



Lori A. Cole
Manager – Regulatory and Tariffs

October 16, 2017

VIA ELECTRONIC FILING

Honorable Kathleen H. Burgess
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 15-E-0751 - In the Matter of the Value of Distributed Energy Resources.
Case 15-E-0082 - Proceeding on Motion of the Commission as to the Policies, Requirements and Conditions For Implementing a Community Net Metering Program.

Dear Secretary Burgess:

The enclosed tariff leaves, issued by New York State Electric & Gas Corporation ("NYSEG") and Rochester Gas and Electric Corporation ("RG&E"), (together the "Companies"), are transmitted for filing in compliance with the New York State Public Service Commission's (the "Commission") Order on Phase One Value of Distributed Energy Resources Implementation Proposals, Cost Mitigation Issues, and Related Matters, issued and effective September 14, 2017 ("Order"), in the above referenced proceedings. The tariff leaves transmitted for filing in compliance as identified herein and in accordance with the requirements of Appendix 7-H (electronic tariff filing system) to the Commission's Codes, Rules and Regulations (16 NYCRR Appendix 7-H). A list of the revised tariff leaves is attached as Appendix A. The tariffs are filed to become effective on November 1, 2017.

Overview of the Filing

In compliance with ordering clause 1 of the Order, the Companies are submitting revisions to its tariffs to implement the Value Stack crediting methodology. The Order sets forth the calculations and compensation methodologies for the Value Stack crediting methodology to be applicable to customers as follows:

- a. A mass market customer (small non-demand billed customer) that has installed on-site generation for which 25% of the interconnection costs

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- have been paid, or a Standard Interconnection Contract has been executed if no such payment has been required, after July 17, 2017; or
- b. A project eligible for Remote Net Metering with a Standard Interconnection Contract that has been executed after July 17, 2017; or
 - c. A project eligible for Community DG pursuant to existing Rules, however, the Standard Interconnection Contract has been executed after July 17, 2017; or
 - d. A customer that elects to make a one-time irrevocable selection to opt in to the Value Stack.

The Companies will calculate the credit to be provided to the customer by summing the credits available from individual Value Stack components listed below that are applicable to a project.

- The Value Stack Energy Component will be based upon the New York Independent System Operator Day-Ahead Market Location Based Marginal Price for the zone in which the project is electrically connected, adjusted for system losses.
- A customer-generator with intermittent generation shall select the alternative for calculating the compensation for the Value Stack Capacity Component. If no selection is made, the customer-generator will default to Alternative One. If a customer-generator elects Alternative 2, the customer-generator is required to make the election prior to May 1 to be effective on June 1 of the same year. A customer-generator with dispatchable generation will be required to receive Capacity compensation under alternative three.
- The compensation for the Environmental Component shall be based on the higher of the Tier 1 Renewable Energy Credit price; or the social cost of carbon, net of Regional Greenhouse Gas Initiative allowances.
- The Demand Reduction Value shall be a credit per kilowatt to compensate the customer-generator for the potential contribution to the distribution system. The Demand Reduction Value compensation is not provided for any portion of a project that receives a Market Transition Credit.
- The Locational System Relief Value Component shall be paid to customer-generators that locate in areas identified by the Companies.
- The Market Transition Credit shall be applicable to the mass market allocation of a Community DG project.

The credit values or where to locate the credit values will be published on a VDER-Credit Statement and filed with the Commission.

To be able to participate in the Value Stack compensation methodology, a customer will be required to install metering equipment capable of recording hourly net consumption and net injections before such compensation can be received.

The Order authorizes the Companies to collect the majority of the costs of the Value Stack payments via the Transition Surcharge.

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The costs associated with Value Stack credits paid by the Company will be allocated and collected by service classification as follows:

- The costs for the market value of the Capacity Value Component will be allocated to service classes based on how the Company allocates ICAP.
- The costs for the out of market values for the Capacity Value Component and the Environmental Value, and the Market Transition Credit will be collected from all delivery customers, and allocated to service classes based on the composition of subscribers who receive benefits in proportion to the benefits received.
- The costs for the Demand Reduction Value (DRV) and Locational System Relief Value (LSRV) will be collected from all delivery customers, on a voltage level basis; and allocated to service class by voltage level based on appropriate T&D demand allocators. The DRV and LSRV will be collected from demand-billed customers on a per-kW basis.

The costs associated with the Capacity Value will not be recovered from Hourly Pricing customers. The costs for the market value of the Environmental Component will be collected via the Supply Adjustment Charge.

The cost values will be published on the VDER-Cost Statement and filed with the Commission.

Publication

In compliance with Ordering Clause No. 23 of the Order, the requirements concerning newspaper publication is waived.

Company Contacts

If there are any questions concerning this filing, please call Brian McNierney at (607) 762- 8936 or me at (607) 762-8710.

Respectfully submitted,



Lori A. Cole

Enclosures

New York State Electric & Gas Corporation
Rochester Gas and Electric Corporation
Value of Distributed Energy Resources
List of Filed Leaves

PSC No. 18 – Street Lighting

VDER-CR Statement No. 1

PSC No. 19 - Electricity

Leaf No. 160.26.1, Revision 14
Leaf No. 160.26.2, Revision 9
Leaf No. 160.26.3, Revision 6
Leaf No. 160.26.3.1, Revision 1
Leaf No. 160.39, Revision 15
Leaf No. 160.39.2, Revision 18
Leaf No. 160.39.3.2, Revision 12
Leaf No. 160.39.6, Revision 11
Leaf No. 160.39.7, Revision 11
Leaf No. 160.39.8.1, Revision 9
Leaf No. 160.39.10, Revision 10
Leaf No. 160.39.11.1, Revision 2
Leaf No. 160.39.17, Revision 4
Leaf No. 160.39.17.1, Revision 1
Leaf No. 160.39.21, Revision 3
Leaf No. 160.39.21.1, Revision 1
Leaf No. 160.39.21.2, Revision 0
Leaf No. 160.39.21.3, Revision 0
Leaf No. 160.39.21.4, Revision 0
Leaf No. 160.39.21.5, Revision 0
Leaf No. 160.39.21.6, Revision 0
VDER CRED Statement No. 1
VDER CR Statement No. 1

PSC No. 120 – Electricity

Leaf No. 116, Revision 20
Leaf No. 117.8, Revision 16
Leaf No. 117.10, Revision 13
Leaf No. 117.11, Revision 15
Leaf No. 117.11.2, Revision 1
Leaf No. 117.31, Revision 12
Leaf No. 117.32.1, Revision 2
Leaf No. 117.35, Revision 10
Leaf No. 117.37, Revision 11
Leaf No. 117.38, Revision 18
Leaf No. 117.40, Revision 9
Leaf No. 117.41, Revision 16

Leaf No. 117.46.22, Revision 4
Leaf No. 117.46.26, Revision 3
Leaf No. 117.46.26.2, Revision 0
Leaf No. 117.46.26.3, Revision 0
Leaf No. 117.46.26.4, Revision 0
Leaf No. 117.46.26.5, Revision 0
Leaf No. 117.46.26.6, Revision 0
VDER CRED Statement No. 1
VDER CR Statement No. 1

PSC No. 121 – Street Lighting
VDER CR Statement No. 1