Received: 12/15/2023

Orange & Rockland
a conEdison, inc. company

Orange and Rockland Utilities, Inc.
4 Irving Place
New York NY 10003-0987
www.oru.com

December 15, 2023

Honorable Michelle L. Phillips
Secretary to the Commission
New York State Public Service Commission
Empire State Plaza
Agency Building 3
Albany, New York 12223-1350

RE: Case No. 15-E-0751, In the Matter of the Value of Distributed Energy Resources

Dear Secretary Phillips:

Orange and Rockland Utilities, Inc. ("O&R" or the "Company") is filing with the Public Service Commission (the “Commission”) amendments to its Schedule for Electric Service, P.S.C. No. 3 – ELECTRICITY (“Electric Tariff”).

The Electric Tariff leaves identified in Appendix A are filed to become effective January 1, 2024.

Reason for Filing

The Commission’s October 13, 2023 *Order Establishing Updated Standby Service Rates and Implementing Optional Mass Market Demand Rates* (the "October 2023 Order") approved, with certain modifications, draft tariff leaves filed in this proceeding. The Company filed the draft leaves in compliance with the Commission’s March 16, 2022 *Order Establishing an Allocated Cost of Service Methodology for Standby and Buyback Service Rates and Energy Storage Contract Demand Charge Exemptions* and *Order Directing Standby and Buyback Service Tariff Filings* (the “March 2022 Orders”) to implement updated standby and buyback service rates, mass market optional demand rates, and a 15-year exemption from buyback service rates for certain stand-alone energy storage systems.[1] The Company is filing today the tariff leaves originally filed in draft format with the modifications required by the October 2023 Order.

Allocated Cost of Service (“ACOS”) Methodology and Standby and Buyback Rate Design

The ACOS Study results filed as Appendix A in the July 2022 Filing formed the basis for the rate design that produced the rates included in this filing.[2] As per the October 2023 Order, the Company made two revisions to its rate design that produced a different set of Standby and Buyback rates than those filed with the draft tariff leaves. First, O&R was directed to shorten

[1] The Company filed the draft tariff leaves in compliance with the March 2022 Orders on July 14, 2022 (the “July 2022 Filing”).
[2] Appendix B presents the results of the ACOS Study that was included in the July 2022 Filing.

Received: 12/15/2023

the Super-Peak As-Used Daily Demand period and the associated charges resulting from shortening that period.[3] The revised hours were to more closely match the applicable Commercial System Relief Program ("CSRP") call window. The Company currently does not have a set CSRP call window; however, in the past such call window has been in the later afternoon hours. As such, the Company is proposing the following structure for the as-used daily demand periods.

	Super-Peak	On-Peak	Off-Peak
Summer (Jun – Sep)	2 PM – 8 PM, M – F, excluding holidays	8 AM – 2 PM; 8 PM – 11 PM, M – F, excluding holidays	All other days and times
Winter (Oct – May)	N/A	8 AM – 11 PM, M – F, excluding holidays	All other days and times

The second change to rate design was an update to the underlying revenues derived from the non-standby service classes upon which the ACOS-based Standby Service and Buyback rates were designed. The Company used the delivery revenue requirement for each service classification based on the Rate Year 3 rates from the Company's currently effective Rate Plan (Case 21-E-0074). Included in Appendix C is a comparison of the present[4] and proposed Standby Service and Buyback Service Rates.

Tariff Changes

The following changes were made to the Electric Tariff.

A. Changes to Standby Service Provisions

The following changes were made to General Information Section No. 24, Standby Service and Standby Service Rates.

- Revised the applicability of General Information Section No. 24 to state that Standby Service Rate options would be open to Mass Market Customers[5] with or without on-site generation, when such options become available.
    - As per the October 2023 Order, the Company's billing of Standby Service Rates for Mass Market Customers is to begin by June 2024. When the Company is ready to commence billing Standby Service Rates for Mass Market Customers,

[3] The Company originally proposed a Super Peak As-Used Daily Demand period that ran from 8 AM – 6 PM, on non-holiday, non-weekend days during the summer months (i.e., June – September).
[4] Present rates in Appendix C are defined as the Rate Year 3 Standby Service Rates from the Company's currently effective Rate Plan that would have become effective January 1, 2024 but for this filing.
[5] Mass Market Customers are customers served under SC No. 1, SC No. 2 Secondary – Non-Demand Billed (Metered Service), or SC No. 19.

Received: 12/15/2023

a tariff filing will be made to remove certain language restricting the availability of the Mass Market Standby Service rates.[6]

- Added a definitions section, moved the existing description of the term “Rate Choice Customer” under this section, and modified it to mean a metered service customer who elects to be billed under Standby Service Rates and: (1) does not have on-site generating equipment; (2) has on-site generating equipment and would otherwise be billed under the Standard Rate of SC Nos. 1, 2 Secondary – Non-Demand Billed (Metered Service), or 19; or (3) has on-site generating equipment that has a total nameplate rating less than or equal to 15 percent of the maximum potential demand served from all sources. In addition, the term “Existing Standby Service Customer” has been added to be defined as a customer who has been billed under Standby Service Rates on or before March 16, 2022.

- Added in the Determination of Demand section that, for customers who would be billed under the Standby Service Rates of SC Nos. 1, 2 – Secondary Non-Demand billed (Metered Service), or 19, demand will be measured by calculating the highest integrated 60-minute demand ending in each day (for use in determination of the as-used daily demand) or billing period (for use in determining the maximum demand for such billing period) and being entirely comprised of intervals ending in the same time period or billing period. For all other customers billed under Standby Service Rates, demand will be measured by calculating the highest integrated 15-minute demand ending in each day (for use in determination of the as-used daily demand) or billing period (for use in determining the maximum demand for such billing period) and being entirely comprised of intervals ending in the same time period or billing period. In addition, references to specific demand intervals in the remainder of General Information Section No. 24 were removed since demand measurement intervals will be based on the customer’s service classification.

- The contract demand provisions of General Information Section No. 24 have been amended as follows:

  - The Company will set the contract demand for any Mass Market Customer electing Standby Service rates.

  - Rules for determining the initial contract demand for Mass Market Customers have been established and existing rules for customers who opt-in to receiving Standby Service rates have been clarified. For a customer who does not or cannot elect its own contract demand, and has new or existing on-site generating equipment, the contract demand will be determined as follows: (1) for a customer installing new generation that has received service under non-Standby Service rates and has demand data available for the past 24 months, the contract demand shall be the customer’s monthly maximum demand during the most

[6] The October 2023 Order approved the July 2025 implementation date proposed by the Company for billing under Mandatory Day-Ahead Hourly Pricing (“MHP”) for customers (including Mass Market Customers) who would not be subject to MHP billing under their Standard Rate option, but would be subject to MHP billing under Standby Service Rates. Until such time that MHP is implemented for these full service Standby Service Rate customers, they will continue to be billed under the non-MHP supply provisions of the Electric Tariff.

Received: 12/15/2023

recent 24 months subject to the existing adjustments in the Contract Demand Section of General Information Section No. 24; (2) for a customer with existing on-site generation that had received service under non-Standby Service rates and has interval data available for the past 24 months, the contract demand shall be the customer's maximum coincident demand from all sources during the most recent 24 months subject to the existing adjustments in the Contract Demand Section of General Information Section No. 24; and (3) for all other customers with on-site generators who will be billed under Standby Service Rates, the contract demand will be the service capacity, measured in kW, requested in the customer's application for service, reasonably adjusted to take into account the Company's engineering evaluation of the customer's electrical equipment and diversity of load. For a customer without a generating facility who has no demand data available, the contract demand will initially be set at the monthly maximum demand of the first monthly bill issued under Standby Service rates.

- The as-used daily demand provisions have been revised to define the as-used daily demand rating periods as described above in the ACOS Methodology and Standby and Buyback Rate Design section.

- Added a six-year phase-in, where ACOS-based rates are fully implemented at the start of the sixth year, to the revised Standby Service Rates. The phase-in will be the default option for an Existing Standby Service Customer. Such customer can make a one-time election to be billed the ACOS-based rates. Customers who elect to be billed the ACOS-based rates will be billed at such rates commencing with the customer's first full billing cycle after the Company's receipt of the election.

    - The Company will effectuate the phase-in by calculating the customer's monthly bill at rates based on the existing standby rate methodology and at the ACOS-based rates, and then applying the phase-in percentage for the applicable year to the difference, and either crediting or charging the customer for such difference.

- Added provisions that the Standby Reliability Credit is only available to Existing Standby Service Customers until such time the Existing Standby Service Customer: (1) elects to be billed at the ACOS-based rates; or (2) completes the six-year phase-in with ACOS-based rates fully phased in at the start of the sixth year. The Standby Reliability Credit will be decreased based on the year of the phase-in for Existing Standby Service Customers on the phase-in.

- Added the requirement that a customer billed under Standby Service Rates cannot opt out of AMI or AMR metering.

- Established a Multi-Party Campus Offset Tariff by: (1) extending the existing definition of a "premises" in a Multi-Party Offset arrangement to include multiple buildings in which each customer is connected to the generating facility by a private thermal loop that delivers steam, hot water, or chilled water; and (2) adding in criteria for when customers can request changes to Recipient Accounts.

Received: 12/15/2023

- Revised the Offset Tariff provisions to exclude participation by Mass Market Customers.

B. Rate-Related Changes

- Updated all existing Standby Service rates to: (1) reflect the use of the ACOS study in Standby Service Rate design; and (2) add rates for as-used daily demand charges for four separate rating periods: the Summer Super-Peak (Period I), Summer On-Peak (Period II), Winter On-Peak (Period III), and Off-Peak (Period IV).[7]

- Added to SC No. 22 the Standby Service Rates required for billing Existing Standby Service Customers under Phase-In.[8]

- Updated the existing SC No. 15 Buyback Service rates to establish the contract demand charges by otherwise applicable service classification that reflect the use of the ACOS study; and set the customer charges equal to those of the otherwise applicable service classification.[9]

C. Buyback Tariff Provision Changes

- Deleted the requirement that the Company will only purchase capacity from NYISO market participants with generating units sized at 5 MW or less and added that the Company will purchase up to 5 MW of unforced capacity without requiring NYISO market participation.

  - The payment rates for such capacity purchases have been established for non-dispatchable and dispatchable customer-generators. For customers with dispatchable customer-generators, the payment rate for capacity will be based on the Alternative 3 Value Stack Phase Two Capacity Component as described in Rider N. For customers with non-dispatchable customer-generators, the customer-generator will choose between the Alternative 1, 2, or 3 Value Stack Phase Two Capacity Component Rate for their capacity compensation as follows: Alternative 1 is the default compensation; however, non-dispatchable customer-generators can choose Alternative 2 or 3; provided that, once a choice is made, the customer-generator cannot switch from Alternative 2 to Alternative 1 or switch from Alternative 3 to either Alternative 1 or 2. Such customer-generator must elect compensation under the Alternative 2 Value Stack Phase Two Capacity Component Rate by May 1 to be eligible to receive the Alternative 2 Value Stack Phase Two Capacity Component Rate beginning June 1 of that summer. A customer electing the Alternative 2 Value Stack Phase Two Capacity Component Rate after May 1 will receive compensation based on the Alternative

[7] Standby Service Rates for SC Nos. 1 and 19 customers will be added to those classes when the option becomes available.
[8] The Company's one Existing Standby Service Customer takes service under SC No. 22; therefore, no other SCs include the Standby Service Rates required for billing Existing Standby Service Customers under Phase In since there will never be any customers to whom such rates would be applicable.
[9] Buyback Rates for SC Nos. 1 and 19 customers will be added to SC No. 15 when the option becomes available.

Received: 12/15/2023

1 Value Stack Phase Two Capacity Component Rate until April 30 of the following calendar year.

- Added that the contract demand charges under SC No. 15 shall apply only to the contract demand in excess of the contract demand billed under Standby Service Rates or the contract demand in excess of the as-used demand billed under another rate. In addition, language has been added stating that the Buyback Service customer charge will be waived if the customer takes service under both SC No. 15 and another service classification through the same service point.

- Added in the Determination of Contract Demand section that, for customers who would otherwise be billed under SC Nos. 1, 2 – Secondary Non-Demand billed (Metered Service), or 19, maximum demand will be measured by calculating the highest integrated 60-minute demand ending in each billing period and being entirely comprised of intervals ending in the same billing period. For all other customers billed under Standby Service Rates, maximum demand shall be the highest integrated 15-minute demand.

- Added a 15 year exemption from paying the SC No. 15 contract demand charges for customers with Stand-Alone Electric Energy Storage Systems, provided such customer has either paid at least 25 percent of its interconnection costs on or before December 31, 2025, or executed an interconnection agreement on or before this date if no such payment was required. This 15 year exemption is not applicable to any customer participating in a non-wires alternatives project where the contract for such project was executed prior to March 16, 2022.

Conclusion and Notice

As directed by Ordering Clause 5 of the October 2023 Order, the Company is filing changes to the Electric Tariff to become effective on a temporary basis on January 1, 2024, on not less than 15 days' notice. Pursuant to Ordering Clause 14 of the October 2023 Order, the Commission waived the requirement for newspaper publication of these changes.

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