

PSC NO: 220 ELECTRICITY
 NIAGARA MOHAWK POWER CORPORATION
 INITIAL EFFECTIVE DATE: January 1, 2017

LEAF: 435
 REVISION: 2
 SUPERSEDING REVISION:

SERVICE CLASSIFICATION NO. 7 (Continued)

I. An SC7 customer with a private generating facility connected to the Company's distribution system at primary voltage level or above may use the output of the generating facility to supply two or more Standby Service accounts, as long as all of the following conditions are met:

(a) Eligibility:

(1) Standby Service Accounts

~~(+) (i) —~~ The Standby Service accounts designated by the Customer and the account associated with export of the generating facility must be all established in a single Customer's name ("Single Party Offset"); or

(ii) The generating facility and the standby service accounts designated by the customer to receive the output of the generating facility may be established in two or more customer names ("Multi-Party Offset"), provided all of the following conditions are met:

(1) at least one of the standby service accounts must be in the same customer name as the owner or operator of the generating facility (the "Sponsor") and have a contract demand equal to 10 percent or more of the nameplate rating of the generating facility.

(2) The Sponsor will be responsible for coordinating the interconnection and operation of the generating facility with the Company, and

(3) at the time of application under the Multi-Party Offset, the Sponsor must submit signed Multi-Party Offset Recipient Participation Forms for all Recipient Accounts and a signed Multi-Party Offset Percentage Allocation Form.

(2) The generating facility must: (i) have a total nameplate rating of over 2 MW but no more than 20 MW; and (ii) meet eligibility criteria for designation as efficient "combined heat and power" pursuant to the order of the Public Service Commission, dated January 23, 2004, in Case 02-E-0781, except with respect to maximum generating capacity. The generating facility may have more than one generating unit so long as the aggregate nameplate rating conforms to the limitations in (2)(i) herein. ~~(i) above.~~

(3) The generating facility and the Standby Service accounts must all be located within a single "premises." "Premises" is defined as follows for purposes of this Special Provision I only:

~~(4) — At least one of the Standby Service accounts must take service under secondary or primary voltage levels.~~

(i.) Under Single Party Offset, "premises" means defined, for purposes of this Special Provision I only, as "a parcel of land; or more than one building and/or parcel of land proximate to each other if there is common use, whether or not such buildings or parcels are separated by public or private roads." ~~At least one of the Standby Service accounts must take service under secondary or primary voltage levels.~~ The accounts of a Customer whose buildings or parcels of land are not physically interconnected may meet the definition of a single "premises" upon the Customer's demonstration of common use to the Company.

(ii.) Under Multi-Party Offset, "premises" means "a single building."

(4) At least one of the Standby Service accounts must take service under secondary or primary voltage levels.

(45) Each Standby Service account must be separately interval metered. The export of the generating facility must also be separately interval metered. Metering requirements will be in accordance with the Metering and Communications of this Service Classification.

(56) A customer may take service under [Service Classification no. 6](#) if the export of the generating facility exceeds the aggregate kWh usage on the Standby Service accounts. [The Customer must apply for service under Service Classification No. 6 and meet the eligibility requirements as specified therein.](#)

(67) The communications service for the account associated with the generating facility's export and for each Standby Service account must be provided and maintained at Customer's expense pursuant to the Metering and Communications/~~Incremental Customer Charge~~ contained in Service Classification 7 , and must be operational before the Customer may take service under this Special Provision I.

(b) Interconnection:

The interconnection of the facilities will be subject to the interconnection requirements specified in Interconnection Requirements of this Service Classification. In addition, the interconnection must be technically and economically practicable, and the connection and operation of such facility shall not jeopardize the safety or operation of the Company's system, facilities or other Customers.

(c) Accounts Supplied by the Generating Facility's Output:

(1) Each account must be eligible for billing under Standby Service rates and must be billed under the Standby Service rate applicable to that individual account.

(2) The Customer's accounts must be either served by the Company or ~~by taking~~take service from [an alternative energy supplier/ESCO](#)~~as a Retail Access Customer~~ as described in Rule 39 of this tariff.

(3) If the Customer ~~does take service from an alternative energy supplier/ESCO, is a Retail Access Customer,~~ all supply in excess of that supplied by the Customer's private generating facility must be supplied by a single ESCO unless the Customer elects ~~to be~~ a Direct Customer as defined in Rule 1.54.

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(4) No account served under this rule may be served under the PASNY Rate Schedule (SC 4, RNY), economic development program specified in General Rule 34, net metering as specified in Rules 36 and 37, or special provision G of this Service Classification.

(5) Customers who take service under Special Provision I may not receive Consolidated Billing from the Company (described in Rule 39.10.2).

(d) Standby Contract Demand for each account supplied by the Generating Facility's Output: The Standby Contract Demand will be determined for each account under this Special Provision I on an individual basis based on that account's load and including the delivery of supply from all sources, and in conformance with the Standby Contract Demand provisions of this Service Classification,

(e) Billing Applicable to Each Account Supplied by the Generating Facility's Output:

(1) Allocated As-used Generator Demand and Allocated Generator Supply will be determined for each 15-minute interval. Adjustments will be made for transformation losses as applicable in accordance with Rule 39.18 of this tariff. For purposes of this Special Provision, the following definitions apply:

(i) For ~~purposes of this Special Provision, the following definitions apply~~ Accounts Supplied Under the Single Party Offset:

"Allocated As-used Generator Demand" means, for each account supplied by the generating facility's output, the demand registered on the account's meter(s) multiplied by the lower of: (a) 1 or (b) the ratio of the demand registered on the meter(s) measuring the generating facility's output to the sum of demands registered on the meters of all Standby Service accounts supplied by the generating facility's output.

"Allocated Generator Supply" means, for each account supplied by the generating facility's output, the total kilowatt hours registered on the account's meter(s) multiplied by the lower of: (a) 1 or (b) the ratio of the total kilowatt hours registered on the meter(s) measuring the generating facility's output to the sum of the kilowatt hours registered on the meters of all Standby Service accounts supplied by the generating facility's output.

(ii.) For Accounts Supplied Under the Multi-Party Offset

"Allocated As-used Generator Demand" means, for each Recipient ~~a~~Account-supplied by the generating facility's output, the lower of: (a) the demand on the ~~the~~ Recipient ~~a~~Account's meter or (b) the demand registered on the ~~primary~~ meter(s) measuring the generating facility's output multiplied by the Recipient Account's Percentage Allocation. If the generating facility's output multiplied by the Recipient Account's Percentage Allocation exceeds the demand registered on the Recipient Account's meter, the excess amount shall not be redistributed to other accounts nor carried forward to the succeeding billing period.

"Allocated Generator Supply" means, for each Recipient ~~a~~Account-supplied by the generating facility's output, the lower of: (a) the total kWh registered on the Recipient Account's meter(s) or (b) the total kWh registered on the ~~primary~~ meter(s) measuring the generating facility's output multiplied by that Recipient Account's Percentage Allocation. If the generating facility's output multiplied by the Recipient Account's Percentage Allocation exceeds the kWh registered on the Recipient Account(s) meter(s), the excess amount ~~may~~shall be credited to the extent described in Special Provision (I)(a)(~~56~~) of this Service Classification.

"Percentage Allocation" means the percentage of the generating facility's output that the Sponsor has allocated to each Recipient Account under the Multi-Party Offset. A single percentage will be

applied to both the Allocated As-Used Generator Demand and the Allocated Generator Supply. The Percentage Allocations must total 100 percent, of which the Sponsor must establish: (a) a Percentage Allocation of 10 percent or more to a single Recipient Account in the Sponsor's name; and (b) a Percentage Allocation of no less than 5 percent or more than 90 percent to each additional Recipient Account. The Recipient Accounts and the Percentage Allocation to each must be assigned in writing by the Sponsor, using the SC7 Offset Rate Allocation Request Form, at least 30 days before commencing service under the Multi-Party Offset. The Percentage Allocations and the Recipient Accounts may be changed, provided the SC7 Offset Rate Allocation Request Form is submitted to the Company no less than 30 days before the Host-Generator Account's cycle billing date to which the modification will apply. No credits will be applied if the Sponsor ceases to have a Recipient Account or ceases to own or operate the generating facility. If a Recipient Account is closed, its credits will be forfeited unless the Company receives a new Form within 30 days of the account's closure.

Allocated As used Generator Demand and Allocated Generator Supply will be determined for each 15-minute interval. Adjustments will be made for transformation losses as applicable in accordance with Rule 39.18 of this tariff.

(2) Each account supplied by the generating facility's output will be billed under Standby Service rates, as modified below:

(i) An additional Customer Charge of \$50.00 per account per billing period, exclusive of the Increase in Rates and Charges, will be applicable to cover incremental billing and administrative costs associated with providing service under this provision.

(ii) The per kWh delivery charges and adjustments applicable to the customer's service classification will be applied to the total kilowatt hours registered on the account's meter(s) reduced by the Allocated Generator Supply, for each 15-minute interval (adjusted for losses as applicable) in the Billing Period.

~~(iii) Per kW adjustments, if applicable to the Customer's Service Classification, will be applied to the maximum demand otherwise applicable billing demand of the per KW adjustment in the billing period registered on the account's meter(s) reduced by the maximum of the Allocated As Used Generator Demands in the billing period, with the exception of the Rule 57, Revenue Decoupling Mechanism, which will be applied to the applicable Standby Contract Demand for each account, which shall remain unadjusted.~~

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(iii) Customers who take electricity supply service under Rule 46.1.3 shall have their Capacity Tags reduced by the maximum of the Allocated As Used Generator Demands in the billing period for purposes of calculating the capacity charge specified in Rule 46.1.3.

(iv) For each 15-minute interval, the registered demand on the account's meter(s) will be reduced by the Allocated Generator Demand for purposes of determining the daily maximum demand that is used for billing As-used Daily Demand Delivery Charges.

v) For any per kW surcharges applicable to the Customer, the otherwise applicable billed demand used to calculate the surcharge will be reduced by the maximum of the Allocated As Used Generator Demand in the billing period for purposes of calculating the applicable surcharge. The customers Contract Demand shall remain unadjusted for purposes of calculating the customer's contract demand charge.

(vi) If the Customer purchases supply from the Company, the per kWh supply charges and adjustments described in this Service Classification under Electricity Supply Service and will be applied to the total kilowatt hours registered on the account's meter(s) reduced by the Allocated Generator Supply, for each 15-minute interval (adjusted for losses as applicable) in the billing period.

(3) The Allocated As-used Generator Demand and Allocated Generator Supply will be assumed to be zero for time periods where there is insufficient interval data available to ascertain that the generating facility supplied output to any associated Standby Service account.

Bills may be estimated pursuant to Rule 26.10.2. If interval data is estimated on a Standby Service account, that data will be used in the calculation of the Allocated As-used Generator Demand for all other accounts. If actual data later becomes available, the account will be rebilled based on the actual registered demand on the meter less the previously determined allocated As-used Generator Demand for such account.

(f) The Customer will be assessed a Reactive Power Demand Charge per kVar registered on the generating facility's export meter(s) at the time of the kW maximum demand; provided, however, that if the meter registers no kW demand, the charge per kVar will be applied to the highest kVar recorded during the billing period.

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L. STANDBY RELIABILITY CREDIT

Standby Customers shall be provided an opportunity to earn a Standby Reliability Credit (Credit) against their contract demand charges. The Credit would be earned when a standby customer by reduces their maximum measured demand during the Defined Measurement Period below their established contract demand, reliably reducing load below the contract demand over a Defined Measurement Period for which interval data was available from the output meter (i.e., the meter(s) recording the output of the generating facility). To be eligible for the Credit the following must apply:

- (1) The generating facility's output must be separately metered using an output meter that the Customer arranges to be furnished and installed at the Customer's expense.
- (2) The Customer, at its expense, must provide and maintain the communications service for the Output Meter.
 - (a) The Output Meter must be Commission-approved revenue grade, with interval metering with telecommunications capability.
 - (b) The metering must be compatible with the Company's infrastructure, including compatibility with the Company's meter reading system and metering communications systems.
 - (c) All metering requirements shall be in accordance with Rule 25-Metering.

For this Special Provision L, the following definitions apply:

- (1) The "Defined Measurement Period" shall be defined as weekdays from 8:00 am to 10:00 pm during the previous two consecutive full Summer periods; provided however, that the first year in which a Customer seeks the Credit, the Defined Measurement Period is weekdays from 8:00 am to 10:00 pm during the previous full Summer period only. The Defined Measurement Period shall exclude Outage Events, as selected by the Customer, as well as holidays as defined in Rule 1.89.
- (2) "Summer period" - For purposes of this Credit, the Summer Period is June 1 through September 30.
- (3) "Outage Events" shall be defined as up to three time blocks for each Summer Period that, in aggregate, are comprised of no more than five 24-hour time periods, excluding weekends and holidays. If a time block contains a time period of less than 24 hours, the time period will be rounded up to the next 24 hours (i.e., the 24-hour periods cannot be applied on a partial basis). If a time block encompasses a holiday or weekend, the start of the 24-hour period on the day prior to the holiday or weekend until the same hour the next business day will be considered to be a single 24-hour period.

The Credit for any Defined Measurement Period will be equal to the difference between the Customer's contract demand in kW, and the Customer's highest kW demand recorded on the Customer's interval meter(s) (net of generation), multiplied by the contract demand delivery charge per kW that is in effect on October 1 of the year in which the Credit is determined. The Credit will be applied to the Customer's successive 12 monthly customer bills commencing in November until the following October.

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A Customer seeking the Credit must request such credit by October 14, in writing, of each year for which the reliability credit is sought and, at the same time, specify the Outage Events the Customer requests to be excluded from the Defined Measurement Period. If October 14 falls on a weekend or holiday, the Company will accept requests until the next business day.

If a Standby Customer takes service under S.C. 7 – Special Provision I, the Outage Events for all Recipient Accounts shall be the same and shall be specified by the Sponsor. Each Recipient Account's Credit will be calculated individually. kW to be credited on each Standby Service account supplied by the generating facility's output will be based on the total kW to be credited multiplied by the ratio of the Contract Demand on the Standby Service account to the aggregated Contract Demand on all the Standby Service accounts supplied by the generating facility's output.