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October 17, 2017

Honorable Kathleen H. Burgess
Secretary
New York State Public Service Commission
Three Empire State Plaza, 19th Floor
Albany, New York 12223-1350

RE: Case 15-E-0751 and Case 15-E-0082, Net Metering Transition – Value Stack

Dear Secretary Burgess:

Consolidated Edison Company of New York, Inc. ("Con Edison" or the "Company") is filing with the Public Service Commission (the "Commission") amendments to its Schedule for Electricity Service, P.S.C. No. 10 – Electricity (the "Electric Tariff"), applicable to its customers in the City of New York and the County of Westchester. The Company is also filing amendments to its Schedule for New York Power Authority ("NYPA" or "PASNY") Delivery Service, P.S.C. No. 12 - Electricity (the "PASNY Tariff),[1] applicable to delivery by the Company of power and associated energy to Authority Public Customers under the PASNY Tariff.

Appendix A identifies the Electric Tariff and PASNY Tariff Leaves and Statements being filed to become effective on November 1, 2017.

Reason for Filing

This filing is made pursuant to the Commission's Order on Phase One Value of Distributed Energy Resources Implementation Proposals, Cost Mitigation Issues, and Related Matters, issued and effective September 14, 2017 (the "September Order") in

[1] The PASNY Tariff is titled, "Delivery Service Rate Schedule Implementing and Part of the Service Agreement Between the Power Authority of the State of New York (PASNY) and the Consolidated Edison Company of New York, Inc. (the Company) dated March 10, 1989."

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Cases 15-E-0751 and 15-E-0082. The September Order (at pp 53-54) directed each utility to file tariff amendments implementing the Value Stack and cost recovery for credits paid under the Value Stack as proposed by each utility and as modified by the September Order. In addition, the Commission directed each utility to file its initial Value Stack Credits Statement and Value of Distributed Energy Resources ("VDER") Cost Recovery Statement.

Tariff Changes

Pursuant to the September Order, the Company has modified Rider R of the Electric Tariff to effectuate the Value Stack as described below.

Rider R Title, Applicability, and Definitions (Sections A – B)

The title of Rider R has been changed to "Net Metering and Value Stack Tariff for Customer-Generators." In addition, the existing Rider R language contains references to the Value Stack and states certain provisions will be enacted when the Value Stack Tariff becomes available. The words "when it becomes available" have been removed in the Applicability and Metering sections of Rider R because this filing effectuates the Value Stack.

The terms "Net injection" and "Net hourly injection" were added to the Definitions Section of Rider R. The terms refer to the amount of excess energy produced by a Customer's electric generating equipment beyond the Customer's usage that is fed back to the Company's system for a Customer served under the Value Stack Tariff.

Requirements for Parallel Operation (Section D)

Section D.8 of Rider R currently requires non-Mass Market Customers[2] who wish to pair energy storage on their premises in addition to electric generating equipment to take service under the Value Stack Tariff. The September Order at Page 40 states that further study is needed before Value Stack Tariff compensation can be allowed for these types of projects. Therefore, the language has been removed from Rider R that allowed for energy storage paired with eligible generation since there is no approved compensation mechanism. Section D.8 of Rider R has been amended to require that Customers with energy storage on the premises in addition to the electric generating equipment eligible for net metering must separately meter such energy storage and will be required to take Standby Service for the separately metered storage.

[2] Mass Market Customers, as defined in Rider R, are Customers who take service under Service Classification Nos. 1 or 2.

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Metering (Section E)

The Company added a provision stating that if interval metering cannot be provided through the Company's deployment of AMI meters for purposes of being compensated under the Value Stack, then the cost to upgrade to an interval meter with telecommunications capability will be at the expense of the Customer if such meter is not required for billing under the Customer's service classification.

Remote Net Metering and Community Distributed Generation (Section F)

The Community Distributed Generation Section of Rider R has been amended to allow any unallocated kWhr credits from a CDG Host Account served under the Value Stack Tariff ("Value Stack Tariff CDG Host Account") to be allocated to CDG Satellite Accounts[3] on a monthly basis. No portion of the credits may be allocated to the Value Stack Tariff CDG Host Account. The Value Stack Tariff CDG Host Account's unallocated credits will be converted to a monetary value, excluding the Market Transition Credit ("MTC") and carried over on the Value Stack Tariff CDG Host Account every month. At the end of every 12-month period from when the Value Stack Tariff CDG Host Account commenced service, written instructions for allocating any remaining Banked Monetary Credits must be received by the Company. Rider R has also been amended to allow a Value Stack Tariff CDG Host Account to retain, for up to two years, any undistributed credit that remains after the Annual Value Stack CDG Credit is distributed to the CDG Satellite Accounts, provided that the Value Stack Tariff CDG Host, in its instructions for allocating the Annual Value Stack CDG Credit, allocated credits to each CDG Satellite Account equal to no less than the CDG Satellite Account's monthly electric charges in the final month of the annual period. At the end of the two-year period, the Value Stack Tariff CDG Host Account will forfeit credits equal to the smallest number of credits in its account at any point during the two-year period.

Billing

Section G of Rider R – Charges and Credits has been divided into two separate sections – Section G and Section H[4]. Section G has been titled "Charges and Credits – Grandfathered Net Metering and Phase One NEM" and addresses the existing billing and the crediting mechanisms for Grandfathered Net Metering and Phase One Net Metering Customers served under Rider R.

[3] The September Order uses the terms Sponsor Account and Subscriber Account(s) to refer to the CDG Host Account and CDG Satellite Account(s), respectively.

[4] Currently Section H of Rider R is Restrictions and Section I of Rider R is Term of Service. These sections have been changed to Sections I and J, respectively, and all references throughout Rider R to these section letters have been amended to reference the new section letter designations in Rider R.

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Section H, a new section in Rider R, has been titled "Charges and Credits – Value Stack Tariff" and addresses the billing and crediting mechanisms for Customers who will be served under the Value Stack Tariff. Section H describes the following requirements for Customers served under the Value Stack:

- The Company will employ two readings: net hourly consumption from the Company's system and net hourly injections into the Company's system. Customers will be billed for their net hourly consumption at the rates specified under their Service Classifications.

- A CDG Host Account will allocate its net hourly injection kWhr to its Satellite Accounts with the option to retain kWhr on the CDG Host Account. Each CDG Satellite Account will then be credited for its allocated net hourly injections individually using the credit conversion methodology detailed in Section H. No credits that remain on the CDG Host Account will be used to offset the Host Account's bill for net hourly consumption.

- An RNM Host Account's crediting will be handled by converting the RNM Host Account's net hourly injections to a monetary value based on the Value Stack Component credits. Credits will then be distributed to the RNM Host and RNM Satellite Accounts in the same manner as they are passed down for monetary credits under existing net metering rules.

- The Value Stack Components are described in Section H. These components will be used as compensation for a Value Stack customer-generator. The components of the Value Stack are: the Value Stack Energy Component, the Value Stack Capacity Component, the Environmental Component, the MTC Component, the Demand Reduction Value ("DRV") Component, and the Locational System Relief Value ("LSRV") Component. The rates for all but the Value Stack Energy Component will be set forth on the Value Stack Credits Statement.

    - In any hour in a billing period when there is a net injection, the net injection for that hour will be multiplied by the NYISO day-ahead Locational Based Marginal Price for the customer-generator's applicable NYISO electric load zone for that hour, adjusted by the Factor of Adjustment for Losses as shown in General Rule 25.1. These hourly credits will be summed up for the billing period and represent the total Value Stack Energy Component credit.

    - Three alternatives have been established for the Value Stack Capacity Component credit rate. The first alternative includes a credit based on the SC No. 9 – Rate 1 kWhr capacity rate. The second alternative will take that SC No. 9 – Rate 1 kWhr capacity rate and concentrate the rate into

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460 hours. The third alternative will be the NYISO Installed Capacity monthly auction price grossed up for the applicable reserve requirement.

The total Value Stack Capacity Component credit for Alternative 1 will be determined by multiplying the total net kWhr injections times the credit rate for Alternative 1. The total Value Stack Capacity Component credit for Alternative 2 will be determined by multiplying net injections during the hour beginning 2:00 PM through the end of the hour beginning 6:00 PM in the months of June – August times the credit rate for Alternative 2. The total Value Stack Capacity Component credit for Alternative 3 will be determined by multiplying the net injection during the previous summer's New York Control Area ("NYCA") peak hour by the Alternative 3 capacity rate.

Customer-generator's with intermittent generation will be defaulted to Alternative 1, but can choose Alternative 2 or 3 provided that, once chosen, the customer-generator cannot switch from Alternative 2 to Alternative 1 or from Alternative 3 to either Alternative 1 or 2. If a customer-generator chooses Alternative 2, they must elect to do so by May 1 to be eligible for the coming summer period. If the customer elects Alternative 2 after May 1, then they will remain on Alternative 1 until April 30 of the following calendar year. Finally, if metering was not in place to measure the customer-generator's net injection during the NYCA peak hour from the previous summer, the Company will estimate such net injection during that hour.

- The Environmental Component credit is available to those customer-generators that are eligible to receive Renewable Energy Standard Tier I Renewable Energy Credits ("RECs) and elect to transfer those RECs to the Company. The Environmental Component for these Customers will be equal to the net hourly injections for the billing period times the Environmental Component rate. The Environmental Component rate is equal to the clearing price of the New York State Energy Research and Development Authority's ("NYSERDA") most recent Tier 1 REC procurement at the time the customer-generator pays at least 25 percent of its interconnection costs or executes the interconnection agreement if no such payment is required and will be fixed for the term of the customer-generator's eligibility of 25 years from the project's in-service date. All other Customer's will not receive an Environmental Component credit.

- A Value Stack CDG project will receive the MTC Component for Mass Market Customer's CDG Satellite Accounts in lieu of the DRV for CDG Satellite Accounts. In addition, Mass Market Customers opting into the Value Stack will receive the MTC Component. The MTC rate will be equal to that of the customer-generator's assigned Tranche as described in

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the Commission's Order on Net Metering Transition, Phase One of Value Distributed Energy Resources, and Related Matters, issued and effective March 9, 2017 in Cases 15-E-0751 and 15-E-0082.

- The DRV Component credit will be calculated by multiplying the customer-generator's average hourly net injections in the ten peak hours of the customer-generator's assigned Commercial System Relief Program ("CSRP") zone in the previous calendar year, weighted by the CSRP zone's peak MW, by the DRV Component Rate in effect. The DRV Component Rate will be determined for a customer-generator at the time the customer-generator pays at least 25 percent of its interconnection costs or executes the interconnection agreement if no such payment is required and will be fixed for three years from the project's in-service date. At the end of three years, the DRV will be reset at the rate in effect at that time. Any account receiving an MTC will not be eligible for the DRV.

- The LSRV Component credit is applicable for customers in eligible locations in the Company's service territory, subject to MW caps by location. The LSRV Component credit will be calculated by multiplying the customer-generator's average hourly net injections in the ten peak hours of the customer-generator's assigned Commercial System Relief Program ("CSRP") zone in the previous calendar year, weighted by the CSRP zone's peak MW, by the LSRV Component Rate in effect. The LSRV Component Rate will be determined for a customer-generator at the time the customer-generator pays at least 25 percent of its interconnection costs or executes the interconnection agreement if no such payment is required and will be fixed for ten years from the project's in-service date.

Term of Service

Section J of Rider R has been amended to set the Term of Service for a Value Stack Tariff Customer as 25 years from the project's in-service date.

Value Stack Cost Recovery

The Company has proposed changes to the Electric Tariff and the PASNY Tariff to recover the Value Stack Component credits paid to customers.

- The Value Stack Capacity Credit and Environmental Credit paid will each be split into two pieces – a Market Value and an Out of Market Value.
  - The Market Value portion of the Value Stack Capacity credits will be determined by, on a monthly basis, multiplying the injections into the Company's system from all Value Stack customer-generators during the New York Control Area peak from the previous year by the average price

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for capacity in that month. The Out of Market Value is equal to the difference between the actual dollar value of credits paid and the Market Value portion of the credits.

  - The Market Value portion of the Value Stack Environmental credits will be determined by, on a monthly basis, multiplying the net injections from customer-generators by that month's REC price as published by NYSERDA. The Out of Market Value is equal to the difference between the actual dollar value of credits paid and the Market Value portion of the credits.

- All but the Value Stack Energy Component credits and the Market Value Environmental Component credits will be collected from all Customers served under the Electric Tariff, except for Customers served under SC 11. The Market Value Environmental Component credits will be collected from Full Service customers as a component of the Clean Energy Standard Supply Surcharge ("CESS").

  - A portion of the total costs for the Market and Out of Market Value portions of the Capacity credits, the Out of Market portion of the Environmental credits, the DRV, and the LSRV will be collected under the PASNY Tariff based on the PASNY Allocation[5] (i.e., the ratio of forecasted PASNY Rate Year Delivery Revenues to total Rate Year Delivery Revenues under both the PASNY Tariff and Electric Tariff).

  - General Rule 25.2 of the Electric Tariff has been amended to state that the Market Supply Charge ("MSC") costs will be increased by the total Value Stack Energy Component credits paid to Customers served under the Value Stack Tariff in calculating the Adjustment Factor – MSC I.

  - General Rule 25.4 of the Electric Tariff has been amended to state that the Clean Energy Standard Supply Surcharge will be used to recover the Market Value Environmental Component credits.

- General Rule 26.8 of the Electric Tariff has been established describing cost recovery of the Value Stack Capacity Component credits (Market and Out of Market), the Out of Market Environmental Component credits, the MTC, the DRV Component credits, and the LSRV Component credits. These credits have

[5] Estimated costs to be recovered under the PASNY Tariff will be equal to the total costs multiplied by the PASNY Allocation. When actual costs are known, those costs will also be allocated to the PASNY Tariff equal to the total costs multiplied by the PASNY Allocation. The Company will separately determine the difference between actual costs allocated for collection under each Tariff and the amounts recovered under that Tariff for prior periods.

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been identified as the Value Stack Delivery Cost Component Credits. Separate surcharges will be established for each Value Stack Delivery Cost Component Credit grouped into the following service classification ("SC") groups:

Group 1: SC 1
Group 2: SC 2
Group 3: SC 6
Group 4: Low Tension Customers served under SCs 5, 8, 9, and 12; and
Group 5: High Tension Customers served under SCs 5, 8, 9, 12, and 13

- The Market Value and Out of Market Value portions of the Capacity credits and the Out of Market Value of the Environmental credits will be collected on a per-kW basis for demand billed SC groups (for Standby Service Customers, the credit will be collected on a per kW of Contract Demand basis) and on a per kWhr basis for non-demand billed SC groups. The MTC will be collected on a per kWhr basis from only Group 1 and 2 Customers. The DRV and LSRV will be will be collected from all SC groups on a per-kW basis for demand billed SC groups (for Standby Service Customers, the credit will be collected on a per kW of Contract Demand basis) and on a per kWhr basis for non-demand billed SC groups. Total costs will be allocated to each SC group based on the SC group's percentage contribution to system peak, as used to develop the embedded cost-of-service study in the Company's most recently approved electric rate plan.

- The Value Stack Cost Recovery Statement will set forth the separate surcharges for the Value Stack Delivery Cost Components. The initial Value Stack Cost Recovery Statement is applicable to bills with a "from" date on or after November 1, 2017 with all components set to zero[6]. The next Value Stack Cost Recovery Statement will be filed to be applicable to bills with a "from" date on or after December 1, 2018, and every December 1 thereafter and will be filed with the Commission on not less than three days before December 1 and will be posted to the Company's website on or before the effective date. Each component shown on the Value Stack Cost Recovery Statement will collect the estimated costs for that component for the 12-month period beginning December 1 and the difference between the actual costs and amounts recovered for that component for prior periods.

- For billing purposes, the Value Stack Delivery Cost Component surcharges will be included with the Monthly Adjustment Clause.

[6] The Company has set the initial surcharge components to zero since it cannot currently estimate what the value of the initial year credits will be.

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Conclusion and Notice

As directed by Ordering Clause 1 of the September Order, the Company is filing changes to the Electric Tariff and PASNY Tariff to become effective on November 1, 2017. As directed by Ordering Clause 2, the Company is also filing the VDER Cost Recovery Statement No. 1 and the Value Stack Credits Statement No. 1 to the Electric Tariff. In addition, the Company is filing CESS Statement No. 2 to the Electric Tariff.[7]

Pursuant to Ordering Clause 23 of the September Order, the Commission has waived the requirements for newspaper publication.

Sincerely,

/s/ William A. Atzl, Jr.
Director
Rate Engineering Department

[7] The NYPA OTH Statement to the PASNY Tariff will be filed with the Commission, as regularly scheduled, i.e., three days before the Statement is next scheduled for change. The OTH Statement that becomes effective November 1, 2017, will show the total allocated dollars for cost recovery and will be set at $0.00.

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PSC No. 10 - Electricity: List of Revised Tariff Leaves and Statements

Leaf No.	Revision No.	Superseding Revision No.	Leaf No.	Revision No.	Superseding Revision No.
6	6	4	251.2	7	6
7	5	4	251.2.1	1	0
12	2	1	251.3	3	2
177	11	9	251.4	3	2
244	6	5	251.5	3	2
245	10	9	252	11	10
245.1	1	0	253	6	5
246	6	5	253.1	0	
246.1	1	0	253.2	0	
247	5	4	253.3	0	
248	4	3	253.4	0	
249	5	4	253.5	0	
249.0.1	2	1	253.6	0	
249.1	9	8	254	7	6
249.1.1	1	0	331	2	1
249.2	4	3	336.1	1	0
249.3	2	1	337	8	7
249.4	3	2	358.1	0	
249.4.1	0		358.2	0	
250	5	4	358.3	0	
251	8	7	382	4	3
251.1	7	6			

Statement	Statement Type	Statement No.
Statement of Clean Energy Standard Supply Surcharge	CESS	2
Statement of Value of Distributed Energy Resources Cost Recovery	VDER-CR	1
Statement of Value of Distributed Energy Resources Value Stack Credits	VDER-CRED	1

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PSC No. 12 - Electricity: List of Revised Tariff Leaves and Statements

Leaf No.	Revision No.	Superseding Revision No.
26.3	1	0