

Date: July 30, 2015

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Amendment to Net Metering Provisions of Authority's Governmental Customer Service Tariffs – Notice of Adoption

SUMMARY

The Trustees are requested to take final action to approve proposed changes to the current net metering provisions of the Authority's Service Tariff No. 100 applicable to New York City ("NYC") Governmental Customers¹ and Service Tariff No. 200 applicable to Westchester Governmental Customers² (collectively, the "Service Tariffs"). The proposed changes are contained within "Rider C – Net Metering" of each Service Tariff and are attached as Exhibit "A."

This update to the net metering provisions of the Service Tariffs represents an improvement over the existing net metering production services currently offered as it provides clarity through the following additions: 1) the inclusion of remote net metering solutions, which would permit distribution of excess energy credits from a Customer's host account to its other satellite account(s); 2) added clarity to the billing methodology for Customers with on-site electric net generating equipment; and 3) increased encouragement of the adoption of on-site net generation by Customers.

BACKGROUND

At their February 26, 2015 meeting, the Trustees directed the Corporate Secretary to file a notice of proposed rulemaking ("NOPR") in the *New York State Register* ("*State Register*") to amend the currently effective net metering provisions applicable to Customers serviced under the Service Tariffs. The *State Register* notice was published on March 18, 2015 in accordance with the State Administrative Procedure Act ("SAPA"). The 45-day public comment period closed on May 4, 2015.

¹ The NYC Governmental Customers consist of the City of New York ("NYC" or "City"), the Metropolitan Transportation Authority ("MTA"), the New York City Housing Authority, the Port Authority of New York and New Jersey, the State of New York Office of General Services and six smaller governmental entities located in the New York City area.

² The Westchester Governmental Customers consist of the County of Westchester plus 103 cities, towns, villages, school districts, fire districts and other local government agencies located in the County of Westchester.

As explained in the February 26th memorandum to the Trustees, the Authority proposed the following tariff amendments:

- Inclusion of remote net metering solutions which would permit distribution of excess energy credits from a Customer's host account to its other satellite account(s).
- Added clarity to the billing methodology for Customers with electric on-site net generating equipment to ensure that the Customers realize full financial benefit associated with the credits applicable to Customers participating in remote net metering.
- Inclusion of micro-hydroelectric electric generating equipment to tariff language to ensure consistency with net metering technologies recognized by Consolidated Edison Company of New York, Inc. ("Con Edison") and the New York State Public Service Commission.
- Clarification to the Year-End Process section of the Rider C to identify such year-end processes for all types of net metering accounts, including remote net metering.

DISCUSSION

No formal comments were filed in response to the NOPR during the public comment period. However, Authority staff has further examined these provisions with the goal of ensuring that the terms are technically correct and that net metering benefits under the Service Tariffs will flow to Customers in a way that protects both the interests of the Customers and the Authority. In addition to changes initially proposed at the February 26th meeting, staff recommends additional changes to the "Rider C – Net Metering" provisions of the Service Tariffs to improve clarity, which include the following:

- Further clarifications to the definitions of "Net Metering", "Net Energy" and "Excess Energy" to agree with industry practice.
- Clarification regarding Customers' designation of excess energy credits to their satellite account(s) in the context of remote net metering.
- Clarification that monetary credits on a Customer's bill are applicable towards production charges, not delivery service charges.
- Clarification that a "Year-End" process refers to the end of any 12-month cycle.
- Clarification that the limitation of service under "Rider C – Net Metering" would apply in instances when the Authority is not afforded the appropriate data from Con Edison to enable the Authority to recognize the Customer's on-site generation, or for other technical reasons.

The above changes are minor refinements which further the intent of the original net metering proposal and do not constitute a substantive modification.

The Trustees' approval sought today would make these revised net metering service provisions effective with the August 2015 billing period. As reflected in the Service Tariffs' requirements to be considered for net metering service, implementation of billing that processes net metering credits is contingent upon NYPA's receipt of appropriate metering data from Con Edison, the local transmission provider for NYPA's Governmental Customers, and the completion of the Customer billing infrastructure. To the extent this

transfer of data or the technical implementation of billing is delayed, NYPA will work towards an expeditious resolution with Con Edison concerning data issues and with the Customer concerning any end-user or internal process issues. If net metering service for the August 2015 billing period is not feasible due to such technical issues, net metering service will be included in the first practicable billing period thereafter with retroactive implementation from the August 2015 billing period forward.

FISCAL INFORMATION

The adoption of the proposed “Rider C – Net Metering” Service Tariff amendments is revenue-neutral to the Authority. Energy credits issued to Customer accounts will be offset by reduction of the amounts owed to the New York Independent System Operator, Inc. (“NYISO”) by the Authority in regard to the Customers’ loads.

RECOMMENDATION

The Director – Marketing Analysis and Administration and the Manager – Pricing and Energy Market Analysis recommend that the Trustees authorize the Corporate Secretary to file a Notice of Adoption for publication in the *State Register* for the purpose of amending the Authority’s Service Tariff No. 100 and Service Tariff No. 200, as provided for herein and in Exhibit “A.”

It is also recommended that the Senior Vice President – Economic Development and Energy Efficiency, or his designee, be authorized to issue written notice of the Authority’s proposed action to affected Customers.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones
President and Chief Executive Officer

RESOLUTION

RESOLVED, That the Corporate Secretary of the Authority be, and hereby is, directed to file a Notice of Adoption for publication in the *New York State Register* in accordance with the State Administrative Procedure Act to amend the net metering provisions of the Authority's Service Tariff No. 100 and Service Tariff No. 200 applicable to its Governmental Customers, as set forth in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Corporate Secretary of the Authority be, and hereby is, directed to file such other notice(s) as may be required by statute or regulation concerning the proposed tariff amendments; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency or his designee be, and hereby is, authorized to take such other and further actions as may be necessary to effectuate the foregoing; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

**Amendment to Net Metering Provisions of Authority's
Governmental Customer Service Tariffs – Notice of Adoption**

Exhibit "A"

Trustee Meeting

July 30, 2015

Rider C – Net Metering

A. Applicability:

To Customers served under Service Classification Nos. 62, 65, 68, 69, 82, 85, 91, 93, and 98 for service pursuant to a net metering arrangement provided that such Customers meet the following conditions:

1. For a Customer with solar electric generating equipment, wind electric generating equipment, micro-combined heat and power generating equipment, micro-hydroelectric electric generating equipment and fuel cell electric generating equipment located and used at its premises, as follows:
 - (a) if the Customer is served under demand rates and uses solar, wind or micro-hydroelectric electric generating equipment, such equipment must have a rated capacity of not more than 2,000 kW;
 - (b) if the Customer is served under demand rates and uses micro-combined heat and power generating equipment, such equipment must have a rated capacity of not more than 2,000 kW;
 - (c) if the Customer is served under demand rates and uses fuel cell electric generating equipment, such equipment must have a rated capacity of not more than 1,500 kW;
 - (d) if the Customer is served under energy-only rates, such equipment must have a rated capacity of not more than 10 kW.
2. Service will be provided under this Rider to eligible Customers on a first-come, first-served basis based on the date that NYPA receives notification from the Utility that the Customer has provided a complete project application in accordance with the New York State Standardized Interconnection Requirements (“SIR”) and Application Process for New Distributed Generators 2 MW or Less Connected in Parallel with Utility Distribution Systems adopted by the New York State Public Service Commission, as modified from time to time.
3. NYPA must also receive a completed detailed study from the Utility stating that the Utility has approved the interconnection and parallel operation of such facilities in accordance with the New York State Public Service Commission’s requirements.
4. To be considered for Net Metering service, the Customer must submit the above required documentation for applicability of service under this Rider in Sections A.2 and A.3, as well as NYPA’s application for Net Metering service, which is available upon written request. NYPA reserves the right to limit service under this Rider. Such circumstances may include, but are not limited to the following: the availability of billing data from the Utility, accurate Utility flagging of Net Metering Accounts to NYPA, Customer meter installation and functionality issues, and other technical issues.

Date of Issue: July 30, 2015

Date Effective: August 2015 Billing Period

B. Net Metering Definitions and Terms:

Excess Energy: The amount of energy (kWh) generated by the Customer's electric generating equipment that is in excess to the amount of energy consumed by the Account and is exported to the Utility's distribution system during a billing period.

Host Account: NYPA-served electric Account with qualified electric generating equipment located on its premises.

Net Energy: The difference between the energy consumed by the Account and the energy generated by the Customer's electric generating equipment during a billing period.

Net Metering: The bi-directional metering process that measures the flow of energy, and registers the difference between the Account's consumption and the energy generated by the Customer's electric generating equipment during a billing period.

Outstanding Charges: Outstanding demand, energy and other production charges in the billing period, excluding any Delivery Service charges.

Remote Net Metering: A service offered by NYPA to its qualified Net Metering Customers that allows the Host Account's Excess Energy that is converted into monetary credits to be applied from the Host Account to Satellite Accounts.

Satellite Account: NYPA-served electric Account to which Host Account's Excess Energy is converted into monetary credits by NYPA and applied to such Account.

C. Requirements for Service:

1. Service under this Rider is limited to Customers who meet the SIR requirements.
2. Customers receiving service under this Rider may be required to pay for the installation and/or upgrade of equipment necessary to protect the safety or adequacy of electric service provided to other Customers, as required by the Utility. Customers also may be subject to additional terms, conditions and charges relative to the safe interconnection of Customer's electric generating equipment, as may be required by the Utility.
3. Billing under this Rider will be provided once a flag identifying a Net Metering Account is received from the Utility through the Utility's billing data files to NYPA.

D. Metering:

Meters shall be furnished, installed, employed, and maintained as required by the Utility.

E. Remote Net Metering:

1. Customer's Account served under this Rider may apply for Remote Net Metering if they have solar, wind, micro-combined heat and power, micro-hydroelectric, or fuel cell electric generating equipment. Remote Net Metering is subject to the following conditions:
 - (a) All Satellite Accounts must be in the same NYISO zone as the Host Account. A Satellite Account can have only one Host Account, and such Satellite Account cannot be a net metered customer-generator.
 - (b) The Host Account and Satellite Account(s) shall be established in the same Customer name and located on property owned or leased by the Customer. NYPA reserves the right to require the Customer to prove that the properties served by the Host Account and all Satellite Accounts are owned or leased by the same Customer.
 - (c) The Customer shall designate in its initial application to NYPA for Remote Net Metering service the Host Account and Satellite Account(s) that will be Remote Net Metered. In submitting an amended application, the Customer may designate additional Satellite Accounts or remove existing Satellite Accounts once per year, with the new designations to take effect commencing with the January bill issued for the Host Account.

F. Charges and Credits:

1. Charges
 - (a) The Customer shall pay the rates and charges of the Customer's applicable Service Classification for Net Energy supplied by NYPA. If the Customer is served under time-of-day ("TOD") rates, the charge for Net Energy supplied by NYPA will be determined for each time period.
 - (b) A Customer served under this Rider shall pay any customer charge, Production minimum bill charge, and any other rates and charges under the Customer's applicable Service Classification regardless of whether the amount of energy produced by the generating equipment is less than, equal to, or greater than the amount of energy used by the Customer. A Customer taking service under a demand-billed Service Classification also shall pay Production Demand Charges based on the billing demand.
 - (c) Delivery Service charges will reflect a direct pass-through of the Utility's tariff charges and credits, if any, including all Special Provisions, applicable to the Account, as amended from time to time by the Utility.

2. Credits

- (a) For an Account served under a Service Classification with energy-only rates and that supplies Excess Energy to the Utility's distribution system, any kWh of Excess Energy provided during the billing period will be applied as a kWh credit towards any net kWh used by the Account during the succeeding billing period. If an Account is billed under TOD rates, the kWh Excess Energy credit will be determined and applied, as appropriate, to each time period.
- (b) For an Account served under a Service Classification with demand billing and that supplies Excess Energy to the Utility's distribution system, any kWh of Excess Energy provided will be converted to the equivalent monetary value at the ¢/kWh rate applicable to the Customer's Service Classification. The monetary credit will be applied towards any Account's Outstanding Charges. Any remaining monetary credit will be carried forward to the succeeding billing period.
- (c) If an Account participates in Remote Net Metering, any Excess Energy kWh provided to the Utility's distribution system by the Host Account during the billing period shall be converted to its equivalent monetary value at the ¢/kWh rate applicable to the Host Account's Service Classification. The monetary credit then shall be applied, along with any prior period remaining monetary credits, as a direct monetary credit to the Host Account's electric bill for any Outstanding Charges. If the Host Account's monetary credits exceed the Host Account's Outstanding Charges, any remaining monetary credit shall be applied to the Customer's Satellite Account(s) Outstanding Charges in the order in which the Satellite Account(s) are billed until such time that the monetary credit is reduced to zero or all Satellite Account(s) have been credited. If more than one Satellite Account bills on the same day, the monetary credit shall be applied to the Satellite Accounts' Outstanding Charges in order of kWh usage from highest to lowest. If a monetary credit remains after all Satellite Account(s) are credited, the remainder of the monetary credit shall be carried forward to the succeeding billing period and applied in the same manner set forth above.

3. Year-End Process

The following procedures shall apply:

- (a) At the end of any 12-month cycle, if an Account served under a Service Classification with energy-only rates does not participate in Remote Net Metering, any Excess Energy kWh credits remaining on the Account shall be carried forward to the subsequent 12-month cycle.
- (b) At the end of any 12-month cycle, if an Account served under a Service Classification with demand billing does not participate in Remote Net Metering, any monetary credits remaining on the Account shall be carried forward to the subsequent 12-month cycle.
- (c) At the end of any 12-month cycle, if an Account participates in Remote Net Metering, any monetary credit remaining on the Host Account after all Satellite Account(s) have been credited (as described in sections F.2.c of this Rider) shall be carried forward to the subsequent 12-month cycle.

4. Account Closure

NYPA requires an actual reading to close an Account under this Rider. NYPA shall close an Account upon the earlier of following dates:

- (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 for a charge.

After an Account's final bill is rendered, any remaining kWh or monetary credits will not be credited to the Account or transferred to another Account. If an Account participates in Remote Net Metering, a Satellite Account(s) shall no longer receive credits after the final bill is rendered for a Host Account.

5. Future Changes

NYPA reserves the right, in any manner permitted by law and at any time, to terminate, change, or modify this Rider as deemed necessary by NYPA's staff analysis, including, but not limited to harmonization with requirements of the Utility or the New York State Public Service Commission.

Rider C – Net Metering

A. Applicability:

To Customers served under Service Classification Nos. 62, 68, 69 and 82 for service pursuant to a net metering arrangement provided that such Customers meet the following conditions:

1. For a Customer with solar electric generating equipment, wind electric generating equipment, micro-combined heat and power generating equipment, micro-hydroelectric electric generating equipment and fuel cell electric generating equipment located and used at its premises, as follows:
 - (a) if the Customer is served under demand rates and uses solar, wind or micro-hydroelectric electric generating equipment, such equipment must have a rated capacity of not more than 2,000 kW;
 - (b) if the Customer is served under demand rates and uses micro-combined heat and power generating equipment, such equipment must have a rated capacity of not more than 2,000 kW;
 - (c) if the Customer is served under demand rates and uses fuel cell electric generating equipment, such equipment must have a rated capacity of not more than 1,500 kW;
 - (d) if the Customer is served under energy-only rates, such equipment must have a rated capacity of not more than 10 kW.
2. Service will be provided under this Rider to eligible Customers on a first come, first served basis based on the date that NYPA receives notification from the Utility that the Customer has provided a complete project application in accordance with the New York State Standardized Interconnection Requirements (“SIR”) and Application Process for New Distributed Generators 2 MW or Less Connected in Parallel with Utility Distribution Systems adopted by the New York State Public Service Commission, as modified from time to time.
3. NYPA must also receive a completed detailed study from the Utility stating that the Utility has approved the interconnection and parallel operation of such facilities in accordance with the New York State Public Service Commission’s requirements.
4. To be considered for Net Metering service, the Customer must submit the above required documentation for applicability of service under this Rider in Sections A.2 and A.3, as well as NYPA’s application for Net Metering service, which is available upon written request. NYPA reserves the right to limit service under this Rider. Such circumstances may include, but are not limited to the following: the availability of billing data from the Utility, accurate Utility flagging of Net Metering Accounts to NYPA, Customer meter installation and functionality issues, and other technical issues.

Date of Issue: July 30, 2015

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B. Net Metering Definitions and Terms:

Excess Energy: The amount of energy (kWh) generated by the Customer's electric generating equipment that is in excess to the amount of energy consumed by the Account and is exported to the Utility's distribution system during a billing period.

Host Account: NYPA-served electric Account with qualified electric generating equipment located on its premises.

Net Energy: The difference between the energy consumed by the Account and the energy generated by the Customer's electric generating equipment during a billing period.

Net Metering: The bi-directional metering process that measures the flow of energy, and registers the difference between the Account's consumption and the energy generated by the Customer's electric generating equipment during a billing period.

Outstanding Charges: Outstanding demand, energy and other production charges in the billing period, excluding any Delivery Service charges.

Remote Net Metering: A service offered by NYPA to its qualified Net Metering Customers that allows the Host Account's Excess Energy that is converted into monetary credits to be applied from the Host Account to Satellite Accounts.

Satellite Account: NYPA-served electric Account to which Host Account's Excess Energy is converted into monetary credits by NYPA and applied to such Account.

C. Requirements for Service:

1. Service under this Rider is limited to Customers who meet the SIR requirements.
2. Customers receiving service under this Rider may be required to pay for the installation and/or upgrade of equipment necessary to protect the safety or adequacy of electric service provided to other Customers, as required by the Utility. Customers also may be subject to additional terms, conditions and charges relative to the safe interconnection of Customer's electric generating equipment, as may be required by the Utility.
3. Billing under this Rider will be provided once a flag identifying a Net Metering Account is received from the Utility through the Utility's billing data files to NYPA.

D. Metering:

Meters shall be furnished, installed, employed, and maintained as required by the Utility.

E. Remote Net Metering:

1. Customer's Account served under this Rider may apply for Remote Net Metering if they have solar, wind, micro-combined heat and power, micro-hydroelectric, or fuel cell electric generating equipment. Remote Net Metering is subject to the following conditions:
 - (a) All Satellite Accounts must be in the same NYISO zone as the Host Account. A Satellite Account can have only one Host Account, and such Satellite Account cannot be a net metered customer-generator.
 - (b) The Host Account and Satellite Account(s) shall be established in the same Customer name and located on property owned or leased by the Customer. NYPA reserves the right to require the Customer to prove that the properties served by the Host Account and all Satellite Accounts are owned or leased by the same Customer.
 - (c) The Customer shall designate in its initial application to NYPA for Remote Net Metering service the Host Account and Satellite Account(s) that will be Remote Net Metered. In submitting an amended application the Customer may designate additional Satellite Accounts or remove existing Satellite Accounts once per year, with the new designations to take effect commencing with the January bill issued on the Host Account.

F. Charges and Credits:

1. Charges
 - (a) The Customer shall pay the rates and charges of the Customer's applicable Service Classification for Net Energy supplied by NYPA. If the Customer is served under time-of-day ("TOD") rates, the charge for Net Energy supplied by NYPA will be determined for each time period.
 - (b) A Customer served under this Rider shall pay any customer charge, Production minimum bill charge, and any other rates and charges under the Customer's applicable Service Classification regardless of whether the amount of energy produced by the generating equipment is less than, equal to, or greater than the amount of energy used by the Customer. A Customer taking service under a demand-billed Service Classification also shall pay Production Demand Charges based on the billing demand.
 - (c) Delivery Service charges will reflect a direct pass-through of the Utility's tariff charges, and credits, if any, including all Special Provisions, applicable to the Account, as amended from time to time by the Utility.

2. Credits

- (a) For an Account served under a Service Classification with energy-only rates and that supplies Excess Energy to the Utility's distribution system, any kWh of Excess Energy provided during the billing period will be applied as a kWh credit towards any net kWh used by the Account during the succeeding billing period. If an Account is billed under TOD rates, the kWh Excess Energy credit will be determined and applied, as appropriate, to each time period.
- (b) For an Account served under a Service Classification with demand billing and that supplies Excess Energy to the Utility's distribution system, any kWh of Excess Energy provided will be converted to the equivalent monetary value at the ¢/kWh rate applicable to the Customer's Service Classification. The monetary credit will be applied towards any Account's Outstanding Charges. Any remaining monetary credit will be carried forward to the succeeding billing period.
- (c) If an Account participates in Remote Net Metering, any Excess Energy kWh provided to the Utility's distribution system by the Host Account during the billing period shall be converted to its equivalent monetary value at the ¢/kWh rate applicable to the Host Account's Service Classification. The monetary credits then shall be applied, along with any prior period remaining monetary credits, as a direct monetary credit to the Host Account's electric bill for any Outstanding Charges. If the Host Account's monetary credits exceed the Host Account's Outstanding Charges, any remaining monetary credit shall be applied to the Customer's Satellite Account(s) Outstanding Charges in the order in which the Satellite Account(s) are billed until such time that the monetary credit is reduced to zero or all Satellite Account(s) have been credited. If more than one Satellite Account bills on the same day, the monetary credit shall be applied to the Satellite Accounts' Outstanding Charges in order of kWh usage from highest to lowest. If a monetary credit remains after all Satellite Account(s) are credited, the remainder of the monetary credit shall be carried forward to the succeeding billing period on applied in the same manner set forth above.

3. Year-End Process

The following procedures shall apply:

- (a) At the end of any 12-month cycle, if an Account served under a Service Classification with energy-only rates does not participate in Remote Net Metering, any Excess Energy kWh credits remaining on the Account shall be carried forward to the subsequent 12-month cycle.
- (b) At the end of any 12-month cycle, if an Account served under a Service Classification with demand billing does not participate in Remote Net Metering, any monetary credits remaining on the Account shall be carried forward to the subsequent 12-month cycle.
- (c) At the end of any 12-month cycle, if an Account participates in Remote Net Metering, any monetary credits remaining on the Host Account after all Satellite Account(s) have been credited (as described in sections F.2.c of this Rider) shall be carried forward to the subsequent 12-month cycle.

4. Account Closure

NYPA requires an actual reading to close an Account under this Rider. NYPA shall close an Account upon the earlier of the following dates:

- (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 for a charge.

After an Account's final bill is rendered, any remaining kWh or monetary credits will not be credited to the Account or transferred to another Account. If an account participates in Remote Net Metering, a Satellite Account(s) shall no longer receive credits after the final bill is rendered on a Host Account.

5. Future Changes

NYPA reserves the right, in any manner permitted by law and at any time, to terminate, change, or modify this Rider as deemed necessary by NYPA's staff analysis, including, but not limited to harmonization with requirements of the Utility or the New York State Public Service Commission.