Received: 06/28/2013 Status: CANCELLED Effective Date: 07/01/2013

PSC No: 120 - Electricity

New York State Electric and Gas Corporation

Initial Effective Date: July 1, 2013

Leaf No. 116

Revision: 8

Superseding Revision: 7

Issued in compliance with Order in Case 12-E-0486 dated June 13, 2013

GENERAL INFORMATION

22. Farm Waste Electric Generating System Option

Applicable to any customer who owns or operates farm waste electric generating equipment ("Facility"), that generates electric energy from biogas produced by the anaerobic digestion of agricultural wastes with a rated capacity of not more than one thousand kilowatts (1000 kW), located and used at his or her "farm operation" as defined in Subdivision 11 of Section 301 of the Agriculture and Markets Law. Such definition states that a "farm operation" means the land and onfarm buildings, equipment, manure processing and handling facilities, and practices which contribute to the production, preparation and marketing of crops, livestock and livestock products as a commercial enterprise, including a "commercial horse boarding operation" as defined in subdivision thirteen of this Section 301 of the Agriculture and Markets Law.

The Facility must be manufactured, installed and operated in accordance with applicable government and industry standards. Such Facility must be connected to the Company's electric system and operated in parallel with the Company's transmission and distribution facilities. The Facility must be fueled, at a minimum of 90% on an annual basis, by biogas produced from the anaerobic digestion of agricultural waste such as livestock manure materials, crop residues and food processing waste. The Facility must be fueled by biogas generated by anaerobic digestion with at least 50% by weight of its feedstock being livestock manure materials on an annual basis. The customer, at its expense, shall promptly provide to the Company all relevant, accurate and complete information, documents, and data, as may be reasonably requested bythe Company, to enable the Company to determine whether the customer is in compliance with these requirements.

The Farm Waste Electric Generating System Option will 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 84,780 kW (three percent of the Company's electric demand for the year 2005).

Customers electing service under this Section 22 must operate in compliance with standards and requirements set forth in the Distributed Generation Interconnection Requirements found in PSC 119 - Electricity, Section 9 and Addendum-SIR to PSC 119. In addition, customers must execute the NYS 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"), as contained within Addendum-SIR of PSC 119 - Electricity.

For a net metered customer, the Company will install metering appropriate for the customer's service classification that enables the Company to measure the electricity delivered to the customer and measure the electricity supplied by the customer to the Company. Where the Company determines that a second meter should be installed, no additional costs shall be billed to the customer. When a second meter is requested by the customer that is not required by the Company, the customer will be responsible for the cost of the meter, the installation and any additional costs.

Billing

For each billing period during the term of the SIR Contract, the Company will net the electricity (kWh) delivered to the customer with the electricity (kWh) supplied by the customer to the Company.

Non-Hourly Pricing

a) If the electricity (kWh) supplied by the Company exceeds the electricity supplied by the customer to the Company during the billing period, the customer shall be billed for the net kWh supplied by the Company to the customer at the standard service class rates. For customers billed on time-differentiated rates (TOU meter), e.g., On-Peak/Off-Peak or Day/Night, netting will occur in each time period.

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