Received: 10/27/2017

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GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER"): (Cont'd)

B. Value Stack:

6. Compensation: (Cont'd)

ii. Value Stack Capacity Component

1. The capacity component is determined from the NYISO's monthly and spot capacity auctions for the capacity zone in which the customer-generator is electrically connected.

2. A customer-generator with intermittent generation (i.e., solar or wind electric generating equipment) shall select from the following Alternatives in Section 5. below for calculating the compensation of the Value Stack Capacity Component ("Capacity Compensation"). If no selection is made, the Capacity Compensation shall default to Alternative One. A customer-generator with dispatchable generation (i.e., all other electric generating equipment served under this Rule) shall be required to receive Capacity Compensation under Alternative Three.

3. A customer-generator with intermittent generation (i.e., solar or wind electric generating equipment) may submit a request for a change in compensation as follows:
   a. compensation under Alternative 1 may switch to compensation under Alternative 2 or to Alternative 3;
   b. compensation under Alternative 2 may switch to Alternative 3.
   c. a project compensated under Alternative 2 may not switch to Alternative 1, and a project compensated under Alternative 3 may not switch to Alternative 1 or Alternative 2.

4. Should the NYISO adjust the New York Control Area peak to reflect capacity provided by customer generation, the Company shall adjust the Value Stack Capacity Component for each of the Alternatives accordingly.

5. Alternatives for Capacity Compensation
   a. Alternative One: the capacity credit shall be equivalent to the Capacity Component as calculated pursuant to Rule 25.C for Service Classification No 2 multiplied by the net export generation of the Facility for the billing period.
   b. Alternative Two: the capacity credit shall use the capacity costs calculated under Alternative One, however, the costs used to develop the credit are concentrated over the 460 peak summer hours: hours 14:00 through 18:00 each day in June, July and August. The resulting rate per kWh will be multiplied by the net export generation of the project in those 460 hours. The credit is assumed to be zero in the hours and months not identified herein. A customer-generator must elect Alternative 2 by May 1st to be eligible to receive Value Stack Capacity Component via this alternative beginning June 1st of that summer. A customer-generator electing Alternative 2 after May 1st will remain on Alternative One until April 30th of the following calendar year.
   c. Alternative Three: shall be equivalent to the customer-generator's service classification capacity cost and shall be calculated by multiplying the customer-generator's net energy export during the New York Control Area peak of the previous calendar year by the customer's capacity component based on their Facility's net export generation.

6. The Capacity Component shall be set forth on the VDER-Cred Statement.

ISSUED BY: Joseph J. Syta, Vice President, Controller and Treasurer, Binghamton, New York

Cancelled by 2 Rev. Leaf No. 117.46.26.3 Effective 04/01/2018