

SCHEDULE 3

Black Start Capability

This service allows the transmission system to be restored from a blackout condition by repowering steam powered generators at various locations in Con Edison. These units in turn are used to re-energize the transmission system and restore deliveries to load. Since the transmission system may become segmented during the blackout, black start (satellite) gas turbines, located at the various generating stations, will allow the simultaneous restoration of the system and allow for faster reintegration of the bulk power system. Black Start Capability is to be provided directly by Con Edison. The Transmission Customer must purchase this service from Con Edison. The charge for Black Start Capability will be based on the rate set forth below.

The charge for Black Start Capability shall be 0.089 \$/MWh

SCHEDULE 4

Regulation and Frequency Response Service

Regulation and Frequency Response Service is necessary to provide for the continuous balancing of resources (generation and interchange) with load and for maintaining scheduled Interconnection frequency at sixty cycles per second (60 Hz). Regulation and Frequency Response Service is accomplished by committing on-line generation whose output is raised or lowered (predominantly through the use of automatic generating control equipment) as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with Con Edison. Con Edison must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from Con Edison or make alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation, such alternative arrangements must meet Con Edison's requirements. The charge for Regulation and Frequency Response Service is set forth below.

The charge for Regulation and Frequency Response Service shall be 0.662 \$/MWh

SCHEDULE 5

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. Con Edison must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from Con Edison or make alternative comparable arrangements to satisfy its Energy Imbalance Service obligation, such alternative arrangements must meet Con Edison's requirements. Con Edison shall establish a deviation band of 5 percent (with a minimum of 1 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s). Parties should attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days or within such other reasonable period of time as is generally accepted in the region and consistently adhered to by Con Edison. If an energy imbalance is not corrected within thirty (30) days or a reasonable period of time that is generally accepted in the region and consistently adhered to by Con Edison, the Transmission Customer will compensate Con Edison for such service. Energy imbalances outside the deviation band will be subject to charges to be specified by Con Edison. The charges for Energy Imbalance Service are set forth below.

Energy supplied by Con Edison to make up a shortfall in delivery: 150% of Con Edison's marginal cost for that hour.

Energy supplied to Con Edison in excess of the scheduled delivery will be paid 50% of Con Edison's marginal cost during that hour. Excess energy that exceeds 25 % of the scheduled delivery will receive no payments by Con Edison.

SCHEDULE 6

Operating Reserve - Spinning Reserve Service

Spinning Reserve Service is needed to serve load immediately in the event of a system contingency. Con Edison as a member of the New York Power Pool (NYPP) provides its share of Spinning Reserve (called 10 minute reserve) as specified by NYPP from generating units that are on-line and loaded at less than full output, and with fast start aircraft gas turbines that can be at rated output within 10 minutes. Con Edison's Spinning Reserve Procedure (SO3-11-5) requires that Spinning Reserve be provided from specific categories of generators. These generators are primarily located within the boundaries of New York City. Con Edison must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either purchase this service from Con Edison or make alternative comparable arrangements to satisfy its Spinning Reserve Service obligation. Such alternative arrangements must meet Con Edison's requirements.. The charge for Spinning Reserve Service are set forth below.

The charge for Operating Reserve - Spinning Reserve Service shall be 0.585 \$/MWh

SCHEDULE 7