

RETAIL ACCESS IMPLEMENTATION PLAN AND OPERATING PROCEDURE

1. INTRODUCTION

On September 23, 1997, the Public Service Commission (“PSC” or “Commisison”) approved a settlement (the “Agreement”) in Case 96-E-0897 under which Con Edison (also referred to as the “Company”) established a retail access program (referred to originally as the “Retail Choice Program” and now as the “Power Your Way Program”) for its customers. The program was extended under a settlement in Cases 00-M-0095 et al., approved with modifications by the PSC on November 30, 2000 (the “2000 Order”). Con Edison’s retail access program is referred to as the Power Your Way Program in all customer communications.

Under the Power Your Way Program, customers have the ability to purchase energy and capacity from competing providers. As provided in and subject to the terms of the Agreement, Con Edison initiated the Retail Choice Program on June 1, 1998. Con Edison opened the program to all customers on November 1, 2000. This plan (also referred to as the “Operating Procedure”) is based upon the terms of the Agreement, the Uniform Business Practices for retail access approved by the PSC (the “UBP”), and Article 2 of the Public Service Law (the “Home Energy Fair Practices Act” or “HEFPA”), and is intended to govern the Power Your Way Program during the term of the Agreement as extended by the 2000 Order. Specific processes and procedures are established in the UBP and by HEFPA, and reference should be made to the Addendum UBP in the Retail Access Schedule and the Public Service Law and related regulations for the details of those processes and procedures.

The plan may be adjusted with appropriate Commission oversight to the extent that experience in implementing retail access may suggest improvements or necessary modifications or if there are any changes in the conditions and premises underlying the Agreement, including provisions governing cost recovery. This plan outlines retail access procedures in Con Edison’s service area and is to be read in conjunction with the rate schedules governing retail access. Although the plan prescribes certain non-tariff rules applicable to retail access service, it is not meant to replace the applicable rate schedules that will govern retail access transactions. In the event of any inconsistency between the rate schedule(s) and this plan, the rate schedule(s) will govern.

The Operating Procedure provides customers and Energy Service Companies (“ESCOs”) with additional details regarding the Company’s implementation of its tariff services and with additional guidance regarding the steps ESCOs and customers need to take to obtain and use the Company’s tariff services. The Company will provide no less than 30 days’ prior written notice of any proposed changes to the Operating Procedure to the Commission Staff, to all ESCOs currently serving customers under the Power Your Way Program, and to Direct Customers. Proposed major changes to the Operating Procedure will be filed with the Commission; any changes that would modify the Agreement will be filed with the Commission for notice and comment. Changes to this Operating Procedure will be effective on the first day of the second calendar month following their submission to the Staff of the Commission unless subject to approval by the PSC under such schedule as the PSC may establish. The

Company will follow applicable public notice and filing procedures for amending its tariff with respect to any matter currently addressed in the tariff or which otherwise requires Commission approval prior to becoming effective. For matters not requiring Commission approval, the Operating Procedure provides an effective and efficient vehicle for adapting the Company's Power Your Way Program to changing business practices and market conditions.

The Operating Procedure and applicable PSC rate schedules are available on Con Edison's Internet site.

To facilitate an understanding of the terms used in this document, a Glossary is provided in Appendix 1.