

PSC NO. 220 ELECTRICITY

LEAF NO. 220.4

NIAGARA MOHAWK POWER CORPORATION

REVISION: ~~42~~INITIAL EFFECTIVE DATE: ~~APRIL 23~~MAY 31, 2018SUPERSEDING REVISION: ~~01~~STAMPS: Issued in Compliance with Order Issued ~~March 9~~September 14, 2017 in Case 15-E-0751 and 15-E-0082

GENERAL INFORMATION

40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER) (Continued)

- iii. The Environmental Component will be calculated by multiplying: i) the sum of the project's total net injections for the billing period (kWh), by ii) the Environmental Component established at the time of the project's Eligibility Date. The Environmental Component will be the higher of:
- the Tier 1 Renewable Energy Certificate ("REC") weighted average procurement price from the most recent solicitation as published by NYSERDA; or
 - the Social Cost of Carbon ("SCC"), net of the expected Regional Greenhouse Gas Initiative ("RGGI") allowance values, as calculated by NYS Department of Public Service Staff.

The Environmental Component will be shown in a statement filed with the PSC and will be fixed for the entire term of the project's 25-year compensation under the VDER Value Stack where such term begins with the project's interconnection date. ~~Customers~~ Customer-generators have a one-time, irrevocable election at the time of interconnection to opt out of the Environmental Component in order to preserve the opportunity to participate in voluntary market environmental and sustainability certification programs by retaining the project's RECs. ~~Customer-generators who do not exercise this opt-out election will transfer all RECs generated by the project generator to the Company and the Company will be the Responsible Party within the New York Generation Attribute Tracking System ("NYGATS") for all Tier 1 eligible Value Stack projects receiving compensation under the Environmental Component and will receive all associated RECs. This also applies to Tranche 0 customer-generators who opt-in to the VDER Value Stack but do not opt-out of the Environmental Component. Customer-generators who elect to retain their project's RECs will not receive compensation under the Environmental Component and must designate a Responsible Party within -the NYGATS administrator.~~

For CDG projects, the Environmental Component will be determined for each satellite by multiplying the applicable Eenvironmental Component calculated above by the satellite's allocation percentage in effect for the Billing Period as provided by the CDG project sponsor. The Environmental Component associated with any Unallocated Satellite Percentage will be banked for later distribution by the CDG project sponsor as specified in 40.2.5.

PSC NO. 220 ELECTRICITY

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NIAGARA MOHAWK POWER CORPORATION

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GENERAL INFORMATION

40. VALUE OF DISTRIBUTED ENERGY RESOURCES (VDER)

40.3.2.3 Environmental Market Value Cost Recovery

40.3.2.3.1 The Environmental Market Value costs will be determined as the product of i) the sum of all VDER Value Stack project's net injections ~~at the hour of the NYISO system peak during the previous calendar year~~ during the recovery month, times ii) the market rate of RECs during the recovery month determined from available published market prices for Tier 1 RECs. ~~which will be determined as the Environmental Component rate in effect for the recovery month as shown in the VDER Value Stack credits statement filed by the Company.~~

40.3.2.3.2 The Environmental Market Value costs will be recovered from the Company's supply customers on a per kWh basis as part of the Clean Energy Standard Supply charge, which is filed and reconciled annually, as specified in 46.3.5.

~~The Environmental Market Value costs will be recovered from all supply customers, regardless of supplier, with costs allocated by service class on a forecasted per kWh basis.~~

~~40.3.2.3.3 The Environmental Market Value costs will be recovered annually as part of the Clean Energy Standard Supply charge annual reconciliation as specified in 46.3.5.~~

40.3.2.4 Environmental Out of Market Value Cost Recovery

40.3.2.4.1 The Environmental Out of Market Value costs will be determined as the difference between i) the sum of all VDER Value Stack Environmental Components paid to projects and satellites, where applicable, during the recovery month and ii) the Environmental Market Value costs determined in 40.3.2.3 for the recovery month.

40.3.2.4.2 The Environmental Out of Market Value costs will be recovered from all delivery customers, with respective costs allocated to the service classes of the projects and satellites, where applicable, who receive the VDER Value Stack Environmental Component credits, in proportion to the credits received by projects and satellites, where applicable, ~~of each service class receive.~~

40.3.2.4.3 The Environmental Out of Market Value costs will be recovered on a per kWh basis for non-demand customers and a per kW basis for demand customers.

40.3.2.5 DRV Cost Recovery

40.3.2.5.1 The DRV Component costs to be recovered will be the sum of all VDER Value Stack DRV Components paid to projects and satellites, where applicable, during the recovery month.

40.3.2.5.2 The DRV Component costs will be recovered from all delivery customers by service class and voltage delivery level, with the DRV Component costs that were provided to sub-transmission and transmission voltage delivery projects and satellites, where applicable, being allocated using the most recent transmission demand allocator (*i.e.*, single coincident peak) from the Company's most current ECOS, and the DRV

Component costs that were provided to primary and secondary voltage delivery projects and satellites, where applicable, being allocated using the most recent distribution demand allocator (*i.e.*, non-coincident peak) from the Company's most current ECOS.

40.3.2.5.3 The DRV Component costs will be recovered on a per kWh basis for non-demand customers and a per kW basis for demand customers.