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GENERAL INFORMATION

36. Net Metering for Solar Electric Generating Equipment, Farm Waste Electric Generating Equipment, Micro-Combined Heat and Power Generating Equipment, Fuel Cell Electric Generating Equipment, and Micro-Hydroelectric Generating Equipment

36.1.7 To qualify for net metering, the Customer Generator must comply with the requirements of the generating size limits by complying with the following criteria:

1) Each project up to the respective generating size limit must be separately metered and separately interconnected to the utility grid.
2) Each project must be located on a separate site.
3) Each project must operate independently of other units.

36.1.8 Net Metering compensation under this Rule No. 36 will no longer be available to new projects with eligible electric generating equipment under PSL Section 66-j after March 9, 2017. Projects with eligible generating equipment under PSL Section 66-j that are either in service or have completed Step 8 of the Standard Interconnection Requirements (SIR) for projects greater than 50 kW or Step 4 of the SIR for projects equal to or less than 50 kW by the close of business on March 9, 2017 will remain eligible under Rule No. 36 net metering tariffs provided that written notification of the completion of Step 8 or Step 4 of the SIR, as required by Step 9 and Step 5 of the SIR, has been provided to the Company by March 17, 2017.

Mass market on-site projects, defined as those Customer-Generators served under a residential or small commercial service class that are not billed for demand, that are in service as of March 9, 2017, or have completed the required milestones set forth above by March 17, 2017, will be permitted to pair on-site energy storage with the eligible generating equipment under PSL Section 66-j and remain eligible under Rule No. 36 net metering tariffs.

Projects compensated under Rule No. 36 net metering tariffs will be provided a one-time opt in to the Value Stack tariff under Rule No. 40, when available.

36.2 Qualifying Customers must install and operate the Solar, Farm Waste Electric Generating system, Micro-Combined Heat and Generating Equipment, Fuel Cell Generating Equipment, and Micro-Hydroelectric Generating Equipment in compliance with Rule No. 53 – Standard Interconnection Requirements for New Distributed Generation Units of 5 MW or Less, Connected in Parallel to Utility Distribution Systems and Addendum -SIR, as may be from time to time changed, amended and/or supplemented. Qualifying Customers must also complete the Standardized Contract for Interconnection of New Distributed Generation Units With Capacity of 5 MW or Less, Connected in Parallel With Utility Distribution Systems.

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36. Net Metering for Solar Electric Generating Equipment, Farm Waste Electric Generating Equipment, Micro-Combined Heat and Power Generating Equipment, Fuel Cell Electric Generating Equipment, and Micro-Hydroelectric Generating Equipment

36.3 This program will be available to qualifying customers on a first come, first served basis, until the total rated generating capacity for Solar and Farm Waste Electric Generating Equipment, Micro-Combined Heat and Generating Equipment, Fuel Cell Generating Equipment, and Micro-Hydroelectric Generating Equipment owned, leased, or operated by Customers in the Company's service territory is equivalent to 392,160 kW, (in accordance with PSL 66-j, six percent of the Company's peak load for the year 2005.) The maximum amount of net metered generation that the Company must interconnect will float for an interim basis until such time as the interim period ends as directed by the Commission in its Order issued October 16, 2015 in Case 15-E-0407

36.4 In the event the Company determines that it is necessary to install a dedicated transformer or transformers, or other equipment deemed necessary to protect the safety and adequacy of electric service to other customers, the Customer-Generator shall pay the costs in Rule No. 53 – Standardized Interconnection Requirements and Application Process for New Distributed Generators 5 MW or Less Connected in Parallel to Utility Distribution Systems (Addenda – SIR).

36.5 The Company will determine if the Customer-Generator requires a single meter that enables the Company to measure net kWh provided to the Company or if the Customer-Generator requires alternate net metering arrangements.

36.5.1 When the Company requires a second meter to be installed for billing purposes, the Company will be responsible for the cost of the second meter.

36.5.2 When the customer requests installation of a second meter that is not required by the utility for billing purposes, customer will be responsible for the cost of the second meter and comply with the provisions of Rule No. 25.1.2 of this Tariff.

36.6 The Company will employ the following "net energy billing" procedure to establish bills for electric service rendered to the customer by Niagara Mohawk during each monthly or bimonthly billing period. The meter(s) will be read on a monthly or bimonthly schedule in conjunction with the Company's reading of the meter installed to measure deliveries of electric energy to the customer.

36.6.1 In the event that the amount of electric energy supplied by the Company during the billing period exceeds the amount of electric energy provided by the customer to Niagara Mohawk, the Company shall charge the customer

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GENERAL INFORMATION

40. VALUE OF DISTRIBUTION ENERGY RESOURCES (VDER)

The VDER Phase One tariffs will be comprised of two components: Phase One net energy metering (NEM) and the Value Stack tariff, when available.

40.1 Phase One NEM

40.1.1 New mass market on-site projects (as defined in Rule No. 36.1.8) with eligible generating equipment under PSL Section 66-j interconnected before January 1, 2020 will be compensated under Phase One NEM.

40.1.2 Projects with eligible generating equipment under PSL Section 66-j that have not met the deadlines established in Rule No. 36.1.8 will be compensated under Phase One NEM.

40.1.3 Remote net metered projects (as defined in Rule No. 36.7), large on-site projects (defined as Customer-Generators served under a non-residential demand or mandatory hourly pricing (MHP) service classification), and Community Distributed Generation (CDG) projects with eligible generating equipment under PSL Section 66-j for which, by July 17, 2017, 25% of the interconnection costs have been paid or a Standard Interconnection Contract has been executed if no such payment is required, will be compensated based on Phase One NEM subject to the following additional limitation:

40.1.3.1 CDG projects will be subject to market capacity limitations which the PSC has established as 100 MW for the Company.

40.1.4 Remote net metered projects, large on-site projects, and CDG projects with eligible generating equipment under PSL Section 66-j that do not qualify for Phase One NEM will be compensated under the Value Stack tariff, when available.

40.1.5 Phase One NEM is identical to net metering in Rule No. 36.1 except that projects eligible for Phase One NEM will be subject to a compensation term length of 20 years from the date of interconnection and will have the ability to carryover excess credits to subsequent billing periods and annual periods as follows:

a. Excluding credits held by CDG project sponsors, unused credits may be carried over to the next monthly billing period, including to the next annual period.

b. At the end of a project's compensation term, any unused credits will be forfeited.

c. CDG project sponsors will be given a two-year grace period beyond the end of the annual period to distribute any credits they retain at the end of the annual period.

d. If at any time during the grace period the CDG project sponsor has credits in its account throughout the grace period, then at the end of the grace period the CDG project sponsor will be required to forfeit a number of credits equal to the smallest number of credits that were in its account at any point during the grace period, since that represents the number of credits that were held over from the previous period.

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GENERAL INFORMATION

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

e. CDG project sponsors will only be permitted to retain credits for distribution during the two-year grace period if those credits remain after the sponsor has distributed as many credits as practicable to members, such that each member's consumption in the final month of the annual period is fully offset by the credits provided.

40.1.6 Excluding mass market on-site projects, all other projects compensated under Phase One NEM must be equipped with interval meters in accordance with Rule No. 25 – Meter, capable of recording net hourly consumption and injection. The customer-generator will be responsible for the cost of such interval meters. For remote net metered and CDG projects, interval meters must be installed by the time of interconnection. For large on-site projects, where an insufficient meter may already be present, the required metering should be installed by a date mutually agreed upon by the customer and the Company.

40.1.7 Mass market customers served under Phase One NEM that opt in to the Value Stack tariff, when available, must have an interval meter installed before the Value Stack compensation can be received. Such mass market customers will be responsible for the cost of such interval meters in accordance with Rule No. 25 - Meters.

40.1.8 Mass market on-site projects subject to Phase One NEM compensation will be permitted to pair on-site energy storage with the eligible generating equipment under PSL Section 66-j and remain eligible under Phase One NEM. However, customers that wish to pair energy storage with a remote net metered, large on-site, or CDG project will be required to receive compensation based on the Value Stack tariff, when available.

40.1.9 The compensation methodology should be determined at the time that a project pays 25% of its interconnection costs or at the time the Standard Interconnection Contract is executed if no such payment is required. However, projects electing compensation under Phase One NEM will be provided a one-time opt-in to the Value Stack tariff. Changes in project ownership, as well as subscription changes for CDG projects, are not a basis for seeking a change in a project's compensation methodology.

40.2 Value Stack (Reserved for Future Use)