

Recharge New York Power Rate Components

1. Preservation Power

Preservation Power prices, as set in Section III A of the Authority's Service Tariff No. 10, shall be used for supplying hydro demand and energy to RNY Power Program participants receiving electricity subject to RNY Hydro Only or RNY Blended rates. Preservation Power prices have been set through the rate year ending July 2014 and shall be subject to the same Annual Adjustment Factor as stated in Tariff No. 10, starting July 2014, and then every July thereafter.

2. NYISO Transmission and Related Charges ("NYISO Charges")

The NYISO Charges assessed on the Authority for services provided by the NYISO pursuant to its Open Access Transmission Tariff ("OATT") or Market Services and Administration Tariff or other tariffs (as the provisions of those tariffs may be amended and in effect from time to time) associated with providing RNY Power to the RNY Power Program participant are included in the base rates as part of the Authority's production charges that are charged to the participant in accordance with this Service Tariff. Those NYISO Charges accounted for in the base rate include:

- a. Ancillary Services 1 through 6;
- b. Transmission Usage Charges ("TUC") which is Marginal Losses and Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT);
- c. The New York Power Authority Transmission Adjustment Charge ("NTAC");
- d. NYISO Wide Uplift;
- e. Any and all other charges, assessments, or other amounts associated with deliveries to Customers or otherwise associated with the Authority's responsibilities as a Load Serving Entity for the Customers that are assessed on the Authority by the NYISO under the provisions of its OATT or under other applicable tariffs; and
- f. Any charges assessed on the Authority with respect to the provision of RNY Power to participants for facilities needed to maintain reliability and incurred in connection with the NYISO's Comprehensive System Planning Process (or similar reliability-related obligations incurred by the Authority with respect to Electric Service to the participant), applicable tariffs, or required to be paid by the Authority in accordance with law, regardless of whether such charges are assessed by the NYISO or another third party.

3. Capacity Obligation

The cost to meet the NYISO's capacity obligation, inclusive of the required reserve margin has been accounted for in the base rates. This is currently expressed by the NYISO as the Unforced Capacity or UCAP obligation.

For the hydropower portion of all RNY allocations, except for loads in NYISO zones J and K, UCAP shall be secured through Authority's hydro self supply.

For the hydropower portion of RNY allocations for loads in NYISO zones J and K, the “locational” UCAP (*i.e.* for NYC and Long Island) shall be secured through market purchases, while the remaining “Rest of State” UCAP shall be secured through Authority’s hydro self supply.

For the market power portion of RNY allocations, UCAP shall be secured through a combination of bilateral contracts, NYISO Automated Auctions, or any other means as determined to be most appropriate by the Authority.

4. Distribution Losses

Distribution losses of the local electric utility have been accounted for in the base rates. If deemed necessary during an annual RNY pricing process the Authority will make appropriate adjustments to the distribution loss component of the rate to appropriately compensate for distribution losses of the local electric utility.

5. Market Energy

RNY Blended base rates include Market Energy costs associated with market purchase price estimates made by Authority on behalf of the RNY Power Program participant based on current and anticipated market conditions. Authority will procure market energy using short and long-term financial hedging and/or short and long-term purchases, including purchases from the NYISO Day-Ahead Market and/or Real-Time Market (each term defined in the NYISO Tariffs), as well as through Request for Proposal process as the Authority deems appropriate. These purchases will be made in whichever portfolio combination the Authority deems to be appropriate.

6. Risk for Bad Debt

The costs representing the risk for bad debt shall be included in the market power portion of the RNY Blended rate only. NYPA’s Preservation Power rate, which is used for both the RNY Hydro Only and RNY Blended rates, is inclusive of such costs.