

PSC NO: 220 ELECTRICITY
 NIAGARA MOHAWK POWER CORPORATION
 INITIAL EFFECTIVE DATE: JANUARY 1, 2012
 STAMPS: Issued in Compliance with Order issued September 19, 2011 in Case No. 11-E-0279.

LEAF: 417
 REVISION: 5
 SUPERSEDING REVISION: 4

SERVICE CLASSIFICATION NO. 7 (Continued)

4. Exemptions From SC-7 (Continued)

D. Certain Customers Grandfathered Under Form G_r (Continued)

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

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

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

E. NYPA Programs and Individually Negotiated Contracts

Standby service rates shall not apply to that portion of a customer's delivery service associated with the provision of applicable NYPA programs or that portion of delivery service served under the terms and conditions of an individually negotiated SC-11 and SC-12 contract.

F. Environmentally Advantageous Technologies ("EAT") Exemptions

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

- (1) wind;
- (2) solar;
- (3) methane, landfill gas, and farm service customers operating anaerobic digesters processing manure if the methane, landfill gas, or manure is 90% or more of the fuel used annually by the OSG;
- (4) fuel cells;
- (5) other renewable technologies explicitly identified in the New York State Energy Plan (e.g. biomass, geothermal and tidal); or
- (6) small, efficient types of combined heat and power ("CHP") generation that do not exceed 1 MW of capacity and meet the following criteria:
 - i. Annual overall thermal and electrical energy efficiency should not be less than 60% based on the higher heating value ("HHV") of the fuel input;
 - ii. The usable thermal energy component should absorb a minimum of 20% of the CHP facility's total usable annual energy output;
 - iii. The OSG capacity shall be determined by aggregating the nameplate ratings of the generation units, installed at its location, excluding emergency generation units used only during a utility distribution system failure or in response to the NYISO Emergency Demand Response Program; and

Issued by Thomas B. King, President, Syracuse, NY