

PSC NO. 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: OCTOBER 1, 2020
STAMPS: Issued in Compliance with Order in Case 19-M-0463 issued December 12, 2019.

LEAF: 220.4
REVISION: 7
SUPERSEDING REVISION: 6

GENERAL INFORMATION

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 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 participating in the CDG Net Crediting Program, the applicable Environmental Component calculated above will be included in the calculation of the Value Stack Credits that will apply to CDG Satellites as specified in Rule 29.4.

For CDG projects not participating in the CDG Net Crediting Program, as specified in Rule 29.4, 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 Rule 40.2.5.

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

The Environmental Component is available to Customer-Generators with projects that meet the definition of renewable energy systems in PSL §66-p, unless the resource was eligible before August 13, 2019. Customer-Generators with an Eligibility Date prior to August 13, 2019 are eligible for the Environmental Component if the project is eligible to participate in the CES to receive Tier 1 RECs, according to the CES rules.