

PSC NO. 220 ELECTRICITY

NIAGARA MOHAWK POWER CORPORATION

INITIAL EFFECTIVE DATE: ~~JUNE 1, 2019~~ FEBRUARY 1, 2020

STAMPS: Issued in Compliance with Order in Case 15-E-0751 issued ~~April 18, 2019~~ December 12, 2019.

LEAF: 220.4

REVISION: ~~56~~

SUPERSEDING REVISION: ~~45~~

#### GENERAL INFORMATION

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

##### iii. Value Stack Environmental Component

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 rate established at the time of the project's Eligibility Date. The Environmental Component rate will be the higher of:

- a. the Tier 1 Renewable Energy Certificate ("REC") weighted average procurement price from the most recent solicitation as published by NYSERDA; or
- b. 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 rate 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. 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 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.

For CDG projects, the Environmental Component will be determined for each satellite by multiplying the applicable Environmental 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 Rule 40.2.5.

Projects eligible under Rule 40.2.1.1.2 are not eligible to receive the Environmental Component compensation.

The Environmental Component is available to Customer-Generators with projects that meet the definition of renewable energy systems in PSL §66-p, unless the resource was eligible before August 13, 2019. Customer-Generators with an Eligibility Date prior to August 13, 2019 are eligible for the Environmental Component if the project is eligible to participate in the CES to receive Tier 1 RECs, according to the CES rules.

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#### GENERAL INFORMATION

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

##### vi. Value Stack Market Transition Credit ("MTC") Component:

The MTC Component will only apply to CDG projects with an Eligibility Date on or before July 26, 2018 which also meet the further requirements specified herein.

The MTC Component will apply only to a CDG project's mass market satellites and those mass market customers who opt into the VDER Value Stack compensation per Rule 40.2.1.8. Projects eligible under Rules 40.2.1.1.1 and 40.2.1.1.2 are not eligible to receive the MTC Component compensation. The MTC Component will be calculated by multiplying: i) the sum of the project's total net injections for the billing period (kWh), and ii) the MTC Component rate applicable to the project's assigned Tranche and applicable service class.

For CDG projects, the MTC Component will be calculated for each individual mass market satellite customer by multiplying: i) the sum of the project's total net injections for the billing period (kWh), ii) the MTC Component rate applicable to the project's assigned Tranche and satellite's service class, and iii) the satellite's allocation percentage in effect for the billing period as provided by the CDG project sponsor. The CDG project sponsor will not be allowed to bank any MTC components related to Unallocated Satellite Percentages. CDG projects receiving MTC compensation cannot opt-into receiving the Community Credit component, as described below.

The MTC Component will be fixed for the project's 25-year compensation term and will be shown in a statement filed with the PSC.

Any high-capacity-factor resource (i.e., fuel cell) CDG project receiving Value Stack compensation with an Eligibility Date on or after August 13, 2019 shall receive an adjusted MTC Component rate determined as the effective MTC Component rate multiplied by an adjustment factor of 0.16. Any high-capacity-factor resource (i.e., fuel cell) CDG project receiving Value Stack compensation with an Eligibility Date before August 13, 2019 shall receive the unadjusted MTC Component.

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GENERAL INFORMATION

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

vii. Value Stack Community Credit Component:

The Community Credit Component will only apply to CDG projects with an Eligibility Date after July 26, 2018 which also meet the further requirements specified herein. Projects eligible under Rules 40.2.1.4, 40.2.1.1.1, and 40.2.1.1.2 are not eligible to receive the Community Credit Component compensation.

The Community Credit Component will be calculated by multiplying: i) the sum of the CDG project's total net injections for the billing period (kWh), and ii) the project's applicable Community Credit Component rate as filed by the Company in a statement with the PSC, in effect at the time of the project's Eligibility Date. The Community Credit Component will apply to all CDG satellite accounts.

The project's Community Credit rate will be fixed for the first twenty-five (25) years following the project's interconnection date.

The CDG project sponsor will not be allowed to bank any Community Credit Components related to Unallocated Satellite Percentages.

Any high-capacity-factor resource (i.e., fuel cell) CDG project receiving Value Stack compensation with an Eligibility Date on or after August 13, 2019 shall receive an adjusted Community Credit rate determined as the effective Community Credit rate multiplied by an adjustment factor of 0.16. Any high-capacity-factor resource (i.e., fuel cell) CDG project receiving Value Stack compensation with an Eligibility Date before August 13, 2019 shall receive the unadjusted Community Credit.

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#### GENERAL INFORMATION

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

##### 40.2.4 Project's Tranche Determination

CDG project eligibility for placement in a Tranche will be based on the time stamp of the Eligibility Date as specified in 40.2.1.3. If an established Tranche allocation has not yet been exhausted but the next eligible CDG project exceeds the MW allocation remaining in that Tranche, then one of the following will occur as applicable:

- i) if the project's size exceeds the remaining capacity in the current Tranche by less than or equal to 1 MW, the CDG project will be eligible to receive the MTC Component in that Tranche for the full capacity of that CDG project. However, the amount of the CDG project's capacity that exceeds the MW capacity remaining in that Tranche will count towards fulfillment of the subsequent Tranche; or
- ii) the project's size exceeds the remaining capacity in the current Tranche by more than 1 MW then the entire project will be placed in the next Tranche. At that time the original Tranche should be closed, and the total size of the next Tranche should be increased by the unused size in the original Tranche.

If a CDG project eligible for Tranche assignment cancels its application, the Tranche in which it had been assigned will be reduced and not be re-opened, except for the Community Credit Tranche.

Mass market projects that opt in to the VDER Value Stack compensation per Rule 40.2.1.8 will be placed into the Tranche available at the time the project elects to opt into the VDER Value Stack compensation.

A CDG project's qualification for the Community Credit will be based on the Eligibility Date as specified in Rule 40.2.1.3. If a qualifying CDG project is later cancelled, its capacity will be returned to the pool of Community Credit available to National Grid, as long as the Community Credit Tranche capacity has not been fully exhausted.

For any high-capacity-factor resource (i.e., fuel cell) project that receive an adjusted MTC Component or Community Credit, the Company shall adjust the capacity of that project for its placement in a tranche by multiplying the project capacity by an adjustment factor of 0.16.