



December 28, 2010

VIA ELECTRONIC FILING

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**RE: Niagara Mohawk Power Corporation
Docket No. ER06-694-_____ and ER11-_____**

**Amended and Restated Interconnection Agreement between Niagara
Mohawk Power Corporation and Niagara Wind Power, LLC and Erie
Wind, LLC, First Revised Service Agreement No. 914**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”)¹ and Part 35 of the Commission’s regulations,² Niagara Mohawk Power Corporation *d/b/a* National Grid USA (hereafter “Niagara Mohawk”), submits for filing First Revised Service Agreement No. 914 between Niagara Mohawk and Niagara Wind Power, LLC and Erie Wind, LLC (“Amended Steel Winds I IA”). Pursuant to the Commission’s Order No. 714, the Amended Steel Winds I IA has been designated by the New York Independent System Operator, Inc. (“NYISO”) as First Revised Service Agreement No. 914 under NYISO’s Open Access Transmission Tariff (“OATT”). With the exceptions noted in Section II of this letter, the Interconnection Agreement conforms to the NYISO’s *pro forma* Small Generator Interconnection Agreement (“SGIA”) that is contained in Attachment Z of the NYISO OATT.

The Amended Steel Winds I IA supersedes the Original Service Agreement No. 914 (“Original Steel Winds I IA”) between Niagara Mohawk and Steel Winds LLC (Niagara Wind Power LLC is Steel Winds LLC’s successor).³

In addition, for the reasons discussed below, this Interconnection Agreement is being filed contemporaneously with the joint filing by the NYISO and Niagara Mohawk of Service Agreement No. 1676, an executed SGIA by and among the NYISO, Niagara Mohawk, Erie Wind, LLC and Niagara Wind Power, LLC (“Steel Winds II IA”).

¹ 16 U.S.C. § 824d.

² 18 C.F.R. Part 35.

³ On March 2, 2006, Niagara Mohawk submitted for filing the Original Steel Winds I IA in Docket No. ER06-694-000. By letter order dated March 31, 2006, the Commission accepted the agreement for filing.

I. BACKGROUND AND OVERVIEW OF FILING

Niagara Wind Power, LLC (“Niagara Wind Power”) is the current owner of the existing 20 MW Steel Winds I wind generation plant and is currently interconnected to Niagara Mohawk’s transmission system through facilities located at an existing collection station. Erie Wind, LLC, a Niagara Wind Power affiliate, will own and construct a 15 MW wind generation plant (“Steel Winds II”). As described in the Steel Winds I IA, the interconnection of the Steel Winds II plant will utilize and require modifications to the existing facilities located at the existing collection station currently used for the interconnection of the Steel Winds I plant. As a result, Niagara Wind and Erie Wind have agreed to an undivided joint ownership interest in certain interconnection facilities that are required to be utilized by both the Steel Winds I and Steel Winds II plants. These jointly-owned interconnection facilities are described in Attachment 2 to the Amended Steel Winds I IA.

Due to the jointly-owned interconnection facilities required to interconnect Erie Wind’s Steel Wind II plant, the NYISO, Niagara Mohawk, Erie Wind, and Niagara Wind Power have executed a four (4) party small generator interconnection agreement – the Steel Winds II IA – to effectuate the interconnection of the 15 MW Steel Winds II plant. Erie Wind, the Interconnection Customer under the Steel Winds II IA, will also have a sole ownership interest in certain additional Interconnection Facilities described in Attachment 2 to this Interconnection Agreement that are required to be constructed and installed to enable the interconnection of the Steel Winds II plant to Niagara Mohawk’s transmission system. The Original Steel Winds I IA is being revised to reflect this undivided ownership interest in the Jointly Owned Interconnection Facilities and to add Erie Wind, LLC as a party to the Amended Steel Winds I IA. In recognition of these joint ownership interests, the parties have agreed to minor variations from the *pro forma* NYISO SGIA.⁴

In addition, in order to accommodate Erie Wind’s development schedule and allow the Steel Winds II plant to begin commercial operation prior to completion of required System Upgrade Facilities that are described in Attachment 6 of the Interconnection Agreement, the parties have agreed that an Interim Constrained Operation Period will begin upon the Initial Synchronization Date of the Steel Winds II plant and will be terminated upon the earlier of (a) December 31, 2011 or (b) ten business days after the System Upgrade Facilities and Interconnection Facilities are In Service. During the Interim Constrained Operation Period, both Niagara Wind and Erie Wind shall ensure that the delivered output of the combined Steel Winds I and Steel Winds II Small Generating Facilities does not exceed 10 MW on each of the Lines 149 and 150.

⁴ A number of modifications to the *pro forma* SGIA were necessary in order to resolve operational and administrative concerns that result from the joint ownership of interconnection facilities. For example, Niagara Wind and Erie Wind have agreed that Niagara Wind will be the operational and billing contact among the parties for the Steel Winds I and Steel Winds II facilities.

II. PRO FORMA VARIATIONS

As noted herein, the Steel Winds I IA is based on the NYISO's *pro forma* SGIA; however the parties have agreed that a number of modifications to the *pro forma* SGIA were necessary primarily as a result of (a) the Jointly Owned Interconnection Facilities and (b) the Interim Constrained Operating Period. All of the parties to the Steel Winds I IA agree that these changes are necessary. The Parties, however, are aware that the Commission disfavors significant variations from the approved *pro forma* interconnection agreements, and have accordingly made every effort to limit the number of changes.

The Commission has accepted changes to the terms of the *pro forma* interconnection agreements where, as here, there are unique circumstances associated with the interconnections, including "reliability concerns, novel legal issues or other unique factors."⁵ The Parties have included as Attachment B to this filing a blackline of the Steel Winds I IA against the NYISO's *pro forma* SGIA to highlight the extent of changes to the *pro forma* and where these changes occur in the document. The Parties respectfully request that the Commission accept these modifications in light of the unique factors and circumstances explained herein.

A. Revisions to reflect the Jointly-Owned Interconnection Facilities

The Steel Winds I IA contains several changes that address the joint ownership of certain Interconnection Facilities. For example, the Steel Winds I IA contains several recitals that introduce and describe the existing collection station and the joint ownership of interconnection facilities therein that are currently being utilized by the existing Steel Winds I plant that will also be utilized, as modified, for the interconnection of the Steel Winds II plant. In addition, the Interconnection Agreement contains several modifications and additions to the *pro forma* SGIA that address operational and administrative issues associated with the joint ownership of Interconnection Facilities.

There are a number of areas where coordination between Niagara Wind Power and Erie Wind is of particular concern. Section 1.5.7 was added to the document to reflect that Niagara Wind Power will act as the Operational Contact for Erie Wind on issues related to the Steel Winds II plant and the existing collection station, which contains both the sole use Interconnection Facilities and the Jointly Owned Interconnection Facilities required for both the Steel Winds I and Steel Winds II plants. Section 2.3 provides that both Niagara Wind Power and Erie Wind are obligated to provide access to the NYISO and/or Niagara Mohawk to inspect these facilities prior to energization of these facilities. The amended language in section 4.1 provides that Erie Wind and Niagara Wind Power are jointly and severally liable for the cost of

⁵ See *PJM Interconnection, LLC*, 111 FERC ¶ 61,163 at PP-10-11, *reh'g denied* 112 FERC ¶ 61,282 (2005).

modifications to the Jointly Owned Interconnection Facilities, while changes in Article 6 indicate that all bills for work conducted by Niagara Mohawk on behalf of Erie Wind pursuant to the terms of the Agreement shall be provided to Niagara Wind Power as the designated operational contact. Section 7.7 was added to the Interconnection Agreement to specifically recognize that Niagara Wind and Erie Wind are jointly and severally liable for all obligations and responsibilities related to the Jointly Owned Interconnection Facilities.

In addition changes were made to the Glossary of Terms found in Attachment 1 of the Steel Winds I IA. These changes provide new defined terms where necessary, such as “Existing Collection Station,” “Jointly Owned Interconnection Facilities” and “Operational Contact” as well as modify existing defined terms in the *pro forma* SGIA. These changes were required to accurately describe the unique circumstance created by the joint ownership of interconnection facilities within the existing collection station.

B. Revisions related to the Interim Constrained Operating Period

The Interconnection Agreement has also been modified from the *pro forma* SGIA to reflect the agreement of the Parties to provide for a limited period where the 20 MW Steel Winds I plant and the 15 MW Steel Winds II plant are subject to a combined output limit of 20 MW total with no more than a 10 MW maximum output on each of Niagara Mohawk’s lines 149 and 150. This Interim Constrained Operation Period will allow Erie Wind to bring its Steel Wind II plant into service prior to the final construction and installation of the required System Upgrade Facilities. This limited interim operation period has been evaluated and reviewed by the Parties.

The Steel Winds I IA contains additional language that provides the terms and duration of the Interim Constrained Operation Period. The additional language reflects that the Parties have agreed that the delivered output of the combined Steel Winds I and the Steel Winds II plants will be limited during this period. Section 1.9 was added to the Steel Winds I IA along with additional defined terms required to describe this unique circumstance, including “Interim Constrained Operation,” “Interim Constrained Operation Period” and “Final Interconnection.”

III. EFFECTIVE DATE

Niagara Mohawk respectfully requests that the Commission accept the Amended Steel Winds I IA with an effective date of December 20, 2010, the date the Parties executed the Agreement. The Commission has allowed interconnection agreements to become effective on the date of execution, even when that date precedes the date that an interconnection agreement is filed.

IV. COMMUNICATIONS

Communications regarding this filing should be addressed to the following individuals, whose names should be entered on the official service list maintained by the Secretary with respect to this docket:⁶

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V. ATTACHMENTS

Attachment A Small Generator Interconnection Agreement with Niagara Wind Power, LLC and Erie Wind, LLC, First Revised Service Agreement No. 914

Attachment B Small Generator Interconnection Agreement with Niagara Wind Power, LLC and Erie Wind, LLC redlined against the NYISO *pro forma* SGIA

⁶ Niagara Mohawk respectfully requests waiver of 18 C.F.R. § 385.203(b)(3) to allow four persons to be added to the service list in this proceeding.

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Copies of this filing have been served upon Niagara Wind, Erie Wind, the New York Public Service Commission and the NYISO.

Sincerely,

/s/ Daniel Galaburda

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