

October 21, 2014

**By Electronic Delivery**

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

**Re: *New York Independent System Operator, Inc.*, Response to Request for  
Additional Information Concerning Compliance Filing in Docket No. ER14-  
2573-000**

Dear Ms. Bose:

The New York Independent System Operator, Inc. (“NYISO”) respectfully submits this filing on behalf of the NYISO and the New York Transmission Owners (“NYTOs”)<sup>1</sup> in response to the Federal Energy Regulatory Commission’s (“Commission’s”) October 6, 2014 request for additional information in this proceeding (“October 6 Request”). The Commission’s October 6 Request concerns a single issue related to the August 1, 2014 compliance filing submitted in this proceeding (“Compliance Filing”). Specifically, the October 6 Request concerns the NYISO and the NYTOs (together, the “Filing Parties”) request for an increase in the pre-application report fee to cover the Filing Parties’ costs for providing such information.

Order No. 792 established a default \$300 fee for the preparation of the pre-application report and provided all filing parties the opportunity to propose a different fixed cost-based fee supported by a cost justification as part of their compliance filing.<sup>2</sup> Order No. 792 indicated that while the default fee would be \$300, “it would be unjust and unreasonable for Transmission Providers not to recover their actual pre-application report preparation costs.”<sup>3</sup> In response, the Filing Parties proposed in the Compliance Filing a fee of \$1000 and described the cost justification for the higher fee.

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<sup>1</sup> The NYTOs are Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Long Island Lighting Company d/b/a LIPA (“LIPA”), New York Power Authority (“NYPA”), New York State Electric & Gas Corp. (“NYSEG”), Niagara Mohawk Power Corp. d/b/a National Grid, Rochester Gas & Electric Corp. (“National Grid”), and Orange & Rockland Utilities, Inc. The Filing Parties note that LIPA and NYPA, as transmission owners not subject to the Commission’s jurisdiction under section 205 of the Federal Power Act, have voluntarily participated in the development of this filing.

<sup>2</sup> Order No. 792 at P 46.

<sup>3</sup> Id.

The NYISO respectfully submits herein additional cost justification for the requested \$1000 pre-application fee in response to the information requested in the Commission's October 6 Request. In support of this written response, the NYISO submits the affidavit of Steven L. Corey, NYISO's Manager of Interconnection Projects (Attachment I). Mr. Corey is the individual who oversaw the NYISO's efforts to determine the time and resources required to complete the pre-application report for a sample project, the selection and representative nature of which is discussed in more detail below.

The NYISO recognizes that this filing constitutes an amendment to the August 1, 2014 Compliance Filing and therefore triggers a new notice and comment period. The NYISO renews the Filing Parties' request that the tariff revisions filed in this proceeding become effective upon issuance of a Commission Order accepting this filing and that until the Commission so acts, the NYISO's existing Commission-approved interconnection procedures and *pro forma* Small Generator Interconnection Agreement remain in effect.<sup>4</sup> This requested effective date is consistent with the effective date ultimately granted to the Filing Parties with respect to their Order Nos. 2006, 2006-A and 2006-B compliance filings.<sup>5</sup> The NYISO further renews the Filing Parties' request that the Commission direct a subsequent compliance filing of the accepted tariff revisions to reflect the ordered effective date as requested above.<sup>6</sup>

## **I. RESPONSES TO THE OCTOBER 6 LETTER**

### **A. Request One**

*"Filing Parties state that the three test projects they selected had already been studied by the Connecting Transmission Owner and/or the NYISO and took approximately four hours to complete with 'actual costs ranging from \$660 to \$750.' Filing Parties then determined that approximately 7 hours would be more likely the amount of time needed to collect such information for projects not previously evaluated. Please explain why approximately seven hours total (with a range of \$962.50 to \$1,155) is an appropriate estimate to complete a report for an unstudied project. In your explanation, please describe the steps taken to compile the preapplication information for each test project, consisting only of readily available information. Also, does NYISO expect to undertake similar steps for future projects?"*

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<sup>4</sup> Compliance Filing at 11.

<sup>5</sup> See *New York Indep. Sys. Operator, Inc.*, 119 FERC ¶ 61,333, at P 13 (2007) (granting rehearing with respect to the effective dates for the Joint Filing Parties' Order Nos. 2006, 2006-A and 2006-B compliance filings, and granting the Joint Filing Parties' request that the tariff sheets filed in the compliance filings become effective upon the date of Commission action.)

<sup>6</sup> Compliance Filing at 11.

**1. Response to Request One**

***a) Steps Taken to Compile Pre-Application Information for Test Projects***

The Filing Parties agreed on a process for selecting projects that would be representative of historical Small Generating Facility interconnection requests in terms of size and location on the grid. The Filing Parties also agreed to perform “trial runs” for three selected test projects in order to determine a good faith estimate of the steps and time required to compile readily available information in response to a pre-application request. One “trial run” was conducted by the NYISO, one by NYSEG and one by National Grid. To facilitate the administration of these trial runs, the Filing Parties created a standard pre-application report request form (“Pre-Application Request Form”) and a separate pre-application report form (“Pre-Application Report Form”).

The NYISO administered the pre-application trial run for a 12.6 MW facility proposing to interconnect at 115 kV.<sup>7</sup> The Filing Parties selected NYISO to evaluate this project because the test project was proposing to interconnect at a voltage level for which the NYISO was more likely to possess most of the readily available information.<sup>8</sup> To perform the trial run, a NYISO staff member filled out the Pre-Application Request Form, pulling data from the Interconnection Request initially provided for the proposed interconnection of the 12.6 MW Small Generating Facility.<sup>9</sup> Beginning with the completed Pre-Application Request Form, a second NYISO Staff member set about compiling the readily available data required to complete the Pre-Application Report Form and proceeded to insert the readily available data in the form.<sup>10</sup>

The second NYISO staff member compiled data for the greater than twenty data points in the Pre-Application Report Form, drawing from assorted NYISO databases and materials - including: (i) the information in the Pre-Application Request Form; (ii) the relevant Connecting Transmission Owner’s one-line diagrams on file with the NYISO; (iii) the NYISO’s Annual Transmission Baseline Assessment;<sup>11</sup> and (iv) the NYISO’s Load and Capacity Data Report (“Gold Book”).<sup>12,13</sup> The second NYISO Staff member spent approximately four (4) hours collecting data from these sources and filling out the Pre-Application Report Form.<sup>14</sup>

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<sup>7</sup> See Corey Affidavit at P 9.

<sup>8</sup> See Id.

<sup>9</sup> See Id. at P 10.

<sup>10</sup> See Id. at P 11.

<sup>11</sup> The Annual Transmission Baseline Assessment is a study conducted by the NYISO in accordance with the requirements set forth in Attachment S of the NYISO OATT that identifies the System Upgrade Facilities that Transmission Owners are expected to need during the time period covered by the assessment to comply with Applicable Reliability Requirements, and reliably meet the load growth and changes in load pattern projected for the New York Control Area.

<sup>12</sup> The Gold Book is an annual NYISO report that presents historic and forecast load information, along with information regarding existing and proposed transmission and generation data.

The NYTOs, specifically NYSEG and National Grid, performed the trial runs for the other two test projects. The Filing Parties selected these particular NYTOs to participate in the trial run exercise because National Grid and NYSEG are the NYTOs that are the Connecting Transmission Owners for most Small Generating Facilities evaluated in the NYISO's Small Generator Interconnection Procedures.<sup>15</sup> NYSEG performed the trial run for a 4.8 MW facility proposing to interconnect to its distribution facilities (a project that submitted an Interconnection Request to the NYISO but was ultimately determined not to be subject to Commission jurisdiction or the NYISO's Small Generator Interconnection Procedures). National Grid performed the trial run for a 3.2 MW facility proposing to interconnect to its 34.5 kV transmission system.

The NYTOs advised that for these trial runs, NYSEG and National Grid took steps similar to those taken by the NYISO that are described below. The NYTOs further advised that unlike the NYISO's trial run, the NYSEG and National Grid exercises were not conducted under the direct supervision of one individual, but involved coordination with individuals in various functional groups at their respective organizations.

National Grid reported that it reviewed a 3.2 MW methane facility proposing to interconnect at 34.5 kV, which it believes to be typical of the type of facility that would request a pre-application report and was the basis upon which the company developed its estimate. National Grid advised that because it performs work through a matrix organization model, it was necessary to involve different functional departments at National Grid in order to address the questions in the pre-application report - specifically, Distribution Asset Management and Transmission Commercial Services departments. National Grid further advised that the number of departments needing to be involved in future projects will be dependent, in part, on the proposed point of interconnection, and could include Distribution Asset Management, Retail Connection Engineering, Transmission Planning, Meter and Test, as well as Transmission Commercial Services. National Grid advised that in order to complete the pre-application trial run, it was necessary to not only consult different functional departments, but it was also necessary to consult a number of different applications to determine the company's readily available information - including, PSSE models, Transmission ARCGIS, pertinent engineering design drawings (line and substation) for the location, and National Grid's Energy Management System. National Grid further advised that in reviewing the 3.2 MW test project, and using its experience with similar work on small retail generators, it estimated the number of hours needed to complete the Pre-Application Report Form to be approximately four (4) to five (5) hours.

NYSEG performed a trial run for another small facility, specifically - a 4.8 MW facility proposing to interconnect to NYSEG's distribution facilities. Unlike the other two test projects,

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<sup>13</sup> See Corey Affidavit at P 12.

<sup>14</sup> See Id. at P 13.

<sup>15</sup> See NYISO Interconnection Queue at the following link:  
[http://www.nyiso.com/public/markets\\_operations/services/planning/documents/index.jsp](http://www.nyiso.com/public/markets_operations/services/planning/documents/index.jsp)

this project submitted a Small Generator Interconnection Request to the NYISO but was ultimately determined not to be subject to Commission jurisdiction or the NYISO's Small Generator Interconnection Procedures.<sup>16</sup> While the other two test projects proposed to connect to transmission facilities subject to Commission jurisdiction, this project proposed to connect to distribution facilities not subject to the Commission's jurisdiction.<sup>17</sup> Despite these unique characteristics, this trial run required approximately the same amount of time as the two test projects discussed above.

Specifically, NYSEG advised that to complete the Pre-Application Report Form for this test project, it performed the following steps:

- Reviewed the summary of the proposed project to determine the Point of Interconnection ("POI");
- Identified the voltage level and specific substation or line to which the project would connect;
- Identified the number and rating of any protective devices and voltage regulation devices in between the proposed POI and the substation;
- Searched databases to identify any existing and queued projects planned to interconnect at the facility serving the POI;
- Reviewed load flow information available via PSSE software to determine (1) the available capacity and total capacity of the line at the POI; (2) peak and minimum load at the substation at the POI; (3) any existing or known constraints; and (4) the limited conductor rating from the proposed POI to the substation; and
- Compiled the information.

Consistent with the trial runs conducted by both NYISO and National Grid, NYSEG advised that the above steps required approximately four (4) hours.

***b) Additional Steps Required for Future Projects***

Notably, all three of the test projects discussed above had previously submitted Interconnection Requests and had therefore already been studied by the Connecting Transmission Owner and/or the NYISO prior to the trial run exercises.<sup>18</sup> As a result, most of the information had already been identified and collected and was therefore more "readily available" to the NYISO and Connecting Transmission Owner. The NYISO anticipates that in addition to the above steps required for future projects, additional work will be required for projects that,

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<sup>16</sup> See Corey Affidavit at P 8.

<sup>17</sup> See Id.

<sup>18</sup> Capitalized terms that are not otherwise defined herein have the meaning set forth in the NYISO's Services Tariff, and if not defined therein, in the Open Access Transmission Tariff ("OATT").

unlike the test projects, have not been previously studied by the NYISO or the Connecting Transmission Owner.

Because the test projects had previously been evaluated, both the proposed POI and the appropriate Connecting Transmission Owner for each of these projects was already clearly identified. In most cases, the POI is ill-defined when the potential Small Generating Facility customer requests interconnection information or submits a formal Interconnection Request.<sup>19</sup> Clearly identifying the POI is critical to determining: (1) whether the project is proposing to connect to FERC-jurisdictional facilities; and (2) which Transmission Owner would be the Connecting Transmission Owner.<sup>20</sup> For future projects, the NYISO anticipates that it and/or the applicable Connecting Transmission Owner will spend at least three additional hours (for a total of approximately seven (7) hours) to complete a pre-application report based on the following specific tasks which must be performed before the form can even be routed to the respective Transmission Owner:

- Work with the customer and the applicable Connecting Transmission Owner(s) to clarify the point on the transmission system to which the facility proposes to interconnect;
- Consult available resources to determine the transmission district in which the POI is located (requiring the NYISO to examine the Transmission Owner service territory maps, which may not identify the POI at certain low voltage levels, and may therefore require consultation with one or more Transmission Owners);
- Work with the customer and Connecting Transmission Owner to determine whether the proposed interconnection is FERC jurisdictional and subject to the NYISO's Small Generator Interconnection Procedures.<sup>21,22</sup>

The above estimate of time required to complete pre-application reports for future, unstudied projects is quite conservative.<sup>23</sup> The estimate does not take into account the following administrative tasks, which would also have to be completed in response to a formal pre-application request - steps that were not taken for the test projects:

- Reviewing the Pre-Application Request Form for completeness and working with the customer to complete any missing or incomplete information;

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<sup>19</sup> See Corey Affidavit at P 15.

<sup>20</sup> See Id.

<sup>21</sup> This determination requires (1) clarification from the customer regarding the manner in which they intend to sell their output - via wholesale sales, via net metering or under a self-supply arrangement; and (2) consultation with the Transmission Owner to determine whether the connection point is transmission or distribution and, if distribution, whether it is FERC-jurisdictional distribution

<sup>22</sup> See Corey Affidavit at P 14.

<sup>23</sup> See Corey Affidavit at P 15.

- Logging the request, routing it to the appropriate Transmission Owner and tracking its completion;
- Reviewing information provided by the Transmission Owner for completeness; and
- Compiling the information into a formal Pre-Application Report Form and providing it to the customer.

Based on the foregoing, the NYISO estimates that in addition to the approximately four (4) hours that will be required for the “data pull” of readily available information that was expended on the test projects, at least three (3) hours will be required before the data pull can begin to determine the specific POI and the respective Connecting Transmission Owner and still additional time will be required to administer the process.<sup>24</sup> The total time required may be well in excess of seven (7) hours total; however, the Filing Parties believe that this is a reasonable estimate. Multiplying the estimated seven (7) hours by the blended rates of the interconnection personnel expected to respond to these requests, the Filing Parties arrived at an estimate between \$962.50 and \$1,155. Accordingly, the Filing Parties requested a \$1000 pre-application report fee and the NYISO respectfully renews their request that the Commission approves such fee.

## **B. Request Two**

*“Please provide a detailed explanation of how the three sample projects Filing Parties chosen for cost justification purposes are representative of future projects for which Filing Parties will complete pre-application reports.”*

### **1. Response to Request Two**

The pre-application report requirement will apply to varying types of projects. Accordingly, the Filing Parties collectively reviewed the NYISO’s historical interconnection queue to see what types of Small Generating Facilities had requested interconnection and the related voltage levels. The Filing Parties selected projects for their trial runs discussed above that had requested to interconnect at different locations on the grid and at different voltage levels.<sup>25</sup> The Filing Parties believed this selection to be representative of the diverse types of requests previously received and studied.

The Filing Parties selected three diverse projects:

- a 12.6 MW wind facility proposing to interconnect at 115kV;
- a 4.8 MW landfill gas facility proposing to interconnect to distribution facilities ultimately determined not to be FERC-jurisdictional; and

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<sup>24</sup> See Id. at P 14-15.

<sup>25</sup> See Id. at P 8.

- a 3.2 MW methane facility proposing to interconnect at 34.5kV.<sup>26</sup>

The Filing Parties selected a diverse group of test projects in order to determine whether it would take more or less time to compile information for different types of projects. Despite the wide-ranging voltage levels at which the three projects were connecting and the different facility sizes and transmission districts, the time required to complete the Pre-Application Reports for these previously reviewed projects was between four and five hours. Based on this review, the NYISO respectfully submits that the size and characteristics of the projects are not the determining factors. It took approximately the same time and effort to pull the data for each of these three very diverse projects. The NYISO therefore believes it is reasonable to consider the test projects representative with respect to the time it took to perform the steps taken for each, detailed above.

As explained above, however, for future projects, the NYISO estimates that additional time will be required before the data pull can begin to determine critical information such as the specific POI and the respective Connecting Transmission Owner, and to administer the preapplication process. For all the foregoing reasons, the NYISO submits that the requested \$1000 fee is therefore a reasonable and conservative estimate.

## **II. COMPLIANCE WITH ELECTRONIC TARIFF REQUIREMENTS**

The October 6 Letter directed the Filing Parties to make an amendment filing in accordance with the Commission's electronic tariff requirements<sup>27</sup> which requires the submittal of at least one tariff record, even if no tariff changes are otherwise required. Accordingly, the NYISO encloses the same clean and redlined revisions to the NYISO's OATT as it filed in the original August 1, 2014 Compliance Filing. Attachment II to this response is a clean version of the OATT revisions submitted in compliance with Order No. 792 (unchanged from the August 1, 2014 Compliance Filing) and Attachment III is a redline showing the same proposed changes presented in the August 1 Compliance Filing, and described there.<sup>28</sup>

## **III. DOCUMENTS SUBMITTED**

- This filing letter;
- Affidavit of Steven L. Corey (Attachment I);
- A clean version of the proposed revisions to the NYISO's OATT (Attachment II); and

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<sup>26</sup> See Id.

<sup>27</sup> October 6 Letter at 3 (citing *Electronic Tariff Filings*, 130 FERC ¶ 61,047 (2010)).

<sup>28</sup> See August 1, 2014 Compliance Filing.



- A blacklined version of the proposed revisions to the NYISO's OATT ("Attachment III").

#### IV. SERVICE

This filing will be posted on the NYISO's website at [www.nyiso.com](http://www.nyiso.com). In addition, the NYISO will e-mail an electronic copy or an electronic link to this filing to the official representative of each party to this proceeding, to each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the New Jersey Board of Public Utilities.

#### V. CONCLUSION

For the reasons specified in the August 1, 2014 Compliance Filing, and above, the NYISO respectfully renew the Filing Parties' request that the Commission accept the tariff revisions submitted in this proceeding in compliance with Order No. 792.

Respectfully submitted,

/s/ Sara B. Keegan

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Dated: October 21, 2014

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