

PSC NO: 220 ELECTRICITY
NIAGARA MOHAWK POWER CORPORATION
INITIAL EFFECTIVE DATE: JUNE 1, 2019
STAMPS: Issued in Compliance with Order in Case 18-E-0130 issued December 13, 2018.

LEAF: 263.1
REVISION: 10
SUPERSEDING REVISION: 9

GENERAL INFORMATION

56. ENERGY STORAGE SURCHARGE

56.1 The Energy Storage ("ES") Surcharge collects the costs associated with the Company's procurement of energy storage in accordance with PSC order dated December 13, 2018 in Case 18-E-0130.

56.2 Costs to be recovered by the ES Surcharge include the Company's cost to procure the dispatch rights of energy storage projects for the term of the contract, less any amounts received from NYSERDA.

56.2.1 "ES Costs" include, but are not limited to: capacity contract costs, distribution charging costs, energy charging costs, NYISO participation fees, third-party bid fees, and any incremental costs related to implementing any energy storage procurement contracts.

56.2.2 Annual wholesale market revenues (avoided wholesale electric market costs or direct revenue from the NYISO) ("ES Revenues") from the energy storage asset, that are greater than the ES Costs on an annual basis will be "Annual Net ES Revenues." Seventy (70) percent of the Annual Net ES Revenues will be deferred and returned to customers in the Company's subsequent rate case. The remaining thirty (30) percent of the Annual Net ES Revenues will be retained by the Company as a performance incentive, to the benefit of Company's shareholders.

56.3 The ES Surcharge will recover the ES Costs over the term of the energy storage procurement contract. Annual ES Costs will be recovered in the subsequent annual period, on a two-month lag basis following the annual period when the project costs are incurred by the Company, inclusive of interest at the applicable customer deposit rate. The ES Surcharge will be reconciled for any over/under collections annually, inclusive of interest at the applicable customer deposit rate.

56.4 The ES Costs will be allocated to service classifications based on the Company's single coincident peak transmission demand allocator ("1CP") per Rule 43.6.

56.5 After the ES Costs are allocated in accordance with Rule 56.4 above for each project, the ES Costs will be collectively recovered through the ES Surcharge, which will be provided in a rate statement filed with the PSC on not less than three days' notice before the effective date.

56.6 The ES Surcharge will be applicable to all delivery customers in SC1, SC1C, SC2ND, SC2D, SC3, SC3A, SC4, SC7 and SC12 (in accordance with their individual contracts), all NYPA deliveries (including ReCharge NY Load), and to all service classifications of P.S.C. No. 214 – Electricity.

56.6.1 The ES Surcharge is not applicable to Empire Zone and Excelsior Jobs Program qualifying load.

56.6.2 Once implemented, the ES Surcharge will be included in the delivery line item on customers' bills, either on a per kWh basis for non-demand classes or on a per kW basis for demand classes.

Issued by John Bruckner, President, Syracuse, NY