



Carol Teixeira
Manager, NY Electric Pricing

May 2, 2019

Honorable Kathleen H. Burgess, Secretary
State of New York
Public Service Commission
Office of the Secretary, 19th Floor
Three Empire State Plaza
Albany, New York 12223-1350

RE: Case 18-E-0130 – In the Matter of Energy Storage Deployment Program

Dear Secretary Burgess:

The enclosed tariff amendments, issued by Niagara Mohawk Power Corporation d/b/a National Grid (the “Company”), are being transmitted for filing in compliance with the December 13, 2018 *Order Establishing Energy Storage Goal and Deployment Policy* issued by the New York State Public Service Commission (“Commission”) in the above case number (“Order”).

Identification of Tariff Amendments:

Nineteenth Revised Leaf No. 3
Tenth Revised Leaf No. 263.1
To P.S.C. No. 220 Electricity
Effective: June 1, 2019

Purpose of the Filing:

The Order directed the Company to file tariff amendments to effectuate cost recovery of the contract costs associated with the procurement of at least 10 MW of qualified energy storage systems (the “Energy Storage Surcharge”). In addition to contract costs, the Energy Storage Surcharge will recover incremental costs incurred by the Company to implement the energy storage contracts. These costs shall be recovered from all delivery customers in the same manner that Non-Wires Alternatives (“NWA”) program costs are recovered at each utility.¹

Tariff Comments:

The Company created Rule 56 – Energy Storage Surcharge to describe the new mechanism intended to recover these costs from delivery customers. As detailed in the Company’s Implementation Plan,² this surcharge will recover energy storage costs from all delivery customers by service class based on the Company’s single coincident peak transmission demand allocator specified in Rule 43.6 of P.S.C. No. 220 – Electricity. These 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, and will be reconciled annually. Once implemented, the surcharge will be included in the

¹ Case 18-E-0130, *In the Matter of Energy Storage Deployment Program* (“Energy Storage Proceeding”), Order Establishing Energy Storage Goal and Deployment Policy (issued December 13, 2018), p. 55.

² Energy Storage Proceeding, Implementation Plan of Niagara Mohawk Power Corporation d/b/a National Grid for a Competitive Direct Procurement of Scheduling Rights from Qualified Energy Storage Systems (filed February 11, 2019) (“Implementation Plan”).

delivery line item on customers' bills, on a per kWh basis for non-demand classes and a per kW basis for demand classes.

Furthermore, the Implementation Plan stated the Company would account for actual wholesale revenues earned from the energy storage asset as a benefit for customers in the recovery of contract costs. When these revenues exceed contract costs on an annual basis, profit will be shared with 30 percent to the Company's shareholders and 70 percent to customers, as authorized by the Commission and subject to FERC and NYISO rules. The portion of any profits dedicated to customers will be tracked and the crediting to customers deferred until the Company's subsequent rate case.

Conclusion and Notice:

Ordering Clause No. 3 of the Order directed utilities to file tariff changes on no less than 30 days' notice to become effective on June 1, 2019. As directed in Ordering Clause No. 15 of the Order, the requirements of PSL §66 (12) (b) and 16 NYCRR §720-8.1 concerning newspaper publication of tariff amendments are waived for this filing.

Attachment 1 contains the Company's redlined tariff leaves showing where the changes to the above leaves have occurred. Please advise the undersigned of any action taken regarding this filing.

Respectfully submitted,

/s/ Carol Teixeira

Carol Teixeira
Manager, NY Electric Pricing
(315) 428-6104

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