



Rockland Electric Company
4 Irving Place
New York NY 10003-0987
www.oru.com

November 1, 2012

Honorable Kristi Izzo
Secretary
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
PO Box 350
Trenton, New Jersey 08625-0350

Re: In the Matter of the Act Concerning the Imposition of Standby Charges
Upon Distributed Generation Customers Pursuant to N.J.S.A. 48:2-21 et
seq.

BPU Docket No. GO12070600

Dear Secretary Izzo:

Rockland Electric Company ("RECO" or the "Company") hereby submits for electronic filing the following tariff leaves, in draft format, reflecting revisions to its Schedule for Electric Service B.P.U. No. 3 – Electricity (the "Electric Tariff").

Leaf No.	94
Leaf No.	94A
Leaf No.	128
Leaf No.	129

This filing is made in compliance with the Board of Public Utilities' (the "Board") Order Establishing Criteria For and Requiring Electric Public Utilities to File Standby Tariffs, (the "Order"), dated July 18, 2012, in the above-referenced Docket.

Background

On January 17, 2012, Governor Christie signed a bill concerning the imposition of standby charges on distributed generation customers ("Standby Charge Law"). As detailed in the Standby Charge Law, the Board was required to (1) establish a criteria for fixing rates associated with the imposition of standby charges; and (2) direct the electric public utilities to file tariff rates for these charges. Thus, the Board required each electric utility to make a filing with supporting documentation either proposing to continue the current standby service or to propose a new standby service structure.

Summary of Existing Standby Provisions

A standby rate provision is included in Service Classification ("SC") No. 7 of RECO's Electric Tariff. SC No. 7 and its standby rate provision are applicable to:

Any customer who operates a qualifying facility, as defined below, and who requires supplemental, auxiliary or standby service to be supplied by the Company. The term "qualifying facility" shall mean a generating facility that meets the qualifying facility requirements established by the Federal Energy Regulatory Commission's rules (18 CFR Part 292) implementing the Public Utility Regulatory Policies Act of 1978.

RECO's standby rate provision recognizes two potential conditions for which standby service could be requested. First, a customer could require standby service for a portion of customer's self-generation when the generation capacity exceeds the customer's demand for electricity. The standby capacity would be the amount requested by the customer, but not less than said customer's maximum demand as metered by the Company in any previous month.

Second, the Company would require a customer to take standby service for all of the customer's generation when the generation capacity is less than the customer's demand. The standby capacity would be the nameplate rating of all the customer's generation facilities interconnected with the Company's system, as determined by the Company.

The Company's standby rate is based on the premise that a customer whose generation operates at less than a 50 percent availability factor cannot be deemed a reliable source of generation. Therefore, when the availability factor of the customer's generation is less than 50 percent, that customer would pay the full as used demand charges and be excused from paying the standby charge.

When the availability factor of the customer's generation is 50 percent or greater, the customer would pay the full as used demand charges for its billing demand shall minus the customer's standby capacity and the customer would pay the standby charge for its standby capacity.

When the availability factor of the customer's generation is greater than 90 percent, the customer would pay the full as used demand charges for its billing demand minus the customer's standby capacity, and the customer would be excused from paying the standby charge.

The existing standby charge of \$1.55 was determined based on past cost of service and load study indications.

Summary of Proposed Revisions to Standby Provisions

Currently, SC No. 2 customers who take standby service are required to take service under SC No. 7 because there are no Standby Provisions outside of SC No. 7. Therefore, the Company has added Standby Provisions applicable to demand-billed customers served under SC No. 2 so that SC No. 2 customers will no longer have to take service under SC No. 7 for Standby service. The Company will assess the existing standby charge of \$1.55 on standby customers served under SC No. 2 Secondary, SC No. 2 Primary, and SC No. 7.

The Company has also changed the requirements for eligibility of standby provisions. The provision that the standby charge would be waived for any customer whose generation operates at an availability factor of greater than 90 percent has been removed. Doing so puts RECO in line with the standby provisions of other utilities in the state. In addition, the provision

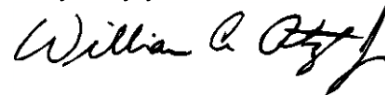
that the availability factor should be calculated for each billing period of an SC No. 7 customer's bill has been removed. If not removed, this provision could lead to situations where a customer could have an availability factor greater than 50 percent in one period and less than 50 percent in another period. In the definition of availability factor, the denominator has been changed from the customer's standby capacity to the nameplate rating of the customer's generation facilities. Under the current definition, a customer with generation capacity exceeding the customer's load could have unreliable generation performance and be deemed to have a high availability factor. Finally, the Company has added that customers with distributed generation as defined in N.J.S.A. 48:2-21.37 are also eligible for standby rates.

These changes will not affect any customers because there are currently no standby customers in the Company's service territory.

Conclusion

The Company is submitting this filing electronically today. A hard copy of the filing will be sent out via overnight mail at a later time. Questions regarding this filing can be directed to me at (212) 460-3308.

Very truly yours,



William A. Atzl, Jr.
Director – Rate Engineering

c: Service List (via electronic mail)

DRAFT TARIFF LEAVES

**SERVICE CLASSIFICATION NO. 2
GENERAL SERVICE (Continued)**

SPECIAL PROVISIONS (Continued)

(C) Auxiliary Or Standby Service (Continued)

Customers taking service under this Service Classification shall not operate their generating equipment in parallel or synchronism with the Company's service, except as specifically authorized by the Company for the minimum time required by the customer to disconnect auxiliary generating equipment from the regular Company supply following an interruption of the company's service or during an equipment test. A customer having another installed source of energy may, however, segregate any portion of customer's total requirements so that such portion shall be served exclusively with the Company's service.

(D) Budget Billing Plan

Any condominium association or cooperative housing corporation who takes service hereunder and any other customer taking service under Special Provision B of this Service Classification may, upon request, be billed monthly in accordance with the budget billing plan provided for in General Information Section 8 of this tariff.

(E) Standby Service

Standby Service will be furnished when and where available to demand billed customers who take service under this classification with on-site generation equipment or other source of electric service under the following conditions:

- (a) Customer's on-site generation or other source of electric service equipment meet the requirements of Section 201 and Section 210 of the Public Utilities Regulatory Policies Act and regulations promulgated thereunder for a qualifying facility or the customer's generator meets the definition of distributed generation as defined in N.J.S.A. 48:2-21.37 .
- (b) The customer agrees to abide by all provisions of the Company's "Operating, Metering, and Equipment Protection Requirements for Parallel Operation of Generating Facilities."
- (c) The customer shall pay for any special metering costs. Special metering costs shall be defined as the total cost of metering less the cost of metering for service under this Service Classification for customers without on-site generation.

ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President
Mahwah, New Jersey 07430

**SERVICE CLASSIFICATION NO. 2
GENERAL SERVICE (Continued)**

SPECIAL PROVISIONS (Continued)

(E) Standby Service (Continued)

- (d) The standby capacity for a customer whose total generation capacity (nameplate ratings) is greater than said customer's total demand requirements shall be the amount of standby capacity, in kW, requested by said customer but not less than said customer's maximum demand as metered by the Company in any previous month. The standby capacity for all other customers shall be the nameplate rating, in kW, of all the customer's generation facilities interconnected with the Company's system, as determined by the Company.
- (e) The customer shall notify the Company of all changes in customer's generating facilities prior to making such changes and shall allow the Company's representatives access to those facilities for purposes of inspection and redetermination of the standby capacity.
- (f) Customer shall pay to the Company a standby capacity charge of \$1.55 per kW of standby capacity per month. The standby capacity charge will be included in customer's bill for service rendered under this Service Classification.
- (g) In any month where the availability factor of the customer's generation facilities, as defined in (i), is lower than 50%, then the customer will not be eligible to take service under this Special Provision.
- (h) The Distribution Demand Charge shall be calculated based on the billing demand as provided for in the provision entitled "DETERMINATION OF DEMAND" minus the customer's standby capacity. In no event shall the billing demand for any rating period be less than zero kW.
- (i) For purposes of item (h) above, the availability factor of customer's facilities shall be defined as the total energy (in kWh) produced by the facilities in the six month period ended with the current billing period (less the energy produced during mutually agreed upon maintenance periods) divided by (i) the number of hours in that period (less the number of hours in the mutually agreed upon maintenance periods) and (ii) the nameplate rating, in kW, of the customer's generation facilities. During each of the first five billing periods for each customer, the availability factor shall be determined using the data that are available since the customer first commenced service hereunder.

ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President
Mahwah, New Jersey 07430

**SERVICE CLASSIFICATION NO. 7
LARGE GENERAL TIME-OF-DAY SERVICE (Continued)**

SPECIAL PROVISIONS (Continued)

(C) Standby Service

Standby Service will be furnished when and where available to customers who take service under this classification with on-site generation equipment or other source of electric service under the following conditions:

- (a) Customer's on-site generation or other source of electric service equipment meets the requirements of Section 201 and Section 210 of the Public Utilities Regulatory Policies Act and regulations promulgated thereunder for a qualifying facility or the customer's generator meets the definition of distributed generation as defined in N.J.S.A. 48:2-21.37 .
- (b) The customer agrees to abide by all provisions of the Company's "Operating, Metering, and Equipment Protection Requirements for Parallel Operation of Generating Facilities."
- (c) The customer shall pay for any special metering costs. Special metering costs shall be defined as the total cost of metering less the cost of metering for service under this Service Classification for customers without on-site generation.
- (d) The standby capacity for a customer whose total generation capacity (nameplate ratings) is greater than said customer's total demand requirements shall be the amount of standby capacity, in kW, requested by said customer but not less than said customer's maximum demand as metered by the Company in any previous month. The standby capacity for all other customers shall be the nameplate rating, in kW, of all the customer's generation facilities interconnected with the Company's system, as determined by the Company.
- (e) The customer shall notify the Company of all changes in customer's generating facilities prior to making such changes and shall allow the Company's representatives access to those facilities for purposes of inspection and redetermination of the standby capacity.
- (f) Customer shall pay to the Company a standby capacity charge of \$1.55 per kW of standby capacity per month. The standby capacity charge will be included in customer's bill for service rendered under this Service Classification.
- (g) In any month where the availability factor of the customer's generation facilities, as defined in (i), is lower than 50%, then the customer will not be eligible to take service under this Special Provision.

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President
Mahwah, New Jersey 07430

**SERVICE CLASSIFICATION NO. 7
LARGE GENERAL TIME-OF-DAY SERVICE (Continued)**

SPECIAL PROVISIONS (Continued)

(C) Standby Service (Continued)

- (h) The Distribution Demand Charge shall be calculated for each rating period based on the billing demand as provided for in the provision entitled "DETERMINATION OF DEMAND" minus the customer's standby capacity. In no event shall the billing demand for any rating period be less than zero kW.
- (i) For purposes of item (h) above, the availability factor of customer's facilities shall be defined as the total energy (in kWh) produced by the facilities in the six month period ended with the current billing period (less the energy produced during mutually agreed upon maintenance periods) divided by (i) the number of hours in that period (less the number of hours in the mutually agreed upon maintenance periods) and (ii) the nameplate rating, in kW, of the customer's generation facilities. During each of the first five billing periods for each customer, the availability factor shall be determined using the data that are available since the customer first commenced service hereunder.

ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President
Mahwah, New Jersey 07430

DRAFT RED LINE TARIFF LEAVES

**SERVICE CLASSIFICATION NO. 2
GENERAL SERVICE (Continued)**

SPECIAL PROVISIONS (Continued)

(C) Auxiliary Or Standby Service (Continued)

Customers taking service under this Service Classification shall not operate their generating equipment in parallel or synchronism with the Company's service, except as specifically authorized by the Company for the minimum time required by the customer to disconnect auxiliary generating equipment from the regular Company supply following an interruption of the company's service or during an equipment test. A customer having another installed source of energy may, however, segregate any portion of customer's total requirements so that such portion shall be served exclusively with the Company's service.

(D) Budget Billing Plan

Any condominium association or cooperative housing corporation who takes service hereunder and any other customer taking service under Special Provision B of this Service Classification may, upon request, be billed monthly in accordance with the budget billing plan provided for in General Information Section 8 of this tariff.

(E) Standby Service

Standby Service will be furnished when and where available to demand billed customers who take service under this classification with on-site generation equipment or other source of electric service under the following conditions:

(a) Customer's on-site generation or other source of electric service equipment meets the requirements of Section 201 and Section 210 of the Public Utilities Regulatory Policies Act and regulations promulgated thereunder for a qualifying facility or the customer's generator meets the definition of distributed generation as defined in N.J.S.A. 48:2-21.37 .

(b) The customer agrees to abide by all provisions of the Company's "Operating, Metering, and Equipment Protection Requirements for Parallel Operation of Generating Facilities."

(c) The customer shall pay for any special metering costs. Special metering costs shall be defined as the total cost of metering less the cost of metering for service under this Service Classification for customers without on-site generation.

ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President
Mahwah, New Jersey 07430

**SERVICE CLASSIFICATION NO. 2
GENERAL SERVICE (Continued)**

SPECIAL PROVISIONS (Continued)

(E) Standby Service (Continued)

- (d) The standby capacity for a customer whose total generation capacity (nameplate ratings) is greater than said customer's total demand requirements shall be the amount of standby capacity, in kW, requested by said customer but not less than said customer's maximum demand as metered by the Company in any previous month. The standby capacity for all other customers shall be the nameplate rating, in kW, of all the customer's generation facilities interconnected with the Company's system, as determined by the Company.
- (e) The customer shall notify the Company of all changes in customer's generating facilities prior to making such changes and shall allow the Company's representatives access to those facilities for purposes of inspection and redetermination of the standby capacity.
- (f) Customer shall pay to the Company a standby capacity charge of \$1.55 per kW of standby capacity per month. The standby capacity charge will be included in customer's bill for service rendered under this Service Classification.
- (g) In any month where the availability factor of the customer's generation facilities, as defined in (i), is lower than 50%, then the customer will not be eligible to take service under this Special Provision.
- (h) The Distribution Demand Charge shall be calculated based on the billing demand as provided for in the provision entitled "DETERMINATION OF DEMAND" minus the customer's standby capacity. In no event shall the billing demand for any rating period be less than zero kW.
- (i) For purposes of item (h) above, the availability factor of customer's facilities shall be defined as the total energy (in kWh) produced by the facilities in the six month period ended with the current billing period (less the energy produced during mutually agreed upon maintenance periods) divided by (i) the number of hours in that period (less the number of hours in the mutually agreed upon maintenance periods) and (ii) the nameplate rating, in kW, of the customer's generation facilities. During each of the first five billing periods for each customer, the availability factor shall be determined using the data that are available since the customer first commenced service hereunder.

ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President
Mahwah, New Jersey 07430

**SERVICE CLASSIFICATION NO. 7
LARGE GENERAL TIME-OF-DAY SERVICE (Continued)**

SPECIAL PROVISIONS (Continued)

(C) Standby Service

Standby Service will be furnished when and where available to customers who take service under this classification with on-site generation equipment or other source of electric service under the following conditions:

- (a) Customer's on-site generation or other source of electric service equipment meets the requirements of Section 201 and Section 210 of the Public Utilities Regulatory Policies Act and regulations promulgated thereunder for a qualifying facility or the customer's generator meets the definition of distributed generation as defined in N.J.S.A. 48:2-21.37.
- (b) The customer agrees to abide by all provisions of the Company's "Operating, Metering, and Equipment Protection Requirements for Parallel Operation of Generating Facilities."
- (c) The customer shall pay for any special metering costs. Special metering costs shall be defined as the total cost of metering less the cost of metering for service under this Service Classification for customers without on-site generation.
- (d) The standby capacity for a customer whose total generation capacity (nameplate ratings) is greater than said customer's total demand requirements shall be the amount of standby capacity, in kW, requested by said customer but not less than said customer's maximum demand as metered by the Company in any previous month. The standby capacity for all other customers shall be the nameplate rating, in kW, of all the customer's generation facilities interconnected with the Company's system, as determined by the Company.
- (e) The customer shall notify the Company of all changes in customer's generating facilities prior to making such changes and shall allow the Company's representatives access to those facilities for purposes of inspection and redetermination of the standby capacity.
- (f) Customer shall pay to the Company a standby capacity charge of \$1.55 per kW of standby capacity per month. The standby capacity charge will be included in customer's bill for service rendered under this Service Classification.
- ~~(g) In any month where the availability factor of the customer's generation facilities, as defined in (i), is lower than 50%, then the customer will not be eligible to take service under this Special Provision.~~

(Continued)

ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President
Mahwah, New Jersey 07430

**SERVICE CLASSIFICATION NO. 7
LARGE GENERAL TIME-OF-DAY SERVICE (Continued)**

SPECIAL PROVISIONS (Continued)

(C) Standby Service (Continued)

(gh) The Distribution Demand Charge shall be calculated for each rating period ~~shall be determined as follows:~~

~~(1) In any billing period where the availability factor of customer's facilities is less than 50 percent, the billing demand shall be as provided for in the provision entitled "DETERMINATION OF DEMAND" and the customer shall be excused from paying the standby capacity charge;~~

~~(2) In any billing period where the availability factor of customer's facilities is 50 percent or greater, the billing demand shall be based on the billing demand as provided for in the provision entitled "DETERMINATION OF DEMAND" minus the customer's standby capacity;~~

~~(3) In any billing period where the availability factor of customer's facilities is greater than 90 percent, the billing demand shall be the billing demand as provided for in the provision entitled "DETERMINATION OF DEMAND" minus the customer's standby capacity and customer shall be excused from paying the standby capacity charge; and~~

~~(4) In no event shall the billing demand for any rating period be less than zero kW.~~

(hi) For purposes of item (h)g above, the availability factor of customer's facilities shall be defined as the total energy (in kWh) produced by the facilities in the six month period ended with the current billing period (less the energy produced during mutually agreed upon maintenance periods) divided by (i) the number of hours in that period (less the number of hours in the mutually agreed upon maintenance periods) and (ii) the nameplate rating, in kW, of the customer's generation facilities. ~~The availability factor shall be so determined for each rating period as defined above in the provision entitled "DEFINITION OF RATING PERIODS". Rating periods 1 and 3 and rating periods 2 and 4 shall be considered as the same rating periods for purposes of determining the availability factor.~~ During each of the first five billing periods for each customer, the availability factor shall be determined using the data that are available since the customer first commenced service hereunder.

ISSUED:

EFFECTIVE:

ISSUED BY: William Longhi, President
Mahwah, New Jersey 07430