

PSC NO: -220 ELECTRICITY  
 NIAGARA MOHAWK POWER CORPORATION  
 INITIAL EFFECTIVE DATE: JUNE 1, 2023~~4~~  
 STAMPS: Issued in Compliance with Order in Case 19-E-0079 ~~Issued-dated~~ May 18~~4~~, 2023~~4~~.

LEAF: 417  
 REVISION: 11~~0~~  
 SUPERSEDING REVISION: 10~~9~~

SERVICE CLASSIFICATION NO. 7 (Continued)

4. Exemptions From SC-7 (Continued)

D. Certain Customers Grandfathered Under Form G<sub>r</sub> (Continued)

For the purposes of this provision, New Generating Equipment shall include~~r~~ the installation or the replacement of the following items of electric plant:

- (i) for steam production plant: boiler plant equipment; engines and engine-driven generators; and turbogenerator units;
- (ii) for nuclear production plant: reactor plant equipment, and turbogenerator units;
- (iii) for hydraulic production plant: turbines, and generators; and
- (iv) for other electric production equipment: fuel holders, producers, and accessories; prime movers; and generators.

The installation or replacement of electric plant ordinarily classified as maintenance or repair expenses or replacements under warranty as a result of a defect or casualty loss, or of water wheels, automotive and marine internal combustion engines fired by natural gas which were designed and installed with the intention of routine replacement, and generator rewinds shall not be deemed to be New Generating Equipment.

E. NYPA Programs and SC 12 Contracts

Standby service rates shall not apply to that portion of a customer's delivery service associated with the provision of applicable NYPA programs or that portion of delivery service served under the terms and conditions of an SC-12 contract.

F. Environmentally Advantageous Technologies ("EAT") Exemptions

Standby service rates shall not apply to customers who install On-Site Generators ("OSG") that are:

- (1) solar thermal~~wind~~;
  - (2) solar photovoltaic;
  - (3) onshore land and offshore wind;
  - (4) hydroelectric;
  - (5) geothermal electric;
  - (6) geothermal ground source heat;
  - (7) tidal energy;
  - (8) wave energy;
  - (9) ocean thermal;
  - (10) Fuel cells which do not utilize a fossil fuel resource in the process of generating electricity. Fuel cells are permitted to utilize biomass, biogas, or hydrogen, provided that the manufacture or production of such fuels does not include the combustion or electrolysis of fossil fuels, or the use of fossil fuel or non-renewable grid power in the conversion process.
- ====
- ~~(3) methane, landfill gas, and farm service customers operating anaerobic digesters processing manure if the methane, landfill gas, or manure is 90% or more of the fuel used annually by the OSG;~~
  - ~~(4) fuel cells;~~
  - ~~(5) other renewable technologies explicitly identified in the New York State Energy Plan (e.g. biomass, geothermal and tidal); or~~

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SERVICE CLASSIFICATION NO. 7 (Continued)

- (~~116~~) —small, efficient types of combined heat and power (“CHP”) generation that do not exceed 1 MW of capacity and meet the following criteria:
- i. Annual overall thermal and electrical energy efficiency should not be less than 60% based on the higher heating value (“HHV”) of the fuel input;
  - ii. The usable thermal energy component should absorb a minimum of 20% of the CHP facility’s total usable annual energy output;
  - iii. The OSG capacity shall be determined by aggregating the nameplate ratings of the generation units, installed at its location, excluding emergency generation units used only during a utility distribution system failure or in response to the NYISO Emergency Demand Response Program; and
  - iv. An eligible CHP facility shall demonstrate to the Company that its generation installation meets an environmental standard of no more than 1.4 lbs./MWh of NOx emissions based on its electrical and mechanical output or its rated capacity. Units that have completed a Coordinated Electric System Interconnection Review (“CESIR”) by April 1, 2018 will be subject to the previously applicable standard of no more than 4.4 lbs./MWh of NOx emissions.
  - v. The CHP facility must be placed in service before May 31, 2021.
  - vi. Customers shall comply with the above criteria and in addition:
    1. Monitor and record efficiency data, which shall include the annual quantity of fuel fired, the annual quantity of generated electricity, and the annual quantity of the thermal heat recovered in the heat recovery process;
    2. have records available for Company inspection; and
    3. retain the records for a 3-year period.

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SERVICE CLASSIFICATION NO. 7 (Continued)

4. Exemptions From SC-7 (Continued)

- (127) Effective June 1, 2015, a customer who installs and places in service a new CHP facility before May 31, 2021, greater than 1 MW and up to 15 MW, exclusive, may exercise a one-time option to be exempt from standby rates and pay standard delivery rates for a period of four years.
- i. The exemption, once obtained, would be applicable for a period of four years commencing from the in-service date of the CHP facility. After the four-year period, the customer will be subject to the then-applicable standby rates or to any such tariff which replaces standby rates, if applicable.
  - ii. Once exempt, the customer may exercise the option to exit the exemption one time prior to the end of the customer's one-time exemption period.
  - iii. Customers exercising this option will also be required to install, at their expense, revenue grade, interval meters that will measure generation output, and attach telemetry equipment sufficient to transmit operational information to the Company.
  - iii. Customers under this Section 7 are also subject to the requirements of Section 6, Sub Sections i-v.
- (138) Energy Storage technologies with inverter capability of up to 1 MW.

Customers qualifying for the EAT Exemption shall comply with all the following requirements:

- a) The OSG is placed in service ~~between~~ after July 1, 2002 ~~and May 31, 2023~~, except that for CHP facilities, in accordance with Section 7 above, the OSG is placed in service between June 1, 2015 and May 31, 2021.
- b) The OSG is connected to the customer's electric system using an automated or manual transfer switch or the electrical equivalent of such a switch approved by the Company consistent with Electric System Bulletin 750 as it may be amended from time to time.
- c) The customer executes, and the Company accepts, a Form G as required under the special provisions of the applicable Service Classification for all generators on the premises. The customer shall state its intended use of the OSG facilities on the Form G in the blank spaces provided for special conditions.
- d) The EAT Exemption will not apply to sustainably managed biomass, biogas, and fuel cell units which utilize fossil fuel resources installed on or after June 1, 2023.

In the event the customer fails to comply with provisions (a) through (c) above, the Company shall have the following rights:

- (a) to bill the customer standby service rates for those amounts of total Electric Service which the Company reasonably estimated were received by the customer during times when Electric Service from the Company was available to the customer; and
- (b) to require the customer to install OSG meter(s) on all its generators on the premises within a mutually acceptable schedule and upon receipt of written notice from the Company.

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SERVICE CLASSIFICATION NO. 7 (Continued)

Customers qualifying for the EAT Exemption shall be allowed to make a one-time irrevocable election to refuse the EAT Exemption and, instead, take service at full standby service rates, upon providing thirty (30) days written notice to the Company before commencing operation of the OSG; provided, however, that if operation of the OSG commenced between July 1, 2002 and December 31, 2011, the Customer must make its one-time election by March 1, 2012. Customers qualifying for an EAT exemption under Section ~~127~~ above will have a one-time exemption in accordance with Section 4.F (~~127~~) (ii) above.

~~The EAT Exemptions set forth above will expire on May 31, 2023 with the exception that CHP facilities placed in service after May 31, 2021 do not qualify for the EAT Exemption.~~

G. Net Metering for Solar, Farm Waste, Wind, Micro-Combined Heat and Power, Micro-Hydroelectric Generating Equipment, and Fuel Cell Electric Generating Systems - Standby service rates shall not apply to Customer-Generators who have the above electric generating equipment provided they have executed a Form K agreement with the Company and have complied with all the requirements of Rule 36 and Rule 37 of this tariff.