

**CONSOLIDATED EDISON COMPANY OF  
NEW YORK, INC.**

**SALES AND TRANSPORTATION  
OPERATING PROCEDURES MANUAL**

# **Consolidated Edison Company of New York, Inc.**

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## **Consolidated Edison Company of New York, Inc.**

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# ***Consolidated Edison Company of New York, Inc.***

## **SECTION I. INTRODUCTION**

These Operating Procedures provide Customers taking service under SC 9 and SC 12 and Sellers taking service under SC 20 with additional details about their rights and responsibilities under those service classifications.

These Operating Procedures together with the terms and conditions for service set forth in the applicable service classifications and the general rules, regulations, terms, and conditions set forth in the General Information section of the Company's Schedule for Gas Service govern the Company's provision of gas service.

The Company's rights under its Schedule for Gas Service and under the law for a Customer's or Seller's failure to comply with that Schedule apply equally to a Customer's or Seller's failure to comply with these Operating Procedures.

These Operating Procedures contain the following chapters to assist users in understanding the Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") gas retail access program and their rights and responsibilities therein:

- Overview of the organizational structure of Con Edison, its franchise territory, standards of competitive conduct, gas service classifications as approved by the New York State Public Service Commission ("Commission") and number of gas customers and annual consumption as of December 31, 2001;
- Operating and enrollment procedures applicable to residential, small commercial and industrial customers participating in retail access;
- Operating and enrollment procedures applicable to large commercial and industrial customers and interruptible customers participating in retail access;
- Requirement of gas pooling operations;
- Communication protocols for the retail access program; and
- Description of Operational Flow Orders and System Alerts

In addition, Appendix C contains copies of the forms to be completed by customers and marketers for participation in the Con Edison programs and Appendix A is a Glossary of Terms. Appendix **B** is information regarding Oil to Gas Conversion – Customer Incentive Programs.

Pursuant to Miscellaneous Provision J of Service Classification No. 9 of Con Edison's Schedule for Gas Service P.S.C. No. 9 – Gas and Order Concerning Reliability issued by the New York State Public Service Commission ("NYPSC") on December 21, 1999 in Case No. 97-G-1380, Con Edison shall provide the NYPSC, all marketers qualified to do business in its service territory and all direct customers with notice of any proposed changes to its Sales and Transportation Operating Procedures Manual not less than thirty (30) days prior to the effective date of such changes. Where necessary and appropriate and upon consultation with Commission Staff, the Company may implement changes on less than thirty days' notice. This procedure is applicable solely to the following provisions of the Con Edison's Sales and Transportation Operating Procedures Manual: Section II (Corporate Structure, Territory, Service Classifications; Customer Breakdown); Section IV. (all); Section V. (all); Section VI. (all); Section VII. (all). Revisions to Con Edison's Schedule for Gas Service P.S.C. No. 9 – Gas shall only be made in conformance with applicable New York law and the orders and regulations the NYPSC. Similarly, the following provisions of Con Edison's Sales and Transportation Operating Procedures Manual are included for informational purposes only and are subject to revision only in conformance with orders of the NYPSC: (1) Section I. (all) and (2) Section II B. – Con Edison's Standards of Competitive Conduct. Specific processes and procedures are established in the Uniform Business Practices ("UBP") and by the Home Energy Fair Practices Act ("HEFPA"), and reference should be made to

## ***Consolidated Edison Company of New York, Inc.***

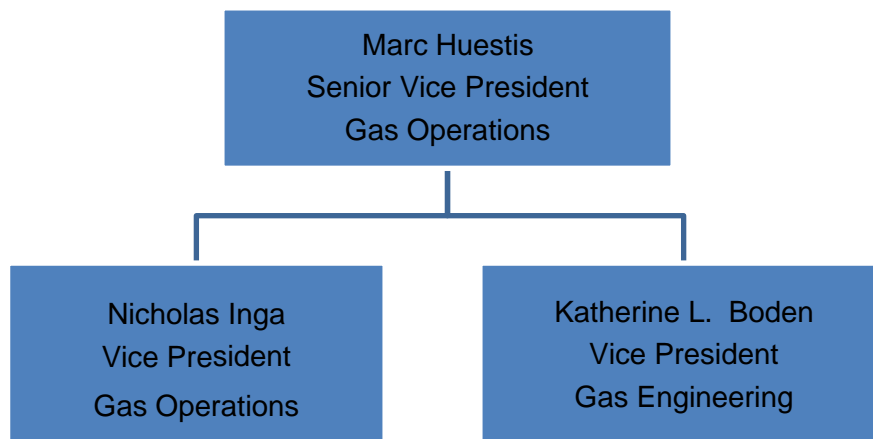
Addendum UBP in the Gas Tariff and the Public Service Law and related regulations for the details of those processes and procedures.

### **SECTION II. OVERVIEW OF THE COMPANY**

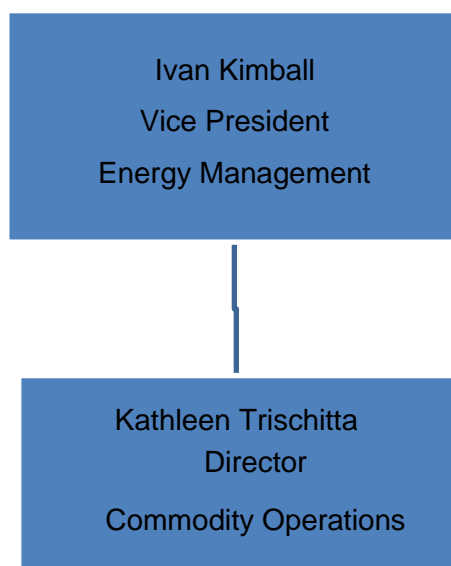
#### **Consolidated Edison Company of New York, Inc. Corporate Structure**

<https://www.conedison.com/en/about-us/corporate-governance/corporate-leadership>

**Consolidated Edison Company of New York, Inc. Gas  
Operations Structure**



**Energy Management**



## ***Consolidated Edison Company of New York, Inc.***

### **Transportation Customer and Marketer Support Personnel and Services Consolidated Edison Company of New York, Inc.**

**Gas Supply -Transportation Services & Planning  
4 Irving Place, 14<sup>th</sup> Floor  
New York, NY 10003**

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Manager	212-466-8240
Marketer Cashouts and Interruptible Transportation Issues, Capacity Release Service Information	212-466-8241
Firm Transportation Issues, Access to Transportation Customer Information System (TCIS) on the Internet	212-466-8242 or 212-466-8244
Nominations to Con Edison's Citygate (During Normal Business Hours)	212-466-8244
Email:	<a href="mailto:tcis@coned.com">tcis@coned.com</a>

**Note: During the Off-Hours Please Contact Gas Control using  
telephone numbers listed below.**

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#### **Gas Control Center**

Gas Dispatcher (24-hours)	718-794-2900 718-794-2903 718-794-2904
Gas Control Fax Number	718-794-2924

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#### **Retail Choice Operations**

Manager	212-780-6702
Supervisor	212-780-6760 212-780-6701 212-780-6723 212-780-8646

E-Mail Address: [RetailAccess@coned.com](mailto:RetailAccess@coned.com)

## ***Consolidated Edison Company of New York, Inc.***

### **Energy Services**

#### **Interruptible Sales Service**

Manhattan	Phone	212-460-2761
4 Irving Place	Fax	212-673-1729
New York, NY 10003		

Brooklyn and Queens (Southern Region)		
30 Flatbush Avenue	Phone	718-802-5353
Brooklyn, NY 11217	Fax	718-624-7060

Westchester	Phone	914-925-6296
Bronx	Phone	914-925-6017
(Northern Region)	Fax	914-925-6487

For Firm Gas Sales and Retail Access  
Information and to establish an account  
With Con Edison

1-800-75-ConEd

Con Edison Internet Home Page

<http://www.coned.com>

How to Become an Energy Service  
Company Partner

from the Homepage -  
[www.coned.com](http://www.coned.com) – scroll to  
Bottom – click on Con Edison of  
New York – scroll to bottom –  
under Business Partners  
choose “Become an Energy  
Service Company Partner

Transportation Customer Information System (TCIS)

<https://www.coned.com/tcisng>



***Consolidated Edison Company of New York, Inc.***

**B. AFFILIATE TRANSACTION STANDARDS**  
**Standards of Competitive Conduct**

The standards of competitive conduct governing the Company's relationship with any gas or electric energy supply and energy service affiliates are contained in the Appendix A to the Settlement Agreement in Case 98-M-0961 – Joint Petition of Consolidated Edison, Inc., Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc. for Approval of a Certificate of Merger and Stock Acquisition dated March 8, 1999.

Inquiries regarding these Standards of Competitive Conduct should be directed to:

Richard B. Miller  
Vice President, Regulatory Services  
Consolidated Edison Company of New York, Inc.  
4 Irving Place  
New York, NY 10003  
212-460-3389

This section is included for informational purposes only and is subject to revision only in conformance with orders of the New York State Public Service Commission.

**CASE 98-M-0961 – SETTLEMENT AGREEMENT**

**Standards of Competitive Conduct**

The following standards of competitive conduct shall govern the Con Edison's relationship with any energy supply and energy service affiliates:

- (I) There are no restrictions on affiliates using the same name, trade names, trademarks, service name, service mark or a derivative of a name, of Con Edison, Inc. (herein "CEI") or Consolidated Edison Company of New York, Inc. (herein "Con Edison"), or in identifying itself as being affiliated with CEI or Con Edison. However, Con Edison will not provide sales leads for customers in its service territory to any affiliate, including the ESCO, and will refrain from giving any appearance that Con Edison speaks on behalf of an affiliate or that an affiliate speaks on behalf of Con Edison. If a customer requests information about securing any service or product offered within the service territory by an affiliate, Con Edison may provide a list of all companies known to Con Edison operating in the service territory who provide the service or product, which may include an affiliate, but Con Edison will not promote its affiliate. Con Edison must process all similar requests for distribution services in the same manner and within the same period of time.
- (ii) Neither Con Edison nor an affiliate will represent to any customer, supplier, or third party that an advantage may accrue to such customer, supplier, or third party in the use of Con Edison's services as a result of that customer, supplier or third party dealing with any affiliate. This standard does not prohibit two or more of the unregulated subsidiaries from lawfully packaging their services. Con Edison will not pay a premium to a supplier of goods or services in return for that supplier's agreeing to purchase goods or services from, or sell goods or services to, an affiliate.
- (iii) All similarly situated customers, including energy services companies and customers of energy service companies, whether affiliated or unaffiliated, will pay the same rates for Con Edison utility services and Con Edison shall apply any tariff provision in the same manner if there is discretion in the application of the provision. If Con Edison provides to an energy service company or a customer of an energy service company, whether affiliated or unaffiliated, a delivery, billing, metering or other service set forth in its tariff or associated operating procedure, at a discounted or negotiated rate or pursuant to a special arrangement, Con Edison will expeditiously post on its website the information that the Commission requires a utility to file in association with providing, a discount or negotiated rate or special arrangement, subject to the Commission's trade secret rules, if applicable, in the same manner and within the same time period for affiliates and nonaffiliates.
- (iv) Transactions subject to FERC's jurisdiction will be governed by FERC's orders or standards as applicable.
- (v) Release of proprietary customer information relating to customers within Con Edison's service territory shall be subject to prior authorization by the customer and subject to the customer's direction regarding the person(s) to whom the information may be released. If a customer authorizes the release of information to a Con Edison affiliate and one or more of the affiliate's competitors, Con Edison shall make that information available to the affiliate and such competitors on an equal basis.

## ***Consolidated Edison Company of New York, Inc.***

- (vi) Con Edison will not disclose to its affiliate any customer or marketer information relative to its service territory that it receives from a marketer, customer or potential customer, which is not available from sources other than Con Edison, unless it discloses such information to its affiliate's competitors contemporaneously on an equal basis to the extent practicable.
- (vii) If any competitor or customer of Con Edison believes that Con Edison has violated the standards of conduct established in this section of the agreement, such competitor Or customer may file a complaint in writing with Con Edison. Con Edison will respond to the complaint in writing within twenty (20) business days after receipt of the complaint. Within fifteen (15) business days after the filing of such response, Con Edison and the complaining party will meet in an attempt to resolve the matter informally. If Con Edison and the complaining party are not able to resolve the matter informally, the matter will be referred promptly to the Commission for disposition.
- (viii) The Commission may impose on Con Edison remedial action (including redress or penalties, as applicable) for Con Edison's violations of the standards of competitive conduct. If the Commission finds that Con Edison has engaged in a consistent pattern of material violations of the standards of competitive conduct during the course of this Agreement, it shall provide Con Edison notice of a reasonable opportunity to remedy such conduct. If Con Edison fails to remedy such conduct within a reasonable period after receiving such notice, the Commission may take remedial action with respect to the CEI to prevent Con Edison from further violating the standard(s) at issue. Such remedial action may include directing CEI to divest the unregulated subsidiary, or some portion of the assets of the unregulated subsidiary, that is the subject of Con Edison's consistent pattern of material violations but exclude directing CEI to divest Con Edison or imposing a service territory restriction on the unregulated subsidiary. If CEI is directed to divest an unregulated subsidiary, it may not thereafter, without prior Commission approval, use a new or existing subsidiary of CEI to conduct within its service territory the same business activities as the divested subsidiary (e.g., energy services). Con Edison and CEI may exercise any or all of their administrative and judicial rights to seek a reversal or modification of remedial actions ordered by the Commission and may seek to obtain any and all legal and/or equitable relief from such remedial actions, including but not limited to injunctive relief. Con Edison will not challenge the Commission's authority to implement this subparagraph.

## ***Consolidated Edison Company of New York, Inc.***

### **C. Gas Service Territory**

Consolidated Edison Company of New York, Inc. a wholly owned subsidiary of Consolidated Edison, Inc., is an electric, gas and steam utility headquartered in New York City. Con Edison's service area covers 660 square miles in New York City and Westchester County. Con Edison distributes electricity to approximately three million customers, natural gas to approximately one million customers and steam service for heating and cooling to approximately 2,000 commercial and residential buildings in Manhattan.

## ***Consolidated Edison Company of New York, Inc.***

### **Receipt Points into Con Edison's Distribution System**

Following is a list of receipt points into Con Edison's System:

<b><u>Pipeline</u></b>	<b><u>Receipt Point</u></b>
Transcontinental Gas Pipeline Corporation (TRANSCO)	134 <sup>th</sup> Street - Manhattan Central Manhattan Narrows Long Beach
Texas Eastern Transmission Corporation (TETCO)	Goethals
Texas Eastern Transmission Corporation (Spectra)	Lower Manhattan
Tennessee Gas Pipeline Company (Tennessee)	White Plains
Iroquois Gas Transmission System (Iroquois)	Commack Hunts Point
Algonquin Gas Transmission System (Algonquin)	Peekskill Cortlandt Yorktown North Somers

**Consolidated Edison Company of New York, Inc.**

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**

**P.S.C. NO. 9 – GAS**

**SUMMARY OF SERVICE CLASSIFICATIONS**

**AS OF February 1, 2017**

*The rate summaries below represent a brief explanation of the gas rates in effect as of February 1, 2017 and are not meant to represent all tariff provisions applicable to a rate.*

*If you wish to know more information about a particular rate(s) please refer to the Company's tariff.  
Tariff changes subsequent to February 1, 2017 will not be reflected here.*

Service Class	Type of Service	Customer Size	Customer Type	Rate		Comments	
SC 1	Firm	No Restrictions	Residential and Religious	First 3 therms or less:	\$19.75	Firm Sales Gas Cost	
			– Non-Heating	Over 3 therms (\$/therm):	\$1.0507	Factor, Monthly	
SC 2	Firm	No Restrictions	General – Non-Residential	First 3 therms or less:	\$30.45	Firm Sales Gas Cost Factor, Monthly Rate Adjustment, Merchant Function Charge, Billing and Payment Processing Charge, System Benefits Charge, Temporary State Assessment Surcharge and Gross Receipts Tax apply. RDM adjustments apply to this rate with the exception of certain Riders. A special minimum charge is applicable to large dual-fuel customers.	
			Rate 1	Next 87 therms (\$/therm):	\$0.6980		
				Next 2,910 therms (\$/therm):	\$0.4117		
				Over 3,000 therms (\$/therm):	\$0.2837		

**Consolidated Edison Company of New York, Inc.**

			General – Non-Residential	First 3 therms or less:	\$30.45	Firm Sales Gas Cost
			Rate II	Next 87 therms (\$/therm):	\$0.6980	
				Next 2,910 therms (\$/therm):	\$0.4910	
				Over 3,000 therms (\$/therm):	\$0.3338	
			General – Non-Residential	First 1,200 therms (\$/therm):	\$0.2571	Rates are applied during the period from June 14 to October 14 on A/C use only. Firm Sales Gas Cost Factor, Monthly Rate Adjustment, Merchant Function Charge, Billing and Payment Processing Charge, System Benefits Charge, Revenue Decoupling Mechanism, Temporary State Assessment Surcharge, and Gross Receipts Tax apply.
			Air Conditioning	Over 1,200 therms (\$/therm):	\$0.2199	

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**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**

**P.S.C. NO. 9 – GAS**

**SUMMARY OF SERVICE CLASSIFICATIONS**

**AS OF February 1, 2017**

*The rate summaries below represent a brief explanation of the gas rates in effect as of February 1, 2017 and are not meant to represent all tariff provisions applicable to a rate.*

*If you wish to know more information about a particular rate(s) please refer to the Company's tariff.*

*Tariff changes subsequent to February 1, 2017 will not be reflected here.*

Service Class	Type of Service	Customer Size	Customer Type	Rate		Comments
SC 3	Firm	No Restrictions	Residential and Religious -	First 3 therms or less:	\$20.40	Firm Sales Gas Cost
			Heating	Next 87 therms (\$/therm):	\$0.8054	Factor, Monthly Rate
				Next 2,910 therms (\$/therm):	\$0.6126	Adjustment, Merchant
				Over 3,000 therms (\$/therm):	\$0.4716	Function Charge,
						Billing and Payment
						Processing Charge,
						System Benefits
						Charge, Temporary
						State Assessment
						Surcharge and Gross
						Receipts Tax apply.
						RDM adjustments
						apply to this rate with
						the exception of
						certain Riders. Low
						Income Customers are
						eligible for lower rates
						on the minimum charge
						and on usage between 4
						and 90 therms. A
						special minimum charge
						is applicable to large
						dualfuel customers.
						Weather
						Normalization
						Adjustment applies
						during period October
						through May of each
						year.
			Residential and Religious -	First 1,200 therms (\$/therm):	\$0.2571	Rates are applied
			Air Conditioning	Over 1,200 therms (\$/therm):	\$0.2199	during the period from
						June 14 to October 14
						on A/C use only. Firm



## Consolidated Edison Company of New York, Inc.

						Sales Gas Cost Factor, Monthly Rate Adjustment, Merchant Function Charge, Billing and Payment Processing Charge, System Benefits Charge, Revenue Decoupling Mechanism, Temporary State Assessment Surcharge and Gross Receipts Tax apply.
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### CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

#### P.S.C. NO. 9 – GAS

#### SUMMARY OF SERVICE CLASSIFICATIONS

#### AS OF February 1, 2017

*The rate summaries below represent a brief explanation of the gas rates in effect as of February 1, 2017 and are not meant to represent all tariff provisions applicable to a rate.*

Service Class	Type of Service	Customer Size	Customer Type	Rate		Comments
SC 12	Interruptible Sales and Transportation	No Restrictions	Residential, NonResidential, and Non-Residential PT Exempt	Effective 3/1/2014, an Interruptible Declining Block Rate Structure replaced the flat Priority Rate Structure. Rates are updated monthly based primarily upon alternate fuel oil prices or Firm Service Rates. Rates are posted to Internet 3 working days before the beginning of the next month. The Temporary State Assessment Surcharge and Gross Receipts Tax are applied to the Customer's bill.		After 7/1/2014, a New or Returning Interruptible Customer may only chose the Notification option as the method for interruption. A Customer who choose Temperature Control as the method of interruption prior to 7/1/2014 will be allowed to continue with that method as long as they do not leave the program or switched to notification
Rate 1 (Sales)						
And				First 3 therms or less:	\$100.00	
				Next 247 therms (\$/therm):	Priced Monthly	On a monthly basis, Customers are allowed to elect either sales or transportation service.
SC 9 Rate B				Next 4,750 therms (\$/therm	Priced Monthly	
(Transportation)				Over 5,000 therms (\$/therm	Priced Monthly	Customer's alternate fuels are #2 Oil, #4 Oil and #6 Oil. After 7/1/2015, #6 Oil can not be burn in NYC by City ordinance.
		SC 9 transportation customers with annual usage less than 35,000 therms must join a small				

# Consolidated Edison Company of New York, Inc.

		customer aggregation group.				
<b>SC 12 Rate 2</b>	Off-Peak Firm Sales and Transportation	Annual Usage of at least 1 million therms.	Residential and NonResidential			Maximum 30 days interruption during winter period. Monthly election to switch between sales and transportation.
(Sales)						
				*Prior to March 1, 2014 for a three year contract, the rate shall be 7.0 cents per therm until the contract expires.		
<b>And</b>				*On or after March 1, 2014 but prior to January 1, 2018, the rate per therm for one, two, or three year contracts shall be 8.0 cents per therm until these contracts expire.		
				*On or after January 1, 2018 but prior to January 1, 2019, the rate per therm for one, two, or three year contracts shall be 8.25 cents per therm until these contracts expire.		
<b>SC 9 Rate C (Transportation)</b>				*On or after January 1, 2019, the rate per therm for one, two, or three year contracts shall be 8.75 cents per therm until these contracts expire.		
				*Commodity Rates are updated monthly and posted to the Internet three working days before the month begins.		

**CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**

**P.S.C. NO. 9 – GAS**

**SUMMARY OF SERVICE CLASSIFICATIONS**

**AS OF February 1, 2017**

*The rate summaries below represent a brief explanation of the gas rates in effect as of February 1, 2017 and are not meant to represent all tariff provisions applicable to a rate. If you wish to know more information about a particular rate(s) please refer to the Company's tariff. Tariff changes subsequent to February 1, 2017 will not be reflected here.*

Service Class	Type of Service	Customer Size	Customer Type	Rate		Comments
<b>SC 9 Rate A</b>	Firm	If the annual usage is less than 35,000 therms must join a small customer aggregation group.	Residential and Non-Residential	Same rates as equivalent firm sales rates for SC 1, 2, 3 and 13.		Monthly Rate Adjustment, Billing and Payment Processing Charge, System Benefits Charge, Temporary State Assessment Surcharge, Balancing Charges, Imbalance Charges and Cash Out credits and charges apply. Gross Receipts —Faxes also apply.
	Transportation					
<b>SC 13</b>	Seasonal Off-Peak Firm Sales	No Restrictions	Residential and Non-Residential	First 3 therms or less:	\$52.20	SC 13 applies to customers who use gas solely during the period from April 1 through October 31. Firm Sales Gas Cost Factor, Monthly Rate Adjustment, Merchant Function Charge, Billing and Payment Processing Charge, System Benefits Charge, Temporary State Assessment Surcharge, and Gross Receipts Tax apply.
				Next 1,197 therms (\$/therm	\$0.2571	
				Over 1,200 therms (\$/therm	\$0.2199	
<b>SC 14 (Sales)</b>	Natural Gas	No Restrictions	SC 14 Rate I - Compressed Natural Gas	SC 14 Rate I-revised periodically and published on statement.		Rate I-Petroleum Business Tax, Motor Fuel Tax and Transportation Fuels Tax apply.
	Vehicle Sales					
			SC 14 Rate II – Uncompressed Natural Gas	SC 14 Rate II negotiated.		
<b>SC 9 Rate D (1)</b>	Transportation for Compressed Natural Gas and Bypass Customers	No Restrictions	Transportation may be Firm, Off-Peak Firm or Interruptible	Negotiated Rate may include fixed and volumetric components, shall recover all incremental costs of service (including metering and communication) and shall provide a reasonable contribution to system costs.		

**Consolidated Edison Company of New York, Inc.**

<b>SC 9 Rate D (2)</b>	Power Generation Transportation	On-Site Generating Facilities having dual-fuel capability and a nameplate rating of at least 50 MW	Off-Peak Firm	Rate Components:		
				System Cost Component:	1.0 cent per them	
				Marginal Cost Component:	0.92 cent per them	
				Value Added Charge Component		

**Consolidated Edison Company of New York, Inc.**

**E. Customer Breakdown**

**Consolidated Edison Company of New York, Inc.  
Gas Customers and Sales  
Twelve Months Ended December 31, 2019**

**Consolidated Edison Company of New York, Inc.**

<b><u>CUSTOMER CLASS</u></b>	<b><u>NO. OF CUSTOMERS</u></b>	<b><u>ANNUAL SALES (Dekatherms)</u></b>
<b><u>Sales Service</u></b>		
Residential	837,631	54,564,000
Commercial General Service	110,611	53,180,000
Interruptible & Off- Peak Firm	161	9,323,000
Total Sales Service	948,403	117,067,000
<b><u>Transportation Service</u></b>		
Residential	102,837	66,417,000
Non-Residential	31,181	37,978,000
Interruptible & Off-Peak Firm	400	20,672,000
Total Transportation Service	134,418	125,067,000

The foregoing information shall be updated on an annual basis.

**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 1-80075-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) business days of its receipt of the customer's/Marketer's application.
- (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 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. 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.

**3. 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.

**4. 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.

**5. 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.

**6. 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. Part 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 and how to implement EDI transactions. Seller must also be tested and certified for executing all appropriate and required EDI transactions.
- (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 Daily Delivery Service in conjunction with Interruptible Daily 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) Daily Delivery Service:

The Daily Delivery Service ("DDS") program will provide a Marketer with a design-day peak release of the Company's assets to deliver gas to meet the daily forecasted consumption of the Marketer's customers. Each Marketer is required to deliver gas according to an aggregated customer temperature equation that is calculated using the customer's Profile (explained below), inclusive of line loss ("base and slope").

- 1. Forecasting Equation. Each gas transportation customer will receive a temperature equation calculated based on its profile information (Daily Delivery Quantity = heat factor X Heating Degree Days + base load quantity).
  - i. The customer's Profile will be derived from customer's billing data that is converted from a billing cycle to calendar period and then normalized for weather. If a customer has less than 12 months of billing information, the average usage for the year or a typical load shape per its service classification will be used as a proxy.
  - ii. The heat factor is the (annual usage minus the annual baseload) divided by the annual HDDs. The annual baseload is calculated as the daily average usage of June, July and August times the number

of days in the year. If the calculated heat factor is less than zero, a value of zero will be assigned.

- iii. The base load quantity is the daily average of the customer's Summer months' usage, given that the heat factor is greater than "0". Otherwise, the base load quantity is the average daily usage of the customer's annual Profile data.
- iv. The Summer months for the Forecasting Equation are defined as the months of June, July and August.
- v. A Marketer Profile is an aggregation of all the customer Profiles in its customer pool.

2. Forecasting Temperature.

- i. The 5-day-ahead forecast will be displayed on the Internet (TCIS).
  - ii. The "locked" temperature at 6:00 AM will range one-to-five days ahead, depending on the day-ahead trading calendar.  
The Company's HDD is defined as 62 minus the "locked" temperature.
  - iii. The day-ahead HDD to be used for the Daily Delivery Service Quantity ("DDSQ") calculation is comprised equally of the following (i) the current gas day's average temperature times 30% and (ii) the next gas delivery day's average forecast times 70%.
3. The Company shall provide the "locked" DDSQ via daily posting on the Internet (TCIS) by 6:00 A.M. on the day prior to the applicable pipeline nomination deadline. For weekends and Company holidays, the "locked" DDSQ will be posted by 6:00 A.M. on the business day preceding the weekend and/or Company holiday. In a month where the last day falls during a weekend trading schedule the "locked" DDSQ will be posted by 6:00 A.M. on the business day preceding the pipeline nomination deadline. Should the customer/ Marketer disagree with the daily quantities established, the customer/Marketer must provide to Gas Supply – Transportation Services and Planning the additional information it would like to be considered no later than one business day prior to the applicable pipeline deadline (sent via email to [gaschoice@coned.com](mailto:gaschoice@coned.com) or [tcis@coned.com](mailto:tcis@coned.com)).

**C. DAILY DELIVERY SERVICE (DDS)**

**1. Asset Tiers**

In DDS, the Company will allocate its gas assets to the Marketers in the following three tiers after the Baseload Service is fully allocated to each Marketer:

- Tier 1 – Mandatory Capacity Release (the release of interstate pipeline transportation capacity)
- Tier 2 – Managed Supply (Storage)
  - Tier 2(A) – Virtual Storage (a virtual access to Storage assets which will be managed by the Company)
  - Tier 2(B) – Physical Storage (a physical release of Company Storage)
- Tier 3 – Peaking (a virtual access to Peaking assets which will be managed by the Company)

**2. Program Updates**

The Company will continue its collaboratives with the gas marketers on its Retail Access program and file any proposed updates to its Retail Access program to the Secretary on or before July 1, 2017 and every year thereafter (by July 1<sup>st</sup>), to provide an adequate review process prior to November 1<sup>st</sup> of each year.

**3. City Gate Delivery Protocols**

Marketer city gate deliveries may not exceed the interstate pipeline volumes allocated under the Capacity Release Service Program.

From April to October (non-winter months), Marketers are required to limit their deliveries to Texas Eastern-Goethals Citygate to 75% of the capacity released.

**4. Baseload Service**

For the months of December, January and February each year, Marketers will be allocated shares of the Company's total baseload delivered supplies or assets ("Baseload Service"). The Marketer's Baseload Service Quantity will be based on multiplying (1) the ratio of the Marketer's Slope Component to the total of all Marketers' Slope Components times (2) the Marketer's share of the Company's total Baseload Service assets.

The Marketer's Baseload Service must be utilized in full by the Marketers in each of the three peak winter months. It will be applied first to a Marketer's Daily Delivery Service Quantity to its customers before any quantities from DDS Tiers 1, 2 or 3 may be utilized by the Marketer.

**Pricing**

1. The Baseload Service Commodity Price will be stated in dollars per dekatherm and derived by adding (1) the NYMEX settlement price for the month of flow and (2) a weighted average of the contracted basis for the following city gates with the weighting based on the quantity of Baseload Service delivered at each of the city gates:

• Tennessee – White Plains	-	46%
• Enbridge – Lower Manhattan	-	34%
• Iroquois – Hunts Point-	20%	
• Transco – Zone 6 NY	-	0%

2. The Marketer's Baseload Service Charge is computed by multiplying the Baseload Service Commodity Price by a Marketer's Baseload Service Quantity.

**5. Tier 1 - Mandatory Capacity Release Service (the “Program”)**

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 GTO Section, the Company offers the Program 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 to all Marketers on or before October 1<sup>st</sup> of each year, 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/Marketer either as a principal or as an agent for its customers.
- Capacity released during the period November 1, 2019 through October 31, 2020 will be on the following pipelines and percentages:

<u>Pipeline</u>	<u>Capacity Release %</u>
Tennessee	5.4%
Iroquois-Waddington	3.7%
Nat Fuel/Millennium/Iroquois	6.8%
Nat Fuel/Transco (short haul)	6.1%
Texas Eastern	13.6%
Texas Eastern Spectra	21.6%
Transco (long-haul)	42.9%

- The pipeline capacity releases will be a slice of the releasable contracts in the Company's portfolio.
- If a Marketer's pool increases or decreases in any month by 3,500 dt/day, the pipeline capacity releases will be re-sliced accordingly.
- Transco will be the monthly balancing swing pipe.

- Firm pipeline capacity will be used to meet all base-load design-day requirements.
- The remainder of the pipeline capacity will be distributed based on a Marketer's share of the total slope of all Marketers.
- 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 1<sup>st</sup> 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 FERC's rules and regulations.
- Capacity Releases will be made available on the Pipeline Bulletin Boards no later than seven (7) calendar days prior to the effective date.

**6. Tier 2 – Managed Supply (Storage)**

The Company will provide Marketers with Tier 2 – Managed Supply (Storage) each month from November 1<sup>st</sup> through March 31<sup>st</sup>. Prior to the start of each month, the Company will determine the quantity of Tier 2 – Managed Supply (Storage) to be provided to each Marketer by multiplying: (1) the capacity of the Company's total storage contracts times (2) the Marketers' share of the Company's total storage assets/contracts times (3) the ratio of the Marketer's Slope Component to the Slope Components of all Marketers.

The quantity of Tier 2 – Managed Supply (Storage) allocated to each Marketer is then divided between Tiers 2(A) and (B) as described below. A Marketer and/or its Agent can meet its Daily Delivery Quantity by utilizing a combination of both Tier 2(A) - Virtual Storage and Tier 2(B) - Physical Storage.

The capacity of the Company's total storage contracts is 42 Bcf.

**(a) Tier 2(A) – Virtual Storage**

Quantity: the Tier 2(A) Virtual Storage capacity will equal the total Tier 2 – Managed Supply (Storage) capacity less the amount of capacity allocated to Tier 2(B) – Physical Storage (see below). Tier 2(A) Virtual Storage therefore consists of an 85% allocation of the Tier 2 Managed Supply (Storage) assets.

**1. Rules Applicable to Tier 2(A):**

- Daily storage withdrawals must not exceed the maximum daily withdrawal quantity ("MDWQ") of 1.3% of storage volume.
- Monthly storage withdrawals must not exceed the limit of 25% for November and December, and 30% for January through March.
- When the "locked" temperature is at or below 25 degrees F, a Marketer must utilize 100% of Company-released pipeline capacity and Tier 2(B)



Physical Storage allocations before using any Tier 2(A) Virtual Storage. When the “locked” temperature is greater than 25 but less than 30 degrees F, a Marketer must utilize 85% of its Tier 1 and Tier 2(B) allocations before utilizing its Tier 2(A) allocation. For the month of March, the Company may, at its sole discretion, waive these two rules due to warmer than normal weather experienced during the previous December through February period.

- When the day-ahead temperature is forecast to be at or below 46 degrees F during April, a Marketer may utilize any remaining Tier 2(A) Virtual Storage from its allocated share. In October, Marketers may utilize their Tier 2(A) allocation for the upcoming November through March period on days in which the day-ahead temperature is forecast to be at or below 46 degrees F.
- No intraday storage nominations will be allowed.
- A Marketer’s Tier 2(A) Virtual Storage cannot be more than 35% full at the end of March.

#### Penalties

If a Marketer violates the “locked” temperature rules two (2) times during a Winter season, the Marketer will have its Tier 2(A) storage allocation lowered to zero for the remainder of the Winter season and will have to balance its daily loads using Tier 3 – Peaking. This same penalty provision also applies to the locked-in temperature rules in Tier 2(B) below.

If a Marketer does not have its Tier 2(A) – Virtual Storage inventory at or below 35% of its Virtual capacity storage allocation by March 31 of each Program year, the Marketer will be surcharged for the inventory overage quantity at the weighted average cost of gas in inventory as of March 1 of the Program year. The Company, at its sole discretion, may decide not to charge this penalty, if warmer than normal weather conditions during the previous December through February period caused every Marketer to exceed the 35% limitation.

Intraday Balancing – The difference in the “locked” forecast and the actual weather will be balanced with a Marketer’s allocated storage, if applicable.

- i. If a Marketer over-delivers gas using pipeline capacity or Peaking, no adjustment will be made.
- ii. If a Marketer over-delivers gas using storage, a reduction in Marketer’s storage delivery will be made.
- iii. If a Marketer under-delivers gas, a withdrawal from Marketer’s storage will be made, if available

The Tier 2 – Managed Supply Demand and Commodity prices for Tiers 2(A) and (B) will be determined as per the Tariff.

#### (b) **Tier 2(B) – Physical Storage Release**

The Company will release Physical Storage capacity in each of the releasable storage contracts (see Storage Fields section below) to the Marketer and/or its Agent for each 12-month period starting April 1st.

Tier 2(B) – Physical Storage Release is voluntary. A Marketer electing to participate in Tier 2(B) are required to notify the Company by February 1 prior to the start of each program year which runs from April 1 through March 31. A participating Marketer will receive its allocation of Tier 2(B) storage field capacity on April 1 of each year based upon its customers' demand requirements. A Marketer that chooses not to participate in Tier 2(B) will receive its total allocation of storage under Tier 2(A).

- The Tier 2(B) Physical Storage consists of a 15% allocation of the Tier 2 Managed Supply (Storage) assets.
- Marketers and/or their Agents will be responsible for the daily scheduling of their physical storage releases and associated pipeline transportation releases for the deliveries to the Company's city gates.
- A Marketer that first begins serving load during the 12-month period after Physical Storage has already been released for that period will not receive any Physical Storage. Instead, the Company will adjust the Marketer's Tier 2(A) Virtual Storage to a level that satisfies the Marketer's total storage requirement as indicated by its pool size.
- Each Marketer's Tier 2(B) Physical Storage capacity allocation will remain constant over the 12-month period of the release unless a Marketer and or its Agent loses a significant number of customers.
- Any Marketer and/or its Agent whose volume releases do not meet the minimum releases of the Storage field operator will be completely serviced under Tier 2(A) Virtual Storage.
- A marketer that continues to participate in Tier 2(B) may continue to maintain its storage field capacity allocation after March 31 of each year except when the commodity in each of its allocated storage fields for the following program year as does not exceed its new April 1 allocated capacity release for each field minus two (2) dekatherms. When the locked-in temperature is at or below 25 degrees F, Marketers must utilize 100% of their Tier 1 Capacity Releases and Tier 2(B) Physical Storage allocations before utilizing any Tier 2(A) Virtual Storage allocations.
- When the locked- in temperature is greater than 25 degrees F but less than 30 degrees F, Marketers must utilize 85% of their Tier 1 Capacity Releases and Tier 2(B) Physical Storage allocations before utilizing any Tier 2(A) Virtual Storage allocations.
- For the month of March, the Company may, at its sole discretion, waive the two locked-in temperature rules due to warmer than normal weather experienced during the previous December through February period.

#### 1. Storage Fields

The releasable storage field contracts are:

- Tennessee Northern Storage FSMA contract 1974
- Stagecoach Storage contract CED\_SC0001FSS

Marketers must adhere to each storage field operator's Tariff with respect to maintaining minimum storage inventory levels.

#### 2. Injection Rates

The Maximum Daily Injection Quantity (MDIQ) storage injection rates are the following:

- Tennessee Northern Storage: 61% of MDWQ
- Stagecoach: 50% of MDWQ

3. Additional Tier 1 Capacity Release Associated with Tier 2(B) Physical Storage Capacity

Each 12-month period (starting April 1<sup>st</sup>), the Company will release to the Marketer and/or its Agent Tier 1 pipeline transportation capacity that is associated with the Tier 2(B) Physical Storage capacity released to the Marketer and/or its Agent. The amount of pipeline transportation capacity released on each transportation contract will be proportionate to the amount of physical storage capacity that is released. The releasable transportation contracts are as follows:

- Tennessee Pipeline K# 350 (Tennessee Northern Storage)
- Iroquois Pipeline K# 56016 (Stagecoach Storage)
- Algonquin Pipeline K# 510371 (Stagecoach Storage)
- Millennium Pipeline K# 5582 (Stagecoach Storage)
- Stagecoach Wheel K# CED\_SC0001FWS (Stagecoach Storage)

4. Monthly Charges

i) Demand Charges

A Marketer and/or its Agent will be responsible for paying for all of its released Tier 2(B) – Physical Storage and associated pipeline demand charges directly to the storage field operators and pipeline companies. The storage field operators and pipeline companies will then credit these demand payments to the Company on their respective monthly invoices to the Company. A Marketer and/or its Agent will pay the same FERC tariff/negotiated rates as the Company would have paid had it not made the releases and will abide by the same storage fields' tariffs/contract terms and conditions as the Company would have abided by had it not made the releases.

ii) Commodity Charges

Marketers and/or their Agents will be responsible for procuring their own natural gas commodity from third parties and scheduling the injections and withdrawals with the storage field operators and pipeline companies. Marketers and/or their Agents will also be responsible for paying the storage field operators for injections and withdrawals services. The Company will not release commodity in conjunction with the storage field capacity and associated transportation capacity releases.

5. Operational Limitations/Requirements

For Tier 2(A), refer to the limitations set forth above in “Rules Applicable to Tier 2(A)”. For Tier 2(B), refer to the Tier 2(B) sections on Storage Fields and Injection Rates above.

In addition, Marketers and/or their Agents will receive their allocations of Tier 2(B) Physical Storage capacity empty on April 1. A marketer that elects not to continue its participation in the Tier 2(B) Program must return the its allocated storage capacity empty by March 31. If the non-participating Marketer and/or its Agent has any residual commodity left in storage at the end of the 12-month period (and cannot find a third-party buyer for it), the Company will purchase all of the gas at the lower of the Company's weighted average cost of inventory as of March 1<sup>st</sup> (excluding the cost of LNG, CNG and propane) minus \$0.50 Dt/d or the FERC first of the month price of gas for March at the specific storage field.

Marketers and/or their Agents must also observe any minimum storage field withdrawal requirements set forth in the storage field operator's Tariff.

Any storage or city gate operational limitations that the Company is subject to will also be proportionately applied to the Marketer and/or its Agent.

**6. Tier 2(B) Physical Storage Capacity Recall**

The Marketer's and/or its Agent's Tier 2(B) Physical Storage capacity and associated Transportation capacity will be recalled if:

- (i) the Marketer and/or its Agent fails to comply with the terms and conditions of Con Edison's Gas Tariff, the GTOP, or the applicable storage field or interstate pipeline tariffs governing the released capacity; or
- (ii) a Marketer and/or its Agent loses a significant number of Customers. In that circumstance, the Company will reduce or recall completely the Marketer's and/or its Agent's Tier 2(A) and Tier 2(B) storage and associated pipeline capacity. Any such adjustment will be made first to the Marketer's and/or its Agent's Tier 2(A) Virtual Storage and then to the Marketer's Tier 2(B) Physical Storage.

In addition, a Marketer's Tier 2(B) Physical Storage will be recalled if its Tier 2(A) Virtual Storage capacity level drops to a point that is less than or equal to its released Tier 2(B) Physical Storage capacity level.

In each recall case above, any remaining gas inventory left in physical storage, up to an amount equal to the minimum storage inventory level for the month of transfer, will be transferred to the Company and the Company shall pay the Marketer an amount equal to the lower of the following:

- the Company's weighted average cost of inventory as of March 1<sup>st</sup> (excluding the cost of LNG, CNG and propane) minus \$0.50 Dt/d or
- the FERC first of the month market price of gas for March at the specific storage field.

**7. Tier 3 – Peaking**

Peaking will be automatically deployed by the Company after a Marketer's pipeline and storage allocations are exhausted to meet its daily delivery requirement.

In instances where storage is exhausted under normal weather, a Marketer may be penalized for using Peaking that exceeds its allocation.

Peaking will also be automatically deployed to meet the DDSQ if a Marketer does not nominate sufficient pipeline and storage deliveries.

The Tier 3 – Peaking Demand price will be determined as per the tariff. The Tier 3 - Peaking commodity price will be based on the weighted average of the following daily indices:

- Transco Zone 6 NY mid-point price – 4.6%
- Texas Eastern M3 mid-point price – 34.3%
- Iroquois Zone 2 mid-point price – 11.1%

If LNG is used during the month, the Peaking price would reflect the inventory cost of LNG for the utilized portion of LNG.

For example:

$$\% \text{ of Peaking that is LNG} = \frac{\text{LNG Volume}}{\text{Non-LNG Volume} + \text{LNG Volume}} \times 100$$

**Note: The example above includes Marketer Peaking Nomination**

### **Penalty**

When on a daily basis a Marketer uses more than its Tier 3 - Peaking allocation, the Marketer shall be charged \$10 per dekatherm above the daily price for the commodity.

## **8. Security Prepayment Requirement and POR Netting Requirement**

Marketers who are not participating in the Company's POR program will be required to prepay the Baseload Service Charge and the demand and commodity components of Tier 2(A) - Virtual Storage and Tier 3 - Peaking. The Marketer prepayment must be made to the Company via wire transfer or ACH payment no later than three (3) business days prior to the last day of the month preceding the month in which the Marketer will be charged for the cost of the Baseload Service, Tier 2(A) - Virtual Storage and Tier 3 - Peaking. The prepayment for the demand component of Tiers 2(A) and 3 will be calculated by taking the product of 0.9 times the estimated demand price of Tiers 2(A) and 3 for the month that the Marketer will be charged. The prepayment for the commodity component of Tiers 2(A) and 3 will be calculated by taking the total amount of gas in storage allocated to the Marketer, dividing that amount by 5, and then multiplying the resulting amount by the most recent 1st of the month weighted average cost of gas in storage. The prepayment for the Baseload Service Charge will be calculated by multiplying the Baseload Service Quantity allocated to the Marketer by the estimated Baseload Service Commodity Price for that month. The prepayment amount will be true-up when the actual costs of the Virtual Storage and Peaking are available, and any adjustment will be made in the Marketer's succeeding billing period.

For Marketers who are participating in the Company's POR program, payment amounts owed to the Company for any of a Marketer's Baseload Service, Tier 2(A) and Tier 3 demand and commodity components will be netted by the Company against the Company's monthly POR payment to the Marketer unless the Marketer submits payment directly to the Company for those components. In any month that the POR payment amount is insufficient to cover the Baseload Service and Tier 2(A) and Tier 3 demand and commodity components, the Marketer will be required to pay the Company directly for the full amount of those demand and commodity components. Notwithstanding this POR netting by the Company, if the Marketer owes the Company any additional amounts for those components, the Company retains all of its rights to collect such additional owed amounts as well as the right to require a prepayment or the posting of a Letter of Credit for any potential amount that may be owed to the Company for those demand and commodity components.

#### **D. Nominating Procedures**

##### **1. Daily Nominations**

- (a) Marketers shall submit daily nominations through the Company's Internet (TCIS) according to the NAESB cycles (see below). The nomination screens in TCIS are available 24 hours a day. If a nomination changes for any reason, Marketers should update TCIS and notify Gas Control via email at [gascontrol@coned.com](mailto:gascontrol@coned.com). For access to the Internet, a Marketer should contact Gas Transportation Services and Planning at [tcis@coned.com](mailto:tcis@coned.com).
- (b) The Company will notify the Marketer if it is unable to render the service nominated due to constraints at city gate receipt points. No notice will be issued if the nomination is accepted by the Company.
- (c) The Company will accept intra-day nomination changes during weekends and holidays provided that the intra-day nominations are pre-approved by Con Edison's Gas Control Department (718-794-2900 or [gascontrol@coned.com](mailto:gascontrol@coned.com)).

##### **2. NAESB Standards**

Transaction schedules and procedures upstream of the Company's City gate are controlled by the FERC Regulations and NAESB Standards. Where designated herein, the NAESB Standards also apply to transaction schedules and procedures at the city gates.

The following table shows the current NAESB Daily Nomination Cycle –

**Consolidated Edison Company of New York, Inc.**

All times Central Clock Time (CCT)		NAESB Standards
Timely	Nomination Deadline	1:00 PM
	Confirmations	4:30 PM
	Schedule Issued	5:00 PM
	Start of Gas Flow	9:00 AM
Evening	Nomination Deadline	6:00 PM
	Confirmations	8:30 PM
	Schedule Issued	9:00 PM
	Start of Gas Flow	9:00 AM
Intraday 1	Nomination Deadline	10:00 AM
	Confirmations	12:30 PM
	Schedule Issued	1:00 PM
	Start of Gas Flow	2:00 PM
	IT Bump Rights	bumpable
Intraday 2	Nomination Deadline	2:30 PM
	Confirmations	5:00 PM
	Schedule Issued	5:30 PM
	Start of Gas Flow	6:00 PM
	IT Bump Rights	bumpable
Intraday 3	Nomination Deadline	7:00 PM
	Confirmations	9:30 PM
	Schedule Issued	10:00 PM
	Start of Gas Flow	10:00 PM
	IT Bump Rights	no bump

**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

**E. Imbalance Charges**

**1. Daily Delivery Service**

The SC 9 and SC 20 tariff leaves describe the Company's Daily Delivery Service for Firm Transportation Customers, Direct Customers and Marketer requirements. The Marketer and/or Direct Customer is responsible for imbalance and cashout charges and credits.

Imbalance charges for all volumes above the first balancing tier (including any unauthorized use of gas during an OFO) will be considered penalty gas unless otherwise defined in a negotiated agreement.

The following are the currently effective daily imbalance charges:

	<u><b>Charge per Therm</b></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><b>Deficiency Imbalance</b></u>	<u><b>Charge per Therm</b></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 \$5.00 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 Daily Delivery Service.
- (b) A Monthly Cashout Credit applies when the amount by which the sum of the Adjusted Daily Delivery Service Quantity exceeds the sum of the Daily Delivery Quantities for the monthly bill period ("Net Surplus Imbalance").



- (c) A Monthly Cashout Charge applies when the amount by which the sum of the Daily Delivery Quantities exceeds the sum of the Adjusted Daily Delivery Service Quantity for the monthly billing period ("Net Deficiency Imbalance").
- (d) Cashout charges for all volumes above the first 2% will be considered penalty gas, unless otherwise defined in a negotiated agreement. (e) Monthly Cashout – Daily Delivery 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 be a weighted average price equal to the product of the percentage weightings and the first-of-the-month Transco Zone 6NY, Texas Eastern Transmission (Tetco M3) and Iroquois Gas Transmission System (Z2) Citygate index prices, 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 be a weighted average price equal to the product of the percentage weightings and the average of the daily Transco Zone 6-NY, Texas Eastern Transmission (Tetco M3) and Iroquois Gas Transmission System (Z2) 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 Marketer within five (5) business days after the end of the delivery month.

The weighting percentages for the volumes associated with each of the pipeline indices will be based on the previous year's historic weighted average of the total volumes delivered to the Company on each pipeline. These fixed percentages will be recalculated on an annual basis.

### **3. 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 12<sup>th</sup> 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 the TCIS Internet Site. 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.

#### **F. 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.

##### **Curtailment Guidelines**

The Company will observe the following guidelines with respect to any curtailments:

- The Company shall implement a curtailment only as a last resort. Mutual aid, contractual and other non-curtailment supply management tools, Operational Flow Orders, interruption of contractual-interruptible load, and supply acquisition shall be utilized before a curtailment is declared.
- Curtailments shall be limited in scope and duration as necessary to alleviate an emergency.
- Economic considerations shall not be the basis for a curtailment.
- When a curtailment is declared and when the situation returns to normal, the Company shall notify the Director of the Office of Electric, Gas and Water of the New York State Department of Public Service.
- The Company shall provide periodic updates to Marketers and curtailed customers so that they can plan accordingly.
- If during a curtailment period, the Company is aware of Marketers or Direct Customers that are not responding to the required actions, it shall make all reasonable efforts to inform the non-responding Marketers and Direct Customers that required actions are not being taken. Lack of such notice shall not relieve any Marketer or Direct Customer of its obligations.

**Priority of Service**

1. Curtailments and notices of curtailment of sales and transportation services resulting from a gas supply deficiency will be made in the following order:
  - (a) Interruptible and off-peak firm service requirements under Service Classification Nos. 12 and 9.
  - (b) 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").
  - (c) 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.
  - (d) Industrial and commercial requirements for space heating (other than boiler fuel use).
  - (e) Process and feedstock requirements.
  - (f) Plant protection requirements for Customers curtailed in Categories 1 through 5 above.
  - (g) Industrial and commercial sales and transportation service requirements in firm service classifications.
  - (h) 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 (a), curtailment of all other categories will be on a pro rata basis to the extent operationally feasible except for residential sales and transportation.

2. The following provisions shall govern curtailments and notices of curtailment of sales and transportation services resulting from a deficiency of capacity in gas transmission lines that are owned by the Company or that the Company has a contractual right to use (other than interstate pipeline transmission lines).

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.

- (a) 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.
  - (b) 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 cutoffs, firm and off-peak firm intra-Company transfers; and non-tariff firm and off-peak firm sales and transportation services.
3. 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.

4. 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.
5. The market price of gas shall be:

***A weighted average price equal to the product of the percentage weightings and the midpoint gas price for Transco Zone 6-NY, Texas Eastern Transmission (Tetco M3), and Iroquois Gas Transmission System (Z2) 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. You can also email us at [tcis@coned.com](mailto:tcis@coned.com)
- (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**

Con Edison may charge Marketers/Direct Customers 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 under-billed 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.
- (g) All charges applicable to the Daily Delivery Service (Tier 2 - Storage and Tier 3 - Peaking)

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.

**SECTION IV. GAS DELIVERY MANAGEMENT PROCEDURES FOR INTERRUPTIBLE AND OFF-PEAK FIRM CUSTOMERS – SALES AND TRANSPORTATION**

**A. Customer Eligibility/Enrollment Procedures**

**1. Customer Eligibility/Enrollment**

**(a) Marketers Applying for Service Classification No. 20 Transportation Receipt Service**

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 Appendix C. Parts E and F, which relate to, respectively, balancing service options and firm transportation capacity requirements, 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. In addition, Seller will be required to attend a training session which will cover various aspects of the Power **YOUR**Way 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. In addition, all Sellers are required to complete EDI testing and certification requirements.

An applicant (Seller) for Transportation Receipt Service under Service Classification No. 20 shall submit the application form and other required information to:

Con Edison  
Section Manager—Retail Choice Operations  
4 Irving Place, 9FL SE New  
York, NY 10003

**2. Applications for Service**

- (a) New Interruptible service customers, applying for Transportation Service under Service Classification No. 9, and/or Sales Service under Service Classification No. 12, themselves or through their Marketer shall submit the appropriate application form and other required information by mail or by fax at any of the Con Edison Energy Service Offices listed in Section II, page four.

The applicant or Marketer must provide information and/or a deposit sufficient to meet any other requirements imposed by the Company tariff or this procedure.

**3. Applicants for Service Classification No. 9 Interruptible or Off-Peak Firm Sales and Transportation Service**

- (a) New Customers or their Marketer who are applying for Transportation Service under Service Classification No. 09, and/or Sales Service Classification No. 12 shall submit the appropriate application form and other required information at any of the Con Edison Energy Service Offices listed in Section II, page four.
- (b) An existing Interruptible or Off-Peak Firm Sales Service Customer transferring to Transportation Service shall submit the application form and other required information by mail or by fax (212-528-0397) to the address listed below. An applicant (Seller) for Transportation Receipt Service under Service Classification No. 20 shall submit the application form and other required information to:

Con Edison  
Gas Transportation Services  
4 Irving Place, 14<sup>th</sup> FL  
New York, NY 10003

**(c) Existing Sales Service Customers**

A Customer who is now receiving gas service under Service Classification No. 12 of Con Edison's Schedule for Gas Service, or an Existing Firm Customer, who wishes to convert to SC 9 Interruptible or Off-Peak Firm Transportation Service must complete the "Application for SC 09 Interruptible or Off-Peak Firm Transportation Service For Existing Customers Transferring From other Service Classifications" contained in Appendix C.

- (d) Any Customer who is establishing a new gas delivery service account with the Company under SC 9 and SC 12 Interruptible or Off-Peak Firm Transportation and Sales tariff must complete the "New Customer Application for SC 9 and SC 12 Interruptible or Off-Peak Firm Transportation and Sales Service" contained in Appendix C.

**4. Switching Between Interruptible/Off-Peak Firm Service and Firm Service**

If a Customer voluntarily switches to Firm Sales or Firm Transportation Service the Customer may reapply after 12 months for Interruptible or Off-Peak Firm service not less than 90 days prior to the proposed commencement date, except that the Customer may not request a commencement date that falls within the period from November 1 through March 31.

**5. Applicants for Service Classification No. 9 CNG, Bypass, or Power Generation Transportation Service**

An applicant must complete the appropriate application listed above and all other material deemed necessary by the Company in connection with the service to be provided (e.g. for a bypass Customer, the information necessary to evaluate the Customer's ability to physically and economically bypass the Company's facilities).

**6. Commencement of Service**

For new applicants, services will commence after all connections are complete in accordance with provisions of the Company's tariff.

- (a) Service to an SC 9 or SC 12 Customer shall commence upon the later of:
  - 1. The first day of the calendar month that occurs no less than 10 Days after completion of the application process, or on the first of the month after the installation of any required metering equipment, recording devices, dedicated phone lines, and the like.
- (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. In addition, all Sellers are required to complete EDI testing and certification requirements.

**7. Initiation of Service Fees, Deposits, or Other Requirements**

Any fees, deposit requirements, or other charges identified in the Company's Tariff will apply to initiation of service to new transportation customer applicants.

**B. Delivery Quantity Determination Procedures**

- 1. **Interruptible and Off-Peak Firm Transportation Services**
  - (a) **Forming a Small Customer Group**
    - 1. A Seller is required to apply for SC 20 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.
    - 2. 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 either (i) Load Following Service in conjunction with Interruptible Monthly Balancing Service.
- 2. **Making Changes to a Small Customer Group**
  - (a) Seller shall submit in writing to Gas Supply – Transportation Services and Planning additions to or deletions from a Small Customer Group at least 30 days before the commencement of the month of delivery. The information for each Customer shall be the same as that required on the SC 20 application.



- (b) The tariff describes the Seller's responsibility for maintaining a Small Customer Group with aggregate annual requirements of at least 50,000 therms.

**3. Imbalance Reports**

**(a) Individual Customers**

The Company shall provide through the Internet or to each customer an Imbalance report as soon as reasonably possible after the end of each Gas Day. The report shall reflect the most accurate data then available to the Company. The data which is used to calculate cashout volumes shall be subject to adjustment to reflect subsequent reconciliations by the pipeline and any corrections to reflect operation or metering circumstances. Whenever daily metering information is not available an estimated metered volume will be substituted for that day and imbalance charges will be applied to the estimated metered volume.

If the Company fails to perform in accordance with the foregoing procedures, and if that failure causes a customer to incur an unauthorized use penalty or imbalance charges under the Company's tariff, the penalty or charge shall be waived. Such penalties or charges shall not be waived, however, if the customer could have taken steps to avoid their occurrence.

**(b) Groups**

For customers who are members of an Imbalance Aggregation Group, the Company shall provide through the Internet the report to Seller. The report will show the aggregated deliveries and aggregated consumption of the Customers in the Group.

**4. Aggregated Groups of Firm and Interruptible Customers**

The SC 9 and SC 20 tariff leaves describe the methods by which the balancing charges and cashout charges and credits are calculated and applied and identifies who is responsible for paying the various charges. This section will describe the method by which balancing charges and cashout charges and credits will be applied to Small Customer Aggregation Groups or Groups Aggregating Imbalances comprised of a combination of Firm, Interruptible or Off-Peak Firm Customers.

- (a) For an Aggregated Group of Firm, Interruptible, or Off-Peak Firm Customers in which all Firm members have elected Load Following Service and Interruptible and Off-Peak Firm members have elected Monthly Balancing Service, the following rules apply:

1. Con Edison shall provide to Seller the Load Following Service Quantity for all Firm Customers in the Group.
2. The Seller shall submit one Daily Transportation Quantity for all customers in the Group. This quantity shall not be less than the

sum of the Load Following Service Quantity and the quantities applicable to the Interruptible and Off-Peak Firm Customers in the Group.

3. Con Edison shall apply the Daily Transportation Quantity first to the Load Following Service Quantity and then to the quantities delivered to the Interruptible and Off-Peak Firm Customers in the Group.
4. If the Daily Transportation Quantity is less than the sum of both the Load Following Service Quantity for Firm Customers and the quantities for Interruptible and Off-Peak Firm Customers in the Group, the Seller shall be subject to: (i) imbalance charges for under-deliveries to Firm Customers on the difference between the Load Following Service Quantity for the Firm Customers in the Group and the Daily Transportation Quantity, plus (ii) Minimum Delivery Charges and Cashout Charges on the total Daily Delivery Quantities for all Interruptible and Off-Peak Firm Customers in the Group.
5. If the Daily Transportation Quantity is greater than the Load Following Service Quantity for Firm Customers in the Group but less than the quantities for Interruptible and Off-Peak Firm Customers in the Group, the Seller shall be subject to: Minimum Delivery Charges for Interruptible and Off-Peak Firm Customers, and Cashout Charges for Interruptible and Off-Peak Firm Customers, on the difference between the total Daily Delivery Quantities and the total Daily Transportation Quantities for all Customers in the Group.
6. If the Daily Transportation Quantity is greater than the sum of the Load Following Service Quantity and quantities for Interruptible and Off-Peak Firm Customers in the Group, the Seller shall be subject to: Minimum Delivery Charges for Interruptible and Off-Peak Firm Customers and Cashout Credits for Interruptible and Off-Peak Firm Customers on the difference between the total Daily Transportation Quantities and the total Daily Delivery Quantities for all the customers in the Group.

**C. Nominating Procedures**

**1. Pre-Month Election of Sales or Transportation Service**

- (a) Prior to each calendar month, all Interruptible and Off-Peak Firm Transportation Customers must elect either SC 12 sales service or SC 9 transportation service for the entire following calendar month.
- (b) For Off-Peak Firm Customers, on the fourth business day prior to the first day of the following month, the customer shall be notified by the Company of the new city gate sales rate applicable to the following calendar month through the use of internet, by fax, or by telephone or other electronic medium. By 12:00 PM of the second business day prior to the first day of the following month, the customer must elect sales

service or transportation service and daily balancing or monthly balancing for the entire following calendar month. The Company, at its discretion, may post subsequent prices that differ from the initial price, the last of which will be posted no later than 4:00 PM of the third business day prior to the first day of the following month. Customers may lock into any price offered by the Company until 12:00 PM of the second business day. Once a customer locks into a price, that price will be unaffected by any price posted thereafter.

- (c) Interruptible or Off-Peak Firm Customers must make their election to take either Sales or Transportation service by supplying all the information required by fax document, which must be returned by 12:00 PM of the second business day prior to the first day of the following calendar month. Customers who fail to make a timely election shall be deemed to have elected Interruptible or Off-Peak Firm Sales Service, unless the Customer previously advised the Company in writing that Transportation Service should be its default service.
- (d) The Company will notify Off-Peak Firm Sales or Transportation Customers by fax of any rate decrease occurring during the month at least 24 hours prior to the effective date of the rate change. In such an event, Customers that elected transportation service for that month shall have the option, subject to the availability of gas supply, to elect sales service for the balance of that month. The Company may make an intramonth rate change to avoid imposing costs on Firm Customers.

**2. Nominations**

Sellers of Small Customer Aggregation Group(s) or Imbalance Aggregation Group(s) must provide a total nomination for all Customers in a Small Customer Aggregation Group or Imbalance Aggregation Group.

**3. Pre-Month Nominations**

- (a) A Seller shall submit a total pre-month nomination for all the Customers in a Small Customer Aggregation Group or an Imbalance Aggregation Group.
- (b) A pre-month nomination shall be submitted through the Company's Internet (TCIS). For instructions and access to the Internet a Customer or Seller should contact Gas Transportation Services and Planning.
- (c) The following information is required for pre-month and daily nominations:
  - name of the Customer's Agent or Seller, as applicable,
  - name(s) of the transporting pipeline(s),

- pipeline contract number(s) and pipeline activity or service number (s) associated with the transaction
  - Daily Transportation Quantity by Receipt Point for the first day of the month (pre-month nomination), and
  - any other information required by a pipeline's nominating procedures.
- (d) 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.
- (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 next month.

**4. Daily Nominations**

- (a) Daily nominations must be submitted to the Company via the Internet (TCIS) by 2:00 PM on the business day preceding the Gas Day for which the nomination is applicable. The information specified in 3 (d) above is required for daily nominations.
- (b) A Seller shall submit a total daily nomination for all the customers in a Small Customer Aggregation Group or an Imbalance Aggregation Group.
- (c) The Company may accept daily or intra-day nominations during weekends and holidays, as long as the nominations are faxed to Con Edison's Gas Control Department at **718-794-2924**.
- (d) On a day when the Company is testing its interruption systems the Company will notify the Seller that certain of its dual fuel customers are expected to use less gas than usual that day. If the test is for less than twenty-four (24) hours, Seller will be permitted to carry over any surplus gas delivered on the day of the test to a subsequent day within the month and imbalance charges for the day of the test will be automatically waived.

**5. When a Pre-Month or Daily Nomination Cannot Be Accepted**

- (a) The Company will notify the customer or the Customer's Agent or Seller, as applicable, if it is unable to render the service nominated by phone, fax or e-mail. No notice will be issued if the nomination is accepted by the Company.
- (b) Notification of the rejection of a pre-month nomination will be made no later than 5:00 PM of the business day preceding the applicable pipeline nomination deadline. A notice rejecting a daily nomination will be made as soon as possible prior to the applicable pipeline nomination deadline.

**6. NAESB Standards**

Transaction schedules and procedures upstream of the Company's city gate are controlled by the FERC Regulations and NAESB Standards. Where designated herein, the NAESB Standards also apply to transaction schedules and procedures at the city gates.

The following table shows the current NAESB Daily Nomination Cycle –

All times Central Clock Time (CCT)		NAESB Standards
Timely	Nomination Deadline	1:00 PM
	Confirmations	4:30 PM
	Schedule Issued	5:00 PM
	Start of Gas Flow	9:00 AM
Evening	Nomination Deadline	6:00 PM
	Confirmations	8:30 PM
	Schedule Issued	9:00 PM
	Start of Gas Flow	9:00 AM
Intraday 1	Nomination Deadline	10:00 AM
	Confirmations	12:30 PM
	Schedule Issued	1:00 PM
	Start of Gas Flow	2:00 PM
	IT Bump Rights	bumpable
Intraday 2	Nomination Deadline	2:30 PM
	Confirmations	5:00 PM
	Schedule Issued	5:30 PM
	Start of Gas Flow	6:00 PM
	IT Bump Rights	bumpable
Intraday 3	Nomination Deadline	7:00 PM
	Confirmations	9:30 PM
	Schedule Issued	10:00 PM
	Start of Gas Flow	10:00 PM
	IT Bump Rights	no bump

**7. 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. Balancing – Daily/Monthly, Tolerances, Penalties**

**1. Currently Effective Imbalance Charges Applicable to Interruptible or Off-Peak Firm Customers**

**(a) Daily and Monthly Balancing Options**

Customers and/or Sellers can choose between Daily and Monthly balancing on a month-to-month basis. The SC 9 and SC 20 tariffs leaves describe the Company's daily balancing and monthly balancing options and explain whether the Customer or the Seller is responsible for imbalance charges.

For a Seller serving a Group, the Company will apply the applicable charges to the net imbalance for the Group.

Imbalance charges for all volumes above the first balancing tier (including any unauthorized use of gas during an OFO) will be considered penalty gas, unless otherwise defined in a negotiated agreement.

The currently effective charges per therm for imbalance for the daily balancing and monthly balancing options are as follows:

**Daily Balancing**

Surplus Imbalances

- |     |                        |                   |
|-----|------------------------|-------------------|
| (1) | up to 10%.....         | \$0.000 per therm |
| (2) | next 10%.....          | Per Statement     |
| (3) | over 20% (Summer)..... | Per Statement     |
| (4) | over 20% (Winter)..... | Per Statement     |

Deficiency Imbalances

- |     |                        |                   |
|-----|------------------------|-------------------|
| (1) | up to 10%.....         | \$0.000 per therm |
| (2) | next 10%.....          | Per Statement     |
| (3) | over 20% (Summer)..... | Per Statement     |
| (4) | over 20% (Winter)..... | Per Statement     |

**Monthly Balancing**

(a) Balancing Charge

The customer shall be required to deliver no less than the Minimum Daily Transportation Quantity on each day of the month. The Customer or Seller shall have the option each month to choose a Minimum Daily Transportation Quantity equal to 70%, 80% or 90% of the Customer's Daily Delivery Quantity ("Minimum Delivery"). The customer shall pay a per therm Balancing Charge on all gas consumed during the billing period as follows:

- (1) 70% Minimum Delivery.....\$0.0105
- (2) 80% Minimum Delivery.....\$0.0070
- (3) 90% Minimum Delivery.....\$0.0020

(b) Minimum Delivery Charge

The Customer or Seller shall pay a Minimum Delivery Charge on under delivery quantities on any day which the Daily Transportation Quantity is less than the Minimum Delivery Quantity ("under-deliveries") as follows:

**Under-deliveries**

- (1) Summer.....Per Statement
- (2) Winter.....Per Statement

2. **Imbalance Trading Service**

Marketers or Direct Customers shall be allowed to participate in either Monthly or Daily Imbalance Trading for a month. Daily Imbalance Trading will initially be available only to Marketers serving Interruptible or Off-Peak Firm Customers and Direct Customers.

**Monthly Imbalance Trading**

Effective April 1, 2001 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 12<sup>th</sup> 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 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 the TCIS Internet Site. 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.

#### **Daily Imbalance Trading**

Daily Imbalance Trading will be limited to imbalances incurred during the same gas day. Any imbalances not traded will be subject to imbalance charges and cashout credits and surcharges applicable under Service Classification No. 20.

Imbalance information is available daily on the TCIS Internet Site by 2:00 PM for the prior gas day. Imbalance information for gas days ending on a Saturday, Sunday or on a Company-observed holiday will be updated in TCIS on the following business day. A list of participating Marketers with telephone and email information will be posted to the TCIS Internet Site. It will be the responsibility of the Marketer/Direct Customer to review the imbalance information and to contact Marketers/Direct Customers with whom a daily imbalance trade appears feasible.

Imbalance Trading results will be communicated back to the Company via the TCIS Internet Site and must be authorized by both trading partners in order to be considered valid by the Company. The TCIS trading screen will be available every day for the current month and until 4:00 PM on the 3<sup>rd</sup> business day of the following month. Trading results received after that date will not be accepted.

If a Marketer/Direct Customer's cashout position at the end of the month changes as the result of an adjustment to a customer's bill that leaves the Marketer/Direct Customer short for that month due to a daily imbalance trade, the imbalance trade for any day of the month will only be adjusted with the agreement of both Marketers/Direct Customers involved in the trade sent to the Company via e-mail at [TCIS@coned.com](mailto:TCIS@coned.com).

### **3. Automatic Netting of Imbalances**

The Automatic Netting of Imbalances Program ("Program") will be available to Marketers serving Interruptible or Off-Peak Firm Customers under the



Company's Service Classification No. 9 and Interruptible or Off-Peak Firm Direct Customers, excluding Power Generation Customers, to identify and net imbalances for the same gas day for two or more marketers using the same balancing service option (i.e., Daily Balancing Service or the same Minimum Delivery percentage ("band") of Monthly Balancing Service) and to determine the cash out tiers to be applied to end-of-month cash-out imbalances for such marketers. A Marketer may opt to not participate in the Program for any calendar month by notifying the Company by e-mail at least two (2) business days prior to the start of the calendar month; if the Company does not receive an opt-out notification, the Marketer will be included in the Program for that calendar month.

For Daily Balancing Service

For Marketers serving customers under Daily Balancing Service automatic netting will take place at the end of each gas day above the 10% tolerance currently allowed. Imbalances above 10% will be netted against each other to determine if as a pool the Marketers remain within the 10% allowance ("revised imbalance"). If the entire pool is within the 10% allowance no imbalance charge will be applied. If the revised imbalance is a surplus above the 10% allowance the marketer(s) contributing to that surplus will be assessed a prorated imbalance charge based on their contribution to the revised imbalance. If the revised imbalance is a deficit above the 10% allowance the marketer(s) contributing to that deficit will be assessed a prorated imbalance charge based on their contribution to the revised imbalance. After the automatic netting, imbalances will be eligible for Daily Imbalance Trading under the applicable imbalance trading provisions.

To determine the cash out tiers to be applied to end-of-month imbalances, the Company will net the Marketer's end-of-month imbalance (the difference between the amount of gas delivered for a Marketer pool (less allowance for losses) and the amount of gas metered for each Marketer pool). Residual end-of-month imbalances will be eligible for Monthly Imbalance Trading under the applicable imbalance trading provisions.

There will be no automatic netting of imbalances under the Program on any day that an Operational Flow Order is in effect.

For Monthly Balancing Service

For Marketers serving customers under Month Balancing Service automatic netting will take place at the end of each gas day among Marketers/Direct Customers electing the same Minimum Delivery percentage ("band") (i.e., 70%, 80% or 90%). Imbalances above the allowable tolerance in each band will be netted against each other to determine if as a pool the Marketers remain within the allowable tolerance ("revised imbalance"). For example, a Marketer that chooses a band of 70% would have an allowable tolerance band of 30% on under-deliveries, a marketer with an 80% band will have an allowable tolerance band of 20% on under-deliveries, and a marketer with a 90% band will have an allowable tolerance band of 10% on under-deliveries. If the entire pool within each of the bands exceeds the allowable tolerance within that band, the marketer(s) contributing to the imbalance will be assessed a prorated imbalance charge based on its contribution to the revised imbalance. After the automatic

netting imbalances will be eligible for Daily Imbalance Trading under the applicable imbalance trading provisions.

To determine the cash out tiers to be applied to end-of-month imbalances, the Company will net the Marketer's end-of-month imbalance (the difference between the amount of gas delivered for a Marketer pool (less allowance for losses) and the amount of gas metered for each Marketer pool). Residual end-of-month imbalances will be eligible for Monthly Imbalance Trading under the applicable imbalance trading provisions.

There will be no automatic netting of imbalances under the Program on any day that an Operational Flow Order is in effect.

**4. Cashout Charge/Credit**

**Monthly or Daily Balancing Service**

- (a) The SC 9 and SC 20 tariff leaves describe how a Cashout Charge or Credit is calculated and applied and explains whether the Customer or the Seller is the responsible person.
- (b) For a Seller serving a Group, the Company will apply the applicable Cashout Charge/Credit to the net imbalance for the Group.
- (c) Cashout charges for all volumes above the first balancing tier (including any unauthorized use of gas during an (OFO) will be considered penalty gas, unless otherwise defined in a negotiated agreement.
- (d) The weighting percentages for the volumes associated with each of the pipeline indices will be based on the previous year's historic weighted average of the total volumes delivered to the Company on each pipeline. These fixed percentages will be recalculated on an annual basis.

Percentage Weightings effective January 1, 2020:

Transco	61%
TETCO M3	32%
Iroquois Z2	7%

**(e) Surplus Imbalance Cashout Applicable to Interruptible or Off-Peak Firm Customers**

The derivation of the (i) wellhead price and the (ii) variable transportation costs used in calculating a Net Surplus imbalance is as follows:

- (i) The wellhead price will be the simple average of the daily midpoint prices of Transcontinental Pipeline Zone 3 (Station 65) Production Area Index as reported in the publication, "Gas Daily".
- (ii) The variable transportation costs will be the actual variable transportation charges as stated in the Transcontinental Pipeline tariffs from Station 65 to Con Edison's Citygate.

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

The Monthly Cashout Credit on the Net Surplus Imbalance Quantity shall be equal to the product of (i) the wellhead price (WP) for gas plus variable transportation costs (VTC) and (ii) the applicable percentage as follows:

<b><u>Net Surplus Imbalance</u></b>	<b><u>Credit Per Therm</u></b>
up to 10%.....	100% of sum of WP and VTC
greater than 10% but less than or equal to 15%.....	90% of sum of WP and VTC
greater than 15% but less than or equal to 20%.....	85% of sum of WP and VTC
greater than 20% (Summer).....	70% of sum of WP and VTC
greater than 20% (Winter).....	60% of sum of WP and VTC

**(f) Deficiency Imbalance Cashout Applicable to Interruptible or Off-Peak Firm Customers**

As provided in the tariff, the “Citygate Price applicable to Interruptible or Off-Peak Firm Customers” will be used in calculating a Net Deficiency Imbalance Cashout.

The Monthly cashout Charge on the net Deficiency Imbalance Quantity shall be equal to the product of the percentage weightings and the average of the daily midpoint prices of Transcontinental Pipeline Zone 6NY, Texas Eastern Transmission (Tetco M3), and Iroquois Gas Transmission System (Z2) Citygate Indices as reported in the publication, “Gas Daily” for the month in which the imbalances occurred and the applicable percentage, as follows:

<b><u>Net Deficiency Imbalance</u></b>	<b><u>Charge Per Therm</u></b>
up to 10%.....	100% of Citygate Price greater than 10% but
less than or equal to 15%%... ..	110% of Citygate Price greater than 15% but
less than or equal to 20%.....	115% of Citygate Price greater than 20% (Summer).....
20% (Winter).....	130% of Citygate Price greater than 20% (Winter).....
	140% of Citygate Price

**5. Aggregating Imbalances**

**(a) Customers Purchasing Gas from Sellers**

A Seller may form an Imbalance Aggregation Group for purposes of minimizing imbalance and cashout charges by completing an SC 20 application form. Changes to an existing Imbalance Aggregation Group must be submitted to Gas Transportation Services & Planning no later than three (3) business days prior to the start of the delivery month. The Seller shall be responsible for reimbursing

the Company for any applicable SC9 rates and charges not paid by the SC 9 Customer(s) the Seller is representing.

**(b) Customers Purchasing Gas from Con Edison**

1. A customer who requests to become part of an aggregation group must check off the appropriate box on its monthly SC 12 Off-Peak Firm price quotation form which will be faxed by the Company three days before the next calendar month. The customer's selection of Group balancing will be effective on the next calendar month.
2. The service charge applicable to any month will be included on the monthly Statement of Balancing Service Charges.
3. **Terms and Condition of Service**
  - (i) The Service Charge will be applied to all gas consumed during the month. The Company will assume the responsibility for all daily surplus and deficiency imbalance charges.
  - (ii) Customers opting for this service will not be subject to the end-of-month cashout charges or credits.
  - (iii) Customers will be required to provide an estimate of their monthly usage on the monthly price quotation form but will not be required to make daily nominations.

**E. Dual-Fuel Sales Services**

**1. Rate Information**

**(a) Interruptible Sales and Transportation Rates**

The monthly rate(s) for Interruptible Sales and Transportation Service (SC12 Rate 1 and SC 9 Rate 1) effective on the first day of the following calendar month will be available on or before the 2<sup>nd</sup> business day prior to the start of the new month. A Customer may obtain this rate information through the Company's Internet ([www.coned.com](http://www.coned.com) – scroll down to bottom of page and choose rates and tariffs). In the event that customer does not have Internet access, rate information may be obtained by contacting an Energy Services representative at one of the Company's offices listed in Section B. If the Company revises its effective Interruptible or Off-Peak Firm sales and/or transportation rates during the month, affected Customers will be notified by fax no later than 24 hours prior to the effective date of the rate change. The Internet will be updated accordingly.

Posted interruptible rate categories shall be changed no more frequently than once every calendar quarter, with 30 days prior notice to all affected SC12 Rate 1 customers. The Company will establish, at its sole discretion, a single rate or multiple rate levels applicable to each rate category, effective on the first calendar day of each month.

**(b) Off-Peak Firm Sales Rate**

The Company will advise all Off-Peak Firm Sales Service Customers (SC12 Rate 2) of the monthly Off-Peak firm sales rate by fax, or by telephone.

A Customer may also obtain this rate information through the Company's Internet site or by contacting an Energy Services representative at one of the Energy Services offices listed in Section B.

The monthly rate(s) for Off-Peak Firm Sales Service (SC12 Rate2) will be effective on the first day of the following calendar month. On the fourth business day prior to the first day of the following month, the Customer shall be notified by the Company of the new Citygate sales rate. The Company, at its discretion, may post subsequent prices that differ from the initial price, the last of which will be posted no later than 4:00 PM of the third business day prior to the first day of the following month. By 12:00 PM on the second business day prior to the first day of the following month, the Customer must elect sales service or transportation service and daily balancing or monthly balancing for the entire calendar month. Customers may lock into any price offered by the Company until 12:00 PM of that second business day. Once a Customer locks into a price, that price will be unaffected by any price posted thereafter.

**(c) Negotiated Off-Peak Firm Transportation Rates**

As provided in SC No. 9 Rate C and SC No. 12 Rate 2 of the Company's Gas Tariff, the Company will consider an Off-Peak Firm Customer's request to negotiate a delivery rate (other than the Base Rates set forth for such Customer in the Tariff) provided that the Customer's estimated annual gas usage on record with the Company is equal to or greater than 3,000,000 therms, as determined in accordance with Section IV.E.4 of this Operating Procedure.

Any negotiated delivery rate agreed to by the Company and the Customer will be fixed for a term of no less than three consecutive months, provided however, that the Customer will continue to be subject to the Minimum Charge equal to the product of fifty percent of the Customer's estimated annual gas usage multiplied by the non-negotiated Base Rate applicable to the one, two or three-year term of service that the Customer has elected under SC No. 9 Rate C or SC No. 12 Rate II of the Gas Tariff. Such Minimum Charge will be collected at least ratably over the Customer's annual billing period.

An Off-Peak Firm Customer's request to negotiate a delivery rate, including the required documentation set forth in (i) and (ii) below, must be submitted in writing by fax, e-mail or overnight mail no later than the tenth (10<sup>th</sup>) calendar day of the month immediately preceding the month in which the Customer is requesting that such negotiated rate take effect. Within one week of receipt of the required documentation from the Customer (as set forth below), the Company will either advise the Customer (or its designated representative) that the request to negotiate a rate is rejected or, if it is willing to consider such request, commence negotiations with the Customer. The Customer may update the information in (ii) below after the 10<sup>th</sup> calendar day of the month specified above for consideration by the Company in seeking to reach an agreement with the Customer. If an agreement is reached, the negotiated delivery rate and any related terms and conditions must be set forth in writing and signed by both parties no later than the fourth (4<sup>th</sup>) business day before the end of the month immediately preceding the month in which such rate is to take effect.

For a new applicant for Off-Peak Firm Service, acceptance of the contract for a negotiated delivery rate will also be subject to receipt of an acceptable and complete application for service from the Customer and completion of any necessary Company and/or required installations.

Documentation to be submitted by a Customer requesting a negotiated delivery rate must include the following:

- (i) Copies of the Customer's past twelve (12) months of oil bills confirming the Customer's actual alternate fuel oil costs, including all applicable taxes, or such other documentation that is acceptable to the Company showing the gallons of oil delivered and the price paid per gallon for such deliveries, including applicable taxes; and
- (ii) Copies of firm or binding oil company proposals or quotes for future oil prices per gallon and related quantities that will cover the term that the proposed negotiated rate will be in effect.

In determining the equivalent oil-gas price per dekatherms, the Customer's oil cost per gallon (\$ per gallon) will be multiplied by the following conversion factors:

**No. 2 Oil: 7.1942; No. 4 Oil: 7.0423 and No. 6 Oil: 6.8966**

The Company will decline a request to negotiate a delivery rate if the Customer does not submit the required documentation or submits incomplete or unacceptable documentation.

Where the Company does engage in negotiations with the Customers, nothing in these procedures establishes any obligation on the Company to reach agreement with the Customer for a negotiated delivery rate.

Written requests by an existing Off-Peak Firm Customer (or its designated representative) for a negotiated delivery rate, including the required documentation and the Customer's account number, should be addressed to:

Manager, Gas Supply  
Con Edison  
4 Irving Place, 14<sup>th</sup> FL  
New York, NY 10003

and

Senior Analyst, Gas Supply  
Con Edison  
4 Irving Place, 14<sup>th</sup> FL  
New York, NY 10003

Written requests for a negotiated delivery rate by a new applicant for Off-Peak Firm Service, including the required documentation, should be addressed to:

Section Manager  
Gas Sales

Energy Efficiency Programs  
Con Edison  
4 Irving Place, 10<sup>th</sup> Floor  
New York, NY 10003

and

Director  
Energy Efficiency Programs  
4 Irving Place, 10<sup>th</sup> Floor  
New York, NY 10003

Requests for a negotiated delivery rate, including the required documentation, should be sent via fax, e-mail or overnight mail to the appropriate Company representatives. Required documentation in support of such requests that is available only in hard copy should be sent via fax or overnight mail.

**2. Interruption Options – Sales Customers**

- (a) An Interruptible Sales Customer may use either notification or temperature-control as its method of service interruption. Prior to each heating season, the Company will submit a Pre-Season Notification letter and Affidavit of Alternate Fuel/Energy Source. The letter will include the specified outdoor temperature at which the Customer using the temperature-control option shall switch to its alternate energy source. Any customer currently using temperature control as its method of interruption is required to set its temperature sensing equipment to the Company prescribed temperature within five (5) business days after receipt of the Company's notice. On or after July 1, 2014, only the notification option will be available to customers applying for service under this rate. Any customer, who either voluntarily or involuntarily ceases to be a Temperature Control customer, may only re-apply for service using notification as its method of interruption.
- (b) An Off-Peak Firm Customer or an Interruptible Customer, who elects notification, must provide telephone, fax numbers, text message numbers and email addresses, which the Company will use to notify the Customer of any gas interruption. All contact information should be for a 24-hour, 7-days a week (even holidays) period. The telephone number must not require an extension or be connected to an answering machine.

**3. Interruption Options – Transportation Customers**

An Interruptible Customer who takes Transportation Service under SC9 may use either notification or temperature control as its method of service interruption. However, any customer applying for service under this rate, on or after July 1, 2014, must use notification as its method of interruption. Any customer, who either voluntarily or involuntarily ceases to use temperature control as its method of interruption, may only reapply for service under this rate using the notification method of interruption. The Company, at its sole discretion, may switch Customers from the temperature-control option to the notification option at any time,

upon notice given to the Customer to alleviate conditions that threaten the integrity of the Company's distribution system or the Company's ability to serve the requirements of its firm Customers. Prior to the heating season, the Company will send a Pre-Season Notification Letter to such Interruptible Customers that will contain the specified outdoor temperature at which Customers electing Temperature-Control must switch to their alternate fuel or energy source.

**(a) The Temperature-Control Option**

An Interruptible Customer taking Transportation Service under SC 9 who uses temperature-control as its method of service interruption (chosen prior to July 1, 2014) is required to:

1. Set its temperature-sensing equipment at the Company prescribed temperature within five (5) business days after receipt of the Company's notice.
2. Acknowledge its responsibility to switch to an alternate fuel or energy source at a higher temperature (than the one prescribed above) upon notice from the Company in the event of a problem on the Company's gas distribution system
3. Provide telephone and/or fax numbers that can be used on 24-hour, 7-days a week (even holidays) basis, which the Company will use to notify the Customer in the event of a system distribution problem or an emergency. Promptly notify the Company (by fax at 718-246-3241) of any change in telephone number, fax number, text message number or email address, as applicable. Any change in contact information will not relieve the Customer of the responsibility to interrupt its gas usage during a Company curtailment.
4. Inform its Marketer that it uses temperature-control as its interruption method.
5. Acknowledge its responsibility, where it is not utilizing a Marketer (i.e., a Direct Customer), for payment of daily imbalance and monthly cashout charges that may result from a Temperature Control interruption.

**(b) Marketer Requirements Where Temperature-Control is Elected**

A Marketer/ESCO, who is serving SC 9 Interruptible Customers that use Temperature-Control as their method of service interruption, is required to:

1. Perform daily nominations, as specified in this Manual, to ensure adequate gas supply for all customers within its group.
2. Acknowledge its responsibility for payment of daily imbalance and monthly cashout charges that may result from a



temperature-control interruption of a Customer within its group (a form will be included in the Pre-Season Notification Letter).

**(c) The Notification Option**

An Interruptible Customer taking Transportation Service under SC 9 who chooses Notification as its method of service interruption is required to:

1. Provide telephone numbers, fax numbers, text message numbers and/or email addresses that should be for a 24-hour, 7 days a week (even holidays) which the Company will use to notify the Customer of any gas interruption. The telephone must not require an extension or be connected to an answering machine.
2. Promptly notify the Company (by fax at 718-246-3241) of any change in contact information, as applicable. Any change in contact information will not relieve the Customer of the responsibility to interrupt its gas usage during a Company curtailment.

**2. Pre-Season Customer Notification**

Prior to November 1 of each year, the Company will notify all Interruptible and Off-Peak Firm Customers in a letter that will be sent via email using the email address(es) the Company has on record, of the operating requirements for the coming heating season. The notice will include the current rates and charges for any unauthorized gas use and the Company's plan to conduct a planned interruption in early November and another planned interruption in late January (if customers are interrupted within five (5) days of the January planned interruption, this second January planned interruption will not be initiated). The notice will also include Company telephone numbers and contact personnel to call in the event that an equipment failure prevents the Customer from switching to its alternate fuel during a service interruption or curtailment. Also included in the Pre-Season Customer Notification letter is a form of Affidavit for Service Classification Nos. 9 & 12 that contains commitments from Customer concerning Customer's election of either the alternate fuel supply/alternate energy source option or the Shut-Down option. All Interruptible and Off-Peak Firm Sales and Transportation Customers must complete, sign and return the Affidavit (the form of which is contained in Appendix C) to the Company, as well as completing and returning a form to update any changes to their contact information. For Temperature-Control Customers, the notice will also include the prescribed temperature settings for both interruption and resumption of gas service for the upcoming winter period.

**3. Determination of an Interruptible or Off-Peak Firm Customer's Annual Usage**

- (a) A Customer's annual gas requirements will be determined as follows:
1. For a Customer using oil, the customer's historical operating usage will be converted to therms based on the type of fuel oil used.

2. For a Customer using service at a premise not previously supplied by gas or oil, the usage will be estimated based on the information used to size and meter the Customer's equipment.
3. For a Customer adding new load, the annual usage will be increased by the estimate of the input ratings of the equipment to be installed.
4. For an existing customer who alternates between the use of oil and gas throughout the year, the annual usage will be based on a review of the Customer's oil use converted to therms in addition to the amount of gas consumed during the year.

For all Customers, the Company will consider input from the Customer regarding changes in the Customer's annual gas usage.

**4. Reserve Requirements for Interruptible, Off-Peak Firm and Power Generation Customers**

Interruptible and Off-Peak Firm Sales and Transportation Customers are required to submit an Affidavit which is included in the Pre-Season Letter sent to customers prior to the heating season each year. Included in the Affidavit is a section for a Customer to provide its oil dealer's contact information. **Any Customer that does not return a completed Affidavit by the required date will be charged a penalty for each day beginning November 1 until the affidavit is returned or the end of the winter period (March 31) as follows:**

SC12 Rate 1 Customers (under 1,000,000 therms)	-	\$100 per day
SC 12 Rate 2 Customers (1,000,000 therms or greater)	-	\$1,000 per day

**The Company will send a delinquency notice to any customer that does not return the completed affidavit warning that the Daily Penalty Charge will be assessed beginning on November 1.**

Interruptible, Off-Peak Firm and Power Generation Customers must conform to the following additional requirement.

- (a) By October 1 of each year, all Interruptible, Off-Peak Firm and Power Generation Customers are required to demonstrate to the Company that, by November 1 of that year, they have adequate reserves of their alternate fuel or energy source based on each Customer's peak winter period requirements. A Customer may meet the reserve requirement through a combination of on-site storage capacity and by providing satisfactory proof to the Company that a relationship exists with the alternate fuel or energy provider to supply the Customer with the additional amount required to meet the Customer's reserve requirement.
  - Interruptible Temperature Control Customers, whose alternate fuel is diesel, propane, No. 2 oil, No. 4 oil, and/or No. 6 oil must have a seven-day reserve.
  - Interruptible or Off-Peak Firm Notification Customers whose alternate fuel is diesel, propane, No. 2 oil, No. 4 oil, and/or No. 6 oil (hereinafter referred to "alternate fuel") must have a ten-day reserve.

- A Power Generation Customer, Contract Interruptible or Off-Peak Firm Industrial Customer, as defined in the Definition section of SC No. 9 of the Tariff, whose alternate fuel is diesel, propane, No. 2 oil, No. 4 oil, and/or No. 6 oil must have a five-day reserve. Other Interruptible or Off-Peak Firm Customers must maintain reserve levels acceptable to the Company.
- To the extent (as outlined above) a Customer relies on alternate energy sources other than alternate fuel ("alternate energy source"), there must be in place one or more executed contracts with one or more supplier(s) for such alternate energy source during the Winter Season in quantities which meet the Customer's alternate energy obligation based on peak winter requirements. The alternate energy requirement for Interruptible Temperature Control Customers is seven days of reserves. For Interruptible or Off-Peak Firm Notification Customers, the alternate energy source obligation is ten days of reserves.
- Power Generation Customers must maintain operable Emergency Low Gas Inlet Pressure Trip Switch, Gas Telemetry Equipment, and any other equipment the Company deems necessary to provide service.

A new Interruptible or Off-Peak Firm Customer with alternate fuel capability, commencing service on and after November 1, 2001, must have as part of its applicable reserve requirement three days or more of on-site inventory of its alternate fuel, based upon the Customers' peak Winter Period requirements. The Customer's peak Winter Period requirements will be determined on the basis of the Customer's peak day energy requirements during the prior Winter Period. (See Section IV - E.3 – Determination of an Interruptible or Off-Peak Firm Customer's Annual Usage on Page 56).

In accordance with the New York Public Service Commission's May 23, 2012 *Order Directing Certain Utilities to Submit Tariff Amendments* in Case 11-G-0543, a Customer may choose the Shut-Down Option in lieu of the obligation to maintain a full alternate fuel supply/alternate energy source during the Winter Season if the Customer meets the following criteria:

- a) Customer is a process load customer (as defined in the Gas Tariff under SC 9 and SC 12; and in Appendix A of this GTOP) whose business operations Customer can timely shut down in response to a called interruption.
- b) Customer is not a school or human needs customer (as defined in the Gas Tariff under SC 9 and SC 12; and in Appendix A of this GTOP) or an electric generator.
- c) Customer will shut down its business operations for the duration of any and all called interruptions.
- d) Customer will continue to comply with all other interruptible provisions as described in the Gas Tariff and this GTOP.
- e) By October 1 of each year, Customer must submit an Affidavit (the form of which is contained in Appendix C) to the Company signed by its officer, principal, or partner, attesting to the Customer's commitment to shut-down its business operations during periods of called interruptions.

If a Customer selecting the Shut-Down option fails to interrupt its use of gas and shut down its business operations during a period of interruption, the Company may, at its sole discretion, physically shut down the Customer's gas service. In addition to any other applicable charges, penalties and other consequences as set forth in either SC 9 or SC

12 associated with such failure to interrupt and shut-down its operations, the Customer must reimburse the Company for any costs incurred to perform the physical shut down.

**5. Charges for Failure to Conform to Reserve Requirements**

A Customer (who does not elect the Shut-Down Option) that fails to conform to the above stated reserve requirements or that fails to keep its dual-fuel facilities operational will be subject to the following penalties in addition to the Unauthorized Use Charge described in Section F.3:

- (a) An Interruptible or Off-Peak Firm Customer with inadequate alternate fuel or energy reserves as of November 1 of each year and an Interruptible or Off-Peak Firm Customer, including Contract Interruptible or Off-Peak Firm Industrial Customers, with inadequate alternate fuel or energy reserves who fail to interrupt gas service at any time during either the first five (5), seven (7) or ten (10) days of interruption (depending on their respective classification) will be billed as follows:

Either: (a) 130% of the applicable interruptible or off-peak firm sales customer rate for Interruptible Sales Customers; or (b) 130% of the applicable interruptible or off-peak firm transportation rate for Interruptible Transportation Customers.

The charge shall be applied to all gas consumed during the billing period in which there is non-compliance with the interruption and for any subsequent billing periods during which the non-compliance continues.

- (b) Power Generation Customers with inadequate alternate fuel or energy reserves who fail to interrupt gas service at any time during the first five (5) days of interruption in any winter season, will be billed for the difference between (i) 130% of the higher of a published distillate fuel index price or the Power Generation Gas Price and (ii) the Power Generation Gas Price. The Power Generation price is defined as the sum of the Power Generation Rate, excluding the Value-Added Charge ("VAC") and the cost of gas used in generating electricity as recognized in determining the VAC. The charge shall be applied to all gas consumed during the billing period in which there is non-compliance with the interruption and for any subsequent billing periods during which the noncompliance continues. Any Power Generation Customer with inadequate alternate fuel or energy reserves as of November 1 of each year will similarly be subject to the above-described charge.

***The published distillate fuel index price shall be based on the average New York Harbor "Spot Product Prices" for the applicable fuel oil, as published in The Journal of Commerce on each day of the month commencing November 1 and continuing until such time that the Customer is in compliance.***

- (c) Customers with inoperable dual-fuel facilities, including associated Customer-installed phone lines, will be entitled to a forty-eight (48) hour grace period to correct the condition, after which time they will be billed either (a) 130% of the applicable interruptible or off-peak firm sales customer rate for Interruptible Sales

Customers; or (b) 130% of the applicable interruptible or off-peak firm transportation rate for Interruptible Transportation Customers. The charge will be applied to all gas consumed during the billing period in which there is non-compliance with the interruption and for any subsequent billing periods during which the condition is not corrected. In addition, if the Customer is unable to operate its dual-fuel equipment during periods of interruption, it would also be subject to an Unauthorized Use Charge equal to the lower of (i) Two times the sum of the “market gas price” plus the applicable Interruptible or Off-Peak Firm transportation rate; or (ii) Nine times the applicable Interruptible or Off-Peak Firm sales rate; (For a definition of “market gas price” see Section IV.F.3 – Unauthorized Use of Gas). This exemption does not apply to Customers who elect the Shut-Down Option.

**F. Interruption of Firm, Off-Peak Firm, Power Generation and Interruptible Sales and Transportation Services**

All Off-Peak Firm Customers must use notification as their method of interruption. Interruptible Sales and Transportation Customers may use notification or temperature control (if chosen prior to July 1, 2014) as its method of interruption.

**1. Contact Information**

- (a) An Off-Peak Firm or Interruptible Customer must provide the Company with telephone numbers, fax numbers, emails or text message numbers which the Company will use to notify the Customer of any gas interruption. All Customer-supplied contact information should be for a 24-hour, 7 days a week (even holidays) period. The telephone number must not require an extension.
- (c) Should any of Customer’s contact information change, the Off-Peak Firm or Interruptible Customer must promptly notify the Company of the new contact information, as applicable, by fax (718-246-3241) or email at [em-gasinterruptions@coned.com](mailto:em-gasinterruptions@coned.com) to Gas Transportation Services and Planning. Any change in telephone, fax, and email and/or text message information will not relieve the Customer of its obligation to interrupt its gas usage during a Company-called interruption.

**1. Notification of Service Interruptions**

- (a) The Company will communicate via email with Interruptible and Off-Peak Firm Sales and Transportation Customers when the weather forecasts project outside temperatures to be an average of 20 degrees or below for the upcoming three (3) consecutive days or during times when three (3) consecutive days of interruption occur.
- (b) The Company will communicate with Interruptible and Off-Peak Firm Sales and Transportation Customers via email during an interruption and at the end of every interruption to remind Customers to replenish alternate fuel inventories as needed to maintain minimum levels.
- (c) The Company will send an annual notification prior to the heating season via email to all Heating Oil providers using the contact information provided in the affidavits submitted by Customers.

- (d) The Company will provide eight (8) hours advance notice of a service interruption to Interruptible and Off-Peak Firm Sales and Transportation Customers, including Customers electing the Shut-Down Option utilizing at least three (3) of the following forms/modes of notification as supplied by the Customer to the Company.

**1. Mass Notification by Telephone**

The Company will provide telephone notification of a service interruption to the Customer to be sent to up to three different telephone numbers to be provided by Customer to the Company

**2. Fax Notification**

A fax message containing interruption information will be sent to each Customer selecting this mode of notification using up to three (3) fax numbers.

**3. Email**

An email notice containing interruption information will be sent to each Customer selecting this notification mode. The Company will accept three (3) individual email addresses per notice. If a Customer wants email notices to be sent to more than three (3) addresses, the Customer should provide a single "point of contact", which may be in the form of an internal distribution list for your business entity (for example, [yourcompanyname@yourcompanyemail.com](mailto:yourcompanyname@yourcompanyemail.com)) that the Customer can use to update its employees' names.

**4. Text Message**

A text message containing interruption information will be sent to each Customer selecting this mode using up to three text message numbers.

- (b) When an interruption is concluded, the Company will use the same contact methods (described above) to notify Customers that they may resume using natural gas as were used to notify the Customer that the interruption was going to occur.
- (c) During the Winter Period, the Company will maintain a telephone hotline (Gas Interruption Hotline) where a Customer can obtain information or leave a message regarding a pending or existing interruption. This recorded message can be accessed by calling **(212) 460-3459**.
- (d) The Company will also provide notice of all service interruptions to the Director of the Office of Gas and Water at the New York State Department of Public Service, third party natural gas suppliers, NYSERDA, and the New York Oil Associations. This notification will be done via e-mail to these entities. In addition, the Company will communicate via email when the weather forecasts project outside temperature to be an average of 20 degrees or below for the upcoming three (3) consecutive days or during times when three (3) consecutive days of interruption occur.

2. **Two Violation Rule**

The following is applicable to Interruptible or Off-Peak Firm Customers that use the notification or temperature-control option as their method of interruption and Shut-Down Option Customers.

If an Interruptible or Off-Peak Firm Customer fails to fully interrupt its use of gas (except for any permitted use of gas for ignition purposes) or if an Interruptible or Off-Peak firm Customer who chooses the Shut-Down Option fails to shut down its business operations the customer will incur a strike.

If a second failure to interrupt occurs within 48 hours of the initial violation the second failure will not be considered a second violation.

If a customer's failure to interrupt is due to failure of Company-Owned equipment that is not attributable to the customer's failure to interrupt it will not be considered a violation.

A customer switching from firm service to interruptible service must complete and submit "Customer Application for SC 9 and SC 12 Interruptible or Off-Peak Firm Transportation and Sales Service" contained in Appendix C of this procedure to the Company not less than 90 days prior to the proposed commencement date, except that the Customer may not request a commencement date that falls within the period from November 1 through March 31.

For each Winter Period, if an Interruptible or Off-Peak Firm Customer fails to fully interrupt its use of gas (except for any permitted use of gas for ignition purposes), or if an Interruptible or Off-Peak Firm Customer who chooses the Shut-Down Option fails to shut down its business operations for two (2) interruption periods (including any planned interruption) ("two-violation rule"), the following rules will apply:

- A customer who incurs two strikes in a winter period will be notified that it must apply for firm service through the Company's website at [www.coned.com](http://www.coned.com). Applications will be reviewed in the same manner as all other similar applications for firm service.
- While the application remains pending a customer will be permitted to remain on interruptible service, provided they comply with the following:
  - Customer must submit a Remediation Plan to address and remedy any and all conditions that caused the customer to incur two violations. The Company will review and approve the plan within 30 days of submittal. Customer must continue to pay non-compliance charges until remediation is complete or the end of the current winter period.
  - A Customer must provide proof that it has had an efficiency audit conducted. An Interruptible Customer that demonstrates compliance with the efficiency audit requirement of Local Law 87 will be deemed to have met the efficiency audit requirement.
  - Customer, at its own expense, will be required to install a tank monitoring device that alerts the customer's fuel oil supplier of tank levels or install an automatic shut-off valve.
  - Customer must agree to be subject to unannounced, on-site inspections of customer's alternate fuel facilities to verify their ability to interrupt when required.

- If a customer does not follow these requirements and firm service is unavailable, the customer will be terminated.
- A customer will be charged an unauthorized use charge for any gas consumed during an interruption period.
- A Customer will be charged a non-compliance charge after unauthorized use charge until customer is in compliance, gets accepted as a firm service customer, or until the end of the winter period.
- A customer will not be charged an Unauthorized Use Charge and a Non-Compliance charge at the same time. Should a customer be paying the Non-Compliance Charge and an interruption is called, then for the duration of the interruption, the customer would pay the Unauthorized Use Charge, assuming it does continue to use gas. Once the interruption ceases, the customer would again pay the Non-Compliance Charge.
- The Company can continue to charge the non-compliance charge beginning November 1 of the next winter period until all conditions are met or until the end of the following winter.

### **Critical Care Customers**

Critical Care customers who incur two violations in one winter will be subject to the same requirements listed above, except that they will not be required to apply for firm service. A critical care customer is any Interruptible or Off-Peak Firm customer premise that provides life-saving or life-sustaining service, including the delivery of newborns (i.e., hospital providing critical care, nursing home, correctional facilities or designated areas of refuge, or public schools that also serve as emergency shelter or refuge during a declared emergency, identified on an annual basis by local or state governmental agency), where public safety could be affected by a need to relocate the occupants. All other customers are considered non-critical care customers.

If a critical care customer incurs two violations within two consecutive winter periods customer will be required to submit a Remediation Plan and will be subject to on-site inspection in order to remain on interruptible service.

A Customer's failure to interrupt its use of gas due to inoperable dual-fuel facilities counts as a violation towards the two-violation rule with one exception (described below) for each Winter Period.

### **Criteria for One Equipment Failure Exception to Rule (Does Not Apply to Shutdown Option)**

On one occasion during each Winter Period a Customer's failure to interrupt the use of gas due to documented inoperable dual-fuel facilities will not be counted as a violation provided that the Customer:

- (a) notifies the Company (leave message on Gas Interruption Hotline at 212460-3459) within one (1) hour of the failure of its equipment;
- (b) repairs and makes operable its dual-fuel equipment within forty-eight (48) hours of the equipment's failure; and
- (c) provides the Company with an affidavit or other sufficient documentation (e.g., repair bill from plumber service company) that it has repaired and made operable its dual-fuel equipment and immediately complies with the earlier of the ongoing interruption or a separate planned interruption.



All three conditions listed above must be satisfied by Customer for this exception to the two-violation rule to apply.

The Company will extend the one-time 48-hour repair deadline for a period not to exceed seven (7) days provided the Customer demonstrates to the Company's satisfaction that such extension was necessary due to the unavailability of a part and its installation during such 48-hour repair period.

During the 48-hour repair period or if applicable, the extended 7-day repair period, the Customer will be subject to other applicable unauthorized use charges, an alternate fuel or energy non-compliance charge, minimum charges and imbalance charges as set forth in this Gas Sales and Transportation Operating Procedures or Service Classification No. 09 of the Gas Tariff (excluding the non-compliance charge set forth above for inoperable dual-fuel facilities provided the Customer makes operable its dual fuel facilities within the applicable repair period).

**3. Unauthorized Use of Gas**

- (a) Except as noted below, an Interruptible or Off-Peak Firm Sales or Transportation Customer subject to notification who fails to switch to its alternate energy supply/alternate energy source during a period of interruption, or an Interruptible or Off-Peak Firm Sales or Transportation Customer who chooses the Shut-Down Option and fails to completely shut down its business operations, or a Temperature-Control Customer who continues to use gas below the temperatures specified in the pre-season Customer notification letter, will be subject to an Unauthorized Use Charge of equal to the lower of (i) Two times the sum of the "market gas price" plus the applicable Interruptible or Off-Peak Firm transportation rate; or (ii) Nine times the applicable Interruptible or Off-Peak Firm sales rate.

The "market gas price" shall be equal to the product of the percentage weightings (see page 56) and the daily midpoint price of Transco Zone 6 (NY City gate), Texas Eastern Transmission (Tetco M3), and Iroquois Gas Transmission System (Z2) as set forth in the publication entitled Platt's "Gas Daily" on the day of interruption. If the interruption is longer than 24 hours the average of the daily midpoint prices on the days of interruption will be utilized.

For Interruptible or Off-Peak Firm Customers (applies to both Sales and Transportation Customers) or a Customer electing the Shut-Down Option the Unauthorized Use Charge shall apply to all gas consumed in excess of 2 therms per hour during the hours of a service interruption.

- (b) A Power Generation Customer, who fails to switch to its alternate energy supply during a period of interruption, shall be subject to Unauthorized Use Charge equal to the higher of (i) 120% of the applicable wholesale electric market price; (ii) \$5.00 per therm; or (iii) \$2.50 per therm plus a market gas price.

The market gas price shall be equal to the product of the percentage weightings (see page 56) and the absolute high price of Transco Zone 6 (NY), Texas Eastern Transmission (Tetco M3), and Iroquois Gas Transmission System (Z2) gas as set forth in the publication entitled "Gas Daily" on the day of interruption.

The wholesale electric market price shall be the Real Time Locational Based Marginal Price ("LBMP") at the Customers' generator bus.

For a Power Generation Customer, the Unauthorized Use Charge shall apply to all gas consumed during a period when transportation is interrupted and any gas consumed in excess of the Customer's Daily Transportation Quantity, exclusive of the allowance for losses, on a day when the Company declares an OFO.

- (c) A Contract Interruptible or Off-Peak Firm Industrial Customer, who fails to switch to its alternate energy supply during a period of interruption, shall be subject to an Unauthorized Use Charge equal to two times the Unauthorized Use Charge applicable to Interruptible or Off-Peak Firm Customers set for in (a) above.
- (d) Charges for Unauthorized Use shall be increased by the applicable percentage Increase in Rates and Charges, in accordance with General Information Section VIII of the Gas Tariff.

#### **4. 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.

##### **Curtailment Guidelines**

The following guidelines will inform the Company in its application of the curtailment requirements:

- The Company shall implement a curtailment only as a last resort. Mutual aid, contractual and other non-curtailment supply management tools, Operational Flow Orders, interruption of contractually interruptible load, and supply acquisition shall be utilized before a curtailment is declared.
- Curtailments shall be limited in scope and duration as necessary to alleviate an emergency.
- Economic considerations shall not be the basis for a curtailment.
- When a curtailment is declared and when the situation returns to normal, the Company shall notify the Director of the Office of Electric, Gas and Water of the New York State Department of Public Service.
- The Company shall provide periodic updates to Marketers and curtailed customers so that they can plan accordingly.
- If, during a curtailment period, the Company is aware of Marketers or Direct Customers that are not responding to the required actions, it shall make all reasonable efforts to inform the non-responding Marketers and Direct Customers that required actions are not being taken. Lack of such notice shall not relieve any Marketer or Direct Customer of its obligations.

Priority of Service

1. Curtailments and notices of curtailment of sales and transportation services resulting from a gas supply deficiency will be made in the following order:
  - (a) Interruptible and off-peak firm service requirements under Service Classification Nos. 12 and 9.
  - (b) 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”).
  - (c) 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.
  - (d) Industrial and commercial requirement for space heating (other than boiler fuel use).
  - (e) Process and feedstock requirements.
  - (f) Plant protection requirements for customers curtailed in Categories 1 through 5 above.
  - (g) Industrial and commercial sales and transportation service requirements in firm service classifications.
  - (h) 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 (a), curtailment of all other categories will be on a pro rata basis to the extent operationally feasible except for residential sales and transportation.

2. The following provisions shall govern curtailments and notices of curtailment of sales and transportation services resulting from a deficiency of capacity in gas transmission lines that are owned by the Company or that the Company has a contractual right to use (other than interstate pipeline transmission lines).

In the event of a transportation-capacity deficiency, curtailments and notices of Curtailments of service will normally be made according to the following priorities to the extent permitted by operating feasibility.

- (a) 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.
  - (b) All Firm Sales and Firm Transportation services to Customers with dual-fuel or alternate energy source 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.
3. 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 by the Company for Firm Customers. Marketers/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 Con Edison city gate.

4. 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.
5. The market price of gas shall be:

***Equal to the product of the percentage weightings (see page 56) and the midpoint gas price for Transco Zone 6-NY, Texas Eastern Transmission (Tetco M3), and Iroquois Gas Transmission System (Z2) 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 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. 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.

**4. Charges to Marketers from the Company**

Utilities 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. 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) 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.

**Section V. COMMUNICATIONS PROTOCOLS**

**A. Objective**

The objective of this protocol is to enhance communications among LDCs, Pipelines, Marketers<sup>1</sup> and Direct Customers bringing gas to Con Edison's city gate. Underlying the protocol is the recognition that as increasing numbers of customers opt for transportation service, the traditional bilateral communication between LDCs and customers increasingly becomes a communication loop including LDCs, Pipelines, Marketers and Direct Customers.

The procedures and protocols described in this section are to be used by the Company, Marketers/Direct Customers and Pipelines as a vehicle for assuring ongoing communications between the parties in furtherance of the continuation of reliable gas service. Participation of all parties in an effective communication system will reduce errors and ensure that all parties understand and properly fulfill their responsibilities.

Communication among the Company, Marketers/Direct Customers will occur on a regular basis (daily, monthly, seasonally) and on an as-needed basis (clarifications, alerts, operational flow orders, etc.) through bi-annual "Reliability Forums", telephone, fax, email and face-to-face meetings depending upon the circumstances and subject matter. The method and number of communications utilized will be responsive to the evolving needs of all market participants as the industry changes.

**B. Con Edison Website**

Marketers and Direct Customers serving Con Edison transportation customers must have computer Internet access and must be EDI-certified by the Company by completing Phase III EDI testing. Detailed information on EDI standards and protocols can be viewed at [www.coned.com](http://www.coned.com) (scroll down to "Business Partners" –choose "Become an Energy Service Company Provider". Then choose "How to Become a Gas Supply Company for Con Edison" – choose number 3 for EDI testing and certification requirements. Internet e-mail and the Company's website (see below address) will be used for scheduling of monthly and daily gas deliveries, reconciliation of customer usage and deliveries and other communications between the Company and Marketers/Direct Customers.

Con Edison's Internet website for transportation services is located at:

<https://www.coned.com/tcis>

Con Edison will post on its Internet (TCIS) site the name, address, telephone and fax number and e-mail address of the contact persons at the Company responsible for the following gas transportation functions:

- ☐ retail access sales and related regulatory activities
- ☐ marketer billing and credit
- ☐ media relations
- ☐ gas supply and systems operations

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<sup>1</sup> As used throughout the communication protocol the term "marketer" can be a marketer, aggregator, or one operating as an agent for a marketer, aggregator or customer for the purpose of arranging the delivery of gas supplies to the LDC city gate. Marketers or customers that designate an agent to be their gas supplier shall communicate this to the LDC. The agent is then responsible for the flow of gas including proper responses to system alerts and operational flow orders.

- ❑ contacts for responding to System Alerts and OFOs.
  - ❑ personnel contacts 24 hours a day, weekdays, weekends and holidays.
- The website will list the same information for personnel representing Marketers/Direct Customers. It is the responsibility of the Marketers and Direct Customers to update this information as required. In addition, Con Edison gas tariffs, the Gas Sales and Transportation Operating Manual and information regarding the means of communicating customer enrollments, nomination procedures and scheduling of daily and monthly gas deliveries will be posted to our website at <http://www.coned.com>.

The Company shall conduct a test of the communication procedure to verify e-mail and telephone contact numbers at least twice a year.

**C. Reliability Forums**

In order to facilitate an on-going communication with retail access participants, the Company will schedule a minimum of two (2) meetings with Marketers/Direct Customers and other interested parties each year (e.g., prior to the heating season and after the heating season). The meetings will provide a forum for Con Edison and Marketers/Direct Customers to review issues arising during the prior season, program procedure clarifications and other operational issues of concern. Con Edison will seek input from the other parties in formulating an agenda for each meeting fourteen (14) days prior to the scheduled meeting date.

**D. Conference Calls**

In addition to the reliability forums sponsored by the Company, telephone conference calls open to participation by Marketers/Direct Customers will be scheduled on a monthly basis by Con Edison. Additional conference calls may be requested by the Company or a Marketer/Direct Customer to discuss issues that require immediate attention. The cost of each conference call will be shared equally by the call participants.

**E. Daily Gas Flow and Program Enrollment Communication**

Access to Con Edison's Internet Home Page is <http://www.coned.com>. All historical as well as current gas rates can be found in the Rates and Tariff Section (scroll down to bottom of home page and choose Rate and Tariffs). The Gas Sales and Transportation Operating Procedures ("GTOP") and Applications are also located at <http://www.coned.com> (scroll down to the bottom of page – Under Business Partners – choose "How to Become A Gas Supply Company for Con Edison"). The GTOP link is located at the bottom of the page.

Daily communication with Con Edison for daily gas delivery quantities' schedules and constraints, customer enrollment, gas nominations, customer usage information and profiles are done via TCIS on the Internet (<http://www.coned.com/tcis>). Access to TCIS on the Internet is password specific. If you are an approved marketer in Con Edison's service area and need access to TCIS please call **212-466-8242 or 212-466-8244**.

You may also communicate with Transportation Services at the following e-mail addresses: [tcis@coned.com](mailto:tcis@coned.com) or [gaschoice@coned.com](mailto:gaschoice@coned.com).

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](http://www.coned.com/gcis).

**Section VI. OPERATIONAL FLOW ORDERS (OFOs)**

**A. Critical Periods**

A Critical Period is a period of disruption to the physical integrity of the system or a force majeure event. A Critical Day exists when the Company declares an OFO. To improve all parties' understanding of roles during Critical Periods and to test communication procedures, the Company will conduct an annual critical day simulation exercise. The Company will determine the timing of this exercise with input from market participants.

**B. Operational Flow Orders**

A Critical Day occurs when the Company issues an Operational Flow Orders ("OFOs"). An OFO is issued at the sole discretion of the Company. An OFO is an action taken by the Company to alleviate particular conditions that threaten the physical integrity of the Company's system, prevent a short-term interruption and to maintain operations required to provide efficient and reliable firm service. OFOs are instituted when other actions have not eliminated reliability concerns. Economic considerations shall not be a basis for declaring an OFO. Other channels of communication are available for mitigating economic disparities. In maintaining system integrity, the Company shall first try to correct any problem through other options available to it.

Except in circumstances where an immediate response is needed, there will be at least 24-hours' notice for an OFO. When an OFO is preceded by a SA, the 24-hour notice begins with the issuance of the SA; however, there should still be a minimum of 8 hours' notice when a SA is changed to an OFO.

The Company will issue separate OFOs for over-deliveries and under-deliveries.

It is impossible to detail all the conditions under which the Company may find it necessary to initiate an OFO. The following rules apply to OFOs and OFO notification:

1. The OFO notice shall meet minimum time requirements to designated Marketer or Direct Customer personnel and shall provide as much advance notice as possible. The date and time of issuance, date and time the OFO takes effect, and the estimated duration shall be included in the OFO notice.
2. The OFO notice shall state whether the condition is related to over-deliveries or under-deliveries and if there are any specific parameters included.
3. The OFO notice should communicate clearly, to designated Marketer or Direct Customer personnel, the actions required, as well as the reason for the required actions, and provide periodic update to enable parties to continue their planning functions.
4. Actions required by the OFO should be limited both in duration and scope to meet the required objective.
  - (a) The required actions should be as localized as possible.



- (b) The OFO should be applied on a nondiscriminatory basis to all similarly situated parties.
- (c) The Company shall respond to reasonable requests for information by parties within a reasonable time after the OFO event.
- (d) The OFO shall not be used to mitigate economic disparities.
- (e) The Company shall notify the Director of the Office of Gas and Water of the Department of Public Service when an OFO is declared and when the situation returns to normal.

Failure of the Company to adhere to one or more of the above guidelines is not a basis for Marketers or Direct Customers not to comply with requirements of the OFO but may provide the basis for a complaint to the Commission regarding the Company's behavior.

**C. System Alerts**

System Alerts ("SAs") are announcements of actual or pending events that, if unchecked, may result in an Operational Flow Order ("OFO") being issued. The SA advises Marketers/Direct Customers what actions are requested and what actions may be mandated if the voluntary response is not adequate. SA's may be directed to specific Marketers/Direct Customers, subject to the Company's obligation not to unduly discriminate, or to all Marketers/Direct Customers operating on the system. Marketers/Direct Customers are expected to respond to SAs as soon as practical, giving notice to the Company of their intended actions.

The Company is not obligated to issue a SA before an OFO but will endeavor to do so and will be required to document why it was not able to do so.

SAs will be issued via e-mail to all Marketers/Direct Customers and posted to the Internet (TCIS).

**D. Responsibilities of Marketers/Customers and LDCs during an OFO or SA**

Some of the actions required by an OFO may include:

- ☐ Require Marketer to deliver gas to a specific point.
- ☐ Require Marketers to balance daily or to deliver a specified quantity of gas.
- ☐ Change daily nominations for customer groups being served with a flat monthly nomination.

Upon notice that an OFO will be issued, and for the duration of the OFO, the Company must make authorized personnel available on a 24-hours-a-day, 7-days-a-week basis to handle the submission and processing of evening cycle and intraday nominations to facilitate the Marketer's and Direct Customer's response to the OFO.

If during an OFO period the Company is aware of Marketers or Direct Customers that are not responding to the required actions, it should make all reasonable efforts to inform the non-responding Marketers and Direct Customers that required actions are not being taken. Lack of such notice shall not relieve any Marketer or Direct Customer of its obligations.

The Marketer, if necessary, should communicate with its customers to secure compliance with the conditions of a Company directed OFO. If the Marketer is aware of

noncompliance of one or more of its customers, it shall notify the Company - Gas Transportation Services and Planning of the name(s), address and account number(s) of the end user(s) by email at [tcis@coned.com](mailto:tcis@coned.com).

At the next meeting of the Company, Marketers, and Direct Customers, there should be a review of any OFOs that may have been declared by the Company. However, any party that has a grievance concerning the necessity for, or individual treatment during, an OFO, may address those concerns immediately with the LDC. If after such discussions the party still is dissatisfied, it may bring its concerns to the attention of the staff of the Department of Public Service and, if necessary, to the Commission.

The Company shall provide, via e-mail, telephone, and posting to the Internet (TCIS), notice to all OFO recipients of upcoming events such as anticipated weather patterns and operational problems, which may necessitate the issuance of an OFO. The Company shall also notify the Director of the Office of Gas and Water of the Department of Public Service when an OFO is declared and when the situation returns to normal.

If a Marketer/Direct Customer fails to comply with an OFO issued by the Company, a penalty equal to the higher of \$5.00 per therm or 120% of the cost of gas plus \$1.00 per therm shall be assessed.

**Glossary of Terms**

**For the purpose of this Operating Manual, the following terms have the meanings state below:**

**Annual Period** is the 12 months beginning with the month in which the customer first receives service under the applicable Service Classification and each succeeding 12-month period.

**Annual Transportation Quantity** means the annual quantity of gas, including an amount to be retained as an allowance for losses, for which transportation service is requested in the customer's service application.

**Aggregation Group** means a group of customers who have contracted with a specific Marketer who combines the customers' load for purposes of nominations, scheduling, reconciliation of monthly imbalances and supplemental supply billing. (Equivalent to a Marketer Pool)

**Billing Agency, if extent the Company permits Billing Agency on or after June 1, 1999,** means a legal arrangement between a customer and a Marketer ("Billing Agency Agreement") in which a customer authorizes a marketer to act as "Billing Agent" to receive the customer's bills from the Company; consolidate those bills with the Marketer's charges; re-bill the entire amount to the customer; receive payments from the customer; and remit payments to Con Edison for its services. Marketers offering Billing Agency services may perform those services considered to be the customer's Billing Agent.

**Capacity Release Seller** means a Seller that receives Capacity Release Service as agent for a Firm Customer that enters into an SC9 Agency Agreement ("Agency Agreement") with Seller.

**Capacity Release Service** means the release of a Company entitlement to interstate pipeline transportation capacity to a Capacity Release Seller.

**Citygate** means a point of interconnection between the facilities of an interstate pipeline and the local facilities through which the Company receives deliveries from that pipeline.

**Contract Interruptible or Off-Peak Firm Industrial Customer** means an Interruptible or Off-Peak Firm Customer taking service under a negotiated contract who's actual or estimated annual gas usage exceeds 3,000,000 million therms and who demonstrates that 75% or more of the account's annual gas usage is used directly for manufacturing; Manufacturing for purposes of this Service Classification is a Customer whose facilities are classified by the Standard Industrial Manual (1987 ed. Or supplement thereto) as Manufacturing (Division D). Gas usage in manufacturing-related space includes usage in areas used for manufacturing, product design space, raw material storage, finished product storage, product packaging and shipping, mechanical equipment rooms, back-up machine and equipment storage. Gas usage in all other areas, including cafeteria, sales and accounting offices, common halls and lavatories does not qualify as manufacturing-related usage.

**Converting Customer** means a Service Classification ("SC") 1, SC2 Rate I, non-heating, SC2 Rate II heating, or SC3 customer electing Firm Transportation Service after taking service for a minimum of one year under SC1, 2, or 3. A customer who commences service under SC1, 2 or 3 may convert to Firm Transportation Service within 60 days of commencement of service.

**Cramming** means the addition of unauthorized charges to a customer's bill by a marketer or billing agent to a customer.

**Critical Care Customer** means any Interruptible or Off-Peak Firm customer premise that provides life-saving or life-sustaining service, including the delivery of newborns (i.e., hospitals providing critical care, nursing homes, correctional facilities or designated areas of refuge, or public schools that also serve as an emergency shelter or refuge during a declared emergency, identified on an annual basis by local or state governmental agency), where public safety could be affected by a need to relocate the occupants. All other customers are considered non-critical care customers.

**Critical Day** means a day when the LDC declares an OFO

**Critical Period** means a period of operational stress or impending potential stress that may impact the integrity of the LDC's gas distribution system or a force majeure event.

**Customer** means a single account that may also be a member of a Small Customer Aggregation Group.

**Daily Delivery Quantity** means the quantity delivered by the Company to the Customer's meter and consumed by the Customer on any day.

**Daily Delivery Service Quantity (applicable to Daily Delivery Service)** means the quantity of gas that the Seller is required to deliver to the Company's Citygate Receipt Point based upon the temperature- dependent equation for the account(s) of its Firm Transportation Customer(s).

**Adjusted Daily Delivery Service Quantity** means the Daily Delivery Service Quantity adjusted for actual weather pursuant to the Intraday Balancing rules set forth in this Gas Sales and Transportation Operating Procedure ("GTOP").

**Daily Transportation Quantity** means the confirmed scheduled quantity of gas delivered to the Receipt Point for the Customer's account on any day, including that purchased from the Company by an SC No. 20 Marketer under (i) the Company's Winter Bundled Sales Service and, commencing November 1, 2016, and (ii) the Daily Delivery Service in accordance with the provisions set forth under SC No. 20. Any adjustments to storage deliveries to account for actual weather pursuant to the Intraday Balancing rules set forth in this GTOP will not be reflected in the Daily Transportation Quantity. The Daily Transportation Quantity shall be increased by an amount to be retained as an allowance for losses. For an aggregated group of two or more customers, the Seller is required to submit to the Company one scheduled quantity of gas representing deliveries to all Customers in the group. The line loss adjustment factor is set forth on the monthly Statement of Rates for Service Classification No. 9.

**Deficiency Imbalance** means: (i) For Daily Balancing Service, the amount by which the Daily Transportation Quantity, exclusive of the allowance for losses, is less than the Customer's Daily Delivery Quantity, (ii) For Daily Delivery Service, the amount by which the Customer's Daily Transportation Quantity, exclusive of the allowance for losses, is less than the Customer's Daily Delivery Service Quantity.

For a small Customer Aggregation Group or a group aggregating imbalances, on deficiency Imbalance shall be determined for the entire group.

**Direct Customer** means a transportation customer with annual requirements in excess of 35,000

Therms, who acts on its own behalf to purchase and arrange to bring natural gas to the Company's city gate for its own consumption and not for resale. A Direct Customer is not subject to Commission oversight with respect to eligibility but must subscribe to SC20 Transportation Receipt Service and comply with the provisions of the Uniform Business Practices and the operating requirements that are contained in this Operating Manual. A Direct Customer does not have to file an application with the Department of Public Service to become eligible as a Marketer but must comply with the operating requirements that are contained in this Operating Manual. A Direct Customer may aggregate and schedule load for itself and other Direct Customers, but each Direct Customer continues to be responsible individually for meeting balancing and other requirements placed on Direct Customers. A Direct Customer's rights and obligations are the same as a Marketer's or Seller's except as the context indicates otherwise. Customers served under the Company's tariff where redistribution is permitted are not precluded from being served as a Direct Customer.

**Energy Service Company ("ESCO")** means any non-utility entity that performs energy and customer service functions in a competitive environment, including the provision of energy and assistance in the efficiency of its use. An ESCO is an entity that is deemed eligible by the Department of Public Service to provide electricity and associated customer service functions to end use customers in New York State. Also, as it relates to this Operating Procedure can mean Marketer.

**Federal Energy Regulatory Commission ("FERC") (Successor to the Federal Power Commission)** is an independent federal agency created in 1977 which regulates, among other things, interstate wholesale sales and transportation of natural gas at "just and reasonable" rates.

**Gas Day** means the twenty-four (24) hour period beginning at 10:00 AM.

**Group** means a Small Customer Aggregation Group or an Imbalance Aggregation Group.

**Human Needs Customer** means one who receives service under a firm service classification: (i) for the customer's own or another's residential uses and purposes whether involving temporary or permanent occupancy, which includes residential hotels, single room occupancies, prisons and living facilities of clergy, or (ii) in buildings having no alternate energy facilities that are acute care or nursing home providers housing patients or residents on an overnight basis including, nursing homes, hospitals, community residences, and shelters; as the same may be known to Con Edison as of May 1, 1997 of the Company's Tariff or as the applicant may state on the application for service thereafter.

**Imbalance Aggregation Group** means two or more Customers for whom a Seller is aggregating deliveries and consumption for purposes of calculating its responsibility for imbalance charges and cashout charges and credits.

**Involuntary Switch** means a process or situation where a Customer's gas supply provider, (i.e., a Marketer or the Company) changed without the Customer's authorization. This would include situations where a Customer returns to service under the Full Service Schedule as a result of a suppliers' failure to deliver.

**Local Distribution Company ("LDC")** is the company whose primary function is to distribute gas supply procured by it or by Marketers or Direct Customers, to retail gas users. LDCs also provide transportation service to retail end users as well as other services.

**Lockbox** means a collection mechanism agreed upon by the Company and a Marketer/Direct Customer which employs a third party to receive and disburse customer payments.

**Market Participants** means LDCs, Marketers or their agents, Direct Customers and Pipelines involved in bringing gas to an LDC's city gate.

**Marketer** means a Seller as defined under the definition "Seller" and is used interchangeable elsewhere in the Company's tariff and Operating Manual. A Direct Customer's rights and obligations are the same as a Marketer's or Seller's except as the context indicates otherwise. A Marketer may also be an ESCO participating in Con Edison's electric retail access program.

**Maximum Daily Transportation Quantity** means the highest Daily Transportation Quantity that the Company is obligated to accept at the Receipt Point(s) on any day.

**North American Energy Standards Board ("NAESB")** is a nonprofit North American industry association whose mission is "to develop and promote standards to simplify and expand electronic communications, and to simplify and streamline business practices that will lead to a seamless marketplace for natural gas."

**On Site Meter Reading** means a service provided to obtain an actual reading at an SC9 Customer's premises on the regularly scheduled meter reading date in the event that the Customer's phone line used for remote communications is not operational.

**Operational Flow Order ("OFO")** means a directive by the Company to a Direct Customer(s) and/or Marketer(s) serving customers in an aggregation group to adjust Citygate deliveries of gas to alleviate conditions that threaten the integrity of the system.

**Process Load Customer** means a Customer that elects to comply with Company-initiated interruptions of service by shutting down its operations in lieu of maintaining an alternate fuel supply/energy source and meeting the alternate fuel reserve requirement ("Shut-Down Option"). For purposes of this provision, Process Load Customers are Customers that: a) use gas predominantly for manufacturing or other industrial purposes; b) can withstand a suspension of such manufacturing or industrial operations for the duration of an interruption; and c) can shut down such operations in the time frame required under Service Classifications 9 and 12 upon notice by the Company of a period of interruption. Customers ineligible for the Shut-Down Option include, but are not limited to: Human Needs Customers, schools, non-residential Customers using gas primarily for space heating purposes, and electric generators. A Customer electing this option must submit to the Company, by October 15 of each year, a signed affidavit form which may be found on the Company's website.

**Receipt Point** means the Citygate point(s) set forth in the Customer's service agreement.

**Seller** means a non-utility entity that subscribes to SC20 service and is determined eligible by the Department of Public Service to provide or arrange to provide natural gas supply and other services to a Customer or Group. The term "Seller" means a "Marketer" and is used interchangeably elsewhere in the Company's tariff and Operating Manual.

**Seller's Base Component** is the non-temperature-sensitive volumes in dekatherms per day of the Seller's Group of aggregated firm transportation customers served under SC 9.

**Seller's Slope Component** is the temperature-sensitive volumes in dekatherms per day of the Seller's Group of aggregated firm transportation customers served under SC 9.

**Slamming** means where a retail customer is switched from one provider to another without the customer's authorization.

**Small Customer Aggregation Group ("Group")** means two or more customers whose aggregate annual requirements are at least 50,000 therms, who purchase gas from the same supplier(s) and who are generally treated as a single customer for purposes of the Operational Matters section of Service Classification No. 9 of the Company's tariff.

**Source of Gas Supply** means gas delivered into an interstate pipeline system at: (i) a production area wellhead receipt point; (ii) a production area pooling point; or (iii) the following market area liquid trading point(s): Niagara, N.Y.

**Special Meter Reading** means a service provided to obtain an actual meter reading at the customer's premises on a date that is different than the customer's regularly scheduled meter reading date.

**Special Needs Customer** means a customer, as defined by the Home Energy Fair Practices Act ("HEFPA"), who requires electrically operated life-sustaining equipment, has a medical emergency, or is elderly, blind or disabled.

**Summer Period** means the period commencing at 10:00 AM on April 1 and ending at 10:00 AM on the following November 1.

**Surplus Imbalance** means (i) For Daily Balancing Service, , and Monthly Balancing Service, the amount by which a Customer's Daily Transportation Quantity, exclusive of the allowance for losses, exceeds the Customer's Daily Delivery Quantity, (ii) for Daily Delivery Service, the amount by which the Customer's Daily Transportation Quantity, exclusive of the allowance for losses, exceeds the Customer's Daily Delivery Service Quantity. For a Small Customer Aggregation Group or a group aggregating imbalances, one Surplus Imbalance shall be determined for the entire group.

**System Alert** means an announcement of actual or pending events that if unchecked may result in an OFO.

**Temperature Threshold** means 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.

**Transportation Customer Information System (TCIS)** means an electronic database system used by Con Edison to provide customer, enrollment and usage information for Marketers/Direct Customers participating in the Retail Choice Program.

**Voluntary Switch** means a process or situation where a customer's gas supply provider is changed with the customer's direct authorization.

**Winter Period or Heating Season** means the period commencing at 10:00 AM on November 1 and ending at 10:00 AM on the following April 1.

**OIL HEATING TO GAS HEATING CONVERSION  
INCENTIVE PROGRAMS**

The following is a description of the Oil Heating to Gas Heating Conversion Incentive Program currently available from Con Edison to qualified Applicants for gas service, including the eligibility criteria for, and various key terms and conditions of, the Incentive Program (referred to as "Incentive Program" or "Program"). Con Edison will make a final determination of eligibility based upon the application for service and, if necessary, a field inspection of the Applicant's premises.

**Application Procedure**

An Applicant who is interested in this Incentive Program should contact Con Edison at [gasconversions@coned.com](mailto:gasconversions@coned.com) or at the following address or telephone number:

Con Edison  
Project Management and Customer Programs  
Business Response Center  
4 Irving Place, 7th Floor Room 747-S  
New York, New York 10003  
1-800-643-1289

**Availability**

The amount of available funds for the Incentive Programs is \$1,465,000 annually. Con Edison, at its sole discretion, may modify the overall funding or modify the amount of the incentive for this Program or terminate the availability of the Incentive Program at any time. Upon modification or termination, Con Edison will amend this Appendix to address any such modification or termination.

**General Eligibility for the Incentive Program**

An Applicant for the following oil to gas conversion Incentive Programs in Con Edison's New York City gas service territory must be in good credit standing on all of its existing Con Edison accounts or, if not currently a Customer, otherwise demonstrate its creditworthiness. If the Service Classification (SC), under which the Applicant is taking service, is terminated or otherwise becomes unavailable during the term of the Applicant's agreement, the Applicant will be transferred to another SC for which Applicant is eligible. Gas service for all of this Incentive Program is available through gas transportation service or bundled gas sales service and participation in this Incentive Program will not preclude an Applicant from thereafter switching services in accordance with any retail access program requirements. If an application is accepted by Con Edison, the Applicant will be required to sign a rebate application and/or a contract with Con Edison that will specify the Applicant's responsibilities under the applicable Incentive Program.

**The Multi-Dwelling Gas Conversion Incentive Program  
(5-100 Dwelling Units)**

**Purpose**



The Multi-Dwelling Gas Conversion Incentive Program is designed to stimulate oil to firm gas heating conversions in residential multi-dwellings with five (5) to one hundred (100) dwelling units. Under this Program, the incentives that Con Edison may offer include: (i) a check (payable to the Applicant) or other cash equivalent, (ii) payment for the cost of installation of a new natural gas-fired boiler or furnace, or (iii) another incentive or combination of incentives available at the time

of Applicant's application to Con Edison, in return for Applicant's agreement to use firm natural gas service to meet its entire energy requirements for space heating service.

**Eligibility – an Applicant must meet all of the following:**

- The Applicant must be the building owner of record;
- An existing residential multi-family building of five (5) to one hundred (100) dwelling units using #4 oil as its current source of space heating fuel for the twelve months preceding the application for gas service;
- The Applicant must agree to take firm gas service for the building's entire space heating requirements for a period of at least five (5) years;
- The Applicant must agree to install eligible gas-only heating equipment, as defined in the Company's conversion rebate application at that time, to meet the entire space heating requirements of the residential building, along with any commercial space commonly heated by the heating system to be converted;
- Gas Service must be provided under an account in the name of the Applicant. If there is an existing account in the name of the Applicant for water heating purposes for the building, the additional space heating service will be metered on the existing meter. If there is an existing account in the name of the Applicant for redistribution of gas to the building's tenants, a new meter must be installed and an additional account in the Applicant's name must be opened for the space heating service; and

**Program Description**

- If the equipment to be installed is a new natural gas-fired boiler or furnace, eligible Applicants may receive one of the following incentives: (i) a check (payable to the Applicant) or other cash equivalent in an amount not to exceed \$500 per dwelling unit or up to a total amount of \$50,000 for all dwelling units in the building, (ii) payment for the cost of installation of a new natural gas-fired boiler or furnace (but whichever is less between these first two incentives); or (iii) any other incentive or combination thereof based on the specific offerings being made by Con Edison during any promotional period.
- Con Edison may, from time to time, change the number or value of incentives available during a promotion period, but at no time will the value of the offerings to any Applicant exceed the maximum amount of \$500 per dwelling unit up to 100 dwelling units.
- The Applicant may not assign any of the Program incentives to a third party (including its contractor).
- The Applicant must comply with all applicable laws and regulations pertaining to an oil tank/storage that may remain on the premises following the conversion to gas service.
- Notification to potential Applicants of the Program will be by mail, email, fax, or other means.
- Interested customers can respond by calling 1-800-643-1289 or by emailing Con Edison at [gasconversions@coned.com](mailto:gasconversions@coned.com).
- Con Edison may conduct a field inspection of Applicant's building in order to determine Applicant's eligibility for the Program.
- Con Edison will perform a final inspection before connection of the gas service and will be available to address any of Applicant's questions.



## APPENDIX C - FORMS

ALL FORMS MAY BE DOWNLOADED FROM THE CON EDISON WEB SITE AT  
<https://www.coned.com/en/business-partners/how-to-become-a-gas-supply-partner>