

PSC NO: 220 ELECTRICITY

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NIAGARA MOHAWK POWER CORPORATION

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GENERAL INFORMATION

COMMUNITY DISTRIBUTED GENERATION ("CDG")

29. In accordance with the orders in Case 15-E-0082 issued July 17, 2015 and October 16, 2015, Rule 29 sets forth the requirements of the Community Distributed Generation ("CDG") Program which consists of a CDG Host facility eligible for net metering -which is in conformance with the net metering requirements of PSL 66-j and 66-l. CDG Hosts not meeting the requirements for net metering in PSL 66-j and 66-l, may be eligible for VDER Value Stack compensation under Rule 40 if they meet the eligibility requirements for Tier 1 technologies as defined in Appendix A of the CES Order issued August 1, 2016 in Cases 15-E-0302 and 16-E-0270, and subject to the further requirements described in Rule 40.2.1.1, collectively referred to as "Newly Eligible Technologies." The size of the generation must be limited in size consistent with the above statutes and located behind a host meter under either a non-residential demand or non-residential non-demand service classification. The CDG project will consist of a CDG Host and associated CDG Satellites who shall own or contract for a portion of the credits in excess of load accumulated at the CDG Host's meter.

Phase I of the CDG Program will be in effect from October 26, 2015 through April 30, 2016 and will be available where: (a) the generating equipment is located in an Opportunity Zone as designated by the Company; or (b) a minimum of 20% of the associated CDG Satellites in a CDG project are residential customers enrolled in the Company's low income program which includes the Low Income Discount Program, Low Income Electric Discount Program and Low Income Electric Heating Discount Program

Phase II will commence on May 1, 2016 and will be available to any CDG Host within the Company's entire service territory.

29.1 Application of CDG Host

29.1.1 The CDG Host, by submitting a completed allocation request form to the Company, is certifying that its project meets all the criteria and requirements set forth by the New York State Public Service Commission in its order issued July 17, 2015 and October 16, 2015 in Case 15-E-0082, as may be amended from time to time by any future order(s) in this case.

29.1.2 A CDG Host must be a non-residential customer who owns -or operates farm waste, solar, wind, micro-hydroelectric, or fuel cell electric generating facilities, or Newly Eligible Technologies, and may be any of the following: a single entity (including the generating facility developer), an ESCo, a municipal entity (e.g., town or village), a for-profit business or a not-for-profit corporation, a limited liability company, a partnership, or some other form of business or civic organization. The CDG Host and associated CDG Satellites must be located within the same NYISO load zone and within the Company's service territory, except for projects being compensated under the VDER Value Stack per Rule 40.2 where there is no interzonal restriction as long as the CDG Host and associated CDG Satellites are within the Company's service territory.

29.1.2.1 A CDG Satellite account must have only one CDG Host account and shall not be a net metered customer, a remote net metered host or satellite account or take service under SC 7- Standby Service or SC-12-Special Contract Rates, in accordance with their individual contracts.

29.1.2.2 If the CDG Host account was previously a remote net metering customer as an energy only account and was grandfathered under the Transition Plan in Cases 14-E-0151/14-E-0422 to receive monetary crediting, conversion to a CDG Host will require that it surrenders its grandfathered status to receive monetary crediting and will be subject to volumetric crediting.

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GENERAL INFORMATION

COMMUNITY DISTRIBUTED GENERATION ("CDG")

29.1.2.3 If the CDG Host account was previously established as a net metered Customer-Generator or Remote Net Metered Customer-Generator, it must forfeit any remaining kWh credits at the time it becomes a CDG Host.

29.1.3 The CDG Host will be responsible for building the CDG facility, interconnecting to the grid, and owning or operating -the facility in conformance with the requirements of PSL 66-j (3)(e), (f) and (g) and 66-1 (3)(e) except for projects being compensated under the VDER Value Stack per Rule 40.2 which are not limited to the same load zone requirement.

29.1.3.1 The CDG Host electing service under this provision must execute a New York State Standardized Contract for Interconnection of New Distributed Generation Units with Capacity of 5 MW or Less Connected in Parallel with Utility Distribution Systems. CDG Hosts must operate in compliance with standards and requirements set forth in the New York State Standard Interconnection Requirements and Application Process for New Distributed Generators 5 MW or Less Connected in Parallel with Utility Distribution Systems, and as set forth within the SIR Addendum to this tariff, which may be amended from time to time.

Comment [NG1]: Moved from leaf 149 to keep with parent bullet and Rule 29.1.

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GENERAL INFORMATION

COMMUNITY DISTRIBUTED GENERATION ("CDG") (Continued)

~~29.1.3.1 The CDG Host electing service under this provision must execute a New York State Standardized Contract for Interconnection of New Distributed Generation Units with Capacity of 5 MW or Less Connected in Parallel with Utility Distribution Systems. CDG Hosts must operate in compliance with standards and requirements set forth in the New York State Standard Interconnection Requirements and Application Process for New Distributed Generators 5 MW or Less Connected in Parallel with Utility Distribution Systems, and as set forth within the SIR Addendum to this tariff, which may be amended from time to time.~~

Comment [NG2]: Moved to new leaf 148.1 to keep with parent bullet and Rule 29.1.

29.2 Requirements of CDG Hosts

29.2.1 The CDG Host, by submitting the completed allocation request form to the Company, certifies that it has written authorization from the customer to request and receive the customer's historic usage and that it has entered into a written contract with the Customer. The CDG Host will be responsible for providing the Company with the CDG Satellites' names, addresses, account numbers, proportionate share of excess generation credits and any other such information required by the Company 60 days before credits are to be distributed to the CDG Satellite. The Company will not be responsible or held liable for any contractual arrangements or other agreements between the CDG Host and CDG Satellite, including terms, pricing, dispute resolution or contract termination.

29.2.2 The CDG Host must certify in writing to the Company, both prior to commencing CDG service and annually thereafter that it meets the creditworthiness standards and requirements established by the PSC to be a CDG Host.

29.2.3 The CDG Host must not have less than ten associated CDG Satellites, except for the limited waivers set forth below in Rule 29.2.3.1 and Rule 29.2.3.2. No more than 40 percent of the output of the CDG Host may serve CDG satellites of 25 kW or greater. Each associated CDG Satellite must take a percentage of the CDG Host's excess generation, except with the limited waiver in Rule 29.2.3.2. The percentage must equal at least 1,000 kWh annually but must not exceed the CDG Satellite account's historic average annual kWh or a forecasted average annual kWh if actual data is not available.

29.2.3.1 CDG Hosts may have less than ten associated CDG Satellites if the CDG project is located on the site of a property serving multiple residential or non-residential customers.

29.2.3.2 CDG Hosts serving only farm operations, as defined in Public Service Law 66-j (1) (a) (ii), and residences of individuals who own or are employed by the farm operation are waived from the following requirements that (1) that each CDG project must serve at least ten members, and (2) that no single large member or group of large members consume more than 40 percent of the CDG project. A CDG project seeking waiver of this Rule is responsible for certifying to the Company that each member is either a farm operation or the owner or employee of one of the farm operation members.

29.2.4 A CDG Host may not request termination or suspension of electric service to an associated CDG Satellite.

29.2.5 Service under this rule terminates for the CDG Host and CDG Satellites if a CDG Host is no longer eligible, if the CDG Host terminates CDG participation, or if the Company terminates service to the CDG Host account.

29.2.6 The Company's CDG Program Procedural Requirements detail the format and requirements for CDG submissions. Additionally, the Company's CDG Program Procedural Requirements set forth

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consumer protections required of CDG Hosts until such time that the PSC establishes the Uniform Business Practices for Distributed Energy Resources (DER) Providers.

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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. 36.1.9) with eligible generating equipment under PSL Section 66-j interconnected before January 1, 2020, or a Commission order directing modifications, will be compensated under Phase One NEM. Newly Eligible Technologies, as defined in Rule 29, will not be eligible for compensation under Rule 40.1 – Phase One NEM.

40.1.2 New 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) with eligible generating equipment under PSL Section 66-l that are not used to offset consumption at any other site and are interconnected after the 0.3% cap (as defined in Rule No. 37.3) is reached and before January 1, 2020, or a Commission order directing modifications, will be compensated under Phase One NEM.

40.1.3 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.

40.1.4 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:

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

40.1.5 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.

40.1.6 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.

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GENERAL INFORMATION

40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER)

40.2 VALUE STACK

Eligibility:

40.2.1 A customer satisfying the threshold requirements of 40.2.1.1 below and who also meets one of the requirements of 40.2.1.2 through 40.2.1.8-11 will be required to receive project compensation under the VDER Value Stack tariff which will be based on monetary crediting for net hourly injections:

40.2.1.1 — Any customer, residential or non-residential, who owns or operates electric generating equipment ("Facility"), as defined in Public Service Law ("PSL") Section 66-j or Section 66-1, limited in size in conformance with the statute for each Facility type and customer type that generates electric energy in accordance with the criteria as set forth in Rule 36.1.7; ~~and with the exception that the customer class and capacity limitations are removed under this Rule 40.2, and the 2 MW limit on eligible technologies will be increased to 5 MW for compensation under this Rule 40.2, except for CHP technologies; or~~

40.2.1.1.1 A customer with Newly Eligible Technologies, regardless of the vintage date requirement qualifying them as a Tier 1 REC eligible resource, including but not limited to: anaerobic food waste digesters, biomass, liquid biofuel, and tidal/ocean; or

40.2.1.1.2 A customer with eligible stand-alone storage, including storage paired with consumption load or charged using regenerative braking technologies, and vehicle-to-grid ("V2G") systems, with the following restrictions:

40.2.1.1.2.1 A customer with eligible stand-alone storage compensated under this Rule 40.2, who is not otherwise charged hourly pricing for energy supply under Rule 46.1.3, will be required to opt in to hourly supply pricing under Service Classification No. 2, Special Provision P, or Service Classification No. 3, Special Provision N, as applicable. Excluded from this requirement are customers with stand-alone storage sized not to exceed 115% of the customer's peak consumption load.

40.2.1.1.2.2 A customer with eligible stand-alone storage where the stand-alone storage is separately metered shall be required to opt in to hourly supply pricing for the stand-alone storage metered usage only.

Projects eligible under Rule 40.2.1.1.1 or 40.2.1.1.2 will receive Value Stack compensation for a term of 25 years from their interconnection date, after which the project may transition to the then-applicable tariff for compensating DERs if desired only if the project meets all compensation eligibility requirements at such time.

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GENERAL INFORMATION

40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER)

40.2 VALUE STACK

40.2.1.2 A mass market customer (defined as a customer served under a residential or small commercial service class that is not billed for demand) that has installed on-site generation that is not used to offset consumption at any other site, where the Facility is interconnected the later of January 2, 2020 or a Commission order directing modifications for such projects;

40.2.1.3 A large on-site customer (non-residential, demand-billed customer) that installs on-site generation that is not used to offset consumption at any other site, for which the Eligibility Date is after July 17, 2017. The Eligibility Date is defined herein 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;

40.2.1.4 A project eligible for ~~Remote Net Metering ("RNM")~~, pursuant to Rules 36.7 and 37.10, for which the Eligibility Date is after July 17, 2017. The requirement that satellite accounts must be in the same load zone as the host account Customer-Generator specified in Rule 36.7.2 and 37.10.2 shall not apply to RNM projects compensated under this Rule 40.2;

40.2.1.5 A project eligible for ~~Community Distributed Generation ("CDG")~~, pursuant to Rule 29, for which the Eligibility Date is after July 17, 2017. The requirement that CDG Hosts and associated CDG Satellites must be in the same load zone as specified in Rule 29.1.2 shall not apply to CDG projects compensated under this Rule 40.2;

40.2.1.6 A CDG, RNM, or large on-site customer as specified in Rule 40.2.1.1 with a Facility paired with energy storage;

40.2.1.7 A CDG, RNM, or large on-site customer who has not met the requirements in Rule No. 40.1.3 to qualify for Phase One NEM; or

40.2.1.8 A customer with a Facility compensated pursuant to Rule No. 36 or 40.1 may opt to take service under this Rule. Such election shall be a one-time election and shall be irrevocable.

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GENERAL INFORMATION

40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER)

40.2 VALUE STACK

Opting In to the Value Stack by Existing Generators Greater than 2 MW and up to 5 MW

40.2.1.9 In accordance with the order issued February 22, 2018 in Case 15-E-0751, eligibility for participation in the Value Stack tariff for projects that are currently eligible up to 2 MW, was expanded for projects greater than 2 MW up to 5 MW. Eligible projects include on-site projects, ~~remote-RNM~~ projects, and CDG projects, as well as multiple remote generators at host sites and a generator located at the satellite account with a cumulative rated capacity of up to 5 MW. Projects will continue to be subject to fuel source requirements and other technical requirements included in this tariff in accordance with ~~statutes listed in Rule 40.2.1.PSL Sections 66 j and 66 l~~. Projects must be in conformance with the criteria as set forth in Rule 36.1.7;

40.2.1.9.1 ~~_____~~ The expanded eligibility in 40.2.1.9 above does not apply to residential customers who own, lease, or operate ~~the-eligible~~ Micro-Combined Heat and Power Generating Equipment ~~as set forth in Rule accordance with~~ 36.1.4;

40.2.1.~~499.2~~ Existing generators sized greater than 2 MW and up to 5 MW that meet the eligibility criteria in Rule 40.2.1, and not currently compensated under the Value Stack tariff, shall be permitted to opt-in to participation in the VDER tariff and receive Value Stack compensation.

40.2.1.~~49.3~~ The above projects will be subject to the same rules as projects of 2 MW or less that opt into the Value Stack tariff, including the limitation of environmental compensation to projects that meet the ~~Clean Energy Standard ("CES") vintage date~~ requirements ~~of January 1, 2015, regardless of vintage date~~, and other applicable CES requirements.

40.2.1.~~429.4~~ If the project is eligible for the MTC, it will be placed in the Tranche that is open at the time the project opts in and will receive MTC compensation based on that Tranche.

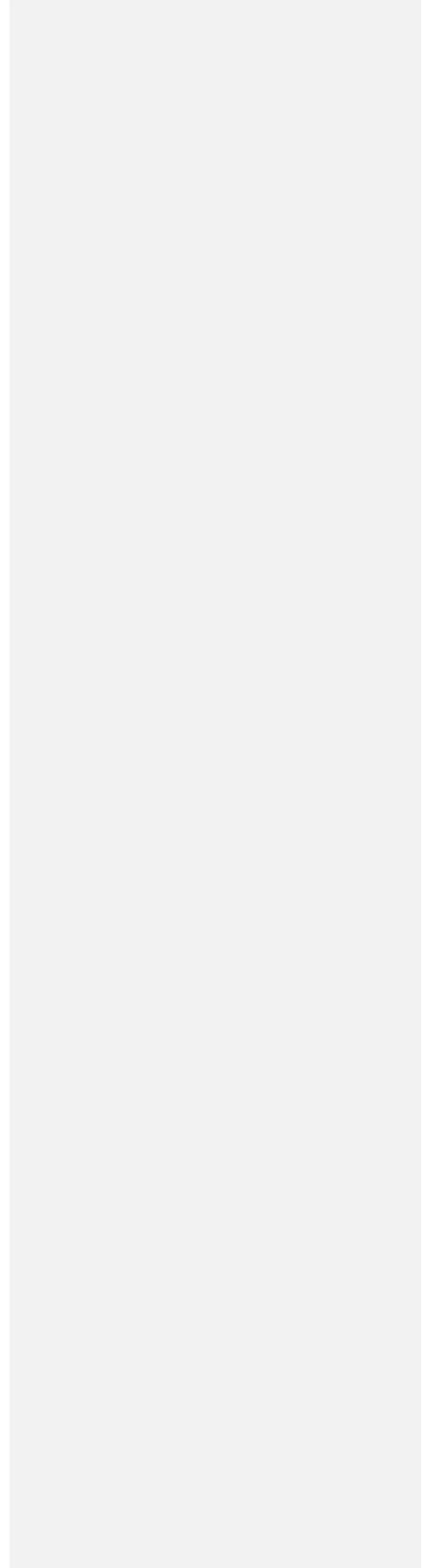
40.2.1.~~439.5~~ Existing interconnected generating facilities that move to the Value Stack tariff without any change to the characteristics of the existing generator are not subject to the interconnection procedures specified in the Standard Interconnection Requirements ("SIR"). Projects receiving compensation for renewable attributes through the Renewable Portfolio Standard, including the Maintenance Tier, or through Tier 2 of the CES, are permitted to opt-in to the Value Stack Tariff and receive elements of the Value Stack other than the Environmental Value.

40.2.1.~~449.6~~ The Company will accommodate requests to opt-in to the Value Stack tariff by identifying necessary metering changes and installing the appropriate meters within a reasonable period of time after receipt of the

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request and payment by the Customer-Generator of any charges related to the change in metering.

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GENERAL INFORMATION

40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER)

40.2 VALUE STACK

Expansion of Existing Interconnected Projects Greater Than 2 MW up to 5 MW

40.2.1. ~~15-10~~ Existing, interconnected projects sized at 2 MW or less and currently receiving compensation under NEM, Phase One NEM, or the Value Stack may have the capability, based on their design and location, to expand their capacity up to 5 MW.

40.2.1. ~~16~~ 10.1—Expansion requests for interconnected projects will be managed per the SIR. Value Stack compensation will be available after the applicable interconnection requirements have been met, in accordance with the SIR.

40.2.1. ~~17-10.2~~ If the interconnection project currently receives compensation through NEM or Phase One NEM, the expanded project must accept Value Stack compensation for the entire project.

40.2.1. ~~18-10.3~~ A CDG project already receiving Value Stack compensation will receive compensation based on the currently available Tranche for the entire expanded project. The Company will reduce the capacity of the project’s original Tranche by the project’s original capacity and add that capacity to the currently open Tranche.

Expansion or Consolidation of Projects under Development Resulting in an Increase of the Project Capacity to Greater than 2 MW up to 5 MW

40.2.1. ~~19~~ 11 A proposed project currently in the Company’s interconnection queue may choose to increase that project’s capacity to greater than 2 MW, or to consolidate existing projects on neighboring sites, subject to the new capacity of the project being capped at 5 MW in order to qualify for Value Stack compensation. Proposed projects already in the interconnection queue and designed to receive Value Stack compensation may make application for expansion up to 5 MW as of April 1, 2018. ~~However, until such time as the Commission addresses the rules associated with the consolidation of projects in Case 18 E-0018, proposed projects already in the interconnection queue may not make application for consolidation.~~

40.2.1. ~~11.1~~ 120 If the resulting project is a consolidated CDG project no larger than 5 MW, that has a total capacity equal to or less than the original projects, and if the original projects had received the same Tranche assignment, the consolidated CDG project will retain that Tranche assignment.

40.2.1. ~~21~~ 1.2 If the resulting project is an expansion of a CDG project, or a consolidation of CDG projects with different Tranche assignments or no Tranche assignments, the resulting CDG project will be placed in the currently available Tranche at the time it meets the appropriate milestone for such assignment, or at the time of expansion or consolidation if the resulting CDG project has already met that milestone. However, where one of the CDG projects was originally in a previously available Tranche, the capacity associated with that CDG project will be moved to the Tranche in which the resulting project is placed.

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GENERAL INFORMATION

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

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

- a. Alternative 1 – The VDER 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 VDER Value Stack Capacity Component (\$/kWh) in effect at the time of billing. The Alternative 1 VDER Value Stack Capacity Component will be determined as the capacity portion of the kWh supply charge applicable to SC2-ND customers for the applicable billing period and will be shown on a statement filed with the PSC.

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

- b. Alternative 2 – The VDER Value Stack Capacity Component compensation will be calculated by multiplying the sum of the project’s net injections (kWh) for each on-peak hour in the summer months of June, July, and August by the effective Alternative 2 VDER Value Stack Capacity Component (\$/kWh). The Alternative 2 VDER Value Stack Capacity Component will be the sum of the historical monthly capacity charges calculated for SC2-ND service class for the previous calendar year divided by the 460 peak summer hours to determine a \$/kWh compensation value to be applied during the following summer season. The on-peak hours are defined as the hours of 2 pm to 7 pm each day in the months of June, July, and August.

A Customer-Generator must elect Alternative 2 by May 1 to be eligible to receive the rate beginning June 1 of that year. A Customer-Generator electing Alternative 2 after May 1 will be compensated under Alternative 1 until April 30 of the following calendar year.

The Alternative 2 rate will be revised by June 1 of each year and will be shown on a statement filed with the PSC.

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GENERAL INFORMATION

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

- ii. 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 established at the time of the project's Eligibility Date. The Environmental Component 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 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 in order 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, 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 40.2.5.

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

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GENERAL INFORMATION

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

- vi. Market Transition Credit (“MTC”) Component – 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 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, 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.

The MTC Component will be fixed for the VDER Value Stack’s 25-year compensation term and will be shown in a statement filed with the PSC.

40.2.4. Project’s Tranche Determination

CDG project eligibility for placement in a tranche will be based on the time stamp of the Eligibility Date as specified in 40.2.1.3. If an established tranche allocation has not yet been exhausted but the next eligible CDG project exceeds the MW allocation remaining in that tranche, then one of the following will occur as applicable:

- i) if the project’s size exceeds the remaining capacity in the current Tranche by less than or equal to 1 MW, the CDG project will be eligible to receive the MTC Component in that tranche for the full capacity of that CDG project. However, the amount of the CDG project’s capacity that exceeds the MW capacity remaining in that tranche will count towards fulfillment of the subsequent tranche; or
- ii) the project’s size exceeds the remaining capacity in the current Tranche by more than 1 MW then the entire project will be placed in the next Tranche. At that time the original Tranche should be closed and the total size of the next Tranche should be increased by the unused size in the original Tranche.

Mass market projects that opt in to the VDER Value Stack compensation per 40.2.1.8 will be placed into the tranche available at the time the project elects to opt into the VDER Value Stack compensation.

PSC NO: 220 ELECTRICITY

LEAF: 419

NIAGARA MOHAWK POWER CORPORATION

REVISION: 01

INITIAL EFFECTIVE DATE: ~~APRIL 27, 2009~~ DECEMBER 1, 2018

SUPERSEDING REVISION: 0

STAMPS: Issued in Compliance with Order Issued September 12, 2018 in Case 15-E-0751 and 15-E-0082.

SERVICE CLASSIFICATION NO. 7 (Continued)

H. Emergency Generators

Customers who install an Emergency Power System (as defined in Rule 1.50) may be exempted from the requirement of service under this S.C. No. 7 if the customer commits in a written agreement with the Company that the on-site generators shall be subject to all of the following requirements:

- 1) Each such OSG shall be designated in the customer's Standby Service Application with the Company as an Emergency Power System ("Emergency OSG") pursuant to Rules 1.50;
- 2) Each such Emergency OSG is not capable of being operated in parallel with the Company's system other than for closed-transition transfer switching where the term "closed-transition transfer" is characterized as a momentary make-before-break switching sequence.
- 3) Each such Emergency 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.
- 4) The Emergency OSG is used exclusively for purposes of Emergency Power System (defined in Rule 1.50).
- 5) No load may be served by Emergency OSG while Electric Service is being provided by the Company to the premises except:
 - (i) for the periods of time as required by statute or regulation, and
 - (ii) in the absence of a statutory or regulatory requirement, such times so as to adequately test such systems, not to exceed 10 hours per month or as otherwise agreed to by the Company in the Standby Service Application, and
 - (iii) for periods of time called by the NYISO for EDRP or ICAP(UCAP).
- 6) The customer shall maintain an operating log for each Emergency OSG indicating the date, time, hours, and purpose of each operation of each such facility. This log shall be made available to the Company upon request. If the customer fails to maintain this log or to provide it to the Company on request, the Company shall have the following rights:
 - (i) to bill the customer for those amounts of Electric Service which the Company reasonably estimated were inappropriately supplied by the customer's generator during times when Electric Service from the Company was available to the customer; and

In all cases, the customer shall remain obligated to execute and have the Company accept a Standby Service Application (Form G) as applicable under the special provisions of the applicable service classification for all Emergency Generators on the premises. The customer shall state its intended use of the OSG facilities on the Standby Service Application in the blank spaces provided for special conditions.

I. Customers served on SC-2D with a contract demand less than 50 kW may elect to remain on the SC-2D standard service classification or may choose to install an interval meter and receive standby rates.

J. Customers with on-site generation compensated under Rule 40.2, who are eligible for compensation in accordance with Rule 40.2.1.1.1 or Rule 40.2.1.1.2, shall be subject to service under Service Classification No. 7, unless the customer satisfies one of the other exemptions provided under this Section 4 but excluding the exemptions under 4.F.

Issued by John Bruckner, President, Syracuse, NY