

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION

LEAF: 149
REVISION: ~~1213~~

INITIAL EFFECTIVE DATE: ~~APRIL 1, 2021~~ SEPTEMBER 1, 2021

SUPERSEDING REVISION: ~~1112~~

STAMPS: Issued in Compliance with Order in Case 15-E-0751 issued May 17, 2021 ~~15-E-0082, dated February 12, 2021.~~

GENERAL INFORMATION

COMMUNITY DISTRIBUTED GENERATION ("CDG") (Continued)

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. The Company will rely exclusively on the monthly allocation request form to verify a CDG Satellite account's participation in a CDG project.

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. 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. Additionally, the CDG Host must allocate the project's generation to its CDG Satellites according to the following:

29.2.3.1.A CDG Host that has paid 25% of the Company's estimated interconnection costs, or executed the New York State Standardized Interconnection Contract if no such payment is required, on or before February 12, 2021, and thereafter interconnects to the Company's distribution system, in accordance with the SIR, but has not yet begun allocating credits to CDG Satellites, must allocate at least 60% of the project generation to CDG Satellites that are:

29.2.3.1.1 Served under SC-1, SC1-C, or SC-2 Non-Demand; or

29.2.3.1.2 Served under SC-2 Demand, SC-3, SC-3A, SC-4, or SC-12, in accordance with their SC-12 contract, and where the CDG Satellite has a) an average billed kW less than or equal to 25 kW based on the most recent 12 monthly billing periods, or b) a percentage allocated from the CDG Host that does not exceed 25 kW when multiplied by the AC nameplate rating of the generating facility, as reported to the Company during the interconnection process or any subsequent upgrades; or

29.2.3.1.3 A multi-unit building with a single meter serving multiple occupants, as described in Rule 29.2.4.

29.2.3.2.A CDG Host whose project has interconnected to the Company's distribution system, in accordance with the SIR, on or before February 12, 2021 and has allocated credits to CDG Satellites, must continue to use the allocation methodology accepted and approved by the Company in its initial allocation form submission for that project.

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GENERAL INFORMATION

COMMUNITY DISTRIBUTED GENERATION ("CDG") (Continued)

29.3.4 ~~The CDG Host must furnish the Company, once each year, no less than 30 days before the CDG Host's 12 month anniversary of commencing CDG net metered service with written instructions for allocating any remaining credits on the CDG Host account after the issuance of its month 12 bill to its CDG Satellites. After the completion of the CDG Host's first 12 months of CDG service, the CDG Host must~~ furnish to the Company, at least once per calendar year, and as often as up to once per CDG Host billing cycle, and with no less than 30 days' notice, written instructions for allocating any excess credits banked to the CDG Host's account. The CDG Host cannot allocate to its own account. No distribution will be made if instructions are not received by the required date. If the Company does not receive the required notification any ~~undistributed banked~~ banked credits on the CDG Host account will be forfeited.

29.3.5 CDG Host Account Closure – The Company requires an actual reading to close an account of a CDG Host. The Company will close an account on the earlier of (a) the first billing cycle date on which a reading is taken following the requested turn off date, or (b) the date of the special reading date, which the CDG Host may request in accordance with Rule 39.14.4. After the final bill is rendered to the CDG Host, any remaining banked credits on the CDG Host account will not be cashed out or transferred. CDG Satellites accounts will no longer receive credits once a CDG Host account is closed and the final bill is rendered for ~~on~~ the CDG Host.

29.3.6 CDG Satellite Account Closure

29.3.6.1 When a CDG Satellite's account is closed or cancelled, any remaining banked credits in the CDG Satellite's bank after the final bill will be transferred to the CDG Host's bank.

29.3.6.2 When a CDG Satellite terminates its subscription with a CDG Host, any remaining banked credits in the CDG Satellite's bank after the final bill will be transferred to the CDG Host's bank.

29.3.6.2.1 The Company will rely on the CDG Host's monthly allocation form to verify the CDG Satellite's participation in the CDG Host's project. The Company will transfer any banked credits of the CDG Satellite to the CDG Host when the CDG Satellite's account is no longer included on the CDG Host's allocation form.

29.3.6.2.2 A CDG Satellite that has been removed from a CDG Host project but continues to maintain an active utility account may not subscribe to a new CDG Host or CDG Net Crediting project until the billing period after which all banked credits on the CDG Satellite's account are returned to the previous CDG Host's bank.

29.3.6.3 Any remaining banked credits removed from a CDG Satellite's bank and added to a CDG Host's bank will be returned in full without any reduction for the Market Transition Credit (MTC) or Community Credit (CC). CDG Hosts are permitted to reallocate returned credits among any active CDG Satellites in accordance with Rule 29, with the exception that returned credits may also be reallocated to non-mass market subscribers who are otherwise ineligible to receive the MTC or CC compensation.

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 NIAGARA MOHAWK POWER CORPORATION

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GENERAL INFORMATION

COMMUNITY DISTRIBUTED GENERATION ("CDG") (Continued)

29.4 CDG Net Crediting Program

Customers who meet the requirements specified in Rule No. 29 and Rule No. 40 for a CDG Host or CDG Satellite may participate in the CDG Net Crediting Program as specified in this Rule 29.4. The CDG Net Crediting Program provides for an alternate payment and crediting methodology for CDG Hosts and CDG Satellites eliminating a separate participation payment from the CDG Satellite to the CDG Host. The Company will facilitate crediting the CDG Satellite's bills and pay the CDG Host based on Value Stack credits as calculated in Rule 40 for the CDG project's net injections and as further provided below. The CDG Host and CDG Satellites participating in this program will be subject to any requirements provided in the Company's CDG Net Crediting Manual, as filed with the P.S.C. and which may be modified from time to time, that are not specified below.

29.4.1 Enrollment

CDG projects participating in the CDG Net Crediting Program must meet all the requirements and follow the provisions provided in Rule 29 and Rule 40 for CDG projects.

The CDG Host must enroll via the Company's enrollment portal and by executing a CDG Sponsor Net Crediting Agreement with the Company at least sixty days prior to commencing participation in the CDG Net Crediting Program, in addition to any other forms and registrations required under Rule 29 and the CDG Net Crediting Manual.

The CDG Host must provide the CDG Savings Rate for the project, which is the percentage of the project's Value Stack Compensation, as determined in accordance with Rule 40, that will be provided to the project's CDG Satellites in aggregate under this program. The CDG Savings Rate must be provided at least 30 days prior to the CDG host account's billing date to which the rate will be applied, via the Company's portal. The CDG Savings Rate may not be less than 5% for any CDG project. The CDG Savings Rate must be the same for all the CDG Satellites of a CDG Project, except for up to one Excluded Anchor Satellite, if applicable, as defined and specified in 29.4.4 below.

The CDG Host will provide its associated CDG Satellite account numbers and the allocation percentage via the Company's online portal, in accordance with Rule 29. The CDG Host may modify its associated CDG Satellite accounts and/or the allocation percentages of its CDG Satellites via the Company's portal no less than thirty days prior to the CDG Host account's billing date to which the modifications apply. The CDG Host may modify its associated CDG Savings Rate following the requirements provided in the CDG Net Crediting Manual.

CDG Hosts may remove the CDG project from the CDG Net Crediting Program with 30-day notice. A CDG project that has previously been removed from the CDG Net Crediting Program may re-enroll following the requirements provided in the CDG Net Crediting Manual.

29.4.2 Determination of CDG Satellite's Net Member Credits

The Company will calculate and apply a Net Member Credit to the participating CDG Satellite's retail bill based on the CDG project's net injections and associated Value Stack Compensation, as

determined in accordance with Rule 40, each applicable billing period, with modifications as follows.

Net Member Credits for each CDG Satellite shall be determined as the CDG Savings Rate multiplied by the CDG Satellite's Calculated Credits. The Calculated Credits for each participating CDG Satellite will be determined as the minimum of i) the Total Available Credit and ii) the CDG Satellite's total electric retail bill charges for the applicable billing period. The Total Available Credit shall be determined as the sum of i) the CDG project's Value Stack Compensation for the applicable billing period as calculated in conformance with Rule 40, multiplied by the CDG Satellite's Allocation Percentage; and ii) any retained credits that have been banked or re-allocated to the CDG Satellite's account.

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STAMPS: Issued in Compliance with Order in Case 15-E-0751 issued May 17, 2021.

GENERAL INFORMATION

COMMUNITY DISTRIBUTED GENERATION ("CDG") (Continued)

29.4 CDG Net Crediting Program (continued)

~~29.4.2 Determination of CDG Satellite's Net Member Credits~~

~~The Company will calculate and apply a Net Member Credit to the participating CDG Satellite's retail bill based on the CDG project's net injections and associated Value Stack Compensation, as determined in accordance with Rule 40, and, each applicable billing period, with modifications as follows.~~

~~Net Member Credits for each CDG Satellite shall be determined as the CDG Savings Rate multiplied by the CDG Satellite's Calculated Credits. The Calculated Credits for each participating CDG Satellite will be determined as the minimum of i) the Total Available Credit and ii) the CDG Satellite's total electric retail bill charges for the applicable billing period. The Total Available Credit shall be determined as the sum of i) the CDG project's Value Stack Compensation for the applicable billing period as calculated in conformance with Rule 40, multiplied by the CDG Satellite's Allocation Percentage; and ii) any retained credits that have been banked or re-allocated to the CDG Satellite's account.~~

Any remainder of Net Member Credit that has not been used to credit the CDG Satellite's current electric utility bill for the applicable billing period will be banked on the CDG Satellite's account for future use. All provisions of the CDG program relating to banked credits shall be extended to CDG Net Crediting projects.

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NIAGARA MOHAWK POWER CORPORATION

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GENERAL INFORMATION

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

40.1.3.1.2 Project eligible under Rule 40.1.3.1 where 25% of interconnection costs have been paid, or an SIR contract has been executed if no such payment is required, on or after January 1, 2020 will receive compensation under Rule 40.1 until such time as a new compensation methodology for these types of projects is directed by Commission order. Projects eligible under Rule 40.1.3.1 that become eligible on or after such Commission order's effective date will begin to receive compensation under the new methodology and cease to be compensated under Rule 40.1.

40.1.4 RNM projects (as defined in Rule 36.7), large on-site projects (defined as Customer-Generators served under a non-residential demand or mandatory hourly pricing (MHP) service classification), and 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 Commission has established as 100 MW for the Company.

40.1.5 RNM 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.

40.1.6 Phase One NEM is identical to net metering in Rule 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~~ Host will be given a two-year grace period beyond the end of the annual period to distribute any credits retained by the CDG ~~project sponsor~~ Host at the end of the annual period. The two-year grace period begins at the end of the annual period when the credits are reallocated to the CDG Host. The CDG Host may furnish to the Company, up to once per CDG Host billing cycle and with no less than 30 days' notice, written instructions for allocating any excess credits banked to the CDG Host's a Account.
- d. If at any time during the grace period the CDG ~~project sponsor~~ Host has credits in its account throughout the grace period, then at the end of the grace period the CDG ~~project sponsor~~ Host 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.
- e. CDG ~~project sponsors~~ Host will only be permitted to retain credits for distribution during the two-year grace period if those credits remain after the ~~sponsor~~ CDG Host has distributed as many credits as practicable to members, such that each ~~member's~~ CDG

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| Satellite's consumption in the final month of the annual period is fully offset by the credits provided.

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SUPERSEDING REVISION: 01

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GENERAL INFORMATION

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

Carryover of VDER Value Stack Credits:

40.2.5 Projects eligible for the VDER Value Stack will receive compensation for a term of 25 years from the project's interconnection date 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~~ Hosts, 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~~ Hosts will be given a two-year grace period beyond the end of each annual period to distribute any credits they retain at the end of that annual period. The two-year grace period begins at the end of the annual period when the credits are reallocated to the CDG Host. CDG ~~sponsors~~ Hosts are not required to allocate excess or banked credits to all satellites or to allocate these credits in the same proportion as monthly generation is allocated. However, CDG ~~sponsors~~ Hosts must ensure that their allocation of banked credits is consistent with the requirements that 60% of a CDG project's credits be allocated to mass market customers. CDG ~~sponsors~~ Hosts will notify the Company of which CDG ~~S~~ satellites will receive the retained credits and by what percentages using a form provided by the Company. The CDG Host may furnish to the Company, up to once per CDG Host billing cycle and with no less than 30 days' notice, written instructions for allocating any excess credits banked to the CDG Host's account.

d. For RNM projects, the remaining monetary credit shall be applied to charges on the RNM Satellite Account(s) bills in accordance with Rule 36.7.4.2.2.

e. If the CDG ~~project sponsor~~ Hosts has credits in its account throughout the grace period, then at the end of the grace period the CDG ~~project sponsor~~ Hosts 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.

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

40.2.6 The VDER Value Stack Components will be shown on a statement filed with the PSC apart from this rate schedule not less than three days before its effective date.

40.2.7 The VDER Value Stack compensation shall begin with the eligible project's first full billing cycle after November 1, 2017.

40.2.8 Projects that qualified for VDER Value Stack compensation on or before July 26, 2018, excluding CDG projects and any projects receiving the MTC Component, are allowed a one-time, irrevocable election to receive compensation for the Capacity Component, DRV Component, and LSRV Component (if applicable), that is applicable to projects that qualified after July 26, 2018.

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This election must be for all Components applicable to the CDG project.

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