Received: 04/02/2015 Status: CANCELLED Effective Date: 05/04/2015

PSC No: 120 - Electricity

New York State Electric and Gas Corporation

Initial Effective Date: May 4, 2015

Leaf No. 117.32

Revision: 8

Superseding Revision: 7

Issued in compliance with Order in Cases14-E-0151 and 14-E-0422, dated December 15, 2014

GENERAL INFORMATION

26. Solar Residential Electric Service Option (Cont'd.)

At the end of a year, or annualized over the period that service is supplied under this provision, the value of any credit remaining on a customer's account for excess electricity produced by the customer-generator shall be paid to the customer at the Company's avoided cost for energy. Payment will occur in the form of a voucher which will be issued under authority of Order of the Public Service Commission to the customer-generator, for use in offsetting any of the issuing utility's bills directed to that customer during the year following the date of the voucher. A customer will be provided a one-time option to select an individual anniversary date for the annual cash-out of excess net metering credits. The initial cash-out payment shall be equal to the product of excess balance multiplied by the average avoided cost for the energy over the number of months the customer has taken service under this provision. Upon the Company's determination that the customer has taken service under this Section 26 while in violation of the conditions of service set forth herein, the customer shall forfeit any positive balance accrued during the annual period in which the violation occurred.

Pursuant to the Standard Interconnection Requirements set forth within Addendum-SIR of P.S.C. No. 119, customers are responsible for providing all meter boxes and sockets. In the event that the Company determines that it is necessary to install a dedicated transformer or transformers, or other equipment to protect the safety and adequacy of electric service provided to other customers, the customer-generator shall pay for the cost of installing the transformer or transformers, or other equipment up to a maximum amount of \$350.00. The Company will not charge any additional solar electric specific interconnection costs incurred by the Company other than \$350.00 for dedicated transformers or other equipment, if necessary. Customers are responsible for any costs related to the installation of their solar generating equipment. Notwithstanding the provisions herein, residential solar electric customers are responsible for meeting all otherwise applicable provisions and requirements of P.S.C. Nos. 119 and 120.

Residential customers who own or operate a farm operation (as defined by Agriculture and Markets Law §301(11)), and locate solar photovoltaic equipment on property he or she owns or leases, is eligible for remote net-metering as set forth in Rule 31.B(4)(b).

27. Solar Non-Residential Electric Service Option

Applicable to any Non-Residential Customer who operates solar generating equipment located and used at its premises. Solar generating equipment is defined as a solar system that is manufactured, installed and operated in accordance with applicable government and industry standards with a rated capacity of not more than 2,000 kW. Such system must be connected to the customer's electric system and operated in parallel with the Company's transmission and distribution facilities.

Application of the Solar Non-Residential Electric Service Option be available to eligible customers, on a first come, first served basis, until the total rated generating capacity for solar, farm waste, MCHP and fuel cell electric generating equipment owned, leased or operated by customer-generators in the Company's service area is equivalent to 169,560 kW (6% of the Company's electric demand for the year 2005) and is available only in non-network areas of the Company's territory.

Customers electing service under this provision must execute a New York State Standardized Contract for Interconnection of New Distributed Generation Units with Capacity of 2 MW or Less Connected in Parallel with Utility Distribution Systems ("SIR Contract"). In addition, customers must operate in compliance with standards and requirements set forth in the New York State Standard Interconnection Requirements and Application Process for New Distributed Generators 2 MW or Less Connected in Parallel with Utility Distribution Systems, as set forth within Addendum-SIR of Schedule P.S.C. No. 119.

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