

SECTION III. GAS DELIVERY MANAGEMENT PROCEDURES FOR RESIDENTIAL, SMALL AND LARGER COMMERCIAL CUSTOMERS – FIRM

A. Customer Eligibility

1. Establishing a New Con Edison Account

- (a) A customer establishing a new account in the Con Edison service area must apply or have its Marketer apply to Con Edison for service. A customer or Marketer may request new service through the Company's Customer Assistance Center at 1-800-75-CONED. A completed oral, written, or electronic application, satisfactory to the Company, must be provided. The Company will acknowledge receipt of the application for service by providing the Marketer with the new account number within five (5) days.
- (b) The customer or its Marketer shall provide information about any special needs customer. (See Glossary of Terms – Appendix A)
- (c) The customer has the option to take sales service from the Company or purchase natural gas from a Marketer and take transportation service from the Company. If the customer wants sales service, or if a Marketer does not notify the Company that the customer wants gas transportation service, the account will be established as a sales service account as of the turn-on date.
- (d) If a Marketer supplies a completed application to Con Edison to enroll a residential customer at least 5 business days prior to the turn-on date and the turn-on date is at least 10 days prior to the end of the month, the first day of the next calendar month will be the effective date of enrollment, provided that no construction is required and the customer has met all tariff requirements. If construction is required, service will commence after all connections are complete. Applications for non-residential service must be submitted at least 10 calendar days prior to the turn-on date. The effective date of enrollment for those applicants who do not meet the above time requirements will be the first day of the second calendar month from the date of application.

2. Enrollment and Participation in the Power Your Way Program

- (a) Except for customers enrolling in the *PowerMove* program, any customer seeking to participate in the *PowerYourWay* Program must either qualify as a Direct Customer or authorize a Marketer to enroll the customer in the program. The Marketer may request the customer's authorization to obtain usage, billing and credit information from Con Edison. The customer can authorize the Marketer to obtain usage and billing information by giving the Marketer the customer's name and account number. The customer can authorize the Marketer to obtain credit information by providing written authorization to the Marketer.
- (b) A customer enrolling in the *PowerMove* program will provide Con Edison with consent to enroll and authorization for the Marketer to receive the customer's usage and billing information.
- (c) A customer participating in the *PowerMove* program may request random assignment to a Marketer.

3. Customer Closes Con Edison Account

- (a) If a customer closes its Con Edison account, Con Edison will send the customer a final bill according to Company procedures.
- (b) The Company will notify the customer's Marketer electronically when the customer notifies the Company that the customer is moving or otherwise closing its account.

4. Con Edison Discontinues Service for Non-Payment

- (a) Regardless of the billing option selected, Con Edison will issue Notice of Termination to customers and terminate service according to HEFPA, PSC rules, and Company procedures.
- (b) Suspension of service to an SC No. 9 transportation customer made upon the request of a Marketer will be fulfilled in accordance with the UBP and the HEFPA (Public Service Law, Article 2), and regulations adopted there under.
- (c) Upon issuance of the final bill following service termination, Con Edison will notify the Marketer that the customer is no longer receiving service.

5. Discontinuance of Service

- (a) Con Edison will issue Notices of Termination to customers and terminate service according to HEFPA, PSC rules, and Company procedures, as applicable.
- (b) Upon issuance of the final bill following delivery service discontinuance, Con Edison will notify the Marketer that the customer is no longer receiving service.
- (c) A Marketer may not physically disconnect a transportation Customer's gas service. Con Edison may disconnect service to a Customer in accordance with the provisions of the General Information Section of the Gas Tariff and HEFPA.
- (d) Only Con Edison may physically disconnect a customer's service.

6. Notification of Unauthorized Switches

Con Edison will report monthly all claims of slamming (see Glossary of Terms – Appendix A) to the Department of Public Service.

7. Marketers Applying for Service Classification No. 20 Transportation Receipt Service

- (a) A Marketer or Direct Customer seeking to qualify as a Seller in Con Edison's service area must initially complete Parts A through D of the "New Application for SC 20 Transportation Receipt Service" contained in the forms section. Parts E , which relates to, respectively, balancing service options , may be submitted at a subsequent date when the Seller is ready to serve prospective SC 9 customer(s) or when the Direct Customer is ready to commence service. All parts may be completed and submitted at the same time if the Seller has SC 9 customers ready to take service. The Seller must re-submit Part E each time it forms a new Small Customer Aggregation Group or Imbalance Aggregation Group. Once the

application is approved, the Company will provide the Seller an account number and access to the Internet for Seller to establish its Customer Group. Seller will be required to attend a training session which will cover various aspects of the Power YourWay Program (i.e., balancing, capacity release, imbalance penalties, etc.) as well as a detailed session of how to use the TCIS Internet application.

- (b) Service to a Service Classification No. 20 Seller shall commence on the first day of the calendar month following receipt of a completed and executed Transportation Receipt Service application, and establishment of Seller's creditworthiness or receipt of any financial security, if required, from Seller.
- (c) **Establishing Marketers as Billing Agent**

Agents can act on behalf of single service or dual service Customers for their electric service, their gas service or both services.

1. **Dual Service Accounts**

If the Marketer will be acting as the Agent for both the gas and electric services, the bill for both services will be sent to the Agent. The Con Edison account will be noted with the Marketer identification code and agency designation.

2. **Separating Dual Service Accounts**

A Marketer/ESCO designated as Billing Agent by a Customer taking retail access service for only one service or taking retail access service for both gas and electric services but designates the Marketer/ESCO as Billing Agent only for retail access service for the one service may request that the Company to separate the Customer's account by type of service so that the Marketer/ESCO may act as Billing Agent for one service only and not as Billing Agent for the Customer's both services. The Company will charge the Marketer/ESCO the Account Separation Fee of \$34.50 for the separation of the customer's account. When a dual service Customer takes retail access service for both services but from different Marketers/ESCOs and, upon initial enrollment or thereafter, but before the Company takes action to separate the account on the request of one Marketer/ESCO, authorizes each Marketer/ESCO to be the Billing Agent only for the service provided for that Marketer/ESCO, the Company will separate the Customer's account by service and charge each Marketer/ESCO one-half of the applicable fee.

The new account will be established within 6 business days and the Billing Agent will be notified of the new customer account number applicable to the service for which the Marketer/ESCO is Billing Agent. A notification letter will be sent to the customer with the new account number. The customer will continue to receive directly from the Company the bill for the service not handled by the ESCO, unless the Customer has authorized another Marketer/ESCO as Billing Agent for that service.

- (d) Where a Billing Agency arrangement is in effect, the Marketer must comply with the conditions listed below:
 - 1. The customer must choose the Billing Agency arrangement before it may be used as the mechanism to bill the customer.

2. The Marketer must obtain authorization from the customer appointing it as the Billing Agent. The customer authorization must be verifiable, and be retained by the ESCO for at least one year after termination of the agency authorization. A copy must be provided to the Company upon request. As part of the authorization process, the Marketer must inform the customer that the agent will receive all bills or billing information, mandatory bill inserts and bill messages.
 3. Marketers must include a clear, plain language explanation of Billing Agency and its implications in their standard contract/disclosure statements, if such an arrangement is to be offered.
 4. Marketers must distribute annually, to each customer, the "Summary of Customer Rights Notices", and to each gas customer, the Annual Gas Safety Notice", which will be provided to them, in bulk, by the Company.
 5. Within two business days after Con Edison's electronic transmission of the billing data to the Marketer, the Marketer will bill all accounts for which data has been transmitted except those for which notice of an alleged error or problem is given. If the Marketer promptly contacts the Company regarding transmission errors or billing data problems caused by the Company that affect individual customer bills, Con Edison will delay any credit action on the accounts of the customers whose bills may be affected until one billing cycle has elapsed from the next cycle read data. The contact from the Marketer shall be by electronic (e.g., e-mail) notice to the Company sent within two business days after Con Edison's electronic transmission of the billing data to the Marketer and must contain detailed documentation of the alleged error or problem. For any account for which notice was given, within two business days after Con Edison's electronic retransmission of billing data in resolution of any transmission or billing data problem identified, Marketer will bill such account.
- (e) Where the Marketer has a Billing Agency arrangement, the Company will:
- a. Provide the Marketer with the "Summary of Customer Rights Notice" and the "Annual Gas Safety Notice", in bulk, for distribution by the Marketer to customers annually.
 - b. Incorporate bill messages regarding a customer's specific bill (e.g., messages regarding adjustments, level billing plan) into the billing information transmitted electronically.
 - c. Send a confirmation letter to the customer that also informs the customer what communications to expect from the Company, and what to expect from the Billing Agent.
 - d. Send to the customer all Company disconnect notices and all other communications for specific customer actions or requests except meter-related actions it requests, which may be sent by the customer's MSP or MDSP where applicable.
 - e. Adjust the due date of customer's bills, to allow for any delays in transmitting billing data caused by the Company.
 - f. Collect Financial Security from the Marketer.
 - g. Continue to accept payment of delivery service charges at all authorized payment locations where payments by customers who have not selected Billing Agency are accepted.
 - h. Notify the customer of the failure of a Marketer to remit the customer's payment to the Company on time.

- i. Recover losses that may result from such non-payments from available security and defer any remaining balances.
- (f) The Company may terminate a Billing Agency arrangement and send its invoices for delivery charges directly to the Marketers' Customers after providing five (5) calendar days' notice to the Marketer if:
 - a. The Marketer has not paid the Company on a timely basis for its customers charges due Con Edison, unless such payment is made in full before the expiration of the five calendar day notice period (note: untimely payments may be a basis for a termination if a pattern of such payments develops; or
 - b. The Marketer's security is no longer adequate to meet the Company's credit exposure, and the Marketer fails to post the necessary additional security within the five (5) calendar day notice period; or
 - c. The Company draws on the Marketer's security deposit and the Marketer does not reinstate the required security within 5 calendar days; or
 - d. The Marketer has on several occasions failed, after notice from the Company, to meet its other obligations as Billing Agent.

3. Dispute Resolution in connection with Utility Consolidated Billing

For purposes of the utility consolidated billing arrangement, a "dispute" is a customer claim related to an amount billed and purchased as of the date of billing by Con Edison for ESCO charges under the Purchase of Receivables program.

The ESCO will examine, investigate, and seek to resolve all customer disputes. The ESCO will acknowledge receipt of the dispute or respond to the customer within two (2) days or, if only an acknowledgement is provided, will respond to the customer within 14 days of receipt.

If the dispute was one brought to the ESCO's attention by Con Edison, the ESCO will report to the utility the outcome of the dispute and the reason for its determination with a copy of any close-out correspondence from the ESCO to the customer.

In the event the ESCO decides to reduce the ESCO charges for which the customer is liable, the ESCO will promptly send Con Edison a check for the credit amount for application to the customer's open balance and promptly contact the customer to explain the account credit.

If the dispute is the basis of a proceeding before the Department of Public Service or any legal action initiated by the customer, the ESCO will participate and/or cooperate with Con Edison in the proceeding even if not a named party.

ESCO compliance with this procedure is a material part of Con Edison's agreement to provide billing services. If Con Edison determines, in its sole discretion to be reasonably exercised, that an ESCO is not in compliance with this procedure, Con Edison will assess a charge on the ESCO equal to the amount disputed by the customer.

4. Suspension Criteria

The Public Service Commission may temporarily suspend or permanently revoke a Seller's eligibility. When such action becomes effective the Company will cease to provide service to the Seller. The Company shall notify the Seller's Customers and inform them of their option to select another Seller or to return to Con Edison sales service.

B. DELIVERY QUANTITY DETERMINATION PROCEDURES

1. Forming a Small Customer Group

- (a) A Seller is required to apply for SC20 service each time it forms a new Small Customer Group. For a Seller who is currently serving an existing Small Customer Group, the Company may waive the credit approval process.
- (b) A Group may be comprised of Firm, Interruptible or both Firm and Interruptible Transportation Customers whose aggregate annual requirements are at least 50,000 therms. Additionally, all members of the group shall be required to select the same Balancing Service option. A Group comprised of both Firm and Interruptible Transportation Customers must subscribe to Load Following Service in conjunction with Interruptible Monthly Balancing Service.
- (c) The SC 20 tariff describes the Seller's responsibility for maintaining a Small Customer Group with aggregate annual requirements of at least 50,000 therms.

2. Firm Transportation Service

(a) Load Following Service:

- 1. Every Seller serving a Firm Customer or Firm Group is required to deliver to the Company Receipt Point(s) the following quantities of gas each month for a 12-month period:
 - (a) For Load Following Service, the Customer's Seller is required to deliver the Daily Load Following Service Quantity. If the Customer's Seller has elected WBSS to serve its Firm Small Customer Aggregation Group, the Customers' Monthly Load Following Service Quantity delivered by the Seller shall be inclusive of the WBSS volume allocated by the Company and purchased by the Customer's Seller.
- 2. The Company shall provide the Load Following Service Quantity via monthly posting on the Internet (TCIS) no later than five (5) business days prior to the applicable pipeline nomination deadline. Should the Customer/ Seller disagree with the monthly quantities established, the Customer/Seller should provide to Gas Supply – Transportation Services and Planning the additional information it would like to be considered no later than four (4) business days prior to the applicable pipeline deadline (please send via e-mail at gaschoice@coned.com or tcis@coned.com).
- 3. For Load Following Service:

The Company may require the Seller to reduce deliveries of the Daily Load Following Quantity on one or more days during a month to prevent surplus deliveries when the temperature is projected to be warmer than normal. The table below outlines the delivery requirement based on Central Park average daily temperature forecast. The Daily Load Following Services Quantity should only change if it is above the maximum requirement for a particular day.

For warm days in a colder month, the Company may reduce the Customer's Daily Load Following Service Quantity for that day only. This requirement may be imposed on Customers who's Daily Load Following Service Quantities for that month are above the Maximum Service Quantity and shall not be set below the summer peak month Daily Load Following Service Quantity:

Temperature Forecast Degrees Fahrenheit	Maximum Requirement (% of seasonal peak month)
45 degrees or below	No Maximum
46-55 degrees	80%
56 degrees or above	60%

The Company will notify the Seller if it is unable to render the service nominated by fax or e-mail. No notice will be issued if the nomination is accepted by the Company.

A notice of rejecting a pre-month nomination will be sent no later than 5:00 PM of the business day preceding the applicable pipeline nomination deadline. Rejected pre-month nominations must be re-submitted no later than one hour prior to the applicable pipeline nomination deadline.

Human Needs Customers must subscribe to take Load Following Service.

3. City Gate Delivery Protocols

From November 1 through March 31, Marketer city gate deliveries may not exceed the volumes allocated under the Capacity Release Service Program on the following pipelines: Tennessee, Texas Eastern and Iroquois, as applicable. There is no delivery restriction on Transco.

C. Nominating Procedures

1. Pre-Month Nominations

- (a) Every Seller shall provide to the Company for each Firm Customer or Firm Group that it is serving a pre-month nomination equal to the Customer's or the Group's Daily Load Following Service Quantity as determined by the Company. A Seller providing service to a Group must submit pre-month nominations for the Group as a whole and not for individual Customers in the Group.

- (b) Sellers shall submit pre-month nominations via fax and through the Company's Internet (TCIS). For access to the Internet, a Seller should contact Gas Transportation Services and Planning.
- (c) Pre-Month nominations shall apply to the first Gas Day of the month and to each subsequent Gas Day until superseded by a changed daily nomination or the next month's pre-month nomination.
- (d) Each pre-month nomination shall include the following information:
 - 1. name of the Customer or the Small Customer Aggregation Group identification number from the SC 20 application,
 - 2. name of the transporting pipeline(s),
 - 3. pipeline(s) contract number(s) and pipeline(s) activity or service number(s) associated with the transaction,
 - 4. Daily Quantity by Receipt Point, and
 - 5. any other information required by a pipeline's nominating procedures.
- (e) Pre-Month nominations must be received by Con Edison no later than 2:00 PM of the business day preceding the applicable pipeline nomination deadline for business commencing the following calendar month.
- (f) The Company will notify the Seller if it is unable to render the service nominated due to constraints at Citygate receipt points. No notice will be issued if the nomination is accepted by the Company.

A notice of rejecting a pre-month nomination will be sent no later than 5:00 PM of the business day preceding the applicable pipeline deadline. Rejected pre-month nominations must be re-submitted no later than one hour prior to the applicable pipeline nomination deadline.

2. Daily Nominations

- (a) Daily nominations must be submitted to the Company via the Internet by 2:00 PM on the business day preceding the Gas Day for which the nomination is applicable. The information specified in paragraph 1. (d) above is required for daily nominations.

The Company will accept daily nominations during weekends and holidays, provided the nominations are faxed to Con Edison's Gas Control Department (718-794-2924).

- (b) Every Seller serving a Firm Customer or Firm Group shall submit an aggregated daily nomination for the Group as a whole.

3. NAESB Standards

Transaction schedules and procedures upstream of the Company’s citygate are controlled by the FERC Regulations and NAESB Standards. Where designated herein, the NAESB Standards also apply to transaction schedules and procedures at the citygates.

The following table shows the current NAESB Daily Nomination Cycle –

Daily Nomination Cycle - Eastern Time (Central Time)				
Nomination Type	Deadline for Shipper Nomination	Deadline Upstream/ Downstream Confirmation	Deadline for Scheduled Quantities or Bump Notices	Effective Time to Flow Gas
Timely Nomination	12:30 p.m. (11:30 a.m.)	4:30 p.m. (3:30 p.m.)	5:30 p.m. (4:30 p.m.)	10:00 a.m. (9:00 a.m.)
Intra-Day 1 Nomination	11:00 a.m. (10:00 a.m.)	2:00 p.m. (1:00 p.m.)	3:00 p.m. (2:00 p.m.)	6:00 p.m. (5:00 p.m.)
Intra-Day 2 Nomination	6:00 p.m. (5:00 p.m.)	9:00 p.m. (8:00 p.m.)	No Bumping	10:00 p.m. (9:00 p.m.) (same gas day)
Evening Nomination	7:00 p.m. (6:00 p.m.)	10:00 p.m. (9:00 p.m.)	11:00 p.m. (10:00 p.m.)	10:00 p.m. (9:00 p.m.)

6. Holidays Observed by Con Edison

January	New Year's Day Martin Luther King, Jr.'s Birthday
February	President's Day
May	Memorial Day
July	Independence Day
September	Labor Day
October	Columbus Day
November	Veterans' Day Thanksgiving Day Day After Thanksgiving
December	Christmas

D. Capacity Release

1. Capacity Release Service

On August 30, 2007, the Commission issued an Order directing the Company to implement a Mandatory Capacity Release Service Program (“the Program”), commencing November 1, 2007.

In accordance with the terms of that Order and subsequent ones, Con Edison's Gas Tariff and this Section, the Company offers a Mandatory Capacity Release Service commencing November 1, of each year.

The process for implementing the Program is as follows:

- The Company will send email notification, on or before September 15 of each year, to all Marketers specifying the available pipeline paths and percentage of capacity to be released on each path for the upcoming Capacity Release Year, (i.e., from November 1 through the following October 31).
- The Company will send on or before September 30 of each year, to all Marketers, a Capacity Release Service Agreement for execution. The Marketer is required to return the executed Capacity Release Service Agreement by November 1 of each year. In addition, if capacity is being released to a Marketer's Agent/Designee (“Agent”), then the Company will send a Capacity Release – Confirmation of Agency Letter (“Letter”) to the Agent. The Agent must execute the Letter and return it to the Company within two (2) calendar weeks of the date on the Letter.
- In light of the issuance of FERC Order 712-B (April 16, 2009), the Company may release its interstate pipeline capacity in the Program to a Capacity Release Seller either as a principal or as an agent for its customers.
- Capacity released during the period November 1, 2011 through October 31, 2012 will be on the following pipelines and percentages:

<u>Pipeline</u>	<u>Capacity Release Pool Size < 2,200 dt</u>	<u>Capacity Release Pool Size > 2,200 dt</u>
Tennessee	8.5%	6.3%
Iroquois-Waddington	0%	4.7%
Nat Fuel/Millennium/Iroquois	0%	14.3%
Nat Fuel/Transco (short-haul)	0%	7.1%
Tetco	28%	20.7%
Transco (long-haul)	63.5%	46.9%

- A stand-alone Marketer or a Marketer that is part of an aggregation group whose average day/peak month capacity requirement is greater than or equal to 2,200 dekatherms will receive releases on the following pipelines and paths - Iroquois- Waddington, National Fuel/ Millennium/ Iroquois, and National Fuel/Transco (short-haul) – in addition to Transco, Tetco and Tennessee.
- Firm interstate pipeline capacity will be released to the Marketer/Agent at the Company's weighted average cost of capacity (“WACOC”). The

WACOC will be effective each November 1st for a 12-month release term. The Marketer shall be directly billed by the pipeline for such capacity and will be responsible for paying the interstate pipeline for such charges. Each pipeline will credit or debit the Company the difference between the WACOC and its maximum FERC pipeline rate, which will be flowed back or billed to Firm Customers. Pipeline capacity will be released in accordance with the terms and conditions of the interstate pipeline's FERC gas tariff and the rules and regulations of FERC.

- If a Marketer subscribes to Winter Bundled Sales Service (“WBSS”) for an upcoming Winter Period (November 1 – March 31), the Marketer’s firm transportation capacity requirements needed to serve its Firm Transportation Customers shall be reduced to recognize the portion of the MDQs of gas that are being provided by the Company under WBSS.
- Capacity Releases will be made available on the Pipeline Bulletin Boards no later than seven (7) calendar days prior to the effective date.
- During the Winter Period, Marketers will be required to utilize the capacity released by the Company to deliver gas to their firm customers behind Con Edison’s city gate 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 (“Temperature Threshold”). Prior to November 1, the Company will post on the TCIS website (and will also notify the Marketers via e-mail) the Temperature Threshold initially applicable during the Winter Period. The Company may adjust the Temperature Threshold as the Winter Period progresses. The forecast temperature will be based on the forecasted temperature for Central Park forty-eight (48) hours in advance. The Company will issue a notice to Marketers at least twenty-four (24) hours in advance of a day on which the Company may apply the Temperature Threshold.

2. Receipt and Delivery Point Schedules

- In compliance with FERC Order 720, the Company will post schedules for receipt and delivery point data on a daily basis. This information can be viewed at www.coned.com/gcis.

E. Imbalance Charges

1. **Load Following Service**

The SC 9 and SC 20 tariff leaves describe the Company’s Load Following Service for Firm Transportation Customers and Seller requirements. The Seller is responsible for imbalance and cashout charges and credits.

The following are the currently effective daily imbalance charges:

	<u>Charge per Therm</u>
<i>Surplus Imbalances</i>	\$0.10 per therm

Deficiency Imbalance During A Summer Period

up to 2%.....	100% of cost of gas
greater than 2% but less than 5%.....	110% of cost of gas
5% and above.....	120% of cost of gas
plus	
	\$0.10 per therm

Deficiency Imbalance During A Winter Period

<u>Deficiency Imbalance</u>	<u>Charge per Therm</u>
up to 2%	100% of cost of gas
greater than 2% but less than 5%	110 % of cost of gas
5% and above	120% of cost of gas plus \$1.00 per therm

Deficiency Imbalance During An OFO Period

A charge equal to the higher of \$4.50 per therm or 120% of the cost of gas plus \$1.00 per therm. The cost of gas used in calculating the Deficiency Imbalance Charge for Marketers serving Customers taking Load Following will be based on the Daily High Spot Citygate Price at Transcontinental Pipeline Zone 6 as set forth in the publication entitled "Gas Daily" for the day on which the imbalance was incurred.

2. Cashout Charge/Credit

- (a) The SC 9 and SC 20 tariff leaves describe how a Cashout Charge or Credit is calculated and applied to the Load Following Service.
- (b) Monthly Cashout – Load Following Service

The derivation of the Citygate cost of gas used to calculate a Net Surplus or Deficiency is as follows:

- (i) For the first 2 percent of Net Surplus and Deficiency Imbalances, the Citygate cost of gas shall equal the first-of-the-month Transco Zone 6-NY Citygate index price, as set forth in the publication, "Gas Daily Price Guide."
- (ii) For Net Surplus and Deficiency Imbalances greater than the first 2 percent, the Citygate cost of gas shall equal the simple average of the daily Transco Zone 6-NY Citygate midpoint prices as set forth in the publication, "Gas Daily", for the month in which the Imbalances occurred.

The derived cost will be provided to each Seller within five (5) business days after the end of the delivery month.

- 3. A Seller may aggregate Monthly Load Following Service Quantities for two or more individual customers for purposes of minimizing cashout quantities by providing written notice to Gas Supply – Transportation Services no later than 30 days prior to the first day of the delivery month for which the Seller will be aggregating cashout quantities.

4. For a Seller serving a Group of Load Following Service Customers the Cashout Charge/Credit will be based upon the Group's aggregate consumption and aggregate Monthly Load Following Service Quantities.

5. **Imbalance Trading Service**

Marketers serving Firm, Interruptible or Off-Peak Firm, or Power Generation customers under Service Classification No. 9 or Direct Customers will be permitted to trade end-of-month imbalances with other Marketers/Direct Customers at specific pipeline Citygate Receipt Points. Any imbalances not traded will be subject to imbalance charges and cashout credits and surcharges applicable under Service Classification No. 20.

Imbalance trading will be limited to imbalances incurred during the same calendar month. Marketers/Direct Customers electing to trade firm and interruptible or off-peak firm imbalances are responsible for the full risk of their trade, since consumption data for firm customers (and therefore their imbalance position) will not be determined until the second calendar month following the month in which the imbalance occurred.

By 4:00 PM on the 12th business day of each month, the Company will post monthly imbalance information from the previous month on its TCIS Internet Site. Only the imbalance positions for Marketers serving Interruptible or Off-Peak Firm and Power Generation customers under Service Classification No. 9 or Direct Customers will be posted since consumption data for firm customers will not be determined until the second calendar month. The posting will include a list of Marketers with telephone and e-mail information, the pipeline on which the imbalance occurred, and a + or – sign to indicate the direction of each Marketer's imbalance for the prior month. The actual monthly imbalances of Marketers will not be disclosed. It will be the responsibility of the Marketer to review the imbalance information on TCIS and to contact Marketers with whom a monthly imbalance trade appears feasible. Marketers will have three (3) business days from the time of the posting to contact the Company with their imbalance trading results. Imbalance trading results will be communicated back to the Company via e-mail at tcis@coned.com or by facsimile at **212-528-0397**. Imbalance trading results must be authorized by both trading partners in order to be considered valid by the Company. Trading results not received within the three business day period will not be processed by the Company.

If a Marketers/Direct Customer's cashout position changes as the result of an adjustment to a customer's bill that leaves the Marketer/Direct Customer short for that month, the imbalance trade for that month will only be adjusted at the agreement of both Marketers/Direct Customers involved in the trade.

6. **Winter Bundled Sales Service**

The Company offers a Winter Bundled Sales Services ("WBSS") to Marketers serving Firm Transportation Customers or a Firm Small Customer Aggregation Group in conjunction with the Load Following firm balancing option.

A Marketer electing the WBSS will also be referred to as a "WBSS participant".

Under the WBSS program, the Company will deliver and sell gas during the Winter Period (November 1 – March 31) at its city gate for use by a WBSS participant in meeting a portion of its firm delivery requirements.

Availability

The Company will determine annually the quantity of gas to be available under WBSS.

By March 9 each year – the Company will notify each WBSS participant of its allocated portion (“WBSV”) of the available WBSS gas volume.

The WBSV will be based on the ratio of the sum of the Maximum Daily Quantities (“MDQ”) of the Marketers firm transportation Customers to the total MDQs of all firm transportation Customers served under SC No. 9 (excluding power generation Customers).

A WBSS participant may elect to take all or a portion of its WBSV allocation.

WBSS participants must notify the Company within ten (10) business days of the Company providing notice of the WBSV available to Marketers whether it elects all or part of its allocated WBSV for the Winter Period. The Company is under no obligation to provide WBSV to any Marketer who fails to notify the Company by that deadline.

Prior to November 1 of each year, the Company may, at its discretion, and with the consent of the WBSS participant, increase the WBSV allocation to the WBSS participant depending on the overall subscription level to the WBSS for that Winter Period.

Delivery Schedule

During the Winter Period, the Company will deliver to the city gate each Marketer’s subscribed WBSV in equal daily amounts, including an amount to be retained as an allowance for losses, based on the following schedule.

<u>Month</u>	<u>Amount Delivered As a % of Subscribed WBSV</u>
November	10%
December	20%
January	25%
February	25%
March	20%

The volume of WBSS purchased by a Marketer at the Company’s city gate will reduce the daily quantity that the Marketer is required to deliver under each firm balancing program.

The WBSV that the Company provides to a Marketer under WBSS will serve to reduce the level of firm transportation capacity that a Marketer is required to have to meet the full requirements of its firm transportation Customers.

Charges Applicable to WBSS Program

The bundled rate for WBSS will consist of commodity costs, firm and variable transportation costs, storage costs and carrying charges on the cost of WBSS gas.

The **commodity cost** shall consist of:

The weighed average of Transco's Summer Production Area (Z1 @ 17%, Z2 @ 25% and Z3 @ 58%) as published in Platt's "Inside FERC First of the Month" publication. (Note: the percentage for each zone reflects the Company's current "telescoped FT" rights at those delivery points and associated production area firm transportation charges (Z1 to Z3 delivery points) associated with Transco's WSS).

The **storage costs** shall consist of:

Fixed demand and variable fuel costs for Transco's WSS including: (i) cost for space; (ii) deliverability; and (iii) injections and withdrawals as published in Transco's Transportation Tariff.

The **firm transportation** costs shall be based on:

The annual fixed Transco Firm Transportation charges for Transco Z4 to Z6 delivery points as published in Transco's Transportation Tariff.

The **variable transportation** costs shall consist of:

Variable costs and fuel costs for transportation associated with gas deliveries from Transco WSS facility to the Company's city gate via Transco Z4 to Z6 delivery points as published in Transco's Transportation Tariff.

Carrying charges on the cost of WBSS gas will be calculated based on the NYS Public Service Commission's Other Customer Capital rate.

Gas Curtailment

A curtailment is the reduction of gas deliveries caused by a shortage of supply or pipeline capacity. A curtailment situation is a more significant event than a System Alert ("SA") or an Operational Flow Order ("OFO"). In a curtailment situation, the Company physically curtails gas flow to similar types of end use customers. A curtailment may be required to protect the needs of firm customers and/or to protect the operational reliability of the gas system.

- a. Curtailments and notices of curtailment of sales and transportation services resulting from a gas supply deficiency will be made in the following order:
 1. Interruptible and off-peak firm service requirements under Service Classification Nos. 12 and 9.
 2. Firm requirements to customers whose facilities are capable of using an alternate fuel or energy source to supply the energy requirements of the premises otherwise supplied by gas ("Dual Fuel sales and transportation customers").

3. Industrial and commercial space heating boiler fuel requirements, air conditioning, electric generation, and other non process purposes. Also included are the Company's boiler ignition gas requirements.
4. Industrial and commercial requirements for space heating (other than boiler fuel use).
5. Process and feedstock requirements.
6. Plant protection requirements for Customers curtailed in Categories 1 through 5 above.
7. Industrial and commercial sales and transportation service requirements in firm service classifications.
8. Residential sales and transportation service requirements in firm service classifications, including human needs requirements.

Within all categories, curtailment of residential customers in each category would begin only after full curtailment of all commercial and industrial customers in that category.

Except for category 1, curtailment of all other categories will be on a pro rata basis to the extent operationally feasible except for residential sales and transportation.

- b. In the event of a transportation-capacity deficiency, curtailments and notices of curtailments will normally be made according to the following priorities to the extent permitted by operating feasibility.
 1. Interruptible sales and transportation services including: notification interruptible customers; interruptible intra-Company transfers, non-tariff interruptible sales and transportation with plant protection requirements assigned the highest priority.
 2. All firm sales and firm transportation services to customers with dual fuel or alternate energy facilities and off-peak firm sales and transportation services, including Temperature-Controlled Interruptible Customers above the specified temperature cut-offs, firm and off-peak firm intra-Company transfers; and non-tariff firm and off-peak firm sales and transportation services.
- c. When necessary to meet high-priority customer demand, the Company may divert gas supply received for delivery to non-firm customers to avoid such impairment of deliveries and/or sales to firm customers. Marketers/Direct Customers will be notified by email, fax or phone as timely as conditions allow that their gas deliveries shall be diverted for firm customers. Marketer/Direct Customers will be required to continue making nominations of gas through the curtailment period up to their maximum daily transportation quantity ("MDTQ") as directed by the Company, unless an upstream force majeure interruption or curtailment prevents it from securing and delivering its MDTQ to the city gate.
- d. A Marketer/Direct Customer will be compensated for the diverted gas at the current market price in effect at the time of the curtailment. If the Marketer/Direct Customer can demonstrate with adequate support that its contract calls for a higher price, the Company will reimburse the Marketer/Direct Customer at the contract price.
- e. The market price of gas shall be:

The midpoint gas price for Transco Zone 6-NY for the applicable diverted gas flow day as published by Platts in the Gas Daily Price Guide.

G. Summary of Applicable Fees, Charges and Penalties

1. Billing Questions and Disputes

- (a) All Marketer questions concerning their invoices should be directed to Transportation Services (212) 466-8242. This department will direct the inquiry to the appropriate area of responsibility and procure the necessary answers and/or explanations.
- (b) Claims that invoices are not correct must be made in writing and postmarked no later than three months after the disputed invoice was mailed or provided electronically.
- (c) Responses to billing inquiries will be acknowledged in writing or by electronic transmission promptly, but no later than five working days from Con Edison's receipt of the inquiry. Con Edison will investigate and respond to the complaint, in writing, no later than 20 calendar days from the receipt of the inquiry.

2. Invoices

In accordance with Section 7 of the UBP, invoices will be issued to a Marketer for Marketer's monthly imbalance services, extraordinary Customer data provided on request (over and above the information provided without charge), meter-related charges, adjustments to prior invoices, CUBS billing service charges, and other services provided on request.

3. Terms of Payment

Bills are payable upon presentation of invoice and are subject to a late payment charge. The Marketer must pay the full amount stated in the invoice, without deduction, set-off or counterclaim, within 20 calendar days ("grace period") from the date of the invoice transmittal. On the first day following the grace period, late payment charges at the rate of 1.5% per month will be applicable to all overdue-billed amounts, including arrears and unpaid late payment charges. Upon failure of the Marketer to make any payment when due, the Company may apply any security that may be available.

4. Overpayments

- (a) Overpayments made by a Marketer as a result of an inaccurate invoice or as determined through the Dispute Resolution Process, shall be credited to the Marketer's account if a prior shortage exists or be refunded otherwise. Such credit or refund must occur within five calendar days of a determination that an overpayment occurred. Such overpayments shall earn interest at the rate of 1.5% per month from the date of the overpayment until the date of the credit or repayment, whichever applies. The refund shall be rendered to the Marketer by electronic funds transfers.
- (b) Overpayments made voluntarily by a Marketer/Direct Customer shall be credited to the Marketer's account and shall not earn interest unless the overpayment is applied to the security deposit account.

5. Charges to Marketers from the Company

Con Edison may charge Marketers/Direct Customer for the following:

- (a) Gas imbalances, based on the Company's Tariff and/or Operating Procedures.
- (b) Penalties on gas imbalances during an OFO.
- (c) Late payment charges, at a rate of 1.5% per month, applicable to all overdue-billed amounts, including arrears and unpaid late payment charges and to underbilled amounts, as determined through the Dispute Resolution process. Interest on the latter is only payable when associated with a finding of deficiency on the part of the party holding the funds determined to be due the other party.
- (d) Dual-Service (Gas and Electric) Account Separation Charge
- (e) The Company will charge \$34.50 to separate a dual-service electric and gas account into two accounts.
- (f) Other rates and charges approved by the Public Service Commission and set for in the tariff, including, but not limited to, transportation or distribution rates, miscellaneous surcharges and taxes.

The following information is provided at no charge to the Marketer:

- (a) A Marketer can obtain lists of its customers and summary customer data (number of customers and dth sales) via TCIS on the Internet.