

**Niagara Mohawk Power Corporation
Day Ahead Demand Response Program Via Load Curtailment
Form L11**

This Agreement executed on _____ day of _____, _____ (the Agreement) witnesseth that:
this _____

WHEREAS, Niagara Mohawk Power Corporation (hereinafter called "the Company") presently operates a vertically integrated system for the generation, transmission, and distribution of electric power and is authorized to provide retail Electric Service, Electricity Supply Service and associated transmission, distribution and delivery services to the Premises; and

WHEREAS, _____ (hereinafter called "the Customer") operates a facility located on the Premises at _____, New York, _____ ("the Premises"); and

WHEREAS, the Customer receives Electric Service for use at the Premises from the Company under the Company's Tariff P.S.C. 220 Electricity ("the Tariff") Service Classification No. _____ under the account number _____; and

WHEREAS, the Customer hereby requests to participate in the New York Independent System Operator (hereinafter "NYISO") Day-Ahead Demand Response Program under the terms and conditions provided herein;

NOW, THEREFORE, in consideration of the commitments made herein and intending to be legally bound thereby, the Company and Customer agree to the terms and conditions provided herein as follows:

1. Day-Ahead Demand Response Program

The Day-Ahead Demand Response Program provides the Company with the right to call upon one or more Customers and the Customer or Customers with the obligation to curtail load in the event the NYISO accepts a decremental bid submitted by the Company on behalf of one or more Customers ("Accepted Bid"). Upon each Accepted Bid, the Customer shall have the obligation to curtail load at its Premises and be compensated by the Company as provided in Section 5 of this Agreement. Failure of a Customer to comply with an Accepted Bid, shall result in a non-compliance penalty as specified in Section 6 of this Agreement.

2. Eligibility

This program shall be limited to those Customers who are served under the pricing provisions of Service Classification No. 2D, 3, 3A, 4, 11, and 12, have an interval based meter and who can reduce demand by a minimum of 100 kW. Participation in this program shall in no way modify the price and quantity terms of service under Service Classification No. 2D, 3, 3A, 4, 11, or 12.

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3. Decremental Load Bidding

A. Customer Bidding Via Company Forms

The Company shall submit at its discretion, on behalf of the Customer (or a group of Customers), a decremental bid representing the minimum incentive requested by the Customer(s) to reduce their electric consumption by a pre-determined amount in kW per hour.

Customer shall submit to the Company a decremental bid which the Company will in turn submit to the NYISO for consideration in their day-ahead supply bidding procedures. Bid forms are available from Company representatives as specified below and request relevant information required by the NYISO in order to perform their evaluation in accepting or rejecting the Customer's bid. The Company will not submit bids on behalf of Customers which do not contain all requested information.

Decremental bids in increments of 100 kW may be submitted by the Customer in a form which the Company will use to aggregate load bids with other Customers ("Aggregated Bid Form"). The NYISO will only accept bids in 1,000 kW increments, therefore, Customers who submit bids in less than 1,000 kW increments authorize the Company to aggregate their bids with other Customer's bids to the extent possible to develop a bid in 1,000 kW increments to be provided to the NYISO. Company reserves the right to reduce bids when aggregating bids from more than one Customer to comply with NYISO bidding requirements.

Alternatively, and subject to the requirements of the NYISO, Customers may submit bids on the Company prescribed form, which the Company will bid to the NYISO on behalf of the Customer only ("Individual Bid Form"). Customers who wish to have their load bids submitted on their behalf only, are required to bid a minimum of 1,000 kW in each hour and meet the requirements of the NYISO. Customers who submit bids with the intention of being submitted solely for their behalf may also submit additional load bids in 100 kW increments on Company prescribed forms which the Company will attempt to aggregate with other Customers as described above.

Customers submitting bids using the Individual Bid Form must submit revised bid forms to the Company by 5:00 p.m. Tuesday, for use in bids submitted to the NYISO Monday through Sunday of the following week. The Company reserves the right to modify the advance notice for bid revisions, provided however, the advance notice for bid revisions shall only be modified in a manner which provides the Customer with the ability to revise their load bids more frequently. Company shall notify the Customer of any increased flexibility in revising their bids. The advance notice for bid revisions do not apply to Customers participating in the Direct Bidding Option as specified in Section 3B. Direct Bidding Option customers will submit bids and bid revisions in accordance Section 3B and NYISO tariffs and procedures.

Customers submitting bids using the Aggregated Bid Form must submit revised bid forms to the Company by 11:00 am of the day two (2) days prior to the bid load reduction day, with the exception that bid revisions for load reductions on Sunday, Monday or Tuesday be received by 11 am of the prior Thursday.

The Company will continue to use the last bid received from the Customer until such time that a bid revision is submitted as specified above.

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3. Decremental Load Bidding

B. Direct Bidding Option

B1. Participation

The Customer shall, if eligible and approved by the Company and the NYISO, submit its own bid directly to the NYISO under the terms provided herein ("Direct Bidding Option") in lieu of providing bids in accordance with Section 3A above.

To participate in the Direct Bidding Option, the Customer must meet the following requirements:

1. Have an executed Form L11 in effect with the Company;
2. Be registered with the NYISO as a Demand Side Resource for the Day Ahead Demand Response Program;
3. Have obtained from the NYISO the assignment of an Individual Demand Response Bid Slot for their decremental bids;
4. Request a Digital Certificate from the NYISO in accordance with NYISO procedures, specifically as found in the NYISO Technical Bulletin 1: Applying for a Digital Certificate.
5. Request the right to participate in the Direct Bidding Option by providing written notice of such request to the Company, which request shall include confirmation by the Customer that items 1 through 4 above have been met and shall also include the following information regarding the Customer's authorized individual that will be placing bids on behalf of the Customer:

Company Name: _____

Authorized Bidder Name: _____

Login ID : _____

Password: _____

E-mail Address: _____

Phone: _____

Following receipt of the Customer's written request in accordance with item 5 above, the Company shall notify the NYISO of the Customer's request to directly bid their decremental Bids using the NYISO's Market Information System ("MIS System"). The Company shall request the NYISO to grant the Digital Certificate to the Customer. Following notification by the NYISO to the Company that the NYISO is ready to accept direct bids from the Customer under the MIS System, the Company shall activate the Customer's access to the MIS System for the Authorized Bidder as identified in item 5 above. The Customer may revise the information in item 5 above with written notice to the Company in accordance with Section 10 of this Agreement.

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B2. Responsibilities

Once the Company has activated the Authorized Bidder, the Customer shall be responsible for the following requirements:

1. Submittal of all of the Customer's decremental bids and any subsequent revised decremental bids to the NYISO in accordance with the NYISO tariffs and procedures;
2. Understanding how to correctly use the MIS System to make their bids accurately;
3. Loading the NYISO provided Digital Certificate onto the Customer's computer as required by the NYISO procedures;
4. Maintaining security for access under the Login ID and Password for the MIS System;
5. Monitoring the MIS System to determine if their decremental bid has been accepted by the NYISO;
6. Providing the load reduction in accordance with their accepted bids and in accordance with the remaining terms of this Agreement.

Under the Direct Bidding Option, the Company shall be relieved of its responsibility to provide bids on behalf of the Customer as set out in Section 3A above as well as its responsibility to provide notification of Accepted Bids to the Customer under Sections 7 and 10 of this Agreement.

B3. Termination of Direct Bidding Option

Customer's participation and responsibilities under the Direct Bidding Option shall continue until one of the following events occur:

1. the NYISO revokes the Customer's Individual Demand Response Bid Slot;
2. either the Customer or the Company terminates this Agreement in accordance with Section 9;
3. either the Company or the NYISO revokes the Customer's authorization to bid directly into the MIS System;
4. the Customer, with seven (7) days written notice as provided in accordance with Section 10 of this Agreement, requests the Company to assume bidding responsibility for the Customer in accordance with Section 3A herein.

Subject to the provisions of this Section 3B, all bids submitted by the Customer under the Direct Bidding Option shall be subject to the remaining terms of this Agreement, including the provisions of the Incentive Payment in Section 5 and the Non-Compliance Penalty provisions in Section 6 of this Agreement.

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4. Accepted Bid Compliance

Accepted Bid compliance shall be determined on a Customer by Customer basis at the Premises. A Customer who responds to an Accepted Bid shall be paid incentives according to the provisions of Section 5, of this Agreement. A Customer who does not comply with an Accepted Bid shall be subject to a Non-Compliance Penalty according to the provisions of Section 6, of this Agreement.

The Customer's compliance of an Accepted Bid, in response to Company's notification as specified under Section 10, or as determined by the Customer in accordance with Section 3B, if applicable, shall be determined based upon the Customer's actual energy usage for each hour of the Accepted Bid duration relative to the Customer's Customer Baseline Load ("CBL"). The CBL shall be determined in accordance with the NYISO's Day-Ahead Demand Response Program procedures, as may be revised from time to time, which are available from Company representatives.

5. Incentive Payment

5.1 An Incentive Payment to one or more Customers for complying with an Accepted Bid shall be calculated as follows:

$$DADRP_{d,h} = 90\% * [\text{Maximum of } BP_{d,h} \text{ or } DALBMP_{d,h}] * SB_{d,h}$$

Where:

$DADRP_{d,h}$ is the Day-Ahead Demand Response Payment paid to the Customer for providing the accepted decremental load bid to the NYISO through the Company on day d, in hour h.

$BP_{d,h}$ is the bid price submitted by the Customer to the Company on day d in hour h. The bid price represents the price at which the Customer is willing to accept a curtailment and receive payment for that curtailment in lieu of using the electric energy on day d, in hour h. Bids submitted on behalf of an individual customer may include a separate Curtailment Initiation Cost as specified in the NYISO Day-Ahead Demand Response Program Manual. In the event the NYISO makes a supplemental payment to the Company to compensate for the Curtailment Initiation Cost, the Company will include 90% of this supplemental payment to the Customer as part of the Incentive Payment. Customer's who submit their bids to the Company to be aggregated with other Customer bids must include their curtailment initiation cost within their Bid price.

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DALBMP_{d,h} is the Day Ahead Location Based Marginal Price of electricity as determined by the NYISO specific to the bus where the NYISO evaluates the decremental load bid provided by the Customer and submitted by the Company to the NYISO for evaluating curtailable load relative to generated load.

SB_{d,h} is the scheduled bid of curtailable energy submitted by the Company on behalf of the Customer(s), (as may be reduced by the Company for aggregated bids as specified in Section 3) which is accepted by the NYISO on day d, in hour h. The scheduled bid represents the quantity of demand (in kW) and associated energy which corresponds to the bid price at which the Customer is willing to accept a curtailment and receive payment for that curtailment in lieu of using the electric energy during day d, in hour h.

d is the day of curtailment for the Accepted Bid.

h is the hour of the day of curtailment for the Accepted Bid.

5.2 Incentive Payments for decremental bids submitted on behalf of more than one Customer shall be prorated to individual Customers according to the ratio of the individual Customer's decremental bid to the total bid accepted by the NYISO for that group of Customers. Customer acknowledges that their load bid may be accepted in whole or in part and as such acknowledge and accept that Day Ahead Demand Response Payments may represent compensation from partial load bids submitted on behalf of more than one Customer.

5.3 There are no Day-Ahead Demand Response Payments for demand and energy reductions resulting from the use of Customer owned and operated on-site generation facilities. Customers participating in the Day-Ahead Demand Response Program and operating on-site generation facilities shall have their Day-Ahead Demand Response Payments adjusted to reflect the use of the on-site generation system. The Company shall make the adjustment by subtracting the Customer's kW reduction provided from On-Site Generation ("OSG Reduction") from the Scheduled Bid as defined above. The OSG Reduction shall be determined as the on-site generation's actual output minus the Customer Baseline Load of the Generator. The OSG Reduction shall not be less than zero (0). The Customer Baseline Load for the generating facility shall be calculated in conformance with the NYISO Day-Ahead Demand Response Program Manual as may be revised from time to time.

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6. Non-Compliance Penalty

A non-compliance penalty shall be assessed to the Customer in the event a Day Ahead decremental bid is accepted and the Customer does not curtail load by an amount at least equal to that which they have bid to the NYISO through the Company.

$$NCP_h = (\text{Maximum of } 0 \text{ or } (SB_{d,h} - CLR_{d,h})) * \text{Maximum of } (PDAM_{d,h} \text{ or } PRT_{d,h})$$

Where:

NCP_h is the non-compliance penalty in each hour which the Company shall assess to the Customer for failure to reduce load by the amount bid by the Company to the NYISO.

$SB_{d,h}$ is the scheduled bid of curtailable energy accepted by the NYISO on day d , in hour h as defined in Section 5.1 above.

$CLR_{d,h}$ is the Customer's actual load reduction during the Accepted Bid duration which occurred on day d , in hour h . $CLR_{d,h}$ shall be determined as the difference between the Customer's CBL and the Customer's actual load on day d of hour h of the Accepted Bid. CBL is the Customer's Baseline Load and shall be determined in accordance with the NYISO Tariffs and procedures.

$PDAM_{d,h}$ is the Day-ahead market energy price of the NYISO posted for the Load Zone in which the Customer takes electric service from the Company inclusive of any post corrections by the NYISO for the hour in question; and

$PRT_{d,h}$ is the Real-time market energy price of the NYISO posted for the Load Zone in which the Customer takes electric service from the Company inclusive of any post corrections by the NYISO for the hour in question; and

d is the day of the curtailment for the Accepted Bid.

h is the hour of the day of the curtailment for the Accepted Bid.

7. Day-Ahead Demand Response Accepted Bids

All Day-Ahead Demand Response Accepted Bids shall be determined solely by the NYISO and communicated to Customer by the Company, unless the Customer is participating in the Direct Bidding Option as specified in Section 3B in which case the Customer shall be responsible for monitoring whether their bid was accepted by the NYISO. Customer and Company shall each provide written notice to the other, within five (5) days of execution of this Agreement, of their respective designated persons authorized to arrange a Day-Ahead Demand Response for the Accepted Bid.

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8. Metering

All electricity load measurement for this Agreement shall utilize the Company's interval based meter at the Customer Premise. Where an interval meter must be installed, Customer shall be responsible for all metering and installation costs not otherwise covered by New York State Research and Development Authority (NYSERDA). The metering and installation costs are a function of the individual Customer's electric service. Metering and installation costs are available from Company representatives.

Metering communications are necessary for program administration. Where meter reading communications must be installed, Company shall provide the necessary communications equipment to the Customer's meter which records the electric requirements delivered to the Customer's Premises. Customer agrees to pay the Company an Incremental Customer Charge in the amount of \$34.84 per month to cover the incremental cost of metering communications unless the Customer (1) is already subscribed to an Economic Development Program as provided for in Rule 34.4 or 34.5 of the Tariff, or (2) subject to S.C. No. 3, Special Provisions L.

Customers operating on-site generation facilities and requesting participation in the Day Ahead Demand Response Program shall be required to have, and where necessary install, interval based metering and necessary communication equipment on their incoming delivery service from the Company and the output of the on-site generation facility. Customer shall be responsible for all metering and communication devices and associated costs as prescribed above.

9. Term

The term of this Agreement will begin on the date of execution and shall terminate upon 30-days prior written notice by either the Company or the Customer.

10. Notices

All notices shall be provided in writing to the Company and the Customer except as otherwise expressly provided in this Agreement.

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A. Curtailment Notices

Within five (5) business days of executing this Agreement, the Company and the Customer shall identify an individual responsible for administering the Day-Ahead Demand Response Program. The Company and the Customer shall provide the following information to each other.

Name: _____
Position: _____
Phone
Number: _____
Pager Number: _____
E-mail address: _____
Fax Number: _____

The Company reserves the right to notify the Customer of the Accepted Bid using any one of the communications mediums identified above. The Company shall be deemed to have fulfilled its obligations of notifications by providing proof of contact.

B. Bid Revisions

Unless otherwise explicitly provided in this Agreement or an amendment to this agreement, bid revisions shall be submitted as follows:

B1. Power Transactions and Scheduling, Niagara Mohawk Power Corporation, Henry Clay Blvd., Liverpool, New York 13088, and to

B2. Company Representative,

Title: _____
Company: Niagara Mohawk Power Corporation
Street: _____
City: _____
State: _____
Zip: _____

C. Termination and All Other Notices

Termination and all other notices shall be provided as follows:

If to the Company,

Manager – Program & Policy Administration, Niagara Mohawk Power Corporation, 300 Erie Blvd. West, Syracuse, New York 13202.

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If to the Customer,

Title: _____
Company: _____
Street: _____
City: _____
State: _____
Zip: _____

11. Payments

The Customer will continue to be billed for electric service under its existing terms and conditions of their service classification. The Company shall debit or credit the Customer's retail invoice as a line item adjustment to the invoices for the Billing Period that is immediately following the month in which the Company receives payment or penalty from the NYISO based upon actual metered information. All payments and penalties shall be subject to updates based on final true-ups performed by the NYISO.

12. Accepted Bid Duration

The duration of the Accepted Bid shall be determined by the NYISO.

13. Frequency of Accepted Bids

There is no limit on the number of times a Customer may be called upon to participate under this program, however, the Customer may modify their decremental bid by submitting a revised decremental bid form pursuant to Section 10B. Customers participating in the Direct Bidding Option as specified in Section 3B shall submit revised bids in accordance with the NYISO tariffs and procedures.

14. Advance Notice of Accepted Bids

With the exception of Customers participating in the Direct Bidding Option in accordance with Section 3B, the Company shall provide the Customer with notice of an Accepted Bid by 5:00 p.m. of the day immediately preceding the required curtailment for the Accepted Bid.

15. Taxes

All rates, charges, and fees, including any applicable adjustments within this Agreement, will be increased by a tax factor in accordance with Rule 32 of the Tariff. Sales taxes shall be applied, where applicable.

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16. Release

Customer agrees that, except for the payment of Incentive payments due and payable hereunder, as described in Paragraphs 1 and 5, the Company shall have no liability whatsoever to Customer, whether in contract, tort, tariff, or otherwise, in connection with this Agreement or the Company's performance hereunder, including, but not limited to, any action or inaction relating to the ISO, such as bidding or the submittal of Customer usage data and account number. Customer hereby releases the Company from any and all such liability.

In Witness Whereof, the Company and the Customer hereto have caused this Agreement to be executed as of the day and year first above written.

(the Customer)

Authorized By: _____
Title: _____
As a Representative of: _____
Date: _____

Niagara Mohawk Power Corporation
(the Company)

Authorized By: _____
Title: _____
As a Representative of: Niagara Mohawk Power Corporation
Date: _____