

\_STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on June 18, 2009

COMMISSIONERS PRESENT:

Garry A. Brown, Chairman  
Patricia L. Acampora  
Maureen F. Harris  
Robert E. Curry, Jr.  
James L. Larocca

CASE 09-E-0284 - Niagara Mohawk Power Corporation d/b/a  
National Grid  
CASE 09-E-0296 - New York State Electric & Gas Corporation  
CASE 09-E-0297 - Rochester Gas and Electric Corporation  
CASE 09-E-0298 - Central Hudson Gas & Electric Corporation  
CASE 08-E-1306 - Consolidated Edison Company of New York, Inc.  
CASE 08-E-1307 - Orange and Rockland Utilities, Inc.

Tariff filings to Effectuate Amendments to Public  
Service Law §66-1 - Net Metering for Residential,  
Residential Farm Service and Non-Residential Wind  
Electric Generating Systems.

ORDER MODIFYING AND AUTHORIZING  
WIND NET METERING TARIFFS

(Issued and Effective June 22, 2009)

BY THE COMMISSION:

BACKGROUND

Pursuant to Chapter 483 of the Laws of 2008, Public Service Law (PSL) §66-1 was amended, effective January 1, 2009, to expand eligibility for wind net metering to include non-residential wind generating systems, and to make other changes to net metering requirements. Major electric utilities were required to make the filings necessary to effectuate the statutory changes within three months following the January 1, 2009 effective date of the statutory amendments.

On April 1, 2009, four utilities,<sup>1</sup> Central Hudson, National Grid, NYSEG and RG&E, made the requisite filings to conform their tariffs to the requirements of the amendments to PSL §66-1. The proposed filings have an effective date of July 1, 2009. Previously, Con Edison and O&R filed wind net metering tariffs in conformance with the statutory amendments. Those tariffs were approved in the First 2009 Net Metering Order.<sup>2</sup> That Order, however, provided that the two utilities could be required to revise their wind net metering tariffs at the time the tariffs of the other utilities were considered.

Notices of the tariff filings were published in the State Register on April 22, 2008, in conformance with State Administrative Procedure Act (SAPA) §202(1). Prior to the expiration of the SAPA §202(1)(a) comment period on June 8, 2009, one comment was received, via e-mail, from Olde Chautauqua Farms (Olde Farms).<sup>3</sup>

#### THE TARIFF FILINGS

Currently, Central Hudson, National Grid, NYSEG and RG&E, the four utilities making the April 1, 2009 filings, limit wind net metering to residential installations of 25 kW or less

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<sup>1</sup> The major electric utilities are: Central Hudson Gas & Electric Corporation (Central Hudson); Consolidated Edison Company of New York, Inc. (Con Edison); New York State Electric & Gas Corporation (NYSEG); Niagara Mohawk Power Corporation d/b/a National Grid (National Grid); Orange and Rockland Utilities, Inc. (O&R); and, Rochester Gas and Electric Corporation (RG&E).

<sup>2</sup> Case 08-E-1305, Central Hudson Gas & Electric Corporation, et al., Order Modifying and Authorizing Net Metering Tariffs (issued February 13, 2009).

<sup>3</sup> The prohibition against electronic filings at 16 NYCRR §3.5(g)(1) is waived because this filing is timely, is not prejudicial, and is a contribution to a complete record.

and farm service installations of 125 kW or less, subject to a ceiling set at 0.2 % of each utility's 2003 peak load. The utilities' proposed tariffs would: (1) expand eligibility for wind net metering to include non-residential customers installing wind generation systems sized at no more than the customer's load, up to a ceiling of 2 MW; (2) increase the capacity ceiling for farm service wind systems from 125 kW to 500 kW; and, (3) expand each utility's wind generation load ceiling to 0.3% of the utility's peak demand for 2005 on a first come, first served basis.

#### THE COMMENT

Olde Farms states that it has installed a 10 kW windmill, but that National Grid has refused to net meter its generation. According to Olde Farms, the utility has classified it as a commercial customer, precluding it from obtaining net metering under the prior PSL §66-1, which was limited to residential and farm customers.

Now that non-residential customers may obtain net metering under the revised PSL §66-1, Olde Farms reports that it has encountered another obstacle to net metering its 10 kW wind facility, resulting from its classification as a non-demand customer. National Grid's tariffs, Olde Farms protests, limit the size of a wind facility a non-demand, non-residential customer may net meter to 7 kW. Olde Farms asks that a higher limit be adopted.

#### DISCUSSION AND CONCLUSION

In the First 2009 Net Metering Order, solar and farm waste net metering tariffs for all major utilities, as well as the wind net metering tariffs for Con Edison and O&R, were modified and approved. Several issues raised by those tariff

filings were resolved, including the monthly crediting of net generation, the annual crediting of excess generation, setting the maximum capacity of generators installed at non-demand, non-residential customer locations, and allocation of metering costs. In making their filings here, Central Hudson, National Grid, NYSEG and RG&E reflected the determinations made in the First 2009 Net Metering Order.

Metering Costs

In the First 2009 Net Metering Order, we determined that a second meter at a net metered location, if required by a utility, was a component of interconnection costs. For the solar and the farm waste customers, PSL §66-j(3)(c) provides that interconnection costs, except those related to protecting the safety and adequacy of service provided to other customers, are paid by the utility. Since the cost of the second meter incorporated into an interconnection configuration at the discretion of the utility is not a cost incurred to preserve the safety and adequacy of service to other customers, it is an interconnection cost that the utilities shoulder for the solar and farm waste customers. As determined in the First 2009 Net Metering Order, however, a customer pays for the cost of a second meter installed at its request, but which is not required by the utility.

In contrast, wind net metering customers of more than 25 kW are responsible for one-half of any interconnection costs, pursuant to PSL §66-l(2). Consequently, because interconnection costs include the cost of the utility-required meter, wind net metering customers of more than 25 kW must pay half of that cost.

National Grid, NYSEG, and RG&E shall modify their proposed tariffs to clarify that the cost of a second meter they require is an interconnection cost subject to recovery of half

of the cost from those wind customers identified in §66-1(2). As provided for in the First 2009 Net Metering Order, Con Edison and O&R also shall revise their existing wind net metering tariffs accordingly.

Central Hudson properly tariffed language providing that a utility-required second meter would be a component of interconnection costs. In conformance with the First 2009 Net Metering Order, its tariffs also provide that, where the customer elects to install a second meter at its option, the customer is responsible for the cost. The utility, however, also tariffed a third category, for circumstances where it requires the installation of the second meter, but decides that such a meter is not necessary for interconnection. Central Hudson would bear the cost of such a meter.

The creation of this third category is not appropriate. A utility should determine either that the second meter is necessary for interconnection, or that it is not. If it is necessary, then it becomes an interconnection cost, but not a cost required to assure the safety and adequacy of service to other customers. As such, solar and farm waste net metering customers would not bear the cost of the second meter pursuant to §66-j(3)(c), but wind net metering customers sized at more than 25 kW would bear half of the meter's cost under §66-1(2).

On the other hand, the utility can find that the installation of a second meter is not necessary to properly interconnect a customer. If it so decides, it is also determining that net metering can be accomplished through a single meter. As a result, while a utility may find installation of a second meter is necessary to an interconnection, or if it does not, a customer nonetheless desiring a second meter may opt to install that meter at its own expense, circumstances where a utility compels installation of a

second meter without finding it necessary to an interconnection should not occur. Central Hudson is directed to revise its tariff accordingly, by eliminating that inappropriate third category.

Farm Service Definition

NYSEG and RG&E set forth definitions of an eligible farm service customer that do not specify, as PSL §66-1(1)(c) requires, that the farm on which the wind generator is sited must also be the location, somewhere on the farm, of the customer's primary residence. NYSEG and RG&E shall modify their definitions to conform with the statute.

Payments to Residential Customers

The NYSEG and RG&E tariffs state that the payment due to the net metered customer for any excess generation accumulated at the end of a year would be in the form of a voucher for its residential wind customers and in form of cash for its farm service wind customers. NYSEG and RG&E shall conform the form of payment for residential customers to the form of payment for farm service customers. A cash payment better effectuates the intent of PSL §66-1(4)(c), in the event that annual production from the wind generator exceeds the customer's annual usage.

National Grid's Size Limitation

In the First 2009 Net Metering Order, National Grid was permitted to tariff a 7 kW threshold for small non-residential customers where a demand meter had not been installed.<sup>4</sup> Notwithstanding that Order, National Grid shall

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<sup>4</sup> A petition for rehearing of that Order has been filed, asking for reconsideration of that 7 kW limit; under SAPA §202(1)(a), comments in response to the petition are due July 20, 2009. Any inconsistency between wind net metering and solar net metering tariffs can be addressed when that matter is decided.

tariff a 12 kW limit on the size of the generator a non-residential, non-demand wind net metering customers may install.

Like PSL §66-j, PSL §66-l limits the size of a wind facility that a non-residential customer may install to the customer's historic load. In the First 2009 Net Metering Order, it was decided that, to simplify the estimation of load for those small customers that were not demand metered, utilities should allow them to size their generators at a capacity up to the threshold for classification by that utility as a demand customer that must install a demand meter. That approach avoided administratively-burdensome inquiries into circumstances where a customer's load history was unknown because it was not demand-metered.

Most utilities set thresholds in their tariffs for demand metering in a range from 5 kW to 12 kW, below which a customer is deemed too small to warrant installation of a demand meter and treatment as a demand customer. National Grid, however, does not tariff such a kW threshold. As a result, it was directed to use the 7 kW limit on the size of a solar facility a non-demand, non-residential customer may install, because that level was between the 5 kW and 12 kW thresholds other utilities tariffed.

In the absence of a tariffed kW threshold for demand metering, it is reasonable to set National Grid's limit on the size of a wind facility that may be net metered at the highest level used by another utility, which is 12 kW. Since the actual demand at which National Grid will insist upon installing a demand meter is unknown, using the higher-level 12 kW limit is appropriate, because the utility may be permitting customers with comparatively larger loads to operate without a demand meter. Moreover, use of that limit will allow non-demand customers like Olde Farms to install reasonably-sized wind

facilities. As a result, National Grid shall tariff 12 kW instead of 7 kW as the limit on the size of a wind facility non-residential, non-demand customer seeking to net meter may install.

The Commission orders:

1. The amendments listed in the Appendix shall be allowed to become effective, provided that Central Hudson Gas & Electric Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid, and Rochester Gas and Electric Corporation file the further revisions that are discussed in the body of this Order by June 26, 2009.

2. The further revisions described in Ordering Clause No. 1 above are authorized to become effective on July 1, 2009.

3. Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc. are directed to file tariff amendments implementing the provisions discussed in the body of this Order on not less than one day's notice to become effective on July 1, 2009.

4. The requirements of §66(12)(b) of the Public Service Law, as to newspaper publication of the amendments listed in the Appendix for Central Hudson Gas & Electric Corporation, New York State Electric & Gas Corporation, Niagara Mohawk Power Corporation d/b/a National Grid and Rochester Gas and Electric Corporation, are waived, and, as to the revisions directed in Ordering Clause No. 3, are waived for Consolidated Edison Company of New York, Inc and Orange and Rockland Utilities, Inc.

5. The deadlines provided for in this Order may be extended as the Secretary may require.



6. These proceedings are continued but shall be closed by the Secretary after the filings required by Ordering Clause Nos. 1 and 3 have been reviewed, unless the Secretary finds good cause to continue these proceedings further.

By the Commission,

(SIGNED)

JACLYN A. BRILLING  
Secretary

SUBJECT: Filing by CENTRAL HUDSON GAS & ELECTRIC CORPORATION

Amendments to Schedule P.S.C. No. 15 - Electricity

Original Leaves Nos. 172.1, 172.2  
First Revised Leaves Nos. 213.4, 213.5, 213.8  
Second Revised Leaves Nos. 167.3, 167.6, 172, 213.3,  
213.7  
Third Revised Leaves Nos. 171.1, 187, 188, 252  
Fourth Revised Leaves Nos. 167.4, 201, 202  
Fifth Revised Leaves Nos. 167.5, 213.6, 253  
Eighth Revised Leaf No. 171

Issued: April 1, 2009

Effective: July 1, 2009

First Revised Leaf No. 172.1  
Second Revised Leaf No. 213.4  
Third Revised Leaves Nos. 167.3, 167.6, 172, 213.3,  
213.7  
Fourth Revised Leaves Nos. 187, 188, 252  
Fifth Revised Leaves Nos. 167.4, 201  
Sixth Revised Leaves Nos. 167.5, 213.6  
Ninth Revised Leaf No. 171

Issued: May 19, 2009

Effective: July 1, 2009

SUBJECT: Filing by NEW YORK STATE ELECTRIC & GAS CORPORATION

Amendments to Schedule P.S.C. No. 120 - Electricity

Original Leaves Nos. 117.2.1, 117.2.2, 117.2.3  
First Revised Leaves Nos. 117.2, 304.2  
Second Revised Leaves Nos. 117.1, 117.5, 153.1, 153.1,  
181.1, 266.1, 283, 304.1  
Third Revised Leaves Nos. 117.3, 117.4, 153, 181, 181,  
255, 284  
Fourth Revised Leaf No. 274.1  
Fifth Revised Leaf No. 266  
Sixth Revised Leaf No. 127  
Seventh Revised Leaf No. 210  
Eighth Revised Leaf No. 2.1

Issued: April 1, 2009

Effective: July 1, 2009

SUBJECT: Filing by NIAGARA MOHAWK POWER CORPORATION d/b/a  
NATIONAL GRID

Amendments to Schedule P.S.C. No. 207 - Electricity

Fourth Revised Leaf No. 102-B  
Fifth Revised Leaf No. 23-A1  
Sixth Revised Leaves Nos. 71-B1, 71-C1  
Seventh Revised Leaves Nos. 87-A7, 102-C  
Tenth Revised Leaf No. 71-C  
Twelfth Revised Leaf No. 87-F2  
Fifteenth Revised Leaf No. 83-A5  
Thirty-Eighth Revised Leaf No. 23-A

Issued: April 1, 2009                      Effective: July 1, 2009

SUBJECT: Filing by ROCHESTER GAS AND ELECTRIC CORPORATION

Amendments to Schedule P.S.C. No. 19 - Electricity

Original Leaves Nos. 160.39.5, 160.39.6  
First Revised Leaf No. 173.2  
Second Revised Leaves Nos. 160.34, 160.35, 160.36,  
160.37, 160.38, 165.2, 193.4, 204.2  
Third Revised Leaf No. 4.1, 163.2, 178.2  
Fourth Revised Leaf No. 178, 204.1, 239  
Seventh Revised Leaf No. 2

Issued: April 1, 2009                      Effective: July 1, 2009

SAPA: 09-E-0284SA1, et al. - STATE REGISTER - April 22, 2009

NEWSPAPER PUBLICATION: Waived.