STATE OF NEW YORK PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held in the City of Albany on October 18, 2018

COMMISSIONERS PRESENT:

John B. Rhodes, Chair Gregg C. Sayre Diane X. Burman, abstaining James S. Alesi

CASE 18-M-0494 - Petition for a Declaratory Ruling that Arts Center and Theatre of Schenectady, Inc. DBA Proctors, as Owner and Operator of a Proposed Cogeneration Facility, will not be Subject to Public Service Commission Jurisdiction.

DECLARATORY RULING ON JURISDICTION AND MAKING OTHER FINDINGS

(Issued and Effective October 18, 2018)

BY THE COMMISSION:

INTRODUCTION

In a petition filed on August 3, 2018, Arts Center and Theatre of Schenectady, Inc. DBA Proctors (Petitioner) requested issuance of declaratory rulings that: (i) its planned development and operation of a combined heat and power cogeneration facility and related infrastructure that will serve Petitioner and certain other customers (the Project) comprises a "co-generation facility," as defined in Public Service Law (PSL) §2(2-a) and therefore it will not be deemed a "person," "corporation," "electric corporation," or "steam corporation" within meaning of applicable PSL provisions; and (ii) the customers served by the Project are entitled to receive standby electric service from Niagara Mohawk Power Corporation d/b/a National Grid (National Grid or the utility) pursuant to the terms of its electric tariff.¹

Responses to the Petition were due within the 21-day period prescribed under the Commission's Rules of Procedure, contained in 16 NYCRR §8.2(c). Comments from National Grid were received by the deadline, which expired on August 31, 2018. On September 26, 2018, Petitioner submitted additional information that clarified and supplemented the Petition, and responded to National Grid's comments. On October 3 and 5, 2018, Galesi Group, as owner of the Development at Center City, LLC (DCC), and the City of Schenectady (Schenectady), respectively, submitted comments supporting the Project.

In this ruling, the Commission finds that the Project satisfies the definition of a co-generation facility, as defined in PSL $\S2(2-a)$, and therefore Petitioner will not be deemed a corporation, person, electric corporation, or steam corporation within meaning of PSL \$\$2(3), 2(4), 2(13), and 2(22), respectively. The Commission also finds that only the customer that will continue to be served by National Grid's system (<u>i.e.</u>, Petitioner) is entitled to standby electric service from National Grid because it will be a customer of the utility.

THE PETITION

The Project

Petitioner explains that the co-generation facility will be constructed on the site of the Proctors Theatre (Proctors), which is located on 432 State Street, Schenectady, New York. According to Petitioner, the facility will consist of existing boiler and chiller plant components at Proctors, and a new co-generation system with a generating capacity of between

¹ PSC No.: 220, Electricity, Niagara Mohawk Power Corporation (Tariff).

852 kW and 1,153 kW.² Petitioner avers that it will self-certify the facility as a Qualifying Facility, as provided by the Public Utility Regulatory Policies Act of 1978 (PURPA) and the Federal Energy Regulatory Commission (FERC) regulations promulgated to implement it.

The Project, Petitioner continues, will produce both electricity and useful thermal energy when it operates. Petitioner will sell both commodities to DCC, the owner of real property located across State Street from Proctors. Petitioner avers that it currently distributes thermal energy to DCC via medium-temperature hot and chilled water loops that extend under State Street from Proctors' existing heating plant to the DCC building systems. Petitioner anticipates installing approximately 250 feet of infrastructure under State Street so that it may provide electric delivery service to DCC and its commercial tenants (Customers).³ DCC and the Customers, Petitioner explains, will receive electricity distributed through the infrastructure, which includes electrical equipment, switches, and cabling and conduit located in an easement under State Street that Petitioner already uses for the sale and distribution of thermal energy to the Customers. According to Petitioner, the co-generation facility will be sized to meet the thermal demand of Proctors, DCC, and the Customers.

Petitioner reports that it will own the infrastructure up to a designated DCC delivery point. Petitioner also asserts that it owns all real property where the co-generation facility will be located, and it has or will obtain all necessary permits.

² Petitioner has not made a final design decision on facility generating capacity.

³ Petitioner identified these Customers in its supplemental filing.

Petitioner avers that the Project will be configured to maximize its economic capabilities. To this end, Petitioner explains that DCC will be provided electric service from behind Proctors' utility meter. This arrangement, Petitioner continues, will result in Proctors serving as the sole National Grid customer for all load behind the Proctors' meter, including for standby electric service. The Project will receive National Grid electric service at the secondary voltage level. DCC will receive electricity and hot and chilled water from the cogeneration facility, and resell these products to its commercial tenants. Therefore, the facility output will displace electricity that the Customers otherwise would purchase from National Grid.

Petitioner explains that Proctors will receive standby electric service from National Grid pursuant to applicable Tariff requirements. DCC and the Customers, in turn, will receive standby electric service from Proctors pursuant to terms and conditions to be negotiated between these commercial entities. Petitioner avers that this arrangement is important to ensure economic and efficient operations.

According to Petitioner, the co-generation facility will be the primary power source for Proctors and DCC, and they can be isolated from National Grid's electric system (<u>i.e.</u>, island mode). A firm natural gas supply will support indefinite operations in island mode.

Petitioner asserts that the Project has governmental support. Petitioner reports that it intends to participate in the New York State Office of Storm Recovery's Community Development Block Disaster Recovery Program (CDBD-DR), which would fund a portion of the Project upgrades. Petitioner explains that one requirement of the CDBD-DR program is that one or more of the facilities electrically connected to the Project

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be a Red Cross Certified Facility of Refuge (Refuge Facility). Proctors and the YMCA (a DCC tenant) are Refuge Facilities, Petitioner continues, and certain other Customers can provide additional community support as needed.

Petitioner asserts that the New York State Energy Research and Development Authority (NYSERDA) also supports the Project. According to Petitioner, NYSERDA and National Grid will collaborate on a pilot project that includes the cogeneration facility and will evaluate bidirectional energy flows between distributed power generation sites and the interconnected electric grid. To this end, devices such as smart switching and monitoring devices would be installed for the first time on a distributed generation electric connection in the region. Petitioner asserts that National Grid will conduct all necessary pilot project studies, and that NYSERDA and National Grid together have allocated \$1 million toward the pilot project.

Finally, Petitioner explains that the Project will provide various public benefits. According to Petitioner, it will improve service reliability for the Customers by continuing to serve them when outages or emergency events interrupt National Grid service. Customers also will realize significant cost savings, Petitioner continues, and the Project will further key State policies by displacing less efficient generation facilities.

Electric Corporation Regulation

PSL §2(13) defines an "electric corporation" broadly to include virtually any entity that owns, operates, or manages "electric plant," which also is defined broadly under PSL §2(12). Petitioner explains that the statutory definition of "electric corporation" specifically exempts an entity from Commission regulation "where electricity is generated by the

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producer solely from one or more co-generation ... facilities or distributed solely from one or more of such facilities to users located at or near a project site." PSL §2(2-a) defines "cogeneration facility," Petitioner continues, to include natural gas-fired units with a generating capacity of up to 80 megawatts (MW), together with "related facilities" located at the project site, which simultaneously or sequentially produce electricity and useful thermal energy that is used solely for industrial and/or commercial purposes.

Petitioner avers that the Project will be a cogeneration facility as defined in the PSL. The facility, Petitioner explains, will have a generating capacity of less than 80 MW, and it will simultaneously produce electricity and useful thermal energy for distribution to commercial users located at or near the Project site. Petitioner asserts that it will generate electricity solely from the co-generation facility.⁴ Consequently, Petitioner argues, it should not be deemed to be, or regulated as, an electric corporation.

Petitioner argues that the co-generation facility should include the infrastructure and Customers. Petitioner explains that, under PSL §2(2-a), a co-generation facility includes "related facilities," which are defined under PSL §2(2d) as "...any land, work, system, building, improvement, instrumentality or thing necessary or convenient to the construction, completion or operation of any co-generation ... facility and include also such transmission or distribution facilities as may be necessary to conduct electricity, gas or useful thermal energy to users located at or near a project site."

⁴ The Petitioner also will maintain a backup generator to serve certain load during emergency conditions, which are anticipated to be infrequent.

Petitioner argues that the Customers and infrastructure both satisfy the statutory definition of "related facilities." Citing Commission precedent, Petitioner explains that "related facilities" include end use and distribution facilities that are not located on the same property as the cogeneration facility, and may be separated from the facility by a public street. Petitioner notes, for instance, that the following assets have been deemed located "at or near" a cogeneration facility: (i) a 2.1 mile pipeline connecting the cogeneration facility and the end user;⁵ (ii) a 1.9 mile natural gas pipeline;⁶ and (iii) a 1.5 mile line transmitting steam from the co-generation facility to the end user.⁷ Moreover, the Commission also has found that a co-generation unit may serve multiple customers via lines that are related facilities located at or near the project, despite extending up to 3,800 feet.⁸ Finally, Petitioner explains that customers located at or near, and served by, the cogeneration facility are incorporated into the facility and deemed to be located on that single site.9

Petitioner avers that the Project fits within this precedent. The Project will serve multiple end users via lines

- ⁶ Case 89-E-148, <u>Nassau District Energy Corporation</u>, Declaratory Ruling (issued September 27, 1989) (Nassau Ruling).
- ⁷ Case 93-M-0564, <u>Nissequogue Cogen Partners</u>, Declaratory Ruling (issued November 19, 1993) (Nissequogue Ruling).
- ⁸ Case 07-E-0802, <u>Burrstone Energy Center LLC</u>, Declaratory Ruling on Exemption from Regulation (issued August 28, 2007) (Burrstone Ruling).
- ⁹ Case 07-E-1033, <u>Niagara Mohawk Power Corporation d/b/a</u> <u>National Grid</u>, Order Interpreting and Directing Compliance with Tariff Provisions (issued December 17, 2007) (Burrstone Order) (collectively, with the Selkirk, Nassau, Nissequogue, and Burrstone Rulings, the Cogen Regulation Decisions).

⁵ Case 90-M-0128, <u>Selkirk Cogen Partners</u>, Declaratory Ruling (issued April 27, 1990) (Selkirk Ruling).

that extend approximately 250 feet across a public street. Petitioner thus seeks a ruling that the infrastructure and Customers are related facilities located at or near the Project site, and incorporated into the Project.

Steam Corporation Regulation

Petitioner notes that PSL §2(22) defines "steam corporation" to include virtually any entity that owns, operates, or manages plant that generates, transmits, or distributes steam. Petitioner argues that its operation of the co-generation facility should not subject it to regulation as a steam corporation. In support of this argument, Petitioner maintains that the facility will produce hot water, but not steam. Alternatively, Petitioner points out that PSL §2(22) specifically excludes co-generation facilities from the definition of a steam corporation.

Regulation as a "Corporation" and "Person"

Petitioner avers that PSL §§2(3) and 2(4) also exempt co-generation facility operators from the definitions of "corporation" and "person," respectively. Asserting that the Project is a co-generation facility within meaning of PSL §2(2a), Petitioner argues that it should not be deemed a "corporation" or "person" subject to regulation under the PSL.

Standby Electric Service

Petitioner seeks a ruling that Proctors, DCC, and the Customers are entitled to receive standby electric service from National Grid. According to Petitioner, the Cogen Regulation Rulings establish that customers located at or near, and served by, a co-generation facility are considered to be part of the facility and eligible to receive standby electric service, even if the customers are located on multiple properties. Petitioner claims that the Project configuration fits within the ambit of

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the Cogen Regulation Rulings, and that Proctors may select standby electric service for the Customers to receive under National Grid's Tariff.

COMMENTS

National Grid

National Grid reports that it does not oppose Petitioner's request for relief from electric corporation regulation, but notes that the Petition lacks adequate detail regarding the purported Project benefits. National Grid asserts that Petitioner did not quantify the cost savings that the Customers might realize by taking electric service exclusively from the Project. The utility also questions whether the Project will yield any resiliency or reliability benefits because the Petition failed to explain whether the co-generation facility will have black start or dual fuel capability. Consequently, National Grid continues, it is unclear whether Proctors and the YMCA will have the utility services necessary to fulfill their obligations as emergency shelters if natural gas service to the Project is curtailed during a natural disaster. The utility also argues that the Project could reduce the reliability of electric service to the Customers because DCC and its commercial tenants will be connected to the facility by a single underground service. National Grid thus requests that any ruling that exempts Petitioner from regulation be based on interpretation of the PSL, and not on the claimed Project reliability benefits.

National Grid recommends further consideration of a hybrid ownership and operational model that it has discussed with Petitioner. Under National Grid's proposal, the utility would own and operate the microgrid with no change in the current status of Proctors and DCC as National Grid customers.

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As to inclusion of the Project in the pilot program, National Grid clarifies that although it is co-funding the Program Opportunity Notice with NYSERDA, the utility has not yet approved the use of its funds for the Project.

National Grid identifies several concerns regarding how the Project will be served under its standby electric service Tariff provisions.¹⁰ The utility initially notes that it recently proposed Tariff amendments that, if approved, would expand eligibility for the Multi-Party Offset provided by S.C. 7.¹¹ According to National Grid, the proposed Tariff amendments would support electric service from the co-generation facility to DCC, assuming that the Project meets all eligibility criteria.

National Grid contends that the Project alternatively might qualify for standby electric service under the Single Party Offset provisions of the Tariff, given Commission precedent that end users served by co-generation facilities are incorporated into the co-generation facility.¹² Both of the Single Party and Multi-Party Offset provisions require a minimum generating capacity of 2 MW. According to National Grid, this requirement is inconsistent with PSL §66-c(1), which directs utilities to provide Qualifying Facilities with standby service on just and reasonable terms, regardless of the facility's generating capacity. National Grid requests that the Commission

¹⁰ Niagara Mohawk provides standby electric service to customers that meet the eligibility criteria for Service Classification No. 7 (S.C. 7).

¹¹ The Multi-Party Offset provisions enable customers that are not electrically interconnected to an on-site generation facility to receive electricity from that facility and standby electric service from Niagara Mohawk. (<u>See</u> Tariff Leaf 435-36.)

¹² See Burrstone Order.

address the discrepancy between the minimum generating capacity required by the S.C. 7 Offset Tariff provisions and PSL \$66-c(1).

In any event, National Grid continues, key Project details remain unknown, thereby making it impossible to determine the terms under which it would receive standby electric service. National Grid notes that the co-generation facility might qualify for a standby rate exemption if its generating capacity does not exceed 1 MW, provided that it also satisfies other eligibility criteria, including those established for Environmentally Advantageous Technologies Exemptions.¹³ Lastly, National Grid proffers that the Project might be eligible to exercise a one-time option for a 4-year standby rate exemption if it satisfies eligbility criteria that include a May 31, 2019 in-service deadline.

Petitioner

Petitioner's supplemental filing clarifies the Petition and responds to six points advanced by National Grid. Petitioner first explains that the Project's thermal load will limit its electric output.

Second, Petitioner claims that the Project will deliver customer cost savings by generating electricity and thermal power more efficiently than the current sources of those commodities. Petitioner asserts that the Customers are commercial entities that exercised their discretion in choosing to disconnect from National Grid's system and selecting utility service from the Project. Petitioner objects, however, to the hybrid model recommended by National Grid.

¹³ Tariff, Leaf 417, Section F.6(i)-(v).

Third, Petitioner explains that the Project will be equipped with black start capability. Petitioner also notes that an existing 350 kW backup generator will continue to operate after the Project commences operations. The backup generator would be used only during certain infrequent emergency conditions to support load that cannot be served by the Project under those circumstances. Petitioner asserts that the backup generator will not be used during normal operating conditions, and it will be unable to deliver power to the Customers or operate in parallel with the co-generation facility. If National Grid's provision of electric and gas service were interrupted, Petitioner continues, then the existing dual fuel boilers would continue to serve the Customers.

Fourth, Petitioner rebuts National Grid's statement that the Project might decrease reliability. Petitioner avers that the Project will connect the co-generation facility with Customers via redundant underground service lines. Petitioner asserts that undergrounding the lines reduces the risk of outages that affect overhead services (<u>e.g.</u>, pole strikes, extreme weather conditions), and using redundant lines will reduce the risk of service interruptions caused by the loss of one line.

Fifth, Petitioner asserts that the Multi-Party Offset provisions (including the proposed Tariff amendments that National Grid discusses) are irrelevant. Petitioner notes that the Multi-Party Offset Tariff provisions are only available to customers with on-site generation facilities with a capacity between 2 MW and 20 MW. Petitioner explains that the cogeneration facility will have a capacity less than 2 MW and be located behind Proctors' meter. Further, Proctors would receive standby service from National Grid, and would in-turn serve the Project's Customers.

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Finally, Petitioner clarifies that the Customers' decision to be served by the Project is revocable. Petitioner explains that the National Grid infrastructure currently used to serve the Customers will remain in place and intact when the Customers switch to receiving electric service from the Project. Consequently, Customers may choose to reactivate their National Grid electric service in the future.

Galesi Group

Galesi Group noted that it owns DCC and fully supports the Project.

Schenectady

Schenectady explained that it supports the Project based on the economic, reliability, and resilience benefits it will provide to the city.

LEGAL AUTHORITY

The Commission is authorized to issue a declaratory ruling with respect to: (i) the applicability of any rule or statute enforceable by it to any person, property, or state of facts; and (ii) whether any action by it should be taken pursuant to a rule. The Commission also may decline to issue such a declaratory ruling. This authority is expressly established by State Administrative Procedure Act §204 and governed by the Commission's Rules of Procedure, contained in 16 NYCRR Part 8, implementing that statute. Declaratory rulings are not "actions" within meaning of the State Environmental Quality Review Act (SEQRA) and its implementing regulations (<u>see</u> 16 NYCRR §7.2) and, therefore, they may be issued without further SEQRA review.

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DISCUSSION

Regulatory Exemptions

Under PSL §2(2-a), a co-generation facility is defined as an electric generating plant sized at up to 80 MW, together with any related facilities located at the same project site, which simultaneously or sequentially produces electricity and thermal energy useful for industrial and commercial purposes. The exemption afforded co-generation facilities also depends on producing useful thermal energy whenever electricity is produced, but it is not dependent upon any particular level of electric or useful thermal energy production.¹⁴

The Petition demonstrates that the Project simultaneously will produce electricity and hot water, and resembles the facilities found to satisfy the §2(2-a) statutory definition in the Cogen Regulation Decisions as well as the Indeck and AG-Energy Rulings. As a result, the co-generation facility falls within the ambit of the PSL §2(2-a) criteria.

Under PSL §2(2-d), a co-generation facility includes "such transmission or distribution facilities as may be necessary to conduct electricity ... or useful thermal energy to users located at or near a project site."¹⁵ The lines distributing electricity and hot water from the co-generation facility to DCC and the Customers are similar to lines that were deemed related facilities in the Cogen Regulation Decisions, except that the Project's lines are shorter and less extensive

¹⁴ Case 99-M-1260, <u>Indeck-Olean, L.P.</u>, Declaratory Ruling on Cogeneration Facility Status (issued November 22, 1999) (Indeck Ruling); Case 98-S-1855, <u>AG-Energy, L.P. et al.</u>, Declaratory Ruling on Exemption from Steam Corporation Regulation (issued September 29, 1999) (AG-Energy Ruling).

¹⁵ <u>See</u> Case 06-E-1203, <u>Steel Winds Project LLC</u>, Declaratory Ruling on Electric Corporation Jurisdiction (issued December 13, 2006).

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than the related facilities in many of those decisions. The fact that the co-generation facility and its Customers will be connected via lines that cross a public street is not dispositive.¹⁶ Accordingly, we find that Petitioner's infrastructure are related facilities located at or near the Project's co-generation facility.

The fact that the Project will serve multiple users located on different properties similarly does not interfere with this finding. PSL §2(2-d) specifically contemplates multiple users by providing that electricity may be distributed to "users," in the plural, and does not require that users share property ownership rights. Therefore, the electric and water distribution facilities that Petitioner describes, with redundant electric distribution lines extending across property lines and a public street to serve multiple users, are related facilities falling within the exemption from regulation granted to co-generation facilities.

As discussed in the Burrstone Order, PSL §2(4) provides that a co-generation Qualifying Facility includes the electric distribution systems built across property lines to serve customers located "at or near" the co-generation facility, as well as the customers served by the facility. The Project, including the co-generation facility, its distribution systems, and its customers, therefore, are deemed to occupy a single site.

Petitioner's project is a co-generation facility under PSL §2(2-a), its electric and water distribution lines are related facilities under PSL §2(2-d), and it will be serving customers at or near the project site. Consistent with past

¹⁶ <u>See</u>, <u>e.g.</u>, Burrstone Ruling (finding that Burrstone's distribution lines are located at or near its co-generation facility even though one line crosses a street).

Commission rulings, Petitioner qualifies for the regulatory exemptions set forth at PSL §§2(3), 2(4), and 2(13).¹⁷ Consequently, Petitioner will not be, respectively, a corporation, person, or electric corporation. Petitioner demonstrated that the co-generation facility will produce hot water but not steam. Accordingly, Petitioner will not be a steam corporation under PSL §2(22).

These findings remove the Project from Commission jurisdiction and regulation and are premised, in part, on the Project serving commercial customers only. If Project operations change such that the Project no longer satisfies the operational criteria specified in PSL §2(2-a), such as seeking to serve residential customers, then Petitioner will be subject to PSL jurisdiction and must comply with applicable regulations, including but not limited to obtaining a Certificate of Public Convenience and Necessity under PSL §68. Given that the Customers will be located behind the Proctors meter, Petitioner should ensure that all prospective Customers understand that they will cease being National Grid customers when they begin receiving electric service from the Project, and that they have the alternative of reverting to National Grid service, to the extent consistent with the terms of their contract with Petitioner.

Finally, issues raised by Petitioner or National Grid that are not discussed in this ruling are outside the scope of review needed to resolve Petitioner's request for relief.

¹⁷ To provide prospective developers with greater regulatory certainty and predictability, and to avoid the need for <u>ad hoc</u> determinations on the numerous potential issues surrounding co-generation-based microgrid proposals, the Commission is preparing to establish comprehensive guidance for microgrids in the near future.

Standby Electric Service

We decline to rule that the Project Customers are entitled to receive standby electric service from National Grid. Petitioner explained that the Customers will be located behind the Proctors utility meter. Petitioner stated that Proctors will serve as the sole National Grid customer for all load served by the Facility, including with respect to standby electric service. Moreover, Petitioner stated that Proctors will provide standby electric service to DCC and the Customers. The Project is thus distinguishable from the circumstances presented in the Burrstone Ruling. There, customers served by the co-generation facility were not disconnected from utility service by funneling all electric service through a meter owned and operated by the co-generation facility owner.

As a National Grid customer with on-site generation, Proctors is entitled to receive standby electric service, or any exemptions thereto, if it satisfies eligibility criteria set forth in the S.C. 7 Tariff provisions. The Project Customers, however, will not be served directly by National Grid. For this reason, they cannot receive standby electric service from National Grid.

National Grid commented that the 2 MW threshold for participation in the Single or Multi-Party Offset standby service option may be inconsistent with PSL §66-c(1), which requires National Grid to provide "supplemental or back-up power to any ... co-generation facility on a non-discriminatory basis and at just and reasonable rates." This potential concern is irrelevant to our inquiry because Petitioner will be eligible for standby service, although not under National Grid's Offset Tariff. The Single Party and Multi-Party variants of the Offset Tariff allow customers to use the utility system to self-supply electricity without building additional distribution

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infrastructure behind their meter. Offset Tariff eligibility criteria include a requirement that the customer's generator be interconnected to a voltage level at or above the utility's primary distribution system. The Project, however, will take service from National Grid at secondary voltage, which is less than the primary voltage level. Finally, although Petitioner will not be eligible for service under National Grid's Offset Tariff, Petitioner will be eligible for standby electric service under S.C. 7 and National Grid's concern need not be considered further here.¹⁸

CONCLUSION

The Commission finds that the Project is a cogeneration facility within meaning of PSL $\S2(2-a)$.¹⁹ Petitioner qualifies for the regulatory exemptions for co-generation facilities set forth in PSL $\S2(3)$, 2(4), and 2(13). The Facility will not produce steam and, therefore, Petitioner will not become a steam corporation by virtue of operating the cogeneration facility. Finally, DCC and the Customers, other than Proctors, are not entitled to receive standby electric service from National Grid because they will not be National Grid customers.

¹⁸ Projects that apply to use either the Single Party or Multi-Party Offset Tariff must meet all eligibility requirements under those Tariff provisions. These standby service options are available as an option for customers, and not as a requirement to be imposed by utilities.

¹⁹ Although Petitioner and National Grid refer to the Project as a microgrid, the findings discussed herein are applicable only to the Petition and do not address policy issues of general applicability to microgrid issues that currently are being examined as part of the "Reforming the Energy Vision" initiative.

The Commission finds and declares:

1. The electric and hot water generation and distribution facilities that Arts Center and Theatre of Schenectady, Inc. DBA Proctors describes in its Petition and supplemental comments filed in this proceeding constitute a cogeneration facility as defined in the Public Service Law and, accordingly, it is exempt from the provisions of the Public Service Law (except for Article VII) described herein.

2. The entities that Arts Center and Theatre of Schenectady, Inc. DBA Proctors identified in its Petition and supplemental comments filed in this proceeding, which would not be connected with Niagara Mohawk Power Corporation d/b/a National Grid (National Grid), are not entitled to standby service from National Grid.

3. This proceeding is closed.

By the Commission,

(SIGNED)

KATHLEEN H. BURGESS Secretary