

# PRICE PROTECTION PRODUCTS FOR REAL TIME PRICING CONSUMERS (OPTIONAL)



By order of the Alabama Public Service Commission dated April 4, 2006 in Docket #U-3765.

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## AVAILABILITY

Available in all areas served from the interconnected system of the Company.

## APPLICABILITY

Alabama Power Company is offering Price Protection Products as an option to Rate RTP (excluding Rate Rider RGB Back-up and Maintenance Consumers), Rate RTPD, and Rate RTPH. Price Protection Products are risk management tools that allow customers on the above listed rates to manage the risk and volatility associated with real time prices in specific time periods. The Company at its choosing may offer "hedge" products such as **Caps, Contract for Differences (CfD), and Collars**, and these offerings may change each year due to customer interest.

### Cap

A Cap establishes a ceiling on the average real time price over a specific Time Period. This product provides protection against the average real time price going above the Cap Price. The Consumer is charged an upfront premium for this price protection. The Consumer selects a Cap Price and a Time Period from those offered by the Company, along with the amount of load to protect.

### Contract for Differences (CfD)

A CfD establishes a fixed price for the average real time price over a specific Time Period. The Consumer is able to lock in the fixed price and to know with certainty the average price that it will be charged during the Time Period. No upfront premium is required for this product. The Consumer selects a Time Period from those offered by the Company, along with the amount of load to protect.

### Collar

A Collar establishes both a Cap and a Floor on the average real time price over a specific Time Period. The Consumer is protected against the average real time price going above the Cap Price. Each Cap Price has an associated Floor Price. No upfront premium is required for this product. The Consumer selects a Cap Price and a Time Period from those offered by the Company, along with the amount of load to protect.

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Price Protection Products will be settled at the end of the period for which they are applicable. ALL provisions of Rates RTP, RTPD and RTPH remain in effect, including the \$0.15 Capacity Constraint Adder in Rate RTP that is implemented during periods of a called interruption.

A Consumer may not purchase Price Protection Products for less than 250 kW or more than 75% of that Consumer's expected average capacity billed under Rate RTP, Rate RTPD or Rate RTPH during the protected Time Period.

## ENERGY COST RECOVERY

Price Protection Products exclude Rate ECR (Energy Cost Recovery). The Consumer will pay actual Rate ECR charges included in the electric service bill.

## TERM OF CONTRACT

Service hereunder shall be for a period of one (1) year only. A new Price Protection Product contract is required each calendar year. This Price Protection Product contract is supplemental to, and does not alter, the Consumer's underlying contract for Electric Service under Rate RTP, Rate RTPD, or Rate RTPH.