40. Value of Distributed Energy Resources ("VDER")

A. Phase One Net Energy Metering ("NEM")
   1. Eligibility
      a. Any customer, residential or non-residential, who owns or operates electric generating equipment ("Facility"), as defined in Public Service Law ("PSL") §66-j, limited in size in conformance with the statute for each facility type and customer type that generates electric energy. A customer may include energy storage equipment when submitting an application for net metering pursuant to this Rule.
         i. To qualify for net metering, the Customer Generator must comply with the requirements of the generating size limits (solar generating equipment up to 2 MW generation capacity limit) by complying with the following criteria:
            1) Each project up to the respective generating size limit must be separately metered and separately interconnected to the utility grid.
            2) Each project must be located on a separate site which can be accomplished by a project having a separate deed or a unique Section-Block-Lot (SBL), a separate lease, and a separate metes and bounds description recorded via either a deed or separate memorandum of lease uniquely identifying each project.
            3) Each project must operate independently of other units.
      b. A customer taking service pursuant to Rule No. 22 may opt to take service under this Rule. Such election shall be a one-time election and shall be irrevocable.
      c. A DER Provider shall comply with the requirements set forth in the UBP-DER Addendum.
      d. A customer exporting to the NYISO wholesale market pursuant to Wholesale Distribution Service is ineligible for Phase One NEM. A customer may opt-in to Rule 40.B Value Stack subject to the provisions therein.

40. Value of Distributed Energy Resources ("VDER")

A. Phase One Net Energy Metering ("NEM")

2. Available To
   a. Phase One NEM shall be available to a customer with a project interconnected on or after March 10, 2017 and to projects for which Standard Interconnection Requirement Step 4 (for projects 50kW or less) or Step 8 (for projects greater than 50kW), as applicable, was not completed by March 9, 2017 as follows:
      i. Mass market on-site projects, defined as projects located behind the meter of a residential or small commercial customer that is not billed based on demand, that are not used to offset consumption at any other site and interconnected before the earlier of January 1, 2020, or a Commission order directing modification. Should a new compensation methodology not be in place by January 1, 2020, projects placed into service after that date would receive Phase One NEM compensation only until the new compensation methodology is implemented and shall then be transferred to the new compensation methodology;
      ii. Large on-site projects, defined as projects located behind the meter of a non-residential customer that is billed based on demand or subject to the provisions of the Company's Hourly Pricing Provision, that are not used to offset consumption at any other site for which 25% of interconnection costs have been paid, or a Standard Interconnection Contract has been executed if no such payment is required, on or before July 17, 2017;
      iii. A project eligible for Remote Net Metering pursuant to the Special Provisions within Rule 22 for which 25% of interconnection costs have been paid, or a Standard Interconnection Contract has been executed if no such payment is required, on or before July 17, 2017; and
      iv. A project eligible for Community DG pursuant to Rule 37 for which 25% of interconnection costs have been paid, or a Standard Interconnection Contract has been executed if no such payment is required, on or before July 17, 2017, up to a total rated generating capacity of 28 MW. In the event that capacity remains below this threshold which would accommodate a portion of an eligible project, the provisions of this Rule shall be available to the entire project.
      v. A project that has a rated capacity of 750 kW or lower; is sited at the same location and behind the same meter as the electric customer whose usage the project is designed to off-set; and has an estimated annual output less than or equal to that customer's historic annual usage in kWh. The project shall be interconnected before the earlier of January 1, 2020, or a Commission Order directing modification. Should a new compensation methodology not be in place by January 1, 2020, projects placed into service after that date would receive Phase One NEM compensation only until the new compensation methodology is implemented and shall then be transferred to the new compensation methodology;
   b. A customer that meets the requirements of 2.a.i or 2.a.ii above shall be permitted to include energy storage technology with their Facility and remain eligible for Phase One NEM as described therein.
   c. A change in ownership shall not affect the compensation term.

40. Value of Distributed Energy Resources ("VDER") (Cont'd)

A. Phase One Net Energy Metering ("NEM") (Cont'd)

2. Available to (Cont'd)

d. A customer (Host Account) that meets the requirements of 2.a.iii. or 2.a.iv. above shall be permitted to designate non-metered account(s) as a Satellite Account if the Host Account is being compensated based on a monetary crediting methodology under this Rule, Value of Distributed Energy Resources ("VDER").

e. A customer installing a Facility that does not meet the requirements above in 2.a or 2.b shall refer to Rule 40.B Value Stack.

3. Billing

a. A customer that meets the requirements of 2.a. or 2.b Customer Project Qualification above, shall be permitted to elect their service classification from the options below once per year on the customer's selected anniversary date. If a customer does not make a selection for their service classification, the default shall be the customer's standard otherwise applicable service classification.

1) The customer's standard otherwise applicable service classification;
2) Time-of-Use service classification, if available; or
3) Standby Service

b. If a customer selects Standby Service, the customer will no longer be eligible for Phase One NEM, however such customer will be compensated under Rule 40.B Value Stack.

c. For each billing period during the term of the SIR Contract, the Company shall net the electricity (kWh) delivered to the customer with the electricity (kWh) supplied by the customer to the Company. The Company shall calculate credits in accordance with Billing provision in Rule 22 as applicable to the type of Facility, for a period of 20 years from the project's in-service date, except for customers that are grandfathered pursuant to Rule 42 for Remote Net Metering. Such grandfathered customers shall be permitted to complete their term in accordance with the Special Provision.

d. The value of any credit remaining on a customer's account for excess electricity produced by the customer-generator (Facility) shall continue to carry over to the next monthly billing period. Any unused credits at the end of project's compensation term shall be forfeited.

e. A customer that meets the requirements of 2.b.i above, and is interconnected on or after January 1, 2022, may be subject to the Customer Benefit Contribution ("CBC") Charge as described in Special Provision 1 of Rule 40.C.

1) The credits for net injections shall not be applied to the Customer Benefit Contribution ("CBC") Charge, if applicable, described in Special Provision 1 of Rule 40.C below.

f. The Company shall calculate a customer's bill based on the service classification option selected, less any credits calculated for net injections, plus the Customer Benefit Contribution ("CBC") Charge, if applicable.

1) Projects served under the Community Distributed Generation ("CDG") or Remote Crediting programs, shall not be subject to the CBC Charge.

4. Compensation Term

a. The compensation period will be in effect for 20 years from the project's in-service date, except for customers that are grandfathered pursuant to Rule 42 for Remote Net Metering. Such grandfathered customers shall be permitted to complete their term in accordance with the Special Provision.

b. A change in ownership shall not affect the compensation term.

40. Value of Distributed Energy Resources ("VDER"): (Cont'd)

B. Value Stack:

1. Eligibility:

a. i. Any customer, residential or non-residential, who owns or operates electric generating equipment ("Facility"), as defined in Public Service Law ("PSL") §66-j or PSL§66-l, limited in size as set forth in the table below:

| Generator Type | Size Limit on System | |
|---|---|---|
| | Residential | Non-Residential |
| Solar | Up to 5 MW | |
| Micro-hydroelectric | Up to 5 MW | |
| Fuel Cell | Up to 5 MW | |
| Micro-CHP | 10 kW | N/A |
| Farm Waste | Up to 5 MW | |
| Wind | Up to 5 MW | |
| Farm Wind | Up to 5 MW | |

ii. A customer may install stand-alone energy storage equipment, including an electric vehicle ("EV") charged using regenerative braking technologies, and vehicle-to-grid ("V2G") or vehicle-to-grid integration ("VGI") systems, or pair with a Facility when submitting an application for net metering pursuant to this Rule 40.B.

iii. Technologies eligible for the Clean Energy Standard Tier 1 ("CES Tier 1"), as listed in Appendix A of the Commission's Order Adopting A Clean Energy Standard, issued on August 1, 2016 in Case 15-E-0302, including projects utilizing the same technology as defined for CES Tier 1 that were installed and operational by January 1, 2015, up to 5 MW in size, are eligible for compensation under this Rule as provided herein.

iv. To qualify for net metering, the Customer Generator must comply with the requirements of the generating size limits by complying with the following criteria:

1) Each project up to the respective generating size limit must be separately metered and separately interconnected to the utility grid.
2) Each project must be located on a separate site which can be accomplished by a project having a separate deed or a unique Section-Block-Lot (SBL), a separate lease, and a separate metes and bounds description recorded via either a deed or separate memorandum of lease uniquely identifying each project.
3) Each project must operate independently of other units.

b. A customer taking service pursuant to Rule Nos. 22, 37, or Rule 40.A, Phase One NEM may opt to take service under this Rule. Such election shall be a one-time election and shall be irrevocable.

i. An existing customer with a Facility that is sized less than 2 MW may have the capability, based on existing design and location, to increase the capacity of the Facility up to 5 MW. If an existing customer chooses to increase the size of its Facility, the Facility shall receive compensation pursuant to the Value Stack for the entire project.

ii. An existing customer taking service pursuant to Rule 37, Community Distributed Generation, that chooses to increase the capacity of their Facility greater than 2 MW, up to 5 MW, may be assigned to a new Tranche as described in Rule 40.B.6.vi.

c. A customer with an existing generator sized between 2 MW and 5 MW, that otherwise meets the eligibility requirements pursuant to PSL §66-j or PSL§66-l and herein, taking service pursuant to Service Classification No. 10; or receives compensation through bilateral contracts or the NYISO; may make a one-time irrevocable election to opt to take service pursuant to their otherwise applicable Service Classification and receive compensation for excess generation pursuant to this Rule, 40.B Value Stack.

d. A customer with a generator that otherwise meets the eligibility requirements above in 1.a., and taking service pursuant to Service Classification No. 10, Buy Back Service, or Service Classification No. 11, Standby; may opt to receive compensation for net hourly injections pursuant to this Rule, 40.B. Value Stack To the extent the customer is not being compensated for such net hourly injections through the wholesale market.

i. A customer taking service pursuant to Service Classification No. 11, Standby; and opting for Value Stack compensation, will be excluded from receiving the Reliability Credit under Service Classification No. 11.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER"): (Cont'd)

B. Value Stack:

1. Eligibility (Cont'd):

e. Expansion or Consolidation Projects Under Development
Interconnection applications for new projects sized between 2 MW and 5 MW, proposals to increase the capacity of existing projects, and proposals to increase the capacity of projects currently in the interconnection queue may be submitted to the Company. If Tranche limits are exceeded, Projects currently in the interconnection queue may not be consolidated until further consideration and action on proposed SIR changes has been taken by the Commission.

f. A customer taking service pursuant to this Rule shall be required to install metering equipment capable of recording hourly net consumption and net injections.

g. A DER Provider shall comply with the requirements set forth in the UBP-DER Addendum.

2. Applicable To:
The Value Stack shall be applicable to a customer interconnecting a Facility that is:
(a) not eligible for Grandfathered Net Metering as set forth in the Remote Net Metering Rule 42; or
(b) is not eligible for Phase One NEM as set forth in Rule 40.A; or
(c) has made a one-time irrevocable election to opt-in to the Value Stack; or
(d) participating in the Remote Crediting Program as described in Rule 50.

3. Definitions:

a. "Mass Market Customer": a customer billed pursuant to a residential service classification or a small commercial customer that is not billed based on demand and whose electric generating equipment supplies energy to a single account behind the same meter as the generating equipment.

b. "Net injection" or "Net hourly injection" is 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.

c. "Renewable energy systems": systems that generate electricity or thermal energy through use of the following technologies: solar thermal, photovoltaics, on land and offshore wind, hydroelectric, geothermal electric, geothermal ground source heat, tidal energy, wave energy, ocean thermal, and fuel cells which do not utilize a fossil fuel resource in the process of generating electricity.

4. Compensation:

a. The Company shall calculate the credit by multiplying the Value Stack Components, as applicable, by the net export net hourly injections to determine the total value of the credit.
i. The total value of the credit shall be applied to any outstanding charges on the customer's current electric bill, except for the Customer Benefit Contribution ("CBC") charge as described in Rule 40.B.7. Value Stack Billing.

b. Projects that qualified for Value Stack compensation before July 27, 2018, excluding Community DG projects and any projects receiving the MTC Component, are allowed a one-time, irrevocable election to receive compensation for the Capacity Component, DRV Component, and LSRV Component (if applicable), that is applicable to projects that qualified on or after July 27, 2018. This election must be for all components applicable to the project.

c. The credit values shall be set forth on the VDER-Cred Statement and filed on not less than one days' notice.

5. Cost Recovery:

a. The Company shall recover the costs for the credits paid to customers for each of the Value Stack Components pursuant to Rule 25.B.1, Transition Charge and the Supply Adjustment Charge pursuant to Rule 25.C. Commodity Charge. The cost values shall be set forth on the VDER CR Statement and filed on not less than one days' notice.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER"): (Cont'd)

B. Value Stack:

6. The Value Stack Components:

i. Value Stack Energy Component

The compensation for energy under this provision shall be calculated based on the Facility's hourly metered net generation and the hourly energy price. The hourly energy price is the New York Independent System Operator (NYISO) Day-Ahead Market (DAM) Location Based Marginal Price (LBMP) for the Zone in which the Facility is electrically connected, adjusted for system losses. The DAM LBMP prices shall be the initial published DAM LBMP prices acquired by the Company. The credit for the Facility shall not be recalculated if such prices are modified by the NYISO at a later date.

1. A customer taking service pursuant to Rule 40.C.2 (WVS) is ineligible to receive the Value Stack Energy Component.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER"): (Cont'd)

B. Value Stack:
6. The Value Stack Components: (Cont'd)
ii. Value Stack Capacity Component

1. The capacity component is determined from the NYISO's monthly and spot capacity auctions for the capacity zone in which the customer-generator is electrically connected.

2. A customer-generator with intermittent generation (i.e., solar or wind electric generating equipment) shall select from the following Alternatives in Section 5. below for calculating the compensation of the Value Stack Capacity Component ("Capacity Compensation"). If no selection is made, the Capacity Compensation shall default to Alternative One. A customer-generator with dispatchable generation (i.e., all other electric generating equipment served under this Rule) shall be required to receive Capacity Compensation under Alternative Three.

3. A customer-generator with an eligible CES Tier 1 technology, as provided in 40.B.1.a.iii, shall be required to receive Capacity Compensation under Alternative Three.

4. A customer-generator with intermittent generation (i.e., solar or wind electric generating equipment) may submit a request for a change in compensation as follows:
   a. compensation under Alternative 1 may switch to compensation under Alternative 2 or to Alternative 3;
   b. compensation under Alternative 2 may switch to Alternative 3.
   c. a project compensated under Alternative 2 may not switch to Alternative 1, and a project compensated under Alternative 3 may not switch to Alternative 1 or Alternative 2.

5. Should the NYISO adjust the New York Control Area peak to reflect capacity provided by customer generation, the Company shall adjust the Value Stack Capacity Component for each of the Alternatives accordingly.

6. Alternatives for Capacity Compensation
   a. Alternative One:
      i. For a customer that has met the eligibility requirements of Rule 40.B.1. and 40.B.2. above prior to July 27, 2018, the capacity credit shall be equivalent to the Capacity Component as calculated pursuant to Rule 25.C for Service Classification No 2 multiplied by the net export generation of the Facility for the billing period.
      ii. A customer meeting the eligibility requirements of Rule 40.B.1. and 40. B.2. on or after July 27, 2018, the capacity credit compensation shall equal the monthly NYISO $/kW-month auction price adjusted for the NYISO UCAP Effective Percentage and the NYISO Demand Curve Adder percentage multiplied by a capacity factor divided by the monthly kWh/kW multiplied by the net export generation of the Facility for the billing period. If the capacity factor is not known, the Company shall use a proxy capacity factor.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER"): (Cont'd)

B. Value Stack:
6. The Value Stack Components: (Cont'd)
6. Alternatives for Capacity Compensation (Cont'd)
b. Alternative Two:
i. For a customer that has met the eligibility requirements of Rule 40.B.1. and 40.B.2. above prior to July 27, 2018, the capacity credit shall use the capacity costs calculated under Alternative One, however, the costs used to develop the credit are concentrated over the 460 peak summer hours: hours 14:00 through 18:00 each day in June, July and August. The resulting rate per kWh will be multiplied by the net export generation of the project in those 460 hours. The credit is assumed to be zero in the hours and months not identified herein. A customer-generator must elect Alternative 2 by May 1st to be eligible to receive Value Stack Capacity Component via this alternative beginning June 1st of that summer. A customer-generator electing Alternative 2 after May 1st will remain on Alternative One until April 30th of the following calendar year.

ii. A customer meeting the eligibility requirements of Rule 40.B.1. and 40.B.2. on or after July 27, 2018, the capacity credit shall be the sum of the 12 monthly NYISO $/kW-month auction price adjusted for the NYISO UCAP Effective Percentage and the NYISO Demand Curve Adder percentage for the months that make up the previous NYISO Capacity Year (May through April) divided by the number of hours between Hour Beginning 2:00 PM and Hour Beginning 6:00 PM inclusively on non-holiday weekdays from June 24 to August 31. That number of hours will be either 240 or 245 depending on the year. The resulting credit per kwh will be multiplied by the net energy exported adjusted for the appropriate energy losses for the customer's service class during the hours between Hour Beginning 2:00 PM and Hour Beginning 6:00 PM inclusively on non-holiday weekdays from June 24 to August 31.

c. Alternative Three: shall be equivalent to the customer-generator's service classification capacity cost and shall be calculated by multiplying the customer-generator's net energy export during the New York Control Area peak of the previous calendar year by the customer's capacity component based on their Facility's net export generation.

7. The Capacity Component shall be set forth on the VDER-Cred Statement.

8. A customer taking service pursuant to Rule 40.C.2 (WVS) is ineligible to receive the Value Stack Capacity Component.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER"): (Cont'd)

B. Value Stack:
6. The Value Stack Components: (Cont'd)
iii. Environmental Component:
1. A Facility opting into the Value Stack shall receive the Environmental Component compensation for renewable attributes except for those that opt to receive compensation through the Renewable Portfolio Standard, including the Maintenance Tier, or through Tier 2 of the Clean Energy Standard.
a. Eligible CES Tier 1 projects built before 1/01/2015, shall not be eligible for Environmental Component compensation.
b. A Facility that does not meet the definition of a Renewable Energy System and qualifies for Value Stack compensation after August 13, 2019, shall not be eligible to receive the Environmental Component.
2. The compensation for the Environmental Component shall be fixed at the time the customer-generator pays 25% of the interconnection cost, or where no such payment is required, at the time the interconnection agreement is signed and calculated by multiplying the total net export generation for the billing period by the customer-generator onto the Company's system by the Environmental Component.
3. A customer receiving compensation for the Environmental Component shall transfer ownership of the RECs to the Company.
4. The Environmental Component shall be fixed for the term of compensation for the Facility. The Environmental Component shall be provided on the VDER-Cred Statement.

iv. Demand Reduction Value ("DRV") Component:
a. A credit shall be provided for the Facility's potential contribution to the distribution system.
b. For a customer that has met the eligibility requirements of Rule 40.B.1. and 40.B.2. above prior to July 27, 2018. DRV Component compensation shall not be provided for the portion of the project that receives a Market Transition Credit ("MTC") as described in Rule 40.B.6.vi.
i. The DRV Component shall be fixed at the time the customer-generator pays 25% of the interconnection cost, or where no such payment is required, at the time the interconnection agreement is signed and then fixed for a period of ten years from a project's date of interconnection. The DRV may be adjusted every three years from a project's date if interconnection for the rest of the project's term of compensation pursuant to this Rule.
c. For a customer meeting the eligibility requirements of Rule 40.B.1. and 40.B.2.on or after July 27, 2018, the DRV credit shall be applied to all net energy exported between Hour Beginning 2:00 PM and Hour Beginning 6:00 PM inclusively on non-holiday weekdays from June 24 to September 15 and Hour Beginning 5:00 PM and Hour beginning 6:00 PM inclusively on non-holiday weekdays from January 1 to January 31. The credit per kwh will be determined by multiplying the $/kW-year values established by the most recent Commission-approved marginal cost study by 10 years and dividing the result by the total number of hours between Hour Beginning 2:00 PM and Hour Beginning 5:00 PM and Hour Beginning 6:00 PM inclusively on non-holiday weekdays from June 24 to September 15 and Hour Beginning 5:00 PM and Hour beginning 6:00 PM inclusively on non-holiday weekdays from January 1 to January 31 for the previous 10 year period.
d. As provided in Rule 35, Commercial System Relief Program ("CSRP"), a customer may make a one-time irrevocable election to participate in the CSRP instead of receiving DRV and LSRV compensation, regardless of when the project qualified for Value Stack compensation.
e. The DRV Component shall be set forth on the VDER-Cred Statement.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER"): (Cont'd)

B. Value Stack:
6. The Value Stack Components: (Cont'd)
v. Locational System Relief Value ("LSRV") Component: A customer that interconnects their Facility in pre-identified locations shall receive a LSRV credit.
a. For a customer that has met the eligibility requirements of Rule 40.B.1. and 40.B.2. above prior to July 27, 2018:
i. A credit per kW shall be provided for the Facility's potential contribution to the distribution system if the Facility is interconnected on a circuit designated for LSRV compensation.
ii. Compensation for the LSRV Component shall be fixed at the time the customer-generator pays 25% of the interconnection cost, or where no such payment is required, at the time the interconnection agreement is signed and then fixed for a period of ten years from the time the project's date of interconnection.
iii. The LSRV may be adjusted every three years.
iv. The pre-identified locations and LSRV Component shall be set forth on the VDER-Cred Statement.
b. A customer meeting the eligibility requirements of Rule 40.B.1. and 40.B.2.on or after July 27, 2018, the LSRV compensation will be based on the project's response to Company-called events ("LSRV Call Events").
i. The compensation for each LSRV Call Event will be: i) the project's lowest hourly net kW injection during the LSRV Call Event; multiplied by ii) the project's applicable LSRV Call Component rate as set out below.
ii. The project's applicable LSRV Call Component rate ($/kW) will be the project's applicable LSRV Component rate ($/kW-mo.), as specified below, multiplied by 12 (months) and divided by 10 (annual minimum calls per year).
iii. The project's applicable LSRV Component rate ($/kW-mo.) will be determined as the LSRV rate ($/kW-mo.), as filed by the Company in a statement with the Commission in effect at the time of the project's Eligibility Date and will be fixed for the first ten (10) years from the project's interconnection date.
iv. For eligible CDG projects, the LSRV Component will be determined for each satellite by multiplying the project's applicable LSRV Component rate ($/kW-mo.) by the satellite's allocation percentage in effect for the Billing Period as provided by the CDG project sponsor. The LSRV Component associated with any Unallocated Satellite Percentage will be banked for later distribution by the CDG host.
c. LSRV Call Events:
i. The Company will call LSRV Call Events at least 21 hours in advance of the start of the LSRV Call Event.
ii. Each LSRV Call Event will be between one (1) hour and four (4) hours in duration.
iii. LSRV Call Events will generally be within the hours of 2:00 pm to 7:00 pm on non-holiday weekdays between June 24 and September 15. The Company reserves the right to call LSRV Call Events outside of those hours if system needs warrant.
iv. The Company reserves the right to combine LSRV areas into up to four (4) LSRV groups with different four (4)-hour call windows, each of which may be called independently based on sub-system load conditions.
v. The Company will call a minimum of ten (10) LSRV Call Events per year for each LSRV area or group but may issue more depending on system needs. Compensation level for all calls will remain at the same level regardless of frequency.
d. As provided in Rule 35, Commercial System Relief Program ("CSRP"), a customer may make a one-time irrevocable election to participate in the CSRP instead of receiving DRV and LSRV compensation, regardless of when the project qualified for Value Stack compensation.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER"): (Cont'd)
B. Value Stack:
6. The Value Stack Components: (Cont'd)
vi. Market Transition Credit ("MTC"):
a. The MTC shall only apply to CDG projects (Rule 37) and S-SFA projects (Rule 55) with an eligibility date on or before July 26, 2018. The MTC shall be applicable to the Mass Market customers opting in to Value Stack and to projects participating in CDG pursuant to Rule 37 with Mass Market subscribers. The MTC shall be applied to the mass market allocation of their net energy export as determined by the project's Tranche assignment and the customer's Service Classification. Non-mass market subscribers may receive a MTC that has been reallocated by a CDG Host Account pursuant to Rule 37.
i. For CDG projects, the MTC Component shall be calculated for each individual mass market satellite customer by multiplying: a) the sum of the project's total net injections for the billing period (kWh), b) the MTC Component rate applicable to the project's assigned tranche and satellite's service class, and c) the satellite's allocation percentage in effect for the Billing Period as provided by the CDG Host. The CDG Host 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.
ii. For a CDG project that includes a dispatchable high capacity factor resource, *i.e.*, a Fuel Cell, and qualified for Value Stack compensation after August 13, 2019, any applicable MTC shall by adjusted by a factor of 0.16. A CDG project with a dispatchable high capacity factor resource, *i.e.*, a Fuel Cell, and qualified for Value Stack compensation on or before August 13, 2019 shall receive an unadjusted applicable MTC.
iii. For eligible S-SFA Projects, the MTC Component shall be equal to the MTC SC No. 1 Component Rate applicable to the customer-generator's assigned Tranche multiplied by the sum of the project's total net injections for the billing period (kWh).
b. A residential customer installing generation greater than 25 kW in size for Solar and Micro-hydroelectric, or 10 kW in size for Fuel Cell and Wind; or a customer-generator that is installing an eligible CES Tier 1 technology as provided in 40.B.1.a.iii, shall not be eligible for MTC compensation.
c. The MTC shall be fixed for the term of compensation for a project.
d. A project shall not receive the MTC on the same portion of the project that receives a credit for the DRV Component.
e. The MTC shall be set forth on the VDER-Cred Statement.

vii. Community Credit
a. The Community Credit Component shall only apply to CDG projects (Rule 37) and S-SFA projects (Rule 55) that meet the further requirements specified herein.
i. Community Credit Tranche 1 rate shall be available to a CDG project that qualified for Value Stack Compensation after July 26, 2018. The available capacity for Community Credit Tranche 1 is up to 125 MW.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER"): (Cont'd)
B. Value Stack:
6. The Value Stack Components: (Cont'd)
vii. Community Credit (Cont'd):
a. (Cont'd)
ii. Community Credit Tranche 2 rate shall be available to a CDG project that qualified for Value Stack compensation and there is no available capacity for Community Credit Tranche 1. The available capacity for Community Credit Tranche 2 shall be determined by reallocating capacity from CDG projects that qualified for the MTC or Community Credit Tranche 1 and were cancelled subsequent to the creation of Community Credit Tranche 1. Reallocation of capacity to Community Credit Tranche 2 shall continue until November 1, 2020 or until the Community Credit Tranche 2 is full and cancellations have slowed such that there are no cancellations for one calendar month.

b. The Community Credit Component will apply only to CDG project's satellites and those mass market customers who opt into the VDER Value Stack compensation per Rule 40.B.6.ii.6.

c. The Community Credit Component shall be calculated by multiplying: a) the sum of the CDG project's total net injections for the billing period (kWh), and b) the project's applicable Community Credit Component rate based on the project's assigned Tranche as set forth in the VDER-Cred Statement, in effect at the time of the project's Eligibility Date.

i. For a CDG project that includes a dispatchable high capacity factor resource, *i.e.*, a Fuel Cell, and qualified for Value Stack compensation after August 13, 2019, any applicable Community Credit shall by adjusted by a factor of 0.16. A CDG project with a dispatchable high capacity factor resource, *i.e.*, a Fuel Cell, and qualified for Value Stack compensation between July 26, 2018 and on or before August 13, 2019 shall receive an unadjusted applicable Community Credit.

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

e. The CDG Host shall not be allowed to bank any Community Credit Components related to unallocated Satellite Percentages.

f. A project participating in the S-SFA Program pursuant to Rule 55, may also be eligible to receive a Community Credit provided the project was allocated a Community Credit prior to March 1, 2025, during the project's application for service.

viii. Non Mass Market Community Credit

The Non Mass Market Community Credit shall only apply to Non Mass Market satellites of CDG projects which are eligible to receive MTC for Mass Market satellites as detailed in 40.B.6.vi (Tranches 1 through 4). This credit shall begin starting with the first billing cycle for that project in which the entire billing period is after July 31, 2020. The Non Mass Market Community Credit shall not apply to excess generation banked prior to July 31, 2020.

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

ii. Non Mass Market Community Credit Component rate as set forth in the VDER-Cred Statement, in effect at the time of the project's Eligibility Date.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER"): (Cont'd)

B. Value Stack: (Cont'd)

7. Value Stack Billing

i. In a billing period, the sum of the credits as calculated pursuant to Section 4, shall be used to determine the customer's total credit for the month.

ii. For each hour, the customer's usage and its generation are netted within the hour.

iii. Where a customer-generator consumption has exceeded the Facility's generation export within an hour, the customer-generator shall be billed at the rates specified in the customer's otherwise applicable Service Classification, plus the Customer Benefit Contribution ("CBC") Charge if applicable, as described below in Special Provision 1 of Rule 40.C.

1. A Mass-Market Customer that is interconnected on or after January 1, 2022, shall be subject to the applicable Customer Benefit Contribution ("CBC") Charge.
2. If a customer selects Standby Service, the Company shall calculate the bill for consumption in accordance with the requirements set forth in the Standby Service Classification and will not be subject to the Customer Benefit Contribution ("CBC") Charge.

iv. Where generation export has exceeded the customer-generator's consumption within an hour, the Value Stack Compensation credit shall be calculated by multiplying the excess generation by the applicable Value Stack components to determine the total credit.

1. If the Company is unable to obtain an actual meter read for the Facility, the Company shall not be required to estimate Excess Generation output for determining credits.
2. The credit shall be applied to the current utility bill for any outstanding delivery (and supply, if applicable) charges as described below. If the current month's Value Stack credit plus any prior period Value Stack Credit exceeds the current bill, the remaining credit will be handled as follows:
   a. Mass Market Customers and Large On-Site Customers
      1. The credit will be carried forward to the succeeding billing period.
   b. Remote Crediting Customers
      1. The credit applied to each account (*i.e.*, Host Account and Satellite Account) shall not exceed the current electric charges. Any remaining unused credits for that account will be banked and carried over on the account for its next billing period.
      2. Banked credits remaining on the Remote Crediting Host account at the end of the billing period will be available to offset the Remote Crediting Host's electric charges on its next bill, or for future host bank disbursement to participating satellite accounts according to instructions provided to the Company in Rule 50.B.4.c.iv.
      3. Satellite Account
         a. If a Remote Crediting Satellite participates in multiple Remote Crediting projects, the Value Stack credit applied to the Satellite account's current electric charges will be determined on a prorata basis based on each Remote Crediting Host's total allocation to the Satellite in the month, inclusive of Host bank allocation, applied to the Satellite's current electric charges.
         b. If a Remote Crediting Satellite is a customer-generator, any on-site generation credits will be applied to the satellite's bill before applying any credits from the Remote Crediting project.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER"): (Cont'd)
B. Value Stack: (Cont'd)
7. Value Stack Billing
iv. (Cont'd)
c. Community DG
1. For CDG accounts, the credit shall be applied to electric charges on the CDG Satellite Account(s) based on the percentage allocation process set forth in Rule 37.
2. In each billing period, any unallocated kWh credits or kWh credits that have been designated to remain on a CDG Host Account shall be converted to a monetary value based on the sum of the Value Stack credit components as described this Rule; however, the Market Transition Credit is not applicable for the conversion of these credits (the "Banked Monetary Credit").
3. The Banked Monetary Credits shall carried forward on the CDG Host Account to the succeeding bill period until the earlier of:
a. CDG Host notifies the Company of the subscribers to receive the Banked Monetary Credits and the amount of credits to be allocated to the subscriber, regardless of the allocation specified in Rule 37.3; or
b. The two-year grace period has expired.
4. If a monetary credit remains on any CDG Satellite Account, the remaining credit will be carried forward on that CDG Satellite Account to the succeeding billing period.
5. After a final bill is rendered on a CDG Host Account, any remaining credit shall not be cashed out, refunded, or transferred. CDG Satellite Accounts shall no longer receive credits after the final bill is rendered on the account of its CDG Host. If a credit remains on a CDG Satellite Account after its final bill is rendered, such credit shall be forfeited as set forth in Rule 37.9.d.

d. Statewide Solar For All ("S-SFA")
1. For customer-generators participating in the S-SFA Program pursuant to Rule 55 of this Schedule, the credit shall be allocated based on the customer-generator's established S-SFA Project Compensation Level.
2. The S-SFA Project Compensation Level shall determine the percentage of the customer-generator's excess generation credits that will be allocated to the:
a. Credit Pool;
b. Paid to the customer-generator; and
c. Utility Administration Fee.
3. S-SFA Program details are set forth in Rule 55 of this Schedule.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER") (Cont'd)
B. Value Stack: (Cont'd)
7. Value Stack Billing (cont.)
v. Storage

a. A customer participating in the Value Stack provision with stand-alone storage that is sized to exceed 115% of their peak consumption load and taking supply service with the Company, shall be charged for consumption at the Mandatory Hourly Price (MHP) rate.

i. A customer with stand-alone storage that is sized not to exceed 115% of the customer's peak consumption load shall have the option to be charged at the Hourly Pricing rate.

b. A customer with stand-alone storage, participating in the Value Stack provision and taking service with an ESCO; the electricity supply charge shall be equal to the sum of the hourly metered usage multiplied by the NYISO Day-Ahead Market.

c. For customers taking service under this Rule who pair energy storage systems with eligible electric generating equipment ("Hybrid Facility"), the Company shall calculate the Capacity Component Credit, the Environmental Component Credit, and the Market Transition Credit ("MTC") pursuant to the rules set forth below. All other Value Stack components, including Energy Component Credit, DRV Component Credit, and LSRV Component Credit, shall be calculated as specified in Rule 40.B.6. Consistent with Rule 40.B.6 Environmental Component Credit shall only be provided where the electric generating equipment is eligible to receive Tier 1 RECs, MTC shall only be provided for eligible customers and consistent with the MTC rate applicable to the customer, and Capacity Component shall be calculated based on Alternative One, Alternative Two, or Alternative Three based on customer election.

d. Customers operating Hybrid Facilities shall have the opportunity to elect one of the four compensation methodologies described below in d.i, d.ii, d.iii, or d.iv. Customers shall make this election at the same time they select a capacity compensation methodology in accordance with Rule 40.B.6. The default option, if no other election is made by the customer, is compensation methodology d.iv below.

Customers operating Hybrid Facilities shall have a one-time option to change their initial election of 2.a or d.ii to election of d.iii. This one-time election may be made at any time following the initial election but shall not become effective until such time that any required metering or telecommunications is installed.

i. Storage Exclusively Charged from Eligible Generator – For customers operating Hybrid Facilities who are able to demonstrate the energy storage system charges exclusively from the qualified electric generating equipment, the Value Stack Capacity Alternative One or Alternative Two Component Credit (if elected), Environmental Component Credit, and MTC shall be based on net hourly injections to the Company's electric system as measured at the Company's meter located at the point of common coupling ("PCC") and calculated as described in Rule 40.B.6 Value Stack Capacity Component Alternative Three Credit (if elected) shall be calculated as specified in Rule 40.B.6. Customers shall be responsible for any work required to accommodate the appropriate controls and/or multiple meter configuration. The utility may require two Company time synchronized revenue-grade meters if the energy storage system and electric generating equipment share a common inverter or three Company time-synchronized revenue-grade meters if the energy storage system and electric generating equipment each have a separate inverter.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER") (Cont'd)
B. Value Stack: (Cont'd)
7. Value Stack Billing (cont.)
v. Storage (Cont'd)

ii. Storage Controls Configuration – For customers operating Hybrid Facilities who install appropriate controls to ensure that net hourly injections are only made with the energy storage not in a charging or discharging mode from the electric grid, the Value Stack Capacity Component Alternative One or Alternative Two Credit (if elected), Environmental Component Credit, and MTC shall be based on net hourly injections to the Company's system and calculated as described in Rule 40.B.6. Value Stack Capacity Component Alternative Three Credit (if elected) shall be calculated as specified in Rule 40.B.6. Customers shall be responsible for any work required to accommodate the appropriate controls and/or multiple meter configuration. This controls demonstration may require separate Company revenue grade interval meter(s) and appropriate telemetry on the AC side of the applicable inverter(s) and explicit Company acceptance.

iii. Storage Import Netting Configuration - For customers operating Hybrid Facilities with a separate Company revenue grade interval meter and appropriate telemetry on the AC side of the inverter of the Hybrid Facility and whose storage configuration does not meet the requirements of d.i or d.ii above, the Value Stack Capacity Component Alternative One Credit (if elected), Environmental Component Credit, and MTC shall be determined by reducing the net hourly injections, as measured at the Company's meter located at the Customer's PCC with the Company's system, by the monthly consumption of energy recorded on the Company's separate Hybrid Facility meter. Value Stack Capacity Component Alternative Two Credit (if elected) shall be determined by reducing the net hourly injections during applicable hours, as measured at the Company's meter located at the Customer's PCC with the Company's system, by the monthly consumption of energy recorded on the Company's separate Hybrid Facility meter. Value Stack Capacity Component Alternative Three Credit (if elected) shall be calculated as specified in Rule 40.B.6.

iv. Storage Default Configuration - For all other Customers with energy storage paired with electric generating equipment, the Value Stack Capacity Component Alternative One or Alternative Two Credit (if elected), Environmental Component Credit, and MTC shall be based on netting of all metered consumption and injections at the PCC over the applicable billing period. Value Stack Capacity Component Alternative Three Credit (if elected) shall be calculated as specified in Rule 40.B.6.

v. The Customer is responsible for any costs associated with additional metering requirements and telemetry as described in Rule 3.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER") (Cont'd)
B. Value Stack: (Cont'd)

8. Account Closure
   a. The Company shall require an actual meter reading to close an Account pursuant to this Rule.
   b. The Company shall close an account on the earlier of: (a) the first cycle date on which a reading is taken following the requested turn off date, or (b) the date of a special reading, which a Customer may request at the charge specified in General Information Rule 16.D.6.(c).
   c. After the customer's final bill is rendered, any remaining credit shall not be transferred, except for a CDG Satellite Account. Such credit shall be returned to the CDG Host Account.

9. Term
   The Term of Service for a Facility pursuant to the General Information Rule, Value Stack, shall be 25 years from the Facility's in-service date.

10. One-Time Voluntary Switch Between Community Distributed Generation and Remote Crediting

    A customer shall have the option to make a one-time voluntary switch from Remote Crediting to CDG (including CDG Net Crediting), or from CDG (including Net Crediting) to Remote Crediting. The procedure to switch is detailed in the CDG VDER Procedural Requirements manual posted on the Company's website.
    a. The project shall remain under the Value Stack compensation mechanism.
    b. If a customer chooses to make a one-time voluntary switch, the component rates that were established on the customers eligibility date shall not change and all project elections shall carry forward.
    c. The compensation term shall be that of the program that a customer is switching into and begins on the project's original interconnection date.
    d. The customer shall retain any monetary credits banked on the host account; this shall be the starting balance of the new host bank.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER") (Cont'd)

C. Special Provisions:

1. Customer Benefit Contribution ("CBC") Charge
    a. Applicable to a non-demand customer that installs on-site solar generating equipment, on-site wind generating equipment or micro-hydroelectric generating equipment as specified below:
        i. A customer that installs new electric generating equipment as defined above and is interconnected on or after January 1, 2022.
            a. The CBC shall be applied to any subsequent capacity expansions for new systems interconnected on or after January 1, 2022.
        ii. A customer that completely replaces an electric generating system as defined above that was interconnected before January 1, 2022, after the system replacement is completed.
            a. The CBC shall be applied to any subsequent capacity expansions for replaced systems.
    b. A customer shall be subject to the applicable CBC Charge for the customer's Compensation Term regardless of the customer's methodology of compensation pursuant to Rule 40.A - Phase One NEM or Rule 40.B - Value Stack.
    c. A customer that was interconnected prior to January 1, 2022, that incrementally expands the capacity of their electric generating system shall not be subject to the CBC on their original capacity or the expanded incremental capacity.
    d. Development of the CBC:
        i. A per installed kW rate for each service class is calculated to collect applicable costs of the following programs: Clean Energy Fund, Low Income Program and Energy Efficiency Program.
        ii. The per installed kW rate will be determined for each type of compensation methodology *i.e.* Phase One NEM or Value Stack.
    e. The CBC Charge will be determined on each bill by multiplying the applicable monthly CBC, set forth on the CBC Statement, by the nameplate capacity rating in kW Direct Current of the Customer's electric generating equipment. For a customer that installed energy storage technology with their electric generating equipment, the energy storage technology shall not affect the amount of kW included in the CBC Charge calculation.
    f. The CBC Charge shall be updated annually.

The CBC Charges shall be set forth on the Customer Benefit Contribution ("CBC") Statement which shall be filed with the Commission on not less than 15 days' notice to be effective on January 1 of each year.

GENERAL INFORMATION

40. Value of Distributed Energy Resources ("VDER") (Cont'd)

C. Special Provisions (Cont'd):

2. Wholesale Value Stack ("WVS")
   a. A customer taking service under Rule 40.B Value Stack that elects to export to NYISO, either directly or through aggregation, must take service under WVS.
      i. In order to take service under WVS, an existing Value Stack customer must make this election by August 1st to be effective May 1st of the following year.
      ii. A customer who is not yet interconnected to the Company's distribution system that is eligible for Value Stack compensation pursuant to Rule 40.B and also elects to participate in WVS, must notify the Company at the time of the customer's Value Stack eligibility date to receive compensation under WVS at time of successful enrollment with NYISO.
   b. A customer that elects to export to NYISO, shall receive energy and capacity compensation directly from NYISO in lieu of receiving the Value Stack Energy Component, Rule 40.B.6.i, and the Value Stack Capacity Component, Rule 40.B.6.ii.
      i. A customer taking service under WVS shall be eligible for the following Value Stack Components, as applicable: Environmental Component, Demand Reduction Value ("DRV") Component, Locational System Relief Value ("LSRV") Component, Market Transition Credit ("MTC"), Community Credit, and the Non-Mass Market Community Credit (Rule 40.B.6.iii through Rule 40.B.6.viii).
   c. A WVS customer must adhere to the metering requirements set forth in Rule 40.B.1.f.
   d. A WVS customer must also take service under the Company's Wholesale Distribution Service ("WDS") tariff on file with the Federal Energy Regulatory Commission.
   e. A WVS customer returning to Rule 40.B Value Stack shall only be eligible for the Value Stack Capacity Component for which they were previously compensated under. In addition, such customer shall retain the same Value Stack Eligibility Date as well as any Value Stack component rates locked in at the time of previous Value Stack eligibility.
   f. A WVS customer is ineligible to participate in the Statewide Solar For All Program (Rule 55).