



Carol Teixeira
Manager, NY Electric Pricing

May 15, 2024

VIA ELECTRONIC DELIVERY

Honorable Michelle L. Phillips, Secretary
New York State Public Service Commission
Three Empire State Plaza, 19th Floor
Albany, New York 12223-1350

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

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

VDER VALUE STACK CAPACITY ALTERNATIVE 2 VALUE

Dear Secretary Phillips:

Niagara Mohawk Power Corporation d/b/a National Grid (the Company) hereby submits for filing its capacity value under Alternative 2 of the VDER Value Stack tariff in accordance with the Commission's March 9, 2017 *Order on Net Energy Metering Transition, Phase One Value of Distributed Energy Resources, and Related Matters*¹ and the Commission's April 18, 2019 *Order Regarding Value Stack Compensation*² in Cases 15-E-0751 and 15-E-0082. The later Order adopted new calculations for VDER Value Stack Capacity Alternatives 1 and 2 for projects that qualified³ after July 26, 2018.

In accordance with the Commission's September 14, 2017 *Order on Phase One Value of Distributed Energy Resources Implementation Proposals, Cost Mitigation Issues, and Related Matters* in Cases 15-E-0751 and 15-E-0082,⁴ and per PSC No. 220 Rule 40.2.3, the Company used the Service Classification No. 2 (SC-2) non-demand load profile and capacity costs in the calculation of the Alternative 2 capacity value and will continue to use this service class's load profile capacity costs to calculate the Alternative 1 capacity value.

The Alternative 2 capacity rate for projects that qualified for VDER Value Stack on or before July 26, 2018 was calculated by dividing the SC-2 non-demand capacity costs for the class in the twelve-month period ending May 2024 by the total SC-2 non-demand kWh usage for the 460 on-peak hours of the summer months of June 2023 through August 2023, where the on-peak hours are defined as 2:00 pm to 7:00 pm daily. The resulting Alternative 2 capacity rate for these projects is \$0.20462/kWh.

¹ Case 15-E-0751, *In the Matter of the Value of Distributed Energy Resources* ("VDER Proceeding"), Order on Net Energy Metering Transition, Phase One Value of Distributed Energy Resources, and Related Matters (issued March 9, 2017) ("Order"), p. 103.

² VDER Proceeding, *Order Regarding Value Stack Compensation* (issued April 18, 2019), p. 33.

³ "Qualified" means a project that has made a payment for 25 percent of its interconnection costs or has executed the Standard Interconnection Contract if no such payment is required.

⁴ VDER Proceeding, *Order on Phase One Value of Distributed Energy Resources Implementation Proposals, Cost Mitigation Issues, and Related Matters* (issued September 14, 2017), p. 18.

The Alternative 2 capacity rate for projects that qualified for VDER Value Stack after July 26, 2018 was calculated by dividing the sum of the New York Independent System Operator (NYISO) \$/kW-month installed capacity auction prices from June 2023 to May 2024, inclusive of applicable capacity price gross-up factors, by the total number of available on-peak hours, where on-peak hours are defined as 2:00 pm to 7:00 pm each non-holiday weekday from June 24 through August 31. The resulting Alternative 2 capacity rate for projects that qualified for VDER Value Stack after July 26, 2018 is \$0.24257/kWh.

Both rates are effective June 1, 2024 for the summer capacity period and are applied to projects' injections as described in PSC No. 220 Rule 40.2.3. Attachment 1 provides the calculation of the rate for projects that qualified for VDER Value Stack on or before July 26, 2018 and Attachment 2 provides the calculation of the rate for projects that qualified for VDER Value Stack after July 26, 2018.

Alternative 1 and Alternative 3 capacity rates will continue to be calculated on a monthly basis and provided on the Company's VDER Credit statements each month.

Any questions regarding this filing may be directed to the undersigned.

Respectfully submitted,

/s/ Carol Teixeira

Carol Teixeira
Manager, NY Electric Pricing

Enc.

cc: Sandra Sweet, DPS Staff, w/enclosures
Jason Eno, w/enclosures
Janet Audunson, w/enclosures
Michael Duschen, w/enclosures
Matthew Husted, w/enclosures
Deana Brush, w/enclosures

Value of Distributed Energy Resources (VDER) Value Stack 2024 Capacity Alternative 2 Calculation

For projects that qualified for VDER Value Stack on or before July 26, 2018.

Revenue Month	Revenue Year	SC2ND kWh Quantity*	SC2ND Capacity Portion of Supply Charge \$/kWh	Proxy Avoided Capacity Cost per Month
6	2023	50,730,068	\$ 0.01816	\$ 921,258
7	2023	58,067,489	\$ 0.02011	\$ 1,167,737
8	2023	61,580,523	\$ 0.01927	\$ 1,186,657
9	2023	56,743,742	\$ 0.01948	\$ 1,105,368
10	2023	51,873,035	\$ 0.01778	\$ 922,303
11	2023	53,239,517	\$ 0.01150	\$ 612,254
12	2023	62,290,226	\$ 0.00564	\$ 351,317
1	2024	65,073,744	\$ 0.01199	\$ 780,234
2	2024	65,531,939	\$ 0.01412	\$ 925,311
3	2024	62,288,715	\$ 0.00680	\$ 423,563
4	2024	60,746,745	\$ 0.00243	\$ 147,615
5	2024	52,130,582	\$ 0.01544	\$ 804,896
Annual Total:		700,296,325		\$ 9,348,513

*May 2024 kWh extrapolated from April 2024 using percent differential from April 2023 to May 2023.

Annual Capacity Cost of SC2ND (a): \$9,348,513
Total 12-Month SC2ND kWh Quantity (b): 700,296,325
Unitized kWh load in 460 peak hours (c): 0.065240122
kWh load in 460 peak hours (d) = (b)x(c): 45,687,417

2024 Alternative 2 Capacity Value (e) = (a)/(d): \$0.20462

Service class with load profile most similar to solar generation profile: SC2ND
Summer Period Start: 6/1/2024
Summer Period End: 8/31/2024
Days in Summer Period: 92
Peak Period Start (hour ending): 15
Peak Period End (hour ending): 19
Capacity Value Hours: 460
Historical Capacity Charge Start: Jun-2023
Historical Capacity Charge End: May-2024

**Value of Distributed Energy Resources (VDER) Value Stack
2024 Capacity Alternative 2 Calculation**

For projects that qualified for VDER Value Stack after July 26, 2018.

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D = ((1+B)*A)*(1+C)</i>	
Capacity Zone	Effective Date	Monthly Auction Price ¹	UCAP Effective Percentage ²	Demand Curve Adder % ³	Capacity Alt 1 Per kW Rate
ROS	June-23	\$ 5.634	7.83%	3.96%	\$ 6.32
ROS	July-23	\$ 6.34	7.83%	2.94%	\$ 7.04
ROS	August-23	\$ 6.25	7.83%	3.07%	\$ 6.95
ROS	September-23	\$ 6.08	7.83%	3.32%	\$ 6.77
ROS	October-23	\$ 5.85	7.83%	4.52%	\$ 6.59
ROS	November-23	\$ 3.66	7.53%	7.33%	\$ 4.22
ROS	December-23	\$ 1.85	7.53%	9.64%	\$ 2.18
ROS	January-24	\$ 4.10	7.53%	6.77%	\$ 4.71
ROS	February-24	\$ 4.60	7.53%	6.13%	\$ 5.25
ROS	March-24	\$ 2.25	7.53%	9.13%	\$ 2.64
ROS	April-24	\$ 0.75	7.53%	11.04%	\$ 0.90
ROS	May-24	\$ 5.34	5.88%	3.72%	\$ 5.86
Total: \$ 59.43					

<i>E (from above)</i>	<i>F (see chart below)</i>	<i>G = E/F</i>
Sum of Alt 1 Per kW Capacity in previous year	# of Peak Hours in 2024 from June 24-Aug. 31	2024 Alternative 2 Rate (\$/kwh)
\$59.43	245	\$0.24257

Year	Start Date	End Date	Ind. Day	# days	Total Hours
2024	6/24/2024	8/31/2024	7/4/2024	49	245
2025	6/24/2025	8/31/2025	7/4/2025	48	240
2026	6/24/2026	8/31/2026	7/4/2026	49	245
2027	6/24/2027	8/31/2027	7/4/2027	49	245
2028	6/24/2028	8/31/2028	7/4/2028	48	240
2029	6/24/2029	8/31/2029	7/4/2029	49	245

Notes:

- 1 NYISO Installed Capacity Monthly Auction Rest of State (ROS) Awarded Price:
http://icap.nyiso.com/ucap/public/auc_view_monthly_detail.do
- 2 NYISO Installed Capacity UCAP Effective Percentage (NYCA):
http://icap.nyiso.com/ucap/public/ldf_view_icap_calc_selection.do
- 3 Demand Curve Adder % as calculated by Company using Monthly Auction Price to estimate excess UCAP requirement prior to auction close: http://icap.nyiso.com/ucap/public/auc_view_spot_detail.do