

December 9, 2010

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE, Room 1A
Washington, D.C. 20426

**RE: Niagara Mohawk Power Corporation Lyonsdale Biomass, LLC
Interconnection Agreement Docket No. ER10-**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d, and Part 35.12 of the Federal Energy Regulatory Commission's ("Commission") regulations, 18 C.F.R. Part 35.12 (2006), Niagara Mohawk Power Corporation, d/b/a National Grid ("Niagara Mohawk"), submits for filing a Second Revised Service Agreement No. 1152 ("Second Revised Service Agreement") between Niagara Mohawk and Lyonsdale Biomass, LLC ("Lyonsdale" or "Producer") under the New York Independent System Operator, LLC's ("NYISO") open access transmission tariff, FERC Electric Tariff, Original Volume No. 1. Under the Second Revised Service Agreement, Niagara Mohawk will continue to provide interconnection service to Lyonsdale for Lyonsdale's 20 MW generating facility located in Lewis County, New York.

I. Information Submitted with Filing

Niagara Mohawk filed the original interconnection agreement on July 28, 2007 in Docket No. ER07-1094 ("Original Agreement"). It was accepted pursuant to a Commission Order on November 2, 2007 in Docket No. ER07-1094. On December 3, 2007, Niagara Mohawk filed a First Revised Service Agreement and this Agreement was accepted by Commission Order on April 4, 2008.

The First Revised Agreement set the term to expire in June 2008. Niagara Mohawk and Lyonsdale desire that the interconnection relationship continue for an additional ten years. Due to the expiration of the First Revised Agreement and in an effort to ensure the justness and reasonableness of the Second Revised Service Agreement, Producer and Niagara Mohawk mutually agree to use as the form of the Second Revised Service Agreement the *pro forma* Large Generator Interconnection Agreement in Attachment X of the NYISO OATT.

The Second Revised Service Agreement restates, supersedes and replaces the First Revised Agreement in its entirety. Under the Second Revised Service Agreement, Niagara Mohawk will charge Producer for its actual costs of operating and maintaining the interconnection facility.

Pursuant to the Commission's order in *New England Power Company*, 109 FERC ¶ 61,364 (2004) ("NEP"), the Commission's standard interconnection rules promulgated in Order No. 2006, and the procedures and agreements related thereto, including the NYISO Small Generating Facility Interconnection Procedures, do not apply in this case. In NEP, the Commission held that, where there are no proposed increases in capacity or material modifications of the characteristics of an existing generating facility, Order No. 2003 did not apply to generator interconnection agreements because they were not "new interconnection requests." *Id.* at P 13; *see also Jersey Central Power & Light Company*, 110 FERC ¶ 61,273 at P 11 (2005) ("because the revision to the existing interconnection agreement does not 'increase the capacity of a generating unit in the PJM Region,' PJM's interconnection procedures in its OATT...do not apply"). The Lyonsdale generating facility is an existing facility, and there are no proposed increases in capacity or material modifications to the characteristics of the facility. Thus, as the Commission held in NEP, the Commission should also find here that the Commission's standard interconnection rules promulgated in Order No. 2003, and the procedures and agreements related thereto, including the NYISO Large Generator Interconnection Procedures, do not apply in this case.

II Communications and Service

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 for the docket established with respect to this filing:

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A copy of this filing has been served on Lyonsdale Biomass, LLC, the New York Independent System Operator and the New York State Department of Public Service.

III. Proposed Effective Date

In accordance with section 35.3 of the Commission's Regulations, Niagara Mohawk respectfully requests that the Commission accept this Second Revised Service Agreement for filing, effective as of February 7, 2010.

IV. Order No. 614 Designations

Pursuant to the Commission's orders in *Designation of Electric Rate Schedule Sheets*, Order No. 614, 90 FERC ¶ 61,352 (2000) and *Southwest Power Pool, Inc.*, 92 FERC ¶ 61,109 (2000), Niagara Mohawk is required to designate the Revised Service Agreement as a service agreement under the NYISO OATT. As a result, Niagara Mohawk has designated the Service Agreement as:

New York Independent System Operator, Inc.
FERC Electric Tariff, Original Volume No. 1
Second Revised Service Agreement No. 1152
Issued by: Mary Ellen Paravalos
Vice President of Transmission Regulation & Commercial Services
National Grid USA for Niagara Mohawk Power Corporation
Issued on: December 9, 2010
Effective: February 7, 2010

V. Documents Enclosed

Enclosed please find:

- i. This filing letter;
- ii. A Second Revised Service Agreement No. 1152

Copies of this filing have been served on Lyonsdale Biomass, LLC, the NYISO and New York Public Service Commission.

Respectfully submitted, /s/

Daniel Galaburda

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Enclosures