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COMMUNITY DISTRIBUTED GENERATION ("CDG") (Continued)

29.5 Expanded Solar For All ("E-SFA") Program

The E-SFA Program is a jointly run program by the Company and NYSERDA. The E-SFA Program will provide a monthly credit to participating customers in the Company's Energy Affordability Program, as specified in Special Provision M of SC1 or Special Provision I of SC1C, from the aggregated Value Stack compensation, as specified in Rule 40.2, calculated from participating CDG projects' net injections as further provided in this Rule 29.5.

29.5.1 Participation Requirements

29.5.1.1 E-SFA CDG Projects

CDG projects participating in the E-SFA Program ("E-SFA CDG Projects") must meet the following requirements to participate:

i) Be located in the Company's service territory;
ii) An initial date of interconnection to the Company's electric system that is after PSC approval of the E-SFA Program;
iii) Compliant with the interconnection requirements as specified in Rule 29.1.3;
iv) Paid in full on any Company invoices related to interconnection costs;
v) Eligible for, and have the required metering installed for, Value Stack compensation as specified in Rule 40.2;
vi) Submitted all required information in response to a Competitive Solicitation issued by NYSERDA, as further described in Rule 29.5.2;
vii) In receipt of a written notification of selection for the E-SFA Program from NYSERDA as part of the Competitive Solicitation;
viii) Certifies acceptance of the terms and conditions of the E-SFA Program as required by the Company and NYSERDA as further described in Rule 29.5.2;
ix) May not have satellites enrolled for participation in their CDG project, as otherwise provided for in Rule 29, nor be an active participant in Rule 29.4, CDG Net Crediting program; and
x) The CDG project owner will be responsible for the ownership and operation of their project.

29.5.1.2 E-SFA Program Customers

The Company will automatically enroll any customer account participating in the Company's Energy Affordability Program ("EAP") in the E-SFA Program, unless such customer is currently a satellite of a CDG project or is a participant in a Remote Crediting project, as described in Rule 66 or a Remote Net Metered project, as described in Rules 36.7 and 37.10. Customers that are satellites of a CDG project or are participating in a Remote Crediting project or a Remote Net Metered project will be notified of their option to enroll in the E-SFA Program, subject to discontinuing their participation in the other programs. At no time during a customer's participation in the E-SFA Program shall a customer also be participating as a satellite with a CDG or Remote Net Metered project or program.

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COMMUNITY DISTRIBUTED GENERATION ("CDG") (Continued)

EAP customers enrolled in a Community Choice Aggregation related CDG product as approved by the PSC also will not be automatically enrolled in the E-SFA Program. The Company will notify such customers of their option to participate in the E-SFA Program. The Company will enroll such customers in the E-SFA Program subject to the customer providing appropriate notice to the Company. Subject to such customer notification, customer may participate in both the E-SFA Program and Community Choice Aggregation.

E-SFA Program customers may opt-out of the E-SFA Program at any time by contacting the Company's Contact Center or other avenues that may be available in the future. E-SFA Program customers will also be removed from the E-SFA Program at such time that the customer is no longer a participant in the Company's EAP.

29.5.2 Competitive Solicitation

NYSERDA, in coordination with the Company, may periodically offer a Competitive Solicitation for enrollment of CDG projects in the E-SFA Program, pursuant to PSC Order dated January 20, 2022 in Case No. 19-E-0735, and subject to any subsequent modifications by the PSC. Selection for enrollment will set the Compensation Level for the E-SFA Project, which is defined as the percentage of the CDG project's Value Stack compensation, as determined in accordance with Rule 40.2.

Within thirty (30) days following receipt of written notification of its selection for enrollment and assigned Compensation Level from NYSERDA, the CDG Project will submit a Project Participation Form, to indicate its acceptance of the Compensation Level and the terms and conditions of the E-SFA Program.

The E-SFA CDG Project's Compensation Level will be fixed for a period of up to 25 years from the initial date of interconnection of the CDG Project to the Company's electric system. Payments based on the Compensation Level will expire at such time that the E-SFA CDG Project terminates participation in the E-SFA Program or has reached the end of the project's 25-year compensation period, whichever is sooner. The E-SFA CDG Project may unenroll from the E-SFA Program with a minimum of twelve (12) months' notice prior to the beginning of the Program Year in which the E-SFA Project no longer wishes to participate. Once unenrolled, such project may not re-enroll without the Company's approval.

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COMMUNITY DISTRIBUTED GENERATION ("CDG") (Continued)

29.5.3 E-SFA Customer Credits

29.5.3.1 On an annual basis, or as further specified in 29.5.3.3, the Company will determine the monthly fixed dollar amount that will be credited to participating E-SFA Program customers' retail electric charges for the upcoming program year ("E-SFA Customer Credit"). The Company will forecast the dollar amount to be used to establish the E-SFA Customer Credit for the upcoming program year ("Credit Pool") as the share of the forecasted Value Stack compensation of the aggregated participating E-SFA CDG Projects for the upcoming program year that will be allocated to the E-SFA Program Customers less the Utility Administrative Fee as specified in 29.5.5 ("Forecasted Customer Share"), plus any previous year's reconciliation balance, as specified in 29.5.3.2. The Credit Pool may also include a buffer amount, at the Company's discretion, to limit overcompensation, as necessary. The buffer may reduce the Forecasted Customer Share for the upcoming program year by no more than 10%, or such lesser amount as determined by the Company. In addition, the Credit Pool may include excess credits from NYSERDA's Solar For All program if such credits are made available to the E-SFA Program by NYSERDA.

The monthly E-SFA Customer Credit will be determined as:

E-SFA Customer Credit = Credit Pool / (number of E-SFA Customers enrolled at end of previous program year * number of billing months in the program year)

The E-SFA Customer Credit will be applied to the electric portion of customers' bills, after the application of any other applicable customer bill credits are applied. If the E-SFA Customer Credit causes the customer's monthly bill to be less than zero, the amount less than zero caused by the E-SFA Customer Credit will be banked to the customer's account and applied to future bills. If a customer opts-out during a program year, the customer will receive a final credit during the current month of the opt-out and will not receive further credits.

29.5.3.2 Following the first year of the program, the E-SFA Credit for subsequent years will include a reconciliation balance of the previous year's compensation, credits, and payments. The reconciliation balance will be determined as i) the actual Value Stack compensation associated with the E-SFA CDG Projects during the previous program year as specified in Rule 40, minus ii) the actual E-SFA Customer Credits provided during the previous program year, as specified in 29.5.3.1, minus iii) the actual E-SFA CDG Project Payments provided during the previous program year, as specified in 29.5.4, minus iv) the actual Utility Administrative Fee determined for the previous program year as specified in 29.5.5. The annual reconciliations will include carrying charges based on the Company's pre-tax WACC and will be added to the Credit Pool used to determine the E-SFA Credit in the following program year as specified in 29.5.3.1.

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COMMUNITY DISTRIBUTED GENERATION ("CDG") (Continued)

29.5.3.3 The Company, at its discretion, may shorten the first year of the program to facilitate a sufficient customer credit rate until enrolled projects are fully operational.

29.5.3.4 The E-SFA Customer Credit will be filed on a rate statement annually with the PSC not less than fifteen (15) days' prior to the effective date.

29.5.4 E-SFA CDG Project Payment

The Company will pay the E-SFA CDG Project the Value Stack compensation calculated by the Company for the project for the previous month, in accordance with Rule 40, multiplied by their assigned Compensation Level percentage. Payments will be made monthly and separate from the retail bill. The E-SFA CDG Project will provide the Company with the necessary information for the Company to pay the project in the Project Participation Form.

29.5.5 E-SFA Utility Administrative Fee

The Company will collect an E-SFA Utility Administrative Fee to offset incremental costs incurred to implement and administer the E-SFA Program. The fee will be forecasted for the upcoming program year and will be one percent of the forecasted annual value of the participating E-SFA CDG Project's total Value Stack credits.

On an annual basis, the Company will compare its actual incremental implementation and administrative costs of the E-SFA Program for the previous year to the amount collected in that year in the E-SFA Utility Administrative Fee. To the extent that the annual costs are less than the annual amount recovered in the E-SFA Utility Administrative Fee, the Company will return fifty percent of the difference through the Value Stack Cost Recovery Surcharge, as specified in Rule 40.3.

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

40.2.3.1 Projects Not Paired with Energy Storage:

i. Value Stack Energy Component:

The Value Stack Energy Component is based on the NYISO day-ahead hourly zonal LBMP, inclusive of losses, applied to the project's hourly net injections in the billing period; losses will vary by voltage delivery level as specified in Rule 39.18.1.1.

For CDG projects participating in the CDG Net Crediting Program, the applicable Value Stack Energy Component calculated above will be included in the calculation of the Value Stack Credits that will apply to CDG Satellites as specified in Rule 29.4.

For CDG projects participating in the E-SFA Program, the applicable Value Stack Energy Component calculated above will be included in the calculation of the Value Stack Credits that will apply to the aggregated E-SFA Program compensation, as specified in Rule 29.5.

For CDG projects not participating in either the CDG Net Crediting Program, as specified in Rule 29.4, or the E-SFA Program, as specified in Rule 29.5, the Value Stack Energy Component calculated will be determined for each satellite by multiplying the sum of the hourly components calculated above by the satellite's allocation percentage in effect for the billing period as provided by the CDG project sponsor. The Energy Component associated with any percentage remaining when the sum of the satellite percentages is less than 100% ("Unallocated Satellite Percentage") will be banked for later distribution by the CDG project sponsor as specified in Rule 40.2.5.

ii. Value Stack Capacity Component:

The Customer-Generator may select Value Stack Capacity Component Alternative 1, Alternative 2, or Alternative 3 for intermittent technologies. All dispatchable technologies and technologies eligible under Rules 40.2.1.1.1 and 40.2.1.1.2 may only select Alternative 3:

a. The Alternative 1 Value Stack Capacity Component compensation will be calculated by multiplying the sum of the project's net injections (kWh) for the billing period by the Alternative 1 Value Stack Capacity rate ($/kWh) in effect at the time of billing. The Alternative 1 Value Stack Capacity rate ($/kWh) will be determined separately for (i) projects eligible for Value Stack on or before July 26, 2018, and (ii) projects eligible for Value Stack after July 26, 2018 as provided below. The Eligibility Date is defined as the date at which 25% of the interconnection costs have been paid or a Standard Interconnection Contract has been executed if no such payment is required.

   Alternative 1 will be the default Value Stack Capacity Component compensation methodology for intermittent resources if Alternative 2 or Alternative 3 is not otherwise selected by the Customer-Generator.

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

c. Alternative 3 – The Value Stack Capacity Component compensation will be the product of: i) the project's net kW injection during the hour of the New York Control Area ("NYCA") peak in the previous year, and ii) the effective Alternative 3 Value Stack Capacity rate. The Alternative 3 Value Stack Capacity rate will be determined as the forecasted LBMCP ($/kW-mo.) rate times the sum of one plus the Unforced Capacity Requirement of the NYISO.

A Customer-Generator with an intermittent technology is eligible to elect Alternative 3 and must make such election by May 1 to be eligible to receive the rate beginning June 1 of that year. A Customer-Generator with intermittent technology electing Alternative 3 after May 1 will be compensated under Alternative 1 until April 30 of the following calendar year.

A request for a change in Value Stack Capacity Component compensation submitted by a Customer-Generator with intermittent generation is subject to the following limitations:

i. A project compensated under Alternative 1 may switch to compensation under Alternative 2 or to Alternative 3;
ii. A project compensated under Alternative 2 may switch to Alternative 3;
iii. A project compensated under Alternative 2 cannot switch to Alternative 1; and
iv. A project compensated under Alternative 3 cannot switch to Alternative 1 or Alternative 2.

For CDG projects participating in the CDG Net Crediting Program, the applicable Value Stack Capacity Component calculated above will be included in the calculation of the Value Stack Credits that will apply to CDG Satellites as specified in Rule 29.4.

For CDG projects participating in the E-SFA Program, the applicable Value Stack Capacity Component calculated above will be included in the calculation of the Value Stack Credits that will apply to the aggregated E-SFA Program compensation, as specified in Rule 29.5.

For CDG projects not participating in either the CDG Net Crediting Program, as specified in Rule 29.4, or the E-SFA Program, as specified in Rule 29.5, the Value Stack Capacity Component will be determined for each satellite by multiplying the applicable capacity components calculated in 40.2.3.1 ii. a, b, or c above by the satellite's allocation percentage in effect for the billing period as provided by the CDG project sponsor. The Value Stack Capacity Component associated with any Unallocated Satellite Percentage will be banked for later distribution by the CDG project sponsor as specified in Rule 40.2.5.

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

iii. Value Stack Environmental Component

The Environmental Component will be calculated by multiplying: i) the sum of the project's total net injections for the billing period (kWh), by ii) the Environmental Component rate established at the time of the project's Eligibility Date. The Environmental Component rate will be the higher of:

a. the Tier 1 Renewable Energy Certificate ("REC") weighted average procurement price from the most recent solicitation as published by NYSERDA; or
b. the Social Cost of Carbon ("SCC"), net of the expected Regional Greenhouse Gas Initiative ("RGGI") allowance values, as calculated by NYS Department of Public Service Staff.

The Environmental Component rate will be shown in a statement filed with the PSC and will be fixed for the entire term of the project's 25-year compensation under the VDER Value Stack where such term begins with the project's interconnection date. Customer-Generators have a one-time, irrevocable election at the time of interconnection to opt out of the Environmental Component to preserve the opportunity to participate in voluntary market environmental and sustainability certification programs by retaining the project's RECs. Customer-Generators who do not exercise this opt-out election will transfer all RECs generated by the project to the Company and the Company will be the Responsible Party within the New York Generation Attribute Tracking System ("NYGATS") for all Tier 1 eligible Value Stack projects receiving compensation under the Environmental Component and will receive all associated RECs. This also applies to Tranche 0 Customer-Generators who opt-in to the VDER Value Stack but do not opt-out of the Environmental Component. Customer-Generators who elect to retain their project's RECs will not receive compensation under the Environmental Component and must designate a Responsible Party within the NYGATS.

For CDG projects participating in the CDG Net Crediting Program, the applicable Environmental Component calculated above will be included in the calculation of the Value Stack Credits that will apply to CDG Satellites as specified in Rule 29.4.

For CDG projects participating in the E-SFA Program, the applicable Environmental Component calculated above will be included in the calculation of the Value Stack Credits that will apply to the aggregated E-SFA Program compensation, as specified in Rule 29.5.

~~For CDG projects not participating in the CDG Net Crediting Program, as specified in Rule 29.4, the Environmental Component will be determined for each satellite by multiplying the applicable Environmental Component calculated above by the satellite's allocation percentage in effect for the billing period as provided by the CDG project sponsor. The Environmental Component associated with any Unallocated Satellite Percentage will be banked for later distribution by the CDG project sponsor as specified in Rule 40.2.5.~~

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~~Projects eligible under Rule 40.2.1.1.2 are not eligible to receive the Environmental Component compensation.~~

~~The Environmental Component is available to Customer-Generators with projects that meet the definition of renewable energy systems in PSL §66-p, unless the resource was eligible before August 13, 2019. Customer-Generators with an Eligibility Date prior to August 13, 2019 are eligible for the Environmental Component if the project is eligible to participate in the CES to receive Tier 1 RECs, according to the CES rules.~~

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

For CDG projects not participating in either the CDG Net Crediting Program, as specified in Rule 29.4, or the E-SFA Program, as specified in Rule 29.5, the Environmental Component will be determined for each satellite by multiplying the applicable Environmental Component calculated above by the satellite's allocation percentage in effect for the billing period as provided by the CDG project sponsor. The Environmental Component associated with any Unallocated Satellite Percentage will be banked for later distribution by the CDG project sponsor as specified in Rule 40.2.5.

Projects eligible under Rule 40.2.1.1.2 are not eligible to receive the Environmental Component compensation.

The Environmental Component is available to Customer-Generators with projects that meet the definition of renewable energy systems in PSL §66-p, unless the resource was eligible before August 13, 2019. Customer-Generators with an Eligibility Date prior to August 13, 2019 are eligible for the Environmental Component if the project is eligible to participate in the CES to receive Tier 1 RECs, according to the CES rules.

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

iv. Value Stack Demand Reduction Value ("DRV") Component:

Projects Eligible for Value Stack on or before July 26, 2018:

The Demand Reduction Value ("DRV") Component will be calculated by multiplying: i) the average of the project's net kW injections for each of the Company's ten (10) highest peak hours during the preceding calendar year, by ii) the project's applicable DRV Component rate ($/kW-mo.) in effect during the billing period. If an interval meter was not in service for the project at the time of the Company's ten (10) highest peak hours during the preceding calendar year, then the Company will estimate the project's net injections for those hours.

The DRV Component rate will be fixed for the project for three (3) years from the interconnection date, using the DRV Component rate established at the time of the project's Eligibility Date. The project's DRV rate will be adjusted by the Company after three (3) years from the interconnection date to the DRV in effect at that time.

The DRV Component is not applicable to customers who receive the Value Stack MTC Component, which include CDG satellites that are mass market customers and mass market customers who opt into the Value Stack per Rule 40.2.1.8.

Projects may elect to participate in the Company's Commercial System Relief Program ("CSRP"); however, Customer-Generators making such election must forgo DRV compensation. This is a one-time, irrevocable decision that may be made at any point during a project's Value Stack compensation term, in accordance with Rule 62.1. Customer-Generators that choose this election shall not receive DRV compensation for the remainder of their project term.

Projects may elect to participate in the Company's Term-DLM Program or Auto-DLM Program; however, Customer-Generators making such election must forgo DRV compensation for the duration of their participation in either the Term-DLM Program or Auto-DLM Program under Rule 65.1.

For CDG projects participating in the CDG Net Crediting Program, the DRV Component calculated above will only apply to non-mass market satellites and will be included in the calculation of the Value Stack Credits that will apply to CDG Satellites as specified in Rule 29.4.

For CDG projects participating in the E-SFA Program, the applicable DRV Component calculated above will be included in the calculation of the Value Stack Credits that will apply to the aggregated E-SFA Program compensation, as specified in Rule 29.5.

~~For CDG projects not participating in the CDG Net Crediting Program, as specified in Rule 29.4 the DRV Component will only apply to non-mass market satellites and will be determined for each non-mass market satellite by multiplying the applicable DRV Component rate calculated above by the satellite's allocation percentage in effect for the~~

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~~billing period as provided by the CDG project sponsor. The DRV Component associated with any Unallocated Satellite Percentage will be banked for later distribution by the CDG project sponsor as specified in Rule 40.2.5.~~

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

For CDG projects not participating in either the CDG Net Crediting Program, as specified in Rule 29.4, or the E-SFA Program, as specified in Rule 29.5, the DRV Component will only apply to non-mass market satellites and will be determined for each non-mass market satellite by multiplying the applicable DRV Component rate calculated above by the satellite's allocation percentage in effect for the billing period as provided by the CDG project sponsor. The DRV Component associated with any Unallocated Satellite Percentage will be banked for later distribution by the CDG project sponsor as specified in Rule 40.2.5.

Projects Eligible for Value Stack after July 26, 2018:

The DRV Component will be calculated by multiplying: i) the project's net injections (kWh) each bill period during the hours of 2:00 pm to 7:00 pm weekdays, non-holidays, between June 24 and September 15 inclusive, by ii) the project's hourly DRV Component rate ($/kWh). The project's hourly DRV Component rate will be determined by multiplying the Company's $/kW-year DRV Component rate in effect at the time of the project's Eligibility Date by ten (10) years and then dividing the result by the total number of eligible hours in the ten-year eligibility period for the project. This hourly DRV component rate will be fixed for the first ten (10) years of the project's operation. At the end of the ten-year period, the hourly DRV Component rate ($/kWh) will be the DRV rate and hours in effect during the billing period.

Projects may elect to participation in the Company's CSRP; however, Customer-Generators making such election must forgo DRV compensation. This is a one-time, irrevocable decision that may be made at any point during a project's Value Stack compensation term, in accordance with Rule 62.1. Customer-Generators that chose this election, shall not receive DRV compensation for the remainder of the project term.

Projects may elect to participate in the Company's Term-DLM Program or Auto-DLM Program; however, Customer-Generators making such election must forgo DRV compensation for the duration of their participation in the Term-DLM Program or Auto-DLM Program under Rule 65.1.

~~For CDG projects participating in the CDG Net Crediting Program, the applicable DRV Component calculated above will be included in the calculation of the Value Stack Credits that will apply to all CDG Satellites, as specified in Rule 29.4, except for CDG Satellites of CDG projects that opt into the Company's CSRP, Term-DLM Program, or Auto-DLM Program.~~

~~For CDG projects not participating in the CDG Net Crediting Program, as specified in Rule 29.4, the DRV Component will apply to all CDG Satellites, with the exception of CDG Satellites of projects that opt into the Company's CSRP, Term-DLM Program, or Auto-DLM Program. The DRV Component associated with any Unallocated Satellite Percentage will be banked for later distribution by the CDG project sponsor as specified in Rule 40.2.5.~~

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

For CDG projects participating in the CDG Net Crediting Program, the applicable DRV Component calculated above will be included in the calculation of the Value Stack Credits that will apply to all CDG Satellites, as specified in Rule 29.4, except for CDG Satellites of CDG projects that opt into the Company's CSRP, Term-DLM Program, or Auto-DLM Program.

For CDG projects participating in the E-SFA Program, the applicable DRV Component calculated above will be included in the calculation of the Value Stack Credits that will apply to the aggregated E-SFA Program compensation, as specified in Rule 29.5, except for CDG Satellites of CDG projects that opt into the Company's CSRP, Term-DLM Program, or Auto-DLM Program.

For CDG projects not participating in either the CDG Net Crediting Program, as specified in Rule 29.4, or the E-SFA Program, as specified in Rule 29.5, the DRV Component will apply to all CDG Satellites, with the exception of CDG Satellites of projects that opt into the Company's CSRP, Term-DLM Program, or Auto-DLM Program. The DRV Component associated with any Unallocated Satellite Percentage will be banked for later distribution by the CDG project sponsor as specified in Rule 40.2.5.

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

v. Value Stack Locational System Relief Value ("LSRV") Component:

The LSRV Component will only be available to projects located in LSRV areas at the time of their Eligibility Date. Eligible LSRV areas that have been identified by the Company will be available on the Company's website and displayed on a statement filed with the PSC. If a project previously included in an LSRV area's MW capacity limit is canceled or abandoned, that project's proposed capacity shall be returned to the LSRV area's MW capacity limit and the revised remaining capacity will be displayed on a statement filed with the PSC.

Existing Customer-Generators located in an LSRV area that opt into the Value Stack will not receive the LSRV Component.

Projects may elect to participate in the Company's CSRP; however, Customer-Generators making such election must forgo LSRV compensation. This is a one-time, irrevocable decision that may be made at any point during a project's Value Stack compensation term, in accordance with Rule 62.1. Customer-Generators that chose this election, shall not receive LSRV compensation for the remainder of the project term.

Projects may elect to participate in the Company's Term-DLM Program or Auto-DLM Program; however, Customer-Generators making such election must forgo LSRV compensation for the duration of their participation in the Term-DLM Program or Auto-DLM Program under Rule 65.1.

Projects Eligible for Value Stack on or before July 26, 2018:

The LSRV Component will be calculated by multiplying: i) the average of the project's net kW injections for each of the Company's ten (10) highest peak hours during the preceding calendar year, by ii) the project's LSRV Component rate ($/kW-mo.) in effect during the billing period. If an interval meter was not in service for the project at the time of the Company's ten (10) highest peak hours during the preceding calendar year, the Company will estimate the project's net injections for those hours.

The LSRV Component rate will be fixed for the first ten (10) years from the project's interconnection date and the project's applicable LSRV Component rate will be the LSRV rate ($/kW-mo.) as filed by the Company in a statement with the PSC, in effect at the time of the project's Eligibility Date.

~~For CDG projects participating in the CDG Net Crediting Program, the LSRV Component calculated above will be included in the calculation of the Value Stack Credits that will apply to CDG Satellites as specified in Rule 29.4.~~

~~For eligible CDG projects not participating in the CDG Net Crediting Model, as specified in Rule 29.4, the LSRV Component will be determined for each satellite by multiplying the project's applicable LSRV Component rate ($/kW-mo.) by the satellite's allocation percentage in effect for the billing period as provided by the CDG project sponsor. The~~

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~~LSRV Component associated with any Unallocated Satellite Percentage will be banked for later distribution by the CDG project sponsor as specified in Rule 40.2.5.~~

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

For CDG projects participating in the CDG Net Crediting Program, the LSRV Component calculated above will be included in the calculation of the Value Stack Credits that will apply to CDG Satellites as specified in Rule 29.4.

For CDG projects participating in the E-SFA Program, the applicable LSRV Component calculated above will be included in the calculation of the Value Stack Credits that will apply to the aggregated E-SFA Program compensation, as specified in Rule 29.5.

For eligible CDG projects not participating in either the CDG Net Crediting Model, as specified in Rule 29.4, or the E-SFA Program, as specified in Rule 29.5, the LSRV Component will be determined for each satellite by multiplying the project's applicable LSRV Component rate ($/kW-mo.) by the satellite's allocation percentage in effect for the billing period as provided by the CDG project sponsor. The LSRV Component associated with any Unallocated Satellite Percentage will be banked for later distribution by the CDG project sponsor as specified in Rule 40.2.5.

Projects Eligible for Value Stack after July 26, 2018:

Projects eligible for the LSRV Component will be compensated for responding to Company-called events ("LSRV Call Events"). The project's LSRV Component will be the sum of all LSRV Call Event calculations, as specified below, during the billing period. In the event that an LSRV Call Event spans two billing periods, the project will only be compensated once for the LSRV Call Event.

The compensation for each LSRV Call Event will be determined by: i) the project's lowest hourly net kW injection during the LSRV Call Event; multiplied by ii) the project's applicable LSRV Call Component rate as set out below.

The project's applicable LSRV Call Component rate ($/kW) will be the project's applicable LSRV Component rate ($/kW-mo.), as specified below, multiplied by 12 (months) and divided by 10 (annual minimum calls per year).

The project's applicable LSRV Component rate ($/kW-mo.) will be determined as the LSRV rate ($/kW-mo.), as filed by the Company in a statement with the PSC in effect at the time of the project's Eligibility Date and will be fixed for the first ten (10) years from the project's interconnection date.

For CDG projects participating in the CDG Net Crediting Program, the LSRV Component calculated above will be included in the calculation of the Value Stack Credits that will apply to CDG Satellites as specified in Rule 29.4.

~~For eligible CDG projects not participating in the CDG Net Crediting Program as specified in Rule 29.4, the LSRV Component will be determined for each satellite by multiplying the project's applicable LSRV Component rate ($/kW-mo.) by the satellite's allocation percentage in effect for the billing period as provided by the CDG project sponsor. The LSRV Component associated with any Unallocated Satellite Percentage~~

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~~will be banked for later distribution by the CDG project sponsor as specified in Rule 40.2.5.~~

~~LSRV Call Events:~~

~~i. The Company will call LSRV Call Events at least 21 hours in advance of the start of the LSRV Call Event.~~

~~ii.~~i. ~~Each LSRV Call Event will be between one (1) hour and four (4) hours in duration.~~

~~iii.~~i. ~~LSRV Call Events will generally be within the hours of 2:00 pm to 7:00 pm on non-holiday weekdays between June 24 and September 15 inclusive. The Company reserves the right to call LSRV Call Events outside of those hours if system needs warrant.~~

~~iv.~~i. ~~The Company reserves the right to combine LSRV areas into up to four (4) LSRV groups with different four (4)-hour call windows, each of which may be called independently based on sub-system load conditions.~~

~~v.~~i. ~~The Company will call a minimum of ten (10) LSRV Call Events per year for each LSRV area or group but may issue more depending on system needs. Compensation level for all calls will remain at the same level regardless of frequency.~~

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

For CDG projects participating in the E-SFA Program, the applicable LSRV Component calculated above will be included in the calculation of the Value Stack Credits that will apply to the aggregated E-SFA Program compensation, as specified in Rule 29.5.

For eligible CDG projects not participating in the CDG Net Crediting Program as specified in Rule 29.4, the LSRV Component will be determined for each satellite by multiplying the project's applicable LSRV Component rate ($/kW-mo.) by the satellite's allocation percentage in effect for the billing period as provided by the CDG project sponsor. The LSRV Component associated with any Unallocated Satellite Percentage will be banked for later distribution by the CDG project sponsor as specified in Rule 40.2.5.

LSRV Call Events:

i. The Company will call LSRV Call Events at least 21 hours in advance of the start of the LSRV Call Event.
ii. Each LSRV Call Event will be between one (1) hour and four (4) hours in duration.
iii. LSRV Call Events will generally be within the hours of 2:00 pm to 7:00 pm on non-holiday weekdays between June 24 and September 15 inclusive. The Company reserves the right to call LSRV Call Events outside of those hours if system needs warrant.
iv. The Company reserves the right to combine LSRV areas into up to four (4) LSRV groups with different four (4)-hour call windows, each of which may be called independently based on sub-system load conditions.
v. The Company will call a minimum of ten (10) LSRV Call Events per year for each LSRV area or group but may issue more depending on system needs. Compensation level for all calls will remain at the same level regardless of frequency.

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

vi. Value Stack Market Transition Credit ("MTC") Component:

The MTC Component will only apply to CDG projects with an Eligibility Date on or before July 26, 2018 which also meet the further requirements specified herein.

The MTC Component will apply only to a CDG project's mass market satellites and those mass market customers who opt into the VDER Value Stack compensation per Rule 40.2.1.8. Projects eligible under Rules 40.2.1.1.1 and 40.2.1.1.2 are not eligible to receive the MTC Component compensation. The MTC Component will be calculated by multiplying: i) the sum of the project's total net injections for the billing period (kWh), and ii) the MTC Component rate applicable to the project's assigned Tranche and applicable service class.

For CDG projects participating in the CDG Net Crediting Program, the MTC Component calculated above will be included in the calculation of the Value Stack Credits that will apply to CDG Satellites as specified in Rule 29.4.

For CDG projects participating in the E-SFA Program, the applicable MTC Component calculated above will be included in the calculation of the Value Stack Credits that will apply to the aggregated E-SFA Program compensation, as specified in Rule 29.5.

For CDG projects not participating in either the CDG Net Crediting Program, as specified in Rule 29.4, or the E-SFA Program, as specified in Rule 29.5, the MTC Component will be calculated for each individual mass market satellite customer by multiplying: i) the sum of the project's total net injections for the billing period (kWh), ii) the MTC Component rate applicable to the project's assigned Tranche and satellite's service class, and iii) the satellite's allocation percentage in effect for the billing period as provided by the CDG project sponsor. The CDG project sponsor will not be allowed to bank any MTC components related to Unallocated Satellite Percentages. CDG projects receiving MTC compensation cannot opt-into receiving the Community Credit component, as described below.

The MTC Component will be fixed for the project's 25-year compensation term and will be shown in a statement filed with the PSC.

Any high-capacity-factor resource (*i.e.,* fuel cell) CDG project receiving Value Stack compensation with an Eligibility Date on or after August 13, 2019 shall receive an adjusted MTC Component rate determined as the effective MTC Component rate multiplied by an adjustment factor of 0.16. Any high-capacity-factor resource (*i.e.,* fuel cell) CDG project receiving Value Stack compensation with an Eligibility Date before August 13, 2019 shall receive the unadjusted MTC Component.

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

vii. Value Stack Community Credit Component:

The Community Credit Component will apply to non-mass market satellites (as defined in Rule 40.1) in CDG projects with an Eligibility Date on or before July 26, 2018 and to all satellites in CDG projects with an Eligibility Date after July 26, 2018 which also meet the further requirements specified herein. Projects eligible under Rules 40.2.1.4, 40.2.1.1.1, and 40.2.1.1.2 are not eligible to receive the Community Credit Component compensation.

The Community Credit Component will be calculated by multiplying: i) the sum of the CDG project's total net injections for the billing period (kWh), and ii) the project's Community Credit Component rate applicable to the project's assigned Community Credit Tranche as filed by the Company in a statement with the PSC. The Community Credit Compensation for non-mass market satellites in CDG projects with an Eligibility Date on or before July 26, 2018 shall begin starting with the first billing cycle for that project in which the entire billing period is after July 31, 2020.

For CDG projects participating in the CDG Net Crediting Program. the Community Credit Component calculated above will be included in the calculation of the Value Stack Credits that will apply to CDG Satellites as specified in Rule 29.4.

For CDG projects participating in the E-SFA Program, the applicable Community Credit Component calculated above will be included in the calculation of the Value Stack Credits that will apply to the aggregated E-SFA Program compensation, as specified in Rule 29.5.

For CDG projects not participating in either the CDG Net Crediting Program, as specified in Rule 29.4, or the E-SFA Program, as specified in Rule 29.5, the Community Credit Component will apply to all CDG satellite accounts.

The project's Community Credit rate will be fixed for the first twenty-five (25) years following the project's interconnection date.

The CDG project sponsor (or CDG Host, as described in Rule 29.4) will not be allowed to bank any Community Credit Components related to Unallocated Satellite Percentages.

Any high-capacity-factor resource (*i.e.,* fuel cell) CDG project receiving Value Stack compensation with an Eligibility Date on or after August 13, 2019 shall receive an adjusted Community Credit rate determined as the effective Community Credit rate multiplied by an adjustment factor of 0.16. Any high-capacity-factor resource (*i.e.,* fuel cell) CDG project receiving Value Stack compensation with an Eligibility Date before August 13, 2019 shall receive the unadjusted Community Credit.

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

40.3 Value of Distributed Energy Resources (VDER) Value Stack Cost Recovery

The VDER Value Stack Cost Recovery provides for recovery of costs incurred by the Company from customers, as approved by the Commission, for compensation provided to eligible projects under the VDER Value Stack Rule 40.2, the VDER Value Stack for CDG projects participating in the CDG Net Crediting Program in Rule 29.4, ~~and~~ Remote Crediting projects under Rule 66, VDER Value Stack for CDG projects participating in the E-SFA Program in Rule 29.5, and the Utility Administrative Fee as specified in Rule 29.5.5, as applicable~~.~~

40.3.1 The VDER Value Stack Cost Recovery is applicable to all customers taking service under P.S.C 220 and 214 Electricity, regardless of supplier. The VDER Value Stack Cost Recovery will be applicable to all delivery customers' load, including NYPA load delivered by the Company and economic development-qualifying load in Rule 34, with the exception of the Environmental Market Value Costs which will apply to all supply customers as specified in 40.3.2.3.

40.3.2 The Recovery of the VDER Value Stack Costs will be determined on a VDER Value Stack component basis for applicable service classes using allocation methods as further described below:

40.3.2.1 Capacity Market Value Cost Recovery

40.3.2.1.1 The Capacity Market Value costs will be determined for the recovery month as the product of i) the sum of all VDER Value Stack project's net injections at the hour of the NYISO system peak during the previous calendar year and ii) the average of the NYISO monthly spot auction capacity prices for the previous calendar year.

40.3.2.1.2 The Capacity Market Value costs will be recovered from all delivery customers, allocated by service class based on the most recent transmission demand allocator (*i.e.*, single coincident peak) from the Company's most current embedded cost of service study (ECOS).

40.3.2.1.3 The Capacity Market Value costs will be recovered on a per kWh basis for non-demand customers and a per kW basis for demand customers.

~~40.3.2.2 Capacity Out of Market Value Cost Recovery~~

~~40.3.2.2.1 The Capacity Out of Market Value costs will be determined monthly as the difference between i) the sum of all VDER Value Stack Capacity Components paid to projects and satellites, where applicable, during the~~

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~~recovery month and ii) the Market Value determined in 40.3.2.1 for the recovery month.~~

~~40.3.2.2.2 The Capacity Out of Market Value costs will be recovered from all delivery customers, with respective costs allocated to the service classes of the projects and satellites, where applicable, who receive the VDER Value Stack Capacity Component credits, in proportion to the credits that projects and satellites, where applicable, of each service class receive.~~

~~40.3.2.2.3 The Capacity Out of Market Value costs will be recovered on a per kWh basis for non-demand customers and a per kW basis for demand customers.~~

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

40.3.2.2 Capacity Out of Market Value Cost Recovery

40.3.2.2.1 The Capacity Out of Market Value costs will be determined monthly as the difference between i) the sum of all VDER Value Stack Capacity Components paid to projects and satellites, where applicable, during the recovery month and ii) the Market Value determined in 40.3.2.1 for the recovery month.

40.3.2.2.2 The Capacity Out of Market Value costs will be recovered from all delivery customers, with respective costs allocated to the service classes of the projects and satellites, where applicable, who receive the VDER Value Stack Capacity Component credits, in proportion to the credits that projects and satellites, where applicable, of each service class receive.

40.3.2.2.3 The Capacity Out of Market Value costs will be recovered on a per kWh basis for non-demand customers and a per kW basis for demand customers.

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40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

40.3.2.6 LSRV Cost Recovery

40.3.2.6.1 The LSRV Component costs to be recovered will be the sum of all Value Stack LSRV Components paid to projects and satellites, where applicable, during the recovery month.

40.3.2.6.2 The LSRV Component costs will be recovered from all delivery customers by service class and voltage delivery level, with the LSRV Component costs that were provided to sub-transmission and transmission voltage delivery projects and satellites, where applicable, being allocated using the most recent transmission demand allocator from the Company's most current ECOS, and the LSRV Component costs that were provided to primary and secondary voltage delivery projects and satellites, where applicable, being allocated using the most recent distribution demand allocator from the Company's most current ECOS.

40.3.2.6.3 The LSRV Component costs will be recovered on a per kWh basis for non-demand customers and a per kW basis for demand customers.

40.3.2.7 MTC and Community Credit Cost Recovery

40.3.2.7.1 The MTC and Community Credit Component costs to be recovered will be the sum of all Value Stack MTC and Community Credit Components paid to projects and satellites, where applicable, during the recovery month.

40.3.2.7.2 The MTC and Community Credit Component costs will be recovered from all delivery customers, with respective costs allocated to the service classes of the projects and satellites, where applicable, who receive the MTC and Community Credit Component credits, in proportion to the credits of the projects and satellites, where applicable, of each service class receive.

40.3.2.7.3 The MTC and Community Credit Component costs will be recovered on a per kWh basis for non-demand customers.

40.3.3 The costs in Rule 40.3.2 will be charged to applicable customers monthly on a two-month lag basis and will be included in the delivery charge line item on customers' bills, with the exception of the Environmental Market Value Cost Recovery which will be recovered as specified in Rule 40.3.2.3.

40.3.4 An annual reconciliation will be performed for each component of the VDER Value Stack Cost Recovery at the end of each calendar year, commencing with calendar year 2018. Any over/under collections as a result of this reconciliation will be reflected in the VDER Value Stack Cost Recovery on a two-month lag basis after the annual reconciliation. Any applicable portion of the E-SFA Utility Administration Fee, as calculated according to Rule 29.5.5, will be included as a credit to all customers and included in the VDER Value Stack Cost Recovery annual reconciliation.

40.3.5 The VDER Value Stack Cost Recovery will be shown on statements filed with the Public Service Commission apart from this rate schedule not less than three (3) days before their respective effective dates.