

PSC NO: 220 ELECTRICITY
 NIAGARA MOHAWK POWER CORPORATION
 INITIAL EFFECTIVE DATE: SEPTEMBER 1, 2020
 STAMPS:

LEAF: 263.1
 REVISION: 13
 SUPERSEDING REVISION: 11

GENERAL INFORMATION

56. ENERGY STORAGE SURCHARGE

56.1 The Energy Storage Surcharge ("ES Surcharge") collects the costs, not otherwise collected in base delivery rates, and the Utility Incentive further defined below, 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 The ES Surcharge will be calculated in accordance with the following:

56.2.1 Energy Storage Costs ("ES Costs") include but are not limited to the following costs if paid by the Company: i) contract costs to procure the dispatch rights of the energy storage project for the term of the contract less any amounts received from NYSERDA for the same energy storage project, ii) distribution charging costs, iii) energy charging costs, iv) NYISO participation fees, v) third-party bid fees, and vi) any incremental costs related to procuring or implementing any energy storage contracts or bidding energy storage resources into the NYISO markets.

56.2.2 Energy Storage Revenue ("ES Revenue") includes but is not limited to the following revenue, if received by the Company, related to the procured energy storage dispatch rights during the term of the contract: annual NYISO wholesale market revenue such as i) energy; ii) installed capacity and ancillary services; iii) and any other revenue-generating activity of the energy storage asset.

56.2.3 Energy Storage Benefits ("ES Benefits") include but are not limited to the following benefits from the procurement of the energy storage dispatch rights during the term of the contract: i) distribution system benefits such as avoided capital costs or improved reliability metrics, ii) avoided energy, avoided capacity, or other avoided market costs, and iii) environmental benefits.

56.2.4 Annually, the ES Benefits will be compared to the ES Costs less the ES Revenue, with the exception that the ES Costs for purposes of the ES Benefits calculation will also include any costs that have been included in base delivery rates ("ES Adjusted Costs"). Any ES Adjusted Costs or ES Benefits that cover more than one year of the contract will be amortized over the term of the contract. If the ES Benefits are greater than the ES Costs less the ES Revenue, thirty percent (30%) of the difference (the "Utility Incentive") will be included in the ES Surcharge for the Company's recovery as an earnings incentive.