

FOR CONSIDERATION

TO: The Trustees
FROM: Thomas Falcone
DATE: December 19, 2017
REQUEST: Consideration of Tariff Changes Related to Value of Distributed Energy Resources, Municipal Underground, and Remote Meter Reading

Requested Action

The Trustees are requested to approve changes to the Authority’s Tariff for Electric Service (“Tariff”) effective January 1, 2018¹ (1) to provide for more accurate compensation for distributed energy resources (“DER”), consistent with the New York Public Service Commission (the “Commission”)’s *Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters* (the “VDER Order”)²; (2) to provide for undergrounding of all or a portion of transmission or distribution line construction at the request of a municipality; and (3) to remove remote meter charges as Advanced Meter Infrastructure (“AMI”) meters are being implemented system wide.

Additionally, Staff proposes to update the Community Distributed Generation (“CDG”) provisions of the Tariff, consistent with Commission orders affecting the State’s investor-owned utilities,³ to extend eligibility to CDG hosts with fewer than 10 enrolled CDG satellite accounts where the CDG project is located on the site of a multi-unit dwelling.

Background of VDER Proposal

Introduction. The Authority continues to pursue New York State’s clean energy goals and the development of distributed energy resources.⁴ The VDER Order began a transition from the existing framework for compensating DER installed behind-the-meter—known as net energy metering—to a more accurate, value-based compensation framework that will benefit all

¹ Although the Tariff changes become effective on January 1, 2018, certain grandfathering deadlines have been extended in response to public comments, as described below.

² Case 15-E-0751 et al., *In the Matter of the Value of Distributed Energy Resources* (“VDER Proceeding”), Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters (issued March 9, 2017).

³ Case 15-E-0082, Order Modifying Community Distributed Generation Membership Requirements (issued March 13, 2017)

⁴ In addition to NEM, LIPA has issued two requests for proposals (“RFPs”) for utility-scale renewables and four feed-in tariffs (“FITs”) for commercial rooftop solar and fuel cells, resulting in 210-275 megawatts of solar and fuel cell projects and 90 megawatts of offshore wind. The utility-scale RFPs and FITs are alternative programs to net metering, VDER, and CDG that target similar project sites, technologies, and developers, and have been successful in the Long Island service territory. LIPA will evaluate on an ongoing basis offering future RFPs and feed-in tariffs to meet its share of the Clean Energy Standard.

customers by promoting sustainable DER development at a cost that is commensurate with the benefits it provides, while continuing to support the goals of the Reforming the Energy Vision (“REV”)⁵ initiative and the Clean Energy Standard.⁶

Net Energy Metering. “Net Energy Metering” or “NEM”—the existing DER compensation framework—allows electric customers who own an eligible electricity generation system to offset their electric utility bill on a volumetric basis with the electricity generated by their system. New York’s original net-metering statute applied only to residential solar photovoltaic (PV) systems. Over the years, the law was expanded to include other forms of electric generation equipment including farm waste, wind, micro-hydro, fuel cell, and combined heat and power systems.

NEM was initially subject to a rated generating capacity ceiling in each utility service territory equal to one 1% percent of the 2005 electric demand for each utility. Subsequently, the Authority increased the ceiling to 3% and currently has waived any limitations or restrictions on the ceiling, consistent with statewide policy.

As of September 2017, the total DER generating capacity in Long Island currently compensated under NEM exceeded 5.5% of the Authority’s 2005 peak demand and is expected to continue increasing. While NEM is a simple method for compensating DER, DER is effectively “paid” the retail rate for electricity, even though customers with DER continue to rely on the grid for sales and purchases of electricity.

Customers currently receiving NEM will not be affected by this proposal. In addition, residential and small commercial customers who add solar (or other DERs) by January 1, 2020 will continue to receive NEM, with minor modifications, for 20 years.

The VDER Order. On March 9, 2017, the Commission adopted the first phase of its transition from NEM to VDER in its VDER Order, which outlined a new framework for compensating solar and other distributed energy projects to better reflect the value and benefits provided to the grid by solar and other DERs while maintaining a smooth transition and grandfathering provisions to protect customers who had already made DER investments.

In the VDER Order, the Commission introduced the “Phase One Value Stack” – the first step of a new compensation framework based on summing the components of DER value to the grid, the utility, and the utility’s other customers. The components of value include energy, capacity, environmental, demand reduction, locational value, and for certain customers a CDG transition credit. The Commission’s Phase One Value Stack began applying to demand-metered commercial, community distributed generation, and remote net metering customers of the State’s investor-owned utilities as of June 9, 2017. DERs subject to the Phase One Value Stack receive monetary credit for net hourly electricity exported to the grid. Excess credit will be eligible for carry-over to subsequent billing for a term of 25 years.

⁵ Case 14-M-0101, Reforming the Energy Vision, Order Adopting Regulatory Policy Framework and Implementation Plan (issued February 26, 2016) (REV Framework Order or Track One Order); Order Adopting a Ratemaking and Utility Revenue Model Policy Framework (issued May 19, 2016) (Track Two Order).

⁶ Case 15-E-0302, *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard*, Order Adopting a Clean Energy Standard (issued August 1, 2016) (“CES Order”).

Proposed Action to Implement VDER

Staff proposes to modify the Authority's Tariff for Electric Service to implement Phase One of the Commission's VDER Order.⁷

Grandfathering of Existing Net Energy Metering

The following customers will be grandfathered and remain on existing NEM rules for the life of the customer's system:

- Existing NEM enrolled customers;
- Eligible mass market (i.e. residential and small commercial) customer-generators who become substantially interconnected by January 1, 2018;⁸
- Eligible demand-metered commercial customer-generators, demand-metered commercial participants in community distributed generation projects, and remote net metering hosts, who have submitted complete applications by April 30, 2018.⁹

Phase One Net Energy Metering

Mass market customers who submit complete applications on or after January 1, 2018 and become substantially interconnected by January 1, 2020¹⁰ will be eligible for Phase One NEM. Phase One NEM is identical to the existing NEM framework, *except* that:

- Phase One NEM is subject to a 20-year sunset, after which time the customer will be moved to the compensation system then in effect;
- Unused credits will roll over to next billing period for the full 20-years (instead of being cashed out annually); and
- Any credits remaining after the twentieth year will be forfeited.

Also eligible for Phase One NEM are mass market customers who participate as satellites in community distributed generation projects that become substantially interconnected after January 1, 2018 and before the earlier to occur of (i) January 1, 2020 and (ii) the date on which the total

⁷ Aside from timing differences, there are two differences between the Authority's VDER proposal, as amended, and the Commission's VDER Order. The differences are explained below in the comment section. Authority staff will work with the DPS staff to bring the Authority's VDER Tariff into closer alignment with the PSC's VDER orders in subsequent phases.

⁸ Substantial interconnection will be determined by reference to the PSEG Long Island Smart Grid Small Generator Standardized Interconnection Procedures ("Smart Grid SGIP"). Systems in the Smart Grid SGIP Fast Track process will be considered substantially interconnected upon completion of Step 6 of the Fast Track process. Systems sized between 50 kW and 5,000 kW will be considered substantially interconnected upon completion of Step 7 of the Smart Grid SGIP. (Systems larger than 2,000 kW are ineligible for net metering under the current Tariff. The PSC is considering raising this cap to 5,000 kW, at which time the Authority staff would invite the Board to consider doing the same.)

⁹ To be considered complete, an application must include all items required in Appendix F of the PSEG Long Island Smart Grid Small Generator Standardized Interconnection Procedures ("Smart Grid SGIP"), *available at* <https://www.psegliny.com/files.cfm/SGIP.pdf>.

¹⁰ The Commission has indicated that it will issue a Phase Two VDER Order to go into effect on January 1, 2020. The Authority intends to implement Phase Two on January 1, 2020, or as soon thereafter as reasonably practicable in light of administrative rulemaking procedures applicable to the Authority.

capacity of NEM and CDG projects interconnected after the tariff effective date reaches 94 megawatts.¹¹ After January 1, 2020, and if the total capacity of NEM and CDG projects interconnected after the effective date reaches 94 megawatts before January 1, 2020, new mass market CDG customers will be compensated under the Phase One Value Stack plus a CDG transition credit as described below.

Phase One Value Stack

Demand-metered commercial customer-generators, demand-metered commercial participants in community distributed generation projects, and remote net metering hosts that submit complete applications after April 30, 2018 will be compensated using the Phase One Value Stack.

- Participants will receive monetary credits (as opposed to volumetric) for excess generation in any hour according to the Phase One Value Stack described below.
- Unused credits will roll over to next billing period, except that credits held by a CDG Host Account and unable to be distributed to a CDG Satellite Account will be retired after one year.
- Eligible projects will be guaranteed to receive compensation under the Phase One Value Stack for a term of 25 years. After 25 years, projects will be transitioned to the compensation system then in effect.
- The elements of the Phase One Value Stack will be posted in an addendum to the Authority's Tariff as a "Statement of Value Stack Credits" and will be determined as follows:
 - **Energy** – Set at the wholesale market price for energy, using the day-ahead hourly locational-based marginal pricing (LBMP), inclusive of transmission losses, as reported by the New York Independent System Operator (NYISO).
 - **Capacity** – Compensation for capacity based on NYISO market capacity costs. For intermittent resources,¹² the customer may choose compensation by one of three alternatives:
 - Alternative 1 (default) – an average rate paid per kilowatt-hour on electricity exported to the grid during all hours of the year
 - Alternative 2 – a higher rate paid per kilowatt-hour, but only on electricity exported to the grid during 460 peak summer hours (2-7PM, June-Aug)
 - Alternative 3 – a payment per kilowatt based on the project's kW output during the 10 highest hours of system peak demand during the prior year
 - **Environmental benefits ("Value of E")** – The greater of (i) the New York State Energy Research and Development Authority ("NYSERDA") posted Tier 1 renewable energy credit ("REC") price or (ii) the social cost of carbon, as of the

¹¹ 94 megawatts is the Authority's equivalent of the PSC's Tranches 0 and 1, calculated as 25% of 7% of 2016 peak load of 5,394 megawatts.

¹² **Dispatchable projects** – The capacity payments of a dispatchable project will be based on the Customer-generator's net exports to the grid at the time of the peak recorded for Long Island (Zone K) during the previous NYISO Capability Year multiplied by the NYISO Monthly Spot Market Capacity Price.

operational date for the Customer-generator. The rate is paid only to projects that sell their RECs to LIPA and is locked in for 25 years.

- **Avoided demand (“D” or “DRV”)** – Based on the value of reducing the distribution grid’s peak load.
 - The DRV will be calculated for each customer service classification using the Authority’s most recent marginal cost of service study. The DRV may reflect a de-averaging of the system average marginal cost based on the number of megawatts subject to the LSRV. This rate is locked in for 3 years.
 - DRV compensation will be calculated by multiplying an eligible Customer-generator’s Capacity Value by the DRV in effect during the billing period of the current calendar year.

- **Locational system relief value (“LSRV”)**
 - The LSRV is a location-specific supplement to the DRV based on additional avoided costs at particular locations on the Authority’s system.
 - Initially, the LSRV in all eligible areas will be set at 50% of the DRV value in effect as of the operational date of the Customer-generator. The LSRV compensation credit will be calculated by multiplying Customer-generator’s Capacity Value by the LSRV in effect as of the operational date of the Customer-generator.
 - The LSRV compensation credit will be fixed for the first ten years of the Customer-generator’s participation in the Phase One Value Stack, after which time the LSRV will be reset to the then-applicable LSRV at that location, if any, for an additional 10-year term.
 - The LSRV will be available to projects located in eligible LSRV locations identified on the Authority’s website in a Tariff “Statement of Locational System Relief Value Areas”.

- **CDG Transition Credit** – Beginning on the earlier of (i) date the total capacity of NEM and CDG projects interconnected after January 1, 2018 reaches 94 megawatts; and (ii) January 1, 2020, newly applying mass market participants in CDG projects will be compensated under the Phase One Value Stack except that a CDG Transition Credit will replace the DRV. The CDG Transition Credit will be calculated in consultation with the staff of the Department of Public Service with the intention of replicating the “Market Transition Credit” in the PSC Value of DER Order. The CDG Transition Credit will be posted on the Authority’s website in the Statement of Value Stack Credits sufficiently in advance of the 94-megawatt trigger being reached to provide notice to any potentially affected project under development.

Background and Proposed Action – Undergrounding

On September 26, 2017, the Board of Trustees approved a policy on Evaluation of Underground Facilities and Public Outreach Prior to Construction of Major Projects (the “Undergrounding Policy”). The Undergrounding Policy outlines the criteria to be considered by the Authority to determine whether and the extent to which underground construction of all or a portion of a project is appropriate, consistent with state-wide standards. If a municipality seeks a *greater* portion of the project undergrounded, the municipality will now have the option to request underground construction be performed by the Authority at the municipality’s expense. This proposal will provide a financing mechanism to allow local communities to pay for the additional cost of undergrounding all or a portion of a project.

LIPA staff proposes an addition to the Tariff to address the charges to participating municipalities when incremental underground construction is requested. When incremental underground construction is requested, the requesting party (an affected city, county, town, or incorporated village) will have the option of paying the full incremental cost in advance of construction or in the form of an incremental energy charge on its designated residents’ utility bills for a period of 20 years.

If the latter approach is chosen, the incremental revenue requirement will include incremental costs expressed on a levelized annual basis. The incremental revenue requirement will be divided by the forecasted annual energy sales to the applicable accounts that are within the designated boundary to identify an incremental charge adder that will be charged to the designated customers until the total incremental cost of the project, including LIPA’s weighted average cost of capital, has been recovered.

Background and Proposed Action – Remote Meter Reading

The Authority and PSEG Long Island have planned a full deployment of AMI to improve customer satisfaction, increase energy efficiency, drive operational excellence, and reduce the cost of service, all which align with the goals of REV. The deployment of AMI system wide is being proposed to be complete by the end of 2022.

The Authority’s Tariff currently includes specific charges related to the installation and reading of remote meters. As AMI will become the standard for all customers going forward and can be read remotely at no incremental cost, the Authority will no longer need to recover additional fees for these types of meter services. Accordingly, this proposal eliminates one-time installation charges and daily administration and communication charges to customers who have requested the hourly metering technology.

In addition, data from the AMI meters will be accessible by customers on the PSEG Long Island website at no charge. However, any Energy Service Company (“ESCO”) who request the AMI data be sent to them (as opposed to retrieved from the PSEG website) on a regular basis will have to enter into a negotiated pricing plan for that service, as is required under the existing tariff. This is consistent with the concept developed New York’s Reforming the Energy Vision of data mining and production as a value-added service for modern utilities.

Financial and Customer Impacts

VDER. The VDER Tariff proposal is not expected to have a material financial impact on the Authority or its customers. Existing net metering customers will not be affected because they will be grandfathered under the current net metering rules.

Of the approximately 6,000 new net metering applications received per year by the Authority, fewer than 130 applications (approximately 2%) will be subject to the Value Stack compensation framework.¹³

The Authority has estimated the future impacts of the VDER Tariff based on new customer applications¹⁴ and expects to experience increased delivery revenues, net of payments to customer-generators, of approximately \$184,000 per year as a result of certain large commercial customers being eligible for the Phase One Value Stack rather than Net Energy Metering. However, staff expects these additional revenues to be offset by increased operating costs consisting of the addition of approximately 2.5 full-time equivalent employees needed to maintain the customer records and manually bill Phase One Value Stack customers as proposed.

Municipal Undergrounding. The Underground Tariff proposal will have no measurable impact the Authority or on customers outside the municipality electing to use the Tariff, as the charge is designed to recover all the incremental costs from the participants, plus interest calculated at LIPA's weighted average cost of capital.

Remote Meter Reading. The Remote Meter Charges proposal will not result in a material loss of revenues. Currently there are about 8 customers being charged remote meter reading charges. The loss of revenue is estimated to be \$511 per year and is more than offset by the operational savings associated with the AMI rollout.

Public, Stakeholder, and Department of Public Service Input

Public hearings were held on all three Tariff proposals on November 27th, 2017 in Nassau and Suffolk Counties, and written comments were accepted through December 8th, 2017. In addition, the Authority and PSEG Long Island met with and received input from representatives of the local solar industry on several occasions to discuss the VDER Tariff proposal.

Valuable input was received from community stakeholders, members of the public, and the staff of the New York Department of Public Service on the VDER Tariff proposal. This input is

¹³ Based on recent levels of participation, the Authority expects to receive approximately 100 applications per year for participation in the Phase One Value of DER from demand-metered commercial customers, six applications per year from community distributed generation projects (each to include a projected one to three commercial demand-metered satellite accounts), and five to ten applications from remote net metering hosts.

The Authority currently has one interconnected community distributed generation project and has received one other new application that is expected to result in a community distributed generation project being interconnected before the effective date of this tariff proposal. As of the date of publication, there are approximately 35 remote net metering hosts. These existing customers will not be affected by this proposal.

¹⁴ See previous footnote.

summarized below and has been provided to the Board in full. A common theme among public commenters was that impact on the solar industry should be carefully considered and efforts should be made to educate the solar industry regarding the potential effects and to minimize any potential negative impact. The theme of the Department of Public Service comments was that the proposal should be made as consistent as possible with the PSC VDER Order to ensure that the State's treatment of DERs is uniform and predictable.

In response to community and DPS input received, the Authority has recommended changes to its original VDER proposal for purposes of (1) assisting the local solar development community in understanding and adapting to the proposed changes; and (2) making the proposal even more consistent with the framework adopted by the rest of the State in the PSC's Value of DER Order.¹⁵

The DPS commented in support of the Undergrounding Tariff and recommended that the incremental undergrounding charges be recovered on a per kilowatt-hour basis instead of a per customer basis as originally proposed. The recommended change has been made.

The DPS commented in support of the Remote Meter Reading Tariff proposal.

No comments were received from members of the public on the Undergrounding or Remote Meter Reading Tariffs.

Summary of Changes made in Response to Comments on VDER Tariff:

The following changes were made in response to input received from the public, community and industry stakeholder, and the Department of Public Service.

- **Increased Grandfathering Eligibility and More Resources for Solar Developers and Customers.** We have increased the length of the grandfathering eligibility period for demand-metered commercial and remote net metering customers by an additional four months, to April 30, 2018, during which time the Authority will: (1) in consultation with NYSEDA, make available a forecasting model for solar developers and customers to estimate future value stack payments (the "NYSEDA Value Stack Calculator"), which will be available in early 2018; (2) schedule trainings for developers and customers in using the calculator, and (3) streamline our process for providing historical customer usage data to installers. We have also increased eligibility for grandfathering to allow projects for which a complete application has been submitted.
- **25-year Value Stack Guarantee** – We have revised the length of time during which a

¹⁵ Most of the differences between the original proposal and the PSC Order have been resolved. Two differences remain. The main difference is the treatment of mass market (residential and small commercial) community net metering customers. The Authority proposes to net meter these customers for 20 years if they sign up by the earlier to occur of (a) January 1, 2020; or (b) 94MW of new NEM and CDG capacity being installed. The PSC puts these customers on value stacks plus a market transition credit. The second difference is in customer Alternative 3 for capacity payments. The Authority's Alternative 3 is based on the project's performance during the top 10 peak hours of the prior year instead of the single peak hour of the prior year. Authority staff will work with the DPS staff to bring the Authority's VDER Tariff into closer alignment with the PSC's VDER orders in subsequent phases.

project is guaranteed to receive the value stack compensation framework from 20 to 25 years, consistent with the PSC VDER Order.

- **Longer and More Robust Environmental Crediting** – We have revised the length of time during which the Value of E is locked in from 20 to 25 years, consistent with the PSC VDER Order. We have also committed to obtain changes in REC banking rules that will permit the Authority to bank excess RECs in sufficient quantities to eliminate the need to discount the NYSERDA Tier 1 REC value to reflect unused RECs, when calculating the Value of E.
- **More Customer Choices for Capacity Compensation** – We have revised the capacity value component to include three alternative valuation methodologies for intermittent resources, consistent with the VDER order.
- **CDG Transition Credit** – We have revised the proposal to state that we will begin compensating new mass market CDG customers under the Value Stack framework, plus a CDG Transition Credit in place of the DRV, upon the earlier of (a) January 1, 2020; and (b) 94 megawatts of new NEM and CDG projects being interconnected.

Summary of Comments Received from the Department of Public Service on VDER Proposal

The DPS has reviewed and is supportive of the VDER proposal (see attached letter of recommendation). The DPS also provided advice and assistance throughout the notice and comment period. The DPS recommended improvements intended to make the proposal more consistent with the statewide approach, which are reflected in the revised proposal as described above.

In its letter of recommendation, the DPS indicated its support for the Authority's efforts to transition Long Island to be more aligned with the State's VDER policy. The DPS recommended that the Authority continue to work with DPS technical staff to ensure that the Authority's policies for compensating DERs are consistent with the State's, taking into account particular circumstances on Long Island. The DPS also noted the usefulness of the NYSERDA VDER calculator and recommended that the Authority create a pricing calculator that can be used by developers to demonstrate potential customer savings, and recommend that the Authority continue to work with solar installers on provision of data and assistance understanding the value stack formulas and calculations.

Summary of Public Comments on VDER Proposal

The public hearings were well attended by solar installers and other community stakeholders, and several written comments were received.

Several comments and concerns were shared among more than one commenter. We have categorized and summarized these comments below and, in Table 1 below, have identified which comments were made by each speaker.

In addition, the Long Island Solar Energy Industry Association submitted comments on behalf of its seven board members, 20 member companies, and 11 other community-based organizations and companies. The LISEIA comments, which have been provided to the Board of Trustees, stated that although the solar community is supportive of migrating to a more dynamic pricing system for solar and consumption, the original Tariff proposal was not supportable as written.

The Authority has since worked together with LISEIA and other commenters to address their comments as discussed herein. LISEIA and its members are now supportive of the proposal as amended and have withdrawn their opposition. This support of the amended proposal is indicated in Table 1 below.

Table 1 – Guide to categorized comments, by submitter

	Overly complex / difficult to estimate	Moving too fast	Insufficient data available	Values too low	Indicated support of amended proposal
LISEIA and community organizations	x	x	x	x	Y
Charles DiStefano, LISEIA	x	x	x		Y
Bill Feldmann, LISEIA	x			x	Y
Jack Kulka, The Kulka Group	x	x		x	
Mike Bailis, SUNation Solar	x		x		Y
Scott Maskin, SUNation Solar	x	x			Y
Joseph Milillo, LISEIA		x		x	Y
Dennis Phayre, LISEIA	x			x	Y
Adrienne Esposito, Citizens Campaign	x		x	x	Y
Charles Schwartz, Green LI	x	x			Y
Arthur Perri, CED Greentech		x			Y
Ron Tergesen, Gexpro	x	x			
David Schieren, EmPower Solar	x	x	x		Y
Tara Bono, EmPower Solar	x	x	x		Y
Neal Lewis, Sustainability Institute of Molloy College	x	x			Y
Ronnie Mandler, Best Energy Power	x		x	x	Y
Sammy Chu, Edgewise Energy	x	x	x	x	Y
Billii Roberti, Green Choices Consulting	x				
Eric Alexander, Vision Long Island	x	x	x		Y
Jay Schneiderman, Town of Southampton	x	x	x	x	
Matthew Cohen, Esq., Long Island Association	x	x	x	x	Y
Kyle Strober, Association for a Better Long Island	x	x	x	x	Y
Gordian Raacke, Renewable Energy Long Island	x	x	x	x	Y
Sisters of St. Joseph	x	x	x	x	Y

- **Comment:** **The original VDER proposal was overly complex, harmful to Long Island businesses, and difficult to market to potential customers.** Several commenters spoke about the complexity of the original proposal, finding it difficult to understand, difficult to estimate future payment amounts, and difficult to explain to potential customers when marketing solar installations. As a result, these commenters said the original proposal would negatively impact solar installation businesses on Long Island and therefore cause job losses within the industry.

In addition, these commenters pointed out that because the value components in the original proposal were difficult to predict and subject to fluctuation, it would be more challenging for solar installers and customers to obtain financing for projects. They predicted that this would lead to lower growth of the solar market on Long Island.

These commenters said that more tools should be made available for solar installers to review and understand the value stack calculations and to estimate future value stack payments. They pointed out that NYSERDA made a “value stack calculator” available that made it possible for solar installers and customers to estimate value stack payments for projects interconnected with other utilities in New York, and that no similar tool is available for the Authority’s service territory. A few commenters noted that the NYSERDA value stack calculator could be improved upon.

Authority staff response: In response, the Authority staff has recommended several modifications to the original proposal in response to the public and DPS input with the intent of assisting the local solar development community in understanding and adapting to the proposed changes.

- First, to assist solar installers in better understanding and estimating the value stack components, the Authority has engaged NYSERDA to create a “value stack calculator” for Long Island that will allow solar installers and customers to easily estimate value stack payments for specific customers. NYSERDA expects to complete work on the calculator by early 2018, before new customers begin to be compensated under the value stack framework.
- Second, the Authority staff has delayed the date on which certain new customers will begin receiving compensation under the value stack framework from January 1, 2018 to April 30, 2018. This will provide solar installers with additional time to understand the new compensation system and educate their employees and customers.
- Third, the Authority’s service provider, PSEG Long Island, has committed to schedule training sessions to assist solar installers and customers with understanding the value stack framework and practice using the new value stack calculator.
- Fourth, to improve the ability of solar installers and customers to estimate value stack payments, PSEG Long Island has committed (a) to streamline its processes

for providing customer usage data, (b) to review its capability to provide hourly interval usage data, (c) to provide access to the formulas and calculations used in the value stack, and (d) to provide regular reporting on the number of solar installations.

- Fifth, to make the new value stack compensation more predictable and limit undue fluctuation, the Authority has lengthened the period during which a project is guaranteed to receive value stack payments from 20 to 25 years and lengthened the period during which the Value of E credit is fixed from 20 to 25 years.
- Sixth, to limit any impact on projects already in early stages of development, in addition to delaying implementation as described above, Authority staff recommends making NEM grandfathering available to projects in earlier stages of development. Specifically, staff recommends grandfathering projects that have submitted complete applications (as defined in Exhibit F of the PSEG Long Island SGIP).

The Authority staff believes the above changes listed above will address these comments. In addition, Authority staff notes the following:

- **VDER represents the result of a collaborative statewide public process.** The PSC's VDER Order was the result of a lengthy public collaborative process involving numerous stakeholders including representatives from utilities, customers, solar installers, public policy experts, and environmental groups. It represents the culmination of two years of hard work and compromise. The Authority has monitored the statewide collaborative process closely and believes the product to be a fair and reasonable approach to beginning the State's transition to a more accurate system for compensating DERs. In addition, all stakeholders and customer would be well served by a consistent and uniform DER compensation policy throughout the entire State—that is why the Authority has sought to limit any differences between its Tariff proposal and the statewide approach.
- **The Authority's VDER proposal affects a small share of the Long Island solar market.** As noted above, of the approximately 6,000 applications received by the Authority per year for solar projects, only 130 are from projects that will be compensated under the VDER framework under this proposal. By conducting a limited rollout of the new framework to a small share of the market, the proposal allows the Authority to test the new system while limiting any impact on the solar development market.
- **Solar developers have many alternatives on Long Island.** In addition to net metering and VDER, solar developers on Long Island have other opportunities available to them. LIPA has issued two requests for proposals ("RFPs") for utility-scale renewables and four feed-in tariffs ("FITs") for commercial rooftop solar and fuel cells, resulting in 210-275 megawatts of solar and fuel cell projects and 90 megawatts of offshore wind. The utility-scale RFPs and FITs are alternative

programs to NEM, VDER, and CDG that target similar project sites, technologies, and developers, and have been successful in the Long Island service territory.

- **Comment: The original VDER proposal was too sudden, did not allow enough time for installers to adapt to changes, and VDER is premature without more dynamic retail pricing.** Several commenters expressed support for transitioning to a successor to net metering but said that the changes were happening too fast.

These commenters said that the original proposal did not give them enough time to adapt to the VDER compensation system. In particular, these commenters were concerned that projects in early stages of marketing and development could be negatively affected if those projects are not interconnected by the time the proposal is implemented and thus do not qualify for grandfathering under net metering. These commenters also said that insufficient time was made available for them to understand the value stack calculations and educate their salespeople.

In addition, some of these commenters said that it was premature to introduce time and location based compensation (i.e. dynamic pricing) for solar before introducing time and location based pricing for retail consumption by customers. These commenters pointed out that California requires new solar customers to sign up for a time-based rate.

Authority staff response: In response to this comment, the Authority staff has modified the proposal to delay implementation of the value stack compensation system to April 30, 2018. This provides an additional four months for solar installers to become familiar with the new compensation system and educate employees and potential new customers. In addition, solar installers may use the delay to finish closing any deals that are currently in process. Authority staff has also recommended expanding grandfathering eligibility to include demand-metered commercial projects for which PSEG Long Island has received a complete application (as defined in Exhibit F of the PSEG Long Island SGIP) by April 30, 2018 (rather than requiring such projects to be substantially interconnected). This will ensure that deals struck under the existing compensation framework will not be disrupted by the proposal.

In addition, Authority staff notes that in addition to the Authority's standard notice and comment period of approximately two months, VDER has been publicly examined and debated for nearly two years in the statewide collaborative process, and representatives of the solar developer community have been closely involved throughout.

Finally, regarding the comment that time and location based compensation should be timed in sync with time and location based retail pricing, Authority staff notes that the Authority periodically reviews and updates as necessary its time and location based retail pricing options. Time-based pricing options are available to all Authority customers. Many of the small groups of customers affected by the proposal are already on time-based pricing, and all of the largest commercial customers (Rate 285) are on mandatory time-based pricing. The Authority occasionally offers location-specific rebates to customers who are willing to reduce their electricity usage during times of peak demand.

- **Comment: Insufficient data and information have been made available to solar installers and customers.** Several commenters expressed a concern that formulas and calculations for determining value stack amounts were not made available or were not provided with enough time for ample review. In addition, these commenters stated that more historical customer usage data is needed for them to be able to estimate their customer's future value stack payment amounts.

Authority staff response: As discussed above, PSEG Long Island has committed (a) to streamline its processes for providing customer usage data, (b) to review its capability to provide hourly interval usage data, (c) to provide access to the formulas and calculations used in the value stack, and (d) to provide regular reporting on the number of solar installations. Staff has also modified the proposal to provide an additional four months for solar installers to review and process this information.

In addition, staff notes that the Authority and PSEG Long Island have announced a rollout of smart meters to all customers, which will produce hourly interval usage data. Nearly all the largest customer class affected by the proposal (Rate 285 customers) already have smart meters, and PSEG Long Island has committed to prioritize the remaining customers affected by the proposal (Rate 281 customers and remote net metering customers). The Authority and PSEG Long Island's smart metering program is proceeding as or more quickly than the rest of the State's utilities.

- **Comment: Value stack compensation too low.** A few commenters stated that compensation for certain components of the value stack was too low in the original proposal. In particular, these commenters believed the Value of Environmental should not be compensated at the Authority's levelized cost of renewable energy credits because this methodology could result in a payment that is lower than the true value to the environment of the customer's production. Commenters also noted that the originally proposed method for valuing capacity could result in payments that were lower or less certain than the capacity valuation methodology proposed by the PSC.

Authority staff response: As discussed in greater detail above, the Authority has committed to obtain more favorable REC banking rules that would enable it to pay the higher of the full Tier 1 REC value for Environmental or the Social Cost of Carbon, consistent with the PSC. In addition, the Authority has modified its proposal to add two more customer alternatives for calculating capacity values, similar to those offered by the PSC. We have also extended the period during which value stack compensation is guaranteed from 20 years to 25 years. We believe these changes adequately address the public comments received.

Individual Comments

Comments that did not fall into any of the summary categories above are addressed here.

- **Monica Lamb, LO3 Energy Inc.** LO3 Energy Inc. is an energy technology company that uses blockchain technology to enable an interactive, multi-sided marketplace that allows consumers, producers, and utilities to deploy and manage energy assets and activate an

internet of things within the local power grid.

LO3 commented in support of the proposal, describing the proposed Tariff changes as “a crucial step toward implementing these markets, and a first step in establishing accurate price signals that will drive even greater efficiency and intelligence in the functioning of the electric grid.” In addition, LO3 commented that it appreciates LIPA’s efforts “to modernize the power grid consistent with New York State's initiatives to reform the energy future.”

LO3 recommended several modifications to the original proposal: (1) adopting the PSC’s Value of E (the higher of the Social Cost of Carbon and the full Tier 1 REC price); (2) updating the Demand Reduction Value every three years instead of every 5 years, as originally proposed, arguing that more frequent value determinations will improve the accuracy of the price signal in driving appropriate investments in DERs; and (3) adopting alternative methods for calculating the capacity element of the value stack.

Authority staff response: Staff has made the changes suggested by LO3.

- **Angela Schorr, Direct Energy.** Direct Energy recommended a modification to the original proposal to allow grandfathering of customers who have already signed an interconnection agreement by January 1, 2018 (but who might not have yet been interconnected by that date). Direct Energy has been working with some customers who are in the process of completing projects, but have not specifically been interconnected yet. Direct Energy commented that these customers should be included in the net metering grandfathering since they have begun building projects based upon existing rules.

Authority staff response: Staff has made the changes suggested by Direct Energy.

- **Susanne DesRoches, Mayor’s Office of Sustainability, City of New York.** The City of New York commented that it supports measures like the Value Stack mechanism that can provide more robust compensation for DER projects, particularly in areas where they can help to relieve grid strain or address public policy priorities such as energy affordability, air quality, and heat vulnerability, among other dimensions. The City recommended the following modifications to the original proposal to harmonize it with the rest of the state’s VDER compensation:
 - Changing the Value of E (to the higher of the Tier 1 REC Value and the social cost of carbon) and clarifying that it will only be paid to eligible technologies that generate RECs;
 - Clarifying that mass market customers who participate as satellites in CDG projects will be compensated under the value stack plus MTC system after January 1, 2020;
 - Guaranteeing value stack compensation for 25 years (rather than 20 years);
 - Updating the DRV every three years rather than five years.

Authority staff response: Staff has made the changes suggested by the City of New York and commits to working with DPS to establish a CDG Transition Credit that is consistent with the MTC.

In response to the DPS's and others' comments, the Authority made several changes to make the Authority's VDER Tariff proposal even more consistent with the PSC VDER Order, including increasing the period during which a customer's value stack compensation is locked in, adopting the DPS's recommended Value of E, and committing to make available a value stack calculator and training sessions to educate customers and solar installers. The Authority will continue to work with the DPS staff to closely align the Authority's compensation for DER with statewide policy in subsequent phases.

Recommendation:

For the foregoing reasons, I recommend that the Trustees approve the modifications to the Tariff for Electric Service described herein and set forth in the accompanying resolutions.

Attachments

- Exhibit A DPS Letter of Recommendation

- Exhibit B LISEIA Letter of Support

- Exhibit C-1 VDER resolution
- Exhibit C-2 VDER final Tariff reflecting comments (redline)
- Exhibit C-3 VDER original Tariff proposal

- Exhibit D-1 Undergrounding resolution
- Exhibit D-2 Undergrounding final Tariff reflecting comments (redline)
- Exhibit D-3 Undergrounding original Tariff proposal

- Exhibit E-1 Remote Meter Reading resolution
- Exhibit E-2 Remote Meter Reading final Tariff reflecting comments
- Exhibit E-3 Remote Meter Reading original Tariff proposal



125 East Bethpage Road, Plainview, NY 11803
www.dps.ny.gov/longisland

John B. Rhodes
Chair and
Chief Executive Officer

Thomas Congdon
Deputy Chair and
Executive Deputy

Paul Agresta
General Counsel

Kathleen H. Burgess
Secretary

December 8, 2017

Honorable Ralph V. Suozzi, Chairman
Board of Trustees
Long Island Power Authority
333 Earle Ovington Blvd.
Uniondale, New York 11553

Re: Matter No. 17-02630 - Recommendations Regarding Long Island Power Authority's Proposed Modifications to its Tariff for Electric Service, Effective January 1, 2018.

Dear Chairman Suozzi:

Enclosed please find the recommendations of the New York State Department of Public Service (DPS or the Department) regarding the Long Island Power Authority's (LIPA or the Authority) proposed modifications to its Tariff for Electric Service (tariff), effective January 1, 2018. The LIPA Reform Act (LRA) authorizes the Department to make recommendations regarding the operations and terms and conditions of service provided by the Authority and its Service Provider. The Department supports the Authority's proposals in accordance with the discussion set forth herein.

The Authority submitted to DPS three proposals for modifying its tariff. The proposals modify the Authority's tariff to: (1) create a new municipal financing program for the incremental cost of undergrounding overhead Transmission & Distribution (T&D) projects; (2) eliminate remote meter installation charges; and (3) implement policies in conformance with Phase 1 of the Public Service Commission's (PSC) Net Metering Phase One Order, otherwise known as the Value of Distributed Energy Resources (VDER) Order.¹

The Authority's first proposal creates a municipal financing program which would allow the Authority to apply a charge to customers in municipalities, where the municipality has requested the incremental undergrounding of T&D facilities in lieu of overhead construction where overhead construction is the method determined by PSEG

¹ Cases 15-E-0751 *et al.*, *In the Matter of the Value of Distributed Energy Resources*, Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters (issued March 9, 2017).

LI to be appropriate. The proposal gives municipalities the option of paying either the full incremental cost of undergrounding in advance of construction, or paying the cost in the form of an incremental consumption charge for a period of 20 years.

The proposed tariff modification is similar to LIPA's Visual Benefits Assessment tariff currently in effect for the Town of Southampton, and similar tariff provisions for other New York State Investor Owned Utilities (IOUs), in providing a financing service to municipalities.² LIPA's proposal seeks to recover the incremental costs of undergrounding through a consumption charge (\$/kWh). Municipalities may pursue this financing option by filing a written request for incremental underground construction with an appropriate municipal resolution, authorizing the Authority to impose and collect a charge on customer bills in the area designated by the municipality and within its municipal jurisdiction. The municipal resolution must include a finding that the proposed additional undergrounding is in the public interest. As proposed, the modification does not have any financial impact to the Authority, however, the individual rate payer's financial impact will vary based on the size of each undergrounding project and the number of applicable customers subject to the incremental charge. The Department recommends adoption of LIPA's undergrounding proposal so as to enable municipalities to have all or part of transmission or distribution projects placed underground based on unique considerations of importance to the municipality and its residents.

The Authority's second proposal is to terminate specific charges related to remote meters. LIPA states that with the deployment of AMI smart meters, the Authority will no longer need to recover additional fees for these types of meter services. There are currently only 8 customers affected by the tariff and elimination of these charges has minimal impact on LIPA revenues (approximately \$511 per year). As smart meters begin to replace aging conventional meters on Long Island the need for these services will eventually phase out. The Authority's modification proposal states that meter data will eventually be provided free of charge on the Authority's website. Due to the small number of customers, the relatively minor financial impact, and the eventual phase in of AMI smart meters to these customers, the Department recommends that the Authority adopt this modification to its tariff.

The third proposal modifies the Authority's tariff to reflect the PSC's Order on Net Metering Phase One of the VDER.³ Included therein, LIPA also proposes to update the Community Distributed Generation (CDG) provisions of its tariff, consistent with Commission policy, to extend eligibility to CDG hosts with fewer than 10 enrolled satellite accounts where the CDG project is located on the site of a multi-unit dwelling.⁴

The Department supports LIPA's efforts to transition Long Island to be more aligned with the State's VDER policy. The LIPA tariff proposals for commercial demand metered customers, remote net metered customers, mass market customers and

² Long Island Power Authority Tariff for Electric Service Leaves 182D through 182G.

³ Cases 15-E-0751 *et al.*, *Value of Distributed Energy Resources*, Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources (issued March 9, 2017).

⁴ *Id.*, p.88.

demand metered customers who sign up for a community distributed generation project are consistent with State policy for VDER for those sectors and DPS recommends their approval. With respect to treatment of mass market (residential and small commercial) community net metering customers and certain aspects of the Capacity Value, we recognize that LIPA is continuing to work with the solar industry on a transition tariff that is more aligned with the State's VDER programs. We recommend that LIPA call upon the assistance of DPS staff to help LIPA continue to develop a VDER tariff that is consistent with the Commission's VDER mechanism. DPS endorses this proposal by LIPA to more closely align its tariff with State-wide Policy while taking into account the particular circumstances on Long Island. DPS also notes the usefulness of the NYSERDA VDER calculator and recommends that LIPA create a pricing calculator that can be used by developers to demonstrate potential customer savings.

DPS recommends that the Authority continue to meet with Solar Installers on Long Island with respect to the concerns expressed in public comments including the availability of:

- 1) Twelve months of hourly interval data for individual large commercial customer accounts;
- 2) Formulas and calculations used in the value stack;
- 3) Current large commercial TOU tariffs; and
- 4) Quarterly reports of the number of solar installations.

Consistent with the recommendations herein, LIPA's proposed modifications comport with the spirit and intent of the LRA to ensure that the Authority and the Service Provider provide safe and adequate service at the lowest level consistent with sound fiscal operating practices. DPS supports these modifications as recommended above.

Respectfully submitted,



John Rhodes
Chief Executive Officer

CC: Thomas Falcone, Chief Executive Officer
Jon Mostel, Secretary
Guy Mazza, Director DPS Long Island



Website: www.liseia.org ♦ 1520 Ocean Avenue, Bohemia, New York 11716 ♦ Email: info@liseia.org

December 11, 2017

Dear LIPA Board Members,

We are grateful to have had the opportunity to work with LIPA and PSEG-LI staff towards a VDER tariff that is workable for all stakeholders. We recognize the hard work required to maintain grid sustainability and also support clean energy generation.

The implementation of this tariff and the continued sustainability and growth of the solar industry on Long Island will require careful and continued collaboration between LIPA and PSEG-LI staffs and industry representatives to find the best path forward for all stakeholders.

Since the initial public hearings, we have engaged in productive discussions with LIPA staff to help us better understand and improve the final "VDER" Tariff that is to come before you at your upcoming meeting.

The result of these discussions between solar professionals, business and environmental advocates have resulted in the following improvements in the Tariff and policy commitments, which we are pleased to support:

1. Publish the exact calculations and formulas used to determine the VDER value stack, and publish the LSRV maps for thorough review in advance of implementation. An operable and market viable value stack calculator will be made available to LISEIA by February 15, 2018.
2. Following the publishing of the VDER calculations LIPA and PSEG LI will continue to work with LISEIA related to the calculation tool should any adjustments related to functionality or technical capability be required. LISEIA will collect industry feedback and communicate to the appropriate designee.
3. The grandfathering of net-metering for demand account projects if interconnection applications are submitted by May 1, 2018. The rationale behind this timeline is that many projects were developed and sold in 2017 based on net-metering because it was prior to the VDER order. Furthermore, it takes considerable time for projects to go through the CESIR process.
4. The full deployment of Advanced Metering Infrastructure (AMI) for all LIPA commercial demand accounts that fall within load pockets by the end of 2018 and make every effort to have all 281 and 285 by the end of 2019. Given that VDER compensates net hourly injection of solar energy, AMIs are critical because they supply interval kilowatt hour and kilowatt data required to project net hourly injection. AMI data will be made available in an exportable format as it becomes available.

MEMBERSHIP

♦ BEP Best Energy Power ♦ Built Well Solar ♦ CED Green Tech ♦ Empire Clean Energy Supply ♦ SunPower by EmPower Solar ♦ GreenLeaf Solar
 ♦ GreenLogic Energy ♦ Harvest Power Solar ♦ Horizon Solar ♦ Hytech Solar ♦ Long Island Power Solutions ♦ Suffolk Bureau of Electrical
 Inspectors ♦ SUNation Solar ♦ Sunrise Solar Solutions ♦ YSG Solar ♦ Allied Building Products ♦ Energy By Choice ♦ Long Island Solar Solutions
 ♦ New York Solar Solutions ♦ Solutions ♦ R&B Electric ♦



Website: www.liseia.org ♦ 1520 Ocean Avenue, Bohemia, New York 11716 ♦ Email: info@liseia.org

5. Price the environmental attribute consistent with New York State and relevant market factors.
6. Convene a technical advisory committee that will meet regularly to collaborate on all important issues related to smooth VDER rollout and implementation. LISEIA or a designee will maintain two seats on this committee. In addition, the Long Island solar community is eager to collaborate on the roll out of a battery program in conjunction with New York State efforts.
7. LISEIA will maintain a progress update on its website to report on the status of the above joint commitments.

The Long Island Solar Community is pleased to amend its previous letter of opposition, support this Tariff and the policy commitments made herein, and is excited to partner with LIPA and PSEG-LI to continue to collaborate on the implementation of this Tariff and dramatically increase solar adoption as fast as possible while delivering value to all stakeholders.

- LISEIA Steering Committee

- Non-LISEIA organizations:

Matthew Cohen, Esq.
Vice President of Government Affairs & Communications
Long Island Association - LIA

Kyle Strober
Executive Director
Association for a Better Long Island - ABLI

Adrienne Esposito
Executive Director
Citizens Campaign for the Environment

Eric Alexander
Executive Director
Vision Long Island

Neal Lewis
Executive Director
Sustainability Institute at Molloy College

Sisters of St. Joseph
Brentwood, New York

Gordian Raacke
Executive Director
Renewable Energy Long Island

Sammy Chu
Chairman
USGBC

Chuck Schwartz
Director
Green LI

MEMBERSHIP

♦ BEP Best Energy Power ♦ Built Well Solar ♦ CED Green Tech ♦ Empire Clean Energy Supply ♦ SunPower by EmPower Solar ♦ GreenLeaf Solar
♦ GreenLogic Energy ♦ Harvest Power Solar ♦ Horizon Solar ♦ Hytech Solar ♦ Long Island Power Solutions ♦ Suffolk Bureau of Electrical
Inspectors ♦ SUNation Solar ♦ Sunrise Solar Solutions ♦ YSG Solar ♦ Allied Building Products ♦ Energy By Choice ♦ Long Island Solar Solutions
♦ New York Solar Solutions ♦ Solutions ♦ R&B Electric ♦

APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF FOR ELECTRIC SERVICE RELATED TO THE VALUE OF DISTRIBUTED ENERGY RESOURCES

WHEREAS, pursuant to the Tariff for Electric Service ("Tariff") of the Long Island Power Authority (the "Authority"), applicable laws and regulations, and New York State policy, the Authority compensates customers who export energy to the Authority's electric grid; and

WHEREAS, the New York Public Service Commission ("NYPSC") has determined that the existing system for compensating customers for energy exports, net energy metering, needs to be revisited and updated in light of the increasing levels of penetration of distributed energy resources on the electric grid to more fairly and accurately value distributed energy resources; and

WHEREAS, the NYPSC has established guidance on the fair and accurate valuation of distributed energy resources in its *Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters*, which the Authority intends to implement; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on October 18, 2017, two public hearings were held in Nassau and Suffolk counties on November 27, 2017, the comments were addressed, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to the Authority's Tariff are hereby adopted and approved to be effective January 1, 2018; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved; and be it further

RESOLVED, that the Authority's Staff shall present to the Board, at its regularly scheduled meeting in March 2018, a review and assessment of the timely implementation and adequacy of the information publicly available relating to the calculation of the Value Stack, as described in the accompanying Memorandum.

TABLE OF CONTENTS

I. General Information	7
A. The Authority's Service Area	7
B. Abbreviations and Definitions	10
C. General Terms and Conditions	25
1. Legal Authority.....	25
2. Implementation and Administration of this Tariff	25
3. Availability of this Tariff.....	25
4. Altering, Changing, and Eliminating the Provisions of this Tariff.....	25
5. Employee Identification	25
6. Access to Customers' Premises.....	26
7. Obligations of the Authority	27
8. Customer's Responsibility	30
9. Ownership of Equipment on Customer's Premises.....	30
10. Cost of Special Services on Customer's Premises	30
11. Requirements for Residential Service	30
12. Requirements for Nonresidential Service.....	33
13. Combined Service	33
14. Customer-Owned Electric Generating Equipment	34
15. Net Metering Generators	34A
16. Remote Net Metering	34I
17. Net Metering of Community Distributed Generation.....	34K
17-18. <u>18. Value of Distributed Energy Resources</u>	<u>34P</u>
18-19. <u>19. Resale, Redistribution, and Submetering of Electricity for Residential Purposes</u>	<u>35</u>
19-20. <u>20. Resale, Redistribution, and Submetering of Electricity for Nonresidential Purposes</u>	<u>38</u>
II. How To Obtain Service	39
A. Residential Application Procedure	39
1. Forms of Residential Application	39
2. Residential Application Approval.....	39
3. Required Oral Application Information	39
4. Exceptions to Provision of Residential Service	39
5. Conditions for Requiring a Written Application.....	40
6. Notification for Requiring a Written Application	40
7. Required Written Application Information.....	40
B. Nonresidential Application Procedure	41
1. Form of Application.....	41
2. Nonresidential Application Approval.....	41
3. Required Written Application Information.....	41
4. Incomplete Applications.....	42
5. Additional Requirements for Application Approval	42
C. Denial-of-Service Procedure	43
1. Time Frame for Denial of Service.....	43
2. Notification to Applicant	43
3. Contents of the Written Notification	43
4. Record-Keeping Obligations of the Authority	44
5. Reversing a Denied Application	44
6. Service for a Previously Denied Application.....	44

I. General Information (continued):**B. Abbreviations and Definitions (continued):**

Customer or Consumer: A person or any other entity who is approved for and supplied electric service by the Authority. Each Customer will have a unique account unless specified otherwise. (See *Applicant*. The term "Customer" may be used interchangeably with "Applicant.")

1. Core Customer

A Customer who has no alternatives to Authority-provided electric service or who, when given an alternative, chooses to accept Authority-provided electric service.

2. Existing Residential Customer

An Applicant who moves from one residence to another within the Authority's Service Area and for whom there is a recent payment history.

3. Residential Farm Service Customer

A Customer whose land is used in agricultural production as defined in subdivision four (4) of section three hundred one (301) of the agriculture and markets law with a farmhouse, together with other buildings or equipment used by its occupant to operate the farm, when connected to the same meter as the residential dwelling.

4. Full-Requirements Customer

A Customer whose electric power requirements are all supplied by the Authority.

5. New Non-Residential Customer

An Applicant who was not the last Customer at the serviced address, regardless of whether the Applicant was a former Customer or is a current Customer at a different address, and who does not use the serviced address as a residence.

6. New Residential Customer

An Applicant for residential service who is new to the Authority's Service Area.

7. Non-Core Customer

A Customer who has an alternative(s) to Authority-provided electric service and chooses to use the alternative provider.

8. Non-Residential Customer

A person, firm, or other entity, engaged in commerce or the business of government, that does not use the service address as a residence.

9. Non-Residing Customer

A person, firm, or other entity engaged in the development or building of residences or permanent dwellings that will not maintain residence at the service address.

10. Residential or Residing Customer

A Customer who uses the serviced address as his or her residence.

I. General Information (continued):**B. Abbreviations and Definitions (continued):****Customer or Consumer (continued):**11. Seasonal Customer

A Customer who applies for and receives electric service at intervals during the year, or at other irregular intervals.

12. Short-Term or Temporary Customer - Non-Residential

A Non-residential Customer who requires temporary service for no longer than two (2) years.

13. Short-Term or Temporary Customer - Residential

A Residential Customer who requires temporary service for no longer than one (1) year.

Customer-generator: A Residential, ~~or Residential Farm~~ or Non-residential ~~or Farm Service~~ Customer of the Authority who owns and/or operates electric generating equipment. Customer-generators may be eligible for net metering. See definitions of Solar Electric Generating Equipment, ~~and~~ Wind Electric Generating Equipment, Micro-Hydroelectric Generating Equipment, Micro-Combined Heat and Power (CHP) Generating Equipment, Fuel Cell Electric Generating Equipment and Farm Waste Electric Generating equipment for further details.

Cycle Billing: Billing from the reading of meters on a regular interval. In general, there are twenty (20) business days in each month. Each business day is called a cycle and numbered. The cycle is the interval between that cycle number in the previous and current month. Each Customer's meter is read on or near the same cycle number every month or every other month.

D

Deferred Payment Agreement: A written agreement for the payment of outstanding charges over a fixed period of time.

Delinquent Customer: A non-residential Customer who has made two (2) or more late payments within the last twelve (12) months, or a residential Customer who has not paid a properly presented bill for electric service, either in full or an agreed-upon partial payment, by the "Pay by" date on the bill.

Delivery Service: The transmission and distribution of electricity to a Customer.

Delivery Service Revenues: Delivery Service Revenues include revenues based upon the rates and charges specified in Section VIII of the Tariff and exclude adjustments to rates and charges such as: the Power Supply Charge, Distributed Energy Resources Cost Recovery Rate, New York State Assessment Factor, Shoreham Property Tax Settlement Factor, Visual Benefits Assessment Rate, Charges to Recovery PILOT Payments, and the Revenue Decoupling Mechanism.

Demand: Power requirements placed on the utility system by a Customer or group of Customers. It is expressed in kilowatts, kilovoltamperes, or any other suitable unit and averaged over a fifteen (15) minute period. (See *Power*)

1. Coincidental Demand

When the maximum demand of a Customer or Customers occurs at the same time as the maximum demand of all other Customers.

2. Noncoincidental Demand

When the maximum demand of a Customer or Customers does not occur at the same time as the maximum demand of all other Customers.

I. General Information (continued):**B. Abbreviations and Definitions (continued):**

Demand Customer: A Customer who is billed for Demand charges.

Demand Meter: The device that records the maximum amount of power used by the Customer over a 15-minute interval during a specific period, such as a month.

Department: The New York State Department of Public Service.

Deposit: A sum of money given as security for payment of service.

Distribution Facilities: Facilities used to distribute electric energy to consumers, including supply lines, distribution lines, service laterals, and accessory equipment.

Distribution Line(s): A system of poles, wires, ducts, conduits, and additional equipment used for the shared distribution of electricity to Customers.

E

Easement: (See *Right-of-way*)

Eligible Net Metering Technologies: [The list of eligible technologies are: Solar Electric Generating Equipment, Wind Electric Generating Equipment, Micro-Hydroelectric Generating Equipment, Micro-Combined Heat and Power \(CHP\) Generating Equipment, Fuel Cell Electric Generating Equipment and Farm Waste Electric Generating Equipment. See definition of Solar Electric Generating Equipment, Wind Electric Generating Equipment, Micro-Hydroelectric Generating Equipment, Micro-Combined Heat and Power \(CHP\) Generating Equipment, Fuel Cell Electric Generating Equipment and Farm Waste Electric Generating equipment for further details.](#)

Energy: Energy is electric power, used or supplied over time, and measured in KWH.

Existing Overhead Areas: Areas in which electric distribution facilities are constructed overhead, and there are no requirements to construct facilities underground.

F

Farm Waste Electric Generating Equipment: Equipment that generates electric energy from biogas produced by anaerobic digestion of agricultural wastes, such as livestock manure, farming wastes and food processing wastes with a rated capacity of not more than ~~one-two~~ two thousand (2,000) kilowatts ~~(12,000 kW)~~ that is manufactured, installed and operated by Customer-generator in accordance with applicable government and industry standards, connected to the electric system and operated in conjunction with the Authority's transmission and distribution facilities, operated in compliance with the Authority's standards and requirements established therefor, fueled at a minimum of ninety (90) percent on an annual basis by biogas produced from the anaerobic digestion of agricultural waste such as livestock manure materials, crop residues, and food processing waste, and fueled by biogas generated by anaerobic digestion with at least fifty (50) percent by weight of its feed stock being livestock manure on an annual basis.

Fuel Cell Electric Generating Equipment: A solid oxide, molten carbonate, proton exchange membrane or phosphoric acid fuel cell, with a combined rated capacity of not more than ten (10) kilowatts for a residential customer or with a rated capacity of not more than two thousand (2,000) kilowatts for a non-residential customer, that is manufactured, installed and operated in accordance with applicable government and industry standards, that is connected to the electric system and operated in compliance with the Authority's standards and requirements established therefor. This definition, including the capacity limits specified herein, does not apply to fuel cells participating in the Fuel Cell Feed-in Tariff.

Fuel and Purchased Power Cost Adjustment Clause: See definition for Power Supply Charge.

Full-Requirements Customer: A Customer whose electric power requirements are all supplied by the Authority. (See *Customer – Full Requirements Customer*)

G

Generation Project: A specific project that is eligible to participate in the Commercial Solar or Fuel Cell Feed-In Tariff under Service Classification No. 11 – Buy-Back Service.

I. General Information (continued):**B. Abbreviations and Definitions (continued):****H**

Heat-Related Service: A service provided under a residential space-heating rate classification or service needed to start or operate the primary heating system. It also includes a safe, supplemental electrical heating device that is needed by the Customer because the third party who controls the primary heating system does not supply enough heat.

Hybrid Electric Generating System or Hybrid System: An electric generating system consisting exclusively of wind and solar electric generators which are metered and billed as single unit, Hybrid electric generating systems owned and/or operated by Residential, [or Residential Farm or](#) non-residential may be eligible for net metering. Hybrid systems may not include Micro-Combined Heat and Power (CHP) or Micro-Fuel Cell electric generation.

J

Jurisdiction: The right and power to interpret and apply the law.

K

Kilovar(s) = KVAR 1,000 reactive voltamperes (See Reactive Power)

A unit of measure of that part of Apparent Power that is not useful, but is required by some types of electricity-consuming devices such as motors.

Kilovoltampere = kVA = 1,000 voltamperes (See Voltamperes)

Kilowatt(s) = KW = 1,000 watts

A unit of measure of that part of Apparent Power that is useful (Real Power). (See *Power*)

Kilowatt-hour = KWH = 1,000 watt-hours

A unit of electric energy equal to one (1) kilowatt of power supplied to or taken from an electricity-consuming device steadily for one (1) hour.

L

Large Onsite Customer(s): [Commercial customer\(s\) with demand billing.](#)

Large Onsite Project(s): [Projects using an Eligible Net Metering Technologies owned by a Large-Onsite Customer\(s\).](#)

Late Payment: Payment made more than twenty (20) calendar days after the date payment was due. The due date is the earlier of the two (2) dates: the personal delivery date or three (3) calendar days after the mailing of the bill. The Customer must pay the bill by the "Pay by" date on the bill to avoid making a late payment.

Letter of Credit: A letter issued by a bank authorizing the bearer to draw a stated amount of money from the issuing bank, its branches, or other associated banks or agencies.

Levelized Payment Plan: (See *Balanced or Budget Billing Plan*)

Liability: A legal obligation.

Line: A system of overhead poles, wires, and accessory equipment or underground ducts, conduits, and cables used for the distribution of electricity to Customers.

Line Extension: The addition of poles, wires, ducts, conduits, appurtenant facilities and additional equipment to a distribution line used to expand the shared distribution of electricity to Customers.

I. General Information (continued):**B. Abbreviations and Definitions (continued):**

Load: (See *Demand*)

Load Factor: The ratio of a Customer(s) average demand to peak demand during a specified period.

Location: Property with stated boundaries which is owned or occupied by a single legal entity.

M

Manager: PSEG Long Island LLC, the entity engaged by the Authority to operate, maintain, manage and act as agent for the Authority's system pursuant to the terms and conditions of the Operations Services Agreement. Nothing herein shall be read to change or modify Manager's duties and obligations or create any liability on the part of Manager beyond that set forth in the Operations Services Agreement.

Mass Market Customer(s): Residential or Small Commercial Service Classification that are not billed for demand.

Mass Market Project(s): Projects using an Eligible Net Metering Technologies owned by a Mass Market Customer(s)

Micro-Combined Heat and Power Generating Equipment: Any Residential customer with an integrated cogenerating building heating and electrical power generation system, operating on any fuel and any applicable engine, fuel cell, or other technology, with a rated capacity of at least one (1) kilowatt and not more than ten (10) kilowatts electric and any thermal output that all full load has a design total fuel use efficiency in the production of heat and electricity of not less than eighty percent (80%), and annually produces at least two thousand (2,000) kilowatt hours of useful energy in the form of electricity that may work in combination with supplemental, or parallel conventional heating system, that is manufactured, installed and operated in accordance with applicable government and industry standards operated in conjunction with the Authority's transmission and distribution facilities.

Micro-Hydroelectric Generating Equipment: A Hydroelectric system, with a rated capacity of not more than 25 kW for a residential customer or with a rated capacity of not more than 2,000 kW for a non-residential customer, that is manufactured, installed and operated in accordance with applicable government and industry standards, connected to the electric system and operated in conjunction with the Authority's transmission and distribution facilities.

Month: A Month in this document is defined as a 30-day period, and monthly rates for billing periods other than a Month are prorated.

Multi-phase: Producing, carrying, or powered by multiple alternating voltages, each of which reaches its highest level at different time intervals. (See *Alternating Voltage*)

Multiple-Occupancy or Multiple Dwelling Building: A building designed to contain three (3) or more individual residential units for permanent occupancy. Each unit should contain kitchen, bath, and sleeping areas. In some instances, the Tariff may differentiate between buildings that contain three or more units and those that contain four or more units.

N

Net Energy Metering: The use of a net energy meter to measure, during the billing period applicable to a Customer-generator, the net amount of electricity supplied by the Authority to the Customer-generator and/or the net amount of electricity provided by the Customer-generator to the Authority.

~~**Net Financing Cost:** The weighted average cost of debt for the Authority, including all costs of issuance of the debt.~~

~~**New York Independent System Operator (NYISO):** A not for profit corporation established to provide and maintain open access transmission to the power system in New York State, provide for centralized commitment and dispatch of the generation system in New York State, and provide other services.~~

I. General Information (continued):**B. Abbreviations and Definitions (continued):**

Net Financing Cost: The weighted average cost of debt for the Authority, including all costs of issuance of the debt.

New York Independent System Operator (NYISO): A not-for-profit corporation established to provide and maintain open access transmission to the power system in New York State, provide for centralized commitment and dispatch of the generation system in New York State, and provide other services.

New York Power Authority (NYPA): a New York State Authority responsible for the generation, transmission and sale of electricity to wholesale customers pursuant to the Public Authorities Law.

Noncoincidental Demand (See Demand)

Non-Core Customer: (See *Customer - Non-Core Customer*)

Non-Core Service: Service to Non-Core Customers.

Non-Residential Applicant: (See *Customer - Non-Residential Customer*)

Non-Residing Applicant: (See *Customer - Non-Residing Customer*)

O

Ohm: The unit of measurement of electrical resistance.

Operations Services Agreement: A contractual agreement (as may be amended, modified, or supplemented from time to time) between PSEG Long Island and the Authority, under which PSEG Long Island operates, maintains, and manages the Authority's transmission and distribution system.

P

Payment Date: The Authority considers a payment to be made on the date the Authority or one of its authorized agents receives the payment.

Payments In Lieu of Taxes (PILOTs): Payments that the Authority makes to other governmental authorities in replacement of the taxes which were previously collected on utility revenues, assets or operations.

Performance Payment: An advance payment made by a Non-Residing Applicant for service construction for multiple occupancy buildings in an underground-designated area. The payment guarantees the Applicant's performance for five (5) years.

Peak Power or Peak Demand: See *Power*.

Power (Electric): Amount of electrical energy produced or consumed, measured over a specific time period in kilowatts (KW).

1. Apparent Power includes both Real and Reactive Power and is the product of Volts and Amperes in a circuit. Apparent power is expressed in kilovoltamperes (kVA).
2. Instantaneous Power is power at an instant in time.

I. General Information (continued):**B. Abbreviations and Definitions (continued):**

Service Line or Lateral: A system of conductors and equipment for delivering electricity from the Authority's distribution system to the wiring system of a building or address.

Service Termination: The point at which the service line or lateral ends and the Customer connects with the wiring system.

Shared Meter: Any Authority meter that measures electric service provided to a tenant's dwelling and to areas outside that dwelling, and the tenant pays for all usage recorded on the meter.

Shared-Meter Customer: Any tenant who rents a dwelling with a shared meter from the owner of the dwelling, and the tenant, rather than the owner, is the Authority's Customer of record.

Short-Term or Temporary Customer - Non-Residential: (See *Customer - Short-Term or Temporary Customer*)

Short-Term or Temporary Customer - Residential: (See *Customer - Short-Term or Temporary Customer*)

Single-phase: Producing, carrying, or powered by a single alternating voltage. (See *Alternating Voltage*)

Solar Electric Generating Equipment: A photovoltaic system with a rated capacity of equal to or less than twenty five kilowatts (25 kW) for residential Customers or with a rated capacity equal to or less than 2,000 kilowatts for Non-residential Customers which is manufactured, installed and operated in accordance with applicable government and industry standards, is connected to the Authority's electric system and operated in conjunction with the Authority's transmission and distribution facilities, and which is operated in compliance with the Authority's standards and requirements.

State Agency: Any board, authority, agency, department, commission, public corporation, body politic, or instrumentality of the State of New York.

Subdivision: (See *Residential Subdivision*)

Submetering: The redistribution of electric service to multiple meters not owned by the Authority.

Substantially Interconnected: Will be determined by reference to the PSEG-Long Island Smart Grid Small Generator Standardized Interconnection Procedures ("Smart Grid SGIP"). Systems in the Smart Grid SGIP Fast Track process will be considered substantially interconnected upon completion of Step 6 of the Fast Track process. Systems sized between 50 kW and 2,000 kW will be considered substantially interconnected upon completion of Step 7 of the Smart Grid SGIP. (Systems larger than 2,000 kW will continue to be ineligible for net metering.)

Supply Line: A part of a distribution line that is installed between an existing electric distribution system and an underground distribution line within an underground-designated area. (See *Underground-Designated Area*)

Surcharge: In connection with extension of distribution facilities, a monthly, bimonthly, or annual charge assessed Residential Customers over a period that does not exceed ten years and which recovers the cost of the distribution facilities Customers are directly responsible for.

I. General Information (continued):**B. Abbreviations and Definitions (continued):****Voltampere = VA**

The unit of measure of Apparent Power. (See *Power*) Multiplying the volts by the amperes in an electric circuit will result in the voltamperes.

W**Watt = W**

A unit of measurement of Real Electrical Power. (See *Power*)

Watt-hour = W-hr

The total amount of energy used in an electricity consuming device. Energy is measured as power used over time. For example, a device using one (1) watt-hour of energy is using the equivalent of one (1) watt of power over a period of one (1) hour.

Watt-hour Meter: The recording device that measures energy in watt-hours.

Wind Electric Generating Equipment: A wind generator or generators with the combined rated capacity of not more than twenty five kilowatts (25 kW) for a Residential Customer-generator, and not more than 500 kW for ~~a Residential Farm Customer~~~~a Farm Service Customer-generator,~~ and not more than 2,000 kW for a Non-residential Customers which is manufactured, installed and operated in accordance with applicable government and industry standards, is connected to the electric system and operated in conjunction with the Authority's transmission and distribution facilities, and which is operated in compliance with the Authority's standards and requirements.

I. General Information (continued):**C. General Terms and Conditions (continued):
Requirements For Residential Service (continued)**

- (5) At the Customer's option, a building used mainly for religious purposes, including a school, even if nonreligious subjects are taught at the school, and
 - (a) The electric service is only used in connection with the religious purposes, and
 - (b) If new or not now classified as religious accounts, Applicants shall identify themselves and offer credentials for a religious classification, or
- (6) Accessory buildings or usage on the same premises as a dwelling, apartment, or building used for religious purposes, or
- (7) A ~~Residential Farm Customer farmhouse, together with other buildings or equipment used by its occupant to operate the farm, when connected to the same meter as the dwelling,~~ or
- (8) At the Customer's option, a supportive/supervised living facility (community residence), as defined in Subdivisions 28, 28a or 28b of Section 1.03 of the Mental Hygiene Law:
 - (a) If the facility is operated by a not-for-profit corporation, and
 - (b) There are living accommodations for no more than fourteen (14) residents if supervisory staff is on the premises at all times, or
- (9) Part of the dwelling or building in 11.a.1-7 above when used as a business or for professional purposes other than farming, and
 - (a) Usage does not exceed one hundred (100) Kilowatt Hours per month for any two (2) consecutive months, and
 - (b) The premises is primarily a residence, and
 - (c) The business or professional use does not change the character or appearance of the premises, and
 - (d) The business or professional use, by an occupant of the premises, is limited to:
 - (1) A usual home occupation, including the sale of articles or products produced on the premises, but not including the operation of a store for the sale of other articles or products, or
 - (2) The renting of space in an accessory building for the storage of private automobiles, but not done as a business.

I. General Information (continued):**C. General Terms and Conditions (continued):**15. Net Meteringa) Residential Net Metering Requirements

(1) A Residential Solar or Wind Customer-generator shall be net metered only if the rated capacity of the Solar or Wind Electric Generating Equipment is (1) equal to or less than twenty five (25) kilowatts and (2) equal to or less than 110% of the customers last twelve months of load or customer provided load letter. If the rated capacity of the Solar or Wind Electric Generating Equipment owned and/or operated by the residential Customer-generators is (1) greater than 25 kilowatts or (2) greater than 110% of the customers last twelve months of load or customer provided load letter, 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)~~(2) A Residential Farm Customer~~Residential 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)~~(3) A Residential 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~~ two thousand (~~12,000~~) kilowatts. If the rated capacity of the Farm Waste Electric Generating Equipment owned and/or operated by the Customer-generator is greater than two thousand (~~24,000~~) kilowatts, net metering shall not apply and customer-generator may be served under Service Classification 11-Buy-Back service.

~~(5)~~(4) 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 one (~~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)~~(5) 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 ten (~~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)~~(6) 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)~~(7) 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 a Residential Farm Customer 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 Customers or a Residential Farm Customer Farm Service for the 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).~~

b) Non-Residential Net Metering Requirements

~~(9)~~(1) A Non-residential Solar or Wind or Farm Waste, or Fuel Cell, or Micro-Hydroelectric 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 or Wind or Farm Waste, or Fuel Cell, or Micro-Hydroelectric 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 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 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):**~~b) Total Capacity Limitations on Net Metering for Customer-Generators~~

~~(1) The Authority will sign a contract with each of the Residential and Non-residential Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric and Fuel Cell Customer-generators meeting all applicable requirements on a first come, first served basis, until the total rated generating capacity for Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric and Fuel Cell Electric Generating Equipment owned and/or operated by Customer-generators in the Authority's Service territory is equal to 153,500 kW, which is three percent (3.0%) of the Authority's electric peak demand for the year 2005 that is required by law.~~

~~(2) The Authority will sign a contract with each of the Residential, Farm Service and/or Non-residential Wind Customer-generators meeting all applicable requirements on a first come, first served basis, until the total rated generating capacity for Wind Electric Generating Equipment owned or operated by the Customer-generators in the Authority's service territory is equal to 15,300 kW, which represents three-tenths percent (0.3%) of the Authority's electric peak demand for the year 2005.~~

~~(3) The limit on total rated generating capacity in subdivision is waived until such time as the Authority determines that a revised limit on the total rated capacity is warranted. The Authority reserves the right to authorize additional generating capacity.~~

c) Requirements for Installation and Operation

(1) Wiring and switches for Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell, Wind or Hybrid Electric Generating Equipment, owned and/or operated by Customer-generators to supply their load and feed energy to the Authority's electric system, shall be arranged in parallel so as to permit the flow of current from the Authority to the Customer-generator and vice-versa.

(2) Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell, Wind or Hybrid Electric Generating Equipment installed in parallel with the Authority's system must comply with the Authority's "Smart Grid Small Generator Interconnection Procedures".

(3) The Authority shall require a Customer-generator who owns and/or operates Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell, Wind, Solar or Hybrid Electric Generating Equipment to pay for the installation of dedicated transformer(s) if it is determined that dedicated transformer(s) is (are) necessary to protect the safety and adequacy of electric service provided to other Customers.

(4) The Authority may require a Customer-generator who owns and/or operates Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell, Wind or Hybrid Electric Generating Equipment to comply with additional safety or performance standards than those specified in the Authority's "Smart Grid Small Generator Interconnection Procedures", perform or pay for additional tests, or purchase additional liability Insurance when the total rated generating capacity of the electric generating equipment that provides electricity to the Authority through the same local feeder line exceeds twenty (20%) of the rated capacity of the total feeder line.

- (5) ~~On-site energy storage will be permissible to be paired with Eligible Mass Market Project(s) or Large Onsite Project(s) will be permitted to pair on-site energy storage with the eligible Customer-generating equipment.~~

I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering (continued):****d) Interconnection and Transformer Charges**

- (1) If the ~~Mass Market Customer's 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~~ ~~has~~ a rated capacity of equal to or less than twenty five (25) 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~~ Mass Market Customer's Solar, ~~Farm Waste~~, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell and/or Wind Electric generating equipment ~~with~~ ~~has~~ a rated capacity of more than twenty five (25) kilowatts, the Customer-generator shall be responsible for payment to the Authority of one hundred percent (100%) of the interconnection expenses of such ~~solar~~ Solar and/or ~~wind~~ Wind-electric generating equipment.
- (3) The ~~Large Onsite Customer~~ Non-residential Customer-generator shall be responsible for payment to the Authority of one hundred percent (100%) of the interconnection expenses of such ~~Ssolar~~, Micro-Hydroelectric, Fuel Cell and/or ~~w~~ Wind-e Electric 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~~ Mass Market 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 Customer~~ 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-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.~~
 - ~~(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):

- (5) If the Authority determines a Mass Market Customer-generator installing Wind Electric Generating equipment that it is necessary to install that requires installation of a dedicated transformer (s) or transformers or other equipment to protect the safety and the adequacy of electric service provided to other Customers, the Customer-generator installing wind electric generating equipment shall pay to the Authority the lesser of the: (1) Actual costs, or (2) the charges identified under (a) or (b) below. (See Paragraph(s) C.15.c)(4) and C.15.d)(5) for other applicable safety requirements and charges):
- (a) Seven hundred and fifty dollars (\$750.00) if the Customer-generator owns and/or operates wind electric generating equipment with a rated capacity equal to or less than 25 kWkilowatts, or
- (b) Five thousand dollars (\$5,000.00) if the Customer-generator owns and/or operates wind electric generating equipment with a rated capacity greater than 25kW but not more than 500 kW.
- (6) If the Authority determines a Mass Market Customer-generator installing a Hybrid System that requires it is necessary to install installation of a dedicated transformer (s) or transformers or other equipment to protect the safety and adequacy of the electric service provided to other Customers, the Residential or Farm Service Customer-generator Mass Market Customer-generator installing a hybrid system shall pay to the Authority either seven hundred and fifty dollars (\$750.00) if the wind-Wind Electric Generating Equipment generator of the hybrid-Hybrid system-System has a rated capacity equal or less than 25 kW or five thousand dollars (\$5,000.00) if the wind generator of the hybrid-Hybrid system-System has a rated capacity greater than 25 kW but not more than 500 kW.
- e) Maintenance and Replacement Charges for Interconnection Equipment
- The Authority will maintain and replace interconnection equipment installed by the Authority for solar-Solar and/or wind-Wind electric generators, without direct cost to the Customer.
- f) Net Energy Metering
- (1) The Authority shall install an AMI meter capable of recording hourly interval metering data, use net energy metering to measure and charge or provide credit for the net electricity supplied by the Authority or provided to the Authority, respectively, by a Residential, Non-residential, Farm Service or Farm Waste Customer-generator.
- (2) A common, single metering system shall be used to measure at the point of interconnection with the Authority's system as a single quantity the net energy associated with Solar, Micro-Hydroelectric, and Wind Customer-generators including cases where they constitute a hybrid system.
- (3) In the event that a customer-generator chooses to install wind-Wind, micro-Micro-hydroelectric-Hydroelectric or solar-Solar electric generation in conjunction with Farm Waste, Micro-Combined-Heat-And-Power or Fuel Cell electric generation, the customer must choose between:
- (a) separately measuring the output of the Farm Waste, Micro-Combined Heat And Power or Fuel Cell electric generation for sale to the Authority under Service Classification No. 11 so that the Solar, micro-Micro-hydroelectric-Hydroelectric or Wind electric generation can be billed under the applicable net metering provisions, or

- (b) Measuring at the point of interconnection with the Authority's system as a single quantity, the net energy associated with the combined system as if the entire system were derived from Farm Waste, Micro-Combined Heat And Power or Fuel Cell electric generation.

I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering (continued):**g) Termination of the Interconnection Agreement

The "Interconnection Agreement" between the Authority and Customer-generator may be terminated as follows:

- (1) The Customer-generator may terminate the Agreement at any time, by giving the Authority sixty (60) days' written notice;
- (2) If the Customer-generator fails to seek final acceptance by the Authority within twelve (12) months after completion of construction, then the Authority may terminate the Agreement on thirty (30) days prior written notice;
- (3) Either Party may, by giving the other Party at least sixty (60) days prior written notice, terminate this agreement in the event that the other Party is in default of any of the terms and conditions of the "Interconnection Agreement". The terminating Party shall specify in the notice the basis of the termination and shall provide a reasonable opportunity to correct the default;
- (4) The Authority may, by giving the Customer-generator at least sixty (60) days prior written notice, terminate this agreement for cause. The Customer-generator's non-compliance with the Authority's "Smart Grid Small Generator Interconnection Procedures" or ~~non-compliance~~ non-compliance with the "Interconnection Agreement" shall constitute a good cause;
- (5) Unless the Interconnection Agreement is terminated pursuant to items (1) through (4) above, the net energy metering service will be provided for a term of ten years from the date of installation of service and thereafter will be automatically renewed for annual periods unless the Authority provides thirty days prior written notice of termination before the end of the term.

h) Net Billing Procedures for Eligible Customer-generators

~~The Authority shall charge or credit an eligible Customer-generator for the net electricity supplied by the Authority to a Customer-generator or for the net electricity provided to the Authority by the Customer-generator, respectively, in the following manner:~~

- (1) Projects with Eligible Net Metering Technologies are subject to the billing procedures described in items (a) through (h) below when (1) Mass Market Projects have become Substantially Interconnected before January 1, 2018 or (2) Large Onsite Projects have submitted complete applications as per Step 3 of the Authority's "Smart Grid Small Generator Interconnection Procedures" before May 1, 2018 and are in service before January 1, 2020:-

- (a) In the event that the amount of electricity supplied by the Authority during the billing period exceeds the amount of electricity provided to the Authority by the Customer-generator, the Authority shall charge the Customer-generator for the net (excess) electricity it supplied to the Customer-generator at the same rate per kilowatt-hour applicable: (a) to service provided to other Customers in the same service class who do not generate electricity on site, and (b) to the month the energy was generated.

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

- (b) For eligible ~~Residential Mass Market Customer-generators-Projects and Large Onsite Projects~~ with Solar or Wind or ~~Farm Waste 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~~ whose 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).
- ~~(c) 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 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).~~
- ~~(d) 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).~~
- ~~(e)~~(c) For eligible ~~Residential Mass Market Customers and Large Onsite Customers~~-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 where the~~ whose 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.
- ~~(f) 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.~~
- ~~(g) For eligible Non-residential Customer-generators with Fuel-Cell Electric Equipment whose rated capacity is equal to or less than 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.~~
- ~~(h)(d) For Large Onsite Customers, 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.~~
- ~~(i)(e) For Customer-generators served under a rate code with multiple rating periods, excess generation in one rating period 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.~~
- ~~(f) At the end of the first year that service for eligible Mass Market Projects and Large On-site Projects was supplied to a with Solar, or Wind, or Farm Waste or Micro Hydroelectric- and Farm Waste Customer-generators, by means of net metering, and every anniversary date thereafter, the Authority shall promptly thereafter issue payment to the Customer-generator for any value of the remaining credit for the net (excess) electricity provided to the Authority by the Customer-generator during the previous twelve (12) month period. The payment issued to the Customer-generator shall be equal to the product of the remaining excess (net) energy generated by the Customer-generator times the corresponding avoided energy prices as per the Statement of Market Energy Prices.~~
- ~~(g) For eligible Mass Market Projects and Large Onsite Projects Customer-generators that terminate service or become ineligible for net metering, the Authority shall promptly thereafter issue payment to the Customer-generator for any value of the remaining credit for the net (excess) electricity provided to the Authority by the Customer-generator. The payment issued to the Customer-generator shall be equal to the product of the remaining net (excess) (net) energy generated by the Customer-generator times the corresponding avoided energy prices as per the Statement of Market Energy Prices.~~
- ~~(h) The avoided cost rates to be used to issue payment to Mass Market Projects and Large Onsite Projects Customer-generator for energy sold to the Authority by the Customer-generator will be determined based on the simple average of the Zone K Day-Ahead Locational Based Marginal Prices (LBMP). Monthly and Time-of-Use energy payments will be shown each month on a separate Statement of Market Energy Prices attached to the tariff.~~

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

- ~~(2) Mass Market Projects and Large Onsite Projects with~~ Projects with eligible Net Metering Technologies that become Substantially Interconnected after January 1, 2018 are subject to the billing procedures described in items (a) through (g) below when (1) Mass Market Projects become Substantially Interconnected on or after January 1, 2018, or (2) Large Onsite Projects have submitted a complete application as per Step 3 of the Authority's "Smart Grid Small Generator Interconnection Procedures" on or after May 1, 2018.:
- (a) Net Importing by Mass Market Customers: In the event that the amount of electricity supplied to a Mass Market Customer by the Authority during the billing period exceeds the amount of electricity such Customer provided to the Authority from an eligible Mass Market Project, the Authority will charge the Mass Market Customer for the net (excess) electricity supplied. Such net (excess) electricity will be billed at the same rate per kilowatt-hour applicable to (i) service provided to other Customers in the same service class who do not generate electricity on site, and (ii) the month the energy was generated.
- (b) Net Importing by Large Onsite Customers: In the event that the amount of electricity supplied to a Large Onsite Customer by the Authority during any hour exceeds the amount of electricity such customer provided to the Authority from an eligible Large Onsite Project, the Authority shall charge the Large Onsite Customer for the net (excess) energy supplied. Such net (excess) energy will be billed at the same rate per kilowatt-hour applicable to (i) service provided to other Customers in the same service class who do not generate electricity on site, and (ii) the month the energy was generated.
- (c) For Large Onsite Customers, the monthly billing demand is determined by the maximum measured kilowatt demand actually supplied to the Customer during the billing period.
- (d) Net Exporting by Mass Market Customers: In the event that the amount of electricity provided to the Authority by an eligible Mass Market Project during the billing period exceeds the amount of electricity provided by the Authority to the Mass Market Customer, the Authority will apply a credit to the Customer's next bill for service. The credit will be applied at the same rate per kilowatt-hour applicable to service provided to other Mass Market Customers in the same service class who do not generate electricity on site. For Mass Market Projects served under a rate code with multiple rate periods, each rate period will be treated separately when calculating and applying any credits.
- (e) Net Exporting by Large Onsite Customers. For any hour in which the amount of electricity generated by an eligible Large Onsite Project exceeds the electricity consumed on the site, the Large Onsite Customer will be credited for electricity provided to the Authority as described in Section 1.C.18.C – Value Stack Crediting.
- ~~(a)~~(f) At the conclusion of the billing period containing the twentieth (20) anniversary of the in--service date of an eligible Mass Market Project or the twenty-fifth (25) anniversary of the in-service date of an eligible Large Onsite Project:

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

- (i) The Authority will remove any remaining credits for net (excess) energy attributable to the project from the Customer's account.
- (ii) The Authority will notify the Customer of the removal of credits and such notice will include a description of the subsequent compensation system to be applied.
- (~~+~~)(iii) Mass Market Projects and Large Onsite Projects still in operation and injecting energy onto the Authority's electric system will be compensated under the tariff then in effect.

- (g) Notwithstanding any other provision of this Tariff and without waiving or limiting any of the Authority's other rights, the Authority reserves the right to alter the compensation structure for any Customer with Eligible Net Metering Technology that is Substantially Interconnected on or after January 1, 2020, as the Authority expects to take further action consistent with Phase Two of the New York Public Service Commission's Value of Distributed Energy Resources Proceeding on or around that date.

I. General Information (continued):

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

[CANCELLED]

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 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 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):****Net Metering (continued):****[CANCELLED]**

~~(10)(5) At the end of the first year that service was supplied to a Solar, Wind, Micro Hydroelectric and Farm Waste Customer generator by means of net metering, and every anniversary date thereafter, the Authority shall promptly thereafter issue payment to the Customer generator for any value of the remaining credit for the net (excess) electricity provided to the Authority by the Customer generator during the previous twelve (12) month period. The payment issued to the Customer generator shall be equal to the product of the remaining excess (net) energy generated by the Customer generator times the corresponding avoided energy prices.~~

~~(11)(5) For Customer generators that terminate service or become ineligible for net metering, the Authority shall promptly thereafter issue payment to the Customer generator for any value of the remaining credit for the net (excess) electricity provided to the Authority by the Customer generator. The payment issued to the Customer generator shall be equal to the product of the remaining excess (net) energy generated by the Customer generator times the avoided energy prices.~~

~~(12)(5) The avoided cost rates to be used to issue payment to Customer generator for energy sold to the Authority by the Customer generator will be determined based on the simple average of the Zone K Day Ahead Locational Based Marginal Prices (LBMP). Monthly and Time of Use energy payments will be shown each month on a separate Statement of Market Energy Prices attached to the tariff.~~

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, Wind, Farm Waste, Customer generators, Non-Residential Micro-Hydroelectric, Customer generators, and Non-Residential and Fuel Cell Generators are as described in Section 1.C.15.b are eligible to be host for remote net metering accounts as defined in Public Service Law ("PSL") 66-j. Non-Residential 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.~~

(2) 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 any service classification, 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.~~

(3) 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 Host Designation and Allocation of Satellite Accounts

(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) ~~More than one Host account can be designated for each remote net metering arrangement and a~~ The 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.

(e) A Satellite account may have more than one Host account.

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

~~(e)~~(f) _____ 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 two thousand (2,000) kilowatts, ~~of which no more than 1,000 kW can be from farm waste.~~

~~(f)~~(g) _____ 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.b.4 & 5.

- (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):**

- (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) Mass Market Projects and Large Onsite Projects with Eligible Net Metering Technologies that have submitted complete applications as per Step 3 of the Authority's "Smart Grid Small Generator Interconnection Procedures" before May 1, 2018 and are in service by January 1, 2020 will be credited as described in items (a) through (b) below.

(a) The Authority will calculate a monetary credit at the Host account's applicable tariff per kWh rate.

(a)(b) 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 ~~solarSolar~~, ~~residential-windWind~~, ~~farm-Farm wind-Wind~~ or ~~farm-residential-Farm waste-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.

(6) Mass Market Projects and Large Onsite Projects with eligible Net Metering Technologies that have submitted complete applications as per Step 3 of the Authority's "Smart Grid Small Generator Interconnection Procedures" on or after May 1, 2018, will be credited as described in items (a) through (c) below.

(a) The Authority will calculate a monetary credit for energy as described in Section 1.C.18.c – Value Stack Calculation.

(b) At the conclusion of the billing period containing the twentieth (20) anniversary for Mass Market Projects of the in service date or the twenty-fifth (25) anniversary for Large On-site Projects of the in service date:

(i) The Authority will remove any remaining credit for the net (excess) energy from the Host account;

(ii) The Authority will notify the Customer of the removal of credits and such notice will include a description of the subsequent compensation system to be applied.

(iii) Host projects still in operation and injecting energy onto the Authority's electric system, will be compensated under the tariff then in effect.

(c) Notwithstanding any other provision of this Tariff and without waiving or limiting any of the Authority's other rights, the Authority reserves the right to alter the compensation structure for any Customer with Eligible Net Metering Technology that are Substantially Interconnected on or after January 1, 2020, as the Authority expects to take further action consistent with Phase Two of the New York Public Service Commission's Value of Distributed Energy Resources Proceeding on or around that date.

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.

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

I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering of Community Distributed Generation (continued):**

- (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, [except when the project is located on the site of a contiguous property serving multiple residential or non-residential customers.](#)
- (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.

I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering of Community Distributed Generation (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) Account Closure

- (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 Meter Reading as referenced in IX.B.(4).
- (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 per the Statement of Market Energy Prices as if the account were individually net metered.

I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering of Community Distributed Generation (continued):**

(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~~ avoided energy prices as per the Statement of Market Energy Prices.

~~f) Calculation and Application of Volumetric Credits~~

f) Projects with eligible Net Metering Technologies will receive volumetric (kWh) credits calculated and applied as described in items (1) through (5) below when (1) Mass Market Projects that are Substantially Interconnected before January 1, 2018 or (2) Large Onsite Projects have submitted complete applications as per Step 3 of the Authority's "Smart Grid Small Generator Interconnection Procedures" before May 1, 2018 and are interconnected by January 1, 2020.

- (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.
- (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.
- (5) Annual Allocation Requests.

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.

I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering of Community Distributed Generation (continued):**

- g) Projects with eligible Net Metering Technologies will receive credits calculated and applied as described in items (1) through (8) below when (1) Mass Market Projects have become Substantially Interconnected on or after January 1, 2018 or (2) Large Onsite Projects have submitted complete applications as per Step 3 of the Authority's "Smart Grid Small Generator Interconnection Procedures" on or after May 1, 2018.
- 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 monetized based on a calculation describe in Section 1.C.18.C - Value Stack Crediting then the Excess Generation will be allocated to Mass Market Customer Satellite accounts and the monetized Value Stack Crediting will be allocated to Large Onsite Customer Satellite accounts in accordance with the CDG Host's designated allocation requests. Any monetized value remaining after the allocation will remain with the CDG Host account as a bill credit to be allocated to the Satellite accounts in future billing periods.
 - 2) For Mass Market Customer Satellite accounts, as each is billed, Excess Generation allocated to the Satellite account will be applied to the Mass Market Satellite account as if the Customer were individually net metered. For Mass Market Satellite accounts served under time-of-use rates, the Excess Generation will be further allocated to the rating periods applicable to the Mass Market Satellite account in proportion to the times, days and seasons when the Excess Generation was delivered to the Authority.
 - 3) For Mass Market Customer Satellite account, if any allocated Excess Generation remains after application to the Satellite account, the remaining allocated Excess Generation shall be carried forward on the Mass Market Satellite's account as a volumetric (kWh) credit for future bill periods.
 - 4) For Large Onsite Customer Satellite account, as each Large Onsite Satellite account is billed the monetized Value Stack Crediting will be allocated to that account.
 - 5) For Large Onsite Customer Satellite account, if any bill credit remains on the Satellite account, the remaining bill credit shall be carried forward on the Large Onsite Satellite's account for future bill periods.
 - 6) Annual Allocation Requests
Once a year, following the annual anniversary of the CDG Host, after the CDG Host and all CDG satellite accounts have been 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. By the following anniversary date, the CDG Host must provide to the Authority an annual allocation request for distributing these excess credits to one or more of the CDG Satellite Accounts. No distribution shall be made if an allocation request is not received by the required date, and undistributed credits on the CDG Host shall be subject to forfeit.
 - 7) The day following the twenty-fifth (25) anniversary of the in service date, projects still in operation and injecting energy onto the Authority's electric system, will be compensated under the tariff then in effect.
 - 8) Notwithstanding any other provision of this Tariff and without waiving or limiting any of the Authority's other rights, the Authority reserves the right to alter the compensation structure for any Customer with Eligible Net Metering Technology that are Substantially Interconnected on or after January 1, 2020, as the Authority expects to take further action consistent with Phase Two of the New York Public Service Commission's Value of Distributed Energy Resources Proceeding on or around that date.

I. General Information (continued):**C. General Terms and Conditions (continued):****18. Value of Distributed Energy Resources (VDER)****a) Definitions:**

- (1) Customer-generator's Annual Unforced Capacity (UCAP) Value: - The value determined from the previous NYISO Capability Year by measuring net export onto the Authority's system by a Customer-generator at the time of the peak recorded for the Long Island Locality, Zone K. Customer-generator's UCAP Value is defined as a kilowatt value (kW).
- (2) Customer-generator's Weighted Capacity Value: - The value determined from the previous NYISO Capability Year by measuring net export onto the Authority's system by a Customer-generator at the time of the Top-10 Peak Hours for the Long Island Locality, Zone K. Customer-generator's UCAP Value is defined as a kilowatt value (kW).
- (3) Monthly Spot Market Capacity Price: - The UCAP price of capacity in the Long Island Locality, Zone K, as determined by the NYISO Spot Market Auction measured in (\$/ kw-mo).
- (4) Previous Year's Annual Spot Market Capacity Price: - Sum of twelve (12) Monthly Spot Market Capacity Prices from previous NYISO Capability Year (May-April) (\$ / kw-yr.)
- (5) Top-10 Peak Hours: - The ten (10) highest load hours (MW) on the Authority's system during the months of June, July and August between the hours of 2 pm - 6 pm.
- (6) Top-10 Peak Hour Weighting Factor: An hourly percentage factor will be applied to the Top-10 Peak Hours. The system peak will be considered the highest of Top-10 Peak Hours and will be given a twenty percent (20%) weighting. The lowest of the Top-10 Peak Hour Weighting Factor will be targeted to five percent (5%). Then, each of the remaining eight hours will be weighted based on its load (MW) difference from the system peak.

b) Value Stack Terms:

- (1) Eligible Customer-generators will be compensated based on monetary crediting for net hourly injections into the grid.
- (2) Projects eligible for the Value Stack will receive compensation for a term of twenty-five (25) years from the date of interconnection and will have the ability to carry-over excess credits to subsequent billing periods and annual periods as follows:

I. General Information (continued):**C. General Terms and Conditions (continued):****Value of Distributed Energy Resources (VDER) (continued):**

- (a) Excluding credits held by CDG project hosts, unused credits may be carried over to the next monthly billing period, including to the next annual period.
 - (b) At the end of a project's compensation term, twenty-five (25) years from the date of interconnection, any unused credits will be forfeited.
 - (c) CDG project hosts will be given a one-year grace period beyond the end of the annual period to distribute any credits they retain at the end of the annual period.
 - (d) At the end of the grace period the CDG project host will be required to forfeit a number of credits equal to the smallest number of credits that were in its account at any point during the grace period, since that represents the number of credits that were held over from the previous period.
- c) Value Stack Calculation:

Compensation under the Value Stack will apply to Customers identified as eligible in the Net Metering, Remote Net Metering, and Community Distributed Generation provisions of this Tariff (see *supra* Sections I.C.15 – I.C.17). The net energy injections of these resources will be calculated based on the values associated with the following component, which will be shown on a separate Statement of Value Stack Credits:

(1) Energy Component

For any hour in a monthly billing period where there is a net export onto the Authority's system by a Customer-generator, the Customer-generator will receive a credit for energy by multiplying the export in that hour times the Energy Component (\$/kWh). The Energy Component will be equal to the NYISO day-ahead Locational Based Marginal Price (LBMP) based on Zone K, inclusive of transmission losses identified by the NYISO and delivery losses as defined by Statement of Energy and Peak Demand Losses. The Energy Component compensation will be summed for all hours of the Customer-generator's billing month and added to Value Stack Calculation Bill Credit posted to the Customer generator's account.

(2) Capacity Component

Non-dispatchable resources may select Alternative 1, Alternative 2, or Alternative 3. Alternative 1 will be the default VDER Value Stack Capacity Component compensation methodology for non-dispatchable resources if no selection is made by the Customer-Generator.

Dispatchable technologies will be assigned to Alternative 3.

(a) Alternative 1

Under Alternative 1, compensation for capacity will be calculated by multiplying the sum of the project's net injections (kWh) for the billing period by the Alternative 1 VDER Value Stack Capacity Component (\$/kWh) in effect at the time of billing. The Alternative 1 VDER Value Stack Capacity Component will be determined by multiplying the Previous Year's Annual Spot Market Capacity Price by Previous Year's Coincidental Demand applicable to Large Demand customers divided by current year's Large Demand customers forecast of sales.

I. General Information (continued):**C. General Terms and Conditions (continued):****Value of Distributed Energy Resources (VDER) (continued):****(b) Alternative 2**

Under Alternative 2, compensation for capacity will be calculated by multiplying the sum of the project's net injections (kWh) for each on peak hour in the summer months of June, July, and August by the effective Alternative 2 VDER Value Stack Capacity Component (\$/kWh). The Alternative 2 VDER Value Stack Capacity Component will be calculated by dividing the Alternative 1 VDER Value Stack Capacity Component by the percentage of annual sales attributable to the 460 peak summer hours by annual sales for Service Classification No. 2 (Rate Code 280) to determine a \$/kWh compensation value to be applied during the following summer season. The on-peak hours are defined as the hours of 2 pm to 7 pm each day in the months of June, July, and August. A Customer-Generator must elect Alternative 2 by May 1 to be eligible to receive the rate beginning June 1 of that year. A Customer-Generator electing Alternative 2 after May 1 will be compensated under Alternative 1 until April 30 of the following calendar year.

The Alternative 2 rate will be revised by June 1 of each year in the Statement of Value Stack Credits.

(c) Alternative 3

Under Alternative 3, compensation for capacity will be calculated based on a Customer-generator's Capacity Value and Capacity Price, as follows.

(i) Customer-generator's Capacity Value:

New eligible dispatchable and non-dispatchable Customer-generators that do not have metered load history available will have their Capacity Value estimated for the first year of operation based on load profiles for their specific Customer-generator technology, Customer-generator size, and their rate code. After the first Anniversary of a Customer-generator's in-service date, the Customer-generator will be credited or charged a true-up value based on its measured Capacity Value during the first year of operations. The true-up value will be equal to the applicable Previous Year's Annual Spot Market Capacity Price multiplied by the difference between the first year estimated Capacity Value and the first year measured Capacity Value.

Eligible non-dispatchable Customer-generators. The Capacity Value of an eligible non-dispatchable Customer-generator will be its Weighted Capacity Value (kW), which will be based on the Customer-generator's measured output during the Top-10 Peak Hours of the previous year as weighted by the Top-10 Peak Hour Weighting Factor, as follows:

Weighted Capacity Value = $(PF1 \cdot E1 + PF2 \cdot E2 \dots + PF10 \cdot E10)$, where

PF_n = Top-10 Peak Hour Weighting Factor

E_n = Customer-generator's measured output (kWh) injected into LIPA system during Top-10 Peak Hours.

I. General Information (continued):**C. General Terms and Conditions (continued):****Value of Distributed Energy Resources (VDER) (continued):**

Eligible dispatchable Customer-generators will receive a Capacity Value calculated as the Customer-generator's Annual UCAP Value (kW). The Capacity Value will remain in effect as long as the eligible Customer-generator resource operates or until the last month of the NYISO Capability Year (April), whichever comes first.

(ii) Customer-generator's Capacity Price:

Eligible non-dispatchable Customer-generators selecting Alternative 3 will receive a Capacity Price equal to the Previous Year's Annual Spot Market Capacity Price grossed up to include peak losses as defined by the Statement of Energy and Peak Demand Losses and additional reserve requirements as required by the NYISO. The Capacity Price is shown on a separate Statement of Value Stack Credits.

Eligible dispatchable Customer-generators will receive a Capacity Price equal to the current Monthly Spot Market Capacity Price grossed up to include peak losses as defined by the Statement of Energy and Peak Demand Losses and additional reserve requirements as required by the NYISO. The Capacity Price is shown on the Statement of Value Stack Credits.

(iii) Capacity Component Payments:

Eligible non-dispatchable Customer-generators selecting Alternative 3 will receive an "Annual Capacity Payment Amount" calculated by multiplying its Capacity Value times its Capacity Price.

A Customer-generator's Annual Capacity Payment Amount including any first year Capacity Value true-up will be applied to the Customer-generator's Value Stack Calculation Bill Credit as follows. The Customer-generator may select from the following three methods to receive Capacity Component Payments. After the first year in service, the Customer-generator will have a one-time option to modify its selection.

- (1) Method One - The Capacity Component Credit (\$) will be the Customer-generator's Annual Capacity Payment Amount divided by twelve and added to Value Stack Calculation Bill Credit posted to the Customer-generator's account each month.
- (2) Method Two - The Capacity Component Credit (\$) will be the Customer-generator's Annual Capacity Payment Amount divided by three and added to Value Stack Calculation Bill Credit posted to the Customer-generator's account in three installments during the peak months of June, July and August.
- (3) Method Three - The Capacity Component Credit per (\$/kWh) will be calculated based on Customer-generator's Annual Capacity Payment Amount divided by the Customer-generator's previous year's net energy injections (8,760 Hours). The Capacity Component Credit \$/kWh will be applied to all energy net injections. The Capacity Component will be summed for all hours of the Customer-generators applicable billing months and added to Value Stack Calculation Bill Credit posted to the Customer-generator's account.

I. General Information (continued):**C. General Terms and Conditions (continued):****Value of Distributed Energy Resources (VDER) (continued):**

If an eligible non-dispatchable Customer-generator selects Method Three and the Authority does not have sufficient metered load history to calculate the Capacity Component Payments, the Customer-generator's Annual Capacity Payment Amount will be divided by a load profile for their specific Customer-generator technology, Customer-generator size, and their specific Customer's rate code to calculate the Capacity Component Credit per (\$/kWh).

An Eligible dispatchable Customer-generator's Capacity Component Credit in each month will be calculated as the Customer-generator's Capacity Value multiplied by the current Monthly Spot Market Capacity Price. The Capacity Component Credit will be added to Value Stack Calculation Bill Credit posted to the Customer-generator's account each month.

(d) Alternative Method Change Requests

A request for a change in VDER Value Stack Capacity Component compensation submitted by a Customer-Generator with intermittent generation is subject to the following limitations:

- (i) A project compensated under Alternative 1 may switch to compensation under Alternative 2 or to Alternative 3;
- (ii) A project compensated under Alternative 2 may switch to Alternative 3;
- (iii) A project compensated under Alternative 2 cannot switch to Alternative 1; and
- (iv) A project compensated under Alternative 3 cannot switch to Alternative 1 or Alternative 2.

(3) Environmental Value

- (a) Customers with generation that is eligible to receive Renewable Energy Standard Tier 1 Renewable Energy Credits ("RECs") must elect, by the date of interconnection, to either retain all RECs generated, or to sell these RECs to The Authority. For customers who elect to transfer their RECs to The Authority and for CDG Satellite Accounts who's CDG Host Account elects to transfer their RECs to The Authority, will receive the Environmental Component.
- (b) The environmental component will be determined as of the in service date of the Customer-generator and will be the greater of either:
 - (i) NYSEERDA posted Tier 1 REC market price or
 - (ii) Social Cost of Carbon net of the Regional Greenhouse Gas Initiative ("RGGI")
- (c) The value shall be fixed for the Customer-generator's first twenty-five (25) years of compensation under the Value Stack. The Environmental Component Credit per (\$/kWh) will be summed for all hours of the Customer-generator's billing month and added to Value Stack Calculation Bill Credit posted to the Customer-generator's account.
- (d) For all other customers that choose to retain their RECs, the Environmental Component Rate is \$0/kWh.

I. General Information (continued):**C. General Terms and Conditions (continued):****Value of Distributed Energy Resources (VDER) (continued):****(4) Value of Distribution**

Demand Reduction Value (DRV) and Locational System Relief Value (LSRV) will be based on the utility Marginal Cost of Service (MCOS) studies per Service Classification, and will be determined as follows:

- (a) For eligible Customer-generators, the DRV compensation will be calculated by multiplying the Customer-generator's Capacity Value as determined by Alternative 3 by the applicable DRV (\$/kW-month) rate. For the first three (3) years eligible Customer-generators are in-service, the DRV rate will be fixed at the current rate as of the in-service date. After the first three (3) years eligible Customer-generators are in-service the applicable DRV rate will be determined at least every three (3) years. The rate will be updated in a Statement of Value Stack Credits..
- (b) Customer-generators located in designated project locations will receive a LSRV payment. The Customer-specific LSRV payment will be calculated by multiplying the Customer-generator's annual Capacity Value by the LSRV (\$/kW-month) in effect at the project's location as of the in-service date. The LSRV (\$/kW-month.) is currently set at 50% of the DRV value identified in Statement of Value Stack Credits for all LSRV areas. The LSRV payment shall be fixed for a ten (10) year term of compensation for the Customer-generator, after which time the LSRV payment will be reset based on the then applicable LSRV at that location, if any, for an additional ten-year term until the twenty-fifth (25) year of the in service date. The LSRV will only be available to projects located in LSRV areas. Eligible LSRV areas that have been identified by the Authority may be found on Statement of LSRV Areas.
- (c) For each Customer-generator's billing period, the sum of the above listed components from 1.C.18 (4) (a) to (b) will be added to Value Stack Calculation Bill Credit posted to the Customer-generator's account.
- (d) Any account receiving a CDG Transition Credit will not be eligible to receive the DRV.

(5) CDG Transition Credit

Beginning on the earlier of (1) date the total capacity of NEM and CDG projects interconnected after January 1, 2018 reaches 94 megawatts; and (2) January 1, 2020, newly applying mass market participants in CDG projects will be compensated under the Value Stack except that a CDG Transition Credit will replace the DRV. The CDG Transition Credit will be posted on the Authority's website in the Statement of Value Stack Credits sufficiently in advance of the 94-megawatt trigger being reached to provide notice to any potentially affected project under development.

d) Value Stack Billing

At the conclusion of a billing period, a Customer will be billed for the total consumption of energy measured at the rates specified in the customer's otherwise applicable Service Classification, including applicable demand charges.

If there is a Value Stack Calculation Bill Credit for the month, such credit will be applied as a direct monetary credit to the Customer's current utility bill for any outstanding energy, customer, demand, or other charges. If the Customer's current month's Value Stack Calculation Bill Credit plus any prior period Value Stack Calculation Bill Credit exceeds the current bill, the remaining monetary credit will be handled as follows:

- (1) Large On-Site Customers, See Section C.15.h).(2)
- (2) For Remote Net Metered accounts, See Section C.16.b).(5)
- (3) For CDG accounts, See Section C.17.g)

I. General Information (continued):**C. General Terms and Conditions (continued):****4819. Resale, Redistribution, and Sub-metering of Electricity for Residential Purposes**

- a) If the internal wiring of a building was installed before January 1, 1977, a Customer may purchase electricity metered through a single master meter for the entire building and collect no more than the cost for the electricity, as billed by the Authority, from the tenants as part of their rent.
- b) Electric service may be furnished for submetering to new or existing owners or operators of residential dwelling rental units, condominiums, cooperatives, or assisted living and senior living facilities following approval by the President and Chief Executive Officer's designee in accordance with the Authority's Requirements for Residential Submetering.
- c) Electric service may be furnished to new or existing campgrounds, recreational trailer parks, or marinas for submetering following approval by the President and Chief Executive Officer's designee in accordance with the Authority's *Requirements for Residential Submetering*.

I. General Information (continued):**C. General Terms and Conditions (continued):****4920. Resale, Redistribution, and Sub metering of Electricity for Non-residential Purposes**

- a) Customers or Applicants may sub meter electricity in properties used for nonresidential or commercial purposes if their application for approval to use sub-metering contains the following information and the application is approved by the President and Chief Executive Officer's designee:
- (1) A statement explaining with appropriate analysis that sub-metering would be more economical than direct utility metering, and
 - (2) A description of the sub-metering system that would be installed with certification of its reliability and accuracy, and
 - (3) The method and basis for calculating rates to tenants, including a maximum rate (rate cap), to prevent the sub-metering charge from being more than the Authority's direct-metered commercial rate would be to each tenant, and
 - (4) Reasonable complaint procedures and tenant protections, and
 - (5) A method for notifying, in writing, all tenants of the proposal to sub-meter. The notification shall include the name, title, address and telephone number of the President and Chief Executive Officer's designee, and
 - (a) A summary of the information given to the President and Chief Executive Officer's designee in 1-4 above, and
 - (b) An invitation to make comments to the President and Chief Executive Officer's designee.
 - (6) A guarantee that the method of calculating the rate and the rate cap, complaint procedures, and tenant protections shall be explained in plain language and be part of all leases governing sub-metered premises.
- b) The applications required under a. above should be sent to the Office of the President and Chief Executive Officer, Long Island Power Authority, 333 Earle Ovington Blvd., Suite 403, Uniondale, NY 11553
- c) Decisions of the President and Chief Executive Officer's designee on applications for permission to sub-meter under C.18 shall be final. Such decisions are not subject to review under the complaint procedures set forth in this Tariff.
- d) The Authority (including the President and Chief Executive Officer's designee) is not responsible for hearing or settling service or billing complaints between the tenant and the sub-meter.

Long Island Power Authority**Statement of Value Stack Credits (VSC)****Applicable to those Rate Codes and Customers**

Subject to the Phase One Value Stack as set forth in the Tariff for Electric Service

Applicable to all metered accounts with Customer-generators subject to the Value Stack with rate codes within Service Classification Nos. 2-L, 2L-VMRP, 2-MRP or 12.

Energy Component

Average Monthly Energy Component (based on published day ahead NYISO hourly zonal LBMP energy prices) [averaged by zone]. http://www.nyiso.com/public/markets_operations/market_data/pricing_data/index.jsp

Capacity Component

Alternative 1	\$0.006937 / kWh
Alternative 2	\$0.078704 / kWh
Alternative 3 – Non-dispatchable (Prior NYISO Capability Year)	\$47.8673 / kW Annually
Alternative 3 - Dispatchable (Monthly NYISO Spot Market Price)	\$7.3168 / kW Monthly

Environmental Component

\$0.02424 / kWh

Demand Reduction Value (DRV)

\$109.86 / kW Annual

Location System Relief Value (LSRV)

\$54.93 / kW Annual

NYISO Top Ten Peak Hours and Peak Demand:

Hours	Date & Time	Company Peak Demand (MW)
Hour 1:	8/13/2016 17:00	5,413
Hour 2:	8/12/2016 17:00	5,411
Hour 3:	8/13/2016 18:00	5,383
Hour 4:	8/13/2016 16:00	5,380
Hour 5:	8/12/2016 16:00	5,368
Hour 6:	8/12/2016 18:00	5,368
Hour 7:	8/13/2016 15:00	5,346
Hour 8:	8/14/2016 16:00	5,323
Hour 9:	8/14/2016 17:00	5,311
Hour 10:	8/14/2016 18:00	5,292

Note: SC-12 customer will pay the rate of a similar size customer on SC-2.

Effective: January 1, 2018

Proposal Concerning Modifications to LIPA’s Tariff for Electric Service

Requested Action:

The Long Island Power Authority (the “Authority”) staff (“Staff”) proposes to modify the Authority’s Tariff for Electric Service (the “Tariff”) effective January 1, 2018 to reflect, as appropriate, the New York Public Service Commission (the “Commission”)’s *Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters* (the “VDER Order”)¹.

The Authority continues to pursue New York State’s clean energy goals and the development of Distributed Energy Resources (“DER”). The VDER Order begins a transition from the existing framework for compensating DER—known as net energy metering—to a value-based compensation framework that will benefit all customers by improving the efficiency of the electric system while continuing to support the sustainable development of clean generation necessary to meet the goals of the Reforming the Energy Vision (“REV”)² initiative and the Clean Energy Standard.³

Customers currently receiving net energy metering will not be affected by this change. In addition, residential and small commercial customers who add solar (or other DERs) by January 1, 2020, will continue to receive compensation equivalent to net energy metering for 20 years.

Additionally, Staff proposes to update the Community Distributed Generation (“CDG”) provisions of the Tariff, consistent with Commission orders,⁴ to extend eligibility to CDG hosts with fewer than 10 enrolled CDG satellite accounts where the CDG project is located on the site of a multi-unit dwelling.

Background:

Net Energy Metering. “Net Energy Metering”—the existing DER compensation framework—allows electric customers who own an eligible electricity generation system to offset their electric utility bill on a volumetric basis with the electricity generated by the customer’s system. New York’s original net-metering statute applied only to residential solar (PV) systems. Over the years, the law was expanded to include other forms of electric generation equipment including farm waste, wind, micro-hydro, fuel cell, and combined heat and power systems.

¹ Case 15-E-0751 et al., *In the Matter of the Value of Distributed Energy Resources* (“VDER Proceeding”), Order on Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters (issued March 9, 2017).

² Case 14-M-0101, Reforming the Energy Vision, Order Adopting Regulatory Policy Framework and Implementation Plan (issued February 26, 2016) (REV Framework Order or Track One Order); Order Adopting a Ratemaking and Utility Revenue Model Policy Framework (issued May 19, 2016) (Track Two Order).

³ Case 15-E-0302, *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard*, Order Adopting a Clean Energy Standard (issued August 1, 2016) (“CES Order”).

⁴ Case 15-E-0082, Order Modifying Community Distributed Generation Membership Requirements (issued March 13, 2017)

Net Energy Metering was initially subject to a rated generating capacity ceiling in each utility service territory equal to one (1%) percent of the 2005 electric demand for each utility. Subsequently, the Authority increased the ceiling to 3% and currently has waived any limitations or restrictions on the ceiling, consistent with statewide policy.⁵

Reforming the Energy Vision. In 2015, the Commission initiated the REV proceeding with a vision towards a complete reform of the state’s electric utility regulatory and pricing models. The REV initiative seeks to increase clean energy innovation, bringing new investments into New York and improving customer choice and affordability. As part of the REV proceeding, the Commission recognized the need for the development of a more accurate method of valuing distributed energy resources beyond traditional net metering in order to promote sustainable development of DERs and to incentivize DER development in areas where DERs offer the potential to improve system efficiency.

The VDER Order. On March 9, 2017, the Commission unanimously adopted the first phase of its VDER Order, which outlines a new framework for compensating solar and other distributed energy projects to better reflect the value and benefits provided to the grid by solar and other DERs while maintaining a smooth transition and grandfathering provisions to protect customers who had already made DER investments.

The VDER Phase One Order provides as follows:

Grandfathering for existing DERs. All DER projects that were interconnected (with a Commission-regulated investor owned utility) prior to issuance of the March 9, 2017 Commission order and eligible for net energy metering will be grandfathered and will continue to be compensated through net energy metering as before for the life of the system.

Phase One NEM. Phase One NEM is identical to the existing NEM framework except that (i) Phase One NEM is subject to a 20-year sunset and (ii) unused credits roll forward for 20 years under Phase One NEM instead of being cashed out annually.

In the Commission’s Order, Phase One NEM was offered to two groups of customers:

- (1) Mass market customers (residential and small commercial) interconnected by January 1, 2020; and
- (2) Large demand customers (including remote net metering hosts, community distributed generation projects, and demand-metered commercial customers) interconnected or substantially financially committed within 90 days of the VDER Order (i.e. this offer expired on June 9, 2017).

⁵ In addition to NEM, LIPA has issued two requests for proposals (“RFPs”) for utility-scale renewables and four feed-in tariffs (“FITs”) for commercial rooftop solar and fuel cells, resulting in 210-275 megawatts of solar and fuel cell projects and 90 megawatts of offshore wind. The utility-scale RFPs and FITs are alternative programs to NEM that target similar project sites, technologies, and developers, and have been successful in the Long Island service territory. LIPA will evaluate on an ongoing basis offering future RFPs and feed-in tariffs to meet its share of the state-wide 50 percent renewable by 2030 Clean Energy Standard.

Phase One Value Stack. The Phase One Value Stack is the first iteration of a new compensation framework based on summing the components of value of a particular DER to the grid, the utility, and the utility's other customers. The Phase One Value Stack tariff will apply to large demand customer-generators as of June 9, 2017. DERs subject to the Phase One Value Stack will receive monetary credit for net hourly electricity exported to the grid. Excess credit will be eligible for carry-over to subsequent billing for a term of 20 to 25 years depending on project type.

The Phase One Value Stack for net hourly electricity exported to the grid will be calculated based on the following values:

- (1) Energy Value based on Day Ahead hourly zonal locational-based marginal price (LBMP).⁶
- (2) Capacity Value based on retail capacity rate based on performance during the peak hour in the previous year.
- (3) Environmental Value based on the higher of the Clean Energy Standard Tier 1 Renewable Energy Credit ("REC") price or the Social Cost of Carbon ("SCC").
- (4) Demand Reduction Value ("DRV") and Locational System Relief Value ("LSRV") based on de-averaging of utility marginal cost of service studies.

Community distributed generation and remote net metered projects, and large on-site commercial demand-metered systems will be compensated under the Value Stack tariff.

Under Phase One of the VDER Order, energy storage projects combined with eligible net metering technologies will qualify for compensation. Customer-generator injections into the grid, and withdrawals from the grid, will be measured and priced on the basis of the combined performance of the customer-side generation and storage systems combined.

Proposal:

Staff proposes to modify the Tariff to implement Phase One of the VDER Order as appropriate for the Authority's service territory, within a time frame that would commence on January 1, 2018 and contain the same grandfathering provisions. Staff proposes the following specific changes to the Authority's Tariff in order to implement Phase One of the VDER Order:

⁶ Capitalized terms not defined herein are defined by reference to the VDER Order.

Grandfathering of Existing Net Energy Metering

Existing Net Energy Metering customers and eligible customers interconnected or substantially interconnected by January 1, 2018 will be grandfathered and remain on existing NEM rules for the life of the customer's system.⁷

Phase One Net Energy Metering (NEM)

Mass market customer-generators who become substantially interconnected after January 1, 2018 and by January 1, 2020⁸ and mass market customers who participate as satellites in community distributed generation projects that become substantially interconnected after January 1, 2018 and by January 1, 2020 will be eligible for Phase One NEM. Phase One NEM is identical to the existing NEM framework, *except* that:

- Phase One NEM is subject to a 20-year sunset, after which time the customer will be moved to the compensation system then in effect;
- Unused credits will roll over to next billing period for the full 20-years (instead of being cashed out annually); and
- Any credits remaining after the twentieth year will be forfeited.

Phase One Value Stack for Large Demand-Metered Customers

Large demand-metered commercial customers that become substantially interconnected after January 1, 2018, and large demand-metered commercial customers who participate as satellites in community distributed generation projects that become substantially interconnected after January 1, 2018; and remote net metering hosts that become substantially interconnected after January 1, 2018 will be compensated using the Phase One Value Stack.

- Participants will receive monetary credits (as opposed to volumetric) for excess generation in any hour according to the Phase One Value Stack described below.
- Unused credits will roll over to next billing period, except that credits held by a CDG Host Account and unable to be distributed to a CDG Satellite Account will be retired after one year.
- Eligible projects will be guaranteed to receive compensation under the Phase One Value Stack for a term of 20 years. After 20 years, projects will be transitioned to the compensation system then in effect.
- The elements of the Phase One Value Stack will be compensated as follows:

⁷ Substantial interconnection will be determined by reference to the PSEG Long Island Smart Grid Small Generator Standardized Interconnection Procedures ("Smart Grid SGIP"). Systems in the Smart Grid SGIP Fast Track process will be considered substantially interconnected upon completion of Step 6 of the Fast Track process. Systems sized between 50 kW and 2,000 kW will be considered substantially interconnected upon completion of Step 7 of the Smart Grid SGIP. (Systems larger than 2,000 kW will continue to be ineligible for net metering.)

⁸ The Commission has indicated that it will issue a Phase Two VDER Order to go into effect on January 1, 2020. The Authority intends to implement Phase Two on January 1, 2020, or as soon thereafter as reasonably practicable in light of administrative rulemaking procedures applicable to the Authority.

- **Energy value** – Net energy exports onto the Authority’s system by a Customer-generator in any hour be credited based on the NYISO day-head Locational Based Marginal price for Zone K.
- **Capacity value** – Capacity will be credited based on the participating project’s “Capacity Value” multiplied by the applicable price for capacity.⁹

Capacity Value (dispatchable projects) – The Capacity Value of a dispatchable project will be based on the Customer-generator’s annual Unforced Capacity (UCAP) during the previous NYISO Capability Year, which will be determined by measuring the Customer-generator’s net exports onto the Authority’s system at the time of the peak recorded for Long Island, Zone K.

Capacity Value (non-dispatchable projects) – The Capacity Value of a non-dispatchable project will be based on customer’s weighted average output during the top ten peak hours of the previous year.

Capacity credits (dispatchable projects) – Dispatchable projects will receive monthly capacity credits calculated as the Customer-generator’s Capacity Value multiplied by the current Monthly Spot Market Capacity Price.

Capacity credits (non-dispatchable projects) – Non-dispatchable projects will receive an Annual Capacity Payment Amount calculated as the Customer-generator’s Capacity Value multiplied by the previous year’s Annual Spot Market Capacity Price. Non-dispatchable projects will choose from among three available methods for allocating capacity credits based on the project’s Annual Capacity Payment Amount.¹⁰

- **Environmental value** – The environmental credit will be the lesser of (i) the NYSERDA posted Tier 1 REC price or (ii) the levelized Tier 1 REC value the

⁹ This methodology differs slightly from the Commission’s VDER Phase One Order because the Authority—unlike the regulated utilities—currently does not have a mandatory hourly pricing tariff and therefore does not have an existing market based demand rate. Accordingly, the Authority will value capacity at the Zone K market value of capacity.

¹⁰ **Method One** - The capacity credit (\$) will be the Customer-generator's Annual Capacity Payment Amount divided by three and added to Value Stack Calculation Bill Credit posted to the Customer-generators account in three installments during the peak months of June, July and August.

Method Two - The capacity credit per (\$/kWh) will be calculated based on Customer-generator's Annual Capacity Payment Amount divided by the Customer-generator's previous summers net energy injections over the 460 hours of the peak months of June, July and August. The Capacity Component Credit \$/kWh will be applied to all energy net injects during the 460 designated summer hours during the peak months of June, July and August.

Method Three - The capacity credit per (\$/kWh) will be calculated based on Customer-generator's Annual Capacity Payment Amount divided by the Customer-generator's previous year’s net energy injections (8760 Hours). The Capacity Component Credit (\$/kWh) will be applied to all energy net injections.

Authority assigns based on its ability to monetize Tier 1 RECs, as of the operational date for the Customer-generator.

- This methodology may differ from the Commission’s VDER Phase One Order if the Authority is unable to receive credit in the New York Generation Attribute Tracking System (“NYGATS”)¹¹ for all of the RECs it has purchased.
 - The environmental credit shall be fixed for the 20-year term of compensation for the Customer-generator.
- **Distributional value** – The value of distribution consists of a systemwide Demand Reduction Value (“DRV”) and a location-specific Locational System Relief Value (“LSRV”). The DRV and LSRV will be determined as follows:
- The DRV will be based on the avoided transmission and distribution cost to the utility per unit of demand reduction.
 - The DRV will be calculated for each customer service classification using the Authority’s most recent marginal cost of service study. The DRV may reflect a de-averaging of the system average marginal cost based on the number of megawatts subject to the LSRV.
 - The DRV will be posted in the “Statement of DRV” on the Authority’s website to be updated as needed and no less frequently than every five years.
 - DRV compensation will be calculated by multiplying an eligible Customer-generator’s Capacity Value by the DRV in effect during the billing period of the current calendar year.
 - The LSRV is a location-specific supplement to the DRV based on additional avoided costs at particular locations on the Authority’s system.
 - Initially, the LSRV in all eligible areas will be set at 50% of the DRV value in effect as of the operational date of the Customer-generator. The LSRV compensation credit will be calculated by multiplying Customer-generator’s Capacity Value by the LSRV in effect as of the operational date of the Customer-generator.
 - The LSRV compensation credit will be fixed for the first ten years of the Customer-generator’s participation in the Phase One Value Stack, after which time the LSRV will be reset to the then-applicable LSRV at that location, if any, for an additional 10-year term.

¹¹ NYGATS is an online certificate-tracking system that records information about electricity generated, imported, and consumed within New York State. NYGATS also serves as the platform for applying for Renewable Energy Standard (RES) certification under the New York’s Clean Energy Standard. NYGATS retains records of resources that have received a statement of qualification and designates the RECs created by a facility as eligible for RES Tier 1 compliance.

- The LSRV will be available to projects located in eligible LSRV locations identified by the Authority in the “Statement of LSRV Areas” which will be posted on the Authority’s website.

Financial Impacts:

This Tariff proposal is not expected to have a material financial impact on the Authority. Existing net metering customers will not be affected because they will be grandfathered under the current net metering rules.

The Authority has estimated the future impacts based on new customer applications¹² and expects to experience increased delivery revenues, net of payments to customer-generators, of approximately \$184,000 per year as a result of certain large commercial customers being eligible for the Phase One Value Stack rather than Net Energy Metering. However, Staff expects these additional revenues to be offset by increased operating costs consisting of the addition of approximately 2.5 full-time equivalent employees needed to maintain the customer records and manually bill Phase One Value Stack customers as proposed.

Proposed Tariff Changes:

1. Implement Phase One of Value of Distributed Energy Resources Order.

Affected Tariff Leaves: 1, 14, 15, 16, 17, 18, 19, 22, 24, 31, 34A, 34A-1, 34B, 34C, 34D, 34E, 34F, 34F-1, 34G, 34H, 34I, 34J, 34J-1, 34K, 34L, 34M, 34N, 34O, 34P, 34Q, 34R, 34S, 34T, 34U, 35, 38

Reason for Proposed Changes:

To implement the New York Public Service Commission’s Phase One Order on the Value of Distributed Energy Resources as appropriate for the Authority.

Summary of Proposed Changes:

In summary, the proposed changes to LIPA’s Tariff for Electric Service will grandfather existing NEM customers, extend NEM to mass market customers enrolling before 2020, and implementing the Phase One Value Stack for new demand-metered Distributed Energy Resources.

2. Update eligibility of Community Distributed Generation Membership Requirements.

Affected Tariff Leaves: 34L

¹² Based on recent levels of participation, the Authority expects to receive approximately 100 applications per year for participation in Phase One from large demand-metered commercial customers, one to two applications per year from community distributed generation projects, and five to ten applications from remote net metering hosts. The Authority currently does not have any interconnected community distributed generation projects, but has received and is processing one application that is expected to result in a community distributed generation project being interconnected before the effective date of this tariff proposal. As of the date of publication, there are approximately 35 remote net metering hosts. These existing customers will not be affected by this proposal.

Reason for Proposed Changes:

To conform to recent NY PSC policy.

Summary of Proposed Changes:

The proposed changes to LIPA's Tariff for Electric Service will expand eligibility for participation in Net Metering of Community Distributed Generation consistent with recent Commission orders.

TABLE OF CONTENTS

- I. General Information..... 7**
 - A. The Authority’s Service Area..... 7**
 - B. Abbreviations and Definitions 10**
 - C. General Terms and Conditions..... 25**
 - 1. Legal Authority..... 25
 - 2. Implementation and Administration of this Tariff 25
 - 3. Availability of this Tariff..... 25
 - 4. Altering, Changing, and Eliminating the Provisions of this Tariff..... 25
 - 5. Employee Identification 25
 - 6. Access to Customers’ Premises..... 26
 - 7. Obligations of the Authority 27
 - 8. Customer’s Responsibility 30
 - 9. Ownership of Equipment on Customer’s Premises..... 30
 - 10. Cost of Special Services on Customer’s Premises 30
 - 11. Requirements for Residential Service 30
 - 12. Requirements for Nonresidential Service..... 33
 - 13. Combined Service 33
 - 14. Customer-Owned Electric Generating Equipment 34
 - 15. Net Metering Generators 34A
 - 16. Remote Net Metering 34I
 - ~~17.~~ Net Metering of Community Distributed Generation 34K
 - ~~17-18.~~ **Value of Distributed Energy Resources 34O**
 - ~~18-19.~~ Resale, Redistribution, and Submetering of Electricity for Residential Purposes..... 35
 - ~~19-20.~~ Resale, Redistribution, and Submetering of Electricity for Nonresidential Purposes..... 38
- II. How To Obtain Service 39**
 - A. Residential Application Procedure 39**
 - 1. Forms of Residential Application..... 39
 - 2. Residential Application Approval..... 39
 - 3. Required Oral Application Information 39
 - 4. Exceptions to Provision of Residential Service 39
 - 5. Conditions for Requiring a Written Application..... 40
 - 6. Notification for Requiring a Written Application 40
 - 7. Required Written Application Information..... 40
 - B. Nonresidential Application Procedure..... 41**
 - 1. Form of Application..... 41
 - 2. Nonresidential Application Approval..... 41
 - 3. Required Written Application Information..... 41
 - 4. Incomplete Applications..... 42
 - 5. Additional Requirements for Application Approval 42
 - C. Denial-of-Service Procedure..... 43**
 - 1. Time Frame for Denial of Service..... 43
 - 2. Notification to Applicant..... 43
 - 3. Contents of the Written Notification 43
 - 4. Record-Keeping Obligations of the Authority 44
 - 5. Reversing a Denied Application 44
 - 6. Service for a Previously Denied Application..... 44

I. General Information (continued):**B. Abbreviations and Definitions (continued):**

Customer or Consumer: A person or any other entity who is approved for and supplied electric service by the Authority. Each Customer will have a unique account unless specified otherwise. (See *Applicant*. The term "Customer" may be used interchangeably with "Applicant.")

1. Core Customer

A Customer who has no alternatives to Authority-provided electric service or who, when given an alternative, chooses to accept Authority-provided electric service.

2. Existing Residential Customer

An Applicant who moves from one residence to another within the Authority's Service Area and for whom there is a recent payment history.

3. Residential Farm ~~Service~~ Customer

A Customer whose land is used in agricultural production as defined in subdivision four (4) of section three hundred one (301) of the agriculture and markets law with a farmhouse, together with other buildings or equipment used by its occupant to operate the farm, when connected to the same meter as the residential dwelling.

4. Full-Requirements Customer

A Customer whose electric power requirements are all supplied by the Authority.

5. New Non-Residential Customer

An Applicant who was not the last Customer at the serviced address, regardless of whether the Applicant was a former Customer or is a current Customer at a different address, and who does not use the serviced address as a residence.

6. New Residential Customer

An Applicant for residential service who is new to the Authority's Service Area.

7. Non-Core Customer

A Customer who has an alternative(s) to Authority-provided electric service and chooses to use the alternative provider.

8. Non-Residential Customer

A person, firm, or other entity, engaged in commerce or the business of government, that does not use the service address as a residence.

9. Non-Residing Customer

A person, firm, or other entity engaged in the development or building of residences or permanent dwellings that will not maintain residence at the service address.

10. ~~Residential or~~ Residing Customer

A Customer who uses the serviced address as his or her residence.

I. General Information (continued):**B. Abbreviations and Definitions (continued):****Customer or Consumer (continued):**11. Seasonal Customer

A Customer who applies for and receives electric service at intervals during the year, or at other irregular intervals.

12. Short-Term or Temporary Customer - Non-Residential

A Non-residential Customer who requires temporary service for no longer than two (2) years.

13. Short-Term or Temporary Customer - Residential

A Residential Customer who requires temporary service for no longer than one (1) year.

Customer-generator: A Residential, ~~or Residential Farm or~~ Non-residential ~~or Farm Service~~ Customer of the Authority who owns and/or operates electric generating equipment. Customer-generators may be eligible for net metering. See definitions of Solar Electric Generating Equipment, ~~and~~ Wind Electric Generating Equipment, Micro-Hydroelectric Generating Equipment, Micro-Combined Heat and Power (CHP) Generating Equipment, Fuel Cell Electric Generating Equipment and Farm Waste Electric Generating equipment for further details.

Cycle Billing: Billing from the reading of meters on a regular interval. In general, there are twenty (20) business days in each month. Each business day is called a cycle and numbered. The cycle is the interval between that cycle number in the previous and current month. Each Customer's meter is read on or near the same cycle number every month or every other month.

D

Deferred Payment Agreement: A written agreement for the payment of outstanding charges over a fixed period of time.

Delinquent Customer: A non-residential Customer who has made two (2) or more late payments within the last twelve (12) months, or a residential Customer who has not paid a properly presented bill for electric service, either in full or an agreed-upon partial payment, by the "Pay by" date on the bill.

Delivery Service: The transmission and distribution of electricity to a Customer.

Delivery Service Revenues: Delivery Service Revenues include revenues based upon the rates and charges specified in Section VIII of the Tariff and exclude adjustments to rates and charges such as: the Power Supply Charge, Distributed Energy Resources Cost Recovery Rate, New York State Assessment Factor, Shoreham Property Tax Settlement Factor, Visual Benefits Assessment Rate, Charges to Recovery PILOT Payments, and the Revenue Decoupling Mechanism.

Demand: Power requirements placed on the utility system by a Customer or group of Customers. It is expressed in kilowatts, kilovoltamperes, or any other suitable unit and averaged over a fifteen (15) minute period. (See *Power*)

1. Coincidental Demand

When the maximum demand of a Customer or Customers occurs at the same time as the maximum demand of all other Customers.

2. Noncoincidental Demand

When the maximum demand of a Customer or Customers does not occur at the same time as the maximum demand of all other Customers.

I. General Information (continued):**B. Abbreviations and Definitions (continued):**

Demand Customer: A Customer who is billed for Demand charges.

Demand Meter: The device that records the maximum amount of power used by the Customer over a 15-minute interval during a specific period, such as a month.

Department: The New York State Department of Public Service.

Deposit: A sum of money given as security for payment of service.

Distribution Facilities: Facilities used to distribute electric energy to consumers, including supply lines, distribution lines, service laterals, and accessory equipment.

Distribution Line(s): A system of poles, wires, ducts, conduits, and additional equipment used for the shared distribution of electricity to Customers.

E

Easement: (See *Right-of-way*)

Eligible Net Metering Technologies: The list of eligible technologies are: Solar Electric Generating Equipment, Wind Electric Generating Equipment, Micro-Hydroelectric Generating Equipment, Micro-Combined Heat and Power (CHP) Generating Equipment, Fuel Cell Electric Generating Equipment and Farm Waste Electric Generating Equipment. See definition of Solar Electric Generating Equipment, Wind Electric Generating Equipment, Micro-Hydroelectric Generating Equipment, Micro-Combined Heat and Power (CHP) Generating Equipment, Fuel Cell Electric Generating Equipment and Farm Waste Electric Generating equipment for further details.

Energy: Energy is electric power, used or supplied over time, and measured in KWH.

Existing Overhead Areas: Areas in which electric distribution facilities are constructed overhead, and there are no requirements to construct facilities underground.

F

Farm Waste Electric Generating Equipment: Equipment that generates electric energy from biogas produced by anaerobic digestion of agricultural wastes, such as livestock manure, farming wastes and food processing wastes with a rated capacity of not more than ~~one-two~~ thousand kilowatts (~~1~~²,000 kW) that is manufactured, installed and operated by Customer-generator in accordance with applicable government and industry standards, connected to the electric system and operated in conjunction with the Authority's transmission and distribution facilities, operated in compliance with the Authority's standards and requirements established therefor, fueled at a minimum of ninety (90) percent on an annual basis by biogas produced from the anaerobic digestion of agricultural waste such as livestock manure materials, crop residues, and food processing waste, and fueled by biogas generated by anaerobic digestion with at least fifty (50) percent by weight of its feed stock being livestock manure on an annual basis.

Fuel Cell Electric Generating Equipment: A solid oxide, molten carbonate, proton exchange membrane or phosphoric acid fuel cell, with a combined rated capacity of not more than ten (10) kilowatts for a residential customer or with a rated capacity of not more than two thousand (2,000) kilowatts for a non-residential customer, that is manufactured, installed and operated in accordance with applicable government and industry standards, that is connected to the electric system and operated in compliance with the Authority's standards and requirements established therefor. This definition, including the capacity limits specified herein, does not apply to fuel cells participating in the Fuel Cell Feed-in Tariff.

Fuel and Purchased Power Cost Adjustment Clause: See definition for Power Supply ~~Charge~~–Charge.

Full-Requirements Customer: A Customer whose electric power requirements are all supplied by the Authority. (See *Customer – Full Requirements Customer*)

G

Generation Project: A specific project that is eligible to participate in the Commercial Solar or Fuel Cell Feed-In Tariff under Service Classification No. 11 – Buy-Back Service.

I. General Information (continued):**B. Abbreviations and Definitions (continued):****H**

Heat-Related Service: A service provided under a residential space-heating rate classification or service needed to start or operate the primary heating system. It also includes a safe, supplemental electrical heating device that is needed by the Customer because the third party who controls the primary heating system does not supply enough heat.

Hybrid Electric Generating System or Hybrid System: An electric generating system consisting exclusively of wind and solar electric generators which are metered and billed as single unit, Hybrid electric generating systems owned and/or operated by Residential, or Residential Farm or non-residential may be eligible for net metering. Hybrid systems may not include micro- Combined Heat and Power (CHP) or micro-Fuel Cell electric generation.

J

Jurisdiction: The right and power to interpret and apply the law.

K

Kilovar(s) = KVAR 1,000 reactive voltamperes (See Reactive Power)

A unit of measure of that part of Apparent Power that is not useful, but is required by some types of electricity-consuming devices such as motors.

Kilovoltampere = kVA = 1,000 voltamperes (See Voltamperes)

Kilowatt(s) = KW = 1,000 watts

A unit of measure of that part of Apparent Power that is useful (Real Power). (See *Power*)

Kilowatt-hour = KWH = 1,000 watt-hours

A unit of electric energy equal to one (1) kilowatt of power supplied to or taken from an electricity-consuming device steadily for one (1) hour.

L

Large Onsite Customer(s): Commercial customer(s) with demand billing.

Large Onsite Project(s): Projects using an Eligible Net Metering Technologies own by a Large-Onsite Customer(s).-

Late Payment: Payment made more than twenty (20) calendar days after the date payment was due. The due date is the earlier of the two (2) dates: the personal delivery date or three (3) calendar days after the mailing of the bill. The Customer must pay the bill by the "Pay by" date on the bill to avoid making a late payment.

Letter of Credit: A letter issued by a bank authorizing the bearer to draw a stated amount of money from the issuing bank, its branches, or other associated banks or agencies.

Levelized Payment Plan: (See *Balanced or Budget Billing Plan*)

Liability: A legal obligation.

Line: A system of overhead poles, wires, and accessory equipment or underground ducts, conduits, and cables used for the distribution of electricity to Customers.

Line Extension: The addition of poles, wires, ducts, conduits, appurtenant facilities and additional equipment to a distribution line used to expand the shared distribution of electricity to Customers.

I. General Information (continued):**B. Abbreviations and Definitions (continued):**

Load: (See *Demand*)

Load Factor: The ratio of a Customer(s) average demand to peak demand during a specified period.

Location: Property with stated boundaries which is owned or occupied by a single legal entity.

M

Manager: PSEG Long Island LLC, the entity engaged by the Authority to operate, maintain, manage and act as agent for the Authority's system pursuant to the terms and conditions of the Operations Services Agreement. Nothing herein shall be read to change or modify Manager's duties and obligations or create any liability on the part of Manager beyond that set forth in the Operations Services Agreement.

Mass Market Customer(s): - [Projects using an Eligible Net Metering Technologies own by a Large-Onsite Customer\(s\)](#)

Mass Market Project(s): - [Projects using an Eligible Net Metering Technologies own by a Mass Market Customer\(s\)](#)

Micro-Combined Heat and Power Generating Equipment: An integrated cogenerating building heating and electrical power generation system, operating on any fuel and any applicable engine, fuel cell, or other technology, with a rated capacity of at least one kilowatt and not more than ten (10) kilowatts electric and any thermal output that all full load has a design total fuel use efficiency in the production of heat and electricity of not less than eighty percent, and annually produces at least two thousand (2,000) kilowatt hours of useful energy in the form of electricity that may work in combination with supplemental, or parallel conventional heating system, that is manufactured, installed and operated in accordance with applicable government and industry standards operated in conjunction with the Authority's transmission and distribution facilities.

Micro-Hydroelectric Generating Equipment: A Hydroelectric system, with a rated capacity of not more than 25 kW for a residential customer or with a rated capacity of not more than 2,000 kW for a non-residential customer, that is manufactured, installed and operated in accordance with applicable government and industry standards, connected to the electric system and operated in conjunction with the Authority's transmission and distribution facilities.

Month: A Month in this document is defined as a 30-day period, and monthly rates for billing periods other than a Month are prorated.

Multi-phase: Producing, carrying, or powered by multiple alternating voltages, each of which reaches its highest level at different time intervals. (See *Alternating Voltage*)

Multiple-Occupancy or Multiple Dwelling Building: A building designed to contain three (3) or more individual residential units for permanent occupancy. Each unit should contain kitchen, bath, and sleeping areas. In some instances, the Tariff may differentiate between buildings that contain three or more units and those that contain four or more units.

N

Net Energy Metering: The use of a net energy meter to measure, during the billing period applicable to a Customer-generator, the net amount of electricity supplied by the Authority to the Customer-generator and/or the net amount of electricity provided by the Customer-generator to the Authority.

~~**Net Financing Cost:** The weighted average cost of debt for the Authority, including all costs of issuance of the debt.~~

~~**New York Independent System Operator (NYISO):** A not for profit corporation established to provide and maintain open access transmission to the power system in New York State, provide for centralized commitment and dispatch of the generation system in New York State, and provide other services.~~

I. General Information (continued):**B. Abbreviations and Definitions (continued):**

Net Financing Cost: The weighted average cost of debt for the Authority, including all costs of issuance of the debt.

New York Independent System Operator (NYISO): A not-for-profit corporation established to provide and maintain open access transmission to the power system in New York State, provide for centralized commitment and dispatch of the generation system in New York State, and provide other services.

New York Power Authority (NYPA): a New York State Authority responsible for the generation, transmission and sale of electricity to wholesale customers pursuant to the Public Authorities Law.

Noncoincidental Demand (See Demand)

Non-Core Customer: (See *Customer - Non-Core Customer*)

Non-Core Service: Service to Non-Core Customers.

Non-Residential Applicant: (See *Customer - Non-Residential Customer*)

Non-Residing Applicant: (See *Customer - Non-Residing Customer*)

O

Ohm: The unit of measurement of electrical resistance.

Operations Services Agreement: A contractual agreement (as may be amended, modified, or supplemented from time to time) between PSEG Long Island and the Authority, under which PSEG Long Island operates, maintains, and manages the Authority's transmission and distribution system.

P

Payment Date: The Authority considers a payment to be made on the date the Authority or one of its authorized agents receives the payment.

Payments In Lieu of Taxes (PILOTs): Payments that the Authority makes to other governmental authorities in replacement of the taxes which were previously collected on utility revenues, assets or operations.

Performance Payment: An advance payment made by a Non-Residing Applicant for service construction for multiple occupancy buildings in an underground-designated area. The payment guarantees the Applicant's performance for five (5) years.

Peak Power or Peak Demand: See *Power*.

Power (Electric): Amount of electrical energy produced or consumed, measured over a specific time period in kilowatts (KW).

1. Apparent Power includes both Real and Reactive Power and is the product of Volts and Amperes in a circuit. Apparent power is expressed in kilovoltamperes (kVA).
2. Instantaneous Power is power at an instant in time.

I. General Information (continued):**B. Abbreviations and Definitions (continued):**

Service Line or Lateral: A system of conductors and equipment for delivering electricity from the Authority's distribution system to the wiring system of a building or address.

Service Termination: The point at which the service line or lateral ends and the Customer connects with the wiring system.

Shared Meter: Any Authority meter that measures electric service provided to a tenant's dwelling and to areas outside that dwelling, and the tenant pays for all usage recorded on the meter.

Shared-Meter Customer: Any tenant who rents a dwelling with a shared meter from the owner of the dwelling, and the tenant, rather than the owner, is the Authority's Customer of record.

Short-Term or Temporary Customer - Non-Residential: (See *Customer - Short-Term or Temporary Customer*)

Short-Term or Temporary Customer - Residential: (See *Customer - Short-Term or Temporary Customer*)

Single-phase: Producing, carrying, or powered by a single alternating voltage. (See *Alternating Voltage*)

Solar Electric Generating Equipment: A photovoltaic system with a rated capacity of equal to or less than twenty five kilowatts (25 KW) for residential Customers or with a rated capacity equal to or less than 2,000 kilowatts for Non-residential Customers which is manufactured, installed and operated in accordance with applicable government and industry standards, is connected to the Authority's electric system and operated in conjunction with the Authority's transmission and distribution facilities, and which is operated in compliance with the Authority's standards and requirements.

State Agency: Any board, authority, agency, department, commission, public corporation, body politic, or instrumentality of the State of New York.

Subdivision: (See *Residential Subdivision*)

Submetering: The redistribution of electric service to multiple meters not owned by the Authority.

Substantially Interconnected: Will be determined by reference to the PSEG-Long Island Smart Grid Small Generator Standardized Interconnection Procedures ("Smart Grid SGIP"). Systems in the Smart Grid SGIP Fast Track process will be considered substantially interconnected upon completion of Step 6 of the Fast Track process. Systems sized between 50 kW and 2,000 kW will be considered substantially interconnected upon completion of Step 7 of the Smart Grid SGIP. (Systems larger than 2,000 kW will continue to be ineligible for net metering.)

Supply Line: A part of a distribution line that is installed between an existing electric distribution system and an underground distribution line within an underground-designated area. (See *Underground-Designated Area*)

Surcharge: In connection with extension of distribution facilities, a monthly, bimonthly, or annual charge assessed Residential Customers over a period that does not exceed ten years and which recovers the cost of the distribution facilities Customers are directly responsible for.

I. General Information (continued):**B. Abbreviations and Definitions (continued):****Voltampere = VA**

The unit of measure of Apparent Power. (See *Power*) Multiplying the volts by the amperes in an electric circuit will result in the voltamperes.

W**Watt = W**

A unit of measurement of Real Electrical Power. (See *Power*)

Watt-hour = W-hr

The total amount of energy used in an electricity consuming device. Energy is measured as power used over time. For example, a device using one (1) watt-hour of energy is using the equivalent of one (1) watt of power over a period of one (1) hour.

Watt-hour Meter: The recording device that measures energy in watt-hours.

Wind Electric Generating Equipment: A wind generator or generators with the combined rated capacity of not more than twenty five kilowatts (25 kW) for a Residential Customer-generator, and not more than 500 kW for ~~a Residential Farm Customer~~ ~~a Farm Service Customer-generator,~~ and not more than 2,000 kW for a Non-residential Customers which is manufactured, installed and operated in accordance with applicable government and industry standards, is connected to the electric system and operated in conjunction with the Authority's transmission and distribution facilities, and which is operated in compliance with the Authority's standards and requirements.

I. General Information (continued):**C. General Terms and Conditions (continued):
Requirements For Residential Service (continued)**

- (1) At the Customer's option, a building used mainly for religious purposes, including a school, even if nonreligious subjects are taught at the school, and
 - (a) The electric service is only used in connection with the religious purposes, and
 - (b) If new or not now classified as religious accounts, Applicants shall identify themselves and offer credentials for a religious classification, or
- (2) Accessory buildings or usage on the same premises as a dwelling, apartment, or building used for religious purposes, or
- (3) A ~~Residential Farm Customer farmhouse, together with other buildings or equipment used by its occupant to operate the farm, when connected to the same meter as the dwelling,~~ or
- (4) At the Customer's option, a supportive/supervised living facility (community residence), as defined in Subdivisions 28, 28a or 28b of Section 1.03 of the Mental Hygiene Law:
 - (a) If the facility is operated by a not-for-profit corporation, and
 - (b) There are living accommodations for no more than fourteen (14) residents if supervisory staff is on the premises at all times, or
- (5) Part of the dwelling or building in 11.a.1-7 above when used as a business or for professional purposes other than farming, and
 - (a) Usage does not exceed one hundred (100) Kilowatt Hours per month for any two (2) consecutive months, and
 - (b) The premises is primarily a residence, and
 - (c) The business or professional use does not change the character or appearance of the premises, and
 - (d) The business or professional use, by an occupant of the premises, is limited to:
 - (1) A usual home occupation, including the sale of articles or products produced on the premises, but not including the operation of a store for the sale of other articles or products, or
 - (2) The renting of space in an accessory building for the storage of private automobiles, but not done as a business.

I. General Information (continued):**C. General Terms and Conditions (continued):**15. Net Meteringa) Residential Net Metering Requirements

(1) A Residential Solar or Wind Customer-generator shall be net metered only if the rated capacity of the Solar or Wind Electric Generating Equipment is (1) equal to or less than twenty five (25) kilowatts and (2) equal to or less than 110% of the customers last twelve months of load. If the rated capacity of the Solar or Wind Electric Generating Equipment owned and/or operated by the residential Customer-generators is (1) greater than 25 kilowatts or (2) greater than 110% of the customers last twelve months of load, 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)(2) A Residential Farm Customer Residential 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)(3) A Residential 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)(4) 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)(5) 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)~~(6) 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)~~(7) 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 a Residential Farm Customer 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 Customers or a Residential Farm Customer Farm Service- for the 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).~~

b) Non-Residential Net Metering Requirements

~~(9)~~(1) A Non-residential Solar or Wind or Farm Waste, or Fuel Cell, or Micro-Hydroelectric 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 or Wind or Farm Waste, or Fuel Cell, or Micro-Hydroelectric 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 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 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):**~~b) Total Capacity Limitations on Net Metering for Customer-Generators~~

- ~~(1) The Authority will sign a contract with each of the Residential and Non-residential Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric and Fuel Cell Customer-generators meeting all applicable requirements on a first come, first served basis, until the total rated generating capacity for Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric and Fuel Cell Electric Generating Equipment owned and/or operated by Customer-generators in the Authority's Service territory is equal to 153,500 kW, which is three percent (3.0%) of the Authority's electric peak demand for the year 2005 that is required by law.~~
- ~~(2) The Authority will sign a contract with each of the Residential, Farm Service and/or Non-residential Wind Customer-generators meeting all applicable requirements on a first come, first served basis, until the total rated generating capacity for Wind Electric Generating Equipment owned or operated by the Customer-generators in the Authority's service territory is equal to 15,300 kW, which represents three-tenths percent (0.3%) of the Authority's electric peak demand for the year 2005.~~
- ~~(3) The limit on total rated generating capacity in subdivision (1) is waived until such time as the Authority determines that a revised limit on the total rated capacity is warranted. The Authority reserves the right to authorize additional generating capacity.~~

~~e) —~~~~d)c) Requirements for Installation and Operation~~

- (1) Wiring and switches for Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell, Wind or Hybrid Electric Generating Equipment, owned and/or operated by Customer-generators to supply their load and feed energy to the Authority's electric system, shall be arranged in parallel so as to permit the flow of current from the Authority to the Customer-generator and vice-versa.
- (2) Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell, Wind or Hybrid Electric Generating Equipment installed in parallel with the Authority's system must comply with the Authority's "Smart Grid Small Generator Interconnection Procedures".
- (3) The Authority shall require a Customer-generator who owns and/or operates Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell, Wind, Solar or Hybrid Electric Generating Equipment to pay for the installation of dedicated transformer(s) if it is determined that dedicated transformer(s) is (are) necessary to protect the safety and adequacy of electric service provided to other Customers.
- (4) The Authority may require a Customer-generator who owns and/or operates Solar, Farm Waste, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell, Wind or Hybrid Electric Generating Equipment to comply with additional safety or performance standards than those specified in the Authority's "Smart Grid Small Generator Interconnection Procedures", perform or pay for additional tests, or purchase additional liability Insurance when the total rated generating capacity of the electric generating equipment that provides electricity to the Authority through the same local feeder line exceeds twenty (20%) of the rated capacity of the total feeder line.

~~(4)~~(5) Eligible Mass Market Project(s) or Large Onsite Project(s) will be permitted to pair on-site energy storage with the eligible Customer- generating equipment.

I. General Information (continued):**C. General Terms and Conditions (continued):
Net Metering (continued):**~~e)d~~ Interconnection and Transformer Charges

- (1) If the ~~Mass Market Customer's 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~~ has a rated capacity of equal to or less than twenty five (25) 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 ~~Mass Market Customer's~~ Solar, ~~Farm Waste~~, Micro-Combined-Heat-and-Power, Micro-Hydroelectric, Fuel Cell and/or Wind Electric generating equipment ~~with~~ has a rated capacity of more than twenty five (25) kilowatts, the Customer-generator shall be responsible for payment to the Authority of one hundred percent (100%) of the interconnection expenses of such ~~solar~~ Solar and/or ~~wind~~ Wind-electric generating equipment.
- (3) The ~~Large Onsite Customer Non-residential Customer-generator~~ shall be responsible for payment to the Authority of one hundred percent (100%) of the interconnection expenses of such ~~S~~ solar, Micro-Hydroelectric, Fuel Cell and/or ~~w~~ Wind-~~e~~ Electric 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 Mass Market 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 Customer 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-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.~~
 - ~~(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):

- (5) If the Authority determines ~~a Mass Market Customer-generator installing Wind Electric Generating equipment that it is necessary to install that requires installation of a dedicated transformer (s) or transformers or~~ other equipment to protect the safety and the adequacy of electric service provided to other Customers, the Customer-generator ~~installing wind electric generating equipment~~ shall pay to the Authority the lesser of the: (1) Actual costs, or (2) the charges identified under (ia) or (ib) below. (See Paragraph(s) C.15.c)(4) and C.15.d)(5) for other applicable safety requirements and charges):
- (a) Seven hundred and fifty dollars (\$750.00) if the Customer-generator owns and/or operates wind electric generating equipment with a rated capacity equal to or less than 25 ~~kW~~ kilowatts, or
- (b) Five thousand dollars (\$5,000.00) if the Customer-generator owns and/or operates wind electric generating equipment with a rated capacity greater than 25kW but not more than 500 kW.
- (6) If the Authority determines ~~a Mass Market Customer-generator installing a Hybrid System that requires it is necessary to install installation of a dedicated transformer-(s) or transformers or~~ other equipment to protect the safety and adequacy of the electric service provided to other Customers, the ~~Residential or Farm Service Customer-generator Mass Market Customer-generator installing a hybrid system~~ shall pay to the Authority either seven hundred and fifty dollars (\$750.00) if the ~~wind-Wind Electric Generating Equipment generator of the hybrid-Hybrid system-System~~ has a rated capacity equal or less than 25 kW or five thousand dollars (\$5,000.00) if the wind generator of the ~~hybrid Hybrid system-System~~ has a rated capacity greater than 25 kW but not more than 500 kW.

~~f)e) Maintenance and Replacement Charges for Interconnection Equipment~~

The Authority will maintain and replace interconnection equipment installed by the Authority for ~~solar-Solar~~ and/or ~~wind-Wind~~ electric generators, without direct cost to the Customer.

~~g)f) Net Energy Metering~~

- (1) The Authority shall ~~install an AMI meter capable of recording hourly interval metering data use net energy metering to measure and charge or provide credit for the net electricity supplied by the Authority or provided to the Authority, respectively, by a Residential, Non-residential, Farm Service or Farm Waste Customer-generator.~~
- (2) A common, single metering system shall be used to measure at the point of interconnection with the Authority's system as a single quantity the net energy associated with Solar, Micro-Hydroelectric, and Wind Customer-generators including cases where they constitute a hybrid system.
- (3) In the event that a customer-generator chooses to install ~~wind-Wind, micro-Micro-hydroelectric-Hydroelectric or solar-Solar~~ electric generation in conjunction with Farm Waste, Micro-Combined-Heat-And-Power or Fuel Cell electric generation, the customer must choose between:
- (a) separately measuring the output of the Farm Waste, Micro-Combined Heat And Power or Fuel Cell electric generation for sale to the Authority under Service Classification No. 11 so that the Solar, ~~micro-Micro-hydroelectric-Hydroelectric~~ or Wind electric generation can be billed under the applicable net metering provisions, or

- (b) measuring at the point of interconnection with the Authority's system as a single quantity, the net energy associated with the combined system as if the entire system were derived from Farm Waste, Micro-Combined Heat And Power or Fuel Cell electric generation.

I. General Information (continued):**C. General Terms and Conditions (continued):
Net Metering (continued):****h)g) Termination of the Interconnection Agreement**

The "Interconnection Agreement" between the Authority and Customer-generator may be terminated as follows:

- (1) The Customer-generator may terminate the Agreement at any time, by giving the Authority sixty (60) days' written notice;
- (2) If the Customer-generator fails to seek final acceptance by the Authority within twelve (12) months after completion of construction, then the Authority may terminate the Agreement on thirty (30) days prior written notice;
- (3) Either Party may, by giving the other Party at least sixty (60) days prior written notice, terminate this agreement in the event that the other Party is in default of any of the terms and conditions of the "Interconnection Agreement". The terminating Party shall specify in the notice the basis of the termination and shall provide a reasonable opportunity to correct the default;
- (4) The Authority may, by giving the Customer-generator at least sixty (60) days prior written notice, terminate this agreement for cause. The Customer-generator's non-compliance with the Authority's "Smart Grid Small Generator Interconnection Procedures" or ~~non-compliance~~ non-compliance with the "Interconnection Agreement" shall constitute a good cause;
- (5) Unless the Interconnection Agreement is terminated pursuant to items (1) through (4) above, the net energy metering service will be provided for a term of ten years from the date of installation of service and thereafter will be automatically renewed for annual periods unless the Authority provides thirty days prior written notice of termination before the end of the term.

h) Net Billing Procedures for Eligible Customer-generators**(1) Mass Market Projects and Large Onsite Projects with Eligible Net Metering Technologies that become Substantially Interconnected on or before January 1, 2018 are subject to the billing procedures described in items (a) through (h) below.**

- (a)** In the event that the amount of electricity supplied by the Authority during the billing period exceeds the amount of electricity provided to the Authority by the Customer-generator, the Authority shall charge the Customer-generator for the net (excess) electricity it supplied to the Customer-generator at the same rate per kilowatt-hour applicable: (a) to service provided to other Customers in the same service class who do not generate electricity on site, and (b) to the month the energy was generated.

I. General Information (continued):

C. General Terms and Conditions (continued):

Net Metering (continued):

- ~~(b) For eligible Residential-Mass Market Customer-generators-Projects and Large Onsite Projects with Solar or Wind or Farm Waste 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 whose 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.~~
- ~~— 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 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).~~
- ~~— 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).~~
- ~~(c) For eligible ResidentialMass Market Customers and Large Onsite Customers-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 where the- whose 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.~~
- ~~— 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.~~

- ~~For eligible Non-residential Customer-generators with Fuel Cell Electric Equipment whose rated capacity is equal to or less than 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.~~
- (d) ~~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.~~
- (e) ~~For Customer-generators served under a rate code with multiple rating periods, excess generation in one rating period 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.~~
- (f) ~~At the end of the first year that service for eligible Mass Market Projects and Large Onsite Projects with sSolar or wWind or Farm Waste or Micro-Hydroelectric electric generators was supplied to a Solar, Wind, Micro-Hydroelectric and Farm Waste Customer-generator by means of net metering, and every anniversary date thereafter, the Authority shall promptly thereafter issue payment to the Customer-generator for any value of the remaining credit for the net (excess) electricity provided to the Authority by the Customer-generator during the previous twelve (12) month period. The payment issued to the Customer-generator shall be equal to the product of the remaining excess (net) energy generated by the Customer-generator times the corresponding avoided energy prices as per the Statement of Market Energy Prices.~~
- (g) ~~For eligible Mass Market Projects and Large Onsite Projects Customer-generators that terminate service or become ineligible for net metering, the Authority shall promptly thereafter issue payment to the Customer-generator for any value of the remaining credit for the net (excess) electricity provided to the Authority by the Customer-generator. The payment issued to the Customer-generator shall be equal to the product of the remaining excess (net) energy generated by the Customer-generator times the corresponding avoided energy prices as per the Statement of Market Energy Prices.~~
- (h) ~~The avoided cost rates to be used to issue payment to Mass Market Projects and Large Onsite Projects Customer-generator for energy sold to the Authority by the Customer-generator will be determined based on the simple average of the Zone K Day-Ahead Locational Based Marginal Prices (LBMP). Monthly and Time-of-Use energy payments will be shown each month on the Statement of Market Energy Prices.~~

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

- (2) Mass Market Projects and Large Onsite Projects with eligible Net Metering Technologies that become Substantially Interconnected after January 1, 2018 are subject to the billing procedures described in items (a) through (h) below.
- (a) Net Importing by Mass Market Customers: In the event that the amount of electricity supplied to a Mass Market Customer by the Authority during the billing period exceeds the amount of electricity such Customer provided to the Authority from an eligible Mass Market Project, the Authority will charge the Mass Market Customer for the net (excess) electricity supplied. Such net (excess) electricity will be billed at the same rate per kilowatt-hour applicable to (i) service provided to other Customers in the same service class who do not generate electricity on site, and (ii) the month the energy was generated.
- (b) Net Importing by Large Onsite Customers: In the event that the amount of electricity supplied to a Large Onsite Customer by the Authority during any hour exceeds the amount of electricity such customer provided to the Authority from an eligible Large Onsite Project, the Authority shall charge the Large Onsite Customer for the net (excess) energy supplied. Such net (excess) energy will be billed at the same rate per kilowatt-hour applicable to (i) service provided to other Customers in the same service class who do not generate electricity on site, and (ii) the month the energy was generated.
- (c) For Large Onsite Customers, the monthly billing demand is determined by the maximum measured kilowatt demand actually supplied to the Customer during the billing period.
- (d) Net Exporting by Mass Market Customers: In the event that the amount of electricity provided to the Authority by an eligible Mass Market Project during the billing period exceeds the amount of electricity provided by the Authority to the Mass Market Customer, the Authority will apply a credit to the Customer's next bill for service. The credit will be applied at the same rate per kilowatt-hour applicable to service provided to other Mass Market Customers in the same service class who do not generate electricity on site. For Mass Market Projects served under a rate code with multiple rate periods, each rate period will be treated separately when calculating and applying any credits.
- (e) Net Exporting by Large Onsite Customers. For any hour in which the amount of electricity generated by an eligible Large Onsite Project exceeds the electricity consumed on the site, the Large Onsite Customer will be credited for electricity provided to the Authority as described in Section 1.C.18.C – Value Stack Crediting.
- (f) At the conclusion of the billing period containing the twentieth (20) anniversary of the in--service date of an eligible Mass Market Project or Large Onsite Project:
- (i) The Authority will remove any remaining credits for net (excess) energy attributable to the project from the Customer's account.
- (ii) The Authority will notify the Customer of the removal of credits and such notice will include a description of the subsequent compensation system to be applied.

~~(i)(iii)~~ Mass Market Projects and Large Onsite Projects still in operation and injecting energy onto the Authority's electric system will be compensated under the tariff then in effect.

(g) Notwithstanding any other provision of this Tariff and without waiving or limiting any of the Authority's other rights, the Authority reserves the right to alter the compensation structure for any Customer with Eligible Net Metering Technology that is Substantially Interconnected after January 1, 2020, as the Authority expects to take further action consistent with Phase Two of the New York Public Service Commission's Value of Distributed Energy Resources Proceeding on or around that date.

I. General Information (continued):

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

CANCELLED

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 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 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):
Net Metering (continued):****CANCELLED**

~~At the end of the first year that service was supplied to a Solar, Wind, Micro Hydroelectric and Farm Waste Customer-generator by means of net metering, and every anniversary date thereafter, the Authority shall promptly thereafter issue payment to the Customer-generator for any value of the remaining credit for the net (excess) electricity provided to the Authority by the Customer-generator during the previous twelve (12) month period. The payment issued to the Customer-generator shall be equal to the product of the remaining excess (net) energy generated by the Customer-generator times the corresponding avoided energy prices.~~

~~For Customer-generators that terminate service or become ineligible for net metering, the Authority shall promptly thereafter issue payment to the Customer-generator for any value of the remaining credit for the net (excess) electricity provided to the Authority by the Customer-generator. The payment issued to the Customer-generator shall be equal to the product of the remaining excess (net) energy generated by the Customer-generator times the avoided energy prices.~~

~~The avoided cost rates to be used to issue payment to Customer-generator for energy sold to the Authority by the Customer-generator will be determined based on the simple average of the Zone K Day Ahead Locational Based Marginal Prices (LBMP). Monthly and Time-of-Use energy payments will be shown each month on a separate Statement of Market Energy Prices attached to the tariff.~~

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 Wind, Farm Wind, Farm Waste, Customer-generators, Non-Residential Micro-Hydroelectric, Customer-generators, and Non-Residential and Fuel Cell Generators are as described in Section 1.C.15.B are eligible to be host for remote net metering accounts as defined in Public Service Law ("PSL") 66-j. Non-Residential 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.~~

~~(2) 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 any service classification, 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.~~

(3) 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 Host Designation and Allocation of Satellite Accounts

(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) More than one Host account can be designated for each remote net metering arrangement and a The~~ 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.

~~e)e)~~A Satellite account may have more than one ~~h~~Host account.

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

- ~~e)f)~~ 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.~~
- ~~e)g)~~ 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.b.4 & 5.
- (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):**

(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) Mass Market Projects and Large Onsite Projects with eligible Net Metering Technologies that become Substantially Interconnected on or before January 1, 2018 will be credited as described in items (a) through (c) below.

a) The Authority will calculate a monetary credit at the Host account's applicable tariff per kWh rate.

a)b) 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~~~~Solar~~, residential ~~wind~~~~Wind~~, ~~farm~~~~Farm~~ ~~wind~~~~Wind~~ or ~~farm-residential~~~~Farm waste~~~~Waste~~ electric generating equipment and makes a one-time election to have the Annual Reconciliation performed in an alternate month.

b)c) 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.

(6) Mass Market Projects and Large Onsite Projects with eligible Net Metering Technologies that become Substantially Interconnected after January 1, 2018, will be credited as described in items (a) through (c) below.

a) The Authority will calculate a monetary credit for energy as described in Section 1.C.18.C – Value Stack Crediting.

b) At the conclusion of the billing period containing the twentieth (20) anniversary of the in service date:

(i) The Authority will remove any remaining credit for the net (excess) energy from the Host account;

(ii) The Authority will notify the Customer of the removal of credits and such notice will include a description of the subsequent compensation system to be applied.

(iii) Host projects still in operation and injecting energy onto the Authority's electric system, will be compensated under the tariff then in effect.

c) Notwithstanding any other provision of this Tariff and without waiving or limiting any of the Authority's other rights, the Authority reserves the right to alter the compensation structure for any Customer with Eligible Net Metering Technology that is Substantially Interconnected after January 1, 2020, as the Authority

expects to take further action consistent with Phase Two of the New York Public Service Commission's Value of Distributed Energy Resources Proceeding on or around that date.

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.

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

I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering of Community Distributed Generation (continued):**

- (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, except when the project is located on the site of a contiguous property serving multiple residential or non-residential customers.
- (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.

I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering of Community Distributed Generation (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) Account Closure

- (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 per the Statement of Market Energy Prices as if the account were individually net metered.

I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering of Community Distributed Generation (continued):**

- (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.
- f) Mass Market Projects and Large Onsite Projects with eligible Net Metering Technologies that become Substantially Interconnected on or before January 1, 2018 will receive volumetric (kWh) credits calculated and applied as described in items (1) through (5) below.
- (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.
 - (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.
 - (5) Annual Allocation Requests.

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.

I. General Information (continued):**C. General Terms and Conditions (continued):****Net Metering of Community Distributed Generation (continued):**

- ~~(6) Account Closure~~
- ~~a) The Authority shall require an actual meter reading to close a CDG Host account or CDG Satellite account taking service pursuant to CDG.~~
 - ~~b) 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.~~
 - ~~c) 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.~~
 - ~~d) 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.~~
- g) Mass Market Projects and Large Onsite Projects with eligible Net Metering Technologies that become Substantially Interconnected after January 1, 2018 will receive volumetric (kWh) credit calculated and applied as described in items (a) through (c) below.
- (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 Mass Market Customer Satellite accounts and Large Onsite Customer Satellite accounts 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) For Mass Market Customer Satellite accounts, as each is billed, Excess Generation allocated to the Satellite account will be applied to the Mass Market Satellite account as if the Customer were individually net metered. For Mass Market Satellite accounts served under time-of-use rates, the Excess Generation will be further allocated to the rating periods applicable to the Mass Market Satellite account in proportion to the times, days and seasons when the Excess Generation was delivered to the Authority.
 - (3) For Mass Market Customer Satellite account, if any allocated Excess Generation remains after application to the Satellite account, the remaining allocated Excess Generation shall be carried forward on the Mass Market Satellite's account as a volumetric (kWh) credit for future bill periods.
 - (4) For Large Onsite Customer Satellite account, as each Large Onsite Satellite account is billed, Excess Generation allocated to that account will be monetized based on a calculation describe in Section 1.C.18.C - Value Stack Crediting.
 - (5) For Large Onsite Customer Satellite account, if any bill credit remains on the Satellite account, the remaining bill credit shall be carried forward on the Large Onsite Satellite's account for future bill periods.

(6) Annual Allocation Requests

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. By the following anniversary date, the CDG Host must provide to the Authority an annual allocation request for distributing these excess credits to one or more of the CDG Satellite Accounts. No distribution shall be made if an allocation request is not received by the required date, and undistributed credits on the CDG Host shall be subject to forfeit.

(7) The day following the twentieth (20) anniversary of the in service date, projects still in operation and injecting energy onto the Authority's electric system, will be compensated under the tariff then in effect.

I. General Information (continued):**C. General Terms and Conditions (continued):****18. Value of Distributed Energy Resources (VDER)****a) Definitions:**

- (1) Customer-generator's Annual Unforced Capacity (UCAP) Value: - The value determined from the previous NYISO Capability Year by measuring net export onto the Authority's system by a Customer-generator at the time of the peak recorded for the Long Island Locality, Zone K. Customer-generator's meter measured kWh value will be grossed up to include peak losses as defined by Statement of Energy and Peak Demand Losses. Customer-generator's UCAP Value is defined as a kilowatt value (kW).
- (2) Customer-generator's Annual Weight UCAP Value: - The value determined from the previous NYISO Capability Year by measuring net export onto the Authority's system by a Customer-generator at the time of the Top-10 Peak Hours for the Long Island Locality, Zone K. Customer-generator's meter measured kWh value will be grossed up to include peak losses as defined by Statement of Energy and Peak Demand Losses. Customer-generator's UCAP Value is defined as a kilowatt value (kW).
- (3) Monthly Spot Market Capacity Price: - The UCAP price of capacity in the Long Island Locality, Zone K, as determined by the NYISO Spot Market Auction measured in (\$/kw-mo).
- (4) Previous Year's Annual Spot Market Capacity Price: - Sum of twelve (12) Monthly Spot Market Capacity Prices from previous NYISO Capability Year (May-April) (\$ / kw-yr.)
- (5) Top-10 Peak Hours: - The ten (10) highest load hours (MW) on the Authority's system during the months of June, July and August between the hours of 2 pm - 6 pm.
- (6) Top-10 Peak Hour Weighting Factor: An hourly percentage factor will be applied to the Top-10 Peak Hours. The system peak will be considered the highest of Top-10 Peak Hours and will be given a twenty percent (20%) weighting. The lowest of the Top-10 Peak Hour Weighting Factor will be targeted to five percent (5%). Then, each of the remaining eight hours will be weighted based on its load (MW) difference from the system peak.

b) Value Stack Terms:

- (1) Eligible Customer-generators will be compensated based on monetary crediting for net hourly injections into the grid.
- (2) Projects eligible for the Value Stack will receive compensation for a term of 20 years from the date of interconnection and will have the ability to carry-over excess credits to subsequent billing periods and annual periods as follows:

I. General Information (continued):**C. General Terms and Conditions (continued):****Value of Distributed Energy Resources (VDER) (continued):**

- (a) Excluding credits held by CDG project hosts, unused credits may be carried over to the next monthly billing period, including to the next annual period.
- (b) At the end of a project's compensation term, 20 years from the date of interconnection, any unused credits will be forfeited.
- (c) CDG project hosts will be given a one-year grace period beyond the end of the annual period to distribute any credits they retain at the end of the annual period.
- (d) At the end of the grace period the CDG project host will be required to forfeit a number of credits equal to the smallest number of credits that were in its account at any point during the grace period, since that represents the number of credits that were held over from the previous period.

c) Value Stack Calculation:

Compensation under the Value Stack will apply to Customers identified as eligible in the Net Metering, Remote Net Metering, and Community Distributed Generation provisions of this Tariff (see *supra* Sections I.C.15 – I.C.17). The net energy injections of these resources will be calculated based on the values associated with the following components:

(1) Energy Component

For any hour in a monthly billing period where there is a net export onto the Authority's system by a Customer-generator, the Customer-generator will receive a credit for energy by multiplying the export in that hour times the Energy Component Rate. The Energy Component Rate will be equal to the NYISO day-ahead Locational Based Marginal Price (LBMP) based on Zone K, inclusive of transmission losses identified by the NYISO and delivery losses as defined by Statement of Energy and Peak Demand Losses. The Energy Component will be summed for all hours of the Customer-generator's billing month and added to Value Stack Calculation Bill Credit posted to the Customer generator's account.

(2) Capacity Component**(a) Customer-generator's Annual Capacity Payment Amount:**

Eligible non-dispatchable and dispatchable Customer-generators will be paid their Capacity Value times their Capacity Price.

(b) Customer-generator's Capacity Value:

- (1) Eligible non-dispatchable Customer-generators will be compensated for capacity based on the Customer-generator's measured output during the Top-10 Peak Hours of the previous year as weighted by the Top-10 Peak Hour Weighting Factor, as follows:

Weighted Capacity Value = $(PF1 \cdot E1 + PF2 \cdot E2 \dots + PF10 \cdot E10)$, where

PF_n = Top-10 Peak Hour Weighting Factor

E_n = Customer-generator's measured output (kWh) injected into LIPA system during Top-10 Peak Hours.

I. General Information (continued):**C. General Terms and Conditions (continued):****Value of Distributed Energy Resources (VDER) (continued):**

The Capacity Value will be the Weighted Capacity Value (kw) as adjusted to include delivery peak losses as defined by Statement of Energy and Peak Demand Losses.

- (2) Eligible dispatchable Customer-generators will receive a Capacity Value calculated as the Customer-generator's Annual UCAP Value (kw) adjusted to include delivery peak losses as defined by Statement of Energy and Peak Demand Losses. The Capacity Value will remain in effect as long as the eligible Customer-generator resource operates or until the last month of the NYISO Capability Year (April), whichever comes first.
- (c) Customer-generator's Capacity Price (\$ / kW-Year):
- (1) Eligible non-dispatchable Customer-generators will receive a Capacity Price equal to the Previous Year's Annual Spot Market Capacity Price.
 - (2) Eligible dispatchable Customer-generators will receive a Capacity Price equal to the current Monthly Spot Market Capacity Price.
- (d) New eligible dispatchable and non-dispatchable Customer-generators that do not have metered load history available will have their Capacity Value estimated for the first year of operation based on load profiles for their specific Customer-generator technology, Customer-generator size, and their rate code. After the first Anniversary of a Customer-generator's in-service date, the Customer-generator will be credited or charged a true-up value based on its measured Capacity Value during the first year of operations. The true-up value will be equal to the applicable Previous Year's Annual Spot Market Capacity Price multiplied by the difference between the first year estimated Capacity Value and the first year measured Capacity Tag Value.
- (e) Capacity Component Payments:
- A Customer-generator's Annual Capacity Payment Amount including any first year Capacity Value true-up will be applied to the Customer-generator's Value Stack Calculation Bill Credit.
- (1) Eligible non-dispatchable Customer-generators may select from the following three methods to receive Capacity Component Payments. After the first year in service the Customer-generator will have a one-time option to modify its selection.

I. General Information (continued):**C. General Terms and Conditions (continued):****Value of Distributed Energy Resources (VDER) (continued):**

- i. Method One - The Capacity Component Credit (\$) will be the Customer-generator's Annual Capacity Payment Amount divided by three and added to Value Stack Calculation Bill Credit posted to the Customer-generator's account in three installments during the peak months of June, July and August.
 - ii. Method Two -The Capacity Component Credit per (\$/kWh) will be calculated based on Customer-generator's Annual Capacity Payment Amount divided by the Customer-generator's previous summer's net energy injections over the 460 hours of the peak months of June, July and August. The Capacity Component Credit \$/kWh will be applied to all energy net injects during the 460 designated summer hours during the peak months of June, July and August. The Capacity Component will be summed for all hours of the Customer-generator's applicable billing months and added to Value Stack Calculation Bill Credit posted to the Customer-generator's account.
 - iii. Method Three -The Capacity Component Credit per (\$/kWh) will be calculated based on Customer-generator's Annual Capacity Payment Amount divided by the Customer-generator's previous year's net energy injections (8,760 Hours). The Capacity Component Credit \$/kWh will be applied to all energy net injections. The Capacity Component will be summed for all hours of the Customer-generators applicable billing months and added to Value Stack Calculation Bill Credit posted to the Customer-generator's account.
- (2) If any eligible non-dispatchable Customer-generator for which the Authority does not have sufficient metered load history selects Method Two or Three for calculation of its Capacity Component Payments, the Customer-generator's Annual Capacity Payment Amount will be divided by a load profile for their specific Customer-generator technology, Customer-generator size, and their specific Customer's rate code to calculate the Capacity Component Credit per (\$/kWh).
- (3) The Capacity Component Credit for an eligible dispatchable Customer-generator will be calculated as the Customer-generator's Capacity Value multiplied by the current Monthly Spot Market Capacity Price. The Capacity Component Credit will be added to Value Stack Calculation Bill Credit posted to the Customer-generator's account each month.

I. General Information (continued):**C. General Terms and Conditions (continued):****Value of Distributed Energy Resources (VDER) (continued):****(3) Environmental Value**

The Environmental Component Credit as of the in service date of the Customer-generator will be set at, the lesser of the (1) NYSEERDA posted Tier 1 REC market price value or (2) Tier 1 REC value assigned by the Authority calculated on the levelized cost of monetized Tier 1 RECs. The value shall be fixed for the Customer-generator's first 20 years of compensation under the Value Stack. The Environmental Component Credit per (\$/kWh) will be summed for all hours of the Customer-generator's billing month and added to Value Stack Calculation Bill Credit posted to the Customer-generator's account.

(4) Value of Distribution

Demand Reduction Value (DRV) and Locational System Relief Value (LSRV) will be based on the utility Marginal Cost of Service (MCOS) studies per Service Classification, and will be determined as follows:

- (a) For eligible Customer-generators, the DRV compensation will be calculated by multiplying the Customer-generator's Capacity Value by the DRV (\$/kW-mo.) rate in effect during the billing period of the current calendar year. The current DRV rate will be determined at least every five years. The rate will be updated in a Statement of DRV and will be published three (3) days prior to its effective date.
- (b) Customer-generators located in designated project locations will receive a LSRV payment. The Customer-specific LSRV payment will be calculated by multiplying the Customer-generator's annual Capacity Value by the LSRV (\$/kW-mo.) in effect at the project's location as of the in-service date. The LSRV (\$/kW-mo.) is currently set at 50% of the DRV value identified in Statement of DRV for all LSRV areas. The LSRV payment shall be fixed for a ten (10) year term of compensation for the Customer-generator, after which time the LSRV payment will be reset based on the then applicable LSRV at that location, if any, for an additional ten-year term. The LSRV will only be available to projects located in LSRV areas. Eligible LSRV areas that have been identified by the Authority may be found on Statement of LSRV Areas.
- (c) For each Customer-generator's billing period, the sum of the above listed components from 1.C.18 (4) (a) to (b) will be added to Value Stack Calculation Bill Credit posted to the Customer-generator's account.

d) Value Stack Billing

At the conclusion of a billing period, a Customer will be billed for the total consumption of energy measured at the rates specified in the customer's otherwise applicable Service Classification, including applicable demand charges.

I. General Information (continued):**C. General Terms and Conditions (continued):****Value of Distributed Energy Resources (VDER) (continued):**

If there is a Value Stack Calculation Bill Credit for the month, such credit will be applied as a direct monetary credit to the Customer's current utility bill for any outstanding energy, customer, demand, or other charges. If the Customer's current month's Value Stack Calculation Bill Credit plus any prior period Value Stack Calculation Bill Credit exceeds the current bill, the remaining monetary credit will be handled as follows:

- (1) Large On-Site Customers, See Section C.15.h).(2)
- (2) For Remote Net Metered accounts, See Section C.16.b).(5)
- (3) For CDG accounts, See Section C.17.g)

I. General Information (continued):**C. General Terms and Conditions (continued):****4819. Resale, Redistribution, and Sub-metering of Electricity for Residential Purposes**

- a) If the internal wiring of a building was installed before January 1, 1977, a Customer may purchase electricity metered through a single master meter for the entire building and collect no more than the cost for the electricity, as billed by the Authority, from the tenants as part of their rent.
- b) Electric service may be furnished for submetering to new or existing owners or operators of residential dwelling rental units, condominiums, cooperatives, or assisted living and senior living facilities following approval by the President and Chief Executive Officer's designee in accordance with the Authority's Requirements for Residential Submetering.
- c) Electric service may be furnished to new or existing campgrounds, recreational trailer parks, or marinas for submetering following approval by the President and Chief Executive Officer's designee in accordance with the Authority's *Requirements for Residential Submetering*.

I. General Information (continued):**C. General Terms and Conditions (continued):**

20. Resale, Redistribution, and Sub metering of Electricity for Nonresidential Purposes

- a) Customers or Applicants may sub meter electricity in properties used for nonresidential or commercial purposes if their application for approval to use sub-metering contains the following information and the application is approved by the President and Chief Executive Officer's designee:
 - (1) A statement explaining with appropriate analysis that sub-metering would be more economical than direct utility metering, and
 - (2) A description of the sub-metering system that would be installed with certification of its reliability and accuracy, and
 - (3) The method and basis for calculating rates to tenants, including a maximum rate (rate cap), to prevent the sub-metering charge from being more than the Authority's direct-metered commercial rate would be to each tenant, and
 - (4) Reasonable complaint procedures and tenant protections, and
 - (5) A method for notifying, in writing, all tenants of the proposal to sub-meter. The notification shall include the name, title, address and telephone number of the President and Chief Executive Officer's designee, and
 - (a) A summary of the information given to the President and Chief Executive Officer's designee in 1-4 above, and
 - (b) An invitation to make comments to the President and Chief Executive Officer's designee.
 - (6) A guarantee that the method of calculating the rate and the rate cap, complaint procedures, and tenant protections shall be explained in plain language and be part of all leases governing sub-metered premises.
- b) The applications required under a. above should be sent to the Office of the President and Chief Executive Officer, Long Island Power Authority, 333 Earle Ovington Blvd., Suite 403, Uniondale, NY 11553
- c) Decisions of the President and Chief Executive Officer's designee on applications for permission to sub-meter under C.18 shall be final. Such decisions are not subject to review under the complaint procedures set forth in this Tariff.
- d) The Authority (including the President and Chief Executive Officer's designee) is not responsible for hearing or settling service or billing complaints between the tenant and the sub-meterer.

Long Island Power Authority

Statement of Demand Reduction Value (“DRV”)

Applicable to those Rate Codes and Customers

Subject to the Phase One Value Stack

As set forth in the Tariff for Electric Service

Applicable to all metered accounts with Customer-generators subject to the Value Stack with rate codes within Service Classification Nos. 2-L, 2L-VMRP, 2-MRP or 12.

Rate Code	Annual per kW Demand Costs
SC No. 2-L & SC No. 2L-VMRP	\$xxx.xx
SC No. 2-MRP	\$xx.xx

Note: SC-12 customer will pay the rate of a similar size customer on SC-2.

Effective: January 1, 2018

Long Island Power Authority

Statement of Locational System Relief Value (“LSRV”) Areas

Applicable to those Rate Codes and Customers

Subject to the Phase One Value Stack

As set forth in the Tariff for Electric Service

Applicable to all metered accounts with Customer-generators subject to the Value Stack with rate codes within Service Classification Nos. 2L, 2L-VMRP, 2-MRP or 12.

The location-specific Locational System Relief Value (“LSRV”), will be set by each Large Customer Project at their in service date, for the period of ten years, based on the LSRV value for that location.

Current town: zip codes in the Authorities service territory eligible for a LSRV are:

Town Name: Zip Code

Effective: January 1, 2018

**APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF FOR ELECTRIC SERVICE
RELATED TO MUNICIPAL UNDERGROUNDING**

WHEREAS, the Board of Trustees of the Long Island Power Authority (the "Authority") has adopted an Undergrounding Policy which provides, in part, that if a municipality in the Authority's service territory seeks a greater portion of an infrastructure project undergrounded than would otherwise be warranted under the criteria set forth in the Authority's Undergrounding Policy, the municipality shall have the option to request additional underground construction be performed by the Authority at the municipality's expense; and

WHEREAS, the Authority determined in the Undergrounding Policy to provide an optional financing mechanism to allow local communities to pay for the additional cost of undergrounding all or a portion of a project through an incremental charge on designated customer bills; and

WHEREAS, the proposed modifications to the Authority's Tariff for Electric Service establish the optional financing mechanism provided for in the Authority's Undergrounding Policy; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on October 18, 2017, two public hearings were held in Nassau and Suffolk counties on November 27, 2017, no public comments were received, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to the Authority's Tariff are hereby adopted and approved to be effective January 1, 2018; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

III. Overhead and Underground Distribution of Electricity (continued):~~D. Reserved for Future Use~~~~[CANCELLED]~~**D. Charges for Undergrounding Requests:**1. Purpose

The purpose of this section is to establish the recovery of incremental costs resulting from burying a length of the transmission and/or distribution system at the request of a municipality (the "Request") that the Authority would have otherwise installed as an overhead facility or that already exists as an overhead facility. The Authority will recover the costs of complying with such Request through levelized surcharge applied to the kWh usage on the bills of all customers in the affected area as determined by the requesting municipality, as explained below. Incremental costs will be recovered over twenty (20) years unless a shorter recovery period is agreed upon by the Authority and municipality making the Request.

2. Undergrounding Transmission and Distribution Lines at Municipality Request

A political subdivision of the State of New York that is a city, county, town, or incorporated village (a "Requesting Party") may request that a planned or existing overhead facility or facilities in an Existing Overhead Area be installed underground. A Requesting Party may make multiple Requests; however, each Request will be addressed separately. The Requesting Party shall demonstrate its intent to allow the Authority to collect from the Customers within the Requesting Party's taxing jurisdiction the full incremental revenue requirement associated with the Request and the Requesting Party shall identify the boundary and the service addresses within that boundary that will be subject to the charge. Such intent shall be demonstrated by execution of a Memorandum of Understanding in which the Requesting Party shall warrant that it has obtained appropriate authorization to make the Request on behalf of its constituents including by adoption of any such municipal resolution, ordinance, legislation, or other process as may be required by applicable law or regulation. The Memorandum of Understanding by the Requesting Party shall include a statement that the Request is in the public interest.

The Requesting Party is responsible for ensuring that all non-electric overhead facilities co-located with the project will also be relocated or placed underground. The Authority will not finance the cost of undergrounding or relocating such co-located facilities.

The Authority reserves the right to refuse the Request for any reason including that the Request is determined by the Authority to be not technically feasible.

3. Calculation of Incremental Revenue Requirement

The Authority will calculate the incremental levelized annual revenue requirement resulting from the Request to bury any overhead facilities that are planned and/or currently exist as an overhead facility as follows.

a) Incremental Costs

Incremental costs shall consist of the sum of the incremental costs associated with the underground facilities, including the following components:

III. Overhead and Underground Distribution of Electricity (continued):~~D.—Reserved for Future Use~~~~[CANCELLED]~~**D. Charges for Undergrounding Requests (continued):**

- (1) The cost to design and construct the designated new facilities;
 - (2) The cost to construct, modify or restore any existing or related facilities;
 - (3) The cost to remove any existing overhead facilities net of salvage value;
 - (4) The cost to relocate facilities;
 - (5) Incremental informational technology and other direct costs associated with setup of the customer billing for the Request;
 - (6) The cost of securing the rights-of-way and obtaining governmental and regulatory approvals.
- b) The annual revenue requirements will be calculated to produce equal annual payments over the assumed cost recovery period, using the Authority's weighted average cost of capital at the time the project is constructed. LIPA's procedure for calculating its weighted average cost of capital, and the then-current value can be obtained from the Authority on request.
4. Cost Recovery Period and Method
- a) The incremental costs for the underground facilities will be targeted for recovery over a period of twenty (20) years unless the Requesting Party and the Authority agree to a shorter recovery period. The charge will be calculated as the sum of the incremental costs, plus the Authority's weighted average cost of capital for the incremental capital costs, expressed on a level annualized basis, as identified in D.3 above, divided by the forecasted annual energy sales to the applicable accounts that are within the designated boundary. Notwithstanding the assumed twenty (20) years targeted recovery, the surcharge will continue to be applied until the incremental costs have been fully recovered.
 - b) The charge will take effect as soon as the underground facilities are placed into service.
 - c) Billed charges that are not collected from individual participating customers and ultimately written off will be added back to the amount due from all participating customers, with interest at the assumed weighted cost of capital used to establish the charge.
 - d) To the extent that the unamortized balance is fully recovered before the end of the recovery period, the charge will be set to zero.

III. Overhead and Underground Distribution of Electricity (continued):~~D.—Reserved for Future Use~~~~[CANCELLED]~~**D. Charges for Undergrounding Requests (continued):**

- e) The unamortized balance will be adjusted at any time to reflect any contributions made by the Requesting Party to cover the cost of undergrounding, or any incremental costs that are incurred subsequent to placing the underground facilities in service.
 - f) The charge will be set initially, based on the best available information at the time the original “Statement of Undergrounding Charge” becomes effective. The charge may be reset annually based on updates to cost data and/or billing determinants of the Requesting Party.
 - g) The charge will be rounded to the nearest \$0.0001/kWh.
5. Statement of Undergrounding Charge
- a) The Authority will prepare and retain on file a “Statement of Undergrounding Charge”. The Statement will be available at the Authority’s Business Offices.
 - b) The Statement will show, for each requested undergrounding project, the authorized amounts to be recovered, the applicable weighted average cost of capital rate, a description of the area that identifies the applicable customers’ accounts, the expected annual kWh of participating customers, and the incremental rate that will be applied to the applicable customers’ bills.
6. Billing of the Charge
- a) The charge will be included on each applicable Customer’s bill.
 - b) If a Requesting Party makes multiple Requests, the charges may be combined for billing.
 - c) Payments received from customers will be allocated first to all other charges on the bill. Any remaining payments will be credited against the incremental undergrounding charge.
 - d) The incremental charge is not subject to Late Payment Charges, if any, as that term is defined within this Tariff for Electric Service.
7. Customer Owned Facilities
- a) All service lines connected to the overhead facilities shall be relocated by the customer at the Customer’s expense. Any costs associated with modifications to Customer-owned facilities and/or Company-owned facilities interconnecting with Customer-owned facilities shall be the responsibility of the affected Customer.
 - b) The Company shall notify Customers whose facilities interconnect with the overhead facilities that are to be removed of the actions they need to take to interconnect with the underground facilities. The Authority may suspend service to any Customer that has not arranged for connection to the underground facilities at the time the overhead facilities are removed.

Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

The Long Island Power Authority (“Authority”) Staff (“Staff”) proposes to modify the Tariff for Electric Service (“Tariff”) effective January 1, 2018 to provide for incremental undergrounding of transmission and distribution line construction at the request of a municipality.

Background:

On September 26, 2017, the Authority’s Board of Trustees approved a policy (the “Policy”) on “Evaluation of Underground Facilities and Public Outreach Prior to Construction of Major Projects”. That Policy outlines the criteria to be considered by the Authority to determine whether and the extent to which underground construction of all or a portion of a project is appropriate, consistent with state-wide standards. If a municipality seeks to have a *greater* portion of the project undergrounded, such municipality will now have the option to request additional underground construction be performed by the Authority at the municipality’s expense. The Policy further states that the Authority will maintain a special tariff provision for undergrounding to provide a financing mechanism to allow local communities to pay for the additional cost of undergrounding all or a portion of a project. The proposed modification to the Tariff described below implements the special tariff provision for undergrounding called for in the Policy.

Proposal:

LIPA Staff proposes an addition to the Tariff to address the charges to participating municipalities when incremental underground construction is requested. When incremental underground construction is requested, the Requesting Party (an affected city, county, town, or incorporated village) will have the option of paying the full incremental cost in advance of construction or the incremental revenue requirement associated with the request in the form of an incremental daily service charge for a period of 20 years. The proposed tariff language states how the incremental revenue requirement will be calculated, who will be responsible to pay, and where affected customers may obtain information on the incremental charge.

The requesting municipality will need to file a written request for incremental underground construction and appropriate municipal resolution, authorizing the Authority to impose and collect a charge on customer bills in the area designated by the municipality and within its municipal jurisdiction. The municipal resolution must include a finding that the proposed additional undergrounding is in the public interest.

The incremental revenue requirement will include incremental costs expressed on a levelized annual basis. The incremental revenue requirement will be divided by the number of applicable accounts that are within the designated boundary, and that annual amount will be divided by 365 to identify a daily service charge adder that will be

charged to the applicable customers until the total incremental cost of the project, including LIPA's weighted average cost of capital, has been recovered. The incremental charge will take effect as soon as the project is placed into service and with a target amortization period of 20 years unless a shorter period is agreed upon.

The municipality is responsible for ensuring that all non-electrical overhead facilities co-located with the project will also be permanently relocated or placed underground. The Authority will not finance the cost of undergrounding or relocating the co-located non-electric overhead facilities.

A "Statement of Undergrounding Charge" will be developed separately for each project. It is envisioned that different projects will be approved and implemented in different areas and at different times. Each project will be priced and tracked separately, so that obligations related to any one project will not be comingled with obligations from separate projects in different areas. Each Statement of Undergrounding Charge will be available at the Authority's Business Offices.

The Charge will be included on each applicable customer's bill. The charge will not be subject to Late Payment Charges¹, but unpaid charges from customers will remain due from all other customers that participate in the project.

Financial Impacts:

There will be no measurable impact on the non-participating customer, as the charge is designed to recover all the incremental costs from the participants, plus interest calculated at LIPA's weighted average cost of capital. The individual rate payer's financial impact will vary based on the size of each undergrounding project and the number of applicable customers subject to the incremental charge.

Affected Tariff Leaves: 85, 86, and 87.

Summary of Proposed Changes:

In summary, the proposed changes to LIPA's Tariff for Electric Service will add a section on Charges for Undergrounding Requests. The tariff leaves outline how a Request will be established, how the charge will be calculated and billed, and how a Statement of Undergrounding Charge can be obtained.

¹ In lieu of late payment charges, unpaid charges will continue to accrue financing charges at LIPA's weighted average cost of capital until the amounts are paid by the customer, or written off for recovery from all other participants. The WACC is more appropriate index for the time value of money since LIPA's general customer base will not bear the risk of write-offs for bad debt and no incremental collection efforts or costs will be incurred by the general customer.

III. Overhead and Underground Distribution of Electricity (continued):**~~D.—Reserved for Future Use~~**

[CANCELLED]

D. Charges for Undergrounding Requests:**1. Purpose**

The purpose of this section is to establish the recovery of incremental costs resulting from burying a length of the transmission and/or distribution system at the request of a municipality (the "Request") that the Authority would have otherwise installed as an overhead facility or that already exists as an overhead facility. The Authority will recover the costs of complying with such Request through an incremental charge per day on the bills of customers in the affected area as determined by the requesting municipality, as explained below. Incremental costs will be recovered over twenty (20) years unless a shorter recovery period is agreed upon by the Authority and municipality making the Request.

2. Undergrounding Transmission and Distribution Lines at Municipality Request

A political subdivision of the State of New York that is a city, county, town, or incorporated village (a "Requesting Party") may request that a planned or existing overhead facility or facilities in an Existing Overhead Area be installed underground. A Requesting Party may make multiple Requests; however, each Request will be addressed separately. The Requesting Party shall demonstrate its intent to allow the Authority to collect from the Customers within the Requesting Party's taxing jurisdiction the full incremental revenue requirement associated with the Request and the Requesting Party shall identify the boundary and the service addresses within that boundary that will be subject to the charge. Such intent shall be demonstrated by execution of a Memorandum of Understanding in which the Requesting Party shall warrant that it has obtained appropriate authorization to make the Request on behalf of its constituents including by adoption of any such municipal resolution, ordinance, legislation, or other process as may be required by applicable law or regulation. The Memorandum of Understanding by the Requesting Party shall include a statement that the Request is in the public interest.

The Requesting Party is responsible for ensuring that all non-electric overhead facilities co-located with the project will also be relocated or placed underground. The Authority will not finance the cost of undergrounding or relocating such co-located facilities.

The Authority reserves the right to refuse the Request for any reason including that the Request is determined by the Authority to be not technically feasible.

3. Calculation of Incremental Revenue Requirement

The Authority will calculate the incremental levelized annual revenue requirement resulting from the Request to bury any overhead facilities that are planned and/or currently exist as an overhead facility as follows.

a) Incremental Costs

Incremental costs shall consist of the sum of the incremental costs associated with the underground facilities, including the following components:

III. Overhead and Underground Distribution of Electricity (continued):**~~D.—Reserved for Future Use~~**

[CANCELLED]

D. Charges for Undergrounding Requests (continued):

- (1) The cost to design and construct the designated new facilities;
 - (2) The cost to construct, modify or restore any existing or related facilities;
 - (3) The cost to remove any existing overhead facilities net of salvage value;
 - (4) The cost to relocate facilities;
 - (5) Incremental informational technology and other direct costs associated with setup of the customer billing for the Request;
 - (6) The cost of securing the rights-of-way and obtaining governmental and regulatory approvals.
- b) The annual revenue requirements will be calculated to produce equal annual payments over the assumed cost recovery period, using the Authority's weighted average cost of capital at the time the project is constructed. LIPA's procedure for calculating its weighted average cost of capital, and the then-current value can be obtained from the Authority on request.
4. Cost Recovery Period and Method
- a) The incremental costs for the underground facilities will be targeted for recovery over a period of twenty (20) years unless the Requesting Party and the Authority agree to a shorter recovery period. The charge will be calculated as the sum of the incremental costs, plus the Authority's weighted average cost of capital for the incremental capital costs, expressed on a level annualized basis, as identified in D.3 above, divided by the number of applicable accounts that are within the designated boundary, which annual amount will be divided by 365 to identify the incremental daily service charge. Notwithstanding the assumed twenty (20) years targeted recovery, the surcharge will continue to be applied until the incremental costs have been fully recovered.
 - b) The charge will take effect as soon as the underground facilities are placed into service.
 - c) Billed charges that are not collected from individual participating customers and ultimately written off will be added back to the amount due from all participating customers, with interest at the assumed weighted cost of capital used to establish the charge.
 - d) To the extent that the unamortized balance is fully recovered before the end of the recovery period, the charge will be set to zero.

III. Overhead and Underground Distribution of Electricity (continued):**~~D.—Reserved for Future Use~~**

[CANCELLED]

D. Charges for Undergrounding Requests (continued):

- e) The unamortized balance will be adjusted at any time to reflect any contributions made by the Requesting Party to cover the cost of undergrounding, or any incremental costs that are incurred subsequent to placing the underground facilities in service.
 - f) The charge will be set initially, based on the best available information at the time the original “Statement of Undergrounding Charge” becomes effective. The charge may be reset annually based on updates to cost data and/or billing determinants of the Requesting Party.
 - g) The charge will be rounded to the nearest \$0.01/day (one cent per day).
5. Statement of Undergrounding Charge
- a) The Authority will prepare and retain on file a “Statement of Undergrounding Charge”. The Statement will be available at the Authority’s Business Offices.
 - b) The Statement will show, for each requested undergrounding project, the authorized amounts to be recovered, the applicable weighted average cost of capital rate, a description of the area that identifies the applicable customers’ accounts, the number of expected participating customers, and the incremental charge that will be applied to the applicable customers’ bills.
6. Billing of the Charge
- a) The charge will be included on each applicable Customer’s bill.
 - b) If a Requesting Party makes multiple Requests, the charges may be combined for billing.
 - c) Payments received from customers will be allocated first to all other charges on the bill. Any remaining payments will be credited against the incremental undergrounding charge.
 - d) The incremental charge is not subject to Late Payment Charges, if any, as that term is defined within this Tariff for Electric Service.
7. Customer Owned Facilities
- a) All service lines connected to the overhead facilities shall be relocated by the customer at the Customer’s expense. Any costs associated with modifications to Customer-owned facilities and/or Company-owned facilities interconnecting with Customer-owned facilities shall be the responsibility of the affected Customer.
 - b) The Company shall notify Customers whose facilities interconnect with the overhead facilities that are to be removed of the actions they need to take to interconnect with the underground facilities. The Authority may suspend service to any Customer that has not arranged for connection to the underground facilities at the time the overhead facilities are removed.

APPROVAL OF MODIFICATIONS TO LIPA'S TARIFF FOR ELECTRIC SERVICE RELATED TO REMOTE METER READING

WHEREAS, the Long Island Power Authority (the "Authority") and its Service Provider have announced plans to fully rollout smart meters to all customers; and

WHEREAS, the Tariff for Electric Service ("Tariff") of the Long Island Power Authority (the "Authority") currently contains charges for installation and reading of remote meters, which charges are no longer necessary or appropriate; and

WHEREAS, the Authority's staff has proposed eliminating these unnecessary remote meter reading charges; and

WHEREAS, the Department of Public Service is supportive of this proposal; and

WHEREAS, following the issuance of public notice in the State Register on October 18, 2017, two public hearings were held in Nassau and Suffolk counties on November 27, 2017, no public comments were received, and the public comment period has since expired;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the accompanying Memorandum, the proposed modifications to the Authority's Tariff are hereby adopted and approved to be effective January 1, 2018; and be it further

RESOLVED, that the Chief Executive Officer and his designees are authorized to carry out all actions deemed necessary or convenient to implement this Tariff; and be it further

RESOLVED, that the Tariff amendments reflected in the attached redlined Tariff leaves are approved.

I. General Information (continued):**C. General Terms and Conditions (continued):**8. Customer's Responsibilitya) To Notify the Authority of an Interruption of Service

The Customer shall notify the Authority as soon as reasonably possible of any interruption in the supply of electric current.

b) For Authority Property on Customer's Premises

The Customer shall be responsible for and protect the meter and other property of the Authority on the Customer's premises, and compensate the Authority for any damage to, or loss, or destruction of that property.

9. Ownership of Equipment On Customer's Premises

a) The Authority will own, maintain, and replace, if necessary, all the equipment it has installed to supply electricity, at its own expense, in or on the Customer's premises, unless otherwise agreed to in writing.

b) Equipment on the Customer's premises includes all meters, poles, wires, transformers, and other appliances needed to supply electricity.

~~e) The Authority will also own, maintain, and replace, if necessary, remote meter reading devices installed by the Authority at the Applicant's or Customer's expense. (See Leaf No. 107A for identification of customer charges.)~~

10. Costs of Special Services on Customer's Premises

If the Authority performs work on the Customer's premises for which there is a charge to the Customer, the charge will be at the Cost to the Authority.

11. Requirements For Residential Service

a) Residential service applies to:

(1) An individual, separately-metered, single-family dwelling (including a houseboat),

(2) An individual, separately-metered flat or apartment, or other building where each dwelling is separately metered under an account in each occupant's name, or

(3) A two-family or three-family dwelling on a single meter when the customer of record resides at that dwelling.

(4) Portions of a two- or three-family dwelling used in common by all of the families (halls, stairs, cellars, oil burner, etc.), when connected to the meter of any apartment; or

IV. Billing Process and Payment of Bills (continued):**A. Meter Reading, Billing Periods, and Estimated Bills (continued):
Estimated Bills for Residential Customers (continued):**

- e) If the Authority does not receive an answer to its request for a special meter-reading appointment (See *d.* above) after eight (8) (or four (4) bimonthly) consecutive months of estimated billing, the Authority will send a second letter to the Access Controller:
 - (1) Offering a special appointment, and
 - (2) Stating, if an appointment is not made, it may add a No-Access charge to the Access Controller's next bill for refusal to provide access to the meter.
- f) If the Authority does not receive a response to its second appointment letter within two (2) months of its being sent, the Authority will send the Access Controller a registered letter stating that:
 - (1) The Authority has the right of access to all of its property installed in the Customer's premises at all reasonable times (See I.C.6.), and
 - (2) The Authority may, following proper procedure, enter a premises and remove the meter and all other equipment the Authority has installed in the Customer's premises, for violation of any of the terms and conditions of this Tariff, and
 - (3) The Authority will, if still denied access to the meter thirty (30) days after receipt of the registered letter, apply for a court order to gain access to the meter to:
 - (a) Replace or relocate the meter outdoors to avoid future estimated billing or, if that is not physically practical,
 - (b) Install a remotely read meter, and
 - (4) The Customer or landlord shall pay the court costs, the cost of relocating the meter, and the costs of ~~any required the~~ equipment and ~~/or the installation of a remotely read meter along with the any~~ associated administrative ~~and communication operation charges costs.~~ ~~(see "Statement of Remote Meter Reading Charges".)~~
- g) The Authority will enforce the terms of 6d. - 6.f. above if a Customer with a remote reading device, or one who mails or calls in the reading, refuses access to the meter at least once in each 12-month period.

7. Underestimated Bills for Residential Customers

If the Authority understates a Residential Customer's estimated bill by 50 percent or one hundred dollars (\$100), whichever is greater, of the actual bill for the period covered by the estimated bill(s), the Authority will notify the Customer in writing that the Customer may pay the difference between the estimated amount and the amount actually owed in regular monthly installments over a reasonable period of time, but not less than three (3) months.

IV. Billing Process and Payment of Bills (continued):**A. Meter Reading, Billing Periods, and Estimated Bills (continued):
Estimated Bills for Nonresidential Customers (continued):****(5) Contents of No-Access Notices**

The First Notice (see IV.A.8.b) as to when “No-Access Notices” are initiated) will state that, unless the Authority has access to the meter on the next scheduled date or before that date by special appointment:

- (a) The Authority will add a No-Access charge to the Access Controller's next bill and to every bill until access is provided, but
- (b) There will be no charge if an appointment is made and kept.

(6) The Second Notice will state that:

- (a) The Authority has added the No-Access charge to the Access Controller's account and will also add it to the next bill unless the Authority has access to the meter on the next scheduled date or before that date by special appointment, and
- (b) The Authority will, if still denied access to the meter thirty (30) days after the issuance of the notice, apply for a court order to gain access to the meter to:
 - (1) Replace or relocate the meter in a place where it can be accessed for reading or if that is not physically practical,
 - (2) Install a remotely read meter, and
- (c) The customer or landlord shall pay the court costs, the cost of relocating, the meter, and/or the costs of ~~the any required~~ equipment and ~~or the installation of a remotely read meter along with the any~~ associated ~~administrative and communication operation charges costs~~. (see “Statement of Remote Meter Reading Charges”.)

(7) The Third and following Notices will state that:

- (a) The Authority has added the latest No-Access charge to the Access Controller's account, and
- (b) Will include a notice of termination for non-access, or
- (c) Notice that the Authority will seek a court order to obtain access, if the Authority cannot physically terminate the Access Controller's service without access.

b) No-Access Charge Limit

The Authority will add no more than one hundred dollars (\$100) per building or premises to any single bill of the Access Controller even if multiple meters are located there.

IV. Billing Process and Payment of Bills (continued):**C. Charges for Miscellaneous Services (continued):**~~10. Remote Meter Reading Charges:~~

- ~~a) After receiving a written request from a customer, the Authority will install in a new facility, or replace in an existing facility a manually read meter with a remotely read meter. To recover its expenses, the Authority will charge the customer making such a request.~~
- ~~b) The Authority will prepare and maintain a "Statement of Remote Meter Reading Charges". The Statement will be updated from time to time as the cost of providing the designated equipment and services changes. The charges and services to be included on the Statement are:
 - ~~(1) One-time Site survey, engineering and processing charge;~~
 - ~~(2) One-time Incremental charge for the remote reading equipment;~~
 - ~~(3) One-time Communications equipment charge;~~
 - ~~(4) One-time Installation charge, including the cost of removing the existing meter;~~
 - ~~(5) One-time Central operating equipment charge;~~
 - ~~(6) Daily administrative charge;~~
 - ~~(7) Daily communication operations charge for wireless communication installations. For telephone land-line cost installations, the customer is responsible for obtaining and maintaining the telephone land-line and any other telecommunication services required.~~~~
- ~~c) The Authority will continue to own all electric meters and related communications equipment.~~
- ~~d) Temporary failure of the equipment does not eliminate the customer's obligation for payment of recurring charges.~~
- ~~e) The standard electric meter charge for the Customer's rate class will also apply. The metering equipment charges in this statement are only for additional meter features required to support remote meter reading communication.~~
- ~~f) The Authority reserves the right to inspect the electric meter at least once per year to check its physical condition and for data validation.~~
- ~~g) The Authority reserves the right to enter the customer's premises as required to maintain metering equipment, perform site inspection and for data validation.~~

~~Malfunctions of the remote meter reading equipment that occur within one year from the date of installation of that equipment will be repaired by the Authority at no charge. Beyond the first year of installation of that equipment, the customer will be responsible for payment to the Authority for repair or replacement of malfunctioning equipment, except for repairs to or replacement of the non-communication components of that equipment, for which the Authority will cover the costs. Failure to make payment for repair and replacement of the malfunctioning equipment will cause the customer account to revert to manual read status. Also, if wireless communication technology changes cause obsolescence and dysfunction of the installed equipment, after one year from the date of installation of that equipment, the upgrade, modification, or the replacement of the equipment for continuance of remote metering shall require the customer to pay all required costs for continuation of remote meter reading service. Failure to make payment will cause the customer account to revert to manual read status~~

~~[Cancelled]~~

IV. Billing Process and Payment of Bills (continued):**C. Charges for Miscellaneous Services (continued):**

- ~~i) With respect to remote metering equipment installed and operated by the Authority at any customer's facility before the effective date of this tariff leaf to support the Authority's programs or the Authority's internal needs, the Authority may elect to retain and operate such equipment at no cost to the customer. In addition, on or after the effective date of this tariff leaf, the Authority may elect to install and operate remote meter reading equipment at any customer's facility to support the Authority's programs or the Authority's internal needs, at no cost to the customer.~~
- ~~j) Customers who request remote meter reading capabilities in their facilities will pay for the one-time installation charges as well as for the daily charges and for any maintenance or replacement charges described in Leaf No. 107A, 10.h).~~
- ~~k) Customers who request to retain remote meter reading capabilities that exist as of the effective date of this leaf will not have to pay any one-time installation charges as described in Leaf No. 107A, 10.b)(1)-(5) for such existing capabilities, but will have to pay the daily charge as well as any maintenance or replacement costs as described in the "Statement of Remote Meter Reading Charges" and on Leaf No. 107A.~~

11.10. Meter Reading Historical Information:

- a) Customers, ESCO's and DRC's may request and will be provided, if available, up to twenty-four (24) months of monthly or bi-monthly historical meter reading information without charge. Monthly or bi-monthly historical meter reading information for historical periods beyond the twenty-four (24) months will be provided, as available, for a charge of forty dollars (\$40.00) regardless of the number of months of information requested or provided. Hourly or fifteen (15) minute interval data covering any historical monthly period will be provided, if available, at a charge of ten dollars (\$10.00) for each meter reading period's requested data.
- b) Customers who request their remote AMI meter reading data to be provided to them on a monthly basis will individually enter into a negotiated price agreement with the Authority.
- c) AMI ~~pilot~~ customers ~~can will receive retrieve all~~ available meter data from the Manager's Website at no charge. Where available AMI will be used to collect meter data and measure net electricity transactions.

IX. Long Island Choice Program (continued):**B. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):****(Rate Codes: 390)****Rates, Charges and Credits per Month (continued):**a) Miscellaneous and Other Charges

ESCOs and DRCs will be billed monthly for miscellaneous services requested by the ESCO as agent for Participating Customers or DRC for its own purposes. Charges for these miscellaneous services that may be purchased by the ESCO and DRC are as follows:

- (1) Special Metering: ESCOs and DRCs may request the Authority to upgrade Participating Customers' meters from the standard meters used by the Authority to meters with capabilities for remote reading and for measuring load over shorter time intervals using AMI meters. ESCOs and DRCs who request the remote AMI meter reading data to be provided to them on a monthly basis will individually enter into a negotiated price agreement with the Authority. Customers can retrieve AMI data from the Manager's website at no charge.- ~~The Authority will charge the ESCO or DRC a one-time charge and a daily charge to cover the special metering and remote meter reading costs. The charges, terms and conditions for remote meter reading are stated on Leaf Nos. 107A and 107B and on the "Statement of Remote Meter Reading Charges".~~

X. Long Island Choice Program (continued):**B. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):****(Rate Codes: 390)****Rates, Charges and Credits per Month (continued):**

- (5) Meter Reading Historical Information: After obtaining appropriate authorization from the Customer, and subject to the availability of such data from the Authority, ESCOs or DRCs may request up to twenty-four (24) months of monthly or bi-monthly historical meter reading information without charge. Information for historical periods beyond the twenty-four (24) months, and for fifteen (15) minute interval data covering any historical period, will be provided, if available, at a charge of ten dollars (\$10.00) for each meter reading period's data request. (See Leaf No. 107B, C. 109.a)

Meter Reading Historical Information available to ESCOs and DRCs will be made available directly to Customers upon their request on the same terms.

c) Adjustment to Rates and Charges

- (1) Each ESCO's or DRC's bill from the Authority will be adjusted by: (1) the result of the Power Supply Charge, minus \$0.0392 per kWh, multiplied by the Customer's metered consumption, and (2) the Increase in Rates and Charges to Recover PILOT payments.
- (2) Miscellaneous Charges on each ESCO's or DRC's bill from the Authority will also be adjusted for the NYS Assessment, except that the NYS Assessment does not apply to the Power Supply Charge or the Bill Credit Adjustment billed to ESCOs or DRCs.
- (3) The Distributed Energy Resources Cost Recovery Rate, and the Shoreham Property Tax Settlement Rider do not apply to the rates, charges or credits in this Service Classification.

Long Island Power Authority

Statement of Remote Meter Reading Charges

Applicable to Customers with Remote Meter Reading Services under all Service Classifications, to the Extent Set Forth in the Tariff for Electric Service

TYPE OF EQUIPMENT

<u>Type of Charges</u> <u>(per meter)</u>	<u>Single Phase</u> <u>Wireless</u> <u>(Note 2)</u>	<u>Polyphase</u> <u>Wireless</u> <u>(Note 2)</u>	<u>Single Phase</u> <u>Telephone</u> <u>Land-line</u>	<u>PolyPhase</u> <u>Telephone</u> <u>Land-line</u>
Order Processing, (1) Site Survey and Engineering Charge	\$127.00	\$127.00	\$127.00	\$127.00
Metering Equipment; Incremental Charge	\$186.00	\$211.00	\$228.00	\$254.00
Communication Equipment Charge	\$993.00	\$993.00	(Note 3)	(Note 3)
Installation Charge	\$181.00	\$204.00	\$136.00	\$158.00
Central Operating Equipment Charge	\$38.00	\$38.00	\$38.00	\$38.00
Total One-time Charges	\$1,525.00	\$1,573.00	\$529.00 (Note 3)	\$577.00 (Note 3)
Daily Administrative Charge	\$0.74	\$0.74	\$0.74	\$0.74
Daily Communication Operations Charge	\$0.66	\$0.66	(Note 3)	(Note 3)
Total Daily Charges	\$1.40	\$1.40	\$0.74 (Note 3)	\$0.74 (Note 3)

Notes:-

Note 1: — Even if the customer decides or even if it is recommended by LIPA to the customer not to have the Remote Meter Reading Capability installed after the order has been processed, the site survey performed and the engineering completed, the customer will pay the charge of \$127.00 for completion of these activities.

Note 2: — Wireless communications equipment may not function in all geographical areas or metering locations and therefore, will not be offered to customers in those locations

Note 3: — Telephone communications equipment and usage charges from third party providers are the customer's responsibility.

Note 4: — Additional equipment required for the safe operation of installation such as a telephone land-line surge suppression/protection device shall be provided by the customer. If not installed, the customer account will revert to manual meter reading status.

Effective: June 1, 2005

Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

The Long Island Power Authority ("Authority") Staff ("Staff") proposes to modify the Tariff for Electric Service ("Tariff") effective January 1, 2018 to remove remote meter charges as Advanced Meter Infrastructure ("AMI") are being implemented system wide.

Background:

Reforming the Energy Vision (REV) is Governor Andrew M. Cuomo's comprehensive energy strategy for New York. REV helps consumers make more informed energy choices, and requires the Authority to develop new energy products and services, and better protect the environment by making the electrical system more efficient. The Authority will be implementing a full deployment of AMI to improve customer satisfaction, increase energy efficiency, drive operational excellence, and reduce the cost of service, all which align with the goals of REV. The deployment of AMI system wide is being proposed to be complete by the end 2022.

Proposal:

As AMI will now be the standard for all customers going forward, the Authority Staff proposes to eliminate one-time installation charges and daily administration and communication charges to customers who have requested the hourly metering technology.

The Authority's Tariff currently includes specific charges related to remote meters. These charges can be found in the Statement of Remote Meter Charges ("Statement of RMC") and referred to in the Tariff leaves. Authority Staff now proposes to terminate these charges and remove any language in the tariff related to these charges and the Statement of RMC. With the mass deployment of AMI, the Authority will no longer need to recover additional fees for these types of meter services.

Data from the AMI meters will be accessible by customers on the website at no charge. However, any Energy Service Company ("ESCO") who request the AMI data be sent to them (as opposed to retrieved from the website) on a regular basis will have to enter into a negotiated pricing plan for that service, as is required under the existing tariff. This is consistent with the concept developed New York's Reforming the Energy Vision of managing and providing data as a value-added service for modern utilities.

Financial Impacts:

The financial impact for removing Remote Meter Charges would be a minimal loss of revenues when compared to a corresponding savings in expense that will be achieved through AMI deployment. Currently there are about 8 customers being charged the RMC. The loss of revenue is estimated to be \$511 per year.

Proposed Tariff Changes: Remove language regarding fees for remote meter charges, and remote meter installation.

Affected Tariff Leaves: 30, 96, 98, 107A, 107B, 303, and 306. Statement RMC will be eliminated.

Summary of Proposed Changes:

In summary, the proposed changes to LIPA's Tariff for Electric Service will eliminate installation charges and daily and administrative charges to customers for remote meters since the roll-out of AMI will meet the same needs for customers and will be standard for all customers going forward.

I. General Information (continued):**C. General Terms and Conditions (continued):**8. Customer's Responsibilitya) To Notify the Authority of an Interruption of Service

The Customer shall notify the Authority as soon as reasonably possible of any interruption in the supply of electric current.

b) For Authority Property on Customer's Premises

The Customer shall be responsible for and protect the meter and other property of the Authority on the Customer's premises, and compensate the Authority for any damage to, or loss, or destruction of that property.

9. Ownership of Equipment On Customer's Premises

a) The Authority will own, maintain, and replace, if necessary, all the equipment it has installed to supply electricity, at its own expense, in or on the Customer's premises, unless otherwise agreed to in writing.

b) Equipment on the Customer's premises includes all meters, poles, wires, transformers, and other appliances needed to supply electricity.

~~e) The Authority will also own, maintain, and replace, if necessary, remote meter reading devices installed by the Authority at the Applicant's or Customer's expense. (See Leaf No. 107A for identification of customer charges.)~~

10. Costs of Special Services on Customer's Premises

If the Authority performs work on the Customer's premises for which there is a charge to the Customer, the charge will be at the Cost to the Authority.

11. Requirements For Residential Service

a) Residential service applies to:

(1) An individual, separately-metered, single-family dwelling (including a houseboat),

(2) An individual, separately-metered flat or apartment, or other building where each dwelling is separately metered under an account in each occupant's name, or

(3) A two-family or three-family dwelling on a single meter when the customer of record resides at that dwelling.

(4) Portions of a two- or three-family dwelling used in common by all of the families (halls, stairs, cellars, oil burner, etc.), when connected to the meter of any apartment; or

IV. Billing Process and Payment of Bills (continued):**A. Meter Reading, Billing Periods, and Estimated Bills (continued):
Estimated Bills for Residential Customers (continued):**

- e) If the Authority does not receive an answer to its request for a special meter-reading appointment (See *d.* above) after eight (8) (or four (4) bimonthly) consecutive months of estimated billing, the Authority will send a second letter to the Access Controller:
 - (1) Offering a special appointment, and
 - (2) Stating, if an appointment is not made, it may add a No-Access charge to the Access Controller's next bill for refusal to provide access to the meter.
- f) If the Authority does not receive a response to its second appointment letter within two (2) months of its being sent, the Authority will send the Access Controller a registered letter stating that:
 - (1) The Authority has the right of access to all of its property installed in the Customer's premises at all reasonable times (See I.C.6.), and
 - (2) The Authority may, following proper procedure, enter a premises and remove the meter and all other equipment the Authority has installed in the Customer's premises, for violation of any of the terms and conditions of this Tariff, and
 - (3) The Authority will, if still denied access to the meter thirty (30) days after receipt of the registered letter, apply for a court order to gain access to the meter to:
 - (a) Replace or relocate the meter outdoors to avoid future estimated billing or, if that is not physically practical,
 - (b) Install a remotely read meter, and
 - (4) The Customer or landlord shall pay the court costs, the cost of relocating the meter, and the costs of ~~any required the~~ equipment and ~~/or the installation of a remotely read meter along with the any~~ associated administrative ~~and communication operation charges costs.~~ ~~(see "Statement of Remote Meter Reading Charges".)~~
- g) The Authority will enforce the terms of 6d. - 6.f. above if a Customer with a remote reading device, or one who mails or calls in the reading, refuses access to the meter at least once in each 12-month period.

7. Underestimated Bills for Residential Customers

If the Authority understates a Residential Customer's estimated bill by 50 percent or one hundred dollars (\$100), whichever is greater, of the actual bill for the period covered by the estimated bill(s), the Authority will notify the Customer in writing that the Customer may pay the difference between the estimated amount and the amount actually owed in regular monthly installments over a reasonable period of time, but not less than three (3) months.

IV. Billing Process and Payment of Bills (continued):**A. Meter Reading, Billing Periods, and Estimated Bills (continued):
Estimated Bills for Nonresidential Customers (continued):****(5) Contents of No-Access Notices**

The First Notice (see IV.A.8.b) as to when “No-Access Notices” are initiated) will state that, unless the Authority has access to the meter on the next scheduled date or before that date by special appointment:

- (a) The Authority will add a No-Access charge to the Access Controller's next bill and to every bill until access is provided, but
- (b) There will be no charge if an appointment is made and kept.

(6) The Second Notice will state that:

- (a) The Authority has added the No-Access charge to the Access Controller's account and will also add it to the next bill unless the Authority has access to the meter on the next scheduled date or before that date by special appointment, and
- (b) The Authority will, if still denied access to the meter thirty (30) days after the issuance of the notice, apply for a court order to gain access to the meter to:

- (1) Replace or relocate the meter in a place where it can be accessed for reading or if that is not physically practical,
- (2) Install a remotely read meter, and

- (c) The customer or landlord shall pay the court costs, the cost of relocating the meter, and/or the costs of ~~the any required~~ equipment and ~~or the installation of a remotely read meter along with the any~~ associated ~~administrative and communication operation charges costs~~. (see “Statement of Remote Meter Reading Charges”.)

(7) The Third and following Notices will state that:

- (a) The Authority has added the latest No-Access charge to the Access Controller's account, and
- (b) Will include a notice of termination for non-access, or
- (c) Notice that the Authority will seek a court order to obtain access, if the Authority cannot physically terminate the Access Controller's service without access.

b) No-Access Charge Limit

The Authority will add no more than one hundred dollars (\$100) per building or premises to any single bill of the Access Controller even if multiple meters are located there.

IV. Billing Process and Payment of Bills (continued):**C. Charges for Miscellaneous Services (continued):**~~10. Remote Meter Reading Charges:~~

- ~~a) After receiving a written request from a customer, the Authority will install in a new facility, or replace in an existing facility a manually read meter with a remotely read meter. To recover its expenses, the Authority will charge the customer making such a request.~~
- ~~b) The Authority will prepare and maintain a "Statement of Remote Meter Reading Charges". The Statement will be updated from time to time as the cost of providing the designated equipment and services changes. The charges and services to be included on the Statement are:
 - ~~(1) One-time Site survey, engineering and processing charge;~~
 - ~~(2) One-time Incremental charge for the remote reading equipment;~~
 - ~~(3) One-time Communications equipment charge;~~
 - ~~(4) One-time Installation charge, including the cost of removing the existing meter;~~
 - ~~(5) One-time Central operating equipment charge;~~
 - ~~(6) Daily administrative charge;~~
 - ~~(7) Daily communication operations charge for wireless communication installations. For telephone land-line cost installations, the customer is responsible for obtaining and maintaining the telephone land-line and any other telecommunication services required.~~~~
- ~~c) The Authority will continue to own all electric meters and related communications equipment.~~
- ~~d) Temporary failure of the equipment does not eliminate the customer's obligation for payment of recurring charges.~~
- ~~e) The standard electric meter charge for the Customer's rate class will also apply. The metering equipment charges in this statement are only for additional meter features required to support remote meter reading communication.~~
- ~~f) The Authority reserves the right to inspect the electric meter at least once per year to check its physical condition and for data validation.~~
- ~~g) The Authority reserves the right to enter the customer's premises as required to maintain metering equipment, perform site inspection and for data validation.~~

~~Malfunctions of the remote meter reading equipment that occur within one year from the date of installation of that equipment will be repaired by the Authority at no charge. Beyond the first year of installation of that equipment, the customer will be responsible for payment to the Authority for repair or replacement of malfunctioning equipment, except for repairs to or replacement of the non-communication components of that equipment, for which the Authority will cover the costs. Failure to make payment for repair and replacement of the malfunctioning equipment will cause the customer account to revert to manual read status. Also, if wireless communication technology changes cause obsolescence and dysfunction of the installed equipment, after one year from the date of installation of that equipment, the upgrade, modification, or the replacement of the equipment for continuance of remote metering shall require the customer to pay all required costs for continuation of remote meter reading service. Failure to make payment will cause the customer account to revert to manual read status~~

~~[Cancelled]~~

IV. Billing Process and Payment of Bills (continued):**C. Charges for Miscellaneous Services (continued):**

- ~~i) With respect to remote metering equipment installed and operated by the Authority at any customer's facility before the effective date of this tariff leaf to support the Authority's programs or the Authority's internal needs, the Authority may elect to retain and operate such equipment at no cost to the customer. In addition, on or after the effective date of this tariff leaf, the Authority may elect to install and operate remote meter reading equipment at any customer's facility to support the Authority's programs or the Authority's internal needs, at no cost to the customer.~~
- ~~j) Customers who request remote meter reading capabilities in their facilities will pay for the one-time installation charges as well as for the daily charges and for any maintenance or replacement charges described in Leaf No. 107A, 10.h).~~
- ~~k) Customers who request to retain remote meter reading capabilities that exist as of the effective date of this leaf will not have to pay any one-time installation charges as described in Leaf No. 107A, 10.b)(1)-(5) for such existing capabilities, but will have to pay the daily charge as well as any maintenance or replacement costs as described in the "Statement of Remote Meter Reading Charges" and on Leaf No. 107A.~~

11.10. Meter Reading Historical Information:

- a) Customers, ESCO's and DRC's may request and will be provided, if available, up to twenty-four (24) months of monthly or bi-monthly historical meter reading information without charge. Monthly or bi-monthly historical meter reading information for historical periods beyond the twenty-four (24) months will be provided, as available, for a charge of forty dollars (\$40.00) regardless of the number of months of information requested or provided. Hourly or fifteen (15) minute interval data covering any historical monthly period will be provided, if available, at a charge of ten dollars (\$10.00) for each meter reading period's requested data.
- b) Customers who request their remote AMI meter reading data to be provided to them on a monthly basis will individually enter into a negotiated price agreement with the Authority.
- c) AMI ~~pilot~~ customers ~~can will receive retrieve all~~ available meter data from the Manager's Website at no charge. Where available AMI will be used to collect meter data and measure net electricity transactions.

IX. Long Island Choice Program (continued):**B. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):****(Rate Codes: 390)****Rates, Charges and Credits per Month (continued):**a) Miscellaneous and Other Charges

ESCOs and DRCs will be billed monthly for miscellaneous services requested by the ESCO as agent for Participating Customers or DRC for its own purposes. Charges for these miscellaneous services that may be purchased by the ESCO and DRC are as follows:

- (1) Special Metering: ESCOs and DRCs may request the Authority to upgrade Participating Customers' meters from the standard meters used by the Authority to meters with capabilities for remote reading and for measuring load over shorter time intervals using AMI meters. ESCOs and DRCs who request the remote AMI meter reading data to be provided to them on a monthly basis will individually enter into a negotiated price agreement with the Authority. Customers can retrieve AMI data from the Manager's website at no charge.- ~~The Authority will charge the ESCO or DRC a one-time charge and a daily charge to cover the special metering and remote meter reading costs. The charges, terms and conditions for remote meter reading are stated on Leaf Nos. 107A and 107B and on the "Statement of Remote Meter Reading Charges".~~

X. Long Island Choice Program (continued):**B. SERVICE CLASSIFICATION NO. 14 ESCO and DRC Services (continued):****(Rate Codes: 390)****Rates, Charges and Credits per Month (continued):**

- (5) Meter Reading Historical Information: After obtaining appropriate authorization from the Customer, and subject to the availability of such data from the Authority, ESCOs or DRCs may request up to twenty-four (24) months of monthly or bi-monthly historical meter reading information without charge. Information for historical periods beyond the twenty-four (24) months, and for fifteen (15) minute interval data covering any historical period, will be provided, if available, at a charge of ten dollars (\$10.00) for each meter reading period's data request. (See Leaf No. 107B, C. 109.a)

Meter Reading Historical Information available to ESCOs and DRCs will be made available directly to Customers upon their request on the same terms.

c) Adjustment to Rates and Charges

- (1) Each ESCO's or DRC's bill from the Authority will be adjusted by: (1) the result of the Power Supply Charge, minus \$0.0392 per kWh, multiplied by the Customer's metered consumption, and (2) the Increase in Rates and Charges to Recover PILOT payments.
- (2) Miscellaneous Charges on each ESCO's or DRC's bill from the Authority will also be adjusted for the NYS Assessment, except that the NYS Assessment does not apply to the Power Supply Charge or the Bill Credit Adjustment billed to ESCOs or DRCs.
- (3) The Distributed Energy Resources Cost Recovery Rate, and the Shoreham Property Tax Settlement Rider do not apply to the rates, charges or credits in this Service Classification.

Long Island Power Authority

Statement of Remote Meter Reading Charges

Applicable to Customers with Remote Meter Reading Services under all Service Classifications, to the Extent Set Forth in the Tariff for Electric Service

TYPE OF EQUIPMENT

<u>Type of Charges</u> <u>(per meter)</u>	<u>Single Phase</u> <u>Wireless</u> <u>(Note 2)</u>	<u>Polyphase</u> <u>Wireless</u> <u>(Note 2)</u>	<u>Single Phase</u> <u>Telephone</u> <u>Land-line</u>	<u>PolyPhase</u> <u>Telephone</u> <u>Land-line</u>
Order Processing, (1) Site Survey and Engineering Charge	\$127.00	\$127.00	\$127.00	\$127.00
Metering Equipment; Incremental Charge	\$186.00	\$211.00	\$228.00	\$254.00
Communication Equipment Charge	\$993.00	\$993.00	(Note 3)	(Note 3)
Installation Charge	\$181.00	\$204.00	\$136.00	\$158.00
Central Operating Equipment Charge	\$38.00	\$38.00	\$38.00	\$38.00
Total One-time Charges	\$1,525.00	\$1,573.00	\$529.00 (Note 3)	\$577.00 (Note 3)
Daily Administrative Charge	\$0.74	\$0.74	\$0.74	\$0.74
Daily Communication Operations Charge	\$0.66	\$0.66	(Note 3)	(Note 3)
Total Daily Charges	\$1.40	\$1.40	\$0.74 (Note 3)	\$0.74 (Note 3)

Notes:-

Note 1: — Even if the customer decides or even if it is recommended by LIPA to the customer not to have the Remote Meter Reading Capability installed after the order has been processed, the site survey performed and the engineering completed, the customer will pay the charge of \$127.00 for completion of these activities.

Note 2: — Wireless communications equipment may not function in all geographical areas or metering locations and therefore, will not be offered to customers in those locations

Note 3: — Telephone communications equipment and usage charges from third party providers are the customer's responsibility.

Note 4: — Additional equipment required for the safe operation of installation such as a telephone land-line surge suppression/protection device shall be provided by the customer. If not installed, the customer account will revert to manual meter reading status.

Effective: June 1, 2005