



March 16, 2017

Honorable Kathleen H. Burgess  
Secretary  
State of New York  
Public Service Commission  
Office of the Secretary  
Three Empire State Plaza  
Albany, N.Y. 12223

**RE: Case 15-E-0302 – Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard – Order Directing Tariff Amendments**

Dear Secretary Burgess:

The leaves and statement listed below and attached, issued by Niagara Mohawk Power Corporation d/b/a National Grid (the “Company”), are being transmitted for filing in compliance with the Order Directing Tariff Amendments issued in Case 15-E-0302 on February 22, 2017 (the “Order”) by the New York State Public Service Commission (the “Commission”).

Original Leaf No. 37.2  
Seventh Revised Leaf No. 222.1  
Fourth Revised Leaf No. 229.3  
Original Leaf No. 229.4

Clean Energy Standard Delivery (“CESD”) Charge-Statement No. 1  
Clean Energy Standard Supply (“CESS”) Charge – Statement No. 1

To PSC No. 220 Electricity

Clean Energy Standard Delivery (“CESD”) Charge-Statement No. 1  
Clean Energy Standard Supply (“CESS”) Charge – Statement No. 1

To PSC No. 214 Electricity

Effective: April 1, 2017

On August 1, 2016, the Commission issued an order adopting a Clean Energy Standard (“CES”) which requires all Load Serving Entities (“LSEs”) to procure Renewable Energy Credits (“RECs”) and Zero Emission Credits (“ZECs”) or make Alternative Compliance Payments (“ACPs”) to fund the costs associated with contracts signed by the New York State Energy Research and Development Authority (“NYSERDA”).

In the Order, the Commission approved the actions proposed by the Company (listed below). The Order directed the Company to file tariff amendments no later than March 16, 2017 and the amendments are to become effective on April 1, 2017. Lastly, the Order waived the requirements of Public Service Law section 66(12)(b) regarding newspaper publication of the amendments.

The Commission approved the following:

- (1) Track and collect REC, ZEC, and ACP charges in a new surcharge, the CES Supply Charge ("CESS"), to be collected in the Electricity Supply Reconciliation Mechanism ("ESRM") line item on customer's bills.
- (2) Modify the Merchant Function Charge ("MFC") calculation to include the CES Supply Charge in the calculation of the Electricity Supply Uncollectible Expense.
- (3) Recover Tier 2 Maintenance Contracts and Backstop Charges in a new surcharge, the CES Delivery Charge ("CESD"). The CESD will be charged to customers through the existing System Benefits Charge ("SBC") bill line for all of a customer's energy usage subject to the SBC. The CESD will be charged to customers in a separate line item on the bill for any energy usage of the customer that is not subject to SBC.
- (4) The CESD rate will be set annually based on expected Tier 2 Maintenance Contract costs for the upcoming year and if during the recovery period Backstop Charges are billed by NYSERDA, the Company will reset the CESD rate to recover such costs over one to 12 months, depending on customer bill impacts.

The purpose of this filing is to comply with the Order. To that end, the leaves included with this filing contain the following revisions:

- (1) The Definitions and Abbreviations section of PSC 220 Electricity has been updated to incorporate various new terms created as part of the CES Proceeding.
- (2) Rule 42 - MFC, Rule 42.3.3.1, has been updated to include the CESS charge in the calculation of the Electricity Supply Uncollectible Expense of the MFC on customer's bills.
- (3) Rule 46.3.5, the CESS, and Rule 46.5, the CESD Charge have been added to Rule 46 – Electricity Supply Charge.

The CESD Charge Statement No. 1, included with this filing, sets forth the recovery of costs associated with Tier 2 Maintenance Contracts and Backstop Charges. CESS Charge Statement No. 1, also included with this filing, sets forth the recovery of costs for RECs and ZECs, and ACPs.

Attachment 1, included with this filing, shows where the changes indicated in this filing have occurred in the tariff leaves. Attachment 2 is the derivation of the CESS rate and Attachment 3 shows the CESD rate calculation.

Honorable Kathleen H. Burgess, Secretary  
March 16, 2017

3

Case No. 15-E-0302

If you have any questions concerning this filing, please call Carol Teixeira at (315) 428-6104.

Sincerely,

*/s/ Carol Teixeira*

Carol Teixeira, Manager  
NY Electric Pricing

PJR/CT