



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 on 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 (“PSC”) 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. Pursuant to an Order issued by the PSC on June 18, 2010 in Case 09-E-0588, Central Hudson filed a Plan on August 17, 2010 to expand HPP to those customers taking service under Service Classification No. 2 with demand exceeding 300 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 and downloading this information to Central Hudson via dedicated telecommunications. 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/or maintain dedicated telecommunications to the meter and pay any 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 telecommunications are operational prior to the required date. If your meter needs to be replaced, a Central Hudson representative will contact you to coordinate telecommunications setup before the Company will install the required metering.

What is the significance of October 1?

The Company has proposed to have all equipment in place for the HPP expansions by October 1 of the respective implementation year so that customers will have one year until the pricing terms of the HPP are in effect to analyze their hourly loads. Refer to the HPP Timeline for dates specific to your phase of the expansion.

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/telecommunication installation until billing commences. 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*.