

**Niagara Mohawk Power
Corporation Docket No.
ER25-312-001**

**Filing of Large Generator Interconnection Agreement with Sterling Power Partners, L.P.
Fourth Revised Service Agreement No. 1144**

Explanatory Statement in Support of Settlement Agreement and Offer of Settlement

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Niagara Mohawk Power Corporation

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Docket No. ER25-312-001

**EXPLANATORY STATEMENT IN SUPPORT OF
SETTLEMENT AGREEMENT
AND
OFFER OF SETTLEMENT**

This Explanatory Statement is submitted pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.602, in support of the Settlement Agreement (“Settlement”) entered into as of June 12, 2026 by and between Niagara Mohawk Power Corporation (“Niagara Mohawk”) and Sterling Power Partners L.P. (“Sterling”) (collectively, the “Settling Parties”). If the Commission accepts the Settlement without condition or modification unacceptable to the Settling Parties, the Settlement will fully address all issues in Docket Nos. ER25-312-000 and ER25-312-001.¹

The controversy centered on the cost responsibility for the redesign of facilities used to interconnect Sterling’s generating facility to Niagara Mohawk’s transmission system, including a dedicated 2.5-mile radial 115-kV generation tie line and associated interconnection equipment located at or associated with the Oneida Substation. Niagara Mohawk determined that the Oneida Substation, an aging facility containing components dating back several decades, required significant upgrades because of asset-condition concerns. In connection with that broader replacement project, Niagara Mohawk concluded that facilities associated with Sterling’s interconnection also required replacement and modernization. The parties disagreed regarding

¹ Settlement Agreement and Offer of Settlement, Docket No. ER25-312-001 (entered into as of June 12, 2026) (“Settlement”), § 2.7. Capitalized terms used but not otherwise defined in this Explanatory Statement have the meanings assigned to them in the Settlement.

both the scope of work and the allocation of cost responsibility for that work under the LGIA,² as Sterling disputed whether costs for replacement and modernization of the facilities are required modifications or elected at Niagara Mohawk's discretion.

Niagara Mohawk maintained that the replacement facilities would continue to function as facilities dedicated to Sterling's interconnection and that Sterling therefore remained responsible for applicable costs under the LGIA. Sterling disputed Niagara Mohawk's proposed allocation of costs and challenged several related revisions proposed through the amended interconnection arrangements. The parties also disagreed regarding operation and maintenance obligations and responsibility for certain facilities associated with the replacement project.³

Following the filing of protests, responsive pleadings, a deficiency process, and Commission-ordered hearing and settlement judge procedures, the parties engaged in discovery and settlement negotiations that culminated in the Settlement. The Settlement resolves the parties' disputes regarding responsibility for costs associated with the replacement of facilities serving Sterling's interconnection, implements agreed revisions to the LGIA and its appendices, preserves the Settling Parties' respective rights under the Federal Power Act, and fully resolves all issues in these proceedings.

The Settlement is consistent with the Commission's longstanding policy favoring the consensual resolution of disputes. By resolving the specific issues arising from Niagara Mohawk's proposed LGIA revisions while preserving the Settling Parties' ability to pursue future changes

² Niagara Mohawk Power Corp., et al., Filing of Large Generator Interconnection Agreement with Sterling Power Partners, L.P. (Alliance Energy), Fourth Revised Service Agreement No. 1144, Docket No. ER25-312-000 (filed Oct. 31, 2024) ("Amended LGIA Filing"); Answer and Motion to Supplement and Supplement of Niagara Mohawk Power Corporation, Docket No. ER25-312-000 (filed Dec. 6, 2024) ("Niagara Mohawk Answer"); Niagara Mohawk Power Corporation's Response to Deficiency Letter, Docket No. ER25-312-000 (filed Jan. 29, 2025) ("Deficiency Response"); *see also* Protest of Sterling Power Partners, L.P., Docket No. ER25-312-000 (filed Nov. 21, 2024) ("Sterling Protest").

³ Sterling Protest; Niagara Mohawk Answer.

pursuant to Sections 205 and 206 of the Federal Power Act, the Settlement achieves a balanced result that serves the interests of the Settling Parties and the public. Accordingly, the Commission should approve the Settlement without condition or modification.

I. PROCEDURAL BACKGROUND

A. Niagara Mohawk's Filing

On October 31, 2024, Niagara Mohawk, through the New York Independent System Operator, Inc., submitted for filing an unexecuted amended and restated Large Generator Interconnection Agreement (“Amended LGIA”) governing Sterling’s interconnection to Niagara Mohawk’s transmission system in Docket No. ER25-312-000.⁴ Niagara Mohawk asserted that facilities associated with Sterling’s interconnection had reached the end of their useful life and required replacement, but would remain sole-use Attachment Facilities for which Sterling remained cost responsible under the LGIA. When Sterling declined to execute the proposed revisions, Niagara Mohawk relied on Article 29.13 of the existing LGIA, which permits unilateral filings, and submitted the Amended LGIA as an unexecuted filing. The filing proposed revisions concerning facility replacement, cost recovery, security requirements, and Appendix A, and requested an effective date of November 1, 2024.

B. Protest and Responsive Pleadings

Sterling filed a motion to intervene in the proceeding on November 20, 2024 and, the following day, filed a protest challenging the Amended LGIA.⁵ Sterling contended that Niagara Mohawk was improperly attempting to shift to Sterling costs associated with Niagara Mohawk’s decision to redesign Sterling’s interconnection from the Oneida Substation’s existing single-

⁴ Amended LGIA Filing.

⁵ Motion to Intervene of Sterling Power Partners, L.P., Docket No. ER25-312-000 (filed Nov. 20, 2024); Sterling Protest.

breaker configuration to a breaker-and-a-half configuration. Sterling argued that the redesign would primarily benefit Niagara Mohawk's transmission system and other customers rather than Sterling's generating facility and therefore could not justify assigning the associated costs to Sterling.⁶ Sterling argued that replacement of Niagara Mohawk's transformers would not require a modification to Sterling's System Protection Facilities but rather Niagara Mohawk's inclusion of such modification was at Niagara Mohawk's discretion.⁷

In response to Sterling's protest, Niagara Mohawk filed an answer and motion to supplement the record on December 6, 2024. Niagara Mohawk supplemented the record with additional engineering information regarding the Oneida Substation rebuild, including testimony from Michael Falls, Niagara Mohawk's Director of Transmission Planning and Asset Management, supporting Niagara Mohawk's position that the facilities would remain sole-use Attachment Facilities dedicated to Sterling's interconnection notwithstanding their redesign. Sterling subsequently filed a response on December 19, 2024 maintaining its objections to the Amended LGIA.⁸

C. Deficiency Process

Following the parties' initial pleadings, the Commission's Office of Energy Market Regulation issued a deficiency letter on December 30, 2024 requesting additional information concerning the Amended LGIA.⁹ Niagara Mohawk responded on January 29, 2025, supplementing the record with additional information regarding the Oneida Substation replacement project, the

⁶ Sterling Protest.

⁷ *Id.* at 7.

⁸ Niagara Mohawk Answer; Sterling Power Partners L.P.'s Answer to Niagara Mohawk Power Corporation's Motion to Supplement, Docket No. ER25-312-000 (filed Dec. 19, 2024) ("Sterling Answer").

⁹ Letter from Kurt M. Long, Director, Division of Electric Power Regulation—East to Niagara Mohawk Power Corporation, Docket No. ER25-312-000 (filed Dec. 30, 2024) ("Deficiency Letter").

proposed breaker-and-a-half configuration, and the basis for Niagara Mohawk’s proposed revisions to the Amended LGIA.¹⁰ Sterling subsequently submitted comments responding to Niagara Mohawk’s deficiency response.¹¹

D. Hearing and Settlement Procedures

On March 27, 2025, the Commission issued an order accepting the Amended LGIA for filing, suspending it effective November 1, 2024, subject to refund, and establishing hearing and settlement judge procedures.¹² The Commission concluded that Niagara Mohawk had not demonstrated that the Amended LGIA was just and reasonable and that the proceeding presented disputed issues of material fact that could not be resolved on the existing record. Accordingly, the Commission held the hearing in abeyance and directed the appointment of a settlement judge to facilitate settlement discussions.

E. Settlement Proceedings

Pursuant to the Commission’s order, Settlement Judge Cheryl Feik Ryan was appointed on April 2, 2025 to oversee settlement proceedings.¹³ Thereafter, the parties engaged in discovery and settlement negotiations concerning the issues raised by the Amended LGIA. In connection with those proceedings, Commission Trial Staff and Sterling served discovery requests on Niagara Mohawk, and Niagara Mohawk produced documents and responses concerning the work associated with interconnecting Sterling to the rebuilt Oneida Substation, including modifications

¹⁰ Deficiency Response.

¹¹ Sterling Power Partners L.P.’s Reply Comments to Niagara Mohawk Corporation’s Response to Deficiency Letter, Docket No. ER25-312-000 (filed Feb. 2, 2025) (“Reply Comments”).

¹² Niagara Mohawk Power Corp., et al., 190 FERC ¶ 61,190 (2025) (“March 27 Hearing Order”).

¹³ Order of Chief Judge Designating Settlement Judge, Docket No. ER25-312-001 (Apr. 2, 2025) (“Settlement Judge Order”).

to Sterling Line No. 4 and remote-end upgrades within Sterling's Attachment Facilities.¹⁴ Following discovery and settlement negotiations, Niagara Mohawk and Sterling reached agreement on settlement terms and entered into the Settlement as of June 12, 2026. The Settlement is now submitted to the Commission for approval.

II. SUMMARY OF SETTLEMENT AGREEMENT

A. Overview

The Settlement represents a fair, reasonable, and comprehensive resolution of disputed factual, technical, and legal issues concerning facilities associated with Sterling's interconnection, including replacement-cost responsibility, operation and maintenance obligations, and the Settling Parties' respective rights and responsibilities under the LGIA. It implements agreed revisions to the LGIA and its appendices, preserves the Settling Parties' respective rights under the Federal Power Act, and fully resolves all issues in these proceedings.

First, the Settling Parties agree to implement revised interconnection arrangements necessary to support the Oneida Substation replacement project and Sterling's continued interconnection to Niagara Mohawk's transmission system. To that end, the Settling Parties agree to execute the Amended LGIA, which will be designated as Fourth Revised Service Agreement No. 1144 and supersede the Settling Parties' existing agreement. The Settlement also incorporates revisions to Appendix A, including updated descriptions of facilities associated with Sterling's interconnection, revisions to the applicable one-line diagram, and provisions governing operation and maintenance expense treatment. In addition, the Amended LGIA incorporates provisions governing security for future capital projects associated with Sterling's interconnection, thereby aligning the Settling Parties' future interconnection arrangements with the framework reflected in

¹⁴ Settlement § 1.6.

the Amended LGIA. The Amended LGIA and implementing revisions will become effective as of November 1, 2024, the effective date originally requested in Niagara Mohawk’s filing, thereby allowing the Settling Parties to proceed under a single executed interconnection agreement reflecting the facilities and arrangements associated with the Oneida Substation replacement project.¹⁵

Second, the Settlement resolves the Settling Parties’ dispute concerning cost responsibility associated with upgrades to Attachment Facilities necessary for Sterling’s interconnection. Rather than continue litigating disputed capital-cost responsibility associated with these Attachment Facilities, the Settling Parties agreed to resolve all issues presented in the proceeding through a negotiated settlement payment of \$964,169.00.¹⁶ At the same time, the Settlement preserves Niagara Mohawk’s ability to recover ongoing operation and maintenance expenses associated with facilities serving Sterling’s interconnection.¹⁷ To provide additional transparency regarding those obligations, Niagara Mohawk prepared and provided Sterling with a three-year forecast of anticipated operation and maintenance expenses, although the operation and maintenance expense formula remains governed by the amended interconnection arrangements.¹⁸

Third, the Settlement preserves the Settling Parties’ rights under the Federal Power Act while providing finality with respect to the matters at issue in these proceedings.¹⁹ The Settling Parties are foreclosed from filing or supporting a challenge to the terms and condition of the

¹⁵ Settlement §§ 2.1, 2.2, 2.6.

¹⁶ *Id.* § 2.5 (describing the lump sum as being “for all costs necessary to resolve this proceeding”); *see also* Settlement § 2.7 (“The Settling Parties agree the Commission’s approval of this Settlement shall fully and finally resolve all issues raised in Docket Nos. ER25-312-000 and ER25-312-001.”).

¹⁷ *Id.* at § 2.2.

¹⁸ *Id.* at §§ 2.3-2.4.

¹⁹ *Id.* at § 2.7.

Settlement before the Commission.²⁰ The Settlement does not disturb the Settling Parties rights to participate in any Commission proceedings under Sections 205 or 206 of the Federal Power Act.²¹ Under the Settlement, Niagara Mohawk reserves the right to later file with the Commission an amendment to the terms and conditions of the Amended LGIA or its appendices, and Sterling reserves the right to contest any future unexecuted amendment proposed to the Amended LGIA.²² Accordingly, the Settlement does not impose a moratorium on future filings concerning the Amended LGIA or its appendices. Equally important, the Settlement makes clear that future changes to the Amended LGIA and its appendices generally will not constitute modifications to the Settlement itself. Rather, a future amendment to the interconnection arrangements may be pursued through the ordinary processes available under the Federal Power Act without requiring amendment of the Settlement, except to the extent that a proposal seeks to modify the Settlement Amount established under the Settlement. In this manner, the Settlement preserves the Settling Parties' future statutory rights while providing finality as to the disputes resolved here.²³

Taken together, the Settlement reflects a balanced compromise reached after extensive discovery and negotiations. The Settlement enables implementation of upgraded interconnection arrangements, resolves disputed cost responsibility through a negotiated payment reflected in the Settlement Amount, preserves Niagara Mohawk's right to recover future operation and maintenance expenses, and retains the Settling Parties' rights under Sections 205 and 206 of the Federal Power Act. At the same time, the Settlement fully resolves all disputed issues in Docket

²⁰ *Id.*

²¹ *Id.*

²² *Id.* at § 4.2.

²³ *Id.* at §§ 2.2, 4.1.

Nos. ER25-312-000 and ER25-312-001 and avoids the expense and uncertainty of further litigation.²⁴

B. Principal Settlement Provisions

1. Execution of the Amended LGIA

Article 2.1 provides that the Settling Parties will accept and implement the revisions to the Amended LGIA, as further modified by the Settlement. Niagara Mohawk and Sterling agree to execute the Amended LGIA upon execution of the Settlement. As modified to implement the Settlement, the Amended LGIA will be designated as Fourth Revised Service Agreement No. 1144 and will supersede the Third Revised Service Agreement No. 1144 previously accepted by the Commission. The Amended LGIA implements the Settling Parties' agreement to move forward under a single executed interconnection agreement reflecting the updated terms.

2. Revisions to Appendix A

Article 2.2 provides that Niagara Mohawk and Sterling agree to be bound by the revisions to Appendix A to the Amended LGIA. Those revisions include three principal elements: a revised description of the facilities necessary to Sterling's interconnection, Sterling's options for payment of operation and maintenance expense, and a revised one-line diagram of the interconnection and supporting facilities. These revisions implement the Settling Parties' agreement regarding the facilities, operational arrangements, and cost-recovery mechanisms that will govern Sterling's interconnection.

Article 2.2 also preserves the Settling Parties' future rights under Sections 205 and 206 of the Federal Power Act with respect to Appendix A. The Settling Parties do not waive the right to make future filings after the Effective Date to amend the terms and conditions of Appendix A

²⁴ *Id.* at §§ 2.5, 2.7, 4.1.

without the other Settling Party's consent, except to the extent such a filing seeks to modify or change the Settlement Amount prescribed in Article 2.5. This provision preserves the Settling Parties' ability to seek future changes to Appendix A while protecting the negotiated settlement payment from being reopened through a later filing.

3. Operation and Maintenance Expense Forecast and Future O&M Charges

Articles 2.3 and 2.4 address operation and maintenance expense. Niagara Mohawk prepared a three-year forecast of expected operation and maintenance expense necessary for the Transmission Owner Attachment Facilities for which Sterling will be cost responsible. Niagara Mohawk provided that forecast to Sterling.

The Settlement does not release or otherwise dispose of ongoing or future operation and maintenance charges associated with Interconnection Facilities and Transmission Owner Attachment Facilities serving Sterling. Accordingly, the Settlement preserves Niagara Mohawk's ability to recover future operation and maintenance costs under the Amended LGIA and Appendix A while providing Sterling with additional transparency regarding anticipated future operation and maintenance obligations through the three-year forecast.

4. Settlement Amount and Capital Cost Responsibility

Article 2.5 establishes the "Settlement Amount," which serves as the Settling Parties' negotiated resolution of disputed capital-cost responsibility. Specifically, the Settlement Amount is the lump sum amount of \$964,169.00 that Sterling agrees to compensate Niagara Mohawk for all costs necessary to resolve this proceeding. Sterling must pay the Settlement Amount to Niagara Mohawk within five business days of the Commission's approval of the Settlement.

The Settlement identifies the dispute as centering on cost responsibility for certain Attachment Facilities, System Protection Facilities, and associated telecommunications and fiber-

optic communications facilities installed or upgraded for the Sterling interconnection. The Settlement Amount therefore provides the negotiated mechanism for resolving the Settling Parties' disputed capital-cost claims without further litigation regarding responsibility for facilities associated with Sterling's interconnection.

5. Modifications to the Amended LGIA to Implement the Settlement

Article 2.6 provides that the modifications to the Amended LGIA and its appendices needed to implement the Settlement are attached to the Settlement in clean and redline form as Attachments A and B. Those modifications will implement the terms of the Settlement and will be effective as of November 1, 2024. This effective date corresponds to the effective date originally requested in Niagara Mohawk's filing and accepted by the Commission subject to refund in the March 27, 2025 Hearing Order.

6. Resolution of Issues and Release of Claims

Article 2.7 provides that Commission approval of the Settlement will fully and finally dispose of all issues raised in Docket Nos. ER25-312-000 and ER25-312-001. Upon the Effective Date and Sterling's full satisfaction of the Settlement Amount, Niagara Mohawk forever releases and discharges all claims for costs disputed in those dockets. This release provides finality with respect to the disputed capital-cost responsibility issues that gave rise to the proceeding. Together with the Settlement Amount, the release provisions provide the mechanism through which the Settling Parties finally resolve the disputed cost-allocation issues that were the subject of the Amended LGIA filing.

The release does not apply to costs arising from a future elective modification or new interconnection request initiated by Sterling after the Effective Date that falls outside the interconnection configuration reflected in the Amended LGIA as modified by the Settlement.

Article 2.7 also provides that, as of the Effective Date, Niagara Mohawk and Sterling will be foreclosed from filing or supporting a challenge to the terms and conditions of the Settlement in any Commission proceeding. At the same time, the Settling Parties retain all rights to participate in Commission proceedings under Sections 205 or 206 of the FPA, and in subsequent appellate proceedings, in which modifications to NYISO's Standard Interconnection Procedures are under review and subject to change.

7. Effective Date and Conditions

Article III governs the Settlement's Effective Date and conditions. The Settlement will take effect on the date a Commission order approving the Settlement becomes final, provided that the order either approves the Settlement without condition or modification or approves the Settlement subject to conditions or modifications accepted by all Settling Parties. Article 3.1 defines when such an order will be considered a "Final Order," including circumstances in which no comments or protests are filed, rehearing is denied, or the time to seek rehearing expires.

Article 3.2 addresses the consequences if the Commission approves the Settlement with conditions or modifications. In that circumstance, either Settling Party may notify the other that it wishes to terminate the Settlement or request additional negotiations to restore the balance of consideration. If the Settling Parties cannot agree on changes after such negotiations, either Settling Party may terminate the Settlement, in which case the Settlement will not become effective and will be null and void. Article 3.2 also requires each Settling Party to cooperate with efforts to file the Settlement and obtain Commission approval without change or condition.

8. Preservation of Future Rights and Standard of Review

Article IV addresses modifications to the Settlement and the applicable standard of review. Article 4.1 provides that the terms of the Settlement may be changed only by written amendment executed by all Settling Parties and approved by the Commission. It also provides that no provision

of the Settlement may be waived except through a writing signed by an authorized representative of the waiving Settling Party.

A principal feature of Article 4.1 is its express preservation of the Settling Parties' future filing rights under the Federal Power Act. The Settlement does not impose a moratorium on future filings concerning the Amended LGIA or its appendices. Niagara Mohawk reserves its right to file future amendments to the Amended LGIA or its appendices pursuant to Section 205 of the Federal Power Act, as expressly permitted under Article 29.13 of the Amended LGIA. Sterling likewise reserves its right to contest any future unexecuted amendment proposed to the Amended LGIA and to make filings pursuant to Section 206 of the Federal Power Act, also as permitted under Article 29.13.

Article 4.1 reflects the Settling Parties' agreement that future disputes regarding the Amended LGIA should be addressed through the ordinary statutory processes available under Sections 205 and 206 of the Federal Power Act rather than through the amendment procedures applicable to the Settlement itself. Consistent with that approach, except as provided in Article 2.2, no amendment to the Amended LGIA submitted pursuant to Section 205 or 206 shall be considered a modification to the Settlement or require mutual consent by the Settling Parties. Article 4.1 further provides that the terms and conditions of the Amended LGIA and its appendices are not incorporated into the Settlement.

This provision is an important part of the negotiated resolution. It preserves Niagara Mohawk's ability to pursue future amendments to the Amended LGIA under Section 205, preserves Sterling's corresponding rights to challenge such amendments or pursue relief under Section 206, and confirms that future amendments to the Amended LGIA generally will not reopen or modify the Settlement itself. At the same time, Article 4.2 protects the Settlement Amount by

providing that future filings to amend Appendix A may not be used to effect a modification or change to the Settlement Amount prescribed in Article 2.5.

Article 4.2 establishes the standard of review applicable to future modifications of the Settlement. Unless the Settling Parties otherwise agree in writing, any modification proposed by a Settling Party after the Effective Date will be subject, as between the Settling Parties, to the public-interest application of the just and reasonable standard of review under the *Mobile-Sierra* doctrine. Any modification requested by a party other than a Settling Party, or initiated by the Commission acting *sua sponte*, will be subject to the most stringent standard permissible under applicable law.

9. Miscellaneous Provisions

Article V also preserves the privileged status of the settlement negotiations, confirms that the Settlement does not constitute an admission of liability or acceptance of another participant's litigation position, and includes customary provisions concerning execution, interpretation, and authorization.

III. INFORMATION TO BE PROVIDED WITH SETTLEMENT AGREEMENTS

Pursuant to the Chief Administrative Law Judge's directive regarding settlement filings, the Explanatory Statement addresses the following questions:

1. Does the Settlement affect other pending cases?

No. The Settling Parties are not aware of any pending proceedings that will be resolved, dismissed, or otherwise affected by the Commission's approval of the Settlement. The Settlement fully resolves the issues raised in Docket Nos. ER25-312-000 and ER25-312-001.

2. Does the Settlement involve issues of first impression?

The Settling Parties are not aware of any issues of first impression presented by the Settlement. The Settlement resolves disputed issues concerning cost responsibility, operation and

maintenance obligations, and revisions to an interconnection agreement through a negotiated compromise and does not seek resolution of novel legal issues.

3. Does the Settlement depart from Commission precedent?

No. The Settlement does not depart from Commission precedent. Rather, the Settlement reflects a negotiated resolution of disputed factual, technical, and legal issues arising from the Amended LGIA and associated interconnection facilities.

4. Does the Settlement seek to impose a standard of review other than the ordinary just and reasonable standard with respect to any changes to the Settlement that might be sought by either a third party or the Commission acting *sua sponte*?

Yes. Article 4.2 of the Settlement provides that, unless the Settling Parties otherwise agree in writing, any modification to the Settlement proposed by a Settling Party after the Effective Date shall be subject, as between the Settling Parties, to the public-interest application of the just and reasonable standard of review under the *Mobile-Sierra* doctrine. Article 4.2 further provides that any modification requested by a party other than a Settling Party, or initiated by the Commission acting *sua sponte*, shall be subject to the most stringent standard permissible under applicable law.

Respectfully submitted,

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