Proposal Concerning Modifications to LIPA's Tariff for Electric Service

Requested Action:

The Long Island Power Authority (LIPA) Staff proposes to modify LIPA's Tariff for Electric Service (the Tariff) effective January 1, 2022 (1) to update the banking rules for Community Distributed Generation (CDG) to allow CDG hosts to retain unused credits when a subscriber terminates its subscription, (2) to implement Remote Crediting to allow up to 10 different customers to receive credits from a remote credited project, and (3) to assign customers with Distributed Generation projects to Service Classifications based upon their import demand irrespective of their export capability. This proposal also serves as notice of a future transition from the Community Credit to an upfront Community Adder, in accordance with statewide policy. Each of these proposed changes supports the continued development of distributed generation in LIPA's service territory and furthers the alignment of LIPA's tariffs with the policies of the New York Public Service Commission (PSC or the Commission).

Background:

In October of 2012, LIPA implemented the Remote Net Metering (RNM) program, which allows a non-residential Customer Generator account to become a RNM Host and designate a percentage of their net metering credits to Satellite accounts held in the same name as the Host.

In April of 2016, LIPA implemented the Community Distributed Generation (CDG) program. The purpose of CDG is to expand participation in renewable distributed generation by removing the requirement that the eligible generation be constructed separately and located separately on each customer's site or on another site owned by the customer. This program allows residential or commercial customers to share benefits from a renewable generation facility at some other host's location. LIPA's program aligns with the approved CDG programs at other electric utilities of the State. Since the inception of these programs, LIPA, the Department of Public Service, the PSC, New York electric utilities and other stakeholders have worked to modify and refine the program in order to increase its success.

In 2018, the Value Stack tariff was implemented, which changed the compensation of CDG, RNM and other large projects. The Value Stack provides compensation based on the value of electricity exported to the grid, measured in specific value components that include energy, capacity, environmental attributes, and demand reduction. In 2019, the LIPA Board approved the introduction of the Community Credit. The Community Credit, which became effective August 1, 2019, is provided to CDG projects receiving Value Stack compensation. Unlike the other Value Stack components, however, the Community Credit is not based on a specific value provided to the grid. Instead, the Community Credit is an added incentive designed to encourage further development of CDG in the service territory. Most recently, in January 2021, LIPA implemented CDG Net Crediting, which allows for CDG subscribers to receive a single bill from PSEG Long Island, net of the subscription fees that are forwarded to the CDG Host.

On November 25, 2019, NYSERDA filed a Petition Requesting Additional NY-Sun Program Funding and Extension of Program Through 2025 (the Petition). The Petition seeks an expansion of the NY-Sun program, to both build on its success and to meet the target established under the Climate Leadership and Community Protection Act (CLCPA) to develop a total of 6 GW of distributed solar statewide by 2025. Although Long Island is close to achieving its share of the 6 GW goal (years ahead of schedule), an additional 3 GW of distributed solar is needed statewide to achieve this target. Relevant to this proposal, the Petition outlines changes to utility tariffs that could extend the benefits of distributed solar to more customers. Specifically, the Petition proposed a new Remote Crediting program that would allow Value Stack eligible generation resources to distribute the bill credits they receive for generation injected into the utility system to the utility bills of multiple, separately sited, non-residential customers. On May 14, 2020, the Commission issued an Order approving the Petition.[1] As explained below, the Commission's Remote Crediting Program was subsequently expanded to allow residential customers to participate as satellites.

On December 15, 2020, Department of Public Service Staff filed the White Paper on Community Distributed Generation Banked Credits[2] , which includes recommendations intended to clarify and standardize banking rules under the CDG program. Under the CDG program, credits are created each month based on an eligible generator's injections of electricity into the utility's distribution system that are distributed to subscribers through their utility bills. Unused credits are retained on the subscriber's account for future use, even after the account is no longer participating in remote net metering.

On May 17, 2021, the Commission issued its Order Clarifying Banking Rules under the Community Distributed Generation Program[3]. The Banked Credits Order clarified rules and processes that apply to the banking of credits for CDG Hosts and their eventual disposition to subscribers (i.e., customers participating in CDG projects). The Banked Credits Order created additional uniformity in the application of banking rules to CDG projects across the State's investor-owned utilities and provided for consistency in the treatment of credits in a subscriber's bank when the subscriber either closes its utility account or cancels its subscription with a CDG Host.

On July 15, 2021, the Commission issued an Order Authorizing Changes to the Remote Crediting Program.[4] In that order, the Commission made two changes to the remote crediting programs of the regulated utilities, authorizing residential customers to participate as satellites and allowing hosts to submit changes adding or removing satellites on a monthly, rather than annual, basis.

---

[1] Case 19-E-0735, *Proceeding on Motion of New York State Energy Research and Development Authority Requesting Additional NY-Sun Program Funding and Extension of Program Through 2025, Order Extending and Expanding Distributed Solar Incentives,* issued and Effective May 14, 2020.
[2] Case 15-E-0751 , *In the Matter of the Value of Distributed Energy Resources, Department of Public Service Staff White Paper on Community Distributed Generation Banked Credit.*
[3] Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources, Order Clarifying Banking Rules Under the Community Distributed Generation Program*, issued and Effective May 17, 2020.
[4] Case 19-E-0735, *Proceeding on Motion of New York State Energy Research and Development Authority Requesting Additional NY-Sun Program Funding and Extension of Program Through 2025, Order Authorizing Changes to the Remote Crediting Program,* issued and effective July 15, 2021.

Proposal:

The proposal will modify LIPA's Tariff in conformity with the PSC Orders described above by updating the Tariff's CDG banking rules and implementing a Remote Crediting Program allowing customers enrolled in the Value Stack to share their Value Stack credits remotely with satellite accounts. The proposal also modifies the criteria under which Distributed Generation customers are assigned to Service Classifications. Finally, this proposal specifies the size of the megawatt tranche for which LIPA's current Community Credit will be available. All of these proposals are consistent with the policies of the PSC.

(1) Updates to Community Distributed Generation

Community Distributed Generation Banking Rules:
LIPA Staff is proposing to update the banked credits rules in alignment with the Banked Credits Order by making the following changes. Under the proposal, banked credits will be moved to the CDG Sponsor's bank in instances where the subscriber closes the associated utility account or terminates the subscription to the CDG project. Hosts will be required to refund the subscriber any amounts the subscriber paid for any of the banked credits that are returned to the sponsor.

Currently, Hosts are able to make modifications to their allocations on a monthly basis. The monthly allocation allows a Host to notify PSEG Long Island of instances where a subscriber has canceled their membership. Customers will not be allowed to subscribe to a new CDG project until all banked credits are returned to the Sponsor. PSEG Long Island will require two months before a subscriber can join another host if there is a bank. This is important, not only to avoid any overbilling of subscribers, but also to account for any remaining credits existing in the customer's bank that need to be distributed before the participant transfers to the new host.

Updates to the Community Credit
The Community Credit was developed to encourage CDG development in the LIPA territory, by adding an additional payment to the Value Stack Credits. At the time of its origination in August 2019, the Community Credit was set at $0.0225 per kWh injected to the grid, and later updated to $0.05 per kWh.

The Community Credit is set administratively in LIPA's Statement of Value Stack Credits. The State's investor-owned utilities, except for Consolidated Edison, have ceased offering a Community Credit, which has been replaced by an upfront Community Adder. Applying the methodology used by the PSC to determine an appropriate limit on ratepayer impacts for the investor-owned utilities, LIPA's maximum allowable annual cost shift from CDG is approximately $12 million. If LIPA were to allocate all of the $12 million to a 5-cent Community Credit, LIPA would be able to incentivize approximately 200 megawatts of CDG. A higher Community Credit would allow LIPA to incentive fewer megawatts, and a lower Community Credit would allow LIPA to incentive more megawatts. Similarly, Feed-in-Tariffs that result in auction clearing prices at or below 15 cents would allow LIPA to incentive more community-sized solar projects with the same total cost shift than the 5-cent Community Credit. A Community Adder, on the other hand, would cause a larger cost shift in the year it was paid, but would have a lower net present cost than a similarly beneficial Community Credit, and therefore would allow LIPA to incentize more megawatts of CDG in the long-run. All of these factors need to be balanced to maximize the deployment of CDG within the allowable $12 million annual cost shift. Accordingly, LIPA proposes that the current block of 5-cent Community Credit be capped at 100 megawatts (the halfway point to 200 megawatts). LIPA has 57 megawatts of CDG currently in service or in the interconnection queue. When 100 megawatts of CDG have been interconnected or by December 31, 2022, whichever comes first, LIPA will announce a new block of Community Credit, the institution of a Community Adder, or some combination of the two. In consultation with DPS, industry partners, and other stakeholders, LIPA will develop the new block with the goal of maximizing the deployment of CDG within the allowable cost shift, while providing a clear and sustainable line of sight for the CDG market.

(2) Implementation of Remote Crediting

LIPA Staff is proposing to implement a Remote Crediting Program for Value Stack customers in alignment with PSC Orders. Existing Remote Net Metering Projects that are compensated under Value Stack and new applicants will become Remote Crediting Projects. Remote Crediting Hosts may either be a commercial customer or a specific type of residential customer[5]. The Host customer must have distributed generation that is sourced from farm waste, wind, solar, micro-hydroelectric, or fuel cell electric generating equipment or Stand-alone or Hybrid Electric Energy Storage.

A Remote Crediting Host may have a total of ten Satellite partners per project, including but not limited to Satellites that are in the Remote Crediting Host account's name. Each Satellite partner may have an unlimited number of utility billing accounts in the same name as the Satellite partner. The Remote Crediting Host must allocate the Value Stack Credits on a percentage basis to each of the project's Satellites. The Remote Crediting Host may make modifications to the allocations on a monthly basis, including allocation of any banked credits. Any unallocated credits will remain in the Remote Crediting Host account's bank.

Remote Crediting Satellite accounts are permitted to participate in multiple Remote Crediting projects and are permitted to have onsite generation, which is limited to 5 MW of installed capacity. Any unused credits allocated to the Remote Crediting Satellite in a billing period will remain in the Remote Crediting Satellite account's bank for future use.

(3) <u>Assignment to Service Classifications</u>

LIPA's tariff currently assigns Distributed Generation Customers to the Service Classification based on the higher of the facility's load or the output of their generator. For example, a commercial customer with 100 kW of load and a 200 kW generator capable of providing community net metering or remote net metering would be assigned to Service Classification No. 2-MRP (mandatory time of use) which includes all accounts with demand in excess of 145 kW instead of Service Classification No. 2-L which does not require mandatory time of use. Under current PSC policy, the jurisdictional utilities' tariffs assign distributed generation customers to Service Classifications based on the maximum on-site demand, without regard to export

[5] Eligiblity for residential accounts is limited to Farm Operation; religious organization; Community Residence; or post or hall owned or leased by a non-for-profit corporation that is Veterans' Organization

capabilities, since any cost implications from exporting power onto the grid are addressed through the interconnection requirements. The proposed modification will provide significant savings to affected CDG projects and participants and will promote greater customer adoption of distributed renewable resources, consistent with statewide policy.

Financial Impacts:

There will be no financial impact to LIPA or its non-participating customers for the changes to the banking rules. To the extent that the proposed changes facilitate greater participation in Distributed Generation, the associated Value Stack payments are deemed fully compensatory for the increased generation provided by these renewable distributed resources.

20 existing CDG and RMN Projects will be eligible to change their Service Classification under the tariff proposal. The estimated revenue decrease will be $71,000, due primarily to lower daily service charges in the Service Classifications for smaller customers.

Placing a MW cap on the Community Credit will have no impact on current revenues as the CDG currently in service or in the pipeline will be unaffected. Future spending may be impacted if subsequent blocks of Community Credit are replaced by a Community Adder, which is paid in the first year of operation rather than across the 25 year lifetime for the project.

Affected Tariff Leaves:

Revised Leaves: 1, 34I, 34J, 34J-1, 34K, 34L, and 34N
Original Leaves: 38D, 38E, and 38F
Leaf provided for informational purpose: 38M

Affected Addenda to the Tariff:
PSEG Long Island's Community Distributed Generated (CDG) Net Crediting Manual

Summary of Proposed Changes:

LIPA Staff is proposing to implement changes to the Community Distributed Generation and Remote Net Metering Programs to align with PSC policies applicable to the New York State Investor-Owned Utilities. These changes include modifications to the Banking rules when customers terminate their subscription in a CDG project, expanding eligibility for Remote Crediting, and discontinuing the practice of requiring distributed generation customers with exports greater than their load to be assigned to Service Classifications with higher daily service and demand charges.

TABLE OF CONTENTS

I. General Information (continued):

C. General Terms and Conditions (continued):

16. Remote Net Metering:

a) Customer Requirements and Eligibility

(1) Non-Residential Solar, Wind, Farm Waste, Micro-Hydroelectric and Fuel Cell Generators as described in Section 1.C.15.b are eligible to be host remote net metering accounts.

~~(1)~~(2) Mass Market Projects and Large Offsite 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 who are compensated under Net Metering rules.

~~(2)~~(3) A Customer-generator who qualifies as stated above may designate all or a portion of their excess net metering credits generated by such equipment to any account, in 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.

~~(3)~~(4) The terms and conditions for net metering applicable to the Host Account are contained in Section I.C.15, except as modified below.

b) 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) 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):

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 for existing Net Metering or Phase One NEM. The aggregate rated capacity of generating equipment of the Remote Net Meter Host Account(s) designated to serve a Remote Net Meter Satellite Account plus the rated capacity of net-metered generating equipment on the RNM Satellite Account, if any, shall not exceed five thousand (5,000) kilowatts for the Value Stack Tariff.

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~~ by the eligibility rules for each Service Classification as applied to the demand 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 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 Offsite 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.

(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, Wind, Farm Wind, or Farm Waste electric generating equipment and makes a one-time election to have the Annual Reconciliation performed in an alternate month.

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

~~(6) Mass Market Projects and Large Offsite 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 of the in service date for Mass Market Projects or the twenty-fifth (25) anniversary of the in service date for Large Off-site Projects:~~

~~(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)~~(a) ~~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.

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 or stand-alone storage. 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 or Non-Residential project owner of stand-alone storage 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 non-residential Service Classification ~~based on the greater of the load or~~ as determined by the eligibility rules for each Service Classification as applied to the demand ~~the generation at the~~ of 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 with a maximum annual billed demand 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) <u>CDG Satellite Account Requirements</u>

(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) <u>Process and Customer Protections</u>

(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) <u>Account Closure</u>

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

(2) The Authority shall close an account on the earlier of: (a) the first cycle date on which a reading is taken following the requested turn off date, or (b) the date of a special reading, which a Customer may request at the charge specified in Charges for Special 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 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 shall no longer receive credits after the final bill is rendered on its account or the CDG Satelite is removed from a CDG project. Any remaining credit at the CDG Satellite account at the time its final bill is rendered or it is removed from the CDG project ~~will be purchased by the Authority at avoided energy prices as per the Statement of Market Energy Prices~~ will be returned to the CDG Host account. The CDG Host account may then distribute these credits to other satellites in accordance with the Annual Allocation Request below.

(a) A CDG Satellite that has been removed from a CDG project, but continues to maintain an active utility account, may not subscribe to a new CDG project until the billing period after which all banked credits are returned to the original CDG Host's account.

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 Offsite 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):

23. Remote Crediting:

a) Host Customer Requirements and Eligibility

The following are eligible to be Remote Crediting host accounts:

(1) Non-Residential Solar, Wind, Farm Waste, Micro-Hydroelectric and Fuel Cell Generators as described in Section 1.C.15.b.

(2) A Residential Farm Customer with Wind, Farm Waste, Micro-Hydroelectric and Fuel Cell Generators as described in Section 1.C.15.b.

(3) Residential Customers with net metering eligible technology who will use the service as specified in Section 76 of the Public Service Law, for religious purposes, a Community Residence, or a post or hall owned or leased by a not-for-profit corporation that is a Veterans' Organization.

b) Satellite Customer Requirements and Elligibility

(1) The following are eligible to be Remote Crediting satellite accounts:

(a) Any account who is not a participant in Remote Net Metering or Community Distributed Generation.

(b) Any account who is not a Remote Crediting Host.

(2) A Remote Crediting Satellite account can be a Customer-genorator

(a) The aggregate rated capacity of generating equipment of the Remote Crediting Host Account(s) designated to serve a Remote Crediting Satellite Account plus the rated capacity of net-metered generating equipment on the Remote Crediting Satellite Account, if any, shall not exceed five thousand (5,000) kilowatts.

i. If a Remote Crediting Satellite account is also a net-metered Customer-generator, charges and credits will first be applied pursuant to section I.C.15.h. Remote Crediting credits will then be applied pursuant to section I.C.23.d.

ii. If it is determined that the Remote Crediting Satellite is receiving more than the aggregated capacity of 5 MW, the Manager shall suspend any application of credits to the Satellite and those credits will remain with the appropriate Host.

(3) A Remote Crediting Satellite account may have more than one Remote Crediting Host account. The Remote Crediting Hosts must notify the Manager if a Remote Crediting Satellite has multiple Remote Crediting Hosts on any allocation form submitted to the Authority.

I. General Information (continued):

C. General Terms and Conditions (continued):
Remote Crediting (continued):

c) Host Designation and Allocation of Remote Crediting Satellite

(1) The Host account must designate their Satellite accounts and the percentage of their Value Stack credits designated to these Satellite accounts when submitting their initial Remote Crediting application, such that the allocation totals 100 percent.

(2) After the initial application, the Host account may designate additional Satellite accounts or delete existing Satellite accounts from the Customer's Remote Crediting arrangement each month. The Host must submit a new allocation form 30 days prior to the end of the Host's billing cycle in order for it to be effective.

(3) If the Remote Crediting allocation list totals less than 100 percent, the unallocated portion will be applied to the Remote Crediting Host account. Allocations that total more than 100% shall be rejected by the Authority and the Remote Crediting Host will be required to revise and resubmit the Remote Crediting allocation form.

(4) The Authority will rely exclusively on the monthly allocation request form to verify a Remote Crediting Satellite account's participation in a Remote Crediting project.

(5) The Host may designate Value Stack Credits to no more than 10 Satellite partner. Each Satellite partner may have an unlimited number of utility billing accounts provided that all utility billing accounts under a given Satellite partner are in the same customer name.

(6) Both the Satellite account and the Host account must be within the Authority's service territory.

(7) The Remote Crediting Host is permitted to receive no allocation of credits by indicating such on the allocation form. This exclusion is permitted only on the Remote Crediting Host account on which the generating asset is located. In the event a Remote Crediting Host chooses not to receive monthly allocations, yet credits are held in the host bank, the Remote Crediting Host's electric charges will be offset by those credits in the host bank.

I. General Information (continued):

C. General Terms and Conditions (continued):
<u>Remote Crediting (continued):</u>

d) <u>Remote Crediting Billing</u>

(1) Remote Crediting Projects will be billed in accordance with Value Stack Compensation as described in Section 1.C.18.C. and credits will be allocated in accordance with the percent allocations provided by the Remote Crediting Host. Any credit allocated to the Remote Crediting Host account or to Remote Crediting Satellite accounts will be applied up to the Host account's electric charges on that bill. Any remaining unused credits for that account will be carried over on the Remote Crediting Host or Remote Crediting Satellite's respective accounts for possible allocation in the next billing period.

(2) Credits remaining on the Remote Crediting Host account at the end of the billing period will be available to offset the Remote Crediting Host's electric charges on its next bill, any remaining dollars may be used for future host bank disbursement to participating Remote Crediting Satellite accounts.

(3) In the event a Remote Crediting Satellite account is canceled or dropped from the relationship, any remaining credits on the Satellite account, after satisfying the accounts' final electric charges, will be returned to the Remote Crediting Host account and become available to offset the host electric charges or for allocation to the remaining Remote Crediting Satellite accounts in future host bank disbursements. If the canceled or dropped Remote Crediting Satellite account is a participant in multiple Remote Crediting projects, the credits will be returned to each Remote Crediting host proportional to the percent of installed capacity allocated to that Remoted Crediting Satellite account from each such project.