

**P.S.C. NO. 3 ELECTRICITY****ORANGE AND ROCKLAND UTILITIES, INC.**

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Issued in compliance with Order in Cases 15-E-0751 and 15-E-0082 dated 9/14/2017.

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**GENERAL INFORMATION****27. Value of Distributed Energy Resources ("VDER") Cost Recovery**

The Company will recover the following credits paid to customers served under the Value Stack Tariff as described in Rider N of this Rate Schedule: (1) the Value Stack Energy Component credit; (2) the Value Stack Capacity Component credit; (3) the Environmental Component credit; (4) the Market Transition ("MTC") Component Credit; (5) the Demand Reduction Value ("DRV") Component credit; and (6) the Locational System Relief Value ("LSRV") Component credit.

The Value Stack Capacity Component credits and Environmental Component credits will each be composed of a Market Value and Out of Market Value. The Value Stack Energy Component credit will be included as a Market Supply Charge cost and the Market Value portion of the Environmental Component credit will be collected through the Clean Energy Standard Supply Surcharge. The remainder of the component credits ("Value Stack Delivery Cost Component Credits") will be collected from all customers served under this Rate Schedule.

For purposes of the recovery of the Value Stack Delivery Cost Component Credits, the following service classification groups have been established:

- Group 1: SC Nos. 1 and 19
- Group 2: SC No. 2 Secondary – Non-Demand Billed
- Group 3: SC Nos. 2 – Secondary – Demand Billed, 20 and 25 – Rate I
- Group 4: SC Nos. 2 – Primary, 3, 21 and 25 – Rate II
- Group 5: SC Nos. 9, 22, and 25 – Rates III and IV
- Group 6: SC Nos. 4, 5, 6, and 16

(a) Value Stack Capacity Components Cost Recovery

The credits paid to customer-generators for the Value Stack Capacity Component will be divided into two pieces – the Market Value and Out of Market Value. The Market Value portion of the credits will be determined for every month by multiplying the injections into the Company's system from all Value Stack customer-generators during the New York Control Area peak hour from the previous calendar year by the average price for capacity for that month. The Out of Market Value portion of the credits is equal to the difference between the actual dollar value of credits and the Market Value portion of the credits.

The Market Value portion of the credits will be collected from all service classification groups. Each service classification group specific Out of Market Value portion of the credits paid will be collected from the applicable service classification group that generated the credit. The Market Value and Out of Market Value portions of the credits will be collected on a per-kW basis for demand billed service classification groups (for Standby Service Customers, the credit will be collected on a per kW of Contract Demand basis) and on a per kWh basis for non-demand billed service classification groups.

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