



May 2, 2019

Hon. Kathleen H. Burgess, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 18-E-0130 Filing to Effectuate Energy Storage Deployment Cost Recovery

Dear Secretary Burgess:

In compliance with Ordering Clause No. 3 of the Commission's December 13, 2018 Order Establishing Energy Storage Goal and Deployment Policy in Case 18-E-0130 ("Order"), the amended tariff leaf set forth below is filed by Central Hudson Gas & Electric Corporation ("Central Hudson" or "the Company") to become effective June 1, 2019.

P.S.C No. 15 – Electricity

Original Leaf No. 106.1.7

This filing is being made pursuant to the aforementioned Order to effectuate recovery of the costs for the procurement of at least 10 MW of scheduling and dispatch rights from qualified energy storage systems as detailed in the Company's Implementation Plan¹ filed in this proceeding on February 11, 2019. As directed in the Order, these costs are to be recovered in the same manner as Non-Wires Alternative ("NWA") costs are recovered. Currently, costs related to Central Hudson's NWA are recovered through the provisions of the Miscellaneous Charges II Factor of General Information Section 29, with cost recovery for non-demand customers included in the Miscellaneous Charges for billing purposes. The Company proposes to follow the same methodology for storage deployment costs, with the development of individual service class and sub-class recovery factors based on the transmission and distribution demand allocators from the most recent rate year pro forma embedded cost of service study.

The recovery of costs through the Energy Storage Deployment Recovery component also reflects the possibility of realization of wholesale market revenue, which would offset costs. This recovery also reflects the provision that to the extent net annual wholesale market revenues exceed annual costs, the excess will be shared on a 70/30 basis between delivery customers and shareholders, despite uncertainty among the New York State utilities and Department of Public Service Staff as to how such excess will actually be determined. It should be noted that Central Hudson's Implementation Plan anticipated contract execution to occur between March 2020 and September 2020, which would allow considerable time for resolution of the uncertainty surrounding the measurement of annual excess wholesale revenue.

¹ Case 18-E-0130, *In the Matter of Energy Storage Deployment Program*, Central Hudson Gas & Electric Corporation's Implementation Plan of a Competitive Direct Procurement of at Least 10 MW of Qualified Energy Storage Systems (filed February 11, 2019) ("Implementation Plan").

Pursuant to Ordering Clause 15 of the Order, the requirements of §66(12)(b) of the Public Service Law as to newspaper publication have been waived.

Questions related to this filing should be directed to Glynis Bunt (gbunt@cenhud.com or 845-486-5420) or Amy Dittmar (adittmar@cenhud.com or 845-486-5443).

Respectfully,

Anthony S. Campagiorni
Vice President
Regulatory & Governmental Affairs

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