

PSC NO: -220 ELECTRICITY

LEAF: 218

NIAGARA MOHAWK POWER CORPORATION

REVISION: 78

INITIAL EFFECTIVE DATE: ~~DECEMBER 1, 2018~~ JUNE 1, 2019

SUPERSEDING REVISION: 67

STAMPS:- Issued in Compliance with Order ~~Issued September 12, 2018~~ in Case 15-E-0751 and 15-E-0082 issued April 18, 2019.

## 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 ~~No.~~ 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.

40.1.3.1 Projects, excluding RNM and CDG projects, with a rated capacity of 750 kW AC or lower that are: i) at the same location and behind the same meter as the electric customer whose usage they are designed to off-set, and ii) have an estimated annual output less than or equal to 110% of the customer's historical annual usage in kWh, will be eligible for compensation under Phase One NEM, for a twenty (20) year term from the project's in-service date.

40.1.4 ~~Remote net metered~~ RNM 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~~ 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, ~~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 retained by the CDG project sponsor at the end of the annual period.~~

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INITIAL EFFECTIVE DATE: ~~NOVEMBER 1, 2017~~ JUNE 1, 2019

SUPERSEDING REVISION: 67

STAMPS: Issued in Compliance with Order ~~Issued September 14, 2017~~ in Case 15-E-0751 ~~and 15-E-0082 issued April 18, 2019.~~

#### GENERAL INFORMATION

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

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 retained by the CDG project sponsor 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.

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.

40.1.7 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~~ RNM 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.

40.1.8 Mass market customers served under Phase One NEM that opt in to the VDER Value Stack tariff, ~~when available~~, must have an interval meter installed before the VDER 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.

40.1.9 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 Sections 66-j and 66-l and remain eligible under Phase One NEM. However, customers that wish to pair energy storage with a ~~remote-net-metered~~ RNM, large on-site, or CDG project will be required to receive compensation based on the VDER Value Stack tariff, ~~when available~~.

40.1.10 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, irrevocable opt in to the VDER 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.

40.1.11 Once the compensation term under Phase One NEM ends, projects still in operation and interjecting energy onto the Company's electric system will be compensated under the tariff then in effect.

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LEAF: ~~NO~~-220.0.2

REVISION: 42

INITIAL EFFECTIVE DATE: ~~DECEMBER 1, 2018~~ JUNE 1, 2019

SUPERSEDING REVISION: 01

STAMPS: Issued in Compliance with Order ~~Issued September 12, 2018~~ in Case 15-E-0751 and ~~15-E-0082~~ issued April 18, 2019.

## GENERAL INFORMATION

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

#### ~~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, 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. 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 Rule 40.2.1.9 above does not apply to residential customers who own, lease, or operate eligible Micro-Combined Heat and Power Generating Equipment as set forth in Rule 36.1.4;

40.2.1.9.2 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.

40.2.1.9.3 The ~~above~~ projects described in Rule 40.2.1.9 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 CES requirements, regardless of vintage date, and other applicable CES requirements.

40.2.1.9.4 If the project is eligible for the Market Transition Credit ("MTC") or Community Credit per Rule 40.2.3.1, 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.

40.2.1.9.5 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.

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

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LEAF: ~~NO~~-220.0.3

INITIAL EFFECTIVE DATE: ~~DECEMBER 1, 2018~~ JUNE 1, 2019

REVISION: ~~01~~

SUPERSEDING REVISION: ~~0~~

STAMPS: Issued in Compliance with Order ~~Issued September 12, 2018~~ in Case 15-E-0751 and ~~15-E-0082~~ issued April 18, 2019.

## GENERAL INFORMATION

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

#### ~~40.2~~ VALUE STACK

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

40.2.1.10 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.

40.2.1.10.1 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.

40.2.1.10.2 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.

40.2.1.10.3 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. This methodology applies to both the MTC Tranches and the Community Credit Tranche specified in Rule 40.2.4.-

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

40.2.1.11 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.

40.2.1.11.1 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.

40.2.1.11.2 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. -This methodology applies to both the MTC Tranches and the Community Credit Tranche specified in Rule 40.2.4.-

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LEAF: 220.1

REVISION: ~~42~~INITIAL EFFECTIVE DATE: ~~FEBRUARY 1, 2019~~ JUNE 1, 2019SUPERSEDING REVISION: ~~01~~STAMPS: Issued in Compliance with Order ~~Issued December 13, 2018~~ in Case 15-E-0751 issued April 18, 2019.

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

## 40.2.2 Requirements:

All projects compensated under the VDER Value Stack must be equipped with interval meters, in accordance with Rule No. 25 – Meter, capable of recording net hourly consumption and injection. The customer will be responsible for the cost of such interval meters. Alternatively, customers can arrange for their Facility to be separately metered from their consumption with the additional metering cost to be borne by the customer in accordance with Rule No. 25 – Meter.

40.2.2.1 For new RNM and CDG projects, interval metering must be installed by the time of interconnection.

40.2.2.2 For large on-site projects, where an insufficient meter may be present, interval metering should be installed as soon as practicable.

40.2.2.3 Any mass market customer that opts into the VDER Value Stack tariff must have an interval meter installed before VDER Value Stack compensation can be received.

## 40.2.3 VDER Value Stack Crediting:

In each billing period, the Company shall pay a credit to the project for net hourly injections from the Facility by summing the credits available from the individual VDER Value Stack components as calculated in Rule 40.2.3.1 for ~~Facilities-projects~~ that are not paired with energy storage and in Rule 40.2.3.2 for Hybrid Facilities.

## 40.2.3.1 Projects Not Paired with Energy Storage:

~~i. \_\_\_\_\_ 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, the ~~VDER~~-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-billing Period-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.

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REVISION: 23INITIAL EFFECTIVE DATE: ~~FEBRUARY 1, 2019~~ JUNE 1, 2019SUPERSEDING REVISION: 42STAMPS: Issued in Compliance with Order ~~Issued December 13, 2018~~ in Case 15-E-0751 issued April 18, 2019.

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

## ii. Value Stack Capacity Component:

~~T~~—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. ~~Alternative 1~~—The ~~Alternative 1 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 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.

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

The Alternative 1 ~~VDER~~ Value Stack Capacity ~~Component rate~~ (\$/kWh) 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.

**Projects Eligible for Value Stack after July 26, 2018:**

The Alternative 1 Value Stack Capacity rate (\$/kWh) will be calculated in accordance with the following:

(LBMCP forecast (\$/kW-mo.) \* Proxy Capacity Factor) / Monthly Solar Production (kWh/kW)

Where:

LBMCP forecast equals a forecast of the LBMCP as defined in Rule 1.64, further modified by capacity price gross-up factors as described in Rule 46.1; and

Proxy Capacity Factor is representative of the project's location as provided in Appendix E of the PSC's April 18, 2019 Order Regarding Value Stack Compensation which uses photovoltaic load curves for the hours of 2:00 pm to 7:00 pm on non-holiday weekdays from June 24 to August 31 inclusive each year to determine the "proxy capacity factor" for the fleet of VDER resources eligible for Value Stack Capacity Alternative 1 compensation; and

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REVISION: 0

INITIAL EFFECTIVE DATE: JUNE 1, 2019

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Monthly Solar Production equals the monthly kWh/kW factor as provided in Appendix E of the PSC's April 18, 2019 Order Regarding Value Stack Compensation applicable to the project's location and the applicable billing period.

The Alternative 1 Value Stack Capacity rate will be shown on a statement filed with the PSC, not less than three (3) days before its effective date.

- b. A Customer-~~Generator-generator~~ must elect Value Stack Capacity Component 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, not less than three (3) days before its effective date.

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

~~Alternative 2~~—The Alternative 2 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, defined below, in the summer months of June, July, and August by the effective Alternative 2 ~~VDER~~ Value Stack Capacity ~~Component rate~~ (\$/kWh).

The Alternative 2 ~~VDER~~ Value Stack Capacity ~~Component rate~~ 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 2:00 pm to 7:00 pm each day in the months of June, July, and August.

Projects Eligible for Value Stack after July 26, 2018:

The Alternative 2 Value Stack Capacity Component will be calculated by multiplying: i) the sum of the project's net injections (kWh) for each on-peak hour, defined below, by ii) the effective Alternative 2 Value Stack Capacity rate (\$/kWh).

The Alternative 2 Value Stack Capacity rate will be calculated by dividing. i) the sum of the most recently available monthly NYISO \$/kW-month auction prices for the 12 prior months as of May 31 of each year, inclusive of applicable capacity price gross-up factors, as described in Rule 46.1; by ii) the total number of available on-peak hours, defined below, in that year.

The on-peak hours are defined as the hours of 2:00 pm to 7:00 pm each non-holiday weekday from June 24 through August 31 inclusive.

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LEAF: ~~NO~~-220.3

REVISION: ~~01~~

INITIAL EFFECTIVE DATE: ~~NOVEMBER 1, 2017~~ JUNE 1, 2019

SUPERSEDING REVISION: ~~0~~

STAMPS: Issued in Compliance with Order ~~Issued September 14, 2017~~ in Case 15-E-0751 ~~and 15-E-0082~~ issued April 18, 2019.

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

- c. Alternative 3 – The ~~VDER~~-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 ~~VDER~~-Value Stack Capacity ~~Component~~ rate. The Alternative 3 ~~VDER~~-Value Stack Capacity ~~Component~~ 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 ~~VDER~~-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, the ~~VDER~~-Value Stack Capacity Component will be determined for each satellite by multiplying the applicable capacity components calculated in ~~40.2.3.140~~ ii. a, b, or c above by the satellite's allocation percentage in effect for the ~~Billing~~ billing ~~Period~~ period as provided by the CDG project sponsor. The ~~VDER~~-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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LEAF: 220.4

REVISION: 45INITIAL EFFECTIVE DATE: ~~FEBRUARY 1, 2019~~ JUNE 1, 2019SUPERSEDING REVISION: 34STAMPS: Issued in Compliance with Order ~~Issued December 13, 2018~~ in Case 15-E-0751 issued April 18, 2019.

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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 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-billing Period-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.

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INITIAL EFFECTIVE DATE: ~~NOVEMBER 1, 2017~~ JUNE 1, 2019

REVISION: ~~01~~

SUPERSEDING REVISION: ~~0~~

STAMPS: Issued in Compliance with Order ~~Issued September 14, 2017~~ in Case 15-E-0751 ~~and 15-E-0082 issued April 18, 2019.~~

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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 ~~VDER~~-Value Stack ~~Market Transition Credit~~ ("MTC") Component, which include CDG satellites that are mass market customers and mass market customers who opt into the ~~VDER~~-Value Stack per Rule 40.2.1.8.

Projects may elect to participation in the Company's Commercial System Relief Program ("CSRP") as an alternative to DRV and 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 DRV or LSRV compensation for the remainder of their project term.

For CDG projects, 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-billing Period-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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LEAF: 220.5.1

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REVISION: 0

INITIAL EFFECTIVE DATE: JUNE 1, 2019

SUPERSEDING REVISION:

STAMPS: Issued in Compliance with Order in Case 15-E-0751 issued April 18, 2019.

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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 dividing: i) the Company's \$/kW-year DRV Component rate in effect at the time of the project's Eligibility Date, by ii), 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 as an alternative to DRV and 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 DRV or LSRV compensation for the remainder of their project term.

The DRV Component will apply to all CDG subscribers, with the exception of CDG subscribers of projects that opt into the Company's CSRP. 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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LEAF: ~~NO~~-220.6

REVISION: ~~01~~

INITIAL EFFECTIVE DATE: ~~NOVEMBER 1, 2017~~ JUNE 1, 2019

SUPERSEDING REVISION: ~~0~~

STAMPS: Issued in Compliance with Order ~~Issued September 14, 2017~~ in Case 15-E-0751 ~~and 15-E-0082~~ issued April 18, 2019.

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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 ~~VDER~~-Value Stack will not receive the LSRV Component.

Projects may elect to participation in the Company's CSRP as an alternative to DRV and 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 DRV or LSRV compensation for the remainder of their project term.

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

~~Locational System Relief Value ("LSRV") Component—~~The LSRV compensation 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, ~~then~~ the Company will estimate the project's net injections for those hours.

The LSRV Component rate will be fixed for the ~~project for first~~ ten (10) years from the project's interconnection date ~~and~~ the project's applicable LSRV Component rate (~~\$/kW-Mo) each Billing Period~~ 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.

For eligible CDG projects, 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-billing Period 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

PSC NO. 220 ELECTRICITY

LEAF: 220.6.1

NIAGARA MOHAWK POWER CORPORATION

REVISION: 0

INITIAL EFFECTIVE DATE: JUNE 1, 2019

SUPERSEDING REVISION:

STAMPS: Issued in Compliance with Order in Case 15-E-0751 issued April 18, 2019.

GENERAL INFORMATION40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)**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 eligible CDG projects, 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.

PSC NO. 220 ELECTRICITY  
 NIAGARA MOHAWK POWER CORPORATION

LEAF: 220.7

REVISION: 34INITIAL EFFECTIVE DATE: ~~FEBRUARY 1, 2019~~ JUNE 1, 2019SUPERSEDING REVISION: 23STAMPS: Issued in Compliance with Order ~~Issued December 13, 2018~~ in Case 15-E-0751 issued April 18, 2019.

## GENERAL INFORMATION

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

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

~~The Market Transition Credit ("MTC") 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~~ Component rate applicable to the project's assigned ~~tranche~~ 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~~ Tranche and satellite's service class, and iii) the satellite's allocation percentage in effect for the ~~Billing-billing Period-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 ~~VDER Value Stack's project's~~ 25-year compensation term and will be shown in a statement filed with the PSC.

vii. Value Stack Community Credit Component:

The Community Credit Component will only apply to 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 applicable Community Credit Component rate as filed by the Company in a statement with the PSC, in effect at the time of the project's Eligibility Date. 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 will not be allowed to bank any Community Credit Components related to Unallocated Satellite Percentages.

~~40.2.3.2 Hybrid Facilities~~

~~40.2.3.2.1 — For customers taking service under this Rule 40 with Hybrid Facilities, the Company will calculate the Value Stack Capacity Component, the Environmental Component, the MTC Component, and the Community Credit Component pursuant to the rules set forth below. All other Value Stack components, including the Value Stack Energy Component, DRV Component, and LSRV Component, will be calculated as specified in Rule 40.2.3.1. Consistent with Rule 40.2.3.1, the Environmental Component will only be provided where the electric generating equipment is eligible to receive Tier 1 RECs, the MTC Component will only be provided for eligible customers and consistent with the MTC rate applicable to the customer, and the Value Stack Capacity Component will be calculated based on Alternative 1, Alternative 2, or Alternative 3 based on customer election.~~

~~40.2.3.2.2 — Customers operating Hybrid Facilities will have the opportunity to elect one of the four compensation methodologies described below. Customers must make this election at the same time they select a capacity compensation methodology in accordance with Rule 40.2.3.1. The default option, if no other election is made by the customer, is compensation methodology (d) below.~~

PSC NO. 220 ELECTRICITY  
 NIAGARA MOHAWK POWER CORPORATION

LEAF: 220.7.1

REVISION: 01INITIAL EFFECTIVE DATE: ~~FEBRUARY 1, 2019~~ JUNE 1, 2019SUPERSEDING REVISION: 0STAMPS: Issued in Compliance with Order ~~Issued December 13, 2018~~ in Case 15-E-0751 issued April 18, 2019.

## GENERAL INFORMATION

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

40.2.3.2 Hybrid Facilities

40.2.3.2.1 For customers taking service under this Rule 40 with Hybrid Facilities, the Company will calculate the Value Stack Capacity Component, the Environmental Component, the MTC Component, and the Community Credit Component pursuant to the rules set forth below. All other Value Stack components, including the Value Stack Energy Component, DRV Component, and LSRV Component, will be calculated as specified in Rule 40.2.3.1. Consistent with Rule 40.2.3.1, the Environmental Component will only be provided where the electric generating equipment is eligible to receive Tier 1 RECs, the MTC Component and Community Credit Component will only be provided for eligible customers and consistent with the MTC or Community Credit rate applicable to the customer, and the Value Stack Capacity Component will be calculated based on Alternative 1, Alternative 2, or Alternative 3 based on customer election.

40.2.3.2.2 Customers operating Hybrid Facilities will have the opportunity to elect one of the four compensation methodologies described below. Customers must make this election at the same time they select a capacity compensation methodology in accordance with Rule 40.2.3.1. The default option, if no other election is made by the customer, is compensation methodology (d) below.

Customers operating Hybrid Facilities will have a one-time option to change their initial election of (a) or (b) to election of (c) below. This one-time election may be made at any time following the initial election but will not become effective until such time that any required metering or telecommunications is installed.

a. Storage Exclusively Charged from Eligible Generator – For customers operating Hybrid Facilities who are able to demonstrate that the energy storage system charges exclusively from the qualified electric generating equipment, the Value Stack Capacity Component Alternative 1 or Alternative 2 (if elected), the Environmental Component, ~~and the MTC Component, and the Community Credit Component~~ will be based on net hourly injections to the Company's electric system as measured at the Company's meter located at the point of common coupling ("PCC") and calculated as described in Rule 40.2.3.1. Value Stack Capacity Component Alternative 3 (if elected) will be calculated as specified in Rule 40.2.3.1.ii.c. Customers will be responsible for any work and costs required to accommodate the appropriate controls and/or multiple meter configuration. The Company may require two (2) Company-owned time-synchronized revenue-grade meters if the energy storage system and electric generating equipment share a common inverter or three (3) Company-owned time-synchronized revenue-grade meters if the energy storage system and electric generating equipment each have a separate inverter.

~~b. Storage Controls Configuration – For customers operating Hybrid Facilities who install appropriate controls to ensure that net hourly injections are only made with the energy storage not in a charging or discharging mode from the electric grid, the Value Stack Capacity Component Alternative 1 or Alternative 2 (if elected), the Environmental~~

~~Component, and the MTC Component will be based on net hourly injections to the Company's system and calculated as described in Rule 40.2.3.1. Value Stack Capacity Component Alternative 3 (if elected) will be calculated as specified in Rule 40.2.3.1.ii.c. Customers will be responsible for any work and costs required to accommodate the appropriate controls and/or multiple meter configuration. This controls demonstration may require separate Company-owned revenue grade interval meter(s) and appropriate telemetry on the AC side of the applicable inverter(s) and explicit Company acceptance.~~

PSC NO. 220 ELECTRICITY

LEAF: 220.7.2

NIAGARA MOHAWK POWER CORPORATION

REVISION: 01INITIAL EFFECTIVE DATE: ~~FEBRUARY 1, 2019~~ JUNE 1, 2019SUPERSEDING REVISION: 0STAMPS: Issued in Compliance with Order ~~Issued December 13, 2018~~ in Case 15-E-0751 issued April 18, 2019.

## GENERAL INFORMATION

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

- b. Storage Controls Configuration – For customers operating Hybrid Facilities who install appropriate controls to ensure that net hourly injections are only made with the energy storage not in a charging or discharging mode from the electric grid, the Value Stack Capacity Component Alternative 1 or Alternative 2 (if elected), the Environmental Component, the MTC Component, and the Community Credit Component will be based on net hourly injections to the Company’s system and calculated as described in Rule 40.2.3.1. Value Stack Capacity Component Alternative 3 (if elected) will be calculated as specified in Rule 40.2.3.1.ii.c. Customers will be responsible for any work and costs required to accommodate the appropriate controls and/or multiple meter configuration. This controls demonstration may require separate Company-owned revenue grade interval meter(s) and appropriate telemetry on the AC side of the applicable inverter(s) and explicit Company acceptance.
- c. Storage Import Netting Configuration - For customers operating Hybrid Facilities with a separate Company-owned revenue grade interval meter and appropriate telemetry on the AC side of the inverter of the Hybrid Facility and whose storage configuration does not meet the requirements of (a) or (b) above, the Value Stack Capacity Component Alternative 1 -(if elected), the Environmental Component, ~~and~~ the MTC Component, and the Community Credit Component will be determined by reducing the net hourly injections, as measured at the Company’s meter located at the Customer’s PCC with the Company’s system, by the monthly consumption of energy recorded on the Company’s separate Hybrid Facility meter. Value Stack Capacity Component Alternative 2 (if elected) will be determined by reducing the net hourly injections during applicable hours, as measured at the Company-owned meter located at the Customer’s PCC with the Company’s system, by the monthly consumption of energy recorded on the Company’s separate Hybrid Facility meter. Value Stack Capacity Component Alternative 3 (if elected) will be calculated as specified in Rule 40.2.3.1.ii.c.
- d. Storage Default Configuration - For all other Customers with Hybrid Facilities, the Value Stack Capacity Component Alternative 1 or Alternative 2 (if elected), the Environmental Component, ~~and~~ the MTC Component, and the Community Credit Component will be based on netting of all metered consumption and injections at the PCC over the applicable billing period. Value Stack Capacity Component Alternative 3 (if elected) will be calculated as specified in Rule 40.2.3.1.ii.c. The Customer is responsible for any costs associated with additional metering requirements and telemetry necessary to facilitate options (a) through (d) above in accordance with Rule 40.2.2 and Rule No. 25.

PSC NO. 220 ELECTRICITY  
NIAGARA MOHAWK POWER CORPORATION

LEAF: 220.7.3

REVISION: 01INITIAL EFFECTIVE DATE: ~~FEBRUARY 1, 2019~~ JUNE 1, 2019SUPERSEDING REVISION: 0STAMPS: Issued in Compliance with Order ~~Issued December 13, 2018~~ in Case 15-E-0751 issued April 18, 2019.

## GENERAL INFORMATION

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

## 40.2.4- Project's Tranche Determination

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

i) ~~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~~ 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~~ Tranche will count towards fulfillment of the subsequent ~~tranche~~ 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.

If a CDG project eligible for Tranche assignment cancels its application, the Tranche in which it had been assigned will be reduced and not be re-opened, except for the Community Credit Tranche.

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

A CDG project's qualification for the Community Credit will be based on the Eligibility Date as specified in Rule 40.2.1.3. If a qualifying CDG project is later cancelled, its capacity will be returned to the pool of Community Credit available to National Grid, as long as the Community Credit Tranche capacity has not been fully exhausted.

PSC NO. 220 ELECTRICITY  
 NIAGARA MOHAWK POWER CORPORATION

LEAF: ~~NO~~-220.8

REVISION: ~~01~~

INITIAL EFFECTIVE DATE: ~~NOVEMBER 1, 2017~~ JUNE 1, 2019

SUPERSEDING REVISION: ~~0~~

STAMPS: Issued in Compliance with Order ~~Issued September 14, 2017~~ in Case 15-E-0751 ~~and 15-E-0082 issued April 18, 2019.~~

#### 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:

- i. 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.
- ii. At the end of a project's compensation term, any unused credits will be forfeited.
- iii. CDG project sponsors 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. CDG sponsors 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 must ensure that their allocation of banked credits is consistent with the requirements that 60% of a project's credits be allocated to mass market customers. CDG sponsors will notify the Company of which satellites will receive the retained credits and by what percentages using a form provided by the Company.
- iv. 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.
- v. If 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.
- vi. CDG project sponsors will only be permitted to retain credits for distribution during the two-year grace period if those credits remain after the CDG project sponsor has distributed as many credits as practicable to CDG satellites, such that each CDG 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 ~~Public Service Commission~~ 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<sup>st</sup>, 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. This election must be for all Components applicable to the project.

PSC NO. 220 ELECTRICITY  
 NIAGARA MOHAWK POWER CORPORATION

LEAF: ~~NO~~-220.11

INITIAL EFFECTIVE DATE: ~~NOVEMBER 1, 2017~~ JUNE 1, 2019

REVISION: ~~01~~

SUPERSEDING REVISION: ~~0~~

STAMPS: Issued in Compliance with Order ~~Issued September 14, 2017~~ in Case 15-E-0751 and ~~15-E-0082~~ issued April 18, 2019.

## GENERAL INFORMATION

### 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 ~~VDER~~ 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 ~~VDER~~ 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.

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.

PSC NO. 220 ELECTRICITY  
NIAGARA MOHAWK POWER CORPORATION  
INITIAL EFFECTIVE DATE: ~~MAY 1, 2019~~ JUNE 1, 2019  
STAMPS: Issued in Compliance with Order issued March 18, 2019 in Case 15-E-018915-E-0751 issued April 18, 2019.

LEAF: 263.16  
REVISION: 56  
SUPERSEDING REVISION: 45

## GENERAL INFORMATION

### 62. COMMERCIAL SYSTEM RELIEF PROGRAM

Purpose: The Commercial System Relief Program is being offered by the Company in response to the Commission's order in Case 14-E-0423. This Program will enable participating eligible customers to be compensated for reducing their load under certain conditions when called upon by the Company to do so.

#### 62.1 Contracting for Commercial System Relief Program Service

Eligible customers must be served under Service Classification Nos. 1, 1C, 2, 3, 3A, 4, 7, and 12. Customers must install interval metering in accordance with Rule 62.5 or have existing interval metering that conforms to the requirements of Rule 62.5 to participate in this Program.

There are two options under this Program through which a Direct Participant or Aggregator may participate to provide Load Relief during Load Relief Periods designated by the Company: 1) the Voluntary Participation Option and, 2) the Reservation Payment Option. This Program is applicable to Direct Participants and Aggregators who apply and are accepted by the Company under either the Voluntary Participation or Reservation Payment Option, during all Contracted Hours required whenever the Company designates Planned Events during the Capability Period. Direct Participants and Aggregators may also agree to voluntarily provide Load Relief if an Unplanned Event is called.

A Direct Participant must contract to provide at least 50 kW of Load Relief. An Aggregator must contract to provide at least 50 kW of Load Relief.

If other requirements for service under this Program are met, Electric Generating Equipment may be used to participate under this Program subject to the provisions set forth in Rule 62.3 below. The participating Direct Participant or Aggregator is responsible for determining that the operation of the Electric Generating Equipment under this Program will be in conformance with any governmental limitations on such operation.

Customers who take service under Rule 36 and Rule 37 are not eligible to participate in this Program. However, Customer-Generators that qualify for DRV and/or LSRV of the Value Stack compensation under Rule 40.2 are permitted to participate in this Program in lieu of receiving the DRV and/or LSRV compensation. Value Stack Customer-Generators that opt-into this Program will be compensated for their injections using the same load reduction calculation methodology and at the same rate as compensation for load reductions as described in Rules 62.8, 62.9, and 62.10. This voluntary election is a one-time, irreversible decision that may be made at any point during the project's Value Stack compensation term. The Customer-Generator must notify the utility of its intention opt in to this Program consistent with Rule 62.3.1.

#### 62.2 Definitions - the following terms are defined for purposes of this Program only:

"Aggregator" refers to a party other than the Company that represents and aggregates the load of eligible customers who collectively have a Load Relief potential of 50 kW or greater and is responsible for the actions of the customers it represents, including performance and, as applicable, performance adjustments, penalties, and repayments to the Company.

"Capability Period" under this Program refers to the period during which the Company can request Load Relief. The Capability Period shall be from May 1 through September 30.

"CBL" means the customer baseline load as calculated under the Company's Customer Baseline Load methodology. The Customer Baseline Load methodology is described in the Company's baseline operating procedure, which is published on the Company's website. Customers or Aggregators may propose alternate CBL methodologies to the Company by December 1 each year, with specific details and documentation as to how the proposed calculation will be performed. The Company will review the process and methodology by January 1 of the subsequent year and notify the Customer or Aggregator if the proposed methodology is acceptable. Following acceptance, the proposed alternate CBL will be used for the Customers or Aggregators demand response calculations beginning May 1.

PSC NO. 220 ELECTRICITY

LEAF: 263.17

NIAGARA MOHAWK POWER CORPORATION

REVISION: 56INITIAL EFFECTIVE DATE: ~~MAY 1, 2019~~ JUNE 1, 2019SUPERSEDING REVISION: 45STAMPS: Issued in Compliance with Order ~~issued March 18, 2019~~ in Case ~~15-E-0189~~ 15-E-0751 issued April 18, 2019.

## GENERAL INFORMATION

## 62. COMMERCIAL SYSTEM RELIEF PROGRAM (Continued)

“CBL Verification Methodology” means the methodology used by the Company to verify the actual Load Relief provided (kW and kWh) during each hour of each designated Load Relief Period and Test Event. Actual load levels are compared to the customer baseline loads to verify whether the Direct Participant or Aggregator provided the kW of contracted Load Relief; provided, however, that the Company may estimate the data pursuant to the Company's operating procedure if data is not available for all intervals. When the weather-adjusted CBL methodology is used and the calculated weather adjustment falls outside of Company defined ranges (i.e., the Company deems the weather to be atypical on the day of a Load Relief Period or Test Event when compared to the baseline period), the Company may review and revise a participant's baseline based on the customer's historical load data. When the weather-adjusted CBL methodology is used, or an approved alternate CBL methodology, the Company, at its own discretion, may select alternate hours for the adjustment period to calculate the weather adjustment factor in order to accurately reflect the customer's typical usage

“Contracted Hours” refers to the four-hour period within a weekday, Monday through Friday, during the Capability Period, excluding Holidays, during which the Direct Participant or Aggregator contracts to provide Load Relief whenever the Company designates a Planned Event.

“Direct Participant” is a customer who enrolls under this Program directly with the Company for a single account and agrees to provide at least 50 kW of Load Relief. If the customer wishes to enroll multiple customer accounts within the Company's service territory that collectively have a Load Relief potential of 50 kW or greater, each account must meet the terms of service under this Program. Performance of multiple customer accounts will be measured on a portfolio basis.

“Electric Generating Equipment” is the: (a) electric generating equipment, including technologies that can be exported, at the premises of an eligible customer used to provide Load Relief under this Program; or (b) emergency electric generating equipment that is interconnected and operated in compliance with the Company's Standard Interconnection Requirements and used to provide Load Relief under this Program.

“Load Relief” is the demand (kW) and energy (kWh): (a) ordinarily supplied by the Company that is displaced by use of Electric Generating Equipment and/or reduced by the Direct Participant or Aggregator at the customers' premises; or (b) produced by use of Electric Generating Equipment at the premise of an eligible customer and delivered by that customer to the Company's delivery system during a Load Relief Period.

“Load Relief Period” refers to the hours for which the Company requests Load Relief when it designates a Planned Event or an Unplanned Event.

“Lost Reservation Payment” is the payment the Company will make to the Direct Participant or Aggregator when the Company misses the installation timeframe for the Reservation Payment Option, unless the meter delay was caused by a reason outside the Company's control.

“Performance Factor” is the ratio of: (i) the average hourly kW of Load Relief provided by the Direct Participant or Aggregator during the requested hours, up to the kW of contracted Load Relief to (ii) the kW of contracted Load Relief when a Planned Event or Test Event is called. The Performance Factor will be rounded to two decimal places, and in no event will be greater than 1.00. If the Performance Factor as calculated is below 0.25, then it will be set to 0.00. If, during the prior Capability Period, an Aggregator did not participate in this Program or if a Direct Participant either did not participate in this Program or participated in this Program through an Aggregator, the Performance Factor will be set to 0.50 in the current Capability Period and will remain at that level until the first month in which a Load Relief Period or Test Event is called. The Performance Factor determined for that month will be applied retroactively, starting with the enrollment month, to true-up the Reservation Payments for the prior month(s).

“Planned Event” is the Company's request, on not less than 21 hours' advance notice, for Load Relief during the Contracted Hours. Planned Events may be called when the Company's day-ahead forecasted load level is at least 92 percent of the Company's forecasted summer system-wide peak.