



Carol Teixeira
Manager, NY Electric Pricing

September 30, 2022

VIA ELECTRONIC MAIL

Honorable Michelle L. Phillips, Secretary
State of New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

**RE: Proposal Tariff Language to Implement Federal Energy Regulatory Commission (FERC)
Order Nos. 2222 and 841**

Dear Secretary Phillips:

Niagara Mohawk Power Corporation d/b/a National Grid (the Company) hereby files with the Public Service Commission (the Commission) the following tariff amendments to its Schedule for Electric Service, P.S.C. No. 220 – Electricity (the Electric Tariff):

Fourth Revised Leaf No. 37.3
Fourteenth Revised Leaf No. 198
Eighth Revised Leaf No. 200
First Revised Leaf No. 219.2
Sixth Revised Leaf No. 220.2
Second Revised Leaf No. 220.2.1
Fourth Revised Leaf No. 220.9
Original Leaf No. 220.12
First Revised Leaf No. 410
Original Leaf No. 419.1

To P.S.C. No. 220 Electricity

Effective: July 1, 2023

Purpose of Filing

On September 17, 2020, FERC issued Order No. 2222 that aimed to remove barriers for distributed energy resources (DER) to participate in wholesale markets regulated by FERC.¹ To address these barriers, Order No. 2222 required each regional transmission organization (RTO) and independent system operator (ISO) under FERC's jurisdiction to revise its tariff to establish DER aggregators as a type of market participant that can register under one or more DER Participation Model programs contained in

¹ *Participation of Distributed Energy Resources Aggregations in Markets Operated by Regional Transmission Organizations & Independent System Operators*, Order No. 2222, 172 FERC ¶ 61,247 (2020), *order on rehearing*, Order No. 2222-A, 174 FERC ¶ 61,197, *order on rehearing*, Order No. 2222-B, 175 FERC ¶ 61,227 (2021). FERC defined DER as "any resource located on the distribution system, any subsystem thereof or behind a customer meter." Order No. 2222 at p. 114.

the RTO/ISO tariff that accommodates the physical and operational characteristics of each DER aggregation.² While Order No. 2222 allows DER to simultaneously participate in RTO/ISO markets and retail programs, it specifically prohibits duplicative compensation of services provide by DER.³

Similarly, FERC Order No. 841 directed RTOs and ISOs to remove barriers to the participation of electric storage resources, including those interconnected to distribution facilities, in wholesale markets.⁴ FERC found that wholesale purchases and sales by electric storage resources (*i.e.*, for charging and discharging) must be at the applicable wholesale rate regardless of which participation model the electric storage resource uses to participate.⁵

The proposed tariff revisions clarify customer eligibility to participate in the Company's DER retail programs when such DER also participate in the New York Independent System Operator (NYISO) wholesale markets, either directly or through an aggregation, preventing duplicative compensation from the Company and NYISO for the same service.

Proposed Tariff Changes

The Company is proposing several changes to its Electric Tariff to allow dual participation and deter duplicative compensation. Specifically, the Company proposes the following amendments:

- Added the definition for Wholesale Distribution Service (WDS). While the Company currently does not have a WDS on file with FERC, the Company anticipates filing such a tariff in 2023 prior to implementation.
- Added clarifying language to Rule Nos. 36, 37, and 40.2 that Grandfathered NEM and Phase 1 NEM customers are ineligible to sell energy or capacity to the NYISO. NEM customer wishing to participate in the wholesale markets, either directly or through an aggregation, must forgo NEM compensation and opt into Wholesale Value Stack (WVS).
- Added Wholesale Value Stack (WVS) under Rule 40.4 proposing a new option for Value Stack customers to receive payment for the energy and capacity from NYISO, either directly or through an aggregation, but continue to be eligible to receive the applicable non-energy and non-capacity compensation from the Company (*i.e.*, Environmental Component, Demand Reduction Value (DRV) Component, Locational System Relief Value (LSRV) Component, Market Transition Credit (MTC) Component, and Community Credit Component). A clause was added in both the Value Stack Energy Component section and the Value Stack Capacity Component section to reinforce that WVS customers will not receive compensation from the Company for energy or capacity when opting into the WVS. In addition, the Company included timing restrictions regarding switching between retail and wholesale service tariffs to accommodate NYISO's capability planning year processes. Clarifying language was also added to explain the rules for customers returning to the Value Stack after having taking service under the WVS including compensation election, eligibility lock-in dates, rates, and

² Order No. 2222 at p. 6.

³ Order No. 2222 at p. 159-164.

⁴ *Electric Storage Participation in Markets Operated by Regional Transmission Organizations & Independent System Operators*, Order No. 841, 162 FERC ¶ 61,127 (2018), *order on rehearing*, Order No. 841-A, 167 FERC ¶ 61,154 (2019), *aff'd sub nom. National Association of Regulatory Utility Commissioners v. FERC*, 964 F.3d 1177 (D.C. Cir. 2020).

⁵ *Id.* at p. 289.

terms. Finally, new WVS customers must meet all the eligibility requirements of Value Stack customers as described in Rule 40.2.1, as well as the metering requirements described in Rule 40.2.2.

- Clarified that compensation to WVS participants will be recovered in the same manner as compensation to Value Stack customers are recovered, as described in Rule 40.3 – Value of Distributed Energy Resources (VDER) Value Stack Cost Recovery.
- Stated Service Classification (SC) No. 6 Buy-back Service customers must forgo the SC 6 Buy-back tariff to take Wholesale Distribution Service. The Company included timing restrictions regarding switching between retail and wholesale service tariffs to accommodate NYISO's capability planning year processes.
- Stated Service Classification (SC) No. 7 Standby Service customers with stand-alone electric energy storage systems charging for wholesale purposes will be billed pursuant to the WDS, at such time that the WDS tariff becomes effective, in accordance with FERC Order No. 841.⁶

Requested Effective Date and Commission Action

NYISO has stated it expects DER aggregator registration to begin the second quarter of 2023 but that aggregators are not expected to transact in the NYISO markets until approximately August 2023. The Company would like to have effective retail and WDS tariffs in place by July 1, 2023. Accordingly, the Company is requesting that the Commission act on the proposed modifications to its Electric Tariff with an order issued by April 1, 2023 for an effective date of July 1, 2023 to ensure that these tariff provisions are in effect prior to the date that customers may commence transacting in the NYISO markets, and to ensure the Company has sufficient time to make the necessary revisions for WDS in the filing with FERC. The Company must submit the WDS filing to FERC by May 1, 2023 as further detailed below.

Because the Company anticipates providing WDS to DER customers who choose to participate in the NYISO markets, the Company will need to file a new WDS tariff with FERC to reflect the expansion of services contemplated by Order No. 2222. The newly created WDS will set forth the rates, terms and conditions of delivery service in providing WDS to customers. The Company anticipates that it will propose reciprocal, clarifying and preclusive language in its WDS to mirror the relevant language in the Electric Tariff proposed in this filing. Similar to this filing, the Company anticipates seeking a July 1, 2023 effective date for the Company's newly created WDS at FERC. To provide Wholesale Distribution Service and appropriately charge customer generators for their delivery service at which time DER commence transacting in the NYISO markets, the necessary establishment of, and revisions to, the WDS must be in place. In accordance with FERC's 60-day prior notice requirement,⁷ the Company must submit this filing to FERC by May 1, 2023, absent having sufficient grounds for waiver.

Consideration of this filing by the Commission in advance of submitting the necessary WDS revisions at FERC will ensure that there is no disconnect between the Company's Electric Tariff provisions and its proposed WDS provisions that will be filed at FERC. For this reason, and to permit sufficient time for the Company to finalize its FERC filing after review of the Commission's order in this proceeding, the Company is respectfully requesting that the Commission issue an order on the merits of this filing no later than April 1, 2023.

⁶ Order No. 841 at p. 289.

⁷ 18 C.F.R. § 35.3(a)(1).

Conclusion and Notice

The Company respectfully request the requirements of Public Service Law Section 66(12) (b) and 16 NYCRR §720.8.1, regarding newspaper publication be waived, and in lieu of newspaper publication, the Company proposes to communicate these changes to customers through program information that will be posted on the Company website. Included is a proposed form of Notice of Proposed Rule Making for publication in the State Register pursuant to the State Administrative Procedures Act. Attachment 1 contains the Company's redlined tariff leaves showing where the changes have occurred. Please advise the undersigned of any action taken regarding this filing.

Respectfully submitted,

/s/ Carol Teixeira

Carol Teixeira
Manager, NY Electric Pricing

Enc.

cc: Warren Myers, DPS Staff, w/enclosure (via e-mail)
MaryAnn Sorrentino, DPS Staff, w/enclosure (via e-mail)
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