



HOURLY PRICING PROVISION - Introduction

What is the Hourly Pricing Provision?

The Hourly Pricing Provision ("HPP") is a pricing program under which customers purchasing their electricity supply from Central Hudson are charged for that supply based the hourly market price of electricity.

What is the market price?

The market price of electricity is the hourly Day-Ahead Locational Based Market Price ("LBMP") as set forth by the New York Independent System Operator ("NYISO") for Zone G – Hudson Valley. There are 11 zones in New York with marginal prices that vary from one another to account for transmission constraints and losses between locations. The Day-Ahead Market ("DAM") prices are available on the NYISO's web site www.nyiso.com. It should be noted that each day's DAM prices are available by 11:00 am of the preceding day.

Which customers are subject to the HPP?

Currently, all customers taking service under Service Classification Nos. 3 and 13 and purchasing their electric commodity from Central Hudson are subject to the HPP. Pursuant to an Order issued by the Public Service Commission on June 22, 2009 in Case 08-E-0887, Central Hudson filed a plan ("Plan") on September 21, 2009 to expand HPP to those customers taking service under Service Classification No. 2 with demand exceeding 500 kW in any two of the previous twelve months and purchasing their electric commodity from Central Hudson.

How does HPP affect customers purchasing their electricity supply from a company other than Central Hudson?

Customers purchasing their electricity supply from a company other than Central Hudson, or retail access customers, will still be required to install and or maintain special equipment to facilitate HPP due to each customer's option to choose Central Hudson as its electricity supplier.

What are these special equipment requirements?

In order to take service under the HPP a customer must have in place an interval meter capable of recording hourly usage data and downloading this information to Central Hudson via a telephone line. The Company's Plan contains a proposal regarding the recovery of the cost of the meter and installation. Customers will be required to install and maintain a dedicated telephone line to the meter and pay the associated monthly telephone charges. In its Plan, the Company has also proposed the imposition of a monthly fee for the manual download of hourly usage data in the event that a telephone line is not installed or is not functioning.

How will I know if I need a different meter?

If your current meter meets these requirements, a Central Hudson representative will contact you to verify that a dedicated phone line will be installed and operational prior to May 1, 2010. If your meter needs to be replaced, a Central Hudson representative will contact you to coordinate phone line setup before the Company will install the required metering.

What is the significance of August 1, 2010?

The Company has proposed to have all equipment in place for this HPP expansion by August 1, 2010 so that customers will have one year until the pricing terms of the HPP are in effect (August 1, 2011) to analyze their hourly loads.

How will I access my hourly load data?

The Company has proposed to provide you with the energy management software currently utilized by customers taking service under Service Classification Nos. 3 and 13 free of charge during the period from final meter/phone line installation through July 31, 2011. Subsequently, the monthly charge for this software, which is about \$20, will be included in your monthly basic service charge.

Can you provide more details?

More HPP-related information, including pricing (both under HPP and retail access), billing, energy management and educational opportunities will be provided in subsequent issues of the *HPP Bulletin*.