

## **Electric Standard Offer Program**

### **Procedure No. 360-10**

#### **Standard Offer Payments for Facilities Using Either Third Party Suppliers or Self Generation**

#### **1. Purpose:**

To clarify PSE&G's procedure for processing Standard Offer payments for Host Facilities using either Third Party Suppliers or self generation.

There is an exception to this procedure for Standard Offer No. 1 and Bid 89 Host Facilities that utilize self generation. Please refer to Procedure No. 360-11 "Standard Offer No. 1 and Bid 89 Payments for Facilities with Self Generation".

#### **2. Description:**

PSE&G will continue full electric Standard Offer payments provided that all the electricity consumed by the Host Facility is delivered to the Host Facility by PSE&G on either a transportation or full-service rate that includes recovery of DSM costs. In the event that the Host Facility receives electricity through facilities either not owned by PSE&G or not otherwise subject to PSE&G rates that include recovery of DSM costs, then PSE&G shall only continue to make a prorated payment for energy savings based upon the proportion of electricity delivered through PSE&G facilities to the Host Facility pursuant to its retail rate schedules which include recovery of DSM costs, to the total amount of electricity consumed at the Host Facility site.

The Seller will be required to submit a revised Monitoring and Verification (M&V) plan that will allow PSE&G to verify the percent of total kilowatt hours consumed by the Host Facility that are delivered on either transportation or full-service rate that includes recovery of DSM Costs. PSE&G will conduct field audits to verify the installation and operation of any new monitoring equipment.

#### **3. Seller Responsibilities:**

The Seller must notify PSE&G in writing when a Host Facility will begin receiving electricity from either a Third Party Supplier or self generation.

If all of the Host Facility's electrical consumption is not received on a transportation or full service rate that includes recovery of DSM costs, the Seller must submit a modified M&V plan. The modified plan will allow for PSE&G to verify the percent of total kilowatt hours consumed by the Host Facility that are delivered on either transportation or full-service rate that includes recovery of DSM Costs. The Seller will coordinate with PSE&G to schedule field audits at the Host Facility to allow for verification of the installation and operation of new monitoring equipment.

Once PSE&G has approved the revised M&V plan and given written approval to resume billing, the Seller will resume invoicing for energy savings for the Host Facility. If prorated payments are required, the invoice submittal will include monitoring data from the modified M&V system as well as supporting backup documentation. The submittal will include the Sellers calculated prorated payment amount.

#### **4. PSE&G Responsibilities:**

PSE&G will review the Seller's written notification of a Host Facility's receipt of electricity from a Third Party Supplier or self generation.

PSE&G will review revised M&V plans for Host Facilities that receives electricity through facilities that are either not owned by PSE&G or that are not subject to PSE&G rates that include recovery of DSM Costs. PSE&G will conduct field audits at the Host Facility to verify the installation and operation of new monitoring equipment. PSE&G will confirm that the modified plan will allow PSE&G to verify the percent of total kilowatt hours consumed by the Host Facility that are delivered on either transportation or full-service rate that includes recovery of DSM Costs.

Based on the review of the Sellers written notification, modified M&V plan, and the field audit results, PSE&G will notify the Seller in writing when billing for energy savings at the Host Facility may resume.

PSE&G will verify prorated payment amounts based on the revised M&V system data and backup documentation for each billing period as part of its invoice verification procedures.

#### **5. References:**

This procedure is based upon the Board Order approving PSE&G's 1995 DSM Resource Plan and Section I, paragraph 3 of the Stipulation and Agreement dated December 13, 1995 in Docket No. EE95080363. (Excerpt follows)

#### **3. Reduction in Use of Electricity**

The Parties acknowledge that during the period in which Standard Offer payments are being made under this Plan, under the previously Board-approved DSM Resource Plan and under the 1989 Large Scale Conservation Bid, there may be a change in structure of the electric utility industry in the State such that:(i) end-users are provided a choice of third party electricity suppliers, and the Host Facility may reduce its purchase of electricity from PSE&G as a result of the exercise of the choice to switch suppliers; or (ii) the Host Facility at the time of such restructuring or thereafter may elect to self-generate. Under such circumstances it is the Parties' intent to ensure the continuation of Standard Offer payments by PSE&G and ensure that such payments will not negatively impact

PSE&G's competitive position in the marketplace. Therefore, the Parties agree to recommend and support the following:

- (x) The continuation of the Standard Offer payments by PSE&G to projects involving the Host Facility such that payments shall remain the same as would have been the case had the Host Facility continued its previous retail supply relationship with PSE&G; and
- (y) The recovery by PSE&G of all such Standard Offer payment costs in a manner to ensure that each individual customer's responsibility and obligation to contribute to DSM program cost recovery shall not be bypassable.

In the absence of implementation of the foregoing recommendation in its entirety, PSE&G shall only make payment for Energy Savings delivered from such Host Facility based upon the proportion of electricity supplied by PSE&G to such Host Facility pursuant to its retail rate schedules to the total amount of electricity consumed at the site of the Host Facility.

In the absence of a restructuring as described above, the Parties further agree that with respect to a Host Facility which either self generates or is supplied with electricity by a third party, PSE&G shall only make payment for Energy Savings delivered from such Host Facility based upon the proportion of electricity supplied by PSE&G to such Host Facility pursuant to its retail rate schedules to the total amount of electricity consumed at the site of the Host Facility.

**Approved By:** \_\_\_\_\_ **Date:** \_\_\_\_\_

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