GENERAL INFORMATION - Continued

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

Rider F - Demand Response Pilot Programs
(Applicable to Service Classification Nos. 2, 3 and 4)

A. Applicability

To a Customer who takes service under SC 2 Rate II, SC 3 Rate II, SC4 Rate III, or SC 4 Rate IV and agrees to provide Load Reduction when Load Reduction Periods ("LRP")s are called by the Company.

B. Eligibility

Service under this Rider is limited to a maximum of twelve Customers in the Winter Pilot Program and twelve Customers in the Summer Pilot Program for an aggregate maximum Load Reduction of 120 Mlb/hr in each respective pilot program. Customers who participate under this Rider must provide their Contracted Load Reduction ("CLR") of at least 2 Mlb/hour and no more than 10 Mlb/hour during all hours of all LRP's. Customers cannot aggregate load on multiple accounts to meet eligibility requirements under this Rider.

Customers taking service under Special Provision D or Special Provision E of SC 2 or SC 3 are not eligible to participate in the Summer Pilot Program. Customers taking service under Rider G are not eligible to participate in either the Winter or Summer Pilot Program. Customers served under this Rider cannot incorporate, as part of their Load Reduction measures: (1) switching to electric chillers during an electric demand response period called either by the New York Independent System Operator or by Con Edison under the terms of the Company's Schedule for Electricity Service; or (2) switching to gas boilers during a natural gas interruption or curtailment period as prescribed under the Company’s Schedule for Gas Service. Customers taking service under this Rider are responsible for ensuring that their participation under this Rider will not cause them to violate any governmental regulations.

The Winter Pilot is in effect from January 1, 2012 through March 31, 2012 ("first winter period"), and from November 1, 2012 through March 31, 2013 ("second winter period"). The Summer Pilot is in effect from April 1, 2012 through October 31, 2012. This Rider terminates on midnight March 31, 2013, except for purposes of billing, payment and other administrative matters related to Customer participation during the pilot periods.
GENERAL INFORMATION - Continued

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

Rider F - Demand Response Pilot Programs - Continued

C. Definitions

The following terms are identified for purposes of this Rider only:

“CLP” means the Customer Load Peak in Mlb/hr (rounded to the nearest 0.1 Mlb/hr) for each participant, as determined by the Company for the LRP, based on the most recent three years of valid historical hourly peak demand and the weather profile during the LRP using Dry Bulb Temperature, Dew Point Temperature, Cloud Cover, Light Intensity, and Wind Speed, with the result adjusted downward by 5%.

“CLR” means the Contracted Load Reduction in Mlb/hr that the Customer contracts to provide during all hours of all LRPs. The CLR must be at least 2 Mlb/hr and no more than 10 Mlb/hr.

“Holiday” for purposes of this Rider refers to the following: (a) Martin Luther King Jr.’s Birthday, President’s Day, Memorial Day, Labor Day, Columbus Day, Thanksgiving, and the day after Thanksgiving; and (b) New Year’s Day, Independence Day, Veterans Day, and Christmas, except that if the date falls on a Saturday, the “holiday” will be considered to be the preceding Friday, and if the date falls on a Sunday, the holiday will be considered to be the following Monday.

“Load Reduction” refers to demand (Mlb/hr) ordinarily supplied by the Company to the Customer that is reduced by the Customer. The Load Reduction provided during the LRP will be measured as being the Customer’s CLP (Mlb/hr) less the maximum hourly demand (Mlb/hr rounded to the nearest 0.1 Mlb/hr) registered during the LRP, but not less than zero. The Company may estimate interval data if actual meter data is not available for all time intervals or the Company has good cause to believe a reading obtained for a time interval is likely to be erroneous.

“LRP” refers to the five-hour period weekdays, excluding Holidays, for which the Company requests Load Reduction. An LRP may be called based on the projected weather conditions, the planned maintenance of a steam generating unit, or the unexpected outage of a steam generating unit. For example, an LRP will be called during the Winter Pilot Program if the Company expects that the steam peak load the following day will be at least 96% of the forecasted steam system winter peak demand. An LRP may also be called during either the Winter Pilot Program or during the Summer Pilot Program if the Company identifies opportunities to test the performance of the DR Pilot Program. An LRP will be called under the Winter Pilot Program during the five-hour period 6 a.m. to 11 a.m. An LRP will be called under the Summer Pilot Program during the five-hour period designated by the Company. The Company will designate no more than five LRPs during each winter period of the Winter Pilot Program and no more than five LRPs during the Summer Pilot Program.
GENERAL INFORMATION - Continued

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

Rider F - Demand Response Pilot Programs - Continued

D. Application

Applications for service under this Rider must be made electronically or in writing upon the application form set forth on www.coned.com/steam. Completed applications will be evaluated, on a first come, first served basis, based on the Company’s assessment of reduction potential, Customer capability to participate, and available demand measurement tools (e.g., detailed facility logs). For a Customer to participate under this Rider, the Company must have three years of valid winter and/or summer demand data for the Customer’s premises, sufficient to determine the Customer’s CLP.

The Company will accept applications for the Winter Pilot Program through December 23, 2011, and applications for the Summer Pilot Program through March 1, 2012. The Company, in its sole discretion, may accept applications after the deadline for either the Winter or Summer Pilot Program if the program is not fully subscribed.

Each application must state the Mlb/hr of CLR that the Customer contracts to provide during all hours of all LRP's called during the Winter Pilot Program and/or Summer Pilot Program. The application must also state an authorized representative and an alternate representative (and their associated phone and facsimile and/or e-mail contact information) who will be available twenty-four hours a day, seven days a week, to receive advance notification of an LRP. The Customer may prospectively adjust its CLR: (1) once during the term of each winter period in the Winter Pilot Program and (2) once during the term of the Summer Pilot Program.

E. Notification by the Company and Required Response

(1) The Company will provide notification to the Customer’s representative or alternative representative designated on the Customer’s application form at least 24 hours in advance of the commencement of an LRP. Notice during the Summer Pilot Program will also specify the five-hour time period for which the Customer is required to provide Load Reduction.

(2) Participation by the Customer is required during all hours of all LRP's called by the Company.
GENERAL INFORMATION - Continued

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

Rider F - Demand Response Pilot Programs - Continued

F. Payments Made During Each Pilot

(1) One-Time Payment

A Customer will receive a one-time payment of $2,000 for each winter period in which they enroll under the Winter Pilot Program. Customers enrolled in the Summer Pilot Program will receive a one-time payment of $1,000.

(2) Refund

If twice during the second winter period of the Winter Pilot Program or twice during the Summer Pilot Program, a Customer provides less than 2 Mlb/hour of Load Reduction during the hour of the Customer’s maximum registered demand during the LRP, such Customer will be required to make prompt repayment to the Company of any one-time payment that was made to such Customer. If, based on the Company’s review of the Customer’s detailed operating information and/or logs, the Company believes that the Customer had a legitimate reason for such nonperformance, the Company may, in its sole discretion, waive the application of this refund provision.

(3) Payment for Participation during LRPs

The Customer will receive payment for performance during each LRP, provided the Company can verify that the Customer provided at least 80 percent of the CLR, but no less than 2 Mlb/hour of Load Reduction, during the hour of the maximum registered demand during the LRP.

For performance during an LRP, the payment amount is equal to (a) $40 per Mlb/hr (b) multiplied by the actual Load Reduction provided (rounded to the nearest 0.1 Mlb/hr) during the hour of the maximum registered demand, but no more than the lower of 10.0 Mlb/hour or 120 percent of the CLR, (c) multiplied by five hours.

Payments will be posted as credits to the Customer’s account.
GENERAL INFORMATION - Continued

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

Rider F - Demand Response Pilot Programs - Continued

G. Data Review

The Company reserves the right to review records and/or operations of a Customer related to the Pilot Program(s). To properly quantify the demand reduction achieved, establish repeatability of results, determine applicability across the broader customer base, and verify net cost benefits and impacts of the actions taken, participating customers must agree to provide operating information after each LRP as to: (1) the conditions that existed at the Customer’s premises prior to, during, and after such event; (2) the specific actions undertaken by the Customer to control its demand; and (3) the measured effects of change in the performance of the premises and comfort level of its occupants.

H. Demand Response 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 shall be subject to the requirements set forth in the Company’s Requirements for Steam Demand Response Program (“Steam DR Procedure”), as the same may be amended, modified, or superseded from time to time. Changes to the Steam DR Procedure shall become effective thirty days after providing notice of such changes to the Staff of the Department of Public Service (“Commission Staff”) and all Customers participating under this Rider. 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 Steam DR Procedure and the Rate Schedule, the Rate Schedule shall govern. The Steam DR Procedure is available at www.coned.com/steam.