7. Service Classification Riders (Available on Request) - Continued

RIDER G - Customer Sited Supply Pilot Program

A. Applicability

For the purchase of steam by the Company from a Customer that has a Combined Heat and Power (“CHP”) facility on its premises connected to the Company’s steam system and whose primary purpose is to provide power, heating, and lighting to such premises. To participate under this Rider, the CHP facility must be a natural gas-fueled cogeneration facility that utilizes the Company’s firm gas service for the delivery of gas supply to the CHP facility and captures the heat waste as a byproduct of electric production. The Customer must be billed under SC 4 for its back-up/supplementary service or isolated from the Company’s steam system for its on-site steam requirements.

B. Eligibility and Term of Service

Service under this Rider is limited to a maximum of five participants for an aggregate steam export of no more than 50 Mlb/hr. A Customer participating under this Rider must contract to make available, upon request by the Company, a maximum steam export quantity in Mlb/hr (“Maximum Export Quantity”) of no less than 2 Mlb/hr and no more than 40 Mlb/hr year round.

The Company will purchase up to 110 percent of the Maximum Export Quantity from each Customer participating under this Rider, except: (1) when the Company’s Energy Dispatcher determines that there is a low system load condition, operational transient, or contingency; (2) to preserve steam system operating integrity; or (3) during an emergency event on the steam system (i.e., a situation that threatens the health and safety of a person, the surrounding area, or the integrity of the Company’s distribution system).

A Customer participating under this Rider may submit a written request to the Company to prospectively change its Maximum Export Quantity. The Company, in its sole discretion, may accept or reject the change, provided no change will cause the aggregate maximum participation to exceed 50 Mlb/hr.

Customers taking service under the Demand Response Pilot Program (Rider F), operating a boiler-only plant (i.e., a boiler that is not associated with a CHP unit), or operating a CHP unit not associated with a host load in a building are not eligible to take service under this Rider.

The CSS Pilot Program commences January 1, 2012. Each participant will have a minimum term of service of five years under this Rider, terminable by the Customer at any time after one year of service under this Rider upon thirty days’ prior written notice and by the Company in accordance with law or the provisions of this Rate Schedule. The Company may petition the Commission to terminate service under this Rider: (1) to any participant who has been served under this Rider for a term of five years and/or (b) to all participants on or after December 31, 2018, whether or not one or more participants have completed a five-year term under this Rider, because continuation of the program is no longer in the best interests of the Company’s steam Customers.
GENERAL INFORMATION - Continued

7. Service Classification Riders (Available on Request) - Continued

RIDER G - Customer Sited Supply Pilot Program - Continued

C. Application

Applications for service under this Rider must be made electronically or in writing upon the application form set forth at www.coned.com/steam. Each application must contain the Customer’s Maximum Export Quantity, which must be established by a professional engineer retained by the Customer.

The Company will evaluate completed applications for service under this Rider on a case-by-case basis as received. Due to the need to ensure that the Customer Sited Supply Pilot Program works in a safe and reliable manner, the Company’s evaluation and acceptance of an application will include consideration of the following criteria:

a. the effect of the CHP facility’s interconnection on the safety and integrity on the Company’s steam system, e.g., pressure, temperatures, steam quality, and flow rates;

b. the availability of Customer-generated steam, e.g., the CHP facility’s installation date, plant capacity, on-site needs, supply profile, location, and participation in electric demand response programs;

c. the operating profile of the CHP facility, e.g. dispatch parameters, estimated/actual Equivalent Forced Outage Rate Demand (“EFOR’d”), fuel flexibility, unit efficiency, and unit reliability;

d. the Maximum Export Quantity (Mlb/hr) specified in the Customer’s application for participation under this Rider; and

e. the design of the CHP facility and its ability to comply with the Company’s interconnection requirements specified in the Customer Sited Supply Operating Procedure (“CSS Procedure”).

The Company will notify applicants as to whether they are accepted to participate under this Rider, and, if selected, the Maximum Export Quantity approved by the Company. Selected applicants must confirm their agreement to participate, either electronically or in writing, within 10 business days after receipt of the Company’s notice.
GENERAL INFORMATION - Continued

7. Service Classification Riders (Available on Request) - Continued

RIDER G - Customer Sited Supply Pilot Program - Continued

D. Dispatch Requirements

To participate under this Rider, the Customer must comply with the requirements of the CSS Procedure, including, but is not limited to:

a. complying with daily dispatch orders issued by the Company’s Energy Dispatcher;

b. operating the CHP facility to make the Maximum Export Quantity available at the request of the Company’s Energy Dispatcher;

c. obtaining advance permission from the Company’s Energy Dispatcher before the CHP facility comes on- or off-line or for changes to its steam sendout flow, except in an emergency;

d. providing the Company with no less than five days’ advance notice of the Customer’s request to conduct a maintenance outage;

e. providing the Company with no less than one year’s advance notice of the Customer’s request to conduct a planned outage, including providing a six-month update of the finalized outage scope and duration; and

f. maintaining communications with the Company’s Energy Control Center through a dedicated phone line answerable by the Customer 24 hours a day, 7 days a week.

The Company may prevent a Customer from delivering steam to the Company’s steam system if any of the following conditions occur:

a. The Customer’s steam does not comply with the Company’s specifications as set forth in either the Rate Schedule or the CSS Procedure;

b. The Customer’s steam becomes a supply management risk, such as, but not limited to, providing erratic deliveries that could over-pressurize the Company’s steam system;

c. the Company determines that there is (i) a low system load condition, operational transient, or contingency, (ii) the need to preserve steam system operating integrity, or (iii) an emergency event on the steam system;

d. The Customer’s CHP facility is no longer operated to supply the Customer heating and power needs at its premises;

e. The Customer is not receiving service under SC 4 but uses the Company’s steam system to back-up or supplement steam from the CHP unit at its premises; or

f. A prolonged failure or multiple failures in the remote communications equipment prevents the Company from measuring the Customer’s steam parameters and monitoring its steam purity and quality.

If the Company permanently isolates the Customer from delivering steam to the Company’s system, the Customer will be required to pay the Company for the actual costs incurred by the Company to effectuate the isolation.
GENERAL INFORMATION - Continued

7. Service Classification Riders (Available on Request) - Continued

RIDER G - Customer Sited Supply Pilot Program - Continued

E. Interconnection Charges

In addition to the charges described in General Information Sections 3 and 4, Customers participating under this Rider shall be subject to the following charges for interconnection costs:

a. A charge for the reasonable costs of providing service under this Rider, including but not limited to costs, as applicable, for the steam interconnect pipe and equipment, steam system reinforcement, isolation equipment, metering, and associated piping, incurred by the Company directly related to the installation of the facilities deemed necessary by the Company to permit the provision of service under this Rider, to the extent such costs are in excess of the Company’s cost responsibility had the Customer taken firm service under SC 2 or SC 3, as applicable. All such facilities will remain the property of the Company.

The Customer may pay for the foregoing interconnection costs either: by paying in full prior to the commencement of service under this Rider; or by paying at least 25 percent of the interconnection costs prior to the commencement of service under this Rider and arranging with the Company to pay over not more than a five-year period the balance of such interconnection costs plus interest at the unadjusted Customer deposit rate in effect at the time a payment plan is agreed upon with the Company. The Company may require a Customer to provide adequate security for the payment of the balance of the interconnection costs due the Company under the payment agreement. All payments of incremental interconnection costs are non-refundable.

b. An annual charge equal to 10 percent of the total capital costs of interconnection, to cover ongoing costs such as property taxes and operation and maintenance expenses. The annual charge is payable by the Customer once a year on the anniversary date that the first payment was made under this Rider. If elected by the Customer in writing, the Customer may instead pay the annual charge in monthly installments equal to one-twelfth of the annual charge.

F. Customer’s Equipment

In accordance with the CSS Procedure, the Customer will be required to install and maintain, at its own expense, equipment capable of providing for: (1) real-time and local remote communication, measurement, and monitoring of the Customer’s steam parameters (i.e., steam flows, pressure, temperature, select chemistry parameters, and alarms) and associated communication feedback between Customer location and Company’s Energy Dispatcher; and (2) sampling of the Customer’s steam.
GENERAL INFORMATION - Continued

7. Service Classification Riders (Available on Request) - Continued

RIDER G - Customer Sited Supply Pilot Program - Continued

G. Metering

The Company will install a demand measuring device of a type approved by the Public Service Commission for the determination of maximum demand. The maximum demand, when determined by a demand meter, shall be the highest 30-minute integrated demand occurring during the billing period in which such use is made. The integrated demand is the average of the pounds of steam use occurring in a 30-minute period, which average, if used continuously for 30 minutes, would produce the pounds of steam actually consumed during such period.

If a Customer takes service under this Rider and SC 4, service must be contracted for separately and metered separately under each.

H. Payments to be Made by the Company

The Company will make payments to a Customer for the hours of operation directed by the Company’s Energy Dispatcher equal to the steam export quantity registered on the meter for each hour up to 110 percent of the Customer’s Maximum Export Quantity. The quantity to which the payment rate will be applied will be converted to a Btu equivalent, assuming a fixed heat rate of 1,200 Btu/lb. The payment rate will be equal to the average of the last three days of the prior month’s Henry Hub natural gas prices (as traded on the New York Mercantile Exchange), plus delivery basis to the City Gate.
GENERAL INFORMATION - Continued

7. Service Classification Riders (Available on Request) - Continued

RIDER G - Customer Sited Supply Pilot Program – Continued

I. Charges to be Paid by the Customer

The Customer will be required to pay a Customer Charge (per month) and a Contract Demand Charge (per Mlb per hour of the Contract Demand in each monthly billing period) based on the rate that would otherwise be applicable if the Customer did not have an alternative source of supply.

A Customer’s Contract Demand under Rider G shall be set equal to the Maximum Export Quantity. No change will be made to the Contract Demand if, on one occasion, the maximum demand registered on the Customer’s meter exceeds the Maximum Export Quantity. However, if the maximum demand exceeds the Maximum Export Quantity more than once, the maximum demand registered on the meter will become the new Contract Demand starting with that month and will continue thereafter. A Customer whose Contract Demand exceeds its Maximum Export Quantity may request that the Contract Demand be prospectively lowered to the Maximum Export Quantity, and the Company may, in its sole discretion, grant such a request, if the Customer can demonstrate, based on an engineering analysis submitted to the Company, that steam-generating equipment is removed or load limiting equipment is installed, so that the Customer cannot export more than the Maximum Export Quantity. If the maximum demand registered on the meter exceeds the Maximum Export Quantity more than twice, the Company, at its sole discretion, may terminate the Customer’s participation under this Rider.

When service is taken under this Rider and under SC 4 through the same service connection: (a) the Customer Charge will be waived under this Rider; and (b) the Contract Demand Charge under this Rider shall apply only to the Contract Demand in excess of the Contract Demand billed under SC 4.
GENERAL INFORMATION - Continued

7. Service Classification Riders (Available on Request) - Continued

RIDER G - Customer Sited Supply Pilot Program - Continued

I. Charges to be Paid by the Customer - Continued

Rate I

**Applicability:** To Customers who would otherwise be served under Rate I of Service Classification Nos. 2 and 3.

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<th>Customer Charge (per Month)</th>
<th>Contract Demand Charge (per Mlb/hour of Contract Demand)</th>
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<td>SC 2</td>
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<tr>
<td>SC 3</td>
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Rate II

**Applicability:** To Customers who would otherwise be served under Rate II of Service Classification Nos. 2 and 3.

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<th>Customer Charge (per Month)</th>
<th>Contract Demand Charge (per Mlb/hour of Contract Demand)</th>
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<tbody>
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<tr>
<td>SC 3</td>
<td>$2,285.77</td>
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</tbody>
</table>

Issued by: Robert N. Hoglund, Senior Vice President & Chief Financial Officer, New York, NY
GENERAL INFORMATION - Continued

7. Service Classification Riders (Available on Request) - Continued

RIDER G - Customer Sited Supply Pilot Program - Continued

I. Charges to be Paid by the Customer - Continued

The foregoing rates and charges shall apply to all steam service hereunder on and after the effective date hereof. Where a bill includes periods before the effective date and after the effective date, the rates and charges applicable will be prorated based on the number of days of service rendered before the effective date and on and after the effective date related to the total number of days in the billing period.

Customers will be responsible to pay the above monthly charges so long as the Customer continues to take service under this Rider, including periods during which the Customer is conducting a maintenance outage or planned outage. A Customer whose service is discontinued for non-payment of charges may be allowed to participate in the future, at the sole discretion of the Company. If the Company exercises its discretion to allow the Customer to participate, such Customer will be required to pay the monthly contract demand charge and the monthly customer charge for each month that service was discontinued.

Customers will also be subject to all other charges and adjustments as explained in General Information Section 5, including the applicable Increase in Rates and Charges as explained in General Information Section 9 and shown on the related Statement. The Fuel Adjustment, as explained in General Information Section 8, will not apply to service under this Rider.

J. Customer Sited Supply Operating Procedure

Service under this Rider is also subject to the provisions of this Rate Schedule. In addition, all Customers taking service under this Rider must comply with the requirements set forth in the CSS Procedure, as the same may be amended, modified, or superseded from time to time. Changes to the CSS Procedure shall become effective thirty days after providing notice of such changes to the Staff of the Department of Public Service ("Commission Staff") and Rider G participants. Where necessary and appropriate and upon consultation with Commission Staff, the Company may implement changes on less than 30 days' notice. In the event of a conflict between the CSS Procedure and the Rate Schedule, the Rate Schedule shall govern. The CSS Procedure is available at www.coned.com/steam.
K. Data Review

Participating Customers must agree to provide operating information, as defined in the CSS Procedure, as to: (1) monthly steam purity summary results; (2) performance test results, submitted at minimum semi-annually; and (3) daily dispatch availability logs. Participants must agree to provide performance information on a time-of-day basis, including steam volumes, outage rates, heat rates, and emissions data, subject to appropriate confidentiality protection at the Customer's request.

L. Liability

Service under this Rider is subject to the following provisions in addition to the provisions in General Information Section 3.6:

To the extent the operation of the Customer's CHP plant or the participation of the Customer in this Rider causes an emergency event on the steam system, or jeopardizes the integrity of the Company's steam system or damages or causes harm to any person or to the property of the Company or a third party, the Customer will be liable to the Company and will indemnify and hold the Company harmless for all damages (including without limitation incidental, consequential, special, punitive, exemplary, direct, and indirect damages, and economic costs), related costs and expenses and third party claims. The Company shall not be liable to the Customer for any damages to the Customer, persons or property (including without limitation incidental, consequential, special, punitive, exemplary, direct, and indirect damages and economic costs), related costs and expenses and third party claims caused by or arising out of the Customer's operation of its CHP facility or participation in this Rider.

Each Customer is responsible for determining that the operation of its CHP facility under this Rider will be in conformance with any applicable governmental regulation. Each Customer is also responsible for ensuring that its participation under this Rider will not cause it to violate any governmental regulations and will be solely responsible for all costs associated with regulatory compliance.

M. Termination From Pilot Program

Failure of the Customer to pay any of the charges specified hereunder, when due, or comply with the terms and conditions of this Rider and the CSS Procedure may be cause for termination of participation under this Rider.

N. For general rules, regulations, terms and conditions under which service will be supplied by the Company, see the General Information Sections to this Rate Schedule.

O. The following Riders may be applied to this Rider: A, B, C and D.