

**P.S.C. NO. 3 ELECTRICITY****ORANGE AND ROCKLAND UTILITIES, INC.**

INITIAL EFFECTIVE DATE: May 1, 2022

LEAF: 221.5

REVISION: 1

SUPERSEDING REVISION:

Issued in compliance with Order in Case 21-E-0074 dated 4/14/2022.

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**GENERAL INFORMATION****16. ADDITIONAL DELIVERY CHARGES AND ADJUSTMENTS (Continued)****16.1 ENERGY COST ADJUSTMENT ("ECA") (Continued)****(G) Energy Storage Cost Recovery**

The Energy Storage Cost Recovery component of the ECA shall recover all costs associated with the Competitive Direct Procurement of Scheduling and Dispatch Rights from Qualified Energy Storage Systems as described in the Company's Implementation Plan filed in Case 18-E-0130, including implementation costs, incremental costs and carrying charges associated with the procurement of scheduling and dispatch rights of at least 10 MW from qualified energy storage systems, amortized over the life of the contract with each developer or ten years for costs not associated with a specific developer contract, less any amounts received from NYSERDA. Net Annual Wholesale Market Revenues will be credited to customers. To the extent that Net Annual Wholesale Market Revenues exceed the contract costs on an annual basis, the excess will be split on a 70/30 basis between customers and shareholders, respectively.

Net Annual Wholesale Market Revenues will be the annual wholesale market revenues (avoided wholesale electric market costs or direct revenue from the NYISO) from the energy storage asset, that are greater than the Energy Storage Marketing Participation Costs on an annual basis. Energy Storage Marketing Participation Costs include, but are not limited to, the following costs if paid by the Company: (1) energy charging costs; (2) NYISO participation fees; and (3) any incremental costs related to bidding energy storage resources into the NYISO markets

For the purpose of energy storage cost recovery, the Company will establish the following service classification groups:

- Group 1: SC Nos. 1 and 19
- Group 2: SC No. 2 Secondary Non-Demand Billed
- Group 3: SC Nos. 2 Secondary Demand Billed, and 20
- Group 4: SC Nos. 2 Primary, 3, and 21
- Group 5: SC Nos. 9 and 22
- Group 6: SC Nos. 4, 5, 6, and 16

Energy storage costs will be allocated to service classification groups based on the transmission demand (D01) allocator specific to each service classification group. Amortized costs will be collected on a per kWh basis for non-demand billed service classification groups and on a per kW basis for demand-billed service classification groups. For customers billed under Standby Service Rates, the costs will be collected on a per kW of Contract Demand basis.

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Issued By: Robert Sanchez, President, Pearl River, New York