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Orange & Rockland
a conEdison, inc. company

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August 1, 2016

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

RE: Case No. 14-M-0101 – Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision

Dear Secretary Burgess:

Orange and Rockland Utilities, Inc. ("O&R" or the "Company") hereby submits for filing with the Public Service Commission (the "Commission") the following tariff leaves reflecting revisions to its Schedule for Electric Service, P.S.C. No. 3 – ELECTRICITY (the "Tariff").

4th	Revised Leaf No.	251	Original Leaf No.	394
4th	Revised Leaf No.	390	Original Leaf No.	395
3rd	Revised Leaf No.	391	Original Leaf No.	396
3rd	Revised Leaf No.	392	Original Leaf No.	397
	Original Leaf No.	393	Original Leaf No.	398

The tariff leaves have an effective date of December 1, 2016.

Background

This filing is being made in compliance with the Commission's Order Adopting a Ratemaking and Utility Revenue Model Policy Framework (the "REV Track 2 Order"), issued and effective May 19, 2016, in Case 14-M-0101. Ordering Clause 5 of the REV Track 2 Order directed specified electric utilities, including O&R, to file revisions to their standby tariffs by August 1, 2016, as directed in the body of the REV Track 2 Order. The changes to standby service include implementing a standby reliability credit proposed by Department of Public Service Staff ("Staff") [1] and the Consolidated Edison Company of New York, Inc. ("Con Edison") offset tariff provision, with modifications proposed by Staff.

[1] On June 20, 2016, the Central Hudson Gas & Electric Corporation, Con Edison, Niagara Mohawk Power Corporation d/b/a National Grid, New York State Gas & Electric Corporation, O&R, and Rochester Gas and Electric Corporation (together, the "Joint Utilities"), filed a petition for reconsideration on the issue of the calculation of the Standby Reliability Credit. Should the Joint Utilities' petition be approved, O&R will file revised tariff leaves related to the calculation of the Standby Reliability Credit.

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Tariff Changes

The Company has modified its Tariff as described below.

Offset Tariff

- An offset tariff has been established under Special Provision F of Service Classification ("SC") No. 25. The offset tariff allows a customer with a private generating facility connected to the Company's primary distribution system to use the output of the generating facility to supply two or more standby service accounts subject to the criteria outlined below.

- Special Provision F provides for: (a) a Single Party Offset where all accounts must be established in a single customer's name; and (b) a Multi-Party Offset where the accounts designated by the customer to receive the output of the generating facility may be established in two or more customers' names.

- At least one of the standby service accounts must be connected to the Company's secondary distribution system and the generating facility and the standby service accounts must all be located within a single "premises." For a Single Party Offset, "premises," means "a parcel of land; or more than one building and/or parcel of land proximate to each other if there is common use, whether or not such buildings or parcels are separated by public or private roads." The accounts of a customer whose buildings or parcels of land are not physically interconnected may meet the definition of a single "premises" upon the customer's demonstration of common use to the Company. For a Multi-Party Offset, "premises" means "a single building."

- The generating facility must: (a) have a total nameplate rating of over 2 MW but no more than 20 MW; and (b) meet eligibility criteria for designation as efficient "combined heat and power" pursuant to the order of the Public Service Commission, dated January 23, 2004, in Case 02-E-0780, except with respect to maximum generating capacity. The generating facility may have more than one generating unit so long as the aggregate nameplate rating conforms to (a) above.

- Each standby service account must be separately metered and the export of the generating facility must also be separately metered. If the export of the generating facility exceeds the aggregate registered kWh on the standby service accounts, a customer may take service under SC No. 15 – Buyback Service.

- The Multi-Party Offset requires that: (a) at least one of the standby service accounts be in the same customer name as the owner or operator of the generating facility (the "Sponsor") and have a contract demand equal to 10 percent or more of the nameplate rating of the generating facility; (b) the Sponsor will be responsible for coordinating the interconnection and operation of the generating facility with the Company; and (c) at the time of application under the Multi-Party Offset, the Sponsor must submit signed Multi-Party Offset Recipient Participation

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Forms for all Recipient Accounts and a signed Multi-Party Offset Percentage Allocation Form.

- The generator interconnection will be subject to the specified Interconnection Charges of SC No. 25 and must meet the Interconnection Requirements specified in SC No. 25. In addition, the interconnection must be technically and economically practicable, and the connection and operation of such facility shall not jeopardize the safety or operation of the Company's system, facilities or other customers.

- Standby service accounts supplied by the generating facility's output must be eligible for billing under Standby Service Rates and must be billed under the Standby Service Rate applicable to each individual account.

- All standby service accounts must be either all Full Service or all Retail Access. If the customer is a Retail Access Customer, all supply in excess of that supplied by the customer's private generating facility must be supplied by a single Energy Service Company ("ESCO") unless the customer elects to be a Direct Retail Customer pursuant to General Information Section No. 2.2 of the Tariff. No account served under the Offset Tariff may take service under Rider B – Recharge New York or Rider C – Excelsior Jobs Program.

- None of the standby service accounts may receive a consolidated bill rendered by the Company for electric power supply and/or gas supply provided by an ESCO and delivery and other services provided by the Company.

- Individual contract demands for each account will be determined based on the maximum potential demand on the Company's system to serve that individual account, including the delivery of supply from all sources.

- In order to allocate generator export to accounts participating in offset arrangements, definitions were established for Allocated As-Used Generator Demand and Allocated Generator Supply and vary according to whether the generator export is being allocated in a Single Party Offset or Multi-Party Offset. In a Multi-Party Offset arrangement, a single percentage will be applied to both the Allocated As-Used Generator Demand and the Allocated Generator Supply. The Percentage Allocations must total 100 percent and may be changed by submitting a form to the Company. No credits will be applied if the Sponsor ceases to have a Recipient Account or ceases to own or operate the generating facility. If a Recipient Account is closed, its credits will be forfeited unless the Company receives a new form within 30 days of the account's closure.

- Because of the billing complexity in providing generation offsets against multiple accounts, regular and consistent communication of interval data from the meters to the Company is required so that the Company can issue billing in a timely and accurate fashion. Customers served under Special Provision F of SC No, 25 may have some standby service accounts for which the Company is customarily required to provide and maintain the communications service and others on which

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it is not (e.g., accounts not subject to Mandatory Day-Ahead Hourly Pricing). Because it would be unreasonable for the Company to manage communications problems for the multiple accounts of a customer for purposes of Special Provision F, and it is in a customer's best interest to have any inoperable communications equipment promptly repaired, customers will be required to provide and maintain the communications service for all standby service accounts served under Special Provision F, including meters associated with the generating facility. Each standby service account will receive a monthly credit from Company in the amount of $19.84 to reimburse the customer for maintaining the communications service.

- Standby service accounts under Special Provision F will be charged an additional $50.00 customer charge on their monthly bill to cover incremental billing and administration costs associated with providing service under this Special Provision. If participation under Special Provision F grows to more than a handful of customers, the Company may need to implement changes to its billing system for which the Company should have the right to defer costs pending Commission determination of the customers from whom the costs should be recovered.

Standby Reliability Credit

- A Standby Reliability Credit (the "Credit") has been established under Special Provision G of SC No. 25 and is available to customers who reduce their maximum measured demand during the Measurement Period below their established contract demand level, excluding customer-selected Outage Events[2].

- To be eligible for the Credit, the Customer must provide and maintain a meter that separately records the generator's output (the "Output Meter") and the associated communications service. The metering of distributed generation is critically important to the Commission's REV paradigm, under which the Commission expects that reliable generation can be counted on by the local utility company.[3] Only through metering of distributed generation units can the Commission and the utilities confirm their reliable operation.

- Customers must request credits by October 1 of each year and, at the same time, specify the Outage Events the customer requests to be excluded from the Measurement Period.

- The Credit for any Measurement Period is equal to the product of: (a) the difference between the customer's contract demand and the customer's highest

[2] The Measurement Period is weekdays from 8 am to 11 pm, excluding holidays, during the previous two consecutive full Summer Periods. Outage Events are up to three time blocks for each Summer Period that, in aggregate, are comprised of no more than five 24-hour periods, excluding weekends and holidays. A time block containing a period of less than 24 hours is rounded up to the next 24 hours.
[3] In its Order Continuing and Expanding the Standby Rate Exemption, issued April 20, 2015, in Cases 09-E-0109 and 14-E-0488, the Commission stated (pp. 8-9), "The goal is to encourage the development of efficient CHP projects, and for new units to gain operational experience. Ultimately, these units should be able to demonstrate a reliable generation output level that can be counted on by the local utility company, under the future REV paradigm, to benefit the grid."

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recorded demand during the Measurement Period, excluding Outage Events; and (b) the contract demand Delivery Charge per kW that is in effect on October 1 of each year in which the credit is determined.

- For customers served under Special Provision F, the Outage Events for all Recipient Accounts shall be the same and shall be specified by the Sponsor. Each Recipient Account's Credit will be calculated individually.

- General Information Section No. 25 has been modified to state that the Company will recover Standby Reliability Credits provided to customers through the variable component of the Energy Cost Adjustment ("ECA").

Conclusion and Notice

Pursuant to Ordering Clause 9 of the REV Track 2 Order, the Commission has waived the requirement for newspaper publication of these changes. The changes are filed to become effective December 1, 2016. Enclosed is a proposed form of Notice of Proposed Rule Making for publications in the State Register pursuant to the State Administrative Procedures Act.

Any questions regarding this filing can be directed to Cheryl Ruggiero at (212) 460-3189.

Very truly yours,

/s/

William A. Atzl, Jr.
Director – Rate Engineering