

THE VDER TARIFF FOR COMMUNITY SOLAR

The NY Public Service Commission (PSC) has taken great steps to reinvent the NYS energy markets in their move towards a more decentralized, cleaner electricity economy.

One of the main regulatory measures taken to progress these policy goals has been the implementation of the Virtual Distributed Energy Resource (VDER) Tariff.

This tariff has been structured to both allow DER developers to be rewarded on a fixed price basis for some of the tangential benefits their projects have provided to the Utilities and the Transmissions system as a whole.

Additionally, the VDER has aligned DER developers with the supply and demand curves inherent in the NYISO wholesale energy market by have part of the tariff be paid on a merchant basis through the clearing rate of the day-ahead location based marginal price of power (LBMP) and the installed capacity auctions (ICAP).

The resulting tariff has produced an economic opportunity to DER developers that is roughly 50% fixed and 50% variable based upon day-ahead LBMP and bi-annual ICAP auctions

THE VDER TARIFF - VALUE STACK COMPONENTS

Energy (LBMP) –Day ahead Location-based marginal pricing (LBMP) on an hourly basis inclusive of electrical losses. Compensation only for electricity exported into the grid at the time of generation.

Capacity (ICAP) –Compensation per kWh, based on the capacity portion of the utility's full service market supply charges

Environmental benefits (“E”) –project's rate is locked in at interconnection. Certain CDG projects can take a non-tradable REC instead (currently \$0.02424 per kWh)

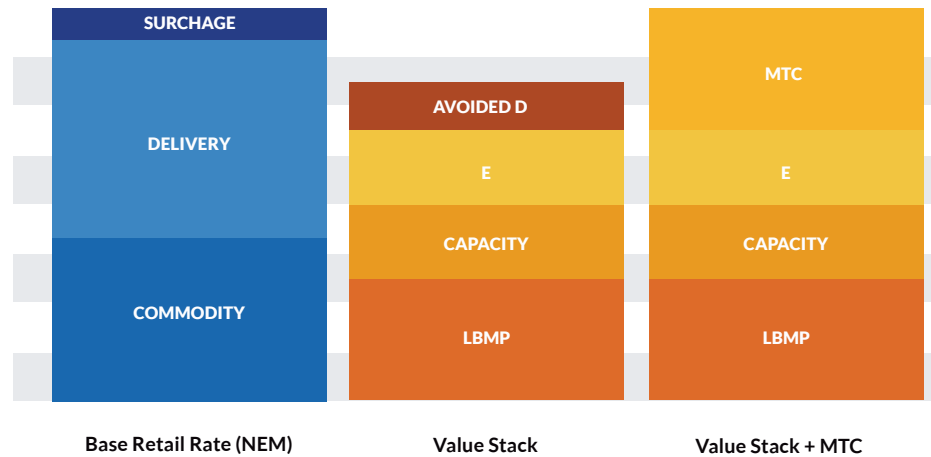
Avoided demand (“D”) –based on amount system will reduce distribution grid's peak demand. Compensation is tied to PV system performance over the grid's 10 highest usage hours per year

LSRV (locational system relief value) –additional value for location-specific congestion relief in distribution network. LSRV can be received in addition to MTC; CDG projects are eligible

MTC (market transition credit) –additional element for CDG or mass market opt-in, given in place of “D”. Applies for full 25 years from placed in service date



VALUE STACK BREAKDOWN



Avoided D - avoided demand
E - environment benefit
Capacity - ICAP
LBMO - energy commodity
MTC - market transition credit for CDG

MARKET BASED PRICING

REGULATED VDER TARIFF RATES:

	NATIONAL GRID		NYSEG		RGE		CON EDISON	
	SC1	SC2	SC1	SC6	SC1	SC2	SC1	SC2
E	\$0.0242	\$0.0242	\$0.0242	\$0.0242	\$0.0242	\$0.0242	\$0.0242	\$0.0242
ICAP	\$0.0125	\$0.0143	\$0.0114	\$0.0123	\$0.0121	\$0.0128	\$0.0389	\$0.0605
DA LBMP	\$0.0400	\$0.0400	\$0.0417	\$0.0417	\$0.0365	\$0.0365	\$0.0513	\$0.0513
MTC	\$0.0299	\$0.0377	\$0.0328	\$0.0367	\$0.0390	\$0.0308	\$0.0878	\$0.1360
Total	\$0.1067	\$0.1161	\$0.1101	\$0.1149	\$0.1118	\$0.1043	\$0.2022	\$0.2720

Current National Grid Retail Tariffs:

National Grid SC-1

This is our standard electric rate for the majority of our residential customers, as as other rates require special conditions. Service is also available for church and farm customers.

Flat rate - Total \$0.10967

National Grid SC-2

This service is for commercial or industrial customers whose monthly measured demand is less than 100kW. Customers can be served under the non-demand or demand pricing schedules. A business that uses greater than 2,000 kWh in each month for four consecutive months would be classified as a demand customer.

Flat rate - Total \$0.12455

