

PSC NO. 220 ELECTRICITY  
NIAGARA MOHAWK POWER CORPORATION  
INITIAL EFFECTIVE DATE: NOVEMBER 1, 2017  
STAMPS: Issued in Compliance with Order Issued September 14, 2017 in Case 15-E-0751 and 15-E-0082

LEAF NO. 220.9  
REVISION: 0  
SUPERSEDING REVISION:

#### GENERAL INFORMATION

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

##### 40.3 Value of Distributed Energy Resources (VDER) Value Stack Cost Recovery

The VDER Value Stack Cost Recovery provides for recovery of costs incurred by the Company from customers, as approved by the Commission, for compensation provided to eligible projects under the VDER Value Stack Rule 40.2.

40.3.1 The VDER Value Stack Cost Recovery is applicable to all customers taking service under P.S.C 220 and 214 Electricity, regardless of supplier. The VDER Value Stack Cost Recovery will be applicable to all delivery customers' load, including NYPA load delivered by the Company and economic development-qualifying load in Rule 34, with the exception of the Environmental Market Value Costs which will apply to all supply customers as specified in 40.3.2.3.

40.3.2 The Recovery of the VDER Value Stack Costs will be determined on a VDER Value Stack component basis for applicable service classes using allocation methods as further described below:

##### 40.3.2.1 Capacity Market Value Cost Recovery

40.3.2.1.1 The Capacity Market Value costs will be determined for the recovery month as the product of i) the sum of all VDER Value Stack project's net injections at the hour of the NYISO system peak during the previous calendar year and ii) the average of the NYISO monthly spot auction capacity prices for the previous calendar year.

40.3.2.1.2 The Capacity Market Value costs will be recovered from all delivery customers, allocated by service class based on the most recent transmission demand allocator (*i.e.*, single coincident peak) from the Company's most current embedded cost of service study (ECOS).

40.3.2.1.3 The Capacity Market Value costs will be recovered on a per kWh basis for non-demand customers and a per kW basis for demand customers.

##### 40.3.2.2 Capacity Out of Market Value Cost Recovery

40.3.2.2.1 The Capacity Out of Market Value costs will be determined monthly as the difference between i) the sum of all VDER Value Stack Capacity Components paid to projects and satellites, where applicable, during the recovery month and ii) the Market Value determined in 40.3.2.1 for the recovery month.

40.3.2.2.2 The Capacity Out of Market Value 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 VDER Value Stack Capacity Component credits, in proportion to the credits that projects and satellites, where applicable, of each service class receive.

40.3.2.2.3 The Capacity Out of Market Value costs will be recovered on a per kWh basis for non-demand customers and a per kW basis for demand customers.