



HOURLY PRICING PROVISION – Supply, Pricing & Billing

What electricity supply choices are available?

There are two supply choices available to customers:

1. The Hourly Pricing Provision (“HPP”) under which a customer purchases electricity supply from Central Hudson and is charged for that supply based the hourly market price of electricity.
2. The Retail Access Program where a customer purchases electricity supply from a supplier other than Central Hudson (also known as energy services company or ESCO, retail supplier or marketer). Contact information for these suppliers can be found on the Central Hudson web site at www.centralhudson.com (click on “Energy Choice”, “Energy Suppliers” and “Electric”).

What price will I pay if I elect to purchase my electricity supply from an ESCO?

The price you will pay for electricity supply will depend on your agreement with your ESCO.

Do I need to make a supply choice prior to the implementation of the HPP?

Although you are free to change suppliers at any time, you will not be required to make a supply choice prior to the implementation of the HPP. If your electricity is supplied by an ESCO prior to the effective date of the HPP, you will continue to receive supply from your designated ESCO. If Central Hudson is your supplier prior to the effective date of the HPP, we will continue to supply your electricity and you will be billed under the provisions of the HPP. Central Hudson will provide additional notification of the effective date of the HPP so that you can make a new supply choice if you choose.

If I choose Central Hudson as my supplier, how will my energy supply costs be determined?

For each billing period, Central Hudson will calculate total energy supply costs under HPP as the sum of three components:

1. the hourly Day-Ahead Market ("DAM") price (see HPP Bulletin No. 1 for explanation) multiplied by the customer's hourly measured loads, as adjusted by the Factor of Adjustment set forth in the Company's electric tariff (currently 1.0537 for secondary and 1.0364 for primary service) to account for losses;
2. the customer's capacity charge ("HPP UCAP") determined as the product of the customer's demand during the previous summer's New York Control Area ("NYCA") peak hour, as adjusted pursuant to the NYCA peak load forecast for the corresponding capability period and NYISO UCAP requirements, and the monthly NYISO Spot Auction price for the NYCA for the prior calendar month;
3. a per kWh charge ("HPP Charge") to recover charges for energy balancing, ancillary services, allowances for working capital and bad debts, all as otherwise included in the Company's non-HPP supply pricing, applied to the hourly measured loads.

What other charges are applicable to customers taking service under the HPP?

Customers are subject to the base delivery charges of their respective service classification including the monthly customer (or basic service) charge, base demand delivery charge, reactive demand charge and energy delivery charge. In addition, the provisions of the Company's System Benefits Charge ("SBC"), Miscellaneous Charges ("MISC"), Purchased Power Adjustment ("PPA"), NYS Assessment, RDM, MFC Administration Charge, MFC Supply Charge and Transition Adjustment apply to all electricity delivered under the HPP. Finally, all amounts billed under the HPP, including the aforementioned charges, must be increased to reflect the tax rates applicable within the municipality where the customer takes service.

Are these new items?

No. An explanation of these items can be found on the Central Hudson web site at www.centralhudson.com (click on "Your Business" and "Electric Bills Explained (PDF)").

Will the rates I am charged for these items change under HPP?

No.

Can you provide more details?

More HPP-related information, including billing, energy management and educational opportunities will be provided in subsequent issues of the *HPP Bulletin*.