period).

Summer On-Peak: May 1 through October 31 including those hours from 8:00 a.m. to 10:00 p.m. Monday through Friday, excluding holidays.

Winter On-Peak: November 1 through April 30 including those hours from 7:00 a.m. to 10:00 p.m. Monday through Friday, excluding holidays.

Holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

**TERMS AND CONDITIONS:**

The use of this rate requires that special precautions be taken in the design of associated metering and control systems. The following terms and conditions describe these precautions and shall be followed on all customer-owned small qualifying facilities (SQF).

1. The customer will be compensated monthly for all energy received from the SQF less the metering charge. The schedule for these payments is subject to annual review.
2. If the SQF is located at a site outside of the Company's service territory and energy is delivered to the Company through facilities owned by another utility, energy payments will be adjusted downward reflecting losses occurring between the point of metering and the point of delivery.

**SMALL POWER PRODUCER RIDER  
TIME-OF-DAY PURCHASE RATES (Continued)**

**TERMS AND CONDITIONS: (Continued)**

3. A SQF must have a generation capacity of at least 30 kW to qualify for wheeling by the Company of the SQF output. In the event that the SQF desires, and qualifies for, wheeling by the Company of the SQF output, arrangements will be made subject to special provisions to be determined by all utilities involved. This also applies to SQF's outside the Company's service territory.
4. A separate meter will be furnished, owned and maintained by the Company to measure the energy to the Company.
5. The SQF shall make provision for on-site metering. All energy received from and delivered to the Company shall be separately metered. On-site use of the SQF output shall be unmetered for purposes of compensation.
6. The customer shall pay for any increased capacity of the distribution equipment serving him and made necessary by the installation of his generator.
7. Power and energy purchased by the SQF from the Company shall be under the available retail rates for the purchase of electricity.
8. The customer's 60 hertz generator output must be at the voltage and phase relationship of the existing service or of one mutually agreeable to the Company and the customer.
9. The customer will provide equipment to maintain a 100% power factor (+ or - 10%) during periods of generator operation.
10. The Company reserves the right to disconnect the customer's generator from its system if it interferes with the operation of the Company's equipment or with the equipment of other company customers.

**SMALL POWER PRODUCER RIDER  
TIME-OF-DAY PURCHASE RATES (Continued)**

**TERMS AND CONDITIONS: (Continued)**

11. Prior to installation, a detailed electrical diagram of the generator and related equipment must be furnished to the Company for its approval for connection to the Company's system. No warranties, express or implied, will be made as to the safety or fitness of the said equipment by the Company due to this approval.
12. The customer shall execute an electric service contract with the Company which may include, among other provisions, a minimum term of service.
13. Equipment shall be provided by the customer that provides a positive means of preventing feedback to the Company during an outage or interruption of that system.
14. The customer shall install, own and maintain all equipment deemed necessary by the Company to assure proper parallel operation of the system.

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# Appendix H Interconnection Requirements

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## H-5. EXAMPLE OF A NET METERING PROGRAM AND TARIFF

PSC No: 120 – Electricity  
New York State Electric and Gas Corporation  
Initial Effective Date: December 1, 2003

Leaf No. 1  
Revision: 0  
Superseding Revision:

**P.S.C. No. 120 - ELECTRICITY  
SUPERSEDING P.S.C. NO. 115**

**NEW YORK STATE GAS AND ELECTRIC CORPORATION  
RULES, REGULATIONS AND GENERAL INFORMATION**

**SCHEDULE  
FOR  
ELECTRIC SERVICE**

**Applicable  
In  
All territory served by this Corporation and  
In all rate schedules except as otherwise  
Provided in individual rate schedules**

## GENERAL INFORMATION

### 22. Farm Waste Electric Generating System Option

Applicable to any customer who owns or operates farm waste electric generating equipment ("Facility"), that generates electric energy from biogas produced by the anaerobic digestion of agricultural wastes with a rated capacity of not more than four hundred kilowatts (400 kW), located and used at his or her "farm operation" as defined in Subdivision 11 of Section 301 of the Agriculture and Markets Law. Such definition states that a "farm operation" means the land and on-farm buildings, equipment, manure processing and handling facilities, and practices which contribute to the production, preparation and marketing of crops, livestock and livestock products as a commercial enterprise, including a "commercial horse boarding operation" as defined in subdivision thirteen of this Section 301 of the Agriculture and Markets Law.

The Facility must be manufactured, installed and operated in accordance with applicable government and industry standards. Such Facility must be connected to NYSEG's electric system and operated in parallel with NYSEG's transmission and distribution facilities. The Facility must be fueled, at a minimum of 90% on an annual basis, by biogas produced from the anaerobic digestion of agricultural waste such as livestock manure materials, crop residues and food processing waste. The Facility must be fueled by biogas generated by anaerobic digestion with at least 75% by weight of its feedstock being livestock manure materials on an annual basis. The customer, at its expense, shall promptly provide to NYSEG all relevant, accurate and complete information, documents, and data, as may be reasonably requested by NYSEG, to enable NYSEG to determine whether the customer is in compliance with these requirements.

The Farm Waste Electric Generating System Option will be available to eligible customers, on a first come, first served basis, until the total rated generating capacity for farm waste electric generating equipment owned or operated by customer-generators in NYSEG's service area is equivalent to 9,912 kW (four-tenths percent of NYSEG's electric demand for the year 1996).

Customers electing service under this Section 22 must operate in compliance with standards and requirements set forth in the Distributed Generation Interconnection Requirements found in PSC 119 - Electricity, Section 9. In addition, customers must execute the NYS Standardized Contract For Interconnection of New Distributed Generation Units With Capacity of 300 kVA or Less, or Farm Waste Generators of 400 kW of Less, to be Operated in Parallel ("SIR Contract"), as contained in PSC 119 - Electricity, Section 9.F.V.

For time-differentiated and demand-billed customers or customers requesting two meters, NYSEG will install (a) an appropriate meter for the customer's service classification to measure the electricity delivered to the customer (the "Billing Meter"), and (b) a non-demand, non-time differentiated meter to measure the electricity generated by the Facility ("Credit Meter"). For each billing period during

the term of the Standard Contract for Farm Waste Electric Generating Systems, NYSEG will determine the billing units (kWh) registered on the Billing Meter (the "Billing Meter Units" or "BMU") for the billing period and the units (kWh) registered on the Credit Meter (the "Credit Meter Units" or "CMU") or the billing period, and NYSEG will compare and net such amounts. If the customer's Billing Meter records delivery on time-differentiated periods (TOU meter), e.g., On-Peak/Off-Peak or Day/Night, this meter arrangement will require the allocation of the CMU to the appropriate Billing Meter time-periods. This allocation will be done according to allocation factors as set forth in a Special Provision provided in each service classification in this Schedule. In lieu of using the Special Provision allocation factors, a customer with a TOU Billing Meter has the option of purchasing, at its expense, a TOU meter as the Credit Meter for the purpose of recording Peak and Off-Peak or Day and Night kWh production for netting against the appropriate Billing Meter time-period kWh usage.

## GENERAL INFORMATION

### 22. Farm Waste Electric Generating System Option (Cont'd.)

For any time-differentiated period within the current billing period, if the allocated CMU exceeds the BMU kWhs for the same time-differentiated period (i.e.,  $CMU > BMU$ ), the residual CMU kWhs will be added to a tracking account (the "Credit Account") and carried over to a future billing period. For demand-billed customers, prior to adding residual CMU kWhs to the Credit Account, any residual CMU kWhs will be converted to a dollar value using the applicable tariff per kWh rate and applied as a credit to the current utility bill Customer Charge and Demand Charge. If the dollar value of the residual CMU kWh exceeds the current Customer Charge and Demand Charge, any remaining dollars will be converted back to kWhs and added to the Credit Account and carried over for a future billing period. Likewise, for any time-differentiated period within the current billing period, if the allocated CMU is less than the BMU (i.e.,  $CMU < BMU$ ), then NYSEG will reduce any units in the Credit Account by the BMU residual units. If the BMU residual units exceed the Credit Account, NYSEG will bill the customer for the net of the BMU and CMU units at the customer's applicable tariff rate and the Credit Account will be reset to zero.

Customers taking service under a non-time-differentiated, non-demand-billed meter may choose to have usage and generation measured through one standard, single energy meter. For non-time-differentiated, non-demand-billed customers that choose to have usage and generation measured through one, standard single energy meter, any excess customer generation will be added to a Credit Account and carried over for a future billing period. Similarly, for a non-time-differentiated, non-demand-billed customers that request service under this option using two meters, any excess customer generation will be added to the Credit Account and carried forward to a future billing period for appropriate netting. The Customer Charge is not impacted by any excess amount in the Credit Account.

If, (a) on an annual basis, during the term of the SIR Contract or (b) on the date the SIR Contract is terminated pursuant to the terms and conditions of said Contract, there exists a positive (kWh) balance in the Credit Account, then NYSEG will issue the customer a cash payment. The payment shall be for an amount equal to the product of the positive Credit Account (kWh) balance times NYSEG's average avoided cost for energy over the most recent 12-month period. The balance in the Credit Account shall be reset to zero once NYSEG makes the cash payment. Upon NYSEG's determination that the customer has taken service under this Section 22 while in violation of the conditions of service set forth in General Information Section 22 of this Schedule, the customer shall forfeit any positive balance accrued in its Credit Account during the annual period in which the violation occurred.

In the event that NYSEG determines that it is necessary to install a dedicated transformer or transformers to protect the safety and adequacy of electric service provided to other customers, the customer shall pay NYSEG's actual costs of purchasing and installing such transformer(s) located and used at customer's "farm operation," in an amount not to exceed three thousand dollars (\$3,000) per "farm operation."

### SERVICE CLASSIFICATION NO. 3

#### APPLICABLE TO THE USE OF SERVICE FOR:

Primary Service for any customer with a demand of 25 kilowatts or more but less than 500 kilowatts.

#### CHARACTER OF SERVICE:

Continuous - Alternating Current, 60 Cycle;  
Primary (Distribution) Service at 2,400, 4,160, 4,800, 7,200, 8,320, 12,000, 12,470, 13,200, 34,500  
(Regulated) Volts; Subtransmission Service at 34,500 or 46,000 (Both Non-Regulated) Volts; or 34,500  
(Regulated) Volts for "Grandfathered Customers" only; (see Special Provisions (a));  
Single or Three Phase. (Characteristics depend upon available circuits and equipment.)

#### **RATE CHOICES AVAILABLE TO CUSTOMERS:**

Pursuant to NYSEG's Electric Rate Plan and Customer Advantage Program, General Information Section 12 of this Schedule, customers served under this Service Classification will choose from four different electric rate choices offered by the Company as described below. NYSEG will offer two Retail Access rate choices and two Non-Retail Access rate choices.

The two Retail Access choices (1 and 2 below) consist of the Competitive Supplier Price (also known as the ESCO Rate Option ["ERO"] in the Electric Rate Plan), and the NYSEG Fixed Price with Supply Credit (also known as the Bundled Rate Option with Retail Access ["BRO w/RAC"] in the Electric Rate Plan). The two Non-Retail Access choices (3 and 4 below) include the NYSEG Fixed Price (also known as the Bundled Rate Option ["BRO"]), and the NYSEG Variable Price (also known as the Variable Rate Option ["VRO"]).

***NYSEG will provide Delivery Service only for the two Retail Access choices. Commodity Service will be provided by an Energy Services Company (ESCO).***

#### 1. Competitive Supplier Price (ERO)

This Retail Access choice includes a fixed component for NYSEG delivery service, which reflects a credit of \$0.002 per kWh, and a fluctuating Transition Charge (Non-Bypassable Wires Charge ["NBWC"]) described in this section. Pursuant to the Electric Rate Plan, the \$0.002 per kWh credit will apply unless and until replaced by the Commission in the Unbundling Track, Case No. 00-M-0504.

SERVICE CLASSIFICATION NO. 3 (Continued)

**RATE CHOICES AVAILABLE TO CUSTOMERS: (CONT'D.)**

**Competitive Supplier Price (ERO) (cont'd.)**

RATE: (Per Meter, Per Month)

Delivery Service:

	Primary Voltage	Subtransmission Voltage
<b>Customer Charge</b>	\$35.00	\$200.00
<b>Demand Charge</b> (All kilowatts, per kilowatt)	\$5.10	\$4.23
<b>Energy Charge</b> (All kilowatt-hours, per kilowatt-hour)		
Up to and including 200 hours use of metered demand	\$0.00255	\$0.00206
Over 200 hours use and up to and including 350 hours use of metered demand	\$0.00210	\$0.00165
Over 350 hours use of metered demand	\$0.00128	\$0.00092
<b>Reactive Charge</b> Reactive kilovolt-ampere hours, per billing reactive kilovolt-ampere hour	\$0.00095	\$0.00095

Transition Charge (Non-Bypassable Wires Charge ["NBWC"]):

All customers served under this Service Classification, taking service under the Competitive Supplier Price (ERO) rate or the NYSEG Variable Price (VRO) rate (see Rate Choice No. 4) will be required to pay a Transition Charge, also known as the Non-Bypassable Wires Charge [NBWC] in the Electric Rate Plan, with the following exception:

The Transition Charge will not apply to all Power For Jobs (PFJ) customer allocations and Economic Development Power (EDP) deliveries up to the MW levels delivered as of February 28, 2003, as specified in General Information Section 10 of this Schedule, Economic Development Power. EDP

deliveries exceeding the above-referenced February 28, 2003 delivery levels will be delivered at the Competitive Supplier Price (ERO) rate, which is subject to the Transition Charge.

The Transition Charge (NBWC) is a per kilowatt-hour charge calculated by summing the above-market costs and below-market benefits of the Company's existing power purchase obligations. The charge includes the difference between (a) the market value of electricity from NYSEG-owned hydroelectric plants, Non-Utility Generators ("NUGs"), and Nine Mile Point 2, and b) contract payments for that electricity. The Transition Charge (NBWC) also includes costs associated with moving electricity through the transmission and distribution systems and the benefits of existing transmission contracts. Additionally, the Transition Charge (NBWC) includes ancillary service costs as well as NYPA Transmission Access Charges ("NTAC").

For customers taking service under the Competitive Supplier Price (ERO) rate or the NYSEG Variable Price (VRO) rate, the Transition Charge (NBWC) may vary monthly, depending on the market prices of electricity. For such customers whose service is electrically connected East of the NYISO Total East Interface, the Transition Charge (NBWC) will include a credit to reflect the higher cost to serve load in that area.

A Transition Charge (NBWC) Statement setting forth the monthly Transition Charge (NBWC) will be filed with the Public Service Commission on not less than three (3) days' notice from the effective date of the revised charge for the first day of the billing cycle each month. Such statement can be found at the end of this Schedule (PSC 120 - Electricity).

## **2. NYSEG Fixed Price with Supply Credit (BRO w/RAC)**

This Retail Access choice provides a Retail Access Credit ("RAC") applied to the NYSEG Fixed Price Choice ("BRO"). This BRO rate can be found in the description for Rate Choice No. 3, the NYSEG Fixed Price, in this Service Classification. The RAC, further described below, fluctuates with the market price of electricity, and consists of energy, Energy Losses (which include Unaccounted For Energy); Unforced Capacity ("UCAP"), UCAP Losses, UCAP Reserves, and an Additional Component of \$0.003 per kWh.

### Retail Access Credit (RAC)

The RAC consists of three components:

a) Energy Component: For each day of the customer's billing cycle, a daily average value of market supply is derived from the day ahead NYISO posted Locational Based Marginal Prices (LBMP) of electricity for the region (East or West of the NYISO Total East Interface) in which the customer is located, weighted to reflect hourly usage based on load studies for the calendar month and day-type (Weekday, Saturday or Sunday/Holiday) for Service Classification No. 3. LBMP in Zone C will be used for customers electrically connected West of the Total East NYISO Interface. LBMP in Zone G will be used for customers electrically connected East of the NYISO Total East Interface. The daily load weighted market price of energy will be adjusted to reflect losses and Unaccounted For Energy.

SERVICE CLASSIFICATION NO. 3 (Continued)

**RATE CHOICES AVAILABLE TO CUSTOMERS: (CONT'D.)**

These daily average market supply values are used in conjunction with the service classification daily load study usage data to develop a weighted average value of market supply for the customer's specific billing period. The weighted average value of market supply is multiplied by the customer's metered kWh usage to determine the value of market supply to be credited to the customer's bill.

b) Capacity Component: The RAC also includes a component for the value of Unforced Capacity (UCAP), defined as the market-clearing price of capacity in \$/kWh as determined from the NYISO's monthly capacity auction price. The Capacity Component will be revised in accordance with each monthly UCAP auction held by the NYISO. The capacity price will also include UCAP Reserves, and will then be adjusted for UCAP Losses.

c) Additional Component: An additional credit ("Adder") in the amount of \$0.003 per kWh.

Large Commercial Farm Customers taking service under this Service Classification who were participating in the Pilot as of March 31, 2001, are eligible to elect an Adder in the amount of \$0.004. A Commercial Farm Pilot customer who returns to NYSEG bundled service after March 31, 2001 will not be eligible for this farm Pilot adder if such customer later elects to participate in Retail Access. In that event, such customer will receive an adder of \$0.003 per kWh.

*NYSEG will provide Delivery and Commodity Service for the two Non-Retail Access choices.*

SERVICE CLASSIFICATION NO. 3 (Continued)

**RATE CHOICES AVAILABLE TO CUSTOMERS: (CONT'D.)**

**3. NYSEG Fixed Price (BRO)**

This Non-Retail Access choice consists of a bundled price which includes components for the following: fixed NYSEG delivery service, a fixed Transition Charge (Non-Bypassable Wires Charge [NBWC]), and a fixed commodity charge for electricity supplied by NYSEG.

RATE: (Per Meter, Per Month)

Bundled Service

PRIMARY VOLTAGE	Effective Date*		
	01/01/03	04/01/03	10/01/03
<b>Customer Charge</b>	\$35.00	\$35.00	\$35.00
<b>Demand Charge</b> (All kilowatts, per kilowatt)	\$5.10	\$5.10	\$5.10
<b>Energy Charge</b> (All kilowatt-hours, per kilowatt-hour)			
Up to and including 200 hours use of metered demand	\$0.07380	\$0.08571	\$0.08022
Over 200 hours use and up to and including 350 hours use of metered demand	\$0.07335	\$0.08526	\$0.07977
Over 350 hours use of metered demand	\$0.07253	\$0.08444	\$0.07895
<b>Reactive Charge</b> Reactive kilovolt-ampere hours, per billing reactive kilovolt-ampere hour	\$0.00095	\$0.00095	\$0.00095

SERVICE CLASSIFICATION NO. 3 (Continued)

**RATE CHOICES AVAILABLE TO CUSTOMERS: (CONT'D.)**

**3. NYSEG Fixed Price (BRO) (Cont'd.)**

RATE: (Per Meter, Per Month)

Bundled Service

SUBTRANSMISSION VOLTAGE	Effective Date*		
	01/01/03	04/01/03	10/01/03
<b>Customer Charge</b>	\$200.00	\$200.00	\$200.00
<b>Demand Charge</b> (All kilowatts, per kilowatt)	\$4.23	\$4.23	\$4.23
<b>Energy Charge</b> (All kilowatt-hours, per kilowatt-hour)			
Up to and including 200 hours use of metered demand	\$0.07521	\$0.08752	\$0.08095
Over 200 hours use and up to and including 350 hours use of metered demand	\$0.07480	\$0.08711	\$0.08054
Over 350 hours use of metered demand	\$0.07407	\$0.08638	\$0.07981
<b>Reactive Charge</b> Reactive kilovolt-ampere hours, per billing reactive kilovolt-ampere hour	\$0.00095	\$0.00095	\$0.00095

\* The rate for NYSEG's Fixed Price (BRO) may be revised every six months on April 1 and October 1 of each year to reflect increases in the cost of providing fixed commodity service. The revised rate will be calculated using the methodology approved by the Commission in Case 01-E-0359 for calculating the commodity portion of BRO prices. Such revised rate will be utilized only if greater than the initial BRO rate effective January 1, 2003. However, the revised rate will be applicable only to a customer who chooses or is placed on the NYSEG Fixed Price (BRO) rate or the NYSEG Fixed Price with Supply Credit (BRO w/RAC) rate, on or after the effective date of the revision. The revised rate remains in effect for such customers through December 31, 2004, regardless of whether the customer chooses the BRO rate or BRO w/ RAC rate.

NYSEG will file such revised BRO rates with the Public Service Commission not less than three days prior to the effective date of the revised rate.

SERVICE CLASSIFICATION NO. 3 (Continued)

**RATE CHOICES AVAILABLE TO CUSTOMERS: (CONT'D.)**

**4. NYSEG Variable Price (VRO)**

This Non-Retail Access choice includes a fixed component for NYSEG delivery service, a fluctuating Transition Charge (Non-Bypassable Wires Charge ["NBWC"]) and a commodity charge for electricity supplied by NYSEG which fluctuates with the market price of electricity.

RATE: (Per Meter, Per Month)

Delivery Service:

	Primary Voltage	Subtransmission Voltage
<b>Customer Charge</b>	\$35.00	\$200.00
<b>Demand Charge</b> (All kilowatts, per kilowatt)	\$5.10	\$4.23
<b>Energy Charge</b> (All kilowatt-hours, per kilowatt-hour)		
Up to and including 200 hours use of metered demand	\$0.00455	\$0.00406
Over 200 hours use and up to and including 350 hours use of metered demand	\$0.00410	\$0.00365
Over 350 hours use of metered demand	\$0.00328	\$0.00292
<b>Reactive Charge</b> Reactive kilovolt-ampere hours, per billing reactive kilovolt-ampere hour	\$0.00095	\$0.00095

## SERVICE CLASSIFICATION NO. 3 (Continued)

### **RATE CHOICES AVAILABLE TO CUSTOMERS: (CONT'D.)**

#### Transition Charge (Non-Bypassable Wires Charge ["NBWC"]):

All customers served under this Service Classification, taking service under the NYSEG Variable Price (VRO) rate will be required to pay a Transition Charge (NBWC), as further described under Rate Choice No. 1, Competitive Supplier Price (ERO).

#### Commodity Service

The charge for Electric Power Supply provided by NYSEG will fluctuate with the market price of electricity and will include the following components: energy, Energy Losses (which include Unaccounted For Energy), Unforced Capacity (UCAP), UCAP Reserves, and UCAP Losses. This charge is determined using the same methodology as described above in this Service Classification under the detailed explanation of the Retail Access Credit (applied to the NYSEG Fixed Price with Supply Credit, Rate Choice No. 2); items "a" (Energy) and "b" (Capacity).

In the event that NYSEG determines that it will incur an estimated gain or loss because purchases for VRO customers were made in the real-time market at prices differing from those in the day-ahead market, NYSEG will credit or recover the full amount of the estimated gain or loss through the non-bypassable wires charge from VRO customers.

#### MINIMUM CHARGE:

The minimum charge for service under this Service Classification is the Customer Charge as listed above, or as otherwise stated in the applicable special provisions.

The minimum charge for customers who choose to take all or part of their back-up or maintenance service under this service classification rather than under NYSEG's Service Classification No. 11 is described in the "DETERMINATION OF DEMAND" section.

#### SURCHARGE TO COLLECT SYSTEM BENEFITS CHARGE ("SBC"):

A surcharge of \$.0015 per kWh will be added to each Energy Charge on the customers' bills in this Service Classification to collect the System Benefits Charge (as explained in this Schedule, General Information Section 4).

This charge will be effective with usage beginning January 1, 2003.

## SERVICE CLASSIFICATION NO. 3 (Continued)

### **RATE CHOICES AVAILABLE TO CUSTOMERS: (CONT'D.)**

#### **COMPETITIVE METERING OPTION:**

Qualified Customers who select the Competitive Metering Option must comply with the requirements specified in PSC 119 - Electricity and specified in General Information Section 14 of this Schedule, and will receive a Competitive Metering Credit as set forth in Section 2 of Addendum-MET of PSC 119, or superseding issues thereof.

#### **METER OWNED BY CUSTOMER, INSTALLED AND MAINTAINED BY THE CORPORATION:**

Customers electing to own their own meters, as described in Section 3.A.2 of PSC 119 - Electricity, will receive a Meter Ownership Credit as described in Section 3.A.2.a.i of that Schedule. This provision is separate and distinct from Competitive Metering.

Customers participating in Competitive Metering will not receive a Meter Ownership Credit in addition to the existing Competitive Metering Credit provided to such customers.

#### **INCREASE IN RATES AND CHARGES:**

The rates and charges under this Service Classification, including minimum charges, will be increased by a surcharge pursuant to Section 6 of PSC No. 120 to reflect the tax rates applicable within the municipality where the customer takes service.

#### **DETERMINATION OF DEMAND:**

The billing demand will be the metered demand, which is the highest average kilowatts used in a fifteen-minute interval during the month.

For subtransmission customers also served by the Corporation under Special Provision F of Service Classification No. 10, the measured demand of the output provided by the customer's generating facility will be added to the measured demand as determined by the Corporation's meter for service under this Classification.

Customers who choose to take all or part of their back-up or maintenance service under this service classification rather than under NYSEG's Service Classification No. 11 will pay a minimum demand charge as described in NYSEG's Service Classification No. 11. Customers will pay a minimum demand charge related to generation, ancillary, and transmission costs. The minimum demand charge is based on a rate per kW of the contract demand and is accumulated over a 12-month period. The accumulated contract demand charge component will be compared to the accumulated demand charge in this service classification. If the contract demand charge is greater than the demand charge in this service classification, then the customer will only pay the contract demand charge in that month. If it is less than the demand charge in this service classification, then the customer will pay that difference in that month.

SERVICE CLASSIFICATION NO. 3 (Continued)

**RATE CHOICES AVAILABLE TO CUSTOMERS: (CONT'D.)**

**DETERMINATION OF REACTIVE KILOVOLT-AMPERE HOURS:**

Whenever the customer's metered demand is 200 kW or more for two consecutive billing periods, the reactive kilovolt-ampere hours shall thereafter be metered. The billing reactive kilovolt-ampere hours shall be the reactive kilovolt-ampere hours in excess of one-third of the metered kilowatt hours.

**TERMS OF PAYMENT:**

All bills are rendered at the above "unit prices" and that amount is due on bills paid on or before the "past due" date indicated on the bill. A late payment charge at the rate of one and one-half percent (1 1/2%) per month will be billed on all amounts not paid by that date. (Further details in Section 4 of P.S.C. No. 119 - Electricity or superseding issues thereof.)

**TERM:**

One year and thereafter until terminated by 30 days' written notice. However, the Corporation may, with the permission of the Public Service Commission, require the customer to agree to take service at rates from time to time effective for a longer term dependent upon the amount of investment required or other unusual conditions incident to the service.

**SPECIAL PROVISIONS:**

(a) Primary Discounts:

The above subtransmission rates reflect a discount for a customer who furnishes and maintains the necessary substation and purchases energy at 34,500 or 46,000 (both Non-Regulated) Volts.

Customers receiving service prior to February 15, 2000 ("Grandfathered Customers"), will receive the stated Primary Discounts when the customer furnishes and maintains the necessary substation and purchases energy at 34,500 (Regulated).

(b) Balanced Billing:

Customers may, by signing an application, be billed monthly in accordance with the plan set forth in Section 4-0 of P.S.C. No. 119 - Electricity or superseding issues thereof.

(c) Submetering:

Submetering may be available according to certain conditions as explained in the general information leaves of this schedule, Section 2. Submetering.

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd)**

(d) Economic Incentives:

Customer load supplied by the New York Power Authority (NYPA) is not eligible to receive an economic incentive.

(1) Economic Revitalization Incentive:

Customers who qualify under the Economic Revitalization Incentive (ERI) in Section 7 of the General Information section of this Schedule shall take service under the applicable NYSEG Fixed Price (BRO) rate, as specified in this Service Classification and Section 12, Customer Advantage Program, of this Schedule, for the qualified incented load.

Such customers will have their service bills reduced, for a term of 36 months, by an incentive rate of \$.01 per kilowatt-hour for all qualified kilowatt-hours used thereunder. For two subsequent 12-month phase-out terms, the incentive rate will be multiplied by .66 and .33 for each term, respectively.

(2) Economic Development Incentive:

Customers who qualify, under the Economic Development Incentive (EDI) in Section 8 of the General Information section of this Schedule, to receive an incentive for load qualified prior to July 1, 2003 shall take service under the applicable NYSEG Fixed Price (BRO) rate, as specified in this service classification and Section 12, Customer Advantage Program, of this Schedule, for the qualified incented load.

Such customers will have their service bills reduced, for a term of 60 months, by an incentive rate of \$.015 per kilowatt-hour for all qualified kilowatt-hours used thereunder.

Customers who qualify, under the Economic Development Incentive (EDI) in Section 8 of the General Information section of this Schedule, to receive an incentive for load qualified on or after July 1, 2003 may select one of the following rate options, as specified in this Service Classification and Section 12, Customer Advantage Program, of this Schedule, for such qualified incented load: 1) NYSEG Fixed Price (BRO), 2) NYSEG Variable Price (VRO), or 3) Competitive Supplier Price (ERO).

Such customers will have their service bills reduced, for a term of 60 months, by an incentive rate per kilowatt-hour for all qualified kilowatt-hours used thereunder. The incentive rate will be the lesser of: a) \$.015 or b) the equivalent of the applicable Transition Charge (NBWC), as specified in this Service Classification, less the ancillary service costs and NYPA Transmission Access Charges (NTAC) components of the Transition Charge.

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd)**

(d) Economic Incentives: (Cont'd)

(2) Economic Development Incentive: (Cont'd.)

The incentive rate for such qualified load billed at ERO or VRO may change monthly due to the fluctuating Transition Charge. An Economic Incentive Rate (EIR) Statement setting forth the monthly incentive rates for each rate option will be filed with the Public Service Commission on not less than three (3) days' notice prior to the first day of each month. Such statement can be found at the end of this Schedule (PSC 120 - Electricity).

(3) Economic Development Zone Incentive:

Customers who qualify, under the Economic Development Zone Incentive (EDZI) in Section 9 of the General Information section of this Schedule, to receive an incentive for load qualified prior to July 1, 2003 shall take service under the applicable NYSEG Fixed Price (BRO) rate, as specified in this Service Classification and Section 12, Customer Advantage Program, of this Schedule, for the qualified incented load.

Such customers will have their service bills reduced, for a term of ten (10) years beginning on the date of the qualifying load installation and operation (unless the customer's initial zone certification(s) becomes invalid), by the following incentive rate per kilowatt-hour for all qualified kilowatt-hours used thereunder.

Rate for qualified kilowatt-hours, per kWh in existing economic development zones designated prior to October 9, 1997:

For EDZI qualifications prior to Aug. 1, 1994	\$ .020
For EDZI qualifications on or after Aug. 1, 1994	.025
For EDZI qualifications on or after Mar. 3, 1998	.040

Rate for qualified kilowatt-hours, per kWh in all zones designated after October 9, 1997 and on or before February 1, 1999:

For EDZI load qualifications on or after March 3, 1998 in the next two zones designated	\$ .040
For EDZI load qualifications on or after March 3, 1998 in any additional zones designated	\$ .0325
For EDZI load qualifications on or after March 3, 2000	\$ .040

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd)**

(d) Economic Incentives: (Cont'd)

(3) Economic Development Zone Incentive: (Cont'd.)

Rate for qualified kilowatt-hours, per kWh in any zones designated after February 1, 1999:

For EDZI Load qualifications on or after March 3, 2000	\$ .0325
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Customers who qualify, under the Economic Development Zone Incentive (EDZI) in Section 9 of the General Information section of this Schedule, to receive an incentive for load qualified on or after July 1, 2003 may select one of the following rate options, as specified in this Service Classification and Section 12, Customer Advantage Program, of this Schedule, for such qualified incented load: 1) NYSEG Fixed Price (BRO), 2) NYSEG Variable Price (VRO), or 3) Competitive Supplier Price (ERO).

Such customers will have their service bills reduced, for a term of ten (10) years following initial zone certification, beginning with the eligibility date on the zone certificate (unless the customer's initial zone certification(s) becomes invalid), by an incentive rate per kilowatt-hour for all qualified kilowatt-hours used thereunder. The incentive rate will be the equivalent of the applicable Transition Charge (NBWC), as described in this Service Classification, less the ancillary service costs and NTAC components of the Transition Charge.

The incentive rate for such qualified load billed at ERO or VRO may change monthly due to the fluctuating Transition Charge. An Economic Incentive Rate (EIR) Statement setting forth the monthly incentive rates for each rate option will be filed with the Public Service Commission on not less than three (3) days' notice prior to the first day of each month. Such statement can be found at the end of this Schedule (PSC 120 - Electricity).

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd)**

(d) Economic Incentives: (Cont'd)

(3) Economic Development Zone Incentive: (Cont'd.)

The qualified incented load will be billed at the following applicable BRO, VRO, or ERO rates:

NYSEG Fixed Price (BRO)\*:

PRIMARY VOLTAGE	Effective Date*		
	01/01/03	04/01/03	10/01/03
<b>Customer Charge</b>	\$35.00	\$35.00	\$35.00
<b>Demand Charge</b> (All kilowatts, per kilowatt)	\$5.10	\$5.10	\$5.10
<b>Energy Charge</b> (All kilowatt-hours, per kilowatt-hour)			
Up to and including 200 hours use of metered demand	\$0.07380	\$0.08571	\$0.08022
Over 200 hours use and up to and including 350 hours use of metered demand	\$0.07335	\$0.08526	\$0.07977
Over 350 hours use of metered demand	\$0.07253	\$0.08444	\$0.07895
<b>Reactive Charge</b> Reactive kilovolt-ampere hours, per billing reactive kilovolt-ampere hour	\$0.00095	\$0.00095	\$0.00095

\* These rates may be revised every six months on April 1 and October 1 of each year, as explained in Rate Choices Available to Customers, NYSEG Fixed Price (BRO), in this Service Classification.

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd.)**

(d) Economic Incentives: (Cont'd)

(3) Economic Development Zone Incentive: (Cont'd.)

NYSEG Fixed Price (BRO)\*: (Cont'd)

SUBTRANSMISSION VOLTAGE	Effective Date*		
	01/01/03	04/01/03	10/01/03
<b>Customer Charge</b>	\$119.01	\$119.01	\$119.01
<b>Demand Charge</b> (All kilowatts, per kilowatt)	\$2.52	\$2.52	\$2.52
<b>Energy Charge</b> (All kilowatt-hours, per kilowatt-hour)			
Up to and including 200 hours use of metered demand	\$0.07357	\$0.08588	\$0.07931
Over 200 hours use and up to and including 350 hours use of metered demand	\$0.07332	\$0.08563	\$0.07906
Over 350 hours use of metered demand	\$0.07289	\$0.08520	\$0.07863
<b>Reactive Charge</b>			
Reactive kilovolt-ampere hours, per billing reactive kilovolt-ampere hour	\$0.00095	\$0.00095	\$0.00095

\* These rates may be revised every six months on April 1 and October 1 of each year, as explained in Rate Choices Available to Customers, NYSEG Fixed Price (BRO), in this Service Classification.

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd.)**

(d) Economic Incentives: (Cont'd)

(3) Economic Development Zone Incentive: (Cont'd.)

NYSEG Variable Price (VRO):

	Primary Voltage	Subtransmission Voltage
<b>Customer Charge</b>	\$35.00	\$119.01
<b>Demand Charge</b> (All kilowatts, per kilowatt)	\$5.10	\$2.52
<b>Energy Charge</b> (All kilowatt-hours, per kilowatt-hour)		
Up to and including 200 hours use of metered demand	\$0.00455	\$0.00242
Over 200 hours use and up to and including 350 hours use of metered demand	\$0.00410	\$0.00217
Over 350 hours use of metered demand	\$0.00328	\$0.00174
<b>Reactive Charge</b> Reactive kilovolt-ampere hours, per billing reactive kilovolt-ampere hour	\$0.00095	\$0.00095

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd)**

(d) Economic Incentives: (Cont'd)

(3) Economic Development Zone Incentive: (Cont'd.)

Competitive Supplier Price (ERO):

	Primary Voltage	Subtransmission Voltage
<b>Customer Charge</b>	\$35.00	\$119.01
<b>Demand Charge</b> (All kilowatts, per kilowatt)	\$5.10	\$2.52
<b>Energy Charge</b> (All kilowatt-hours, per kilowatt-hour)		
Up to and including 200 hours use of metered demand	\$0.00255	\$0.00242
Over 200 hours use and up to and including 350 hours use of metered demand	\$0.00210	\$0.00217
Over 350 hours use of metered demand	\$0.00128	\$0.00174
<b>Reactive Charge</b>		
Reactive kilovolt-ampere hours, per billing reactive kilovolt-ampere hour	\$0.00095	\$0.00095

(4) Economic Development Power:

Customers who qualify for the special Economic Development Power rate provision pursuant to Section 10 of the General Information Section of this Schedule, will have such power billed in accordance with the Special Provision therein. The customer's power requirements in excess of the Economic Development Power will be billed at SC No. 7 rates applicable to the customer's voltage level.

(5) Self-Generation Deferral Incentive ("SGDI"):

Customers who qualify for the Self-Generation Deferral Incentive (SGDI) under Section 11 of the General Information section of this Schedule shall take service under the applicable NYSEG Fixed Price (BRO) rate, as specified in this Service Classification and Section 12, Customer Advantage Program, of this Schedule.

Such customers will have their service bills subject to a cents per kilowatt-hour price cap in accordance with the SC No. 7 Special Provision (d)(6), Self-Generation Deferral Incentive.

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd.)**

(d) Economic Incentives: (Cont'd)

(6) Incubator Development Incentive ("IDI"):

Customers who qualify under the Incubator Development Incentive (IDI) in Section 13 of the General Information section of this Schedule prior to July 1, 2003 shall take service under the applicable NYSEG Fixed Price (BRO) rate, as specified in this Service Classification and Section 12, Customer Advantage Program, of this Schedule, for the qualified incented load.

Such customers will have their service bills reduced by an incentive rate of \$.025 per kilowatt-hour for all qualified kilowatt hours thereunder.

Customers who qualify under the Incubator Development Incentive (IDI) in Section 13 of the General Information section of this Schedule on or after July 1, 2003 may select the applicable NYSEG Fixed Price (BRO) or the NYSEG Fixed Price with Supply Credit (BRO w/RAC) for the qualified incented load.

Such customers will have their service bills reduced by an incentive rate of \$.0186 per kilowatt-hour for all qualified kilowatt-hours used thereunder.

Effective January 1, 2005, this incentive rate will be revised to be equivalent to the applicable Transition Charge, less the ancillary service costs and NTAC components, associated with the NYSEG Fixed Price (BRO) rates established for the second commodity offering period, per the Company's Electric Rate Plan.

Under the BRO w/RAC, the market-based backout will not include the Additional Component as described in this Service Classification and General Information Section 16.D., General Retail Access, of this Schedule.

(7) Business Retention Incentive:

This provision expired on March 2, 2003. Any customers who were receiving the BRI discount as of that date may transition to the Economic Revitalization Incentive (ERI), as described in General Information Section 7 of this Schedule, for the remainder of their five-year term.

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd.)**

(d) Economic Incentives: (Cont'd)

The transition will be based on the start date of their BRI discount, and the following incentive rate reductions will apply:

- A customer in the first, second, or third year of BRI would receive the full ERI reduction for those years.
- A customer in the fourth year of BRI would receive the ERI reduction multiplied by a factor of .66 for that year.
- A customer in the fifth (and final) year of BRI would receive the ERI reduction multiplied by a factor of .33 for that year.

(8) Small Business Growth Incentive ("SBGI"):

Customers who qualify under the Small Business Growth Incentive (SBGI) in Section 19 of the General Information section of this Schedule shall take service under the applicable NYSEG Fixed Price (BRO) rate, as specified in this Service Classification and Section 12, Customer Advantage Program, of this Schedule, for the qualified incented load.

Customers who are qualified for such SBGI prior to July 1, 2003 will have their service bills reduced by an incentive rate of \$.030 per kilowatt-hour, for all qualified kilowatt-hours used thereunder, through December 31, 2003.

Beginning January 1, 2004, the incentive rate will be revised annually, calculated based on the Transition Charge associated with the NYSEG Fixed Price (BRO) rates. Effective January 1, 2004, the incentive rate per kWh for qualified kWhs will be \$.0281. Annual incentive rates thereafter will be determined in conjunction with the BRO rates for the second commodity offering period, pursuant to the Company's Electric Rate Plan.

Customers who are qualified for such SBGI on or after July 1, 2003 will have their service bills reduced by an incentive rate of \$.0225 per kilowatt-hour for all qualified kilowatt-hours used thereunder.

Effective January 1, 2005, the incentive rate will be revised to be equivalent to the applicable Transition Charge associated with the NYSEG Fixed Price (BRO) rates established for the second commodity offering period, per the Company's Electric Rate Plan.

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd.)**

(e) Controlled Load Time-of-Use Service Option:

Customers who have a total connected load of at least 25 kW, with at least 12.5 kW of that load being newly installed controlled equipment, may choose to take their entire service under Service Classification No. 7 with Time-of-Use metering. Controlled Load equipment will include, but not be limited to, Electric Thermal Storage equipment (E.T.S.), Air Conditioning equipment, Water Heating or other Heating/Cooling installations which are designed to operate advantageously during off-peak hours as defined in Service Classification No. 7.

(f) RESERVED FOR FUTURE USE

(g) RESERVED FOR FUTURE USE

(h) Industrial/High Load Factor ("I/HLF") Rate Provision:

- (1) Available to a customer's account that meets usage eligibility as defined in (2) or (3) of this section:

Customers who are taking service under NYSEG's Economic Development Incentive, Economic Development Zone Incentive, New York Power Authority (NYPA) programs (Expansion Power, Economic Development Power, and Power For Jobs) or S.C. 14 may take service under this rate provision, only for that portion of their load served at NYSEG's standard tariff rate, provided that the non-discounted load meets the eligibility requirements of this special provision. Allocation of billing units (kW, kWh, rkvah) for partial load is explained in (3) of this section.

Recipients of other NYSEG incentive rates applicable to their entire load, may qualify for this special provision by relinquishing eligibility under the incentive, provided that they meet the eligibility requirements of this special provision.

Any customer taking service under the Economic Revitalization Incentive and, choosing instead to take service under this Rate Provision, must have met or agrees to continue to meet its Economic Revitalization commitments.

- (2) Eligibility:

Eligibility will be determined based on the total metered demand and energy excluding the NYPA portion of that metered amount.

- (i) Industrial Rate Provision:

Not applicable to customers in this service classification. Customers with average annual demands in excess of 500 kW, are served under S.C. No. 7.

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd.)**

(h) Industrial/High Load Factor Rate Provision: (Cont'd.)

(2) Eligibility: (Cont'd.)

(ii) High Load Factor Rate Provision:

Applicable to an existing customer's account having an annual load factor of 68.0% or greater (approximately 500 hours' average use of kW demand per month). Also applicable to a new customer's account with an estimated annual load factor of 68.0% or greater. Annual load factor for this provision is calculated as follows:

$$A/(D*H)$$

A = Annual kWh. For existing customers this will be the actual total energy usage billed during the most recent 12 consecutive months. For new customers or customers with incomplete history, the annual usage will be estimated by the Corporation from engineering and operating estimates to fit within the time period.

D = Maximum demand. For existing customers this will be the highest billed demand during the most recent 12 consecutive months. For new customers or customers with incomplete history, the demand will be estimated by the Corporation from engineering and operating estimates to fit within the time period.

H = Number of total hours in the annual billing period.

(3) Allocation of Billing Units for Partial Load:

Billing units (kW, kWh, rkwh) will be allocated between the Industrial/High Load Factor and Economic Incentive portions of the customer's bill based on the following formula:

B	= Billing kW
T	= Total kWh
EKWH	= Incented kWh
EKW	= Incented kW
NKW	= Non-incented kW

$$(EKWH / T) \times B = EKW$$

$$B - EKW = NKW$$

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd.)**

(h) Industrial/High Load Factor Rate Provision: (Cont'd.)

(3) Rate Qualification Review:

Each account will be reviewed annually for continued qualification, based on the load factor during the previous year. Such review shall occur 12 months after the initiation of this rate provision, and shall be repeated each year thereafter. To maintain qualification for this rate, a customer account's annual load factor must be 68.0% or greater.

(4) Rate for Qualified High Load Factor Service:

A complete description of these rate choices appears previously in this Service Classification.

(a) Competitive Supplier Price (ERO)

Rates for Delivery Service under the High Load Factor Special Provision are as follows:

<b>RATE: (Per Meter/Per Month)</b>		
	Primary Voltage	Subtransmission Voltage
<b>Customer Charge:</b>	\$35.00	\$200.00
<b>Demand Charge:</b> All kilowatts, per kilowatt		
On-Peak Service	\$1.83	\$1.74
Off-Peak Service	N/A	N/A
<b>Energy Charge:</b> All kilowatt-hours, per kilowatt		
Up to and including 200 hours use of metered demand	\$0.00131	\$0.00014
Over 200 hours use and up to and including 350 hours use of metered demand	\$0.00098	\$0.00083
Over 350 hours use of metered demand	\$0.00068	\$0.00055
<b>Reactive Charge:</b> Reactive kilovolt-ampere hours, per billing reactive kilovolt-ampere hour	\$0.00095	\$0.00095

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd.)**

(h) Industrial/High Load Factor Rate Provision: (Cont'd.)

(4) Rate for Qualified High Load Factor Service: (Cont'd.)

(b) NYSEG Fixed Price with Supply Credit (BRO w/RAC) or NYSEG Fixed Price (BRO) Rates for Bundled Service under the High Load Factor Special Provision are as follows:

RATE: (Per Meter/Per Month)

PRIMARY VOLTAGE	Effective Date*		
	01/01/03	04/01/03	10/01/03
<b>Customer Charge</b>	\$35.00	\$35.00	\$35.00
<b>Demand Charge</b> (All kilowatts, per kilowatt)			
On-Peak Service	\$1.83	\$1.83	\$1.83
Off-Peak Service	N/A	N/A	N/A
<b>Energy Charge</b> (All kilowatt-hours, per kilowatt-hour)			
Up to and including 200 hours use of metered demand	\$0.07003	\$0.08135	\$0.07604
Over 200 hours use and up to and including 350 hours use of metered demand	\$0.06970	\$0.08102	\$0.07571
Over 350 hours use of metered demand	\$0.06940	\$0.08072	\$0.07541
<b>Reactive Charge</b> Reactive kilovolt-ampere hours, per billing reactive kilovolt-ampere hour	\$0.00095	\$0.00095	\$0.00095

\* The rate for NYSEG's Fixed Price (BRO) may be revised every six months on April 1 and October 1 of each year to reflect increases in the cost of providing fixed commodity service. The revised rate will be calculated using the methodology approved by the Commission in Case 01-E-0359 for calculating the commodity portion of BRO prices. Such revised rate will be utilized only if greater than the initial BRO rate effective January 1, 2003. However, the revised rate will be applicable only to a customer who chooses or is placed on the NYSEG Fixed Price (BRO) rate or the NYSEG Fixed Price with Supply Credit (BRO w/RAC) rate, on or after the effective date of the revision. The revised rate remains in effect for such customers through December 31, 2004, regardless of whether the customer chooses the BRO rate or BRO w/ RAC rate.

NYSEG will file such revised BRO rates with the Public Service Commission not less than three days prior to the effective date of the revised rate.

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd.)**

(h) Industrial/High Load Factor Rate Provision: (Cont'd.)

(4) Rate for Qualified High Load Factor Service: (Cont'd.)

(b) NYSEG Fixed Price with Supply Credit (BRO w/RAC) or NYSEG Fixed Price (BRO) Rates for Bundled Service under the High Load Factor Special Provision are as follows:

RATE: (Per Meter/Per Month)

SUBTRANSMISSION VOLTAGE	Effective Date*		
	01/01/03	04/01/03	10/01/03
<b>Customer Charge</b>	\$35.00	\$35.00	\$35.00
<b>Demand Charge</b> (All kilowatts, per kilowatt)			
On-Peak Service	\$1.74	\$1.74	\$1.74
Off-Peak Service	N/A	N/A	N/A
<b>Energy Charge</b> (All kilowatt-hours, per kilowatt-hour)			
Up to and including 200 hours use of metered demand	\$0.06986	\$0.08118	\$0.07587
Over 200 hours use and up to and including 350 hours use of metered demand	\$0.06955	\$0.08087	\$0.07556
Over 350 hours use of metered demand	\$0.06927	\$0.08059	\$0.07528
<b>Reactive Charge</b> Reactive kilovolt-ampere hours, per billing reactive kilovolt-ampere hour	\$0.00095	\$0.00095	\$0.00095

\* The rate for NYSEG's Fixed Price (BRO) may be revised every six months on April 1 and October 1 of each year to reflect increases in the cost of providing fixed commodity service. The revised rate will be calculated using the methodology approved by the Commission in Case 01-E-0359 for calculating the commodity portion of BRO prices. Such revised rate will be utilized only if greater than the initial BRO rate effective January 1, 2003. However, the revised rate will be applicable only to a customer who chooses or is placed on the NYSEG Fixed Price (BRO) rate or the NYSEG Fixed Price with Supply Credit (BRO w/RAC) rate, on or after the effective date of the revision. The revised rate remains in effect for such customers through December 31, 2004, regardless of whether the customer chooses the BRO rate or BRO w/ RAC rate.

NYSEG will file such revised BRO rates with the Public Service Commission not less than three days prior to the effective date of the revised

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd.)**

(h) Industrial/High Load Factor Rate Provision: (Cont'd.)

(4) Rate for Qualified High Load Factor Service: (Cont'd.)

(c) NYSEG Variable Price (VRO)

Rates for Delivery Service under the High Load Factor Special Provision are as follows:

<b>RATE: (Per Meter/Per Month)</b>		
	Primary Voltage	Subtransmission Voltage
<b>Customer Charge:</b>	\$35.00	\$200.00
<b>Demand Charge:</b> All kilowatts, per kilowatt		
On-Peak Service	\$1.83	\$1.74
Off-Peak Service	N/A	N/A
<b>Energy Charge:</b> All kilowatt-hours, per kilowatt		
Up to and including 200 hours use of metered demand	\$0.00331	\$0.00314
Over 200 hours use and up to and including 350 hours use of metered demand	\$0.00298	\$0.00283
Over 350 hours use of metered demand	\$0.00268	\$0.00255
<b>Reactive Charge:</b> Reactive kilovolt-ampere hours, per billing reactive kilovolt-ampere hour	\$0.00095	\$0.00095

SERVICE CLASSIFICATION NO. 3 (Continued)

**SPECIAL PROVISIONS: (Cont'd.)**

(h) Industrial/High Load Factor Rate Provision: (Cont'd.)

(4) Rate for Qualified High Load Factor Service (Per Month) (Cont'd.)

Primary Discounts:

The above subtransmission rates reflect a discount for a customer who furnishes and maintains the necessary substation and purchases energy at 34,500 or 46,000 (both Non-Regulated) volts. Customers receiving service prior to February 15, 2000 ("Grandfathered Customer"), will receive the stated Primary Discounts when the customer furnishes and maintains the necessary substation and purchases energy at 34,500 (Regulated).

(i) Real Time Pricing ("RTP") Provision:

**REAL TIME PRICING:**

This RTP provision will provide customers with an opportunity to develop load management programs to better respond to high hourly market prices and take advantage of low hourly market prices. The program will provide experience with interval metering and billing solutions. Customers will be encouraged to modify operations to reduce usage during high priced periods or to shift usage to take advantage of the lower energy costs during certain hours.

**ELIGIBILITY:**

The Company will solicit commercial, industrial and public authority customers who have the ability to shift loads and benefit from hourly pricing. To participate, customers may not have other incentives, receive NYPA power or participate in retail access. This program is available to customers with load capped at 25 MW in the aggregate. Eligible customers may enroll on a first-come, first served basis. To be eligible, customers must choose the NYSEG Variable Price (VRO) rate option, a complete description of which appears previously in this Service Classification, and in Section 12 of this Schedule, Customer Advantage Program.

**ADDITIONAL REQUIREMENTS AND METERING:**

Customers shall install all necessary equipment, including, but not limited to, interval metering and required telephone lines. Such metering will be installed, controlled, operated and maintained by the Company at the customer's expense. The Company will provide meters at cost (including materials and labor) to customers who enroll in the RTP Program. The Company may, at the customer's expense, require installation of additional communication equipment, software or a monthly subscription service for the administration of this special provision.

## SERVICE CLASSIFICATION NO. 3 (Continued)

### SPECIAL PROVISIONS: (Cont'd.)

#### (i) Real Time Pricing ("RTP") Provision: (Cont'd.)

Eligible customers receiving metering from competitive metering providers may participate in this Real Time Pricing Program, using metering equipment and communications capabilities that the Company has determined can provide the necessary hourly interval usage data.

#### CALCULATION OF THE RTP BILL:

Customers are responsible for all charges associated with the NYSEG Variable Price (VRO) rate option as described in this Service Classification, and General Information Section 12 of this Schedule – Customer Advantage Program. Additionally, the VRO Commodity Service will be replaced with the RTP Program Commodity Service, described as follows.

The hourly day-ahead NYISO Locational-Based Marginal Prices ("LBMP") of electricity in Zones C or G (as applicable) will be applied to the customer's interval metered hourly usage. NYSEG will also add Energy Losses (which include Unaccounted For Energy), Unforced Capacity (UCAP), UCAP Reserves, and UCAP Losses to the LBMP determined prices. UCAP is defined as the market-clearing price of capacity in \$/kWh as determined from the NYISO's monthly capacity auction price and the service classification load profile. The Capacity Component will be revised in accordance with each monthly UCAP auction held by the NYISO.

#### TERM AND EVALUATION OF THE PILOT PROGRAM:

The term of service is consistent with the customer choosing the NYSEG Variable Price (VRO) rate option, a complete description of which appears previously in this Service Classification, and in Section 12 of this Schedule, Customer Advantage Program. The Company will work closely with each RTP customer. The Company will evaluate the Program, including costs and benefits and propose necessary changes after each year of the Program.

#### (j) Emergency Demand Response Program ("EDRP"):

The EDRP seeks to provide customers with an economic incentive to respond to Emergency Operating Conditions as identified by the NYISO. EDRP can provide the NYISO, through the Company, with the ability to request voluntary load curtailment or replacement by participating customers for electric usage.

Customers who are qualified under EDRP in Section 20 of the General Information section of this Schedule may participate in the NYSEG EDRP as set forth therein.

SERVICE CLASSIFICATION NO. 3 (Continued)

SPECIAL PROVISIONS: (Cont'd.)

(k) C.A.\$.H.BACK Special Provision:

The Company will provide a voluntary program for load normally supplied and delivered by NYSEG, for eligible customers to curtail load. NYSEG's program, entitled C.A.\$.H.BACK, implements the NYISO's day-ahead economic load-curtailement program. Under this program, a customer agrees to curtail load when their bid is submitted and accepted by the NYISO.

Customers who are qualified under C.A.\$.H.BACK in Section 21 of the General Information section of this Schedule may participate in the NYSEG C.A.\$.H.BACK Program as set forth therein.

(l) Farm Waste Electric Generating System Option:

This option is for a customer qualifying for the Farm Waste Electric Generating System Option pursuant to General Information Section 22 of this Schedule, and taking service under SC 3. The Company will net, as provided for in Section 22:

(1) The kilowatt-hours produced for up to and including the first 200 hours of the measured electricity produced by the customer's Facility as measured on the non-demand, non-time differentiated Credit Meter and at the billed demand on the Billing Meter with that consumed by the customer and billed as kilowatt-hours, per kilowatt for up to and including 200 hours use of metered demand from the Billing Meter.

(2) The kilowatt-hours produced for over 200 hours use and up to and including 350 hours of the measured electricity produced by the customer's Facility as measured on the non-demand, non-time differentiated Credit Meter and at the billed demand on the Billing Meter with that consumed by the customer and billed as kilowatt-hours, per kilowatt for over 200 hours use and up to and including 350 hours use of metered demand from the Billing Meter.

(3) The kilowatt-hours produced for over 350 hours use measured electricity produced by the customer's Facility as measured on the non-demand, non-time differentiated Credit Meter and at the billed demand on the Billing Meter with that consumed by the customer and billed as kilowatt-hours, per kilowatt for over 350 hours use of metered demand from the Billing Meter.