

LONG ISLAND POWER AUTHORITY

TARIFF FOR ELECTRIC SERVICE

**Applicable in
Fifth Ward, Borough of Queens, City of New York,
and
Cities, Towns and Villages in Nassau and Suffolk Counties,
State of New York**

Effective Dates Are Shown on Individual Leaves

**333 Earle Ovington Boulevard
Suite 403
Uniondale, New York 11553**

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IX. Long Island Choice Program

A. General Provisions:

1. Description and Definitions

The Long Island Choice ("LI Choice") Program gives Eligible Customers a choice of suppliers for their electric power needs. LIPA will deliver the power received from the Eligible Customer's chosen supplier using LIPA's transmission and distribution system. For purposes of this Section IX of the Tariff, the following definitions apply:

- a) **Aggregator:** An entity that facilitates enrollment of Customers in the LI Choice Program, but does not sell power or perform power supply, transmission or customer service functions for Participating Customers.
- b) **Authority:** The Long Island Power Authority, and not the subsidiary of the Authority which owns and manages the transmission and distribution system.
- c) **Bundled Service:** The services offered by the Authority under Sections I-VIII of this Tariff. The Authority's Bundled Service includes LIPA-provided Electric Generation Service as part of the total service.
- d) **Direct Retail Customer ("DRC"):** An Eligible Customer with a minimum annual energy requirement of at least 8760 MWh that acts without an ESCO or an Aggregator to contract for and supply Electric Generation Service and any related services solely for its own use.
- e) **Electric Generation Service:** The procurement and transmission of electric capacity and energy to the LIPA system, but not including the transmission or distribution of electric capacity and energy across LIPA's receipt points or along LIPA's electrical system to the Customer meter.
- f) **Energy Service Company ("ESCO"):** An entity that performs electric supply, transmission and customer service functions in a competitive environment, including producing or contracting for and supplying Electric Generation Service and related services, and procuring and scheduling transmission and ancillary services to deliver the Electric Generation Service purchased by Participating Customers to the LIPA system.
- g) **LIPA:** The subsidiary of the Authority which owns and manages the transmission and distribution system. References to LIPA may also include LIPA's Manager which is responsible for providing services on behalf of LIPA under the terms of the Management Services Agreement.
- h) **Load Share Ratio:** The ratio of the coincident peak demand of a Customer or Customers participating in the LI Choice Program divided by the total coincident peak load of LI Choice Customers. The calculation of coincident peak demand is defined in the LI Choice Operating Procedures.
- i) **Locational Based Marginal Pricing (LBMP):** The marginal cost of serving the next increment of load at each location in the transmission network determined in the NYISO market.
- j) **Operating Procedures:** The LI Choice Operating Procedures.

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****Description and Definitions (continued):**

- l) Single Bill Option: An option that provides Customers the capability of receiving a single bill from LIPA that includes charges for delivery services and any other services it provides under the LI Choice Tariff, as well as the ESCO's charges for Electric Generation Service and any related services it provides.
- m) Two Bill Option: An option that provides Customers the capability of receiving one bill from LIPA for delivery services and other services it provides, and a separate bill from their ESCO for Electric Generation Service and any related services it provides.
- n) Unavoidable Generation Capacity: Generating capacity included under LIPA's Power Supply Agreement with KeySpan Generation LLC, generating capacity of Nine Mile Point 2 power station, generating capacity of Fitzpatrick power station, generating capacity associated with on-Island Independent Power Producers, generating capacity obtained from the municipal electric departments of the Villages of Rockville Centre and Freeport, and generating capacity obtained from NYPA from the Gilboa Plant or the Flynn Plant.

IX. Long Island Choice Program (continued):**A. General Provisions (continued):**2. Who is Eligible

a) In order to participate in the Long Island Choice Program, an Eligible Customer is a Customer who is eligible for service under Service Classification Nos. 1, 1-VMRP(L), 1-VMRP(S), 2, 2-VMRP, 2L, 2L-VMRP, 2-H, or 2-MRP, 5, 7, 7A, 10 and:

- (1) Receives metered or authorized unmetered electric service from LIPA , and
- (2) Receives all of their electric requirements from a single supplier, and
- (3) Is not explicitly excluded in 2.b), below, and
- (4) Is licensed by the Authority as a Direct Retail Customer (DRC) or contracts with a licensed Energy Services Company (ESCO) to act as its agent for the scheduling and delivery of Electric Generation Service, and
- (5) During those phases of the Program where total participation is limited, has been accepted into the Program by LIPA.

b) Customers who are not eligible to participate in the LI Choice Program are:

- (1) Customers who receive service under Service Classification Nos. 2-VRTP, 11, 12 or 13.
- (2) Customers who receive part of their electric requirements from the New York Power Authority (NYPA) including, but not limited to NYPA's Economic Development Power program, High Load Factor program, or Power-for-Jobs program.
- (3) Customers who receive part of their electric requirements from an Economic Development Power program through a municipal distribution agency.
- (4) Customers who sell power to LIPA as Qualifying Facilities or Residential Small Solar Electric Generators.
- (5) Customers who receive a portion of their electric requirements from self-generation or on-site generation, and require supplemental, backup or maintenance service from LIPA.
- (6) Customers who receive service under provisions related to Residential Offpeak Energy Storage and Wind Generation served under Service Classification No. 1, and Residential Small Solar Electric Generation served under Service Classification Nos. 1, 1-VMRP(L) and 1-VMRP(S).

IX. Long Island Choice Program (continued):**A. General Provisions (continued):**3. Character of Service

- a) Under the terms of this Program, LIPA will accept Customer-owned electricity delivered by the ESCO or DRC through the designated connection point(s) on LIPA's transmission or distribution system for delivery to the Customer's facilities.
- b) LIPA will perform transformation, control and dispatch on LIPA's system.
- c) Receipt of electricity from ESCOs under this Service Classification is limited to the electricity required to meet the designated loads of Participating Customers in the Long Island Choice Program.

4. General Provisions

- a) The Long Island Choice Program will be implemented in three phases.
 - (1) Deliveries under Phase One of the Program will begin on August 1, 1999, and allow Customers to obtain up to 400 MW of load from non-LIPA sources for delivery to the Customers' facilities.
 - (2) Deliveries under Phase Two of the Program will begin on May 1, 2000, and will increase the load Customers may obtain from non-LIPA sources by 400 MW to 800 MW.
 - (3) Deliveries under Phase Three of the Program will begin on May 1, 2001, and will phase in removal of limitations on the load that Customers may acquire from non-LIPA sources.
 - (4) The Authority may modify the dates for commencement of Phases Two and Three, and the levels of load eligible for the Program.
- b) The Authority shall establish the allocations of the load among the various Customer segments, and establish methods for selecting the individual Customers who will be eligible for participation in the first two phases of the Program, and the enrollment process for Phase Three.
- c) ESCOs, Aggregators, and DRCs that wish to participate in the Program must be licensed by the Authority. The licensing application and supporting information are contained in the Operating Procedures available from the Authority at 333 Earle Ovington Blvd., Uniondale, NY 11553, or from the Authority's website.

IX. Long Island Choice Program (continued):**A. General Provisions (continued):**5. Provisions Applicable to Participating Customers

- a) Within the limitations of the phase-in process referenced above, Eligible Customers may:
 - (1) Designate only one ESCO or Aggregator to serve as the Customer's agent for an individual electric account. A DRC account cannot be served by an ESCO or Aggregator.
 - (2) Switch ESCOs or Aggregators or return to Bundled Service from LIPA at the applicable Tariff rates.
 - (3) Apply for licensing as a Direct Retail Customer responsible for the procurement, scheduling and delivery of Electric Generation Service.
- b) Except in the circumstances discussed in (3) through (5) below, there is an administrative charge of \$10 for transferring to the LI Choice Program, for switching Electric Generation Service to a different ESCO, or for voluntarily returning to LIPA's Bundled Service.
 - (1) The administrative charge will be applied to the Customer's bill every time the Customer selects a different ESCO to act as its agent, or returns to LIPA service.
 - (2) For purposes of the administration charge, becoming a DRC is the same as choosing or switching an ESCO.
 - (3) LIPA will waive the administrative charge for the first time that a Customer enters the LI Choice Program.
 - (4) LIPA will waive the administrative charge for the first time that a Customer leaves the LI Choice Program and returns to Bundled Service.
 - (5) LIPA will waive the administrative charge for any Customer whose ESCO ceases to offer Electric Generation Service to that Service Classification under the Program or loses its License.
 - (6) LIPA will not waive the administrative charge for any customer whose ESCO discontinues service to that Customer, but continues to offer Electric Generation Service to that Service Classification under the LI Choice Program.

[Canceled]

IX. Long Island Choice Program (continued):**A. General Provisions (continued):**6. Obligations of ESCOs, Aggregators, and DRCs

- a) Energy Service Companies (ESCOs) shall:
 - (1) Obtain a License from the Authority, and
 - (2) Comply with all applicable State, Federal and Authority requirements.
 - (3) Enter into and abide by the terms of an Operating Agreement with LIPA and applicable tariff agreements with the NYISO.
 - (4) Enter into an Agreement with Eligible Customers to meet their capacity, energy supply and related services needs.
 - (5) Obtain Customers' authorizations to act as their agent for delivery of their Electric Generation Service.
 - (6) Contract for and, as agent, arrange for the delivery of the Electric Generation Service needs of Customers purchasing their Electric Generation Service requirements from the ESCO, including installed capacity, energy, energy losses, transmission and ancillary services, as specified in the Operating Procedures and in Service Classification No. 14 of this Tariff.
 - (7) Provide LIPA with information necessary for Customer enrollment in the Program and for termination of ESCO service to LI Choice Customers as described in the Operating Procedures.
 - (8) With specific regard to unauthorized Customer transfers, also known as "slamming," and the inclusion of unauthorized charges on a Customer's bill, also known as "cramming," comply with the Authority's requirements described in the Operating Procedures. Violation of these requirements will result in:
 - (i) Repayment of all costs and fees incurred by the Customer, LIPA and/or the Authority by the ESCO responsible for the request to transfer the Customer, and
 - (ii) Possible suspension or revocation of the License of the offending ESCO.

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****Obligations of ESCOs, Aggregators and DRCs - ESCOs (continued):**

- (9) Act as agent of the LI Choice Customer to:
 - (i) Schedule deliveries of Electric Generation Service, and
 - (ii) Settle any imbalances between the ESCO's deliveries and Customers' actual energy consumption as set forth in the Operating Procedures, and
 - (iii) Obtain billing determinants on behalf of the Customer.
- (10) Aggregate a minimum Customer annual energy requirement of at least 8760 MWh by the start of service, or enter into a pooling arrangement with other licensed ESCOs that complies with the requirements set forth in the Operating Procedures.
- (11) Be responsible for billing and collecting from Customers the charges for services rendered by the ESCO, if the ESCO elects the Two Bill Option.
- (12) Be responsible for providing LIPA with billing information for services rendered by the ESCO to Customers, if the ESCO elects the Single Bill Option.
- (13) Satisfy local installed capacity and other requirements applicable to the LI Choice Program established pursuant to the Operating Procedures.
- (14) Contract on behalf of Participating Customers, as agent, for installed generation capacity as provided by the applicable NYISO tariff(s), and local installed generation capacity set forth by LIPA until such time as the NYISO establishes local installed capacity requirements. The minimum required percentage of local installed capacity is established on the Statement of Values for Losses and Local ICAP for the LI Choice Program.

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****Obligations of ESCOs, Aggregators and DRCs (continued):**

- b) Aggregators that wish to be licensed within the LI Choice Program shall:
 - (1) Obtain a License from the Authority. Licenses are required if:
 - (i) The Aggregator will require access to the LI Choice website; or
 - (ii) The Aggregator wishes to receive historical customer usage and billing information from LIPA; or
 - (iii) The Aggregator wishes to execute an Agreement with an Eligible Customer regarding the customer's participation in the LI Choice Program.
 - (2) Comply with all applicable State, Federal and Authority requirements.
 - (3) Enter into and abide by the terms of an Operating Agreement with LIPA.
 - (4) Enter into an Agreement with Eligible Customers or arrange for the Customer to enter into an Agreement with an ESCO.
 - (5) If entering into an Agreement with a Customer, obtain the Customer's authorization to select an ESCO to act as agent for delivery of the Customer's Electric Generation Service.
 - (6) Provide LIPA with information necessary for Customer enrollment in the Program and for termination of ESCO service to LI Choice Customers as described in the Operating Procedures.

IX. Long Island Choice Program (continued):

A. General Provisions (continued):

Obligations of ESCOs, Aggregators and DRCs - Aggregators (continued):

- (7) With specific regard to unauthorized Customer transfers, also known as slamming, comply with the Authority's requirements described in the Operating Procedures. Violation of these requirements will result in:
 - (i) Repayment of all costs and fees incurred by the Customer, LIPA and/or the Authority by the Aggregator responsible for the request to transfer the Customer, and
 - (ii) Possible suspension or revocation of the License of the offending Aggregator .

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****Obligations of ESCOs, Aggregators and DRCs (continued):**

- c) Direct Retail Customers (DRCs) shall:
 - (1) Obtain a License from the Authority, and
 - (2) Comply with all applicable State, Federal and Authority requirements.
 - (3) Enter into and abide by the terms of an Operating Agreement with LIPA and applicable tariff agreements with the NYISO.
 - (4) Contract for and arrange for the delivery of their Electric Generation Service needs, including installed capacity, energy, energy losses, transmission and ancillary services.
 - (5) Provide LIPA with information necessary to enroll as a DRC or terminate service under Long Island Choice, as described in the Operating Procedures.
 - (6) Aggregate a minimum Customer annual energy requirement of at least 8760 MWh by the start of service, or enter into a pooling arrangement with other licensed ESCOs that complies with the requirements set forth in the Operating Procedures.
 - (7) Satisfy local installed capacity and other requirements applicable to the LI Choice Program established pursuant to the Operating Procedures.
 - (8) Satisfy installed generation capacity requirements as provided by the applicable NYISO tariff(s), and local installed generation capacity requirements set forth by LIPA until such time as the NYISO establishes local capacity requirements. The minimum required percentage of local installed capacity is established on the Statement of Values for Losses and Local ICAP for the LI Choice Program.

I X. Long Island Choice Program (continued):**A. General Provisions (continued):**7. ESCO, Aggregator, or DRC License Application, Suspension and Revocation

- a) The Authority may exchange information with, and use any information received from, the New York Public Service Commission as the Authority deems appropriate in considering the granting, suspension, or revocation of a License of an ESCO, Aggregator, or DRC. The Authority will license an ESCO, Aggregator, or DRC, when the following requirements have been met:
- (1) The ESCO, Aggregator, or DRC signs an Operating Agreement with LIPA, and
 - (2) The ESCO, Aggregator, or DRC submits a completed Application form to the Authority, including all of the required documents listed on the Application form, and
 - (3) The Authority confirms that the Application is complete and consistent with the Authority's requirements, and
 - (4) The ESCO, Aggregator, or DRC meets LIPA's security deposit requirements and all other requirements set forth in the Operating Procedures and this Tariff.

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****ESCO, Aggregator, or DRC License Application, Suspension and Revocation (continued):**

- b) The Authority's requirements for ESCO, Aggregator, or DRC licensing include:
- (1) The ESCO, Aggregator, or DRC must be registered with the New York State Department of State.
 - (2) The ESCO or Aggregator must clearly state its Terms and Conditions of Service, and identify the Customer's Rights and Obligations, in its Disclosure Statement.
 - (3) The ESCO or Aggregator must specify and comply with practices that adhere to the Authority's requirements for switching Customers between ESCOs or Aggregators, as set forth in the Operating Procedures.
 - (4) The ESCO's or Aggregator's process for handling and resolving Participating Customer complaints must be reasonable and convenient for the Customers the ESCO intends to serve or Aggregator intends to contract with.
 - (5) The ESCO's billing procedures must provide, at a minimum, all of the information on bill content and format set forth in the Operating Procedures.
 - (6) The ESCO, Aggregator, or DRC must meet the Authority's criteria for creditworthiness and maintain an adequate security deposit, as set forth in the Operating Procedures and this Tariff.
 - (7) The ESCO, Aggregator, or DRC must meet all of the applicable requirements specified in the Operating Agreement, including compliance with the applicable requirements of the Operating Procedures and other Program documents referenced therein.

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****ESCO, Aggregator, or DRC License Application, Suspension or Revocation (continued):**

- c) Circumstances that may warrant the suspension or revocation of an ESCO's, Aggregator's, or DRC's License by the Chairman of the Authority will be considered on a case-by-case basis. Factors to be considered when deciding to suspend or revoke a License include repetition of offenses, seriousness of the offenses, degree of harm imposed on LI Choice Customers or LIPA, and willfulness of the offenses. Criteria to be considered in determining whether a License should be suspended or revoked include, but are not limited to:
- (1) Failure of an ESCO or Aggregator to adhere to the policies and procedures described in its Disclosure Statement as it may be properly amended, modified, supplemented or superseded from time to time;
 - (2) Failure to adhere to the Authority's requirements regarding consumer protections, including "slamming" (the unauthorized change of an Eligible Customer's or LI Choice Customer's Electric Generation Service provider) or "cramming" (billing by an ESCO for services not requested or authorized by the LI Choice Customer);
 - (3) An unacceptably high volume of customer complaints regarding the business practices of an ESCO or Aggregator;
 - (4) Failure to comply with the requirements of the LI Choice Program, including the Operating Agreement, the Operating Procedures, applicable provisions of this Tariff, and applicable requirements of the NYISO;
 - (5) Failure to comply with the LI Choice Program product disclosure requirements;
 - (6) Failure to apprise the Authority of a material change in the information contained in the ESCO's, Aggregator's, or DRC's License application;
 - (7) Failure to provide LIPA or LI Choice Customers with proper notice of discontinuance of service;
 - (8) Failure to timely and properly pay invoices rendered by LIPA or timely post deposits or additional deposits required by LIPA;
 - (9) Failure to schedule and deliver Electric Generation Service properly; and
 - (10) A DRC enrolling an account other than its own in the LI Choice Program.

Service

Service

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****ESCO, Aggregator, or DRC License Application, Suspension or Revocation (continued):**

- d) The Chairman of the Authority will notify an ESCO, Aggregator, or DRC of his or her intention to suspend or revoke its License as of a certain date together with any terms and conditions relating to such suspension or revocation. The notice shall state the cause for License suspension or revocation in reasonable detail. Unless a different time is specified by the Chairman, the ESCO, Aggregator, or DRC shall file any response in opposition to the proposed License suspension or revocation within ten (10) business days of receipt of the Chairman's notice. Such response may include a showing that remedial action responsive to the notice has been implemented. Thereafter, unless additional proceedings are directed by the Chairman, he or she may act to suspend or revoke the ESCO's, Aggregator's, or DRC's License or render such other decision as is fair and reasonable under the circumstances. The Chairman of the Authority's decision shall be in writing, set forth the basis for the Chairman's action, and be provided to the ESCO, Aggregator, or DRC.
- e) Where, in the sole judgment of the Chairman, expedited action is necessary to protect the public welfare or safety, system reliability or system security, the Chairman shall have power to temporarily suspend or revoke an ESCO's, Aggregator's, or DRC's License, upon such terms and conditions he or she deems fair and reasonable under the circumstances, prior to the initiation or completion of the procedures set forth in d. above. Following such temporary suspension or revocation by the Chairman, the Chairman shall undertake and complete the procedures set forth in d. above.
- f) If the Chairman suspends the License of an ESCO, Aggregator or DRC, that ESCO, Aggregator, or DRC may not solicit or initiate service to new Customers or new accounts under the LI Choice Program until the suspension is lifted. In suspending any License, the Chairman may impose such terms and conditions as are fair and reasonable under the circumstances. The ESCO, Aggregator, or DRC must continue to meet its existing obligations during suspension

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****ESCO, Aggregator, or DRC License Application, Suspension or Revocation (continued):**

- g) Upon the effective date of the revocation of the ESCO's, Aggregator's, or DRC's License, the Operating Agreement will be terminated. In revoking any License, the Chairman may impose such terms and conditions as are fair and reasonable under the circumstances. Upon the effective date of such revocation:
- (1) ESCOs, as agent for Participating Customers, and DRCs may no longer supply Electric Generation Service and related services.
 - (2) ESCOs and Aggregators may no longer receive services from LIPA, except as may be necessary to satisfy any requirements for final billing, billing adjustments, payments, dispositions of outstanding claims, and related matters.
 - (3) DRCs must become Bundled Service customers. Such DRCs may then enroll in the LI Choice Program using an ESCO or Aggregator under normal procedures.
 - (4) ESCOs, Aggregators, and DRCs must abide by all applicable provisions of the Operating Agreement to the extent necessary to provide for final billing, billing adjustments, payments, dispositions of outstanding claims, and related matters.
- h) If the Chairman of the Authority revokes an ESCO's, Aggregator's, or DRC's License, the Authority will notify the Customers that have agreements with the ESCO or Aggregator and DRC of such action, in accordance with the notification provisions of the Operating Procedures.

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****8. Complaint Procedures for Disputes between ESCOs, Aggregators or DRCs or Between an ESCO, Aggregator, or DRC and LIPA**

The Authority will handle complaints between licensed ESCOs, Aggregators, or DRCs that relate to the Program and complaints between an ESCO, Aggregator, DRC, and LIPA or the Manager that relate to the Program.

a) How an ESCO, Aggregator, DRC or LIPA Files a Complaint

- (1) LIPA or any ESCO, Aggregator, or DRC licensed by the Authority may initiate complaint procedures by presenting a written description of the complaint or dispute and a proposed resolution to the other parties involved in the dispute, sent in a manner that will verify its receipt. The other parties must, as soon as possible, but in no case more than ten (10) business days following receipt of the complaint, provide a written response to the complaining party, with an alternative resolution proposal, or with the results of any informal resolution that may have been reached with the other parties prior to the response date.
- (2) If the initial exchange of written material or verbal discussions do not resolve the complaint, any party may request a meeting to discuss the matter further. The other parties must agree to such a meeting to be held within ten (10) business days following the request. The Authority encourages, but does not require, the parties to use alternative dispute resolution techniques.
- (3) If a resolution is not obtained within thirty (30) business days after the initial letter, any party may request the Authority to resolve the complaint in accordance with the complaint procedures set forth in Section VI of this Tariff. The request must be in writing, and must include any written materials developed as a result of a.1 and a.2, above.

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****Complaint Procedures for Disputes between ESCOs, Aggregators or DRCs or Between an ESCO, Aggregator, or DRC and LIPA (continued):**

- (4) If an ESCO, Aggregator, DRC or LIPA believes that special circumstances, such as an emergency involving public safety, system reliability or significant financial risk, exist that would require more expeditious resolution of a complaint than might be expected under the Authority's complaint procedures, it may submit its complaint to the Authority's Chairman in the first instance, with a copy provided to the other parties involved in the complaint. The party that is subject of such a complaint shall file any response within the time specified by the Chairman. The Chairman will act upon such a complaint by expeditiously rendering a decision on the complaint or advising the parties that the Authority's standard complaint procedures described above must be followed.
 - (5) All correspondence or documents to be delivered from one party to another during the complaint process shall be sent in a manner that provides verification of receipt within the time periods specified in this complaint process.
 - (6) If a complaint involves the accuracy of invoiced charges by LIPA, the ESCO, Aggregator, or DRC shall pay the invoiced charges, subject to refund with interest applied at the rate for Consumer Deposits specified in the Statement of Interest on Customer Deposits.
- b) The failure of any ESCO, Aggregator, or DRC to abide by the decision of the Authority's staff if no appeal has been filed, or the decision of the Chairman resulting from an appeal, may result in suspension or revocation of the ESCO's, Aggregator's, or DRC's License.

IX. Long Island Choice Program (continued):**A. General Provisions (continued):****9. Records Access, Audits, and Investigations**

The Authority is responsible for overseeing the LI Choice Program and ensuring compliance by ESCOs, Aggregators and DRCs with the Program's requirements.

- a) Upon request by the Authority for records relating to the LI Choice Program, ESCOs, Aggregators, and DRCs shall provide access to all records requested that are in their possession or under their control, including records relating to LI Choice Customers and Agreements, and records necessary to verify power supply, transmission, and ancillary services contractual arrangements and similar arrangements.
- b) Unless otherwise stated by the Authority, access to individual LI Choice Customer records, including Agreements, shall be provided by ESCOs, Aggregators, and DRCs within five (5) business days of receipt of the Authority's verbal or written request. All other records shall be provided by ESCOs, Aggregators, and DRCs to the Authority within ten (10) business days of receipt of the Authority's written request, unless otherwise stated by the Authority.
- c) The Authority may request ESCOs, Aggregators, and DRCs to provide records relating to LI Choice in connection with an audit or investigation undertaken by it, or in connection with any other activity undertaken by the Authority in the discharge of its responsibilities to oversee LI Choice and ensure compliance with the Program's requirements.
- d) Upon request by LIPA or the Manager for individual LI Choice Customer records (including Agreements), ESCOs, Aggregators and DRCs shall provide access to all such records requested that are in their possession or under their control, within five (5) business days of receipt of LIPA's or the Manager's verbal or written request.
- e) In providing records under this section A.9, an ESCO, Aggregator, or DRC may request the Authority to exempt from disclosure records (or any portion thereof) that are described in Section 87(2)(g) of the Public Officers Law.
- f) For purposes of this section A.9, the term "records" includes documents, data, information, records, and papers, including those on electronic media, taped verbal contracts and electronic contracts.

10. Unmetered Service and Fast Service

LIPA will calculate an adjustment to the Customer's bill for unauthorized unmetered service and fast meters in accordance with this Tariff. The Customer's bill will be adjusted using the Tariff rates for Bundled Service and applying the LI Choice bill credits, to reflect the change in electricity delivered to the customer.

- a) If applicable, the change in electricity deliveries will be applied to the ESCO's load and forwarded to the NYISO. Adjustments will be calculated according to the provisions of the applicable NYISO tariffs and the LI Choice Operating Procedures.
- b) If the period for NYISO adjustment has expired, LIPA will calculate an adjustment between LIPA and the ESCO, using the NYISO's real time hourly rate or similar rate.

IX. LONG ISLAND CHOICE PROGRAM (continued):**B. SERVICE CLASSIFICATION NO. 14 ESCO, Aggregator, and DRC Services
(Rate Codes: 390)**1. Who is Eligible

ESCOs, Aggregators or DRCs who receive and maintain a License.

2. Character of Service

Under the terms of this Service Classification, the Authority will provide information and other services to licensed ESCOs, Aggregators and DRCs. The types of information and services to be provided in accordance with this Tariff and the Operating Procedures include:

- (a) Load and billing information for Customers served by each ESCO.
- (b) Routine and special meter reading services.
- (c) Special metering facilities as requested by the Customer or ESCO.
- (d) Retail settlement services, unless or until such services are provided by the NYISO.

IX. LONG ISLAND CHOICE PROGRAM (continued):**B. SERVICE CLASSIFICATION NO. 14 ESCO Services (continued):****(Rate Codes: 390)**3. Rates, Charges and Credits per Montha) Bill Credit Adjustment

Participating ESCOs and DRCs will receive a Bill Credit Adjustment.

- (1) The Bill Credit Adjustment will reconcile the annual LBMP and ancillary services costs included in the Long Island Choice customer's bill credit, with the actual monthly LBMP and ancillary services costs determined in the NYISO market.
- (2) The Bill Credit Adjustment will be retained on file on a Statement of Bill Credit Adjustment for the Long Island Choice Program.
- (3) The Bill Credit Adjustment will be determined as follows:
 - (a) The weighted average day-ahead zonal LBMP for each month will be calculated as the hourly day-ahead zonal LBMP prices, weighted by system hourly loads, minus
 - (b) The LBMP credit of \$30.00 per MWh, plus
 - (c) LIPA's avoided cost of ancillary services, minus
 - (d) The ancillary services bill credit of \$1.80 per MWh.
 - (e) The result of (a) through (d) is multiplied by the system loss factor of 1.0606 to obtain the bill credit adjustment.
- (4) The resultant Bill Credit Adjustment will be applied monthly to the aggregate consumption of the ESCO's customers, or to each DRC's consumption, and debited or credited to the ESCO's or DRC's account.

[Canceled]

[Canceled]

[Canceled]

X. LONG ISLAND CHOICE PROGRAM (continued):**B. SERVICE CLASSIFICATION NO. 14 ESCO Services):
(Rate Codes: 390)****Rates, Charges and Credits per Month (continued):**a) Miscellaneous and Other Charges

ESCOs and DRCs will be billed monthly for miscellaneous services requested by the ESCO as agent for Participating Customers or DRC for its own purposes. Charges for these miscellaneous services that may be purchased by the ESCO and DRC are as follows:

- (1) Special Metering: ESCOs and DRCs may request LIPA to upgrade Participating Customers' meters from the standard meters used by LIPA to meters with capabilities for remote reading and for measuring load over shorter time intervals. LIPA will charge the ESCO or DRC a one-time charge to cover the special metering costs. The charges will be prepared and retained on file on a Statement of Long Island Choice Special Metering Costs, and will be calculated as follows:
 - (a) The capital cost of the metering equipment, including all necessary hardware, and
 - (b) The fully loaded meter shop test and handling costs, and
 - (c) The fully loaded installation costs, including the costs of removing the existing meters.
- (2) Transitional Transmission Adjustment: ESCOs and DRCs shall receive an estimated monthly transmission adjustment for the Transitional Transmission Allowance as set forth in the Operating Procedures. Such adjustment shall not be negative. This allowance will be calculated as follows:
 - (a) The amount of Transitional Transmission Allowance in MW allocated to each ESCO or DRC during the month multiplied by
 - (b) The estimated amount of TCC revenues or charges in dollars per MW of TCC associated with the Con Edison/LIPA and the New England/LIPA interfaces for the month.
- (3) Bilateral Contracts: LIPA may offer bilateral contracts to ESCOs and DRCs from time to time as set forth in the Operating Procedures.

[Canceled]

IX. LONG ISLAND CHOICE PROGRAM (continued):**B. SERVICE CLASSIFICATION NO. 14 ESCO Services (continued):
(Rate Codes: 390)****Rates, Charges and Credits per Month - Miscellaneous Charges (continued):**

- (d) The Authority may include on the Statement certain types of large or sophisticated meters where the capital costs or installation costs can vary significantly from the average, depending upon the specifics of the Customer location or situation.
 - (i) The Statement will identify these types of meters.
 - (ii) The Statement will identify the costs, hourly rates and loading factors to be used in preparing the estimate.
 - (iii) At the request of the ESCO or DRC, LIPA will estimate the installed cost for that type of meter at the location specified by the ESCO or DRC.
 - (iv) The estimate will include the costs of preparing the estimate.
 - (v) If the ESCO or DRC chooses, LIPA will install the meter and charge the ESCO or DRC the cost contained in the estimate.
 - (vi) Even if the ESCO or DRC chooses not to have the special meter installed, or elects to have installed a different type of special meter that does not require an estimate, the ESCO or DRC will pay the cost for preparing the estimate.
- (e) The Customer or ESCO is responsible for obtaining and maintaining the telephone line or any other telecommunications services required by the special metering and paying for all of the associated one-time and recurring costs.

IX. LONG ISLAND CHOICE PROGRAM (continued):**B. SERVICE CLASSIFICATION NO. 14 ESCO Services (continued):**
(Rate Codes: 390)**Rates, Charges and Credits per Month - Miscellaneous Charges (continued):**

- (2) Special Meter Reading: ESCOs and DRCs may request a special meter read before the regularly scheduled read, providing the request is made seventy-two (72) hours before the date the read is needed. The ESCO or DRC shall pay the following charges:

<u>Description</u>	<u>Charge</u>
(a) Site visits during the hours of 8:30 a.m. to 4:00 p.m., weekdays excluding holidays	\$32.05
(b) Site visits during the hours of 4:00 p.m. through 7:00 p.m. on weekdays or 8:30 a.m through 4:00 p.m. on Saturday, when requested by the ESCO	\$37.75

LONG ISLAND CHOICE PROGRAM (continued):**B. SERVICE CLASSIFICATION NO. 14 ESCO Services (continued):**
(Rate Codes: 390)**Rates, Charges and Credits per Month - Miscellaneous Charges (continued):**

- (3) Meter Reading Historical Information: After obtaining appropriate authorization from the Customer, and subject to the availability of such data from LIPA, ESCOs, Aggregators, or DRCs may request up to twenty-four (24) months of hourly, monthly or bi-monthly historical meter reading information without charge. Information for historical periods beyond the twenty-four (24) months, and for fifteen (15) minute interval data covering any historical period, will be charged for as follows:

<u>Description</u>	<u>Charge</u>
Bi-monthly information, for each additional year over two (2) years	\$ 56.00
Monthly information, for each additional year over two (2) years	\$108.00
Hourly information, for each additional year over two (2) years	\$108.00
Fifteen- minute information, for each year	\$108.00

Meter Reading Historical Information available to ESCOs, Aggregators and DRCs will be made available directly to Customers upon their request on the same terms.

d) Adjustment to Rates and Charges

Each ESCO's or DRC's bill from LIPA will be adjusted for the Fuel and Purchased Power Cost Adjustment based on the Customer's metered consumption and Increase in Rates and Charges to Recover PILOT payments. The Ratepayer Class Action Refund and the Shoreham Property Tax Settlement Rider do not apply to the rates, charges or credits in this Service Classification.

e) Retail Settlement Fee

LIPA shall charge a retail settlement fee to recover or defray the costs of calculating, administering and performing retail settlement transactions. Initially, the fee is set at \$0 per ESCO and DRC per month.

IX. LONG ISLAND CHOICE PROGRAM (continued):**B. SERVICE CLASSIFICATION NO. 14 ESCO Services (continued):
(Rate Codes: 390)**4. Terms of Payment

The ESCO, Aggregator, or DRC shall pay the balance for service due via electronic transfers, within twenty (20) days of the electronic transmittal of the bill. Late payments shall be subject to Late Payment Charges. LIPA will remit any net credits due to ESCOs, Aggregators or DRCs in accordance with the Operating Procedures.

5. Special Provisionsa) ESCO and DRC Supply Requirements

ESCOs and DRCs shall meet installed capacity reserve requirements established by the NYISO. LIPA will establish the values for local installed capacity reserves, until such time as the NYISO establishes such requirements, and demand and energy losses at levels sufficient to ensure that ESCOs and DRCs are providing Electric Generation Service equal in volume and reliability to LIPA's own level of service.

- (1) From time to time, LIPA will prepare and retain on file a Statement of Values for Losses and Local Installed Capacity (ICAP) for the Long Island Choice Program.
- (2) The Energy Losses portion of the Statement will be calculated using average system losses weighted by the weather normalized seasonal energy requirement of the system.
- (3) The peak demand losses will be calculated using the average system losses at the time of summer peak.
- (4) The local ICAP requirement will be expressed as a percentage of ICAP requirement and will be adjusted for changes in total load on Long Island, firm wholesale requirements contracts and Long Island transmission system import capability.

IX. LONG ISLAND CHOICE PROGRAM (continued):**B. SERVICE CLASSIFICATION NO. 14 ESCO Services (continued):
(Rate Codes: 390)****Special Provisions (continued):**b) Load Balancing

The requirements for load balancing at the wholesale and retail level, and the procedures for settling imbalances, are set forth in the Operating Procedures.

c) Financial Security

Each ESCO, Aggregator, and DRC shall provide financial security in a form acceptable to LIPA.

- (1) The required financial security, if any, will be determined in accordance with the Operating Procedures.
- (2) Security arrangements will be reviewed quarterly by LIPA for adequacy and possible adjustment. The ESCO, Aggregator and DRC will be notified in writing of any required adjustments to its financial security and is required to post the additional security within ten (10) days.
- (3) Security requirements may be satisfied with:
 - (a) A letter of credit from a bank rated A or better by a major credit agency, or
 - (b) Surety bonds or cash payments, or
 - (c) Other forms acceptable to LIPA.
- (4) LIPA will pay interest on financial security payments in cash at the Customer Deposit rate specified in the Statement of Interest on Customer Deposits. No interest will be paid on deposits satisfied with letters of credit, surety bonds or other non-cash forms.

IX. LONG ISLAND CHOICE PROGRAM (continued):**B. SERVICE CLASSIFICATION NO. 14 ESCO Services (continued):
(Rate Codes: 390)****Special Provisions (continued):**d) Customer Enrollment

Enrollment of an Eligible Customer with an ESCO or Aggregator is permitted only with the consent of the Eligible Customer.

- (1) The ESCO or Aggregator shall enter into an Agreement with the Eligible Customer setting forth the Customer's agreement to purchase Electric Generation Service and any related services from that ESCO or Aggregator. The Agreement shall specify the terms and conditions of service.
- (2) The ESCO or Aggregator shall retain all Agreements, including taped third-party verification of Verbal Agreements, and Electronic Agreements with Eligible Customers, for a period of at least two (2) years following termination of the Agreement.
- (3) The ESCO or Aggregator requesting to change an Eligible Customer's electric power supplier without appropriate authorization from the Customer shall pay all costs and fees incurred by the Eligible Customer, LIPA and/or the Authority arising from or related to the unauthorized change.
- (4) Any ESCO or Aggregator responsible for requesting a change of an Eligible Customer's electric power supplier without such Customer's authorization may have its License suspended or revoked by the Chairman of the Authority.

e) Other Provisions

Provisions on dispute resolution, record keeping, billing and payment, treatment of energy imbalances, and other situations are set forth in the Operating Procedures.

IX. LONG ISLAND CHOICE PROGRAM (continued):**C. ADJUSTMENTS TO RATES AND CHARGES FOR PARTICIPATING CUSTOMERS**1. Bill Credits for Participating Customers

Customers who participate in the Long Island Choice Program will have their bills adjusted by the following amounts which reflect LIPA's energy and capacity savings, embedded ancillary services plus the removal of LIPA's embedded charges for open access transmission service which are priced separately as the transmission charge below.

Residential and Small Commercial Non-MRP <u>Rate Codes without Demand Meters</u> (180, 183, 280, 380, 580, 581, 880, 881, 882, 883)	June to September <u>Inclusive</u>	October to May <u>Inclusive</u>
Energy Adjustment per kWh per month		
Gen/Trans Service Credit	\$.0419	\$.0412
less Transmission Charge	<u>\$.0044</u>	<u>\$.0044</u>
Net Bill Credit	\$.0375	\$.0368
General Service Non-MRP Rate Codes <u>with Demand Meters (281,283,290,291,293)</u>		
Energy Adjustment per kWh per month		
Secondary Voltage		
Gen/Trans Service Credit	\$.0392	\$.0402
less Transmission Charge	<u>\$.0044</u>	<u>\$.0044</u>
Net Bill Credit	\$.0348	\$.0358
Primary Voltage		
Gen/Trans Service Credit	\$.0380	\$.0390
less Transmission Charge	<u>\$.0043</u>	<u>\$.0043</u>
Net Bill Credit	\$.0337	\$.0347
Residential and Small Commercial <u>MRP Rate Codes (181,182,184,188,288)</u>	June to September <u>Inclusive</u>	October to May <u>Inclusive</u>
Energy Adjustment per kWh per month		
	Period 1	Period 2
Daylight Savings Time 8 p.m. to 10 a.m., and Saturday and Sunday	Gen/Trans Service Credit less Transmission Charge Net Bill Credit	\$.0362 <u>\$.0044</u> \$.0318
	Period 3	Period 4
Daylight Savings Time 10 a.m. to 8 p.m., Weekdays	Gen/Trans Service Credit less Transmission Charge Net Bill Credit	\$.0532 <u>\$.0044</u> \$.0488
		\$.0471 <u>\$.0044</u> \$.0427

VII. LONG ISLAND CHOICE PROGRAM (continued):

C. ADJUSTMENTS TO RATES AND CHARGES FOR PARTICIPATING CUSTOMERS (cont.)

Bill Credits for Participating Customers (continued)

	<u>Rate Periods - Standard Time</u>		
	1	2	3
<u>Commercial MRP Rate Code (285)</u>	<u>Off-Peak</u>	<u>On-Peak</u>	
<u>Intermediate</u>			
Energy Adjustment per KWh	all year	June - Sept.	
all			
per month	midnight	except Sundays	other
	to 7 a.m.	10 a.m. to 10 p.m.	hours
<u>Summer (June - September):</u>			
<u>Secondary Voltage</u>			
Gen/Trans Service Credit	\$.0318	\$.0453	\$.0351
less Transmission Charge	<u>\$.0044</u>	<u>\$.0044</u>	<u>\$.0044</u>
Net Bill Credit	\$.0274	\$.0409	\$.0307
<u>Primary Voltage</u>			
Gen/Trans Service Credit	\$.0309	\$.0440	\$.0341
less Transmission Charge	<u>\$.0043</u>	<u>\$.0043</u>	<u>\$.0043</u>
Net Bill Credit	\$.0266	\$.0397	\$.0298
<u>Transmission Voltage</u>			
Gen/Trans Service Credit	\$.0304	\$.0450	\$.0335
less Transmission Charge	<u>\$.0042</u>	<u>\$.0042</u>	<u>\$.0042</u>
Net Bill Credit	\$.0262	\$.0408	\$.0293
<u>Winter (October - May):</u>			
<u>Secondary Voltage</u>			
Gen/Trans Service Credit	\$.0318	--	\$.0421
less Transmission Charge	<u>\$.0044</u>	--	<u>\$.0044</u>
Net Bill Credit	\$.0274	--	\$.0377
<u>Primary Voltage</u>			
Gen/Trans Service Credit	\$.0309	--	\$.0410
less Transmission Charge	<u>\$.0043</u>	--	<u>\$.0043</u>
Net Bill Credit	\$.0266	--	\$.0367
<u>Transmission Voltage</u>			
Gen/Trans Service Credit	\$.0304	--	\$.0403
less Transmission Charge	<u>\$.0042</u>	--	<u>\$.0042</u>
Net Bill Credit	\$.0262	--	\$.0361
<u>Outdoor Area Lighting and</u>			
<u>Street Lighting</u>			
<u>(Rate Code 780, 781, 782, 1580)</u>			
Energy Adjustment per kWh			
per month			
Gen/Trans Service Credit	\$.0315		
less Transmission Charge	<u>\$.0044</u>		
Net Bill Credit	\$.0271		

VII. LONG ISLAND CHOICE PROGRAM (continued):

C. ADJUSTMENTS TO RATES AND CHARGES FOR PARTICIPATING CUSTOMERS (cont.)

Bill Credits for Participating Customers (continued)

	<u>Rate Periods - Standard Time</u>		
	1	2	3
<u>Commercial MRP Rate Codes</u> <u>(282, 284)</u>	<u>Off-Peak</u>	<u>On-Peak</u>	<u>Intermediate</u>
Energy Adjustment per kWh per month	all year 11 p.m. to 7 a.m.	June - Sept. weekdays 12 noon to 8 p.m.	all other hours
<u>Summer (June - September):</u>			
<u>Secondary Voltage</u>			
Gen/Trans Service Credit	\$.0322	\$.0507	\$.0359
less Transmission Charge	<u>\$.0044</u>	<u>\$.0044</u>	<u>\$.0044</u>
Net Bill Credit	\$.0278	\$.0463	\$.0315
<u>Primary Voltage</u>			
Gen/Trans Service Credit	\$.0313	\$.0492	\$.0349
less Transmission Charge	<u>\$.0043</u>	<u>\$.0043</u>	<u>\$.0043</u>
Net Bill Credit	\$.0270	\$.0449	\$.0306
<u>Transmission Voltage</u>			
Gen/Trans Service Credit	\$.0307	\$.0483	\$.0343
less Transmission Charge	<u>\$.0042</u>	<u>\$.0042</u>	<u>\$.0042</u>
Net Bill Credit	\$.0265	\$.0441	\$.0301
<u>Winter (October - May):</u>			
<u>Secondary Voltage</u>			
Gen/Trans Service Credit	\$.0322	--	\$.0425
less Transmission Charge	<u>\$.0044</u>	--	<u>\$.0044</u>
Net Bill Credit	\$.0278	--	\$.0381
<u>Primary Voltage</u>			
Gen/Trans Service Credit	\$.0313	--	\$.0413
less Transmission Charge	<u>\$.0043</u>	--	<u>\$.0043</u>
Net Bill Credit	\$.0270	--	\$.0370
<u>Transmission Voltage</u>			
Gen/Trans Service Credit	\$.0307	--	\$.0406
less Transmission Charge	<u>\$.0042</u>	--	<u>\$.0042</u>
Net Bill Credit	\$.0265	--	\$.0364
<u>Traffic Signal Lighting</u> <u>(Rate Code 980)</u>	<u>All Year</u>		
Energy Adjustment per kWh per month			
Gen/Trans Service Credit	\$.0393		
less Transmission Charge	<u>\$.0044</u>		
Net Bill Credit	\$.0349		

IX. LONG ISLAND CHOICE PROGRAM (continued):**C. ADJUSTMENTS TO RATES AND CHARGES FOR PARTICIPATING CUSTOMERS (cont.)**

2. The Increases in Rates and Charges to Recover PILOT Payments will be applied to all of the charges on the Participating Customer's bill.
3. The Fuel and Purchased Power Cost Adjustment does not apply to Participating Customers in the Long Island Choice Program (except for DRCs).
4. The Ratepayer Class Action Refund and the Shoreham Property Tax Settlement Rider do not apply to the charges and credits contained in C.1 and C.2 above. The Ratepayer Class Action Refund and the Shoreham Property Tax Settlement Rider will be calculated as if the Participating Customer was receiving Bundled Service from the Authority.
5. For Participating Customers, the discounts under LIPA's Business Development programs will be calculated pursuant to the provisions and energy rates applicable to Bundled Service, as if the Customer were taking Bundled Service.
6. Special Provisions

- a) Choice of Suppliers

Customers shall choose an ESCO to act as their agent or an Aggregator to select an ESCO to act as their agent, from a list of ESCOs and Aggregators licensed by the Authority.

- 1) Customers shall select only one ESCO or Aggregator at a time unless the Customer has multiple eligible accounts, in which case the Customer may select a different ESCO or Aggregator for each account.
- 2) Customers may switch ESCOs or Aggregators or return to LIPA's Bundled Service on the first day of any month, after providing LIPA with not less than ten (10) calendar days' notice before that date. Customers shall pay the applicable administrative charge, as stated in A.5.b, above.
- 3) Customers who return to LIPA's Bundled Service shall pay the same rates that are applicable to Customers that never participated in the LI Choice Program. Any notification requirements or charges for terminating a contract between a Customer and an ESCO or Aggregator remain the responsibility of the Customer.

IX. LONG ISLAND CHOICE PROGRAM (continued):**C. ADJUSTMENTS TO RATES AND CHARGES FOR PARTICIPATING CUSTOMERS (cont.)****Special Provisions (continued):**b) Customer Information

Upon approval by the Customer, and in accordance with the Operating Procedures, LIPA will provide a requesting ESCO, Aggregator, and DRC with:

- (1) Approximately twenty-four (24) months of hourly or bi-monthly Customer usage information including kWh usage and kW demands if available for the particular Customer Service Classification, and information as to whether each meter reading value was actual or estimated.
- (2) Additionally, if available, up to six (6) years of hourly, monthly or bi-monthly usage information electronically.
- (3) Additionally, up to six (6) years of 15 minute interval load information, depending on availability, electronically.
- (4) The customer information provided in 1. above will be provided at no charge. Customer information provided in items 2. and 3. above will be provided at a charge to the ESCO, Aggregator and DRC as provided in B.3.c.3 above.

c) Special Meter Reads and Meter Equipment

- (1) LIPA will perform special meter reads for ESCOs or Participating Customers and bill the requesting party. Requests for special meter readings shall be made not less than seventy-two (72) hours in advance of the requested read date, and are subject to the availability of LIPA personnel to perform the reading on the specified date. Charges for special meter reads are found in B.3.c.2 of this Section.
- (2) Metering equipment provided by LIPA is that which the Customer would have been provided under the appropriate Bundled Service Classification. If requested, LIPA will provide additional equipment and bill the ESCO or DRC as provided in B.3.c.1 above.

IX. LONG ISLAND CHOICE PROGRAM (continued):**C. ADJUSTMENTS TO RATES AND CHARGES FOR PARTICIPATING CUSTOMERS (cont.)****Special Provisions (continued):**d) Two Bill OptionIf an ESCO elects the Two Bill Option:

- (1) LIPA will render its bill in accordance with the provisions of this Tariff. LIPA's bill will not include charges for the Electric Generation Service provided by the ESCO, nor will it include charges or credits related to the Customer's account that are the responsibility of the ESCO or DRC under Service Classification No. 14.
- (2) The ESCO shall render a bill to the Customer for its charges after the Customer's meter is read, and in accordance with the terms of the Agreement between the Customer and the ESCO.
- (3) Where a Customer desires to make a single payment for electric service, the Customer may arrange to have its ESCO pay LIPA's charges. If the ESCO agrees to offer this service to the Customer:
 - (a) LIPA will provide the ESCO with the amount due from the Customer.
 - (b) LIPA will withdraw that amount from the ESCO's designated bank account.
 - (c) The ESCO will recover its costs from the Customer in accordance with the terms of their Agreement.
 - (d) The Customer will remain responsible for LIPA's charges, including any applicable Late Payment Charges, until LIPA receives in full its charges for service to the Customer's account.

e) Single Bill OptionIf an ESCO elects the Single Bill Option:

- (1) LIPA will render its bill in accordance with the provisions of this Tariff. LIPA's bill will include charges for the Electric Generation Service provided by the ESCO, and will include charges or credits related to the Customer's account that are the responsibility of the ESCO or DRC under Service Classification No. 14.
- (2) The procedures and form of the Single Bill Option will be defined in a contract between LIPA's billing agent and the ESCO.

Long Island Power Authority

Statement of Fuel and Purchased Power Cost Adjustment

Applicable to billings under all Service Classifications
as set forth in the Tariff for Electric Service

for the Year 1998

Line #

1. Average Cost of Fuel and Purchased Power, cents/kWh(1)_____	3.6379
2. Base Fuel and Purchased Power Cost, cents/kWh_____	3.6379
3. Upper End of the Fuel Cost Tolerance Band(Line "2" plus 0.0%) (2)_____	3.6379
4. Lower End of the Fuel Cost Tolerance Band(Line "2" minus 0.0%) (2)_____	3.6379
5. Difference (3)_____	0.0000
6. Factor of Adjustment_____	1.0780
7. Cost Adjustment Rate ("5" times "6") (4)_____	0.0000

-
- (1) For the year 1998, this number is set equal to the Base Fuel and Purchased Power Cost (line "2").
 - (2) The Tolerance Band is set at 0% for 1998.
 - (3) If the Average Cost of Fuel is greater than the Base Cost of Fuel, the Difference will be defined as the Average Cost of Fuel minus the upper end of the Fuel Cost Tolerance Band, but not less than zero. If the Average Cost of Fuel is less than the Base Cost of Fuel, then the Difference will be calculated as the Average Cost of Fuel minus the lower end of the Fuel Cost Tolerance Band, but not greater than zero.
Otherwise, the Difference will be equal to zero.
 - (4) This statement has been prepared to indicate that the Authority will initially set the Fuel and Purchased Power Cost Adjustment factor at zero in calendar year 1998.

Effective Date: May 29, 1998

Long Island Power Authority

STATEMENT OF INCREASES IN RATES AND CHARGES TO RECOVER PILOT PAYMENTS

Applicable to billings under all Service Classifications as set forth in the Tariff for Electric Service

Rates and charges for service under all Service Classifications and the CATV Pole Attachment Charge, as applicable, shall be increased by the following Effective Aggregate and Surcharge PILOT Percentages.

<u>Municipality</u>	<u>Aggregate PILOT</u>	<u>Effective Aggregate Percentage*</u>	<u>MTA Surcharge Percentage**</u>
5 th Ward Queens County, NYC.....	6.60%	7.0664%	0.96%
All Other Cities and Incorporated Villages not listed below.....	5.25%	5.5409%	0.96%
Unincorporated municipalities and the following incorporated Villages.....	4.25%	4.4386%	0.96%
Baxter Estates			
Centre Island			
Dering Harbor			
Head-of-the-Harbor			
Mill Neck			
Nissequoque			
Plandome Manor			
Poquott			
Saltaire			
Shoreham			

*Effective Aggregate Percentage = $\frac{\text{Aggregate PILOT \%}}{100 - \text{Aggregates PILOT \%}}$

** Surcharge from NYS Temporary Metropolitan Transportation Business Tax

Effective: May 29, 1998

Long Island Power Authority

STATEMENT OF INCREASES IN RATES AND CHARGES TO RECOVER PILOT PAYMENTS

Applicable to billings under all Service Classifications as set forth in the Tariff for Electric Service

Rates and charges for service under all Service Classifications and the CATV Pole Attachment Charge, as applicable, shall be increased by the following Effective Aggregate and Surcharge PILOT Percentages.

<u>Municipality</u>	<u>Aggregate PILOT</u>	<u>Effective Aggregate Percentage*</u>	<u>MTA Surcharge Percentage**</u>
5 th Ward Queens County, NYC.....	5.60%	5.9322%	0.79%
All Other Cities and Incorporated Villages not listed below.....	4.25%	4.4386%	0.79%
Unincorporated municipalities and the following incorporated Villages.....	3.25%	3.3592%	0.79%
Baxter Estates			
Centre Island			
Dering Harbor			
Head-of-the-Harbor			
Mill Neck			
Nissequoque			
Plandome Manor			
Poquott			
Saltaire			
Shoreham			

*Effective Aggregate Percentage = $\frac{\text{Aggregate PILOT \%}}{100 - \text{Aggregate PILOT \%}}$

** Surcharge from NYS Temporary Metropolitan Transportation Business Tax

Long Island Power Authority

STATEMENT OF ENERGY COST ADJUSTMENTS
FOR THE POWER-FOR-JOBS PROGRAM

Applicable to Power-for-Jobs billings
as set forth in the Tariff for Electric Service

<u>Applicable to Service Classification (2-L, 2-H, 2-MRP):</u>	<u>NYPA's</u> <u>Capacity</u>	<u>NYPA's</u> <u>Energy</u>
	\$ / kw / month	cents / kwh
1. Base rates for capacity and energy	9.33	3.5000
2. Adjustments	0.36	(0.5000)
3. Adjusted rates for capacity and energy	9.69	3.0000

Note:

NYPA's capacity charge comprises (\$ / kw / month):

NYPA's	5.00
Y49 Inter	4.23
Ancillary	<u>0.46</u>
	9.69

Effective Date: May 29, 1998

Long Island Power Authority

Ratepayer Class Action Refund Statement

Applicable to billings under all Service Classifications as set forth in the Tariff for Electric Service.

Ratepayer Class Action Refund Factor.....2.8907%

The Ratepayer Class Action Refund Factor shown above will be applied as a reduction to each Customer's billed charges, including the Fuel and Purchased Power Cost Adjustment, if any, but excluding the Shoreham Property Tax Settlement Factor. Increases in Rates and Charges to recover PILOT Payments will be calculated after this factor is applied to the billed charges.

Effective: May 29, 1998

Long Island Power Authority

Statement of Shoreham Tax Settlement Factor

Applicable to billings under all Service Classifications as set forth in the Tariff for Electric Service.

Shoreham Property Tax Settlement Factors

Nassau County and the Rockaway Peninsula.....	5.1844%
Suffolk County.....	2.9887%

The Shoreham Property Tax Settlement Factors shown above will be applied as a reduction to each Customer's billed charges including the Fuel and Purchased Power Cost Adjustment, if any, but excluding the Ratepayer Class Action Refund. Increases in Rates and Charges to recover PILOT Payments will be calculated after this factor is applied to the billed charges.

Effective: May 29, 1998

LIPA Statement No. 1 - ICD

Long Island Power Authority

Statement of Interest on Customer Deposits

Applicable to all Customer Deposits as set forth in the Tariff for Electric Service

1. Composite Yield of A-Rated Intermediate Term Municipal Bonds	4.20%
2. Less Administrative Cost Allowance	<u>1.75%</u>
3. Interest on Customer Deposits	2.45%

Effective: May 27, 1999

LIPA Statement No. 2 - ICD

Long Island Power Authority

Statement of Interest on Customer Deposits

Applicable to all Customer Deposits as set forth in the Tariff for Electric Service

1. Composite Yield of A-Rated Intermediate Term Municipal Bonds	5.25%
2. Less Administrative Cost Allowance	<u>1.75%</u>
3. Interest on Customer Deposits	3.50%

Effective: January 1, 2000

Long Island Power Authority

Statement of Values for Losses, ICAP and Local ICAP for the Long Island Choice Program

Applicable to all licensed Energy Service Companies (ESCOs) and Direct Retail Customers (DRCs) under Service Classification No. 14 as set forth in the Tariff for Electric Service

Losses

DRCs and ESCOs are responsible for delivering to LIPA sufficient energy and capacity to meet their customers' load and to compensate LIPA for electrical losses that occur as part of the delivery process. The loss factors will vary depending upon the voltage level of the customer delivery. The energy loss factors must be multiplied by the energy as measured at the customers' meter to yield the total energy to be delivered by the ESCO or DRC to the border of the LIPA system. The energy loss factors shall also be applied to ancillary services procured on behalf of customers. The demand loss factors will be applied to the peak demand measured at the customer meter or the load profile calculated at the customer meter.

<u>Delivery Voltage Level</u>	<u>Energy</u>	<u>Demand</u>
Transmission (greater than 115kV)	0	0
Subtransmission (between 34.5 kV and 115 kV)	1.5472%	1.7754%
Primary (between 2.4 kV and 13.2 kV)	3.2188%	4.7093%
Secondary (less or equal to 480 kV)	6.2671%	8.2079%

Installed Capacity Reserve Requirement (ICAP)

Each ESCO will be required to provide an Installed Capacity Reserve Requirement (ICAP) equal to the customer coincident peak load plus demand losses plus an 18% reserve margin applied to the customer coincident peak load plus losses. The customer coincident peak load is the customer load during the hour of LIPA's annual peak.

Local Installed Capacity Reserve Requirement (Local ICAP)

A portion of the ICAP requirement must be provided by resources that qualify as local capacity. The Local Installed Capacity Reserve Requirement (Local ICAP) is equal to 89.7% of the ICAP requirement defined above. The 89.7% is based on the ISO's winter rules and may be changed for the summer capability period.

Effective: November 18, 1999

LIPA Statement No. 4 - ICAP

Long Island Power Authority

Statement of Values for Losses and Local ICAP for the Long Island Choice Program

Applicable to all licensed Energy Service Companies (ESCOs) and Direct Retail Customers (DRCs) under Service Classification No. 14 as set forth in the Tariff for Electric Service

Losses

DRCs and ESCOs are responsible for delivering to LIPA sufficient energy and capacity to meet their customers' load and to compensate LIPA for electrical losses that occur as part of the delivery process. The loss factors will vary depending upon the voltage level of the customer delivery. The energy loss factors must be multiplied by the energy as measured at the customers' meter to yield the total energy to be delivered by the ESCO or DRC to the border of the LIPA system. The energy loss factors shall also be applied to ancillary services procured on behalf of customers. The demand loss factors will be applied to the peak demand measured at the customer meter or the load profile calculated at the customer meter. The New York Independent System Operator will assess losses at the transmission level.

<u>Delivery Voltage Level</u>	<u>Energy</u>	<u>Demand</u>
Transmission (greater than 115kV)	0	0
Subtransmission (between 34.5 kV and 115 kV)	1.5472%	1.7754%
Primary (between 2.4 kV and 13.2 kV)	3.2188%	4.7093%
Secondary (less or equal to 480 kV)	6.2671%	8.2079%

Installed Capacity Reserve Requirement (ICAP)

Each ESCO will be required to provide an Installed Capacity Reserve Requirement (ICAP) in accordance with the applicable NYISO tariff.

Local Installed Capacity Reserve Requirement (Local ICAP)

A portion of the ICAP requirement must be provided by resources that qualify as local capacity. The Local Installed Capacity Reserve Requirement (Local ICAP) is equal to 89.4% of the ICAP requirement defined above.

Effective: May 1, 2000

PART 3

FORM OF STATEMENTS

Long Island Power Authority

Statement of Bill Credit Adjustment for the Long Island Choice Program

For the month of _____, 2000

Applicable to all licensed Energy Service Companies (ESCOs) and
Direct Retail Customers (DRCs) under Service Classification No. 14
As set forth in the Tariff for Electric Service

1. Locational Based Marginal Price (LBMP) (\$/MWh)	\$33.00	
2. Tariff LBMP Credit (\$/MWh)	<u>\$30.00</u>	
3. Net LBMP Adjustment (\$/MWh) (1) - (2)		\$ 3.00
4. LIPA's Avoided Cost of Ancillary Services (\$/MWh)	\$ 2.80	
5. Ancillary Services Bill Credit (\$/MWh)	<u>\$ 1.80</u>	
6. Net Ancillary Adjustment (\$/MWh) (4) - (5)		<u>\$ 1.00</u>
7. Total Adjustment (\$/MWh)		\$ 4.00
8. System Loss Factor		<u>1.0606</u>
9. Bill Credit Adjustment (\$/MWh)		\$ 4.24

Note: The values shown on this example are for illustrative purposes only.

Effective:

Long Island Power Authority

Statement of Values for Losses and Local ICAP for the Long Island Choice Program

Applicable to all licensed Energy Service Companies (ESCOs) and Direct Retail Customers (DRCs) under Service Classification No. 14 as set forth in the Tariff for Electric Service

Losses

DRCs and ESCOs are responsible for delivering to LIPA sufficient energy and capacity to meet their customers' load and to compensate LIPA for electrical losses that occur as part of the delivery process. The loss factors will vary depending upon the voltage level of the customer delivery. The energy loss factors must be multiplied by the energy as measured at the customers' meter to yield the total energy to be delivered by the ESCO or DRC to the border of the LIPA system. The energy loss factors shall also be applied to ancillary services procured on behalf of customers. The demand loss factors will be applied to the peak demand measured at the customer meter or the load profile calculated at the customer meter. The New York Independent System Operator (NYISO) will assess losses at the transmission level.

<u>Delivery Voltage Level</u>	<u>Energy</u>	<u>Demand</u>
Transmission (greater than 115kV)	0	0
Subtransmission (between 34.5 kV and 115 kV)	1.5472%	1.7754%
Primary (between 2.4 kV and 13.2 kV)	3.2188%	4.7093%
Secondary (less or equal to 480 kV)	6.2671%	8.2079%

Installed Capacity Reserve Requirement (ICAP)

Each ESCO will be required to provide an Installed Capacity Reserve Requirement (ICAP) in accordance with the applicable NYISO tariff.

Local Installed Capacity Reserve Requirement (Local ICAP)

A portion of the ICAP requirement must be provided by resources that qualify as local capacity. The Local Installed Capacity Reserve Requirement (Local ICAP) is equal to 89.4% of the ICAP requirement defined above.

Effective: May 1, 2000

LONG ISLAND POWER AUTHORITY
LONG ISLAND CHOICE PROGRAM
Development of Ancillary Services Bill Credits

Open Access Transmission Tariff:

Ancillary Services	\$ 0.826	per kw-month
System Monthly Demand	39,730	MW
Annual Peak Demand	<u>4,250</u>	MW
Effective Coincident Peak Rate (\$/kW)	\$ 7.72	per kw-year

Class Specific Ancillary Credit (\$/kWh):	Load Factor	Effective Credit	Effective Credit at Customer Voltage Level		
			Secondary 8.21%	Primary 4.71%	Trans 1.78%
<u>No Demand Meter:</u>					
Residential General	36%	\$ 0.0024	0.0026	-	-
Commercial Small	<u>37%</u>	<u>\$ 0.0024</u>	<u>0.0026</u>	-	-
	36%	\$ 0.0024	0.0026	-	-
Residential MRP	38%	\$ 0.0023	0.0025	-	-
<u>With Demand Meter:</u>					
Commercial Large	57%	\$ 0.0015	0.0017	0.0016	-
Commercial Heat	<u>47%</u>	<u>\$ 0.0019</u>	<u>0.0020</u>	<u>0.0020</u>	-
	57%	\$ 0.0015	0.0017	0.0016	-
<u>Large Time of Use: (Rate 1)</u>					
Commercial MRP (S)	66%	\$ 0.0013	0.0014	0.0014	-
Commercial MRP (P)	<u>68%</u>	<u>\$ 0.0013</u>	<u>0.0014</u>	<u>0.0014</u>	-
	66%	\$ 0.0013	0.0014	0.0014	-
Commercial MRP (T)	65%	\$ 0.0014	-	-	0.0014
<u>Large Time of Use: (Rate 2)</u>					
Commercial MRP (S)	66%	\$ 0.0013	0.0014	-	-
Traffic Lighting	95%	\$ 0.0009	0.0010	-	-
Outdoor Area & Street	402%	\$ 0.0002	0.0002	-	-
<u>System Average</u>	<u>49.7%</u>	<u>\$ 0.0018</u>	<u>0.0019</u>	<u>0.0019</u>	<u>0.0018</u>

PART 4

FORM OF OPERATING AGREEMENTS

- A. ENERGY SERVICE COMPANY**
- B. AGGREGATOR**
- C. DIRECT RETAIL CUSTOMER**

PART 5

OPERATING PROCEDURES

PART 6

**FORM OF STANDARD CUSTOMER
ELECTRICITY SALES AGREEMENT**

**A. STANDARD RESIDENTIAL CUSTOMER ELECTRICITY
SALES AGREEMENT**

- 1) ENERGY SERVICE COMPANY (ESCO)**
- 2) AGGREGATOR**

**B. STANDARD NONRESIDENTIAL CUSTOMER ELECTRICITY
SALES AGREEMENT**

- 1) ENERGY SERVICE COMPANY (ESCO)**
- 2) AGGREGATOR**

PART 6A(1)

STANDARD RESIDENTIAL CUSTOMER ELECTRICITY SALES AGREEMENT (WRITTEN) ENERGY SERVICE COMPANY (ESCO)

Section I provides the requirements for written customer agreements, Section II provides the requirements for electronic agreements, and Section III provides the requirements for verbal agreements. Nonresidential customers have different requirements for the customer agreement which are set forth in Part 6B.

I. FORM OF STANDARD WRITTEN RESIDENTIAL CUSTOMER ELECTRICITY SALES AGREEMENT FOR ESCOs

The following provides the required form, including guidelines for provisions that may vary between ESCOs, for the agreement between an ESCO and a residential customer. This document uses the following convention:

- Material in regular type must appear in the standard residential customer agreement.
- Material in italics provides guidelines and requirements for inclusion in the customer agreement.

(ESCO Name and License Number)

(ESCO Business Address)

(ESCO Telephone Number)

**LONG ISLAND CHOICE PROGRAM
STANDARD RESIDENTIAL CUSTOMER
ELECTRICITY SALES AGREEMENT (WRITTEN)
ENERGY SERVICE COMPANY (ESCO)**

CUSTOMER INFORMATION

Customer Name: _____

(as specified on the LIPA account)

Service Address(es):

LIPA Account Number(s):

Billing Address: _____

Telephone Number: _____

Tax exempt or special tax status: Yes/ No

(must provide appropriate documentation to (ESCO's d/b/a Name))

AGREEMENT TO PURCHASE ELECTRICITY

By signing and returning this form to *(ESCO's d/b/a Name)* by _____, 2000, I accept *(ESCO's d/b/a Name)* offer to sell, and I agree to purchase electricity for the above listed account(s) from *(ESCO's d/b/a Name)* at a price per kilowatt hour (kWh) of _____ (price does not include taxes) for the period beginning *(start month & year)* until the contract is canceled by me or *(ESCO's d/b/a name)* under the termination provisions in sections 5 and 6 of this Agreement. This Agreement is subject to my enrollment in the Long Island Choice Program being accepted by LIPA and beginning no later than *(month & year)*. I hereby authorize *(ESCO's d/b/a Name)* to enroll me in this program.

Subject to the foregoing conditions, your signature on this Agreement binds you to receive and purchase from *(ESCO's d/b/a Name)* and *(ESCO's d/b/a Name)* to provide and sell to you electricity in accordance with the General Terms and Conditions set forth on the reverse side of this page, which is a part of this Agreement. In this Agreement the customer is referred to as "I" or "you" or "your" or "customer" and *(ESCO's d/b/a Name)* is referred to as "*(ESCO's d/b/a Name)*" or "we" or "our" or "us."

Customer Signature: _____

Date: _____

You may cancel this Agreement any time during the 5 calendar days following your date of signature, by calling *(ESCO's d/b/a Name at ESCO's toll-free number)*. *(ESCO's d/b/a Name)* will provide a copy of this Agreement for your records at the time it is given to you for

your signature. A copy of the Agreement signed by you and (ESCO d/b/a Name) will be given to you within 15 calendar days after receipt of the Agreement with your signature.

STANDARD RESIDENTIAL CUSTOMER
ELECTRICITY SALES AGREEMENT (WRITTEN)
GENERAL TERMS AND CONDITIONS
ENERGY SERVICE COMPANY (ESCO)

1. **SCOPE** These terms and conditions shall apply to the purchase by you and sale by us of electricity as specified herein for the term.
2. **(ESCO's d/b/a Name) AS CUSTOMER'S AGENT** - The customer designates *(ESCO's d/b/a Name)* as its agent for receiving customer billing information from LIPA and for procuring and scheduling the transmission and ancillary services necessary to deliver electricity purchased by you to LIPA's system.
3. **BILLING AND PAYMENT** Payment is due within *(number of days)* from the date on the invoice. Late payments or partial payment balances will be subject to a *(specify late payment fee if any)* per month late fee. Your bill will be based on scheduled meter readings and/or estimates provided by LIPA. *(Include any collection fees or other billing and payment related charges here. The ESCO shall specify any customer deposit requirements, including the period for which any deposit is required and the interest rate, if any, the ESCO will pay on customer deposits.)*
4. **TITLE AND TAXES** Under this agreement, title to the electricity shall pass from us to you prior to delivery to LIPA. Our price includes transportation to LIPA but does not include taxes. You shall be responsible for, and shall reimburse *(ESCO's d/b/a Name)* for, any transfer, sales or other taxes and related charges, however designated, imposed upon the transfer of title or the transporting or delivering of electricity, unless prior to execution of this Agreement, you have given us applicable, valid tax exemption certificates.
5. **TERMINATION OF AGREEMENT BY CUSTOMER** You may terminate or cancel this Agreement for any reason effective at the end of any calendar month, if you give the *(ESCO d/b/a Name)* at least 10 calendar days advance notice. *An ESCO may not charge the customer a fee for termination or cancellation.*
6. **TERMINATION BY (ESCO'S D/B/A NAME)** *The ESCO shall itemize and fully explain all terms and conditions regarding termination or cancellation of this Agreement. The applicable provisions of this Agreement shall continue in effect after termination or cancellation of this Agreement to the extent necessary to provide for final billing, billing adjustments, payments, disposition of any outstanding claims and related matters.*
7. **AGREEMENT EXPIRATION, RENEWAL AND AMENDMENT** *The ESCO shall list and explain the specific terms and conditions associated with Agreement expiration and renewal. To change the terms and conditions of the Agreement, the customer must be notified of any proposed changes in any bills the customer receives during the three months before the proposed new terms and conditions would become effective. At least 60 days prior to the date when the new terms and conditions would become effective, the ESCO must provide the new terms and conditions to the customer and clearly inform the customer in a notice that the customer may terminate the existing Agreement before the new terms and conditions become effective.*
8. **ASSIGNMENT OF AGREEMENT** You may not assign or transfer your rights or obligations under this Agreement. *(ESCO's d/b/a Name)* may assign or transfer its rights or obligations under this Agreement only to another ESCO licensed by the Long Island Power Authority and after first informing you in writing of such transfer or assignment. The new ESCO must assume all rights and obligations under the terms and conditions of this Agreement.
9. **GENERAL PROVISIONS** This Agreement shall be construed in accordance with and be governed by the laws of the State of New York without regard to the conflicts of law provisions thereof. *(Include other general terms and provisions of the contract including any low income provisions, a statement advising customers that you must receive customer authorization to request historic usage information, an explanation of how confidentiality of customer information (billing history or any other customer information provided to the ESCO by either LIPA or the customer) will be handled, a statement describing your practice about contacting credit rating agencies for information about the customer, and a statement that electric service may only be shut off by LIPA.)*
10. **CUSTOMER COMPLAINTS** If you have a question or complaint regarding the *(ESCO's d/b/a Name)* terms and conditions of service, a bill issued by the *(ESCO's d/b/a Name)*, or any other dispute regarding this Agreement, you should contact the *(ESCO's d/b/a Name)* by calling this toll-free number, *(ESCO's customer service number)* and attempt to resolve any issues with the *(ESCO's d/b/a Name)* representative. *(Provide a descriptions of your dispute resolution process here)*

If you believe that *ESCO d/b/a Name* has engaged in any unfair or unethical business practices, please call the Long Island Power Authority at this toll-free number, (877) ASK-LIPA or (877) 275-5472.

II. FORM OF STANDARD ELECTRONIC RESIDENTIAL CUSTOMER ELECTRICITY SALES AGREEMENT FOR ESCOs

ESCOs that enter into agreements with Eligible Customers through electronic means must send the customer a written listing of all terms and conditions by first class mail (or by e-mail if requested by the customer) within one business day of entering into the agreement.

ESCOs must make standard contract language easily available to Eligible Customers on the ESCO's website at the time of entering into electronic contracts. The following provides the required form, including guidelines for provisions that may vary between ESCOs, for the electronic agreement between an ESCO and a residential customer. The document uses the following convention:

- Material in regular type must appear in substantially the same form in the standard electronic agreement.
- Material in italics provides guidelines and requirements for inclusion in the customer agreement and includes information that the ESCO must receive from the customer as part of entering into an agreement. The layout of information in italics is left to the discretion of the ESCO.

(ESCO Name and License Number)
(ESCO Business Address)
(ESCO Telephone Number)

**LONG ISLAND CHOICE PROGRAM
STANDARD RESIDENTIAL CUSTOMER
ELECTRICITY SALES AGREEMENT (ELECTRONIC)
ENERGY SERVICE COMPANY (ESCO)**

CUSTOMER INFORMATION

Customer Name: _____

(as specified on the LIPA Account)

Service Address(es):

LIPA Account Number(s):

Billing Address: _____

I Accept *the Offer*

Telephone Number: _____

Tax exempt or special tax status: Yes/ No

(must provide appropriate documentation to (ESCO's d/b/a Name))

Email Address: _____

AGREEMENT TO PURCHASE ELECTRICITY

By electronically accepting this offer to purchase electricity, I accept *(ESCO's d/b/a Name)* offer to sell, and I agree to purchase electricity for *the above listed account(s)* from *(ESCO's d/b/a Name)* at a price per kilowatt hour (kWh) of _____ (price does not include taxes) for the period beginning *(start month & year)* until the contract is canceled by me or *(ESCO's d/b/a name)* under the termination provisions in sections 5 and 6 of this Agreement. This Agreement is subject to my enrollment in the Long Island Choice Program being accepted by LIPA and beginning no later than *(month & year)*. I hereby authorize *(ESCO's d/b/a Name)* to enroll me in this program.

Subject to the foregoing conditions, electronic response to this Agreement binds you to receive and purchase from *(ESCO's d/b/a Name)* and *(ESCO's d/b/a Name)* to provide and sell to you electricity in accordance with the General Terms and Conditions set forth in this Agreement. In this Agreement the customer is referred to as "I" or "you" or "your" or "customer" and *(ESCO's d/b/a Name)* is referred to as "*(ESCO's d/b/a Name)*" or "we" or "our" or "us."

(ESCO's d/b/a Name) will send a copy of this Agreement for your records within one business day of your electronic acceptance. You may cancel this Agreement any time during the 5 calendar days following your receipt of this Agreement's Terms and Conditions in writing, by calling *(ESCO's d/b/a Name at ESCO's toll-free number)*.

STANDARD RESIDENTIAL CUSTOMER
ELECTRICITY SALES AGREEMENT (ELECTRONIC)
GENERAL TERMS AND CONDITIONS
ENERGY SERVICE COMPANY (ESCO)

1. **SCOPE** These terms and conditions shall apply to the purchase by you and sale by us of electricity as specified herein for the term.
2. **(ESCO's d/b/a Name) AS CUSTOMER'S AGENT** - The customer designates *(ESCO's d/b/a Name)* as its agent for receiving customer billing information from LIPA and for procuring and scheduling the transmission and ancillary services necessary to deliver electricity purchased by you to LIPA's system.
3. **BILLING AND PAYMENT** Payment is due within *(number of days)* from the date on the invoice. Late payments or partial payment balances will be subject to a *(specify late payment fee if any)* per month late fee. Your bill will be based on scheduled meter readings and/or estimates provided by LIPA. *(Include any collection fees or other billing and payment related charges here. The ESCO shall specify any customer deposit requirements, including the period for which any deposit is required and the interest rate, if any, the ESCO will pay on customer deposits.)*
4. **TITLE AND TAXES** Under this Agreement, title to the electricity shall pass from us to you prior to delivery to LIPA. Our price includes transportation to LIPA but does not include taxes. You shall be responsible for, and shall reimburse (ESCO's d/b/a Name) for, any transfer, sales or other taxes and related charges, however designated, imposed upon the transfer of title or the transporting or delivering of electricity, unless prior to execution of this Agreement, you have given us applicable, valid tax exemption certificates.
5. **TERMINATION OF AGREEMENT BY CUSTOMER** You may terminate or cancel this Agreement for any reason effective at the end of any calendar month, if you give the *(ESCO d/b/a Name)* at least 10 calendar days advance notice. *An ESCO may not charge the customer a fee for termination or cancellation.*
6. **TERMINATION BY (ESCO'S D/B/A NAME)** *The ESCO shall itemize and fully explain all terms and conditions regarding termination or cancellation of this Agreement. The applicable provisions of this Agreement shall continue in effect after termination or cancellation of this Agreement to the extent necessary to provide for final billing, billing adjustments, payments, disposition of any outstanding claims and related matters.*
7. **AGREEMENT EXPIRATION, RENEWAL AND AMENDMENT** *The ESCO shall list and explain the specific terms and conditions associated with Agreement expiration and renewal. To change the terms and conditions of the Agreement, the customer must be notified of any proposed changes in any bills the customer receives during the three months before the proposed new terms and conditions would become effective. At least 60 days prior to the date when the new terms and conditions would become effective, the ESCO must provide the new terms and conditions to the customer and clearly inform the customer in a notice that the customer may terminate the existing Agreement before the new terms and conditions become effective.*
8. **ASSIGNMENT OF AGREEMENT** You may not assign or transfer your rights or obligations under this Agreement. *(ESCO's d/b/a Name)* may assign or transfer its rights or obligations under this Agreement only to another ESCO licensed by the Long Island Power Authority and after first informing you in writing of such transfer or assignment. The new ESCO must assume all rights and obligations under the terms and conditions of this Agreement.
9. **GENERAL PROVISIONS** This Agreement shall be construed in accordance with and be governed by the laws of the State of New York without regard to the conflicts of law provisions thereof. *(Include other general terms and provisions of the contract including any low income provisions, a statement advising customers that you must receive customer authorization to request historic usage information, an explanation of how confidentiality of customer information (billing history or any other customer information provided to the ESCO by either LIPA or the customer) will be handled, a statement describing your practice about contacting credit rating agencies for information about the customer, and a statement that electric service may only be shut off by LIPA.)*
10. **CUSTOMER COMPLAINTS** If you have a question or complaint regarding the *(ESCO's d/b/a Name)* terms and conditions of service, a bill issued by the *(ESCO's d/b/a Name)*, or any other dispute regarding this Agreement, you should contact the *(ESCO's d/b/a Name)* by calling this toll-free number, *(ESCO's customer service number)* and attempt to resolve any issues with the *(ESCO's d/b/a Name)* representative. *(Provide a descriptions of your dispute resolution process here)*

If you believe that *ESCO d/b/a Name* has engaged in any unfair or unethical business practices, please call the Long Island Power Authority at this toll-free number, (877) ASK-LIPA or (877) 275-5472.

III. FORM OF STANDARD VERBAL RESIDENTIAL CUSTOMER ELECTRICITY SALES AGREEMENT FOR ESCOs

ESCOs that enter into verbal agreements with Eligible Customers must provide the customer a written listing of all terms and conditions by first class mail (or by e-mail if requested by the customer) within one business day of entering into the agreement.

ESCOs must read to Eligible Customers a standard verbal agreement prior to verification of the agreement by an independent third party. ESCOs must tape and retain the standard verbal agreement, the customer's acceptance of the standard verbal agreement, the independent verification questions and the customer's responses to the questions. Customers must be notified prior to the recording of any conversations. The following provides the required form, including guidelines for provisions that may vary among ESCOs, for the standard verbal agreement between an ESCO and a residential customer. This document uses the following convention:

- Material in regular type must be read to the customer.
- Material in italics provides guidelines and requirements for inclusion in the standard verbal customer agreement and includes information that the ESCO must receive from the customer as part of the standard verbal agreement.
- Customers must respond affirmatively to this standard verbal agreement and this verbal agreement must subsequently be verified by an independent third party as provided for in Attachment J of the LI Choice Operating Procedures.

ESCO must explain the terms and conditions of the Agreement and verify the following information from the Eligible Customer:

CUSTOMER INFORMATION

Customer Name: _____

(as specified on the LIPA Account)

Service Address(es):	LIPA Account Number(s):
_____	_____
_____	_____
_____	_____

Billing Address: _____

Telephone Number: _____

Tax exempt or special tax status: _____

(must provide appropriate documentation to (ESCO d/b/a Name))

STANDARD VERBAL AGREEMENT TO PURCHASE ELECTRICITY

By verbally accepting this offer from *(the ESCO d/b/a Name)* to purchase electricity, you accept *(the ESCO d/b/a Name)* offer to sell, and *customer's name* agrees to purchase electricity for *(state account number(s))* from *(the ESCO d/b/a Name)* at a price per kilowatt hour, not including taxes, of _____ for the period beginning *(start month & year)* until the Agreement is canceled by you or *(the ESCO d/b/a Name)*. This Agreement is subject to your enrollment in the Long Island Choice Program being accepted by LIPA and beginning no later than *(month & year)*. LIPA will still provide electric delivery services and bill you for those services. Do you hereby authorize *(the ESCO d/b/a Name)* to enroll your account(s) in this program?

(If customer responds affirmatively read the following provision)

You may cancel this Agreement any time during the 5 calendar days following your receipt of the Terms and Conditions of this Agreement in the mail, by calling *(ESCO's d/b/a Name at ESCO's toll-free number)*.

(Explain to the customer that they will now be forwarded to an independent third party to verify this agreement)

The following is a listing of the terms and conditions for standard verbal residential customer electricity sales agreements. This listing of terms and conditions must be included, along with the text of the standard verbal agreement, as the written listing of terms and conditions that is mailed to the customer.

**STANDARD RESIDENTIAL CUSTOMER
ELECTRICITY SALES AGREEMENT (VERBAL)
GENERAL TERMS AND CONDITIONS
ENERGY SERVICE COMPANY (ESCO)**

1. **SCOPE** These terms and conditions shall apply to the purchase by you and sale by us of electricity as specified herein for the term.
2. **(ESCO's d/b/a Name) AS CUSTOMER'S AGENT** - The customer designates *(ESCO's d/b/a Name)* as its agent for receiving customer billing information from LIPA and for procuring and scheduling the transmission and ancillary services necessary to deliver electricity purchased by you to LIPA's system.
3. **BILLING AND PAYMENT** Payment is due within *(number of days)* from the date on the invoice. Late payments or partial payment balances will be subject to a *(specify late payment fee if any)* per month late fee. Your bill will be based on scheduled meter readings and/or estimates provided by LIPA. *(Include any collection fees or other billing and payment related charges here. The ESCO shall specify any customer deposit requirements, including the period for which any deposit is required and the interest rate, if any, the ESCO will pay on customer deposits.)*
4. **TITLE AND TAXES** Under this Agreement, title to the electricity shall pass from us to you prior to delivery to LIPA. Our price includes transportation to LIPA but does not include taxes. You shall be responsible for, and shall reimburse (ESCO's d/b/a Name) for, any transfer, sales or other taxes and related charges, however designated, imposed upon the transfer of title or the transporting or delivering of electricity, unless prior to execution of this Agreement, you have given us applicable, valid tax exemption certificates.
5. **TERMINATION OF AGREEMENT BY CUSTOMER** You may terminate or cancel this Agreement for any reason effective at the end of any calendar month, if you give the *(ESCO d/b/a Name)* at least 10 calendar days advance notice. *An ESCO may not charge the customer a fee for termination or cancellation.*
6. **TERMINATION BY (ESCO'S D/B/A NAME)** *The ESCO shall itemize and fully explain all terms and conditions regarding termination or cancellation of this Agreement. The applicable provisions of this Agreement shall continue in effect after termination or cancellation of this Agreement to the extent necessary to provide for final billing, billing adjustments, payments, disposition of any outstanding claims and related matters.*
7. **AGREEMENT EXPIRATION, RENEWAL AND AMENDMENT** *The ESCO shall list and explain the specific terms and conditions associated with Agreement expiration and renewal. To change the terms and conditions of the Agreement, the customer must be notified of any proposed changes in any bills the customer receives during the three months before the proposed new terms and conditions would become effective. At least 60 days prior to the date when the new terms and conditions would become effective, the ESCO must provide the new terms and conditions to the customer and clearly inform the customer in a notice that the customer may terminate the existing Agreement before the new terms and conditions become effective.*
8. **ASSIGNMENT OF AGREEMENT** You may not assign or transfer your rights or obligations under this Agreement. *(ESCO's d/b/a Name)* may assign or transfer its rights or obligations under this Agreement only to another ESCO licensed by the Long Island Power Authority and after first informing you in writing of such transfer or assignment. The new ESCO must assume all rights and obligations under the terms and conditions of this Agreement.
9. **GENERAL PROVISIONS** This Agreement shall be construed in accordance with and be governed by the laws of the State of New York without regard to the conflicts of law provisions thereof. *(Include other general terms and provisions of the contract including any low income provisions, a statement advising customers that you must receive customer authorization to request historic usage information, an explanation of how confidentiality of customer information (billing history or any other customer information provided to the ESCO by either LIPA or the customer) will be handled, a statement describing your practice about contacting credit rating agencies for information about the customer, and a statement that electric service may only be shut off by LIPA.)*
10. **CUSTOMER COMPLAINTS** If you have a question or complaint regarding the *(ESCO's d/b/a Name)* terms and conditions of service, a bill issued by the *(ESCO's d/b/a Name)*, or any other dispute regarding this Agreement, you should contact the *(ESCO's d/b/a Name)* by calling this toll-free number, *(ESCO's customer service number)* and attempt to resolve any issues with the *(ESCO's d/b/a Name)* representative. *(Provide a descriptions of your dispute resolution process here)*

If you believe that *ESCO d/b/a Name* has engaged in any unfair or unethical business practices, please call the Long Island Power Authority at this toll-free number, (877) ASK-LIPA or (877) 275-5472.

PART 6A(2)

STANDARD RESIDENTIAL CUSTOMER ELECTRICITY SALES AGREEMENT (WRITTEN) AGGREGATOR

Section I provides the requirements for written customer agreements for Aggregators that choose to use their own residential agreements rather than the agreements of another licensed ESCO. Section II provides the requirements for electronic agreements and Section III provides the requirements for verbal agreements. Non-residential customers have different requirements for the customer agreement which are set forth in Part 6B.

I. FORM OF STANDARD WRITTEN RESIDENTIAL CUSTOMER ELECTRICITY SALES AGREEMENT
FOR AGGREGATORS

This document uses the following convention:

- Material in regular type must appear in the standard residential customer agreement.
- Material in italics provides guidelines and requirements for inclusion in the customer agreement.

(Aggregator Name and License Number)

(Aggregator Business Address)

(Aggregator Telephone Number)

**LONG ISLAND CHOICE PROGRAM
STANDARD RESIDENTIAL CUSTOMER
ELECTRICITY SALES AGREEMENT (WRITTEN)
AGGREGATOR**

CUSTOMER INFORMATION

Customer Name: _____

(as specified on the LIPA Account)

Service Address(es):

LIPA Account Number(s):

Billing Address: _____

Telephone Number: _____

Tax exempt or special tax status: Yes/ No

(must provide appropriate documentation to (Aggregator d/b/a Name))

AGREEMENT TO PURCHASE ELECTRICITY

By signing and returning this form to *(Aggregator d/b/a Name)* by _____, 2000, I accept *(the ESCO selected by Aggregator d/b/a Name)* offer to sell, and I agree to purchase electricity for the above listed account(s) from *(the ESCO selected by Aggregator d/b/a Name)* at a price per kilowatt hour (kWh) of _____ (price does not include taxes) for the period beginning *(start month & year)* until the contract is canceled by me or *(the Aggregator d/b/a Name)* under the termination provisions in sections 5 and 6 of this Agreement. This Agreement is subject to my enrollment in the Long Island Choice Program being accepted by LIPA and beginning no later than *(month & year)*. I hereby authorize *(the ESCO selected by Aggregator d/b/a Name)* to enroll me in this program.

Subject to the foregoing conditions, your signature on this Agreement binds you to receive and purchase from *(the ESCO selected by Aggregator d/b/a Name)* and *(the ESCO selected by Aggregator d/b/a Name)* to provide and sell to you electricity in accordance with the General Terms and Conditions set forth on the reverse side of this page, which is a part of this Agreement. In this Agreement the customer is referred to as "I" or "you" or "your" or "customer" and *(the ESCO selected by Aggregator d/b/a Name)* is referred to as "*(the ESCO selected by Aggregator d/b/a Name)*" or "we" or "our" or "us."

Customer Signature: _____

Date: _____

You may cancel this Agreement any time during the 5 calendar days following your date of signature, by calling *(Aggregator d/b/a Name and the ESCO's d/b/a Name at ESCO's toll-free number)*. *(Aggregator d/b/a Name)* will provide a copy of this Agreement for

your records at the time it is given to you for your signature. A copy of the Agreement signed by you and (*Aggregator d/b/a Name*) will be given to you within 15 calendar days after receipt of the Agreement with your signature.

STANDARD RESIDENTIAL CUSTOMER
ELECTRICITY SALES AGREEMENT (WRITTEN)
GENERAL TERMS AND CONDITIONS
AGGREGATOR

1. **SCOPE** These terms and conditions shall apply to the purchase by you and sale by us of electricity as specified herein for the term.
2. **(the ESCO selected by Aggregator d/b/a Name) AS CUSTOMER'S AGENT** The customer designates (the ESCO selected by Aggregator d/b/a Name) as its agent for receiving customer billing information from LIPA and for procuring and scheduling the transmission and ancillary services necessary to deliver electricity purchased by you to LIPA's system.
3. **BILLING AND PAYMENT** Payment is due within *(number of days)* from the date on the invoice. Late payments or partial payment balances will be subject to a *(specify late payment fee if any)* per month late fee. Your bill will be based on scheduled meter readings and/or estimates provided by LIPA. *(Include any collection fees or other billing and payment related charges here. The ESCO shall specify any customer deposit requirements, including the period for which any deposit is required and the interest rate, if any, the ESCO will pay on customer deposits.)*
4. **TITLE AND TAXES** Under this Agreement, title to the electricity shall pass from us to you prior to delivery to LIPA. Our price includes transportation to LIPA but does not include taxes. You shall be responsible for, and shall reimburse *(the ESCO selected by Aggregator d/b/a Name)* for, any transfer, sales or other taxes and related charges, however designated, imposed upon the transfer of title or the transporting or delivering of electricity, unless prior to execution of this Agreement, you have given us applicable, valid tax exemption certificates.
5. **TERMINATION OF AGREEMENT BY CUSTOMER** You may terminate or cancel this Agreement for any reason effective at the end of any calendar month, if you give the *(the ESCO selected by Aggregator d/b/a Name)* at least 10 calendar days advance notice. *An ESCO may not charge the customer a fee for termination or cancellation.*
6. **TERMINATION BY (the ESCO selected by Aggregator d/b/a Name)** *The ESCO shall itemize and fully explain all terms and conditions regarding termination or cancellation of this Agreement. The applicable provisions of this Agreement shall continue in effect after termination or cancellation of this Agreement to the extent necessary to provide for final billing, billing adjustments, payments, disposition of any outstanding claims and related matters.*
7. **AGREEMENT EXPIRATION, RENEWAL AND AMENDMENT** *The ESCO shall list and explain the specific terms and conditions associated with Agreement expiration and renewal. To change the terms and conditions of the Agreement, the customer must be notified of any proposed changes in any bills the customer receives during the three months before the proposed new terms and conditions would become effective. At least 60 days prior to the date when the new terms and conditions would become effective, the ESCO must provide the new terms and conditions to the customer and clearly inform the customer in a notice that the customer may terminate the existing Agreement before the new terms and conditions become effective.*
8. **ASSIGNMENT OF AGREEMENT** You may not assign or transfer your rights or obligations under this Agreement. *(Aggregator's d/b/a Name)* is an Aggregator who enrolls customers to be served by an ESCO. By entering into this Agreement, you are authorizing *(Aggregator d/b/a Name)* to select an ESCO for you. When the *(Aggregator d/b/a Name)* selects an ESCO to serve you, you will be notified by your *(Aggregator d/b/a Name)* and will receive information about the ESCO, including the ESCO's name, address, phone number, product label, and its dispute resolution process.
9. **GENERAL PROVISIONS** This Agreement shall be construed in accordance with and be governed by the laws of the State of New York without regard to the conflicts of law provisions thereof. *(Include other general terms and provisions of the contract including any low income provisions, a statement advising customers that you must receive customer authorization to request historic usage information, an explanation of how confidentiality of customer information (billing history or any other customer information provided to the ESCO by either LIPA or the customer) will be handled, a statement describing your practice about contacting credit rating agencies for information about the customer, and a statement that electric service may only be shut off by LIPA.)*
10. **CUSTOMER COMPLAINTS** If you have a question or complaint regarding the *(the ESCO selected by Aggregator d/b/a Name)* terms and conditions of service, a bill issued by the *ESCO selected by the Aggregator d/b/a Name*, or any other dispute regarding this Agreement, you should contact the *(ESCO selected by Aggregator d/b/a Name)* by calling this toll-free number, *(ESCO's customer service number)* and attempt to resolve any issues with the *(the ESCO selected by Aggregator d/b/a Name)* representative. *(Provide a description of your dispute resolution process here).*

If you believe that *(ESCO selected by Aggregator d/b/a Name)* has engaged in any unfair or unethical business practices, please call the Long Island Power Authority at this toll-free number, (877) ASK-LIPA or (877) 275-5472.

III. FORM OF STANDARD ELECTRONIC RESIDENTIAL CUSTOMER ELECTRICITY SALES AGREEMENT FOR AGGREGATORS

Aggregators that provide Eligible Customers with agreements through electronic means must send the customer a written listing of all terms and conditions by first class mail (or by e-mail if requested by the customer) within one business day of entering into electronic contracts. Aggregators must make standard contract language easily available to Eligible Customers on the Aggregators' websites at the time of entering into electronic contracts. The following provides the required form, including guidelines for provisions that may vary among Aggregators, for the agreement between an Aggregator and a residential customer. This document uses the following conventions:

- Material in regular type must appear in substantially the same form in the standard electronic agreement.
- Material in italics provides guidelines and requirements for inclusion in the customer agreement and includes information that the ESCO must receive from the customer as part of entering into an electronic agreement.

(Aggregator Name and License Number)

(Aggregator Business Address)

(Aggregator Telephone Number)

**LONG ISLAND CHOICE PROGRAM
STANDARD RESIDENTIAL CUSTOMER
ELECTRICITY SALES AGREEMENT (ELECTRONIC)
AGGREGATOR**

CUSTOMER INFORMATION

(as specified on the LIPA Account)

Customer Name: _____

Service Address(es):

LIPA Account Number(s):

Billing Address:

I Accept *the Offer*

Telephone Number:

Tax exempt or special tax status: _____

(must provide appropriate documentation to (Aggregator d/b/a Name))

Email Address: _____

AGREEMENT TO PURCHASE ELECTRICITY

By electronically responding to this offer from *(the Aggregator d/b/a Name)* to purchase electricity I accept *(the ESCO selected by Aggregator d/b/a Name)* offer to sell, and I agree to purchase electricity for the *above listed account(s)* from *(the ESCO selected by Aggregator d/b/a Name)* at a price per kilowatt hour (kWh) of _____ (price does not include taxes) for the period beginning *(start month & year)* until the contract is canceled by me or *(the Aggregator d/b/a Name)* under the termination provisions in sections 5 and 6 of this Agreement. This Agreement is subject to my enrollment in the Long Island Choice Program being accepted by LIPA and beginning no later than *(month & year)*. I hereby authorize *(the ESCO selected by Aggregator d/b/a Name)* to enroll me in this program.

Subject to the foregoing conditions, electronic response to this Agreement binds you to receive and purchase from *(the ESCO selected by Aggregator d/b/a Name)* and *(the ESCO selected by Aggregator d/b/a Name)* to provide and sell to you electricity in accordance with the General Terms and Conditions set forth on the reverse side of this page, which is a part of this Agreement. In this Agreement the customer is referred to as "I" or "you" or "your" or "customer" and *(the ESCO selected by Aggregator d/b/a Name)* is referred to as "*(the ESCO selected by Aggregator d/b/a Name)*" or "we" or "our" or "us."

***(Aggregator d/b/a Name)* will provide a copy of this Agreement for your records within one business day of your electronic acceptance. You may cancel this Agreement any time during the 5 calendar days following your receipt of this Agreement's Terms and Conditions in writing, by calling *(Aggregator d/b/a Name and the ESCO's d/b/a Name at ESCO's toll-free number)*.**

**STANDARD RESIDENTIAL CUSTOMER
ELECTRICITY SALES AGREEMENT (ELECTRONIC)
GENERAL TERMS AND CONDITIONS
AGGREGATOR**

1. **SCOPE** These terms and conditions shall apply to the purchase by you and sale by us of electricity as specified herein for the term.
2. **(the ESCO selected by Aggregator d/b/a Name) AS CUSTOMER'S AGENT** The customer designates (the ESCO selected by Aggregator d/b/a Name) as its agent for receiving customer billing information from LIPA and for procuring and scheduling the transmission and ancillary services necessary to deliver electricity purchased by you to LIPA's system.
3. **BILLING AND PAYMENT** Payment is due within *(number of days)* from the date on the invoice. Late payments or partial payment balances will be subject to a *(specify late payment fee if any)* per month late fee. Your bill will be based on scheduled meter readings and/or estimates provided by LIPA. *(Include any collection fees or other billing and payment related charges here. The ESCO shall specify any customer deposit requirements, including the period for which any deposit is required and the interest rate, if any, the ESCO will pay on customer deposits.)*
4. **TITLE AND TAXES** Under this agreement, title to the electricity shall pass from us to you prior to delivery to LIPA. Our price includes transportation to LIPA but does not include taxes. You shall be responsible for, and shall reimburse *(the ESCO selected by Aggregator d/b/a Name)* for, any transfer, sales or other taxes and related charges, however designated, imposed upon the transfer of title or the transporting or delivering of electricity, unless prior to execution of this Agreement, you have given us applicable, valid tax exemption certificates.
5. **TERMINATION OF AGREEMENT BY CUSTOMER** You may terminate or cancel this Agreement for any reason effective at the end of any calendar month, if you give the *(the ESCO selected by Aggregator d/b/a Name)* at least 10 calendar days advance notice. *An ESCO may not charge the customer a fee for termination or cancellation.*
6. **TERMINATION BY (the ESCO selected by Aggregator d/b/a Name)** *The ESCO shall itemize and fully explain all terms and conditions regarding termination or cancellation of this Agreement. The applicable provisions of this Agreement shall continue in effect after termination or cancellation of this Agreement to the extent necessary to provide for final billing, billing adjustments, payments, disposition of any outstanding claims and related matters.*
7. **AGREEMENT EXPIRATION, RENEWAL AND AMENDMENT** *The ESCO shall list and explain the specific terms and conditions associated with Agreement expiration and renewal. To change the terms and conditions of the Agreement, the customer must be notified of any proposed changes in any bills the customer receives during the three months before the proposed new terms and conditions would become effective. At least 60 days prior to the date when the new terms and conditions would become effective, the ESCO must provide the new terms and conditions to the customer and clearly inform the customer in a notice that the customer may terminate the existing Agreement before the new terms and conditions become effective.*
8. **ASSIGNMENT OF AGREEMENT** You may not assign or transfer your rights or obligations under this Agreement. *(Aggregator's d/b/a Name)* is an Aggregator who enrolls customers to be served by an ESCO. By entering into this Agreement, you are authorizing *(Aggregator d/b/a Name)* to select an ESCO for you. When the *(Aggregator d/b/a Name)* selects an ESCO to serve you, you will be notified by your *(Aggregator d/b/a Name)* and will receive information about the ESCO, including the ESCO's name, address, phone number, product label, and its dispute resolution process.
9. **GENERAL PROVISIONS** This Agreement shall be construed in accordance with and be governed by the laws of the State of New York without regard to the conflicts of law provisions thereof. *(Include other general terms and provisions of the contract including any low income provisions, a statement advising customers that you must receive customer authorization to request historic usage information, an explanation of how confidentiality of customer information (billing history or any other customer information provided to the ESCO by either LIPA or the customer) will be handled, a statement describing your practice about contacting credit rating agencies for information about the customer, and a statement that electric service may only be shut off by LIPA.)*
10. **CUSTOMER COMPLAINTS** If you have a question or complaint regarding the *(the ESCO selected by Aggregator d/b/a Name)* terms and conditions of service, a bill issued by the *ESCO's d/b/a Name*, or any other dispute regarding this Agreement, you should contact the *(ESCO selected by Aggregator d/b/a Name)* by calling this toll-free number, *(ESCO's customer service number)* and attempt to resolve any issues with the *(the ESCO selected by Aggregator d/b/a Name)* representative. *(Provide a descriptions of your dispute resolution process here)*

If you believe that *(ESCO selected by Aggregator d/b/a Name)* has engaged in any unfair or unethical business practices, please call the Long Island Power Authority at this toll-free number, (877) ASK-LIPA or (877) 275-5472.

III. FORM OF STANDARD VERBAL RESIDENTIAL CUSTOMER ELECTRICITY SALES AGREEMENT

FOR AGGREGATORS

Aggregators that enter into agreements with Eligible Customers verbally must send the customer a written listing of all terms and conditions by first class mail (or by e-mail if requested by the customer) within one business day of entering into the agreement.

Aggregators must read Eligible Customers a standard verbal agreement prior to verification of the agreement by an independent third party. Aggregators must tape and retain the standard verbal agreement, the customer's acceptance of the standard verbal agreement, the independent verification questions and the customer's responses to the questions. Customers must be notified prior to the recording of any conversations. The following provides the required form, including guidelines for provisions that may vary among Aggregators, for the standard verbal agreement between an Aggregator and a residential customer. This document uses the following convention:

- Material in regular type must be read to the customer.
- Material in italics provides guidelines and requirements for inclusion in the standard verbal customer agreement and includes information that the Aggregator must receive from the customer as part of the standard verbal agreement.
- Customers must respond affirmatively to this standard verbal agreement and this verbal agreement must be verified by an independent third party as provided for in Attachment J of the LI Choice Operating Procedures.

Aggregator should explain the terms and conditions of the Agreement and verify the following information from the Eligible Customer

CUSTOMER INFORMATION

Customer Name: _____

(as specified on the LIPA Account)

Service Address(es): _____ **LIPA Account Number(s):** _____

Billing Address: _____

Telephone Number: _____

Tax exempt or special tax status: _____

(must provide appropriate documentation to (Aggregator d/b/a Name))

STANDARD VERBAL AGREEMENT TO PURCHASE ELECTRICITY

By verbally accepting this offer from *(the Aggregator d/b/a Name)* to purchase electricity you accept *(the ESCO selected by Aggregator d/b/a Name)* offer to sell, and *customer's name* agrees to purchase electricity for *(state account number(s))* from *(the ESCO selected by Aggregator d/b/a Name)* at a price per kilowatt hour, not including taxes, of _____ for the period beginning *(start month & year)* until the Agreement is canceled by you or *(the Aggregator d/b/a Name)*. This Agreement is subject to your enrollment in the Long Island Choice Program being accepted by LIPA and beginning no later than *(month & year)*. LIPA will still provide electric delivery services and bill you for those services. Do you hereby authorize *(the ESCO selected by Aggregator d/b/a Name)* to enroll your account(s) in this program?

(If customer responds affirmatively read the following provision)

You may cancel this Agreement any time during the 5 calendar days following your receipt of the Terms and Conditions of this Agreement in the mail, by calling *(Aggregator d/b/a Name and the ESCO's d/b/a Name at ESCO's toll-free number)*.

The following is a listing of the terms and conditions for standard verbal residential customer electricity sales agreements. This listing of terms and conditions must be included, along with the text of the standard verbal agreement, as the written listing of terms and conditions that is mailed to the customer.

**STANDARD RESIDENTIAL CUSTOMER
ELECTRICITY SALES AGREEMENT (VERBAL)
GENERAL TERMS AND CONDITIONS
AGGREGATOR**

1. **SCOPE** These terms and conditions shall apply to the purchase by you and sale by us of electricity as specified herein for the term.
2. **(the ESCO selected by Aggregator d/b/a Name) AS CUSTOMER'S AGENT** The customer designates (the ESCO selected by Aggregator d/b/a Name) as its agent for receiving customer billing information from LIPA and for procuring and scheduling the transmission and ancillary services necessary to deliver electricity purchased by you to LIPA's system.
3. **BILLING AND PAYMENT** Payment is due within *(number of days)* from the date on the invoice. Late payments or partial payment balances will be subject to a *(specify late payment fee if any)* per month late fee. Your bill will be based on scheduled meter readings and/or estimates provided by LIPA. *(Include any collection fees or other billing and payment related charges here. The ESCO shall specify any customer deposit requirements, including the period for which any deposit is required and the interest rate, if any, the ESCO will pay on customer deposits.)*
4. **TITLE AND TAXES** Under this agreement, title to the electricity shall pass from us to you prior to delivery to LIPA. Our price includes transportation to LIPA but does not include taxes. You shall be responsible for, and shall reimburse *(the ESCO selected by Aggregator d/b/a Name)* for, any transfer, sales or other taxes and related charges, however designated, imposed upon the transfer of title or the transporting or delivering of electricity, unless prior to execution of this Agreement, you have given us applicable, valid tax exemption certificates.
5. **TERMINATION OF AGREEMENT BY CUSTOMER** You may terminate or cancel this Agreement for any reason effective at the end of any calendar month, if you give the *(the ESCO selected by Aggregator d/b/a Name)* at least 10 calendar days advance notice. *An ESCO may not charge the customer a fee for termination or cancellation.*
6. **TERMINATION BY (the ESCO selected by Aggregator d/b/a Name)** *The ESCO shall itemize and fully explain all terms and conditions regarding termination or cancellation of this Agreement. The applicable provisions of this Agreement shall continue in effect after termination or cancellation of this Agreement to the extent necessary to provide for final billing, billing adjustments, payments, disposition of any outstanding claims and related matters.*
7. **AGREEMENT EXPIRATION, RENEWAL AND AMENDMENT** *The ESCO shall list and explain the specific terms and conditions associated with Agreement expiration and renewal. To change the terms and conditions of the Agreement, the customer must be notified of any proposed changes in any bills the customer receives during the three months before the proposed new terms and conditions would become effective. At least 60 days prior to the date when the new terms and conditions would become effective, the ESCO must provide the new terms and conditions to the customer and clearly inform the customer in a notice that the customer may terminate the existing Agreement before the new terms and conditions become effective.*
8. **ASSIGNMENT OF AGREEMENT** You may not assign or transfer your rights or obligations under this Agreement. *(Aggregator's d/b/a Name)* is an Aggregator who enrolls customers to be served by an ESCO. By entering into this Agreement, you are authorizing *(Aggregator d/b/a Name)* to select an ESCO for you. When the *(Aggregator d/b/a Name)* selects an ESCO to serve you, you will be notified by your *(Aggregator d/b/a Name)* and will receive information about the ESCO, including the ESCO's name, address, phone number, product label, and its dispute resolution process.
9. **GENERAL PROVISIONS** This Agreement shall be construed in accordance with and be governed by the laws of the State of New York without regard to the conflicts of law provisions thereof. *(Include other general terms and provisions of the contract including any low income provisions, a statement advising customers that you must receive customer authorization to request historic usage information, an explanation of how confidentiality of customer information (billing history or any other customer information provided to the ESCO by either LIPA or the customer) will be handled, a statement describing your practice about contacting credit rating agencies for information about the customer, and a statement that electric service may only be shut off by LIPA.)*
10. **CUSTOMER COMPLAINTS** If you have a question or complaint regarding the *(the ESCO selected by Aggregator d/b/a Name)* terms and conditions of service, a bill issued by the *ESCO's d/b/a Name*, or any other dispute regarding this Agreement, you should contact the *(ESCO selected by Aggregator d/b/a Name)* by calling this toll-free number, *(ESCO's customer service number)* and attempt to resolve any issues with the *(the ESCO selected by Aggregator d/b/a Name)* representative. *(Provide a descriptions of your dispute resolution process here)*

If you believe that *(ESCO selected by Aggregator d/b/a Name)* has engaged in any unfair or unethical business practices, please call the Long Island Power Authority at this toll-free number, (877) ASK-LIPA or (877) 275-5472.

PART 6B(1)

NONRESIDENTIAL CUSTOMER ELECTRICITY SALES AGREEMENT ENERGY SERVICE COMPANY (ESCO)

ESCOs participating in the Long Island Choice Program and enrolling nonresidential customers must abide by all of the rules and requirements of the Long Island Power Authority and its subsidiary, LIPA. All ESCOs must either have signed agreements with nonresidential customers that contain the following standard language or have valid electronic or taped verbal agreements that include this standard provision:

1. ***(ESCO's d/b/a Name) as Customer's Agent*** - The customer designates *(ESCO's d/b/a Name)* as its agent for receiving customer billing information from LIPA and for procuring and scheduling the transmission and ancillary services necessary to deliver Electric Generation Service purchased by you to LIPA's system. *ESCOs that enter into agreements with Eligible Customers through electronic or taped verbal means must send the customer a written listing of all terms and conditions by first class mail (or by e-mail if requested by the customer) within one business day of entering into the agreement. Verbal agreements must subsequently be verified and taped (both questions and answers must be recorded) by an independent third party as provided for in Attachment J of the LI Choice Operating Procedures.*

PART 6B(2)

NONRESIDENTIAL CUSTOMER ELECTRICITY SALES AGREEMENT AGGREGATOR

Aggregators participating in the Long Island Choice Program and enrolling nonresidential customers must abide by all of the rules and requirements of the Long Island Power Authority and its subsidiary, LIPA. All Aggregators that choose to use their own customer agreements must either have signed agreements with nonresidential customers that contain the following standard language or have valid electronic or taped verbal agreements that include this standard provision:

1. **(ESCO's d/b/a Name) as Customer's Agent** - The customer designates *(ESCO's d/b/a Name)* as its agent for receiving customer billing information from LIPA and for procuring and scheduling the transmission and ancillary services necessary to deliver Electric Generation Service purchased by you to LIPA's system. *Aggregators that enter into agreements with Eligible Customers through electronic or taped verbal means must send the customer a written listing of terms and conditions by first class mail (or by e-mail, if requested by the customer) within one business day of entering into the agreement.*

Verbal agreements must subsequently be verified and taped (both questions and answers must be recorded) by an independent third party as provided for in Attachment J of the LI Choice Operating Procedures.

LONG ISLAND CHOICE OPERATING PROCEDURES

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LONG ISLAND CHOICE OPERATING PROCEDURES

1.0 INTRODUCTION

1.1 Purpose

The purpose of these LI Choice Operating Procedures is to provide a set of procedures and requirements for implementation of the LI Choice Program within the LIPA service territory. The Program allows retail customers to choose an ESCO to provide their Electric Generation Service, and large customers, who meet the criteria described herein, to become DRCs and therefore accept responsibility for certain functions provided to other LI Choice customers by the ESCOs. Customers may also choose an Aggregator, who enrolls customers in the LI Choice Program and then contracts with an ESCO for the provision of services to these customers. The procedures and requirements in these Operating Procedures are designed to promote competition and increase customer choice while maintaining a safe, reliable, and environmentally responsible operating environment.

The Operating Procedures:

- Identify the responsibilities of participating customers, ESCOs, Aggregators, DRCs, the Long Island Power Authority (a corporate municipal instrumentality and political subdivision of the State of New York (“Authority”)), and the Authority’s subsidiary, LIPA, the owner and operator of the transmission and distribution system on Long Island, in the LI Choice Program;
- Set forth the procedures for enrollment of customers in the LI Choice Program and selection by LIPA for participation in LI Choice;
- Identify the requirements to become a Licensed ESCO, Aggregator, or DRC;
- Set forth billing and payment procedures for LIPA, ESCOs, Aggregators, and DRCs and LI Choice Customers; and
- Set forth consumer protection measures that must be followed by ESCOs and Aggregators.

The Operating Procedures also set forth procedures an ESCO or DRC must follow to schedule delivery of Electric Generation Service to retail customer loads and requirements for on- and off-Island installed capacity. In all cases, whether or not explicitly stated, the capacity in which an ESCO schedules delivery services for a Long Island Choice Customer is one of agent appointed by the Customer to act on her or his behalf and not of principal.

1.2 Incorporation by Reference

The terms and conditions of the following documents are incorporated by reference into these Operating Procedures and are made a part hereof:

- 1.2.1 Tariffs, rules and procedures of the NYISO, as applicable, associated with the purchase, sale, transmission and distribution of electric energy, installed capacity, and ancillary services, as the same may be amended, modified, supplemented, or superseded from time to time.
- 1.2.2 Energy Service Company Operating Agreement, Aggregator Operating Agreement or Direct Retail Customer Operating Agreement, as applicable.

- 1.2.3 LIPA's Tariff for Electric Service, as the same may be amended, modified, or supplemented from time to time by the Authority.
- 1.2.4 These Operating Procedures as the same may be amended, modified, supplemented or superseded from time to time.
- 1.2.5 Decisions by the Authority or its Chairman involving the LI Choice Program.

2.0 DEFINITIONS

2.1 Aggregator (“Licensed Aggregator”)

An entity that facilitates enrollment of Customers in the LI Choice Program, but does not sell power or perform power supply, transmission or customer service functions for Participating Customers.

2.2 Authority

The Long Island Power Authority, a corporate municipal instrumentality and political subdivision of the State of New York. Reference to the Long Island Power Authority does not refer to its subsidiary, LIPA, defined in 2.12 below.

2.3 Bundled Service

The services offered by LIPA under Sections I-VIII of LIPA’s Tariff for Electric Service. LIPA’s Bundled Service includes LIPA-provided Electric Generation Service as part of the total service.

2.4 Bundled Service Tariff

Sections I-VIII of LIPA’s Tariff for Electric Service.

2.5 Direct Retail Customer (“DRC”)

An Eligible Customer with a minimum annual energy requirement of at least 8760 MWh that acts without an ESCO or an Aggregator to contract for and supply Electric Generation Service and related services solely for its own use. A DRC is also considered a LI Choice Customer.

2.6 Electric Generation Service

The procurement and transmission of electric capacity and energy to the LIPA system, but not including the transmission or distribution of electric capacity and energy across LIPA’s receipt points or along LIPA’s electrical system to the Customer meter.

2.7 Eligible Customer

A customer that meets the eligibility criteria set forth in the LI Choice Tariff.

2.8 Energy Service Company (“ESCO” or “Licensed ESCO”)

An entity that performs electric supply, transmission and customer service functions in a competitive environment, including producing or contracting for and supplying Electric Generation Service and related services, and procuring and scheduling transmission and ancillary services to deliver the Electric Generation Service purchased by Participating Customers to the LIPA system.

2.9 Installed Capacity (“ICAP”)

A Generator or Load facility that complies with the requirements in the NYSRC reliability rules and is capable of supplying and/or reducing the demand for energy in the New York Control Area for the purpose of ensuring that sufficient energy and capacity are available to meet the reliability rules. The Installed Capacity requirement, established by the NYSRC, includes a margin of reserve in accordance with the reliability rules.

2.10 LI Choice or Program

The Long Island Choice Program.

2.11 LI Choice Tariff

Section IX of LIPA’s Tariff for Electric Service.

2.12 LIPA

The subsidiary of the Authority which owns and manages the transmission and distribution system. References to LIPA may also include LIPA’s Manager which is responsible for providing services on behalf of LIPA under terms of the Management Services Agreement.

2.13 NERC

The North American Electric Reliability Council or its successor organization.

2.14 Non-Residential Customer

All other service classifications defined as eligible customers in the LI Choice Tariff and not included as Residential Customers.

2.15 NYISO

New York Independent System Operator or its successor organization.

2.16 NYSRC

New York State Reliability Council or its successor organization.

2.17 Participating Customer

An Eligible Customer who has enrolled in the LI Choice Program through a Licensed ESCO or Aggregator.

2.18 Reconciliation Date

The month and day that a Customer returns to LIPA’s Bundled Service.

2.19 Residential Customer

For purposes of the LI Choice Program, Customers receiving service under Service Classifications 1, 1-VMRP(L), or 1-VMRP(S), except Customers who receive service under provisions related to Residential Offpeak Energy Storage, Wind Generation and Residential Small Solar Electric Generation.

3.0 CUSTOMER ELIGIBILITY AND ENROLLMENT

3.1 LI Choice Program Phases

The Long Island Choice Program is a key element of the Authority's plan to foster competition for electricity supply on Long Island. It is the Authority's objective to encourage the development of a competitive power market as a means of providing consumer choice and additional power cost savings for its customers. Under LI Choice, all LIPA retail customers will be eligible to purchase electricity from Licensed ESCOs of their choice, or as DRCs, by January 1, 2003. The retail access objectives and the phase-in dates specified herein are targets and the schedule is subject to adjustment with appropriate Authority oversight to address developments as they occur. LI Choice provides for implementation in three phases as described below.

- 3.1.1 Phase I Program - The initial phase of the Program began with the solicitation and enrollment of customers during the Phase I enrollment period and made retail choice available to both Residential and Non-Residential Customers representing, in the aggregate, 400 MW of LIPA's retail customer load.
- 3.1.2 Phase II Program - Phase II of the LI Choice Program increases the total eligible LIPA retail customer load for LI Choice Program participation from 400 MW to 800 MW. Deliveries under Phase II of the program are anticipated to begin May 1, 2000. The 800 MW total will be divided among Residential and Non-Residential Customers. Residential Customers will be allocated a minimum of 180 MW and up to 580 MW of the total. Non-Residential Customers will be allocated a minimum 220 MW and up to 620 MW of the program total. DRCs are eligible to participate in Phase II and their load will be counted toward their customer class load allocation.
- 3.1.3 Phase III Program - For Phase III of the Program, scheduled to begin May 1, 2001, it is anticipated that participation will be ramped up such that by January 1, 2003, all LIPA customers will be eligible to participate in LI Choice. Details of the Phase III Program will be provided in the future.

3.2 Customer Eligibility Criteria

- 3.2.1 Other than a DRC, an Eligible Customer whose Electric Generation Service and delivery services would otherwise be provided by LIPA as Bundled Service may choose to purchase Electric Generation Service and related services from an ESCO licensed by the Authority (Licensed ESCO), and delivery service separately from LIPA. Electric Generation Service includes installed capacity and installed capacity reserves with the attendant on-Island installed capacity and reserve requirement, energy, losses, and transmission and ancillary services to the LIPA system.
- 3.2.2 To participate in the LI Choice Program, an Eligible Customer other than a DRC must authorize a Licensed ESCO in writing or by documented electronic or verbal means to act as its agent in connection with receiving billing information from LIPA, the procurement and scheduling of transmission service, the associated ancillary services and the scheduling and delivery of Electric Generation Service to the LIPA system with the associated settlement processes.
- 3.2.3 An Eligible Customer may select only one Licensed ESCO or Aggregator at a time per

LIPA customer account. An Eligible Customer with multiple LIPA customer accounts may select a different ESCO or Aggregator for each LIPA customer account.

3.3 Enrollment of Eligible Customers by ESCOs and Aggregators

The process to enroll Eligible Customers has been designed to ensure that customer confidentiality is protected and customer authorization is auditable. A summary of this process follows.

- 3.3.1 The Authority will assist customers in making the transition to LI Choice by providing interested customers with educational materials regarding the LI Choice Program.
- 3.3.2 A list of active Licensed ESCOs and Aggregators will be available to interested customers. Licensed ESCOs and Aggregators may contact Eligible Customers to solicit enrollment. To participate in the LI Choice Program, Eligible Customers are required to enroll through a Licensed ESCO or Aggregator, unless they qualify as, and choose to enroll as, DRCs.
- 3.3.3 Any Eligible Customer desiring to participate in the LI Choice Program may initiate the process of Program enrollment by directly contacting a Licensed ESCO or Aggregator by telephone, electronically or in writing.
- 3.3.4 The Eligible Customer may initiate the enrollment process with a Licensed ESCO or Aggregator by providing a valid LIPA customer account number and the name of the customer of record. The ESCO or Aggregator may wish to obtain historical usage information for the customer from LIPA as part of the process of determining if the ESCO or Aggregator will offer services to the customer. To obtain historical customer usage information from LIPA, the ESCO or Aggregator must obtain written or documented electronic authorization from the Eligible Customer in substantially the same format as the Written Authorization Form included as Attachment A, or taped verbal authorization by the Eligible Customer which complies with the Authority's Verbal Authorization Script, included in Attachment B.
- 3.3.5 The ESCO or Aggregator will provide LIPA with the Eligible Customer's name and LIPA's customer account number. LIPA will verify customer eligibility and inform the ESCO or Aggregator electronically if the customer is ineligible for enrollment. Historical billing cycle data will be provided for both eligible and ineligible customers. If LIPA is unable to identify the account number and/or name, the ESCO or Aggregator will be allowed to correct and resubmit the data. Enrollment will be denied for accounts that exceed the MW load cap for that customer segment.
- 3.3.6 The customer usage information that LIPA will provide the requesting ESCO or Aggregator will typically contain 24-months usage information (or the life of the account, whichever is less) including service classification, billing address, meter number, meter multiplier, meter readings, meter reading dates, type of meter reading (actual or estimated), and consumption (including kWh, and kW demand if available, for the particular customer service classification, and on-peak, off-peak or recorded hourly interval data). The customer data will also contain total billing amounts for Bundled Service and taxes and the sales and GRT tax rates, but will not contain payment status or credit information. Customer usage information will not be normalized for weather.

Historical customer billing cycle data requests for individual customer accounts will be provided electronically at the time of request. Historical customer billing cycle data requests for multiple customer accounts normally will be provided electronically within one business day of the request, free of charge. Requests for interval data normally will be provided electronically within 3 business days.

- 3.3.7 For certain customers, additional usage data may be available from LIPA including the following: 1) up to 48 months of monthly or bi-monthly usage data beyond the 24 months of data initially provided and 2) up to 60 months of 15-minute recorded interval load data depending upon what is available for a given customer. Requests for additional historical customer usage information normally will be responded to in 5 business days, by either supplying the requested additional information, specifying when such information will be provided, or advising that such information does not exist. The information will be provided electronically. Fees for providing such additional information will be billed to the requesting ESCO or Aggregator in accordance with provisions in the LI Choice Tariff.
- 3.3.8 All LIPA customer account numbers and any related password and/or encrypted coding requests, and similar information, must be kept confidential by the ESCO or Aggregator and may not be disclosed to others. All historical customer usage information obtained by an ESCO or Aggregator must be kept confidential by the ESCO or Aggregator, and not disclosed to others, unless otherwise authorized by the customer. Customer information, such as telephone numbers and service addresses, shall also be kept confidential and not disclosed to others, unless otherwise authorized by the customer.
- 3.3.9 An ESCO that agrees to provide Electric Generation Service and related services to an Eligible Customer, or an Aggregator that agrees to select for the customer an ESCO to provide Electric Generation Service and related services to the Eligible Customer, must provide the Eligible Customer with an Agreement. Residential Customers must receive one of the ESCO's or Aggregator's standard Agreements for Residential Customers and Non-Residential Customers must receive an Agreement containing, at a minimum, the provisions required by the Authority for Non-Residential Customers. The Agreement must include the required terms and conditions contained in the LI Choice Phase II Implementation Plan, Part 6. An ESCO may not enroll a customer in LI Choice unless the ESCO or Aggregator has provided the Eligible Customer with this information and provided the Eligible Customer with sufficient time to review it and obtains an executed signature page or documented electronic or taped verbal acceptance from the Eligible Customer.
- 3.3.10 ESCOs and Aggregators that provide Eligible Customers with Agreements through documented electronic or taped verbal means must send the Eligible Customer a written listing of all terms and conditions as described in Part 6 of the LI Choice Implementation Plan by first class mail (or by e-mail if requested by the customer) within one business day of electronic or taped verbal acceptance by the Eligible Customer.
- 3.3.11 Once an Agreement has been signed or documented electronic or taped verbal acceptance has been received, the ESCO or Aggregator shall inform LIPA electronically that the customer has signed an Agreement or electronically or verbally entered into an Agreement and wishes to participate in the LI Choice Program by enrolling with the ESCO or Aggregator. Enrollment submissions will be time/date stamped by LIPA. LIPA will send a letter to the customer confirming enrollment in the LI Choice Program and

identifying the ESCO or Aggregator that will provide Electric Generation Service and related services to the customer. The letter will also instruct the customer to contact LIPA if the information in the letter is incorrect regarding the customer's desire to participate in the LI Choice Program or if the ESCO or Aggregator identified in the confirmation letter is not the ESCO or Aggregator with which the customer has an Agreement. If the customer has not contacted LIPA within 5 calendar days of the date of the letter, LIPA will enroll the customer with the ESCO or Aggregator consistent with the information in the confirmation letter. If the customer contacts LIPA within the specified time period and disputes any information in the confirmation letter, the customer will not be enrolled with the ESCO or Aggregator until the customer issues are resolved. If the Eligible Customer notifies LIPA after the specified notice period and before deliveries begin that the enrollment request by the ESCO or Aggregator should be cancelled, LIPA will remove the Eligible Customer from the ESCO's or Aggregator's enrollment list. If LIPA receives notice from the customer that the customer was improperly enrolled in LI Choice, the enrollment will be reversed.

- 3.3.12 Potential participants in the LI Choice Program who are new to LIPA's service area will first need to establish a LIPA customer account in accordance with LIPA's Bundled Service Tariff. Subject to the limitations of the LI Choice Program phase-in enrollment and selection processes, new customer accounts for electric service will be able to take service as participants in the LI Choice Program without having to initially take Bundled Service from LIPA.

3.4 Enrollment of Eligible Customers as DRCs

A summary of the DRC enrollment process follows.

- 3.4.1 The Authority will assist customers in making the transition to LI Choice by providing interested customers with educational materials regarding the LI Choice Program.
- 3.4.2 Any Eligible Customer desiring to participate in the LI Choice Program as a DRC may initiate the enrollment process by completing a DRC license application and submitting it to the Authority. For accounts that exceed the MW load cap for that customer segment, enrollment may be denied. Once a DRC license has been approved in accordance with section 4.3, the DRC will be provided with historical billing cycle data and the DRC shall inform LIPA electronically of the start date that the DRC wishes to enroll in the LI Choice Program. Enrollment submissions will be time/date stamped by LIPA. LIPA will send a letter to the customer confirming enrollment in the LI Choice Program. The letter will also instruct the customer to contact LIPA if the information in the letter is incorrect regarding the customer's desired enrollment date. If the customer has not contacted LIPA within 5 calendar days of the date of the letter, LIPA will enroll the customer. If the customer contacts LIPA within the specified time period and disputes any information in the confirmation letter, the customer will not be enrolled as a DRC until the customer issues are resolved.
- 3.4.3 The customer usage information that LIPA will provide the requesting customer will typically contain 24 months usage information (or the life of the account, whichever is less) for the accounts determined to be eligible by LIPA under section 3.4.2, including service classification, billing address, meter number, meter multiplier, meter readings, meter reading dates, type of meter reading (actual or estimated), and consumption

(including kWh, and kW demand if available, for the particular customer service classification, and on-peak, off-peak or recorded hourly interval data). The customer data will also contain total billing amounts for Bundled Service and taxes and the sales and GRT tax rates, but will not contain payment status or credit information. Customer usage information will not be normalized for weather. Historical customer billing cycle data requests for individual customer accounts will be provided electronically at the time of request. Historical customer billing cycle data requests for multiple customer accounts normally will be provided electronically within one business day of the request, free of charge. Requests for interval data normally will be provided electronically within 3 business days.

- 3.4.5 For certain customers, additional usage data may be available from LIPA including the following: 1) up to 48 months of monthly or bi-monthly usage data beyond the 24 months of data initially provided and 2) up to 60 months of 15-minute recorded interval load data depending upon what is available for a given customer. Requests for additional historical customer usage information normally will be responded to in 5 business days, by either supplying the requested additional information, specifying when such information will be provided, or advising that such information does not exist. The information will be provided electronically. Fees for providing such additional information will be billed to the requesting customer in accordance with provisions in the LI Choice Tariff.
- 3.4.6 Potential participants in the LI Choice Program who are new to LIPA's service area will first need to establish a LIPA customer account in accordance with LIPA's Tariff. Subject to the limitations of the LI Choice Program phase-in enrollment process, new customer accounts for electric service will be able to take service as participants in the LI Choice Program without having to initially take Bundled Service from LIPA.

3.5 Enrollment and Program Participation

Customer enrollment will be monitored periodically by LIPA to minimize over-subscription of the two customer segments. If enrollment approaches or exceeds a customer segment cap, enrollment for that or all customer segments may be closed.

3.5.1 Customer Enrollment Verification

- 3.5.1.1 LIPA will contact customers whose customer accounts have been identified as being enrolled with multiple ESCOs or Aggregators. The customer will be asked to verify which ESCO or Aggregator the customer has selected. If LIPA cannot verify with the Eligible Customer which ESCO or Aggregator the customer has selected, LIPA will contact the ESCOs or Aggregators for documentation to support the enrollment. If no documentation has been received within 7 calendar days, the Eligible Customer will be enrolled with the ESCO or Aggregator who enrolled the customer first. All affected ESCOs or Aggregators will be notified of the results.
- 3.5.1.2 If a customer is enrolled as a DRC and with an ESCO or Aggregator, the customer will be enrolled as a DRC and the affected ESCOs or Aggregators will be notified.

- 3.5.2 Before an ESCO can begin deliveries to an Aggregator's customers, the Aggregator

must notify LIPA which Licensed ESCO the Aggregator's load will be assigned to at least 1 calendar month before deliveries begin. If the Aggregator fails to do so, the deliveries for all of the Aggregator's customers shall be rescheduled until the following month. If, 1 month prior to the start of rescheduled deliveries, the Aggregator fails to notify LIPA of the ESCO assignment, all of the Aggregator's customers will be removed from the Aggregator's rolls and be allowed to enroll with other ESCOs and Aggregators. Aggregator load assigned to an ESCO will be included in the ESCO's load for minimum load calculation purposes.

- 3.5.3 If an ESCO fails to meet the minimum annual energy requirement, that ESCO will be notified electronically and given the opportunity to pool with other ESCO(s) to meet the minimum requirement. If LIPA has not been notified of a pooling arrangement at least 1 calendar month before the start of delivery, the ESCO's customers will not be selected for the Program.

The calculation of enrolled customer peak load by customer segment will be made by using actual LIPA metering interval data when available, totaling the non-coincident monthly peak demands and applying a coincidence factor for demand metered customers, or using annual kWh consumption scaled by a factor which provides coincident peak demand for non-demand metered customers. If a customer has interval metering solely because of a load research program, profile data will be used instead of interval data. If a customer is participating in LIPA's Peak Reduction Program or other qualifying peak reduction program with measured hourly load adjustment (Measured DSM Program), the interval metering data may be adjusted according to that program's procedures. The peak demands calculated shall be coincident with the LIPA system summer peak load hour during the NYISO Summer Capability period (May through October).

3.6 Changing ESCOs, Aggregators or DRC Status

- 3.6.1 If a LI Choice Customer chooses to change ESCOs, Aggregators or DRC status, the parties involved must adhere to the procedures listed in Section 3.3 above and Section 3.8 below.
- 3.6.2 Once an Agreement has been signed or electronically or verbally entered into, or a DRC's license has been approved, the new ESCO, Aggregator or DRC shall inform LIPA electronically not less than 10 calendar days prior to the beginning of the next calendar month of the customer's desire to change ESCOs, Aggregators or DRC status. Enrollment submissions will be time/date stamped by LIPA. LIPA will send a letter to the customer confirming participation in the LI Choice Program, identifying the ESCO, Aggregator or DRC that will provide Electric Generation Service and related services to the customer, and indicating the date when the customer will be switched to the new ESCO, Aggregator or DRC status for participation in the LI Choice Program. LIPA will also send a notification letter to the LI Choice Customer's current ESCO or Aggregator (if any), informing the ESCO or Aggregator of the switch. Service start dates for the LI Choice Program will normally be the first day of a calendar month regardless of the actual date when the customer's meter is read. The letter to the LI Choice Customer will also notify the customer to contact LIPA within 5 calendar days if the information in the letter is incorrect regarding the customer's desire to participate in the LI Choice Program

or if an ESCO or Aggregator identified in the confirmation letter is not an ESCO or Aggregator with which the customer has an Agreement. If the customer has not contacted LIPA within 5 calendar days, LIPA will switch the customer to service under the new ESCO, Aggregator or DRC status consistent with the information in the confirmation letter. If the customer contacts LIPA within the specified time period and disputes any information in the confirmation letter, the customer will not be switched to the new ESCO, Aggregator or DRC status until the customer issues are resolved. If the Eligible Customer notifies LIPA that the request should be cancelled, after the notification period, the switch will be reversed. If the current ESCO or Aggregator notifies LIPA that the request is not valid, LIPA will contact the LI Choice Customer for verification and then, if warranted, the switch will be reversed.

- 3.6.3 If the process of changing ESCOs, Aggregators or DRC status leaves the LI Choice Customer without an ESCO, Aggregator or DRC to provide service under the LI Choice Program for the upcoming calendar month, LIPA will switch the customer to LIPA's Bundled Service until the customer obtains the services of an ESCO, Aggregator or DRC and switches from LIPA's Bundled Service to service under the LI Choice Tariff.
- 3.6.4 Transfer of a LI Choice Customer from one ESCO, Aggregator or DRC to a different ESCO or Aggregator is not permitted without proper notice to the LI Choice Customer.
- 3.6.5 If a LI Choice Customer or DRC chooses to return to LIPA's Bundled Service, that customer must contact LIPA not less than 10 calendar days prior to the beginning of the calendar month when the return is to occur. Upon receipt of such notice, LIPA will send a confirming letter to the customer and notify the ESCO or Aggregator electronically that a return to LIPA Bundled Service will be implemented.
- 3.6.6 Whenever a LI Choice Customer makes a change in ESCOs, Aggregators or DRC status, or a LI Choice Customer or DRC returns to Bundled Service with LIPA, the change will become effective on the first day of the next calendar month if proper notice has been provided to LIPA.
- 3.6.7 Fees associated with changing ESCOs, Aggregators or DRC status or returning to LIPA's Bundled Service are addressed in the LI Choice Tariff.

3.7 Termination or Discontinuance of Service

- 3.7.1 Termination of Service by LIPA - LIPA may terminate service to a LI Choice Customer in accordance with its Tariff for Electric Service. LIPA will notify the ESCO and Aggregator of such termination regarding LI Choice Customers electronically. During the period of disconnection, a LI Choice Customer's ESCO is no longer obligated to secure Electric Generation Service for the LI Choice Customer, and LIPA is not obligated to provide delivery service to the LI Choice Customer or DRC.
- 3.7.2 ESCO Voluntary Discontinuance of Operations in LIPA's Service Area
 - 3.7.2.1 An ESCO may discontinue operations in LIPA's service area at will (subject to any penalties, fees, and other requirements arising from the ESCO's contractual obligations), upon submission of a written notice to LIPA and the ESCO's LI Choice Customers at least 15 calendar days prior to the

discontinuance date. Voluntary discontinuance must be effective on the first day of a calendar month. The notice to LI Choice Customers shall inform them of the following:

- 3.7.2.1.1 The date of the ESCO's discontinuance of service;
 - 3.7.2.1.2 Their option either to select another Licensed ESCO or Aggregator to provide Electric Generation Service and any related services or to return to Bundled Service from LIPA;
 - 3.7.2.1.3 If they do select another ESCO or Aggregator, the new ESCO or Aggregator will file a change of ESCO request with LIPA on their behalf, and there will be no fee charged by LIPA to the customer;
 - 3.7.2.1.4 After the discontinuance and unless and until a new ESCO or Aggregator is selected and the change of ESCO is completed, Bundled Service will be provided by LIPA, unless LIPA has notified the customer that LIPA's delivery services will be terminated on or before the discontinuance date;
 - 3.7.2.1.5 There will be no switching fee charged by LIPA to the customer for a switch back to LIPA, whether as an interim measure until a new ESCO or Aggregator is selected or as a permanent action; and,
 - 3.7.2.1.6 Whenever a LI Choice customer makes a change of ESCOs or a LI Choice customer returns to Bundled Service with LIPA, the change will become effective on the first day of the next calendar month.
- 3.7.2.2 Within 5 calendar days of its receipt of notice from the ESCO, LIPA will send a notice to the ESCO's customers containing the same information specified in Section 3.7.2.1 above, and also providing a list of Licensed ESCOs and Aggregators.
- 3.7.2.3 If LIPA learns that an ESCO has discontinued operations in its service territory without giving the proper notice to LI Choice Customers and LIPA in accordance with the above requirements prior to discontinuing operations, LIPA shall inform the Authority of same. LIPA will then promptly provide notice of such discontinuance to all of the ESCO's customers as set forth in Section 3.7.2.1. In that notice, LIPA shall also advise the customers that effective on the date of discontinuance, their service is being provided by LIPA as Bundled Service and that payment for such service from the date of the notice until a subsequent change of ESCOs takes place must be made to LIPA.
- 3.7.2.4. If the ESCO does not give the required notice to its LI Choice Customers and to LIPA in accordance with the above requirements prior to discontinuing operations in LIPA's service area, the ESCO's license may be suspended or revoked by the Chairman of the Authority.
- 3.7.2.5. Upon voluntary discontinuance of operations by an ESCO, the ESCO shall

remain responsible for payment or reimbursement of any and all sums owed under the LI Choice Tariff or under any tariffs on file with the FERC, and service agreements relating thereto, or under any contracts between the ESCO and LIPA. The ESCO shall also remain obligated to its LI Choice Customers for any and all sums owed them under the ESCO's Agreements with such customers.

3.7.2.6. Upon receipt of a change of ESCO request from a subsequent Licensed ESCO or Aggregator, following a discontinuance notice by an ESCO, LIPA will verify the intended change of ESCO with the LI Choice Customer in accordance with Section 3.6.2 above, and subject to verification, switch the LI Choice customer to the new ESCO or Aggregator.

3.7.2.7 If a more expeditious discontinuance process is deemed necessary in a specific situation, the ESCO may request such expedited treatment upon a showing of need to the Chairman of the Authority, who has the authority to grant such a request upon such terms and conditions as he or she deems fair and appropriate under the circumstances.

3.7.3 Aggregator Voluntary Discontinuance of Operations in LIPA's Service Area

3.7.3.1 An Aggregator may discontinue operations in LIPA's service area at will (subject to any penalties, fees, and other requirements arising from the Aggregator's contractual obligations). If an Aggregator at the time has no customer Agreements with current Long Island Choice Customers it may discontinue operations in LIPA's service area upon submission of a written notice to LIPA. If an Aggregator has Agreements with current Long Island Choice Customers it may discontinue operations in LIPA's service area upon submission of a written notice to LIPA and the Aggregator's LI Choice Customers at least 15 calendar days prior to the discontinuance date. Voluntary discontinuance for Aggregators with Agreements with current Long Island Choice Customers must be effective on the first day of a calendar month. The notice to LI Choice Customers shall inform them of the following:

3.7.3.1.1 The date of the Aggregator's discontinuance of service;

3.7.3.1.2 Their option either to select a Licensed ESCO (including the one that served as the Aggregator's ESCO) or Aggregator to provide Electric Generation Service and any related services or to return to Bundled Service from LIPA;

3.7.3.1.3 If they do select an ESCO or Aggregator, the ESCO or Aggregator will file a change of ESCO request with LIPA on their behalf, and there will be no fee charged by LIPA to the customer;

3.7.3.1.4 After the discontinuance and unless and until an ESCO is selected and the change of ESCO is completed, Bundled Service will be provided by LIPA, unless LIPA has notified the customer that LIPA's delivery services will be terminated on or before the discontinuance date;

- 3.7.3.1.5 There will be no switching fee charged by LIPA to the customer for a switch back to LIPA, whether as an interim measure until an ESCO is selected or as a permanent action; and,
- 3.7.3.1.6 Whenever a LI Choice customer makes a change of ESCOs or a LI Choice customer returns to Bundled Service with LIPA, the change will become effective on the first day of the next calendar month.
- 3.7.3.2 Within 5 calendar days of its receipt of notice from the Aggregator, LIPA will send a notice to the Aggregator's customers containing the same information specified in Section 3.7.3.1 above, and also providing a list of Licensed ESCOs and Aggregators.
- 3.7.3.3 If LIPA learns that an Aggregator has discontinued operations in its service territory without giving the proper notice to LI Choice Customers and LIPA in accordance with the above requirements prior to discontinuing operations, LIPA shall inform the Authority of same. LIPA will then promptly provide notice of such discontinuance to all of the Aggregator's customers as set forth in Section 3.7.3.1. In that notice, LIPA shall also advise the customers that effective on the date of discontinuance, their service is being provided by LIPA as Bundled Service and that payment for such service from the date of the notice until a subsequent change of ESCOs takes place must be made to LIPA.
- 3.7.3.4 If the Aggregator does not give the required notice to its LI Choice Customers and to LIPA in accordance with the above requirements prior to discontinuing operations in LIPA's service area, the Aggregator's license may be suspended or revoked by the Chairman.
- 3.7.3.5. Upon voluntary discontinuance of operations by an Aggregator, the Aggregator and its licensed ESCO shall remain responsible for payment or reimbursement of any and all sums owed under the LI Choice Tariff or under any tariffs on file with the FERC, and service agreements relating thereto, or under any contracts between the ESCO and LIPA. The Aggregator and its licensed ESCO shall also remain obligated to its LI Choice Customers for any and all sums owed them under the Aggregator's or its ESCO's Agreements with such customers.
- 3.7.3.6. Upon receipt of a change of ESCO or Aggregator request from a subsequent Licensed ESCO or Aggregator, following a discontinuance notice by an Aggregator, LIPA will verify the intended change of ESCO or Aggregator with the LI Choice Customer in accordance with Section 3.6.2 above, and subject to verification, switch the LI Choice customer to the ESCO.
- 3.7.3.7 If a more expeditious discontinuance process is deemed necessary in a specific situation, the Aggregator may request such expedited treatment upon a showing of need to the Chairman of the Authority, who has the authority to grant such a request upon such terms and conditions as he or she deems fair and appropriate under the circumstances.

3.7.4 DRC Voluntary Discontinuance of Operations in LIPA's Service Area

- 3.7.4.1 A DRC may discontinue operations in LIPA's service area at will, upon submission of a written notice to LIPA or enrollment with an ESCO or Aggregator and at least 10 calendar days prior to the discontinuance date. Voluntary discontinuance must be effective on the first day of a calendar month.
 - 3.7.4.2 If a DRC does not give the required notice to LIPA in accordance with the above requirements prior to discontinuing operations in LIPA's service area, the DRC's license may be suspended or revoked by the Chairman.
 - 3.7.4.3 Upon voluntary discontinuance of operations by a DRC, the DRC shall remain responsible for payment or reimbursement of any and all sums owed under the LI Choice Tariff or under any tariffs on file with the FERC, and service agreements relating thereto, or under any contracts between the DRC and LIPA.
 - 3.7.4.4 The customer has the option either to select a Licensed ESCO to provide Electric Generation Service and any related services or to return to Bundled Service from LIPA.
 - 3.7.4.5 Upon receipt of a change of ESCO request, following a discontinuance notice by a DRC, LIPA will verify the intended change of ESCO with the LI Choice Customer in accordance with Section 3.6.2 above, and subject to verification, switch the LI Choice customer to the new ESCO.
 - 3.7.4.6 If a more expeditious discontinuance process is deemed necessary in a specific situation, the DRC may request such expedited treatment upon a showing of need to the Chairman of the Authority, who has the authority to grant such a request upon such terms and conditions as he or she deems fair and appropriate under the circumstances.
- 3.7.5 Discontinuance of Service by an ESCO or Aggregator to an Individual LI Choice Customer
- 3.7.5.1 An ESCO or Aggregator may discontinue service to individual LI Choice Customers in LIPA's service area at will (except as may be otherwise provided in its Agreements with its customers and subject to its obligations under such Agreements), upon submission of a notice to those individual LI Choice Customers and LIPA at least 15 calendar days prior to the discontinuance date. The notice to LI Choice Customers shall inform them of the following:
 - 3.7.5.1.1 The date of the discontinuance;
 - 3.7.5.1.2 Their option either to select a Licensed ESCO to provide Electric Generation Service and any related services or to return to Bundled Service from LIPA.
 - 3.7.5.1.3 If they do select an ESCO, the ESCO will file a change of ESCO request with LIPA on their behalf;

- 3.7.5.1.4 After the discontinuance and unless and until a new ESCO is selected and the change of ESCO is completed, Bundled Service will be provided by LIPA, unless LIPA has notified the customer that delivery services will be terminated on or before the discontinuance date; and,
- 3.7.5.1.5 Whenever a LI Choice Customer makes a change of ESCOs or a LI Choice Customer returns to Bundled Service with LIPA, the change will become effective on the first day of the next calendar month.
- 3.7.5.2 If the ESCO or Aggregator does not give the required notice to its LI Choice Customers and to LIPA in accordance with the above requirements prior to discontinuance of service to the LI Choice Customer, the ESCO's or Aggregator's license may be suspended or revoked by the Chairman.
- 3.7.5.3 Upon receipt of a change of ESCO request from a subsequent Licensed ESCO or Aggregator, following a discontinuance notice by an ESCO or Aggregator, LIPA will verify the intended change of ESCO with the LI Choice Customer in accordance with Section 3.6.2 above, and subject to verification, switch the LI Choice customer to the new ESCO.
- 3.7.6 Involuntary Discontinuance of an ESCO's, Aggregator's or DRC's Right to Participate in Long Island Choice
 - 3.7.6.1 The Chairman may revoke an ESCO's, Aggregator's or DRC's license to participate in the LI Choice Program in accordance with the procedures set forth in the LI Choice Tariff.
 - 3.7.6.2 In the event the ESCO's, Aggregator's or DRC's license is revoked resulting in the involuntary discontinuation of the ESCO's, Aggregator's or DRC's services, LIPA will send notices to the ESCO's or Aggregator's LI Choice Customers or the DRC advising them of the following:
 - 3.7.6.2.1 Of the date of the discontinuance;
 - 3.7.6.2.2 Of their option either to select a Licensed ESCO to provide Electric Generation Service and any related services or to return to Bundled Service from LIPA.
 - 3.7.6.2.3 That if they do select an ESCO, the new ESCO will file a change of ESCO request with LIPA on their behalf, and there will be no fee charged by LIPA for the change of ESCO;
 - 3.7.6.2.4 That after the discontinuance and unless and until a new ESCO is selected and the change of ESCO is completed, Bundled Service will be provided by LIPA, unless LIPA has notified the customer that delivery services will be terminated on or before the discontinuance date; and,
 - 3.7.6.2.5 That whenever a LI Choice Customer makes a change of ESCOs or

a LI Choice Customer or DRC returns to Bundled Service with LIPA, the change will become effective on the first day of the next calendar month.

3.7.6.3 Upon revocation of an ESCO's, Aggregator's or DRC's license by the Chairman, the ESCO, Aggregator or DRC shall remain responsible for payment or reimbursement of any and all sums owed under the LI Choice Tariff or under any tariffs on file with the FERC, and service agreements relating thereto, or under any contracts between the ESCO and LIPA. The ESCO or Aggregator shall also remain obligated to its LI Choice Customers for any and all sums owed them under the ESCO's or Aggregator's Agreements with such customers.

3.7.6.4 Upon receipt of a change of ESCO request from a subsequent Licensed ESCO, Aggregator, or DRC, following a discontinuance notice by an ESCO or Aggregator, LIPA will verify the intended change of ESCO, Aggregator, or DRC with the LI Choice Customer in accordance with Section 3.6.2 above, and subject to verification, switch the LI Choice customer to the new ESCO.

3.7.7 Customer-Initiated Discontinuance of an ESCO's or Aggregator's Service

3.7.7.1 If a LI Choice Customer terminates or cancels its Agreement with an ESCO or Aggregator, the LI Choice Customer must provide at least 10 calendar days notice to the ESCO or Aggregator or terminate or cancel the Agreement in accordance with any notice period provisions of the Agreement, whichever is longer. The Customer shall remain obligated to the ESCO or Aggregator for any and all sums owed the ESCO or Aggregator under the Agreement with the ESCO or Aggregator.

3.7.7.2 The ESCO or Aggregator shall provide same-day notice electronically to LIPA of termination or cancellation of the LI Choice Customer Agreement. Alternatively, the LI Choice Customer may provide at least 10 calendar days notification to LIPA of termination or cancellation of the ESCO or Aggregator Agreement and LIPA will provide same-day notice to the ESCO or Aggregator electronically and written confirmation to the LI Choice Customer.

3.7.7.3 LIPA will make the necessary changes to the customer's account to return that customer to LIPA's Bundled Service unless the LI Choice Customer makes arrangements for a new ESCO at least 10 calendar days prior to the beginning of the next calendar month. In such case, the parties shall follow the procedures set forth in Section 3.6.

3.8 Protecting Consumers From Slamming

All Licensed ESCOs and Aggregators shall comply with the Authority's requirements and procedures regarding consumer protections. The following enrollment procedure provides protection against slamming (i.e., unauthorized switching of customers) by requiring customer authorization records to be kept and subject to audit, requiring customer notification prior to switching, and allowing customers to notify LIPA that the switch was not authorized.

- 3.8.1 An Eligible Customer must provide a Licensed ESCO or Aggregator with its valid LIPA customer account number and the name on the customer account.
- 3.8.2 The Licensed ESCO or Aggregator shall forward the customer information to LIPA electronically.
- 3.8.3 If an Eligible Customer wishes to enroll with an ESCO or change ESCOs, the ESCO or Aggregator must inform LIPA electronically that the customer has signed an Agreement or electronically or verbally entered into an Agreement with the ESCO or Aggregator.
- 3.8.4 LIPA will send a verification letter to the Eligible Customer and the existing ESCO (if any) confirming enrollment in the LI Choice Program or a change of ESCOs or DRC status for service under the LI Choice Program. The verification letter will request that the Eligible Customer or the ESCO (if any) contact LIPA if the switch request information in the letter is incorrect.
- 3.8.5 If the Eligible Customer notifies LIPA within the notification period that the switch request is not valid, the switch will not be made. If the Eligible Customer notifies LIPA after the notification period that the request was not valid, the switch will be reversed. If the current ESCO notifies LIPA that the request is not valid, LIPA will contact the LI Choice Customer for verification and comply with the customer's instructions as appropriate.
- 3.8.6 ESCOs must report all unauthorized switches to the Authority.
- 3.8.7 ESCOs and Aggregators shall preserve records as follows: 1) at least one year from the date of receipt thereof, all written, electronic, taped verbal or third-party verification records of customer authorizations of access to the customer's historical billing information; 2) for at least 2 years from the ESCO's discontinuance of service to the LI Choice Customer, all other records pertaining to the customer, including written, electronic, taped verbal, and third-party verification records of all customer authorizations for eligibility and enrollment, changes in Agreement terms, customer information and billing data, and change of ESCO records.
- 3.8.8 In the event of an unresolved complaint or dispute between a LI Choice Customer and an ESCO or Aggregator, no records pertaining to such customer shall be destroyed until the complaint or dispute is finally resolved. In the event of an audit or ongoing investigation of an ESCO or Aggregator by the Authority, no customer records shall be destroyed until the audit or ongoing investigation is completed and the matter finally resolved.
- 3.8.9 An ESCO or Aggregator responsible for a request to change an Eligible Customer's or a LI Choice Customer's provider of Electric Generation Service without such customer's written authorization shall pay all costs and fees incurred by such customer and LIPA arising from or related to the unauthorized change. In such cases, the ESCO's or Aggregator's license may be suspended or revoked by the Chairman.
- 3.8.10 Each ESCO or Aggregator shall maintain the confidentiality of customer information received from LIPA or the customer unless the customer has consented to the release of such information. For purposes of this section, the term customer information means information relating to the customer's energy usage history, billing history or any other information provided to the ESCO or Aggregator by the customer or LIPA.

4.0 ESCO, AGGREGATOR OR DRC ELIGIBILITY & COMPLIANCE

4.1 General Eligibility Requirements for ESCOs

- 4.1.1 An ESCO is an entity that performs electric supply, transmission and customer service functions in a competitive environment, including producing or contracting for and supplying Electric Generation Service and related services, and procuring and scheduling transmission and ancillary services to deliver the Electric Generation Service purchased by LI Choice Customers to the LIPA system.
- 4.1.2 To be eligible to participate in the LI Choice Program, an ESCO must:
- 4.1.2.1. File a completed ESCO LI Choice License Application (including the attachments required by the form) with the Authority. The Form of ESCO License Application is contained in Attachment C.
 - 4.1.2.2 Receive and maintain a license from the Authority and therefore become a Licensed ESCO. An ESCO may not begin to enroll customers for the LI Choice Program until it is licensed by the Authority. Upon receipt of a license application LIPA will review the application for completeness and immediately notify the ESCO of any additional information required. Within 30 calendar days of receiving a complete application, LIPA will notify the ESCO by first class mail: 1) that the ESCO has received a favorable preliminary determination regarding a license; or, 2) that the application has been rejected and the reasons why the application was rejected. If the ESCO receives a favorable preliminary determination, the ESCO will receive a license from the Authority when any required financial security has been received by LIPA. If no financial security is required, the ESCO will receive a license shortly after the mailing of the favorable preliminary determination. If the application was rejected, the ESCO may submit a new application.
 - 4.1.2.3. Aggregate an annual LI Choice energy requirement of at least 8760 MWh prior to commencement of service to LI Choice Customers and maintain an annual energy requirement of at least 8760 MWh for the duration of participation in the LI Choice Program. Two or more Licensed ESCOs may pool their energy requirement to reach the 8760 MWh minimum annual energy requirement threshold, but one Licensed ESCO must be promptly identified to LIPA as the lead ESCO. The lead ESCO will be responsible for all transactions with LIPA including forecasting of load, scheduling procedures, and paying all charges related to the settlement processes under the terms of these Operating Procedures. If a Licensed ESCO with less than an 8760 MWh annual energy requirement increases its aggregated LI Choice Customer load to the minimum threshold and wishes to end the ESCO pooling arrangement, it must notify LIPA at least 15 calendar days prior to the beginning of the next calendar month, and demonstrate to LIPA's satisfaction its ability to comply with the 8760 MWh minimum annual energy requirement. LIPA will then initiate transactions directly with the ESCO at the beginning of the next calendar month. If a Licensed ESCO's aggregated load falls below the minimum energy requirement, within 30 calendar days thereof the ESCO must either increase its aggregated LI Choice Customer load to meet the minimum annual energy threshold

requirement or pool its load with another Licensed ESCO as described above. If the ESCO does not increase its aggregated LI Choice Customer load to meet minimum threshold requirements or pool its load with another Licensed ESCO, the ESCO's license to participate in the LI Choice Program may be suspended or revoked by the Chairman.

- 4.1.2.4 Register, as applicable, with the NERC and the NYISO.
- 4.1.2.5 Enter into applicable NYISO tariff agreements with the NYISO.
- 4.1.2.6 Obtain and retain each LI Choice Customer's written, electronic, or taped verbal authorization designating the ESCO as agent for receiving customer billing information from LIPA and for procuring and scheduling the transmission and ancillary services necessary to deliver Electric Generation Service purchased by the customer to the LIPA system.

4.2 General Eligibility Requirements for Licensed Aggregators

- 4.2.1 An Aggregator is an entity that facilitates enrollment of customers in the LI Choice Program but does not perform power supply, transmission or customer service functions for the LI Choice Customer. An Aggregator must contract with a Licensed ESCO for power supply, customer service and scheduling services.
- 4.2.2 An Aggregator which seeks to enroll Eligible Customers for the LI Choice Program, or facilitate such enrollment for the purpose of transferring such Eligible Customers to a Licensed ESCO, must first become a Licensed Aggregator from the Authority if;
 - 4.2.2.1 The Aggregator will require access to the LI Choice website; or
 - 4.2.2.2 The Aggregator wishes to receive historical customer usage and billing information from LIPA; or
 - 4.2.2.3 The Aggregator wishes to enter into an Agreement with an Eligible Customer regarding the customer's participation in the LI Choice Program.
- 4.2.3 To be eligible to participate in the LI Choice Program as a Licensed Aggregator, an Aggregator must:
 - 4.2.3.1 File a completed LI Choice Aggregator License Application (including the attachments) with the Authority. The Form of Aggregator License Application is contained in Attachment E.
 - 4.2.3.2 Receive and maintain a license from the Authority and therefore become a Licensed Aggregator. An Aggregator may not begin to enroll customers for the LI Choice Program until it is licensed by the Authority. Upon receipt of a license application, LIPA will review the application for completeness and immediately notify the Aggregator of any additional information required. Within 30 calendar days of receiving a complete application, LIPA will notify the Aggregator by first class mail: 1) that the Aggregator has received a favorable preliminary determination regarding a license; or, 2) that the application has been rejected

and the reasons why the application was rejected. If the Aggregator receives a favorable preliminary determination, the Aggregator will receive a license from the Authority when any required financial security has been received by LIPA. If no financial security is required, the Aggregator will receive a license shortly after the mailing of the favorable preliminary determination. If the application was rejected, the Aggregator may submit a new application.

- 4.2.3.3 If entering into Agreements with customers, obtain and retain each LI Choice Customer's written electronic or taped verbal authorization granting the Aggregator the right to assign to a Licensed ESCO the obligations to act as agent for receiving customer billing information from LIPA, procure power supply for the customer, and procure and schedule the transmission and ancillary services necessary to deliver to the LIPA system Electric Generation Service purchased by the customer.
- 4.2.3.4 Arrange for all of its customers to be served by a single Licensed ESCO before service to its customers begins.

4.3 General Eligibility Requirements for DRCs

- 4.3.1 A Direct Retail Customer (DRC) is an Eligible Customer with a minimum annual energy requirement of at least 8760 MWh that acts without an ESCO or an Aggregator to contract for and supply Electric Generation Service and related services solely for its own use and procures and schedules transmission and ancillary services to the Electric Generation Service to deliver to the LIPA system.
- 4.3.2 To be eligible to participate in the LI Choice Program, a DRC must:
 - 4.3.2.1 File a completed LI Choice DRC License Application with the Authority.
 - 4.3.2.2 Receive and maintain a license from the Authority and therefore become a Licensed DRC. A DRC may not begin to schedule resources to serve its own load under the LI Choice Program until it is licensed by the Authority. Upon the receipt of a license application, LIPA will review the application for completeness and immediately notify the DRC of any additional information required. The Authority will provide a determination of eligibility regarding completed DRC license applications within 30 calendar days via first class mail. A DRC will not be licensed by the Authority until the required financial security (if any) has been received by LIPA.
 - 4.3.2.3 Have at least 8760 MWh of its own annual energy requirement prior to commencement of service hereunder and maintain at least 8760 MWh of annual energy requirement for the duration of participation in the LI Choice Program. If a Licensed DRC's load falls below the minimum annual energy requirement, the DRC, within 30 calendar days thereof, must increase its load to meet the 8760 MWh minimum annual energy requirement or the DRC's license to participate in the LI Choice Program may be revoked by the Chairman of the Authority.
 - 4.3.2.4 Register, as applicable, with the NERC and the NYISO.

4.3.2.5 Enter into applicable NYISO tariff agreements with the NYISO.

4.4 General Compliance Requirements for ESCOs

An ESCO must:

- 4.4.1 Comply with all applicable Authority consumer protection requirements, including the policies and procedures associated with Product Disclosure and Product Labeling and Consumer Protections.
- 4.4.2 Keep the Authority apprised of any material change in the data submitted in the ESCO's LI Choice License Application. The ESCO shall submit written notification, in accordance with Section III of the Operating Agreement, of any material changes in the data contained in the ESCO's License Application to the Authority within 5 business days of such change.
- 4.4.3 Aggregate and maintain at least 8760 MWh of LI Choice Customer annual energy requirement or enter into a pooling arrangement with a Licensed ESCO to reach and maintain the 8760 MWh minimum annual energy requirement.
- 4.4.4 Provide LIPA with such information it deems necessary for LI Choice Program customer enrollment and selection and for termination or cancellation of ESCO service to LI Choice Customers.
- 4.4.5 Be responsible for billing and collecting from its LI Choice Customers all charges and fees associated with providing Electric Generation Service and related services under the LI Choice Program.
- 4.4.6 Respond to inquiries from LI Choice Customers regarding Electric Generation Service and related services provided by the ESCO, and refer inquiries from LI Choice Customers regarding LIPA's delivery service and any related services to LIPA.
- 4.4.7 Comply with all applicable tariffs, rules and procedures of the NERC and the NYISO, the Operating Agreement, LIPA's Tariff for Electric Service, and these Operating Procedures, as the same may be amended, modified, supplemented, or superseded from time to time.
- 4.4.8 Provide or contract for and supply sufficient installed capacity, including installed capacity reserves and losses with the attendant on-Island installed capacity and installed capacity reserves requirement to meet the requirements of the ESCO's LI Choice Customer load as more fully described in Section 5.5.
- 4.4.9 Produce or contract for and deliver sufficient amounts of electric energy to LIPA's system to meet the hourly requirements of the ESCO's LI Choice Customer load and provide for all applicable losses as more fully described in Section 5.2.

4.5 General Compliance Requirements for Licensed Aggregators

An Aggregator must:

- 4.5.1 Comply with all applicable Authority consumer protection requirements, including the policies and procedures associated with Product Disclosure and Product Labeling and Consumer Protections.
- 4.5.2 Keep the Authority apprised of any material change in the data originally submitted in the Aggregator's LI Choice License Application. The Aggregator shall submit written notification, in accordance with Section III of the Operating Agreement, of any material changes in the data contained in the Aggregator's License Application to the Authority within 5 business days of such change.
- 4.5.3 Provide LIPA with such information LIPA deems necessary for LI Choice Program customer enrollment and selection and for termination or cancellation of ESCO and Aggregator service to LI Choice Customers.
- 4.5.4 Have (their) customers serviced by a Licensed ESCO at all times and notify LIPA 1 calendar month prior to any reassignment of service to another Licensed ESCO.
- 4.5.5 Notify their customers at least 1 calendar month prior to any reassignment of service to another Licensed ESCO.
- 4.5.6 Allow a customer to cancel their Agreement with the Aggregator, without Aggregator or ESCO charge or penalty, within 60 days of notice of reassignment of service to another Licensed ESCO.

4.6 General Compliance Requirements for DRCs

A DRC must, on an ongoing basis:

- 4.6.1 Keep the Authority apprised of any material change in the data submitted in the DRC's LI Choice License Application. The DRC shall submit written notification, in accordance with Section III of the Operating Agreement, of any material changes in the data contained in the DRC's License Application to the Authority within 5 business days of such change.
- 4.6.2 Serve and maintain at least an annual energy requirement of 8760 MWh for its own load.
- 4.6.3 Comply with all applicable tariffs, rules and procedures of the NERC and the NYISO, Operating Agreement, LIPA's Tariff for Electric Service and these Operating Procedures, as the same may be amended, modified, supplemented, or superseded from time to time.
- 4.6.4 Provide or contract for and supply sufficient installed capacity, including installed capacity reserves and losses with the attendant on-Island installed capacity and installed capacity reserves requirement to serve its own load as more fully described in Section 5.5.

- 4.6.5 Produce or contract for and deliver sufficient amounts of electric energy to LIPA's system to meet the hourly requirements of its own load and provide for all applicable losses as more fully described in Section 5.2.

4.7 Creditworthiness

- 4.7.1 Credit Review - For the purpose of determining the ability of an ESCO or DRC to meet its financial obligations to LIPA and its service obligations to LI Choice Customers hereunder, LIPA will undertake a reasonable credit review. This review shall be made in accordance with standard commercial practices. LIPA may require an ESCO or DRC to provide and maintain in effect financial security, prepayments, an unconditional, irrevocable letter of credit, a surety bond, or corporate guaranty as security to meet its financial responsibilities and obligations to LIPA, or an alternative form of security proposed by the ESCO or DRC and acceptable to LIPA, which is consistent with standard commercial practices and which protects LIPA against the risk of non-payment. The financial security shall be based on not more than two (2) months of an ESCO's or DRC's highest projected Electric Generation Service and related services billings to all of its accounts and shall be calculated utilizing LIPA's bill credits as provided in the LI Choice Tariff. Any cash financial security deemed necessary will accrue interest at LIPA's established interest rates for Consumer Deposits.
- 4.7.2 Creditworthiness Requirements - The ESCO or the DRC or any corporate guarantor will be considered creditworthy if (a) the ESCO or the DRC maintains a Dun and Bradstreet rating of (1A2) or better, or has long-term unsecured debt securities that are, and remain, rated a minimum of BBB or Baa2 by Standard & Poor's (S&P), Moody's or Fitch's, respectively, and if applicable, the ESCO or the DRC has a satisfactory long-term payment history with LIPA as determined by LIPA in its sole discretion, or (b) the ESCO or the DRC has, as determined by LIPA in its sole discretion, a satisfactory long-term payment history with LIPA.

An ESCO or DRC that is not considered creditworthy may not participate in the LI Choice Program, unless and until it provides and maintains in effect during the term of the Operating Agreement, financial security, a prepayment, an unconditional irrevocable letter of credit, a surety bond, a guaranty, or an alternative form of security proposed by the ESCO or the DRC and determined to be acceptable by LIPA.

A letter of credit, if used, must be provided by a bank rated (A) or better by S&P's, Moody's, or Fitch's. A surety bond, if used, must be provided by a company licensed to do business in New York State and rated (BBB or Baa2 or better) by S&P's, Moody's or Fitch's, respectively. A corporate guaranty must be unconditional and in a form satisfactory to LIPA, and include responsibility for all financial obligations under the LI Choice Program, including the ESCO or DRC Operating Agreement.

- 4.7.3 Credit Limit - LIPA shall determine a credit limit for all ESCOs or DRCs. Such credit limit shall be based on the creditworthiness of the ESCO or DRC. If financial security, prepayment, letter of credit, surety bond, or corporate guaranty is required from the ESCO or DRC, then the credit limit shall be equal to the value of such prepayment, letter of credit, surety bond, or corporate guaranty. LIPA may use such information as it deems appropriate to determine creditworthiness and credit limits, including, but not

limited to, company size, credit rating, financial statements, future projections and industry trends.

- 4.7.3.1 If LIPA has established creditworthiness and a credit limit for an ESCO or DRC but the ESCO or DRC wishes to obtain a higher credit limit, then the ESCO or DRC may, in a form acceptable to LIPA, provide additional financial security, prepayment, letter of credit or corporate guaranty. The additional financial security or prepayment so made shall be added to the original credit limit for the ESCO or DRC. If a corporate guaranty or letter of credit is provided, then such guaranty or letter of credit, in the increased amount, shall replace the original credit limit for the ESCO or DRC.
- 4.7.3.2 LIPA may, in its sole discretion, modify the credit limit for an ESCO or DRC for the following reasons, among others: (1) the creditworthiness of the ESCO, DRC or entity providing the corporate guarantee changes, or (2) LIPA changes the credit limit for all ESCOs or DRCs of similar creditworthiness, or (3) LIPA reviews all ESCOs' or DRCs' loads and requests the necessary changes.
- 4.7.3.3 Requirements for financial security will be reviewed quarterly during the operation of the LI Choice Program to determine changes in an ESCO's or DRC's load and financial status. The ESCO or DRC will be notified by LIPA in writing of any additional security requirements and will be required to post same within 10 calendar days.
- 4.7.3.4 If LIPA fails to exercise any one or more of its rights under this section for any reason, such failure shall not preclude LIPA from exercising such rights later.

4.8 Dispute Resolution Procedure

The LI Choice Tariff sets forth procedures that shall be followed regarding complaints and disputes between ESCOs/DRCs and/or LIPA involving LI Choice Program requirements and performance. Each ESCO and DRC shall designate specific personnel to be responsible for responding to complaints and disputes under this process.

4.9 License Suspension and Revocation

The Chairman of the Authority may suspend or revoke an ESCO's, Aggregator's or DRC's license to participate in the LI Choice Program for violating requirements of the LI Choice Program. The procedures and criteria relating to license suspension and revocation by the Chairman are set forth in the LI Choice Tariff.

4.10 Records Access, Audits and Investigations

Requirements relating to records access, audits and investigations by the Authority and related matters are set forth in the LI Choice Tariff.

5.0 WHOLESALE POWER DELIVERY PROTOCOLS

5.1 Overview

Under Long Island Choice, energy deliveries will be scheduled by the ESCO as agent for its LI Choice Customers or the DRC, to LIPA's service territory. These scheduled deliveries will be based on the ESCO's or DRC's forecasted energy use by its customers. These deliveries will occur at the wholesale level.

The procurement and delivery of power to LI Choice Customers will be arranged as a wholesale transaction and consist of two components. These are:

Energy Scheduling - The ESCO or DRC will schedule energy deliveries to meet the projected consumption of its customers plus losses on the LIPA system for delivery to its customers and arrange for transmission service with the NYISO and/or transmission providers.

Delivery and Balancing - The NYISO and/or transmission providers will deliver energy to Long Island according to the ESCO's or DRC's schedule. Actual consumption that differs from the ESCO's or DRC's scheduled deliveries will be settled via the NYISO balancing mechanism.

5.2 Energy Requirements

- 5.2.1 ESCO or DRC Load Forecast - Each ESCO or DRC, acting as the Load Serving Entity for its respective customers, will submit its customer load forecast as required by the NYISO. The format, timing and frequency of these forecasts shall be as set forth in the applicable NYISO Tariff.
- 5.2.2 Energy Requirements - Each ESCO or DRC must obtain sufficient energy to satisfy its energy requirements (including losses).
- 5.2.3 Scheduling Energy Deliveries - Each ESCO or DRC is required to submit its schedule of wholesale energy transactions to the NYISO. The format, timing and frequency of these schedules shall be as set forth in the applicable NYISO Tariff.
- 5.2.4 Wholesale Energy Balancing - Deviations between scheduled and actual power deliveries by the ESCO or DRC will be settled with the NYISO as provided in the applicable NYISO Tariff.
- 5.2.5 Actual ESCO or DRC Hourly Import Energy Data - Each ESCO or DRC wanting to participate in the Transitional Transmission Allowance (TTA) program must provide or authorize the NYISO to provide LIPA the total hourly amount of the ESCO's actual energy imports.

5.3 Arranging Transmission Service

The ESCO, as agent for the LI Choice Customer, or the DRC will arrange for transmission service to deliver Electric Generation Service to the LI Choice Customers. For on-Island generation owned or contracted for by ESCOs or DRCs, the LI Choice Customer will take title to

the energy at the generator's interconnection with the LIPA system. For purchase of off-Island energy, the LI Choice Customers will take title to the energy before it is delivered to the LIPA system. ESCOs and DRCs are responsible for scheduling energy deliveries to the LI Choice Customer.

- 5.3.1 Transmission Requirement - Each ESCO, as agent for its LI Choice Customers, or the DRC is required to arrange for transmission service under the applicable NYISO Tariff. ESCOs or DRCs must register with the NYISO to qualify for access to the NYISO internal scheduling system. Scheduling of transactions external to the NYISO into the NYISO shall utilize the NERC Tag system, if applicable. The ESCO or DRC must conform with all NYISO scheduling, planning and operating requirements and practices.
- 5.3.2 Transmission Restriction - ESCOs, as agents for LI Choice Customers, or DRCs may schedule transmission deliveries to on-Island load only under the applicable NYISO Tariff. An ESCO's purchase of transmission service for its own account as principal may jeopardize the tax-exempt status of LIPA's bonds. Therefore, if an ESCO or DRC wishes to use LIPA's transmission system for non-LI Choice Program deliveries on or through the LIPA system, the ESCO or DRC must negotiate an individual agreement with LIPA pursuant to the applicable NYISO Tariff.
- 5.3.3 Transmission Payments - LIPA will bill the Transmission Service Charge (TSC) component of the NYISO OATT Tariff to the customer and the customer shall pay LIPA. The NYISO will bill all other components of the NYISO Tariffs to the ESCO, as agent for the LI Choice Customer, or DRC and the ESCO or DRC will pay the NYISO.
- 5.3.4 Transmission Congestion Contracts (TCCs) – Because congestion costs based on the NYISO reference bus are included in the Locational Based Marginal Pricing (LBMP) and because the LBMP is ultimately applied as a bill credit to the ESCO/customer, a base allocation of transmission is unwarranted.
- 5.3.5 Transitional Transmission Adjustment - The Transitional Transmission Adjustment is a mechanism for dividing among ESCOs and DRCs the Transitional Transmission Allowance. Although the Transitional Transmission Allowance is expressed in MWs, the allocation of the Transitional Transmission Allowance does not provide a physical transmission right or a right to a NYISO transmission congestion contract (TCC). The TTA incentive is funded by congestion rents LIPA collects as a holder of TCCs. Revenues from these rents will be passed on to ESCOs and DRCs according to how many MWs of TTAs they have.
- 5.3.6 Transitional Transmission Allowance Amount - LIPA may allocate up to 20 MW of Transitional Transmission Allowances to ESCOs and DRCs. LIPA may discontinue the Transitional Transmission Allowance upon the termination of the LI Choice Program or a date approved by the Authority, whichever is earlier.
- 5.3.7 Allocation of Transmission Allowance – Nine (9) megawatts of Transitional Transmission Allowance will be allocated to the residential load of ESCOs and DRCs with residential load. Eleven megawatts of Transitional Transmission Allowance will be allocated to the non-residential load of ESCOs serving the Non-Residential Customer segment and DRCs. ESCOs serving both customer segments may receive Transitional

Transmission Allowances from both the residential and non-residential allocation. In no event may an ESCO or DRC receive more TTAs than the MWs it actually imports.

- 5.3.7.1 Initial Allocation – LIPA will allocate Transitional Transmission Allowances to ESCOs and DRCs from the megawatts associated with each customer segment in proportion to the estimated amount of customer peak load served by each ESCO or DRC.
- 5.3.7.2 Capability Period Reductions – Thirty days prior to the beginning of each Capability Period, each ESCO's or DRC's Transitional Transmission Allowance shall be adjusted based on customer enrollment at that time.
- 5.3.7.3 C&I and Residential Reallocations – Of the 20 MW maximum, 11 MW will be reserved for the C&I sector and 9 MW for the residential sector. LIPA will allow for the conditional reallocation of the MWs from one sector to the other depending on enrollment levels. The condition is that these MWs may be reallocated back to their original sector when enrollment levels warrant. New allocation or reallocation back to the original sector would only become effective at the beginning of a subsequent month.
- 5.3.7.4 Capability Period Availability Adjustment – LIPA may at its discretion reduce the total amount of the Transitional Transmission Allowance as a result of a reduction in Transmission Congestion Contracts awarded to LIPA by the NYISO. If LIPA determines that less than 20 MW of Transitional Transmission Allowance is available, this lesser amount of Transitional Transmission Adjustment will be distributed to ESCOs and DRCs in the same proportionate share as if the allocation of the full 20 MW of Transitional Transmission Adjustment was available.

5.4 Arranging for Ancillary Services

Each ESCO, as agent for its LI Choice Customers, or the DRC is required to procure ancillary services pursuant to the applicable NYISO Tariff.

5.5 Installed Capacity Requirements (ICAP) for the Long Island Choice Program

ESCOs must meet the NYISO installed capacity requirements in accordance with the applicable NYISO Tariff. The Authority's Local ICAP requirement will be used until the NYISO establishes Local ICAP requirements for Long Island.

5.6 Bilateral Contracts Between LIPA and ESCOs/DRCs

LIPA may offer bilateral contracts to ESCOs from time to time on a nondiscriminatory basis. Interested ESCOs should contact LIPA for details. There may be limitations on the amount of energy available for such contracts and such contracts may be offered on a first-come, first-served basis.

6.0 RETAIL SETTLEMENT PROCESS

6.1 Overview

An ESCO's or DRC's actual customer load plus losses will vary from its hourly scheduled wholesale deliveries. The Retail Settlement process is part of the NYISO's Energy Imbalance Procedure which is used to charge the ESCO or DRC for under-deliveries and credit them for over-deliveries. The Retail Settlement process uses actual metered data and/or load profiles.

6.1.1 Load Profiles

For customers without interval metering data, load profiling will be used to provide estimated hourly load requirements for scheduling resources and for settlement processes. Load profiles for Phase II of LI Choice will be based on existing load profile data for all major electric rate classes. The hourly load profiles will be differentiated by season, temperature range and day type. Coincidence factors with respect to LIPA's system monthly peak hour will be provided. LIPA will continue to obtain ESCO and DRC input in the development of future load profile methodologies.

6.1.2 Interval Metering Data

Hourly interval metering data will be used for retail settlement when such metering is in place with the following exceptions:

6.1.2.1 If interval metering has been installed on a customer's account for load research purposes, the applicable load profiles for that customer will be used for retail settlement.

6.1.2.2 If a customer participates in LIPA's Peak Reduction Program, the interval metering data will be adjusted to reflect what the load would have been without the Measured DSM Program according to the program's procedures. LIPA will provide ESCOs information on which customers participate in the program and provide ESCOs and DRCs a statement summarizing the aggregate load adjustment.

6.1.3 Projected Load Profile

The Projected Load Profile will be calculated for each ESCO or DRC based on actual interval metered data for customers with interval meters and the load profiles of customers without interval metered data. The load profile will be for each hour of the month. The load profiles will be developed using the day-ahead projected peak temperature posted on the Long Island Choice web site and the customer load profiles adjusted for historic usage patterns. The profile will include losses.

6.1.4 Actual Load Profile

The Actual Load Profile will be calculated for each ESCO or DRC based on the actual interval metered data (with any adjustments for Measured DSM Programs) for customers with interval meters and the load profiles of customers without interval metered data.

The load profile will be for each hour of the month. The load profiles will be developed using the actual daily peak temperature for the day and the customer load profiles adjusted for metered customer usage. The profile will include losses.

6.2 Retail Settlement Process Timing

Retail Settlement will be conducted by the NYISO in accordance with the applicable NYISO Tariff and procedures.

6.3 Retail Energy Reconciliation and Imbalance Charges

Energy imbalances will be reconciled in accordance with the applicable NYISO Tariff.

6.4 Unmetered Service and Fast Meters

LIPA will calculate an adjustment to the customer's bill for unauthorized unmetered service and fast meters in accordance with the Tariff for Electric Service. The customer's bill will be adjusted using the Tariff rates for Bundled Service and applying the LI Choice bill credits, to reflect the change in electricity delivered to the customer.

6.4.1 If applicable, the change in electricity deliveries will be applied to the ESCO's load and forwarded to the NYISO. Adjustments will be calculated according to the provisions of the applicable NYISO Tariffs and these Operating Procedures.

6.4.2 If the period for NYISO settlement adjustment has expired, LIPA will calculate an adjustment between LIPA and the ESCO using the NYISO's real time hourly rate or similar rate.

6.5 Major System Outages

In the event of a major system outage, LIPA may, at its discretion, declare a "system emergency." Under a system emergency, LIPA may assume responsibility for scheduling all customer loads within its transmission and distribution system. If requested by LIPA, the ESCO or DRC shall allow LIPA to schedule ESCO or DRC capacity and energy resources during the emergency. A cost-based settlement for energy provided by ESCOs or DRCs and LIPA and provided to customers will be negotiated by LIPA and the ESCOs or DRCs.

7.0 LI CHOICE ESCO AND DRC FINANCIAL ADJUSTMENTS

LIPA will calculate and invoice financial adjustments to ESCOs and DRCs for (1) certain energy costs (through the Bill Credit Adjustment) and (2) for certain TTA incentives which will appear as credits on invoices. Savings to LIPA resulting from NTAC (NYPA Transmission Adjustment Charge) avoided costs will be credited to ESCOs/DRCs.

8.0 PRODUCT DISCLOSURE

The Authority believes that LI Choice Customers should have information concerning the costs and environmental characteristics of their power supply. Therefore, the Authority requires disclosure of this information to customers through a product label.

The New York Public Service Commission (PSC) is currently developing product labeling requirements for the other New York State utilities that will be based on data obtained from the NYISO (PSC Program). The Authority anticipates voluntarily participating in the PSC Program when it is established.

8.1 Interim Product Disclosure and Product Labeling

8.1.1 Requirements - Prior to implementation of the PSC Program, a claims-based product disclosure process is in effect. Under this claims-based process, if an ESCO makes no claim about the fuel or product characteristics of its product, it is required to disclose to LI Choice Customers a historic 12-month average Long Island fuel mix as specified by LIPA. If the ESCO desires to make a “green” or other product claim, it is required to disclose to the customer a prospective 12-month average estimate of the fuel mix for that product along with the average Long Island fuel mix for comparison purposes. Fuel source categories included in the fuel mix disclosure are listed below:

- Biomass (landfill gas, sewage gas, urban wood waste, pallet waste, mill residue wood from primary and secondary wood products industries, harvested wood including site conversion waste wood, silvicultural waste wood, agricultural residue, and sustainable yield wood);
- Coal (steam turbine and pumped storage hydro powered by coal);
- Gas (natural gas from steam turbine, simple combustion turbine, and combined-cycle combustion turbine, LPG and pumped storage hydro powered by gas);
- Hydro (pondage and run-of-river-hydro);
- Nuclear (boiling and pressurized reactors and pumped storage hydro powered by nuclear);
- Oil (Oil steam turbine, simple combustion turbine, and combined-cycle combustion turbine, diesel, No. 2 heating oil, gasoline, kerosene, pumped storage hydro powered by oil);
- Solar (photovoltaics);
- Solid Waste (municipal solid waste, tire waste, urban wood waste such as construction and demolition and municipal solid waste wood);
- Wind (wind turbines); and,
- Unknown external purchase.

8.1.2 The Label - The ESCO is required to provide its customers a standardized label that discloses the appropriate fuel mix, both prior to customer enrollment and on at least an annual basis in the LI Choice Customer’s bill. Prior to the PSC’s Program, the Long Island average fuel mix shall be a historic 12-month average as specified in these Operating Procedures and as updated from time to time by posting on the LI Choice website by the Authority. If a “green” or other product claim is made, then the ESCO also must disclose the appropriate product fuel mix estimated on a 12-month average prospective basis.

In addition, ESCOs must disclose on the label the average Electric Generation Service price per kWh to the residential customer for monthly customer usage levels of 250 kWh, 500 kWh, 1,000 kWh and 2,000 kWh. The product label must include a plain language description of contract pricing terms. A sample label format is included in Attachment I. The Authority will approve the ESCO's standard label as part of the licensing process. Proposed changes to the standard label subsequent to ESCO's licensing will need to be filed with the Authority for approval.

- 8.1.3 Interim Verification - If a complaint about an ESCO's "green" or other product claim is received by the Authority, the Authority may investigate the complaint. Among other things, the Authority may request copies of the ESCO's power supply contracts sufficient to verify an ESCO's fuel mix. Copies of such contracts shall be provided within 10 days of the Authority's request. The Chairman may suspend or revoke an ESCO's license based on false product claims.

9.0 LI CHOICE CUSTOMER BILLING AND SERVICES

Under Phase II of the LI Choice Program, LI Choice Customers may have two options regarding the way they are billed for LIPA's Delivery Services and the Electric Generation Service and any related services provided by the ESCOs.

9.1 LIPA's Services to LI Choice Customers

Under both billing options LIPA will:

- 9.1.1 Deliver Electric Generation Service across LIPA's system to each LI Choice Customer location;
- 9.1.2 Respond to inquiries from LI Choice Customers regarding services provided by LIPA, refer inquiries from LI Choice Customers regarding Electric Generation Service and related services to the appropriate ESCO, and monitor customer complaints regarding ESCOs and report them to the Authority;
- 9.1.3 Respond to service interruptions;
- 9.1.4 Investigate and address power quality issues;
- 9.1.5 Provide customer service support for delivery services;
- 9.1.6 Be the Provider of Last Resort (POLR) for those LIPA customers who do not participate in the LI Choice Program, or who terminate their Agreements with an ESCO and do not designate another ESCO to provide Electric Generation Service; and,
- 9.1.7 Assist Eligible Customers in making the transition to the LI Choice Program by providing interested customers with educational materials regarding the LI Choice Program.

9.2 The Two Bill Option

Under the two bill option:

- 9.2.1 The LI Choice Customer will receive two bills; one from LIPA for delivery services and any other services it provides, and one from the ESCO for Electric Generation Service and any related services it provides.
- 9.2.2 LIPA will bill and collect from LI Choice Customers charges for delivery services and any other services it provides under the LI Choice Tariff;
- 9.2.3 The ESCO will bill and collect from LI Choice Customers charges for Electric Generation Service and any related services it provides.
- 9.2.4 In billing LI Choice Customers, ESCOs must use the form of sample customer bills they provided to the Authority in their License Application.

9.3 The Single Bill Option

Under the single bill option when it is made available by LIPA:

- 9.3.2 The LI Choice Customer, whose ESCO agrees to make this option available, will receive one bill from LIPA.
- 9.3.3 LIPA will bill and process payments from LI Choice Customers charges for delivery services and any other services it provides under the LI Choice Tariff, as well as the ESCO's charges for Electric Generation Service and any related services it provides.
- 9.3.4 The procedures and form of the single bill option will be defined in a contract between LIPA's billing agent and the ESCO.

10.0 LIPA'S BILLING AND SERVICES TO ESCOS AND DRCS

10.1 Billing and Payment

LIPA will establish a billing account for each ESCO and DRC to accumulate the debits or credits associated with fees and charges as described in these Operating Procedures and the LI Choice Tariff. Billing accounts shall be settled monthly for charges or credits in excess of \$100.

10.1.1 Payment of the full amount stated in any invoice from LIPA to the ESCO or DRC, without deduction, set-off or counterclaim, shall be made by electronic funds transfer within 20 days from the date of such invoice. Claims that any invoice is not correct shall be made no later than 90 days after the invoice date.

10.1.2 Upon the ESCO's or DRC's failure to make any payment when due, LIPA will assess a late payment charge at the rate set forth in LIPA's Tariff for Electric Service on all amounts billed. In the event there are insufficient funds for the electronic funds transfer, LIPA will charge the ESCO all applicable late payment charges, bank fees incurred by LIPA and the uncollectible payment handling charge specified in LIPA's Tariff for Electric Service.

10.1.3 Upon failure of the ESCO to make any payment when due, LIPA will give the ESCO written notice of such failure. Payment shall be made within 5 days after receipt of such notice.

10.2 LI Choice Customer Billing Information

10.2.1 LIPA will make available to ESCOs, electronically, the individual energy consumption (and demand if applicable) billing determinants of the ESCO's LI Choice Customers. LIPA will indicate whether the information is based on an actual or estimated meter reading.

10.2.2 Subsequent to LIPA performing cycled meter readings, LIPA will send to the ESCO electronically a file containing the applicable billing determinants for each of the ESCO's customers, normally on the same day that such information is validated. LIPA will also electronically send current information on customer enrollment and termination, when appropriate.

10.2.3 Under the single bill option, an ESCO must return billing information to LIPA within 2 business days of receiving the meter reading information from LIPA. The billing information provided by the ESCO to LIPA must be in a LIPA approved format.

10.3 Special Services

10.3.1 Any fees for special services rendered by LIPA shall be paid by the entity requesting such services. Examples of such fees would include those for special metering equipment, special meter reads, switching ESCOs, and additional customer historic usage information as provided in the LI Choice Tariff.

10.3.2 Collections from Customers - The two bill option requires that LIPA and ESCO collections be performed independently. The single bill option procedures will be described in the contract between LIPA's billing agent and the ESCO.

10.3.3 Unmetered service will be handled in accordance with Section 6.4.

11.0 METERING

11.1 Provision of Meters

- 11.1.1 All Electric Generation Service delivered by LIPA to a LI Choice Customer shall be measured by electric meters which shall be owned, installed and maintained by LIPA. Customers that choose to take part in the LI Choice Program may continue to use the same metering equipment and meter reading process that is in place at the time of their enrollment in the LI Choice Program. The LI Choice Customer or ESCO shall also have the option to upgrade the billing meter and metering instrument transformers (at their expense) which will then be installed, owned, and maintained by LIPA.
- 11.1.2 Customers shall own, install, and maintain all conduit and wiring systems required for installation of meters and metering instrument transformers. LIPA shall make all final connections to metering equipment. The customer may own, install, and maintain other meters and metering instrument transformers for the purpose of measuring electricity delivered, provided that it is installed on the load side of LIPA's billing meter.
- 11.1.3 LIPA retains all rights to access, read, install, remove, maintain and change meter types. If a meter change results from a change to the customers' rate code or rate structure, notification of this change will be given to the ESCO. For example, if an S.C. 2 customer's use exceeds 4000 kWh in two consecutive thirty day periods, a demand meter is installed to replace the standard meter.
- 11.1.4 A DRC or ESCO may request an upgrade of metering equipment to support enhanced functionality. A schedule of options regarding enhanced metering capabilities for upgrade of existing LIPA billing meters and the costs associated with LIPA providing and installing those options are provided for in the LI Choice Tariff. In addition, if remote access to the meter is required, the LI Choice Customer, ESCO or DRC must provide a direct-dial telephone line or wireless PCS systems maintained at its expense.

11.2 Meter Reading

LIPA will retain responsibility for reading all LIPA-owned LI Choice Customer meters. LI Choice Customer billings by LIPA and the ESCOs will be based upon LIPA readings of LIPA-owned meters. LIPA's meter reading policy is outlined below:

- 11.2.1 Scheduled Meter Readings - LIPA will read customers' meters and record both kWh and kW (if applicable) using its existing meter reading routes and schedules. These schedules may be modified occasionally to meet operating needs and efficiencies.
- 11.2.2 Estimating - If no meter reading is available, or if a meter reading is not usable, estimating will be done according to current LIPA operating practices.
- 11.2.3 Access - LIPA retains all rights of access to read, install, remove, and maintain meters, or change meter types. In addition, LIPA is responsible for installing and removing anti-tampering devices on the meter. Failure by LIPA to gain access to meters at reasonable times may result in a no-access charge in accordance with procedures outlined in LIPA's Tariff for Electric Service.

11.2.4 Special Readings - Special meter reading requests by ESCOs or LI Choice Customers for the ESCOs' purposes will be performed for a fee, with at least 72 hours notice, if scheduling can accommodate such a meter reading. Rules and procedures for special meter readings and the associated fees are provided in the LI Choice Tariff.

12.0 CONTACTS

Any notice to be given hereunder will be deemed given, and any other document to be delivered hereunder will be deemed delivered, if in writing and (i) delivered by hand, (ii) deposited for next-business day delivery (fee prepaid) with a reputable overnight delivery service, (iii) mailed by certified mail (return receipt requested) postage prepaid, or (iv) provided by facsimile with proof of answerback.

To the Authority:

Long Island Power Authority
333 Earle Ovington Blvd., Suite 403
Uniondale, NY 11553
Fax: 516-222-9137

Attention: Vice President - Power Markets

To LIPA:

LIPA
Electric Sales & Marketing Department

131 South Hoffman Lane
Islandia, New York 11749
Fax: (631) 436-5757

Attention: Manager - Contracts and Administration

PART 4A

**LONG ISLAND CHOICE PROGRAM
ENERGY SERVICE COMPANY
OPERATING AGREEMENT**

PART 4A

LONG ISLAND CHOICE PROGRAM

ENERGY SERVICE COMPANY OPERATING AGREEMENT

THIS AGREEMENT (“Agreement”) is made and entered into this ____ day of _____, between the Long Island Lighting Company d/b/a LIPA (“LIPA”), a wholly owned subsidiary of the Long Island Power Authority, a corporate municipal instrumentality and political subdivision of the State of New York (“Authority”), and _____, a [corporation] [other form of business organization] licensed by the Authority as an Energy Service Company (“ESCO”). (LIPA and the ESCO may be referred to individually as a “Party” and collectively as the “Parties”).

WHEREAS, the Authority has established a retail choice program for the delivery of energy services to retail customers of LIPA (the “Long Island Choice Program” or “LI Choice”), and

WHEREAS, LI Choice is being implemented in multiple phases, and

WHEREAS, ESCO desires to sell electric generation service to the retail customers of LIPA selected to participate in the Long Island Choice Program (“LI Choice Customers”), and

WHEREAS, the Authority has licensed ESCO to be eligible to participate in LI Choice,

NOW, THEREFORE, in consideration of the premises and mutual promises contained herein, LIPA and ESCO agree as follows:

- I. Terms and Conditions of Operation. LIPA and ESCO’s operating arrangements will be governed by the applicable terms and conditions of the documents (“Program Documents”) identified below. Each of these documents may be amended, modified, supplemented or superseded from time to time by action, as applicable, of the Authority, or other state or federal regulatory bodies. Only the provisions of the Program Documents which are in force at any time, as those documents change from time to time, are deemed to be incorporated herein and made a part hereof.
 - A. The following sections of LIPA’s Tariff for Electric Service: Sections I - VIII (the “Bundled Service Tariff”) and Section IX (the “LI Choice Tariff”).
 - B. The Authority’s LI Choice Program Operating Procedures.
 - C. The tariffs, rules and procedures of the New York Independent System Operator (“NYISO”) and the New York State Reliability Council related to the requirements for the generation and transmission of electric capacity and energy, capacity reserve requirements and the provision of ancillary services.

D. Decisions by the Authority or its Chairman involving the LI Choice Program.

II. Term. This Agreement shall be effective from the date set forth above through the occurrence of the earliest of the events set forth below:

A. The termination of this Agreement by the ESCO upon 15 calendar days' advance written notice to LIPA and the Authority and by the ESCO's adherence to the provisions of the Operating Procedures and the LI Choice Tariff for transferring responsibility for service of the ESCO's customers;

B. The termination of the Long Island Choice Program; or

C. The revocation of ESCO's license by the Authority.

Provided, however, that the applicable provisions of this Agreement shall continue in effect after termination or cancellation of such Agreement to the extent necessary to provide for final billing, billing adjustments, payments, disposition of any outstanding claims, and related matters.

III. ESCO's Representations and Warranties. The ESCO makes the following representations and warranties to LIPA:

A. The ESCO is in compliance with all of the requirements of the Long Island Choice Program set forth in the Program Documents and will adhere to same through the term of this Agreement.

B. The ESCO shall notify LIPA and the Authority in writing within 5 business days of any material changes in the information provided in the license application submitted to, and used by, the Authority as the basis for approving the ESCO's license under LI Choice.

C. The ESCO will not, either directly or indirectly, engage or participate in or encourage others to engage or participate in (1) the practice of transferring Long Island Choice Customers without authorization (slamming); (2) the practice of billing a LI Choice Customer for services not requested and authorized by the LI Choice Customer (cramming); or (3) other activities prohibited in the Operating Procedures.

IV. Limitation of Liability and Indemnification.

A. Definitions. For purposes of Section IV of this Agreement, (1) the term "damages" shall mean all losses, direct and consequential damages (including economic loss), judgments, costs, expenses, claims and legal expenses (including reasonable attorney and consulting fees), and (2) references to LIPA and the Authority shall be interpreted to include each of their respective Trustees, or Directors, officers, employees and

agents.

B. Limitations of Liability.

1. The limitations of liability in the Bundled Service Tariff under Section I. C. 7 are hereby incorporated and shall apply as if fully set forth herein.
2. Neither LIPA nor the Authority shall be liable to the ESCO for any damages arising from the claims of either the ESCO, other ESCOs or a LI Choice Customer and relating to:
 - (a) LIPA's or the Authority's performance of its obligations under LI Choice pursuant to the Program Documents or this Agreement or any legal or regulatory requirement arising in connection with LI Choice; or
 - (b) a LI Choice Customer's failure to satisfy its obligations under the Program Documents, its agreement(s) with the ESCO or under any other legal or regulatory requirements arising in connection with LI Choice.

C. Indemnification. The ESCO shall indemnify, defend and hold harmless LIPA and the Authority for any of the following:

1. Damages imposed upon LIPA or the Authority or both relating to the occurrence of any of the events described under Section IV. B. above.
2. Damages imposed upon LIPA or the Authority with respect to damages to a LI Choice Customer attributed to any of the following:
 - (a) the ESCO's failure to comply with the Program Documents;
 - (b) equipment installed or actions taken by the ESCO; or
 - (c) the ESCO's acts or representations in connection with its solicitation of customers for service under the LI Choice Program or its failure to perform any commitment to a LI Choice Customer under any contract between the ESCO and a LI Choice Customer.

V. Other Provisions.

A. Assignment.

1. The ESCO may not assign or transfer its rights or obligations under this Agreement without the prior written consent of the Authority except as

provided in 2. below.

2. The ESCO may assign or transfer its rights and obligations under this Agreement to another ESCO that has been licensed by the Authority (and whose license is not suspended or revoked and is not in the process of being suspended or revoked) upon prior written notice to LIPA of the assignment that includes the assignee's written acceptance of all of the rights and obligations of this Agreement. Further, the ESCO shall be released from the obligations of this Agreement upon receipt from the assignee of the financial security required by LIPA pursuant to the Program Documents.
 3. Any assignment or transfer of the rights and obligations of this Agreement by the ESCO, except as is specifically permitted herein, shall be null and void.
 4. For the purposes of this Section V.A., an assignment or transfer includes (a) any restructuring of the assets of the ESCO, (b) any acquisition, consolidation, merger or other form of combination of the ESCO by, into, or with any person or entity, or (c) any change in the ownership interest of the ESCO of 25 percent or more.
- B. Notices. Any written notice to be provided by any Party to the other or to the Authority will be deemed given and delivered if it is addressed to the other Party or the Authority at the addresses set forth below (or at such other address as a Party or the Authority shall designate in writing to the others) and is (1) delivered by hand, (2) deposited for next business day delivery (fee prepaid) with a reputable overnight delivery service, (3) mailed by certified mail (return receipt requested), postage prepaid, addressed to the recipient at the address set forth below, or (4) provided by facsimile with proof of transmission. The addresses are as follows:

To LIPA: LIPA
Electric Sales & Marketing Department
131 South Hoffman Lane
Islandia, New York 11749
Fax: (631) 436-5757

Attention: Manager of Contracts and Administration

To ESCO: _____

Fax: _____

Attention:

To the Authority: Long Island Power Authority
333 Earle Ovington Boulevard, Suite 403
Uniondale, N.Y. 11553
Fax: (516) 222-9137

Attention: Vice President - Power Markets

- C. No Partnership. No provision of this Agreement shall be construed as creating a partnership, joint venture, association or agency relationship or any other formal business association among the Parties.
- D. Integration. This Agreement contains the entire understanding of the Parties and supersedes all prior written and oral agreements among them.
- E. Modification and Waiver.

No modification, waiver or amendment of this Agreement shall be effective except pursuant to a writing signed by all Parties. Any waiver will be effective only for the particular event for which it is issued and will not be deemed a waiver with respect to any subsequent performance, default or matter.

- F. Applicable Law and Forum.
 - 1. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York except its conflict of laws provisions to the extent that they would require the application of the laws of any other jurisdiction.

2. The ESCO irrevocably consents to the jurisdiction and venue of either a New York State court or a federal court located in the State of New York for purposes of any legal action or proceeding arising under or relating to this Agreement that is not otherwise subject to the dispute resolution procedures of the LI Choice Tariff.

G. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect.

H. Taxes. Each Party will be liable individually and not collectively to the appropriate state or federal tax authorities for sales, use, gross receipts or other applicable taxes imposed upon the revenues derived or services rendered by that Party.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective the date first mentioned above.

LIPA

By: _____

Title: _____

[ESCO]

By: _____

Title: _____

PART 4B

**LONG ISLAND CHOICE PROGRAM
AGGREGATOR
OPERATING AGREEMENT**

PART 4B

LONG ISLAND CHOICE PROGRAM

AGGREGATOR OPERATING AGREEMENT

THIS AGREEMENT (“Agreement”) is made and entered into this ____ day of _____, between the Long Island Lighting Company d/b/a LIPA (“LIPA”), a wholly owned subsidiary of the Long Island Power Authority, a corporate municipal instrumentality and political subdivision of the State of New York (“Authority”), and _____, a [corporation] [other form of business organization] licensed by the Authority as an Aggregator (“Aggregator”). (LIPA and the Aggregator may be referred to individually as a “Party” and collectively as the “Parties”).

WHEREAS, the Authority has established a retail choice program for the delivery of energy services to retail customers of LIPA (the “Long Island Choice Program” or “LI Choice”), and

WHEREAS, LI Choice is being implemented in multiple phases, and

WHEREAS, Aggregator wishes to facilitate enrollment of customers in the LI Choice Program, but will not sell power or perform power supply, transmission or customer service functions for participating customers, and

WHEREAS, the Authority has licensed Aggregator to be eligible to participate in LI Choice,

NOW, THEREFORE, in consideration of the premises and mutual promises contained herein, LIPA and Aggregator agree as follows:

- I. Terms and Conditions of Operation. LIPA and Aggregator’s operating arrangements will be governed by the applicable terms and conditions of the documents (“Program Documents”) identified below. Each of these documents may be amended, modified, supplemented or superseded from time to time by action, as applicable, of the Authority, or other state or federal regulatory bodies. Only the provisions of the Program Documents which are in force at any time, as those documents change from time to time, are deemed to be incorporated herein and made a part hereof.
 - A. The following sections of LIPA’s Tariff for Electric Service: Sections I - VIII (the “Bundled Service Tariff”) and Section IX (the “LI Choice Tariff”).
 - B. The Authority’s LI Choice Program Operating Procedures.
 - C. Decisions by the Authority or its Chairman involving the LI Choice Program.
- II. Term. This Agreement shall be effective from the date set forth above through the occurrence

of the earliest of the events set forth below:

- A. The termination of this Agreement by the Aggregator upon 15 calendar days' advance written notice to LIPA and the Authority and by the Aggregator's adherence to the provisions of the Operating Procedures and the LI Choice Tariff for transferring responsibility for service of the Aggregator's customers;
- B. The termination of the Long Island Choice Program; or
- C. The revocation of Aggregator's license by the Authority.

Provided, however, that the applicable provisions of this Agreement shall continue in effect after termination or cancellation of such Agreement to the extent necessary to provide for final billing, billing adjustments, payments, disposition of any outstanding claims, and related matters.

III. Aggregator's Representations and Warranties. The Aggregator makes the following representations and warranties to LIPA:

- A. The Aggregator is in compliance with all of the requirements of the Long Island Choice Program set forth in the Program Documents and will adhere to same through the term of this Agreement.
- B. The Aggregator shall notify LIPA and the Authority in writing within 5 business days of any material changes in the information provided in the license application submitted to, and used by, the Authority as the basis for approving the Aggregator's license under LI Choice.
- C. The Aggregator will not, either directly or indirectly, engage or participate in or encourage others to engage or participate in (1) the practice of transferring Long Island Choice Customers without authorization (slamming) or (2) other activities prohibited in the Operating Procedures.

IV. Limitation of Liability and Indemnification.

- A. Definitions. For purposes of Section IV of this Agreement, (1) the term "damages" shall mean all losses, direct and consequential damages (including economic loss), judgments, costs, expenses, claims and legal expenses (including reasonable attorney and consulting fees), and (2) references to LIPA and the Authority shall be interpreted to include each of their respective Trustees, or Directors, officers, employees and agents.

B. Limitations of Liability.

1. The limitations of liability in the Bundled Service Tariff under Section I. C. 7 are hereby incorporated and shall apply as if fully set forth herein.
2. Neither LIPA nor the Authority shall be liable to the Aggregator for any damages arising from the claims of either the Aggregator, other Aggregators or a LI Choice Customer and relating to:
 - (a) LIPA's or the Authority's performance of its obligations under LI Choice pursuant to the Program Documents or this Agreement or any legal or regulatory requirement arising in connection with LI Choice; or
 - (b) a LI Choice Customer's failure to satisfy its obligations under the Program Documents, its agreement(s) with the Aggregator or under any other legal or regulatory requirements arising in connection with LI Choice.

C. Indemnification. The Aggregator shall indemnify, defend and hold harmless LIPA and the Authority for any of the following.

1. Damages imposed upon LIPA or the Authority or both relating to the occurrence of any of the events described under Section IV. B. above.
2. Damages imposed upon LIPA or the Authority with respect to damages to a LI Choice Customer attributed to any of the following:
 - (a) the Aggregator's failure to comply with the Program Documents;
 - (b) equipment installed or actions taken by the Aggregator; or
 - (c) the Aggregator's acts or representations in connection with its solicitation of customers for service under the LI Choice Program or its failure to perform any commitment to a LI Choice Customer under any contract between the Aggregator and a LI Choice Customer.

V. Other Provisions.

- A. Assignment. The Aggregator may not assign or transfer its rights or obligations hereunder without the prior written consent of the Authority for any reason including, but not limited to the following:

1. The Aggregator may not assign or transfer its rights or obligations under this Agreement without the prior written consent of the Authority except as provided in 2. below.
2. The Aggregator may assign or transfer its rights and obligations under this Agreement to another Aggregator or ESCO that has been licensed by the Authority (and whose license is not suspended or revoked and is not in the process of being suspended or revoked) upon prior written notice to LIPA of the assignment that includes the assignee's written acceptance of all of the rights and obligations of this Agreement. Further, the Aggregator shall be released from the obligations of this Agreement upon receipt from the assignee of the financial security required by LIPA pursuant to the Program Documents.
3. Any assignment or transfer of the rights and obligations of this Agreement by the Aggregator, except as is specifically permitted herein, shall be null and void.
4. For the purposes of this Section V.A., an assignment or transfer includes (a) any restructuring of the assets of the Aggregator, (b) any acquisition, consolidation, merger or other form of combination of the Aggregator by, into, or with any person or entity, or (c) any change in the ownership interest of the Aggregator of 25 percent or more.

B. Notices. Any written notice to be provided by any Party to the other or to the Authority will be deemed given and delivered if it is addressed to the other Party or the Authority at the addresses set forth below (or at such other address as a Party or the Authority shall designate in writing to the others) and is (1) delivered by hand, (2) deposited for next business day delivery (fee prepaid) with a reputable overnight delivery service, (3) mailed by certified mail (return receipt requested), postage prepaid, addressed to the recipient at the address set forth below, or (4) provided by facsimile with proof of transmission. The addresses are as follows:

To LIPA:	LIPA Electric Sales & Marketing Department 131 South Hoffman Lane Islandia, New York 11749 Fax: (631) 436-5757
Attention:	Manager of Contracts and Administration

To Aggregator: _____

Fax:

Attention:

To the Authority: Long Island Power Authority
Vice President Power Markets
333 Earle Ovington Boulevard, Suite 403
Uniondale, N.Y. 11553
Fax: (516) 222-9137

Attention: Vice President - Power Markets

- C. No Partnership. No provision of this Agreement shall be construed as creating a partnership, joint venture, association or agency relationship or any other formal business association among the Parties.
- D. Integration. This Agreement contains the entire understanding of the Parties and supersedes all prior written and oral agreements among them.
- E. Modification and Waiver. No modification, waiver or amendment of this Agreement shall be effective except pursuant to a writing signed by all Parties. Any waiver will be effective only for the particular event for which it is issued and will not be deemed a waiver with respect to any subsequent performance, default or matter.
- F. Applicable Law and Forum.
 - 1. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York except its conflict of laws provisions to the extent that they would require the application of the laws of any other jurisdiction.
 - 2. The Aggregator irrevocably consents to the jurisdiction and venue of either a New York State court or a federal court located in the State of New York for purposes of any legal action or proceeding arising under or relating to this Agreement that is not otherwise subject to the dispute resolution procedures of the LI Choice Tariff.
- G. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect.

H. Taxes. Each Party will be liable individually and not collectively to the appropriate state or federal tax authorities for sales, use, gross receipts or other applicable taxes imposed upon the revenues derived or services rendered by that Party.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective the date first mentioned above.

LIPA

By: _____

Title: _____

[Aggregator]

By: _____

Title: _____

PART 4C

**LONG ISLAND CHOICE PROGRAM
DIRECT RETAIL CUSTOMERS
OPERATING AGREEMENT**

PART 4C

LONG ISLAND CHOICE PROGRAM

DIRECT RETAIL CUSTOMERS OPERATING AGREEMENT

THIS AGREEMENT (“Agreement”) is made and entered into this ____ day of ____ between the Long Island Lighting Company d/b/a LIPA (“LIPA”), a wholly owned subsidiary of the Long Island Power Authority, a corporate municipal instrumentality and political subdivision of the State of New York (“Authority”), and _____, a [corporation] [other form of business organization] licensed by the Authority as a Direct Retail Customer (“DRC”). (LIPA and the DRC may be referred to individually as a “Party” and collectively as the “Parties”).

WHEREAS, the Authority has established a retail choice program for the delivery of energy services to retail customers of LIPA (the “Long Island Choice Program” or LI Choice”), and

WHEREAS, LI Choice is being implemented in multiple phases, and

WHEREAS, DRC desires to procure at least 8760 MWh annually of electric generation service solely for its own use and to procure and schedule transmission and ancillary services to the electric generation service to deliver to the LIPA system, and

WHEREAS, the Authority has licensed DRC to be eligible to participate in LI Choice,

NOW, THEREFORE, in consideration of the premises and mutual promises contained herein, LIPA and DRC agree as follows:

- I. Terms and Conditions of Operation. LIPA and DRC’s operating arrangements will be governed by the applicable terms and conditions of the documents (“Program Documents”) identified below. Each of these documents may be amended, modified, supplemented or superseded from time to time by action, as applicable, of the Authority, or other state or federal regulatory bodies. Only the provisions of the Program Documents which are in force at any time, as those documents change from time to time, are deemed to be incorporated herein and made a part thereof.
 - A. The following sections of LIPA’s Tariff for Electric Service: Sections I – VIII (the “Bundled Service Tariff”) and Section IX (the “LI Choice Tariff”).
 - B. The Authority’s LI Choice Program Operating Procedures.
 - C. The tariffs, rules and procedures of the New York Independent System Operator (“NYISO”) and the New York State Reliability Council related to the requirements for the generation and transmission of electric capacity and energy, capacity reserve

requirements and the provision of ancillary services.

D. Decisions by the Authority or its Chairman involving the LI Choice Program.

II. Term. This Agreement shall be effective from the date set forth above through the occurrence of the earliest of the events set forth below:

A. The termination of this Agreement by the DRC upon 10 calendar days' advance written notice to LIPA and the Authority and by the DRC's adherence to the provisions of the Operating Procedures and the LI Choice Tariff for transferring responsibility for service of the DRC's MW load; or

B. The termination of the Long Island Choice Program; or

C. The revocation of DRC's license by the Authority.

Provided, however, that the applicable provisions of this Agreement shall continue in effect after termination or cancellation of such Agreement to the extent necessary to provide for final billing, billing adjustments, payments, disposition of any outstanding claims, and related matters.

III. DRC's Representations and Warranties. The DRC makes the following representations and warranties to LIPA:

A. The DRC is in compliance with all of the requirements of the Long Island Choice Program set forth in the Program Documents and will adhere to same through the term of this Agreement.

B. The DRC shall notify LIPA and the Authority in writing within 5 business days of any material changes in the information provided in the license application submitted to, and used by, the Authority as the basis for approving the DRC license under LI Choice.

C. The DRC will (1) only enroll its own accounts and (2) not either directly or indirectly, engage or participate in any activities prohibited in the Operating Procedures.

IV. Limitation of Liability and Indemnification.

A. Definitions. For purposes of Section IV of this Agreement, (1) the term "damages" shall mean all losses, direct and consequential damages (including economic loss), judgments, costs, expenses, claims and legal expenses (including reasonable attorneys and consulting fees), and (2) references to each of LIPA and the Authority shall be interpreted to include each of their respective Trustees, or Directors, officers, employees and agents.

B. Limitations of Liability

1. The limitations of liability in the Bundled Service Tariff under Section I.C.7 are hereby incorporated and shall apply as if fully set forth herein.
2. Neither LIPA nor the Authority shall be liable to the DRC for any damages arising from the claims of the DRC relating to LIPA's or the Authority's performance of its obligations under LI Choice pursuant to the Program Documents or this Agreement, or any legal or regulatory requirement arising in connection with LI Choice.

C. Indemnification. The DRC shall indemnify, defend and hold harmless LIPA and the Authority for any damages imposed upon LIPA or the Authority or both relating to the occurrence of any of the events described under Section IV. B. above.

V. Other Provisions.

A. Assignment.

1. The DRC may not assign or transfer its rights or obligations under this Agreement without the prior written consent of the Authority.
2. Any assignment or transfer of the rights or obligations of this Agreement by the DRC shall be null and void.
3. For the purposes of this Section V.A., an assignment or transfer includes (a) any restructuring of the assets of the DRC, (b) any acquisition, consolidation, merger or other form of combination of the DRC by, into, or with any person or entity, or (c) any change in the ownership interest of the DRC of 25 percent or more.

B. Notices. Any written notice to be provided by any Party to the other or to the Authority will be deemed given and delivered if it is addressed to the other Party or the Authority at the addresses set forth below (or at such other address as a Party or the Authority shall designate in writing to the others) and is (1) delivered by hand, (2) deposited for next business day delivery (fee prepaid) with a reputable overnight delivery service, (3) mailed by certified mail (return receipt requested), postage prepaid, addressed to the recipient at the address set forth below, or (4) provided by facsimile with proof of transmission. The addresses are as follows:

To LIPA: LIPA
Electric Sales & Marketing Department
131 South Hoffman Lane
Islandia, New York 11749
Fax: (631) 436-5757

Attention: Manager of Contracts and Administration

To DRC: _____

Fax: _____

Attention: _____

To The Authority: Long Island Power Authority
Vice President Power Markets
333 Earle Ovington Boulevard, Suite 403
Uniondale, New York 11553
Fax: (516) 222-9137

Attention: Vice President Power Markets

- C. No Partnership. No provision of this Agreement shall be construed as creating a partnership, joint venture, association or agency relationship or any other formal business association among the Parties.
- D. Integration. This Agreement contains the entire understanding of the Parties and supersedes all prior written and oral agreements among them.
- E. Modification and Waiver. No modification, waiver or amendment of this Agreement shall be effective except pursuant to a writing signed by all Parties. Any waiver will be effective only for the particular event for which it is issued and will not be deemed a waiver with respect to any subsequent performance, default or matter.
- F. Applicable Law and Form.
 - 1. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York except its conflict of laws provisions to the extent that they would require the application of the laws of any other jurisdiction.

2. The DRC irrevocably consents to the jurisdiction and venue of either a New York State court or a federal court located in the State of New York for purposes of any legal action or proceeding arising under or relating to this Agreement that is not otherwise subject to the dispute resolution procedures of the LI Choice Tariff.

G. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall continue in full force and effect.

H. Taxes. Each Party will be liable individually and not collectively to the appropriate state or federal tax authorities for sales, use, gross receipts or other applicable taxes imposed upon the revenue derived or services rendered by that Party.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective the date first mentioned above.

LIPA

By: _____

Title: _____

[DRC]

By: _____

Title: _____