

The New Reactive-Power Charge and Mandatory Hourly Pricing

What You Need to Know Now, and Why

The Plan to Meet New York's Energy Needs

The 2009 New York State Energy Plan redefines how the state will approach and satisfy its energy needs. The plan's goals include reducing electricity use by 15 percent by 2015 and cutting carbon emissions significantly in the coming decades — a goal that Con Edison is actively supporting.

Working together, the Public Service Commission and all of the state's utilities have determined that charging for reactive power and implementing mandatory hourly pricing will significantly cut electric use while benefitting the environment. The changes affect large commercial customers.

Reactive Power Charge to Begin in October 2010

A significant amount of electricity is lost when reactive power — the power needed to magnetize electric motors, transformers, and other equipment — travels along power lines. The more reactive power a customer uses, the more electricity the grid loses and the more greenhouse gases get released.

To encourage businesses to reduce their use of reactive power, a new reactive power charge will be phased in over the next two years. The charge for reactive power will be implemented in two phases, beginning October 2010. See chart on back for details. Large commercial customers will be charged when their power factor, or efficiency, is less than 95 percent.

Hourly Pricing Program Under Way

The PSC and New York State utilities have also determined that moving large commercial enterprises to mandatory hourly pricing is needed to reduce electric use and greenhouse gas emissions. Mandatory hourly, or market-based, pricing helps ensure a reliable supply of electricity, especially when demand is high. It also gives commercial customers a better understanding of when and how their facilities use electricity, making it easier to more effectively manage energy use and lower costs.

Use the following chart to determine if your business will be subject to the reactive-power charge and/or hourly pricing.

Reactive-Power Charge — Who and When*	Mandatory Hourly Pricing — Who and When**
<p>PHASE ONE</p> <ul style="list-style-type: none">• Customers with monthly demand between 1,000 and 1,499 kW• Customers with induction generators above 1,000 kW• Billing starts in October 2010, if power factor is less than 95%. <p>PHASE TWO</p> <ul style="list-style-type: none">• Customers with a monthly demand between 500 and 1,000 kW, and• Customers with induction generators that meet 500 and 1,000 kW thresholds• Billing starts in October 2011, if power factor is less than 95%. <p>PHASE THREE</p> <ul style="list-style-type: none">• Customers with monthly demand of 1,500 kW or higher.• After six months of data access, billing starts no earlier than October 2010, and if power factor is less than 95%.	<p>PHASE ONE</p> <ul style="list-style-type: none">• Customers with monthly demand between 1,000 and 1,500 kW from October 2007 to September 2008.• Billing starts in November 2009, if electricity supply is purchased from Con Edison. <p>PHASE TWO</p> <ul style="list-style-type: none">• Customers with monthly demand between 500 and 1,000 kW from October 2008 to September 2009.• Billing starts in May 2011, if electricity supply is purchased from Con Edison. <p>* For more information on the reactive-power charge, visit conEd.com/reactivepower and conEd.com/rates.</p> <p>** Customers with monthly demand above 1,500 kW have been on hourly pricing since May 2006.</p>

New Web Site Helps You Control Electric Bills

We invite you to use Customer Care (conEd.com/customer-care), a Web site that will help you manage changes in your energy bill related to the new reactive-power charge and mandatory hourly pricing.

Customer Care replaces our existing conEdisonDMS.com. In addition to accessing data from the meter, viewing hourly prices from the New York Independent System Operator (NYISO), and creating reports, you can also:

- **Calculate how much you may have to pay for reactive power.** Data showing how much reactive power (kVAr) your facility uses will be available at least six months before the first reactive-power charge. If you can raise your facility's power factor you will reduce the new reactive-power charge. If you can raise your facility's power factor to 95% or above, you will not be charged for reactive power
- **Securely share data with employees and consultants so they can help you better manage your facility's energy use and costs.** The site also makes it easy to restrict access to the data without having to create a new username and password.
- **Schedule energy-use reports.** Get the reports you need automatically via e-mail.
- **Set your standards** - Arrange to receive e-mails when NYISO prices and demands are above or below customized thresholds.

We're Ready to Help

Con Edison is prepared to help customers affected by the new reactive-power charge and/or the switch to hourly pricing understand the impact on energy bills and identify steps that can be taken to minimize the costs.

If you have questions about reactive power or hourly pricing, call the phone number on your bill or send an e-mail to IntervalMetering@conEd.com.

