

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

INITIAL EFFECTIVE DATE: November 1, 2017

LEAF: 254.1

REVISION: 0

SUPERSEDING REVISION:

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

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

The credits paid to customer-generators for the Environmental Component will be divided into two pieces – the Market Value and Out of Market Value. The Market Value portion of the credits, which is to be collected from customers via the Clean Energy Standard Supply Charge, will be determined for every month by multiplying the net injections from customer-generators by the market value for that month of the Renewable Energy Standard Tier 1 Renewable Energy Credits transferred to the Company by Value Stack Customers who opt to receive the Environmental Component. The Out of Market Value is equal to the difference between the actual dollar value of credits paid and the Market Value portion of this credit amount.

The Out of Market Environmental Component credit will be collected on a per kWh basis from the service classification groups of the Value Stack customers that received the credit.

(c) MTC Component Cost Recovery

The credits paid to customer-generators for the MTC Component will be collected on a per kWh basis from only Group 1 and Group 2 customers. Separate rates will be determined for Group 1 and Group 2 based on the total MTC paid out to customer-generators in each service classification group.

(d) DRV and LSRV Components Cost Recovery

The credits paid to customer-generators for the DRV and LSRV Components will be collected from all service classification groups 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. The collection of the DRV and LSRV credits will be allocated to each service classification group based on the service classification group's percentage contribution to system peak, as used to develop the embedded cost-of-service study in the Company's most recently approved electric rate plan.

Issued By: Timothy Cawley, President, Pearl River, New York