

Glossary of Terms

For the purpose of this Operating Manual, the following terms have the meanings state below:

Annual Period is the 12 months beginning with the month in which the customer first receives service under the applicable Service Classification and each succeeding 12-month period.

Annual Transportation Quantity means the annual quantity of gas, including an amount to be retained as an allowance for losses, for which transportation service is requested in the customer's service application.

Aggregation Group means a group of customers who have contracted with a specific Marketer who combines the customers' load for purposes of nominations, scheduling, reconciliation of monthly imbalances and supplemental supply billing. (Equivalent to a Marketer Pool)

Billing Agency means an arrangement between a customer and a Marketer ("Billing Agency Agreement") in which a customer authorizes a marketer to act as "Billing Agent" for all account activities including, but not limited to: receiving the Customer's bills from the Company; consolidating those bills with the Marketer's charges in a single bill format; receiving payments from the customer; and remitting payments to Con Edison for its services in accordance with the UBP, the Home Energy Fair Practices Act (Public Service Law, Article 2), applicable orders of the Commission, and as otherwise provided in the Billing Services Agreement. Marketers offering Billing Agency services may perform those services themselves or obtain a third party to perform the services, but in either case, the Marketer is considered to be the Customer's Billing Agent.

A Marketer that fails to bill its customers or to transmit Customer payments to Con Edison on a timely basis will be precluded from acting as a Billing Agent.

Con Edison may terminate its Billing Agency Program at any time on reasonable notice and will terminate its Billing Agency Program upon implementation of Public Service Commission-approved EDI transaction sets for bill-ready Marketer consolidated billing.

Capacity Release Seller means a Seller serving firm transportation customers that elects to participate in Con Edison's Capacity Release Service Program.

Capacity Release Service means the release of a Company entitlement to interstate pipeline transportation capacity to a Capacity Release Seller.

Citygate means a point of interconnection between the facilities of an interstate pipeline and the local facilities through which the Company receives deliveries from that pipeline.

Consolidated Utility Billing Service ("CUBS") means Utility billing of both the Marketer's commodity and the utility's delivery service on a single bill that separately identifies each supplier.

Contract Interruptible or Off-Peak Firm Industrial Customer means an Interruptible or Off-Peak Firm Customer taking service under a negotiated contract whose actual or estimated annual gas usage exceeds 3,000,000 million therms and who demonstrates that 75% or more of the account's annual gas usage is used directly for manufacturing; Manufacturing for purposes of this Service Classification is a Customer whose facilities are classified by the Standard Industrial Manual (1987 ed. Or supplement thereto) as Manufacturing (Division D). Gas usage in manufacturing-related space includes usage in areas used for manufacturing, product design space, raw material storage, finished product storage, product packaging and shipping, mechanical equipment rooms, back-up machine and equipment storage. Gas usage in all other

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areas, including cafeteria, sales and accounting offices, common halls and lavatories does not qualify as manufacturing-related usage.

Converting Customer means a Service Classification (“SC”) 1, SC2 Rate I, non-heating, SC2 Rate II heating, or SC3 customer electing Firm Transportation Service after taking service for a minimum of one year under SC1, 2, or 3. A customer who commences service under SC1, 2 or 3 may convert to Firm Transportation Service within 60 days of commencement of service.

Cramming means the addition of unauthorized charges to a customer’s bill by a marketer or billing agent to a customer.

Critical Day means a day when the LDC declares an OFO

Critical Period means a period of operational stress or impending potential stress that may impact the integrity of the LDC’s gas distribution system or a force majeure event.

Customer means a single account that may also be a member of a Small Customer Aggregation Group.

Daily Delivery Quantity means the quantity delivered by the Company to the Customer’s meter and consumed by the Customer on any day.

Daily Load Following Service Quantity (applicable to Load Following Service) means daily quantity of gas that a Firm Transportation Customer, or a Seller to a Firm Transportation Customer or Firm Group, is obligated to deliver to the Citygate Receipt Point for the account(s) of its Firm Transportation Customer(s).

Daily Transportation Quantity means the confirmed scheduled quantity of gas delivered to the Receipt Point for the Customer’s account on any day, including gas purchased from the Company by a SC No. 20 Marketer under the Company’s Winter Bundled Sales Service in accordance with the provisions set forth under SC No. 20. The Daily Transportation Quantity shall be increased by an amount to be retained as an allowance for losses. For an aggregated group of two or more customer, the Seller is required to submit to the Company one confirmed scheduled quantity of gas representing deliveries to all Customers in the group. The line loss adjustment factor is set forth on the monthly Statement of Rate for Service Classification No. 9.

Deficiency Imbalance means: (i) For Daily Balancing Service, the amount by which the Daily Transportation Quantity, exclusive of the allowance for losses, is less than the Customer’s Daily Delivery Quantity, (ii) For Load Following Service, the amount by which the Customer’s Daily Transportation Quantity, exclusive of the allowance for losses, is less than the Customer’s Daily Load Following Service Quantity. (iii) For Daily Delivery Service, under the Prior Day Notification Option, the amount by which the Customer’s Daily Transportation Quantity, exclusive of the allowance for losses, is less than the Customer’s Daily Load Quantity. (v) For Daily Delivery Service, under the Same Day Notification Option, the amount by which the Customer’s Daily Transportation Quantity, exclusive of the allowance for losses, is less than the Customer’s Daily Load Quantity plus the amount by which the Customer’s Revised Daily Transportation Quantity, exclusive of the allowance for losses, is less than the Customer’s Revised Daily Load quantity.

The deficiency imbalance quantity shall not exceed the higher of the Daily Load Quantity or Revised Daily Load Quantity. For a small Customer Aggregation Group or a group aggregating imbalances, on deficiency Imbalance shall be determined for the entire group.

The deficiency imbalance shall be increased to allow for line losses.

Direct Customer means a transportation customer with annual requirements in excess of 35,000 Therms, who acts on its own behalf to purchase and arrange to bring natural gas to the Company's citygate for its own consumption and not for resale. A Direct Customer is not subject to Commission oversight with respect to eligibility but must subscribe to SC20 Transportation Receipt Service and comply with applicable provisions of the UBP and the operating requirements that are contained in this Operating Manual. A Direct Customer does not have to file an application with the Department of Public Service to become eligible as a Marketer but must comply with the operating requirements that are contained in this Operating Manual. A Direct Customer may aggregate and schedule load for itself and other Direct Customers, but each Direct Customer continues to be responsible individually for meeting balancing and other requirements placed on Direct Customers. A Direct Customer's rights and obligations are the same as a Marketer's or Seller's except as the context indicates otherwise. Customers served under the Company's tariff where redistribution is permitted are not precluded from being served as a Direct Customer.

Energy Service Company ("ESCO") means any non-utility entity that performs energy and customer service functions in a competitive environment, including the provision of energy and assistance in the efficiency of its use. An ESCO is an entity that is deemed eligible by the Department of Public Service to provide electricity and associated customer service functions to end use customers in New York State. Also, as it relates to this Operating Procedure can mean Marketer.

Federal Energy Regulatory Commission ("FERC") (Successor to the Federal Power Commission) is an independent federal agency created in 1977 which regulates, among other things, interstate wholesale sales and transportation of natural gas at "just and reasonable" rates.

Gas Day means the twenty-four (24) hour period beginning at 10:00 AM.

Group means a Small Customer Aggregation Group or an Imbalance Aggregation Group.

Home Energy Fair Practices Act ("HEFPA") is the title of Article 2 of the Public Service Law (sections 30 et seq.) HEFPA authorizes the Commission to adopt implementing regulations; these regulations are in 16 NYCRR Part 11 and are referred to as HEFPA regulations. The law and regulations cover initiation and termination of services, credit and collection policies, security deposits and related rules for transactions between utilities and their customers. HEFPA includes amendments adopted by Chapter 686 of the Laws of 2002.

Human Needs Customer means one who receives service under a firm service classification: (i) for the customer's own or another's residential uses and purposes whether involving temporary or permanent occupancy, which includes residential hotels, single room occupancies, prisons and living facilities of clergy, or (ii) in buildings having no alternate energy facilities that are acute care or nursing home providers housing patients or residents on an overnight basis including, nursing homes, hospitals, community residences, and shelters; as the same may be known to Con Edison as of May 1, 1997 of the Company's Tariff or as the applicant may state on the application for service thereafter.

Imbalance Aggregation Group means two or more Customers for whom a Seller is aggregating deliveries and consumption for purposes of calculating its responsibility for imbalance charges and cashout charges and credits.

Local Distribution Company ("LDC") is the company whose primary function is to distribute gas supply procured by it or by Marketers or Direct Customers, to retail gas users. LDCs also provide transportation service to retail end users as well as other services.

Lockbox means a collection mechanism agreed upon by the Company and a Marketer/Direct Customer which employs a third party to receive and disburse customer payments.

Market Participants means LDCs, Marketers or their agents, Direct Customers and Pipelines involved in bringing gas to an LDC's citygate.

Marketer means a Seller as defined under the definition "Seller" and is used interchangeable elsewhere in the Company's tariff and Operating Manual. A Direct Customer's rights and obligations are the same as a Marketer's or Seller's except as the context indicates otherwise. A Marketer may also be an ESCO participating in Con Edison's electric retail access program.

Maximum Daily Transportation Quantity ("MDQ") means the highest Daily Transportation Quantity that the Company is obligated to accept at the Receipt Point(s) on any day.

Monthly Load Following Service Quantity means the monthly quantity that a Seller must deliver or cause to be delivered in equal daily increments to its Receipt Point (s) for a Firm Customer's account on every day of the month.

North American Energy Standards Board ("NAESB") is a nonprofit North American industry association whose mission is "to develop and promote standards to simplify and expand electronic communications, and to simplify and streamline business practices that will lead to a seamless marketplace for natural gas."

On Site Meter Reading means a service provided to obtain an actual reading at an SC9 Customer's premises on the regularly scheduled meter reading date in the event that the Customer's phone line used for remote communications is not operational.

Operational Flow Order ("OFO") means a directive by the Company to a customer(s) and/or its gas supplier(s) to adjust Citygate deliveries of gas to alleviate conditions that threaten the integrity of the system.

Receipt Point means the Citygate point(s) set forth in the Customer's service agreement.

Seller means a non-utility entity that subscribes to SC20 service and is determined eligible by the Department of Public Service to provide or arrange to provide natural gas supply and other services to a Customer or Group. The term "Seller" means a "Marketer" and is used interchangeably elsewhere in the Company's tariff and Operating Manual.

Slamming means where a retail customer is switched from one provider to another without the customer's authorization.

Small Customer Aggregation Group ("Group") means two or more customers whose aggregate annual requirements are at least 50,000 therms, who purchase gas from the same supplier(s) and who are generally treated as a single customer for purposes of the Operational Matters section of Service Classification No. 9 of the Company's tariff.

Source of Gas Supply means gas delivered into an interstate pipeline system at: (i) a production area wellhead receipt point; (ii) a production area pooling point; or (iii) the following market area liquid trading point(s): Niagara, N.Y.

Special Meter Reading means a service provided to obtain an actual meter reading at the customer's premises on a date that is different than the customer's regularly scheduled meter reading date.

Special Needs Customer means a customer, as defined by the Home Energy Fair Practices Act (HEFPA), who requires electrically operated life-sustaining equipment, has a medical emergency, or is elderly, blind or disabled.

Summer Period means the period commencing at 10:00 AM on April 1 and ending at 10:00 AM on the following November 1.

Surplus Imbalance means (i) For Daily Balancing Service, Daily Cashout Service, and Monthly Balancing Service, the amount by which a Customer's Daily Transportation Quantity, exclusive of the allowance for losses, exceeds the Customer's Daily Delivery Quantity, (ii) for Load Following Service, the amount by which the Customer's Daily Transportation Quantity, exclusive of the allowance for losses, exceeds the Customer's Daily Load Following Service Quantity and (iii) for Daily Delivery Service, under the Prior Day Notification Option, the amount by which the Customer's Daily Transportation Quantity, exclusive of the allowance for losses, exceeds the Customer's Daily Load Quantity, and (v) for Daily Delivery Service, under the Same Day Notification Option, the amount by which the Customer's Daily Transportation Quantity, exclusive of the allowance for losses, exceeds the Customer's Daily Load Quantity plus the amount by which the Customer's Revised Daily Transportation Quantity, exclusive of the allowance for losses, exceeds the Customer's revised Daily Load Quantity. The surplus imbalance quantity shall not exceed the higher of the Daily Load Quantity or Revised Daily Load Quantity. For a Small Customer Aggregation Group or a group aggregating imbalances, one Surplus Imbalance shall be determined for the entire group.

The surplus imbalance shall be increased to allow for line losses.

System Alert means an announcement of actual or pending events that if unchecked may result in an OFO.

Temperature Threshold means when the temperature is forecast to be at or below a level at which the Company expects to experience peak conditions on its gas distribution system.

Transportation Customer Information System ("TCIS") means an electronic database system used by Con Edison to provide customer, enrollment and usage information for Marketers/Direct Customers participating in the Retail Choice Program.

Uniform Business Practices ("UBP") refers to the Uniform Business Practices applicable to retail access adopted by the Public Service Commission in Case 98-M-1343, as may be amended from time to time by the Commission and as set forth in Addendum-UBP of the Gas Tariff

Winter Period means the period commencing at 10:00 AM on November 1 and ending at 10:00 AM on the following April 1.