Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

The Long Island Power Authority ("the Authority") staff proposes to modify the Tariff for Electric Service ("Tariff") effective April 1, 2016 to: (1) authorize Community Distributed Generation ("DG") Net Metering; (2) modify existing Tariff provisions relating to Remote Net Metering to conform to NY Public Service Commission ("PSC") practices for the regulated utilities; and (3) modify other Tariff provisions to conform to amendments to Public Service Law §66-j regarding eligibility and size limits for net metering.

Proposal:

Net metering, also known as net energy metering, allows customers with eligible behind-the-meter distributed generation to reduce their electricity bill in two ways: (1) electricity generated and used immediately reduces the amount of electricity that is bought from LIPA; and (2) electricity generated in excess of the customer's immediate need is injected into the grid, displacing generation from other sources, and credited against the customer's future electricity purchases. Eligibility for net metering is limited by size of the customer's generating equipment (generally no more than 25 kW for a residential customer or 2,000 kW for a commercial customer) and the type of generating equipment (generally limited to renewable or green resources). Eligibility for net metering is specified in Public Service Law ("PSL") 66-j and 66-l.

Staff seeks to expand the eligibility for net metering in several ways, to be consistent with Public Service Law and the practices authorized by the NY PSC for regulated utilities.

Implement a Community DG Net Metering Program

Community Distributed Generation ("DG") Net Metering allows residential or commercial customers to collectively build and pay for a renewable generation facility at some central location and share the benefits of the renewable generation among the members. For example, a condominium association may choose to place solar panels on their roof as a single facility and designate the benefits to each individually-metered member of the association. Alternatively, someone might put the solar panels on the roof of some large building such as a store or a school or a community center and make arrangements to share the output with contributing members that are located around the community. The purpose of Community DG Net Metering is to expand participation in renewable distributed generation by removing the requirement that the eligible generation be constructed separately and located separately on each customer's site, since many individual customer locations are not suitable for certain types of distributed generation. Community DG net metering is also cheaper for the participants, since large systems tend to be less expensive per kW than multiple smaller systems.

Community DG Net Metering allows residential or commercial customers to contract with a non-residential entity (the "host account") that would build the Community DG facility, interconnect it to the utility grid, and operate it in conformance with net metering requirements of the Tariff for Electric Service. Any excess generation (net of energy consumed on-site) produced by the host account would be allocated among the members (the "satellite accounts") in proportions to be designed by the host account. Any generation credits allocated to a satellite account in excess of that account's energy usage would be banked exclusively for that satellite account, and either used to offset future energy use at that account or cashed out on the account's annual anniversary date, just as if that account was net metered on an individual basis.

The PSC approved Community DG Net Metering for the other New York State utilities on July 17, 2015 to take effect on a limited basis in October 2015 and on a system-wide basis by May 1, 2016. The PSC also encouraged the Authority to implement a Community DG Net Metering program "to ensure consistent development of and access to Community DG programs across the State."[1] Staff's proposal ensures consistent access to Community DG programs using a simple approach that credits the excess energy to individual satellite accounts as if it had been recorded on each individual customer's energy meter. It follows the rules already established for net metering of individual accounts. Excess generation stays with the individual satellite accounts until it is used by that account or the annual reconciliation for that account takes place.

Other noteworthy elements of the proposal include restrictions on participation and the Authority's responsibility for protecting consumers. Consistent with the criteria established by the PSC, each Community DG host account must involve at least ten satellite accounts and at least 60% of the output of the host facility must be credited towards residential and smaller commercial accounts that have demands of less than 25 kW. Eligible generation at the host site cannot exceed 2,000 kW for most types of generation. Also, the Authority will not involve itself in disputes among the participants or between the satellite accounts and the host account. The Authority would not terminate service to a satellite account because of any dispute between or among the participants, but does retain the right to terminate a host or satellite account under the existing terms and conditions of the tariff, including failure to meet the operating requirements for distributed generation and failure to pay an electric bill.

Increase Eligibility for Remote Net Metering

Remote net metering for non-residential customers is an option that has similarities to community net metering. Under remote net metering, a commercial customer can generate electricity at one if its accounts and have any excess generation distributed to other accounts held by the same business.

Recent changes to Public Service Commission policy for remote net metering allow individual satellite accounts to be associated with more than one host account, and allow

[1] Case 15-E-0082, Order Establishing a Community Distributed Generation Program and Making Other Findings, July 17, 2015, page 30.

satellite accounts to have their own on-site generation as well as receive energy from a remotely-sited host account. Staff proposes to modify the Authority's Tariff to allow these situations as well.

Update the Tariff for Fuel Cell, Farm Service and Farm Waste Customer-Generators

Staff proposes to incorporate the following changes to PSL 66-j that were implemented by the NY PSC for the regulated utilities:

- Increase the maximum allowable size of fuel cell electric generating equipment from 1,500 kW to 2,000 kW;
- Increase the share of costs to be paid by farm waste generation greater than 25 kW to the full incremental cost of interconnection including transformers;
- Authorize the use of farm waste generation for remote net metering; and
- Increase the size limits for solar installations applicable to Residential Farm Service Customer-Generators from 25 kW to 100 kW.

Financial Impacts:

There is no financial impact on the Authority from net metering in general and Community DG Net Metering specifically. The direct benefits from net metering flow to the eligible participants as those customers reduce their bills by reducing their usage. Any revenue losses that are not offset by lower expenses (such as fuel and purchased power costs) are recovered from all customers, primarily through the Revenue Decoupling Mechanism ("RDM") for Delivery Service. The RDM recoups the bill savings received by participating net metering customers from all customers within the same broad category (residential, small commercial, large commercial and commercial mandatory time of use). This is consistent with NY State policy for the regulated utilities that have already incorporated the suite of net metering options (individual, remote and Community DG).

Staff does not have an estimate of the likely participation rate in community net metering or the other categories of expanded eligibility, and relies upon the estimates of revenue impacts developed in conjunction with the temporary waiver of the cap on net metering authorized by the Trustees in conjunction with the 2016 budget.

At presently-approved rates, every 12 MW of participation is expected to have a $1.95 million (0.1%) impact on revenues for Delivery Service recovered through the Revenue Decoupling Mechanism. Actual revenue impacts will depend upon the number of installations, the size of each installation (capped at 2,000 kW for each installation under the proposal), its operating characteristics (including orientation and solar conditions) and the rates paid by the participating members. There is currently no cap on the number of installations or the aggregate capacity of customer generation eligible for net metering participants (except for wind-powered generation).

Revenue impacts for the expansion of fuel cell eligibility will be correspondingly greater, since fuel cells tend to operate at high capacity factors (90%+, compared with solar capacity of approximately 20%) offset by lower bill savings due to their lower energy rates. 12 MW of fuel cell enrollment would have a revenue impact of approximately $5 million per year (0.25%), which would be borne by other non-residential customers through the Revenue Decoupling Mechanism.

Proposed Tariff Changes:

1. **Implement a Community Net Metering Program.**

   Affected Tariff Leaves:
   34K, 34L, 34M, and 34N

   Reason for Tariff Change
   To introduce Community Distributed Generation Net Metering in conformance with NY PSC policy.

2. **Expand Eligibility for Remote Net Metering.**

   Affected Tariff Leaf:
   34I, 34J, and 34J-1

   Reason for Tariff Change
   To conform to recent NY PSC policy.

3. **Update the size limits for Fuel Cell, Farm Service and Farm Waste generators**

   Affected Tariff Leaf:
   Leaves 34A, 34A-1, 34C, 34F, 34F-1 and 34G.

   Reason for Tariff Change
   To conform to recent changes in NY Public Service Law.

Summary of Proposed Changes:

In summary, the proposed changes to LIPA's Tariff for Electric Service will implement Community Net Metering, revise the eligibility for Remote Net Metering and update the size cap on eligibility for Fuel Cell and Farm Waste generators.

The proposed revised Tariff Leaf Nos. 34A, 34A-1, 34C, 34F, 34F-1, 34G, 34I, 34J, 34J-1, 34K, 34L, 34M, and 34N are attached.

I. General Information (continued):

C. General Terms and Conditions (continued):

15. Net Metering

a) Net Metering Requirements

(1) A Residential Solar Customer-generator shall be net metered only if the rated capacity of the Solar Electric Generating Equipment is equal to or less than twenty five (25) kilowatts. If the rated capacity of the Solar Electric Generating Equipment owned and/or operated by the residential Customer-generators is greater than 25 kilowatts, net metering shall not apply and Customer-generator may be served under Service Classification 11-Buy-Back service.

(2) A Residential Wind Customer-generator shall be net metered only if the rated capacity of the Wind Electric Generating Equipment is equal to or less than twenty five (25) kilowatts. If the rated capacity of the Wind Electric Generating Equipment owned and/or operated by the residential Customer-generator is greater than 25 kilowatts, net metering shall not apply and Customer-generator may be served under Service Classification 11-Buy-Back service.

(3) A Farm Service Customer–generator shall be net metered only if the rated capacity of the Solar Electric Generating Equipment is equal to or less than 100 kilowatts or the Wind Electric Generating Equipment is equal to or less than 500 kilowatts. If the rated capacity of the Solar Electric Generating Equipment is greater than 100 kilowatts or the Wind Electric Generating Equipment owned and/or operated by the Farm Service Customer-generator is greater than 500 kilowatts, net metering shall not apply and Customer-generator may be served under Service Classification 11-Buy-Back service.

(4) A Farm Waste Customer-generator shall be net metered only if the rated capacity of the Farm Waste Generating Equipment is equal to or less than one thousand (1,000) kilowatts. If the rated capacity of the Farm Waste Electric Generating Equipment owned and/or operated by the Customer–generator is greater than 1,000 kilowatts, net metering shall not apply and customer-generator may be served under Service Classification 11-Buy-Back service.

(5) A Residential Micro-Combined-Heat-and-Power (Micro-CHP) Customer-generator shall be net metered only if the rated capacity of the Micro-CHP generating equipment is at least 1 kilowatt and less than or equal to ten (10) kilowatts. If the rated capacity of the Micro-CHP generating equipment owned and/or operated by the residential Customer-generator is greater than 10 kilowatts, net metering shall not apply and Customer-generator may be served under Service Classification 11-Buy Back service.

(6) A Residential Fuel Cell Customer generator shall be net metered only if the rated capacity of the Fuel Cell Electric Generating Equipment is less than or equal to ten (10) kilowatts. If the rated capacity of the Fuel Cell Generating Equipment owned and/or operated by the residential Customer-generator is greater than 10 kilowatts, net metering shall not apply and Customer-generator may be served under Service Classification 11-Buy Back service.

I. General Information (continued):

C. General Terms and Conditions (continued):
Net Metering (continued):

(7) A Residential Micro-Hydroelectric Customer-generator shall be net metered only if the rated capacity of the Micro-Hydroelectric generating equipment is equal to or less than twenty five (25) kilowatts. If the rated capacity of the Micro-Hydroelectric Generating Equipment owned and/or operated by the residential Customer-generator is greater than 25 kilowatts, net metering shall not apply and Customer-generator may be served under Service Classification 11-Buy-Back Service

(8) A Residential Customer-generator that combines Solar Electric, Wind Electric, or Micro-Hydroelectric Generating Equipment in a hybrid system shall be net metered only if:

(a) The rated capacity of the combined system is equal to or less than twenty five (25) kilowatts, or five hundred (500) kilowatts if the Residential Solar Customer-Generator is also a Farm Service Customer-Generator, and

(b) The solar portion of the installation meets the eligibility for Residential Solar Electric Generating Equipment and

(c) The wind portion of the installation meets the eligibility for Residential or Farm Service Wind Electric Generating Equipment and

(d) The micro-hydroelectric portion of the installation meets the eligibility for Residential Micro-Hydroelectric Generating Equipment.

(e) (See table in Paragraph C. 15 h)(2), "Unit Price Credits to a Customer who Provides Net Energy to The Authority" for electric unit price credit applied at different types of generators and hybrid systems).

(9) A Non-residential Solar or Wind Electric Customer-generator shall be net metered if the rated capacity of the Solar Electric Generating Equipment is equal to or less than 2,000 kilowatts. If the rated capacity of the Solar Electric Generating Equipment is greater than the limits specified herein, net metering shall not apply and the Customer-generator may be served under Service Classification 11-Buy-Back service.

(10) A Non-residential Micro-Hydroelectric Customer-generator shall be net metered only if the rated capacity of the Micro-Hydroelectric generating equipment is equal to or less than 2,000 kilowatts. If the rated capacity of the Micro-Hydroelectric Generating Equipment owned and/or operated by the non-residential Micro-Hydroelectric Customer-generator is greater than 2,000 kilowatts, net metering shall not apply and Customer-generator may be served under Service Classification 11-Buy Back Service.

(11) A Non-residential Fuel Cell Customer-generator shall be net metered only if the rated capacity of the Fuel Cell generating equipment is equal to or less than ~~1,500~~ 2,000 kilowatts. If the rated capacity of the Fuel Cell Generating Equipment owned and/or operated by the non-residential Fuel Cell Customer-generator is greater than ~~1,500~~ 2,000 kilowatts, net metering shall not apply and Customer-generator may be served under Service Classification 11-Buy Back Service.

I. General Information (continued):

C. General Terms and Conditions (continued):
Net Metering (continued):

d) Interconnection and Transformer Charges

(1) If the Residential or Farm Service Customer-generator installs Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell and/or Wind Electric Generating Equipment with a rated capacity of equal to or less than twenty five kilowatts the Customer-generator shall not be required to pay the Authority any Interconnection charges.

(2) If the Residential or Farm Service Customer-generator installs Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell and/or Wind Electric generating equipment with a rated capacity of more than twenty five kilowatts, the Customer-generator shall be responsible for payment to the Authority of ~~one-half (1/2)~~ one hundred percent (100%) of the interconnection expenses of such solar and/or wind-electric generating equipment.

(3) The Non-residential Customer-generator shall be responsible for payment to the Authority of one hundred percent (100%) of the interconnection expenses of such solar, Micro-Hydroelectric Fuel Cell and/or wind-electric generating equipment.

(4) If the Authority determines that it is necessary to install a dedicated transformer or transformers or other equipment to protect the safety and adequacy of the electric service provided to other Customers:

(a) The Residential Customer-generator installing Solar Generating Equipment, Micro-Combined-Heat-and-Power Generating Equipment, Micro-Hydroelectric Generating Equipment, or Fuel Cell Electric Generating Equipment with a rated capacity of equal to or less than twenty five (25) kilowatts, shall pay to the Authority the cost of installing the transformer(s) and other equipment, up to a maximum of three hundred and fifty dollars ($350.00).

(b) The Residential Farm Waste Customer-generator installing Farm Waste Electric Generating Equipment shall pay to the Authority the cost of installing the transformer(s) and other equipment, up to a maximum of five thousand dollars ($5,000) per farm operation.

(c) The Non-residential Customer-generator installing Solar Generating Equipment with a rated capacity of equal to or less than twenty five (25) kilowatts shall pay to the Authority the cost of installing the transformer(s) or other equipment, up to a maximum of three hundred and fifty dollars ($350.00).

(d) The Non-~~r~~Residential or Farm Service Customer-generator installing Solar Generating Equipment, Micro-Hydroelectric Generating Equipment, or Fuel Cell Generating Equipment with a rated capacity of equal to or greater than twenty five (25) kilowatts shall pay the costs as determined by the Authority.

~~(d)~~(e) The Non-Residential Farm Waste Customer-generator installing Farm Waste Electric Generating Equipment with a rated capacity of equal to or less than 1,000 kW shall pay the costs as determined by the Authority.

I. General Information (continued):

C. General Terms and Conditions (continued):
Net Metering (continued):

(2) For eligible Residential Customer-generators with solar or wind or Micro-Hydroelectric electric generators whose rated capacity is equal to or less than 25kW, or for eligible Residential Customer-generators with hybrid systems where the combination of the rated capacity of the Solar or Micro-Hydroelectric and Wind Electric Generating Equipment of the hybrid system is equal to or less than 25 kW, in the event that the amount of electricity provided to the Authority by the Customer-generator during the billing period exceeds the amount of electricity provided by the Authority to the Customer-generator, the Authority shall apply a credit to the next bill for service at the same rate per kilowatt-hour applicable to service provided to other residential Customers in the same service class who do not generate electricity on site. (See table "Summary of Eligibility for Net Metering" on Leaf 34G).

(3) For eligible Farm Service Customer-generators with Solar Electric Generating Equipment whose rated capacity is equal to or less than 100 kilowatts or Wind Electric Generating Equipment whose rated capacity is equal to or less than 500 kW, and for Hybrid Systems with Solar Electric or Wind Electric Generating Equipment greater than 25 kW and ~~Solar Electric or~~ Micro-Hydroelectric Generating Equipment equal to or less than 25 kW, in the event that the amount of electricity provided by the Customer-generator to the Authority during the billing period exceeds the amount of electricity provided by the Authority to the Customer-generator, the Authority shall apply a credit to the next bill for service at same rate per kilowatt-hour applicable to service provided to other Residential Customers in the same service class who do not generate electricity on site. See table "Summary of Eligibility for Net Metering" on Leaf 34G).

(4) For eligible Farm Service Customer-generators with Farm Waste Electric Generating Equipment whose rated capacity is equal to or less than 1,000 kW, in the event that the amount of electricity provided by the Customer-generator to the Authority during the billing period exceeds the amount of electricity provided by the Authority to the Customer-generator, the Authority shall apply a credit to the next bill for service at the same rate per kilowatt-hour applicable to service provided to other customers in the same service class who do not generate electricity on site. (See table "Summary of Eligibility for Net Metering" on Leaf 34G).

(5) For eligible Residential Customer-generators with Micro-Combined-Heat-and-Power Electric Generating Equipment whose rated capacity is at least 1 kW and equal to or less than 10 kW, or for Fuel Cell Electric Generating Equipment whose rated capacity is equal to or less than 10 kW, in the event that the amount of electricity provided by the Customer-generator to the Authority during the billing period exceeds the amount of electricity provided by the Authority to the Customer-generator, the Authority shall apply a credit to the next bill for service at the SC-11 Avoided Cost Rate per kilowatt-hour.

I. General Information (continued):

C. General Terms and Conditions (continued):
Net Metering (continued):

(6) For eligible Non-residential Customer-generators with Solar, Wind, Micro-Hydroelectric or Hybrid electric generating equipment whose rated capacity is equal to or less than 2,000 kilowatts, in the event that the amount of electricity provided to the Authority by the Customer-generator during the billing period exceeds the amount of electricity provided by the Authority to the Customer-generator, the Authority shall apply a credit to the next bill for service at the same rate per kilowatt-hour applicable to service provided to other Non-residential Customers in the same service class who do not generate electricity on site.

(7) For eligible Non-residential Customer-generators with Fuel Cell Electric Equipment whose rated capacity is equal to or less than ~~1,500~~ 2,000 kW, in the event that the amount of electricity provided by the Customer-generator to the Authority during the billing period exceeds the amount of electricity provided by the Authority to the Customer-generator, the Authority shall apply a credit to the next bill for service at the SC-11 Avoided Cost Rate per Kilowatt-hour.

(8) For Non-residential Customer-Generators that are served under a rate code with demand charges, the monthly billing demand is determined by the maximum measured kilowatt demand actually supplied to the Customer-Generator during the billing period.

(9) For Customer-generators served under a rate code with multiple rating periods, excess generation in one rating may not be used to reduce the billed consumption in a different rating period. Each rating period will be treated separately when calculating and applying any credits.

I. General Information (continued):

C. General Terms and Conditions (continued):
Net Metering (continued):

Summary of Eligibility for Net Metering

Segment	Installed Generating Capacity	Excess Generation in Billing Period*	Excess Generation on Anniversary Date*
Residential Customer-Generator	Not to exceed 25 kW in any combination of solar and/or wind electric generation	Carried forward for credit at retail rate in subsequent months	Purchased by the Authority at the Avoided Cost Rate on leaf 34H.
	At least 1 kW and not to exceed 10 kW of micro-combined-heat-and-power and/or fuel cell electric generation	Purchased by the Authority at the Avoided Cost Rate on leaf 34H	Not applicable
Farm Service Customer-Generator	Solar electric generating equipment not to exceed 100~~25~~ kW	Carried forward for credit at retail rate in subsequent months	Purchased by the Authority at the Avoided Cost Rate on leaf 34H.
	Wind electric generating equipment not to exceed 500 kW	Carried forward for credit at retail rate in subsequent months	Purchased by the Authority at the Avoided Cost Rate on leaf 34H.
	Farm waste electric generating equipment not to exceed 1,000 kW	Carried forward for credit at retail rate in subsequent months	Purchased by the Authority at the Avoided Cost Rate on leaf 34H.
	Any combination of solar, wind and farm waste electric generating equipment not to exceed 1000 kW total, of which solar cannot exceed 100~~25~~ kW solar	Carried forward for credit at retail rate in subsequent months	Purchased by the Authority at the Avoided Cost Rate on leaf 34H.
Non-residential Customer-Generator	Not to exceed 2,000 kW	Carried forward for credit at retail rate in subsequent months	Purchased by the Authority at the Avoided Cost Rate on leaf 34H.
Any Customer that exceeds the Limits specified above or installs electric generating equipment that does not qualify for Net Metering or Remote Net Metering		Not eligible for Net Metering. Energy may qualify for purchase under SC-11.	Energy may qualify for purchase under SC-11.

* Note: Excess Generation in one rating period may not be used to reduce the billed consumption in a different rating period. On termination of service, any remaining excess generation will be purchased by the Authority at the Avoided Cost Rate on leaf 34H for the month in which service was terminated.

I. General Information (continued):

C. General Terms and Conditions (continued):

16. Remote Net Metering:

a) Customer Requirements and Eligibility

(1) Non-Residential Solar Electric Customer-generators, Non-Residential Farm Waste Customer-generators, ~~Farm Customers who operate Micro-Hydroelectric generators,~~ Non-Residential Micro-Hydroelectric Customer generators, and Non-Residential Fuel Cell Generators are eligible for remote net metering ~~, and Farm Customers who operate Fuel Cell generators~~ as defined in Public Service Law ("PSL") 66-j. Non-Residential Wind Customer-generators ~~and Farm Wind Customer-generators~~ are eligible for remote net metering as defined in Public Service Law ("PSL") 66-l.

(2) Farm Service Solar Electric Customer-generators, Farm Service Farm Waste Customer-generators, Farm Service Customers who operate Micro-Hydroelectric generators, Farm Customers who operate Fuel Cell generators are eligible for remote net metering as defined in Public Service Law ("PSL") 66-j. Farm Service Wind Customer-generators are eligible for remote net metering as defined in Public Service Law ("PSL") 66-l.

(3) A Customer-generator who qualifies as stated above may designate all or a portion of their excess net metering credits generated by such equipment to any account in the same name as the Customer-generator. The Authority reserves the right to obtain proof that all accounts are held by the qualifying Customer-generator. For purposes of remote net metering, the account where the generator is connected will be defined as the Host account and those eligible accounts that are designated by the Host account to receive excess net metering credits will be defined as Satellite accounts.

(4) The terms and conditions for net metering applicable to the Host Account are contained in Section I.C.15?, except as modified below.

b) Net Metering Credits

(1) The Host account must designate their Satellite accounts and the percentage of their net metering credits designated to these Satellite accounts when submitting their initial remote net metering application. After the initial application, the Host account may designate additional Satellite accounts or delete existing Satellite accounts from the Customer's remote net metering arrangement to be effective on January 1 and July 1 of each year thereafter, with 30 days advance notice.

(2) The Satellite account must meet the following requirements:

a) The Satellite account must be designated as premises owned or leased by the non-residential Host account and in the same name within the Authority's billing system as the Host account Customer-generator.

b) Both the Satellite account and the Host account must be within the Authority's service territory

c) The Satellite account must be in the same load zone as the Host account as of the date of the initial application of the Host account to be eligible for remote net metering and must remain in the same load zone as the Host account to continue to be eligible to receive excess net metering credits.

d) ~~Only~~ More than one Host account can be designated for each remote net metering arrangement and ~~ano~~ Satellite account can be a Customer-generator being net metered at that satellite account, however, the Satellite account cannot also be a Remote Net Metering Host.

I. General Information (continued):

C. General Terms and Conditions (continued):
Remote Net Metering (continued):

e) The aggregate rated capacity of net-metered generating equipment of the Remote Net Metering Host Account(s) designated to serve a satellite plus the rated capacity of net-metered generating equipment on the Remote Net Metered Satellite account, if any, cannot exceed 2,000 kW, of which no more than 1,000 kW can be from farm waste.

f) If a Remote Net Metered Satellite account is also a net-metered Customer-generator, charges and credits will first be applied pursuant to section I.C.15.h. Remote Net Metering credits will then be applied pursuant to section I.C.16.4.

(3) In the event that the amount of electric energy supplied by the Authority to the Host Account during the billing period exceeds the amount of electric energy provided by the Host account to the Authority during the same billing period, the Authority shall charge the Host account the rates provided in the Service Classifications applicable to the Host account Customer-generator for only the net amount of energy provided to the Host account, plus the amount of demand actually recorded in that billing month and other charges as applicable. The appropriate Service Classification for the Host account will be determined on the basis of the larger of the load at the Host account or the generation at the Host account.

(4) In the event that the amount of electric energy provided by the Host account to the Authority in any billing period exceeds the amount of electric energy supplied by the Authority to the Host account during the same billing period, the Host account shall be regarded as having received no electric energy (kWh) during that billing period.

a) Demand and other applicable charges will still apply to the Host account and the Satellite accounts. Host Accounts and Satellite accounts will be subject to applicable actual demand charges consumed in the billing period. The Authority will not adjust the demand charge to reflect demand ratchets or monthly demand minimums that might be applied to a standard tariff for net metering purposes.

b) If the Host account has excess on-site generation, the excess generation shall be converted to a monetary credit at the Host account's applicable tariff per kWh rate and applied as a direct credit to the host account's outstanding electric charges.

c) In the event that the excess on-site generation of the Host account as described in b) above exceeds all components of the host account's outstanding balance owed to the Authority, the remaining monetary credit will be allocated to the eligible designated Satellite accounts in the following manner:

(1) Any remaining monetary credit will be applied to the eligible designated Satellite accounts at the percentage designated by the Customer-generator and in the order that each subsequent Satellite account bills in the Authority's billing system. This process will continue through each day in the current and subsequent billing cycle until each Satellite account has been billed. The monetary credit applied to each satellite account shall not exceed the Satellite account's charges for that billing period. Any allocated credits that exceed the amount that can be used by a Satellite account in that billing cycle will be returned to the Host account. If a Remote Net Metering Satellite account has more than one Remote Net Metering Host, it will receive credits from the Remote Net Metering Host Accounts in the order in which the Host Accounts are billed.

I. General Information (continued):

C. General Terms and Conditions (continued):
Remote Net Metering (continued):

~~(1)~~

(2) If a monetary credit remains with the Host account after all the designated Satellite accounts have been billed, the remaining monetary credit will be applied as a direct monetary credit to the Host account. The monetary credit remaining will be redistributed in any subsequent billing cycle to the designated satellite accounts prior to the annual reconciliation.

(5) Annual Reconciliation of Remaining Credits.
An annual reconciliation will be performed in the first billing period that ends on or after the annual Anniversary Date unless the Customer has residential solar, residential wind, farm wind or farm waste electric generating equipment and makes a one-time election to have the Annual Reconciliation performed in an alternate month.

Any monetary credits remaining with the Host account will be converted back to kWhs and reconciled in accordance with the annual reconciliation procedures for net metering of an individual account.

I. General Information (continued):

C. General Terms and Conditions (continued):

17. Net Metering of Community Distributed Generation

Net metering of Community Distributed Generation ("CDG") allows residential and commercial customers to collectively share in the benefits of a remotely-sited distributed generation resource as if such resource was interconnected directly to the Customer's account. The general eligibility requirements for net metering and all other terms and conditions of this Tariff apply, as modified by or in addition to the specific requirements contained in this section.

Net metering of Community Distributed Generation is available throughout the Authority's service territory. Net metering of Community Distributed Generation is available to eligible customers, on a first come, first served basis, until the capacity limitations for net metering specified on Leaf No. 34B are reached.

The Authority shall not be responsible for any contractual arrangements or other agreements between the CDG Host and CDG Satellite, including contractual terms, pricing, dispute resolution, and contract termination

a) Definitions

CDG Host: a Non-Residential Customer-Generator that owns or operates electric generating equipment eligible for net metering under this Tariff. Net energy produced by the generating equipment of a CDG Host is applied to the accounts of CDG Satellites with which it has a contractual arrangement governing the disposition of net metering credits.

CDG Satellite: A residential or commercial Customer who is participating in a CDG Project. Each CDG Satellite Customer shall own or contract for a proportion of the Excess Generation accumulated at the meter of the CDG Host.

Excess Generation: the electricity (kWh) supplied by the CDG Host to the Authority during the billing period that exceeds the electricity (kWh) supplied by the Authority to CDG Host. For purposes of net metering of Community Distributed Generation, the excess generation will be recorded by an hourly interval meter so that time-differentiated excess generation can be calculated for distribution to CDG Satellite accounts as required.

b) Initial and Subsequent Applications by CDG Hosts

The CDG Host must be a Non-Residential Customer-Generator that meets all the qualifications of this Tariff and must comply with any Operating Procedures for Community Distributed Generation approved by the Board of Trustees, including and in addition to the requirements listed below. The CDG Host will be assigned to an applicable Service Classification based on the greater of the load or the generation at the CDG Host site.

(1) Initial Allocation Requests: At least 60 days before commencing net metered service under CDG, the CDG Host shall designate in its initial application for net metered service the CDG Host account and CDG Satellite accounts that shall receive net metered service under CDG as well as the percentage of net energy output to be allocated to each CDG Satellite account and the percentage to be retained by the CDG Host. The CDG Host must designate no fewer than ten CDG Satellite accounts that meet the specifications provided below, and maintain that minimum number to remain eligible for net metering of CDG Satellite accounts.

II. General Information (continued):

C. General Terms and Conditions (continued):

(2) Subsequent Allocation Requests: The CDG Host may modify its CDG Satellite accounts and/or the percentage allocated to itself or one or more of its CDG Satellite accounts once per CDG Host billing cycle by giving notice to the Authority no less than 30 days before the CDG Host account's cycle billing date to which the modifications apply.

(3) A CDG Host that provides a CDG Satellite's name and account number to the Authority (and such other information as the Authority may require to verify the customer's account based on the information provided), is certifying that it has written authorization from the customer to request and receive that customer's usage information and, upon enrolling a CDG Satellite account, that it has entered into a written contract with such customer for the specified percentage.

(4) Allocations of Excess Generation to CDG Satellite Customers must be specified in a percentage with no more than three decimal places of accuracy (0.001%).

(5) If less than 100.000% of the CDG Host Excess Generation is allocated by the CDG Host, the balance shall be retained on the CDG Host account, so that the full output of the CDG Host generation is allocated.

(6) Submittals with allocations that total more than 100.000% will be rejected, and the CDG Host must submit a new allocation percentage 60 days before net metered service commences.

(7) No more than 40% of the Excess Generation of the CDG Host may serve CDG Satellites of 25 kW or greater (for those members collectively); provided, however, that the CDG Host may count each dwelling unit located within a multi-unit building and served indirectly as though it were a separate participant for determining whether the ten CDG Satellite account minimum and 40% output limits are reached.

(8) A CDG Host account shall not be a Remote Net Metered Host or Satellite account. If the CDG Host account was previously established as a net metered Customer-Generator or Remote Net Metered Host, it must forfeit any remaining kWh credits at the time it becomes a CDG Host.

(9) A CDG Host account cannot voluntarily become a net metered customer-generator or Remote Net Metered Host unless all Satellite accounts agree in writing to the transfer and agree to give up their rights to future output of the Host account. If the CDG Host account transfers to a net metered customer-generator or Remote Net Metered Host, or becomes ineligible to participate as a CDG Host, it must forfeit any remaining kWh credits at the time it switches.

III. General Information (continued):

C. General Terms and Conditions (continued):

c) CDG Satellite account Requirements

(1) A CDG Satellite account shall have only one CDG Host account.

(2) All associated CDG Satellite accounts must be located within the Authority's service territory and within the same NYISO zone as the CDG Host account.

(3) The CDG Satellite account shall not be a net metered Customer-Generator or a Remote Net Metered Host or Satellite account or take service under Service Classification 12.

(4) Each CDG Satellite account must take a percentage of the output of the CDG Host's Excess Generation. The percentage must amount to at least 1,000 kWh annually and may not exceed the CDG Satellite account's historic average annual kWh usage over the past three years (or forecast usage if sufficient historic data is not available).

d) Process and Customer Protections

(1) The Authority reserves the right to establish CDG Operating Procedure that detail the format and requirements for CDG application submissions and other forms and procedures as may be required to administer the program in accordance with this Tariff.

(2) Additionally, the Authority's CDG Operating Procedure will set forth consumer protections required of CDG Hosts, which may be in addition to the terms of this Tariff.

(3) A CDG Host may not request termination or suspension of the Authority's electric service to a CDG Satellite account.

(4) The Authority may terminate net metering under this program and return all Customers to their otherwise applicable billing procedures if it determines that a CDG Host is no longer eligible, if the CDG Host withdraws from CDG participation, or if the Authority terminates service to the CDG Host account.

e) Calculation and Application of Volumetric Credits

(1) The CDG Host account will be billed in accordance with the procedures used to calculate a bill for an individually net metered Customer, except that Excess Generation remaining after the bill has been calculated will be allocated to each Satellite account in accordance with the CDG Host's designated allocation requests. Any Excess Generation remaining after the allocation will remain with the CDG Host account as an energy credit to be allocated to the Satellite accounts in future billing periods.

(2) As each CDG Satellite account is billed, Excess Generation allocated to the Satellite account will be applied to the CDG Satellite account as if the Customer were individually net metered. For CDG Satellite accounts served under time-of-use rates, the Excess Generation will be further allocated to the rating periods applicable to the CDG Satellite account in proportion to the times, days and seasons when the Excess Generation was delivered to the Authority.

III. General Information (continued):

C. General Terms and Conditions (continued):

(3) If any allocated Excess Generation remains after application to the Satellite account, the remaining allocated Excess Generation shall be carried forward on the CDG Satellite's account as a volumetric (kWh) credit for future bill periods.

(4) Any volumetric (kWh) credit remaining at the end of the annual period for each CDG Satellite account will be purchased by the Authority as if the account were individually net metered.

f) <u>Annual Allocation Requests</u>

Once a year, following the annual anniversary of the CDG Host, after the CDG Host and all CDG satellite accounts have billed and credits allocated in accordance with this Tariff, the Authority shall supply the CDG Host a calculation of any excess credits returned to the CDG Host and/or any unallocated excess credits remaining at the CDG Host. Within 30 days of receipt of such information, the CDG Host must furnish to the Authority an annual allocation request for distributing these excess credits to one or more of the CDG Satellite Accounts. No portion of the excess credits may be allocated to the CDG Host Account.

No distribution shall be made if an annual allocation request is not received by the required date, and any undistributed credits on the CDG Host shall be forfeited.

g) <u>Account Closure</u>

(1) The Authority shall require an actual meter reading to close a CDG Host account or CDG Satellite account taking service pursuant to CDG.

(2) The Authority shall close an account on the earlier of: (a) the first cycle date on which a reading is taken following the requested turn off date, or (b) the date of a special reading, which a Customer may request at the charge specified in Charges for Special Services.

(3) At the time a CDG Host account's final bill is rendered, all remaining Excess Generation will be allocated among the CDG Satellite accounts in the proportions most recently specified by the CDG Host, and any remaining credit will be purchased by the Authority at its avoided cost as if the account were individually net metered.

(4) A CDG Satellite account shall no longer receive credits after the final bill is rendered on its account. Any remaining credit at the CDG Satellite account at the time its final bill is rendered will be purchased by the Authority as if the account were individually net metered.