

**VIA ELECTRONIC DELIVERY**

September 27, 2017

Honorable Kathleen H. Burgess  
Secretary  
New York State Public Service Commission  
Three Empire State Plaza, 19<sup>th</sup> Floor  
Albany, New York 12223-1350

**RE: Case 15-E-0751 –In the Matter of the Value of Distributed Energy Resources**

**Case 15-E-0082 –Proceeding on Motion of the Commission as to the Policies, Requirements and Conditions for Implementing a Community Net Metering Program**

**NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID: PETITION FOR APPROVAL TO ALLOW MINOR TRANCHE ADJUSTMENTS**

Dear Secretary Burgess:

Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid”) hereby submits for filing a petition for approval to allow minor tranche adjustments. The requested adjustments would increase Tranche 0/1 upward, while correspondingly adjusting Tranche 2 downward.

Respectfully submitted,

*/s/ Karla M. Corpus*  
Karla M. Corpus  
Senior Counsel

Enc.

cc: Marco Padula, DPS Staff, w/enclosure (via electronic mail)  
Christian Bonvin, DPS Staff, w/enclosure (via electronic mail)  
Denise Gerbsch, DPS Staff, w/enclosure (via electronic mail)  
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Gia Mahmoud, w/enclosure (via electronic mail)  
Michael Pilawa, w/enclosure (via electronic mail)  
Neil LaBrake, w/enclosure (via electronic mail)  
Carol Teixeira, w/enclosure (via electronic mail)

**STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION**

-----X  
In the Matter of the Value of Distributed Energy Resources  
-----X

Case 15-E-0751

-----X  
Proceeding on Motion of the Commission as to the Policies,  
Requirements and Conditions for Implementing a Community  
Net Metering Program  
-----X

Case 15-E-0082

**PETITION OF  
NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID  
FOR APPROVAL TO ALLOW MINOR TRANCHE ADJUSTMENTS**

NIAGARA MOHAWK POWER CORPORATION  
d/b/a NATIONAL GRID

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Dated: September 27, 2017

**STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION**

-----X  
In the Matter of the Value of Distributed Energy Resources Case 15-E-0751  
-----X

-----X  
Proceeding on Motion of the Commission as to the Policies,  
Requirements and Conditions for Implementing a Community Case 15-E-0082  
Net Metering Program  
-----X

**PETITION OF  
NIAGARA MOHAWK POWER CORPORATION d/b/a NATIONAL GRID  
FOR APPROVAL TO ALLOW MINOR TRANCHE ADJUSTMENTS**

On March 9, 2017, the New York Public Service Commission (“Commission”) issued its Order On Net Energy Metering Transition, Phase One of Value of Distributed Energy Resources, and Related Matters in Cases 15-E-0751 and 15-E-0082 (the “VDER Phase One Order”).<sup>1</sup> The VDER Phase One Order set specific megawatt (“MW”) limits per utility for three tranches of Community Distributed Generation (“CDG”) projects. For the reasons set forth below, Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid” or the “Company”) seeks a waiver of the tranche allocations established in the VDER Phase One Order and petitions the Commission for approval of minor adjustments to the Tranche 0/1 and Tranche 2 incremental CDG MW limits such that Tranche 0/1 would be increased to 133.54 MWs and Tranche 2 would be correspondingly decreased to 163.46 MWs.

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<sup>1</sup> Case 15-E-0751 *et al.*, *Value of Distributed Energy Resources et al.*, Order on Net Metering Transition, Phase One Value of Distributed Energy Resources, and Related Matters (issued March 9, 2017)(“VDER Phase One Order”).

## **BACKGROUND AND DISCUSSION**

In the VDER Phase One Order, the Commission determined that MW capacity would be allocated to the following tranches for incremental CDG projects: (1) Tranche 0 (Phase One net energy metering (“NEM”))/Tranche 1 (Value Stack plus Market Transition Credit (“MTC”) equal to 100% Base Retail Rate); (2) Tranche 2 (Value Stack plus MTC equal to 95% Base Retail Rate; and (3) Tranche 3 (Value Stack plus MTC equal to 90% Base Retail Rate).<sup>2</sup> The Commission also determined that the total capacity allocated to CDG projects built during VDER Phase One shall conform to the compensation tranches set out in Table 4 of the VDER Phase One Order as reproduced below.<sup>3</sup>

**Table 4 INCREMENTAL CDG MWs BY TRANCHE**

|                                  | CHGE | O&R | NGRID | NYSEG | ConEd | RG&E |
|----------------------------------|------|-----|-------|-------|-------|------|
| <b>Total Incremental CDG MWs</b> | 77   | 47  | 474   | 223   | 548   | 111  |
| <b>Tranche 0/1</b>               | 39   | 23  | 119   | 56    | 137   | 28   |
| <b>Tranche 2</b>                 | 19   | 12  | 178   | 84    | 206   | 42   |
| <b>Tranche 3</b>                 | 19   | 12  | 177   | 83    | 205   | 41   |

In compliance with the requirements of the VDER Phase One Order, the Company determined the tranche assignment (*i.e.*, whether Tranche 0 or Tranche 1) for the projects in its service territory and subsequently advised developers of their tranche assignments. National Grid now has determined that, during the initial assignment phase, it had inadvertently omitted five (5) CDG projects of Borrego Solar Systems, Inc. totaling 9.4 MWs<sup>4</sup>, two (2) CDG projects and the two (2) farm customer CDG farm waste

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<sup>2</sup> *Id.*, p. 16.

<sup>3</sup> *Id.*, p. 131.

<sup>4</sup> The Borrego Solar Systems, Inc. CDG projects inadvertently omitted from National Grid’s Tranche 0 assignment consist of four (4) projects sized at 2 MWs each and one (1) 1.4 MWs project.

projects,<sup>5</sup> which in aggregate represent an omission of nine (9) projects totaling 14.54 MWs that the Company did not include in its original Tranche 0 assignments.

If National Grid were to simply add these omitted CDG projects back to the allocation calculations, 14.54 MWs associated with other projects would be bumped from Tranche 0 to Tranche 1, thereby reducing the MWs still available in Tranche 1 to 20.03 MWs from the 34.57 MWs reported by the Company as being available as of September 15, 2017 and effectively shifting 14.54 MWs of potential Tranche 1 projects to Tranche 2 where the MTC is 5% less than that available to a Tranche 1 project. In recognition that developers may have made planning decisions based on the tranche information initially reported (*i.e.*, Tranche 0 cut-off) by National Grid and the Company's subsequent reports of remaining MWs available in Tranche 1, there is an inequity for those developers that will be bumped to Tranche 2 as a result of the Company's reporting omission for Tranche 0.

### **RELIEF REQUESTED**

National Grid seeks a solution that would include the additionally-identified 14.54 MWs, as well as the MWs originally assigned to Tranche 0. Consistent with the Commission's finding in its Order Approving Minor Tranche Adjustments issued September 7, 2017,<sup>6</sup> the Company seeks a waiver of the tranche requirements established in the VDER Phase One Order and authorization to adjust Tranche 0 to 78.94 MWs while maintaining Tranche 1 at 54.60 MWs for a combined increase of the Tranche 0/1 limit to

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<sup>5</sup> The North Harbor Dairy farm waste project sized at 580 kW and the Milk Street farm waste project sized at 600 kW were inadvertently omitted from National Grid's Tranche 0 assignment. Together these two (2) farm waste projects total 1.18 MW.

<sup>6</sup> Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources*, Order Approving Minor Tranche Adjustments (issued September 18, 2017).

133.54 MWs and correspondingly adjust Tranche 2 downward to 163.46 MWs. Under this approach, the total incremental CDG MWs available through the tranches is unchanged, and an equitable outcome for CDG developers as well as non-participating customers is achieved. Table 5 of the VDER Phase One Order calculates the combined incremental net annual impact of the tranche assignment to National Grid as authorized in that order and the mass market on-site project capacity allocation, if fully subscribed, to be 1.20 percent.<sup>7</sup> As such, moving 14.54 MWs from Tranche 2 to Tranche 0/1 would increase that impact to 1.23 percent, if fully subscribed, while maintaining an incremental net annual revenue impact well below the targeted maximum of 2 percent.

### **CONCLUSION**

For the reasons set forth above, National Grid respectfully requests approval from the Commission for the waiver and minor tranche adjustments described herein as expeditiously as possible.

Dated September 27, 2017

Respectfully submitted,

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<sup>7</sup> See VDER Phase One Order, p. 132.