

April 27, 2018

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

**Re: Niagara Mohawk Power Corporation
Docket No. ER18-____-000
Interconnection Agreement with Village of Ilion**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”),¹ and Part 35 of the Federal Energy Regulatory Commission’s (“Commission”) regulations,² Niagara Mohawk Power Corporation d/b/a National Grid (“Niagara Mohawk”) submits for Commission acceptance an Interconnection Agreement (“IA”) between Niagara Mohawk and the Village of Ilion (“Ilion”).³ The attached IA (the “Ilion IA”) is designated as Service Agreement No. 2416 under the New York Independent System Operator Corporation’s (“NYISO”) Open Access Transmission Tariff (“OATT”) and supersedes and replaces an existing interconnection agreement (the “Existing Ilion IA”) between the Parties. The Ilion IA is based on the same Niagara Mohawk standard municipal interconnection agreement that was the basis for other interconnection agreements accepted by the Commission in previous proceedings.

Niagara Mohawk requests that the Commission accept the Ilion IA effective as of the date agreed to by the Parties, March 28, 2018.

I. Background

Niagara Mohawk is a public utility subsidiary of National Grid USA serving retail electric customers in New York. Niagara Mohawk is an owner of transmission facilities subject to the operational control of the NYISO.

Ilion is a municipal corporation located in New York that owns and operates a load-serving municipal electric system interconnected to the transmission system of

¹ 16 U.S.C. § 824d.

² 18 C.F.R. Part 35.

³ In both this transmittal letter and the IA, Niagara Mohawk and Ilion are referred to collectively as the “Parties” and individually as a “Party”.

Niagara Mohawk. Ilion takes transmission service under the NYISO OATT. Niagara Mohawk and Ilion are Parties to the Existing Ilion IA, which the Commission accepted in 2011.⁴

Niagara Mohawk is interconnected to 29 municipal electric systems in the State of New York. Several years ago, Niagara Mohawk determined that it would be beneficial to develop a standard municipal interconnection agreement that will document terms and conditions related to the interconnection of the Niagara Mohawk system and a number of municipal electric systems in New York. Among other things, such a standard municipal interconnection agreement allows the parties to document certain terms and conditions related to the interconnection of their respective systems and the manner by which Niagara Mohawk and the interconnected municipal will coordinate to ensure the ongoing reliability of the New York State Transmission System.

Niagara Mohawk developed a draft of such a standard New York municipal interconnection agreement and then engaged in negotiations over a number of years with the Municipal Electric Utilities Association of New York State (“MEUA”) to further refine the standard municipal interconnection agreement to address the particular needs of New York municipal electric systems. In late 2014, Niagara Mohawk provided a final draft of the standard municipal interconnection agreement to the NYISO.⁵ The NYISO requested a number of minor modifications to the agreement, which were agreed to by both Niagara Mohawk and the MEUA.

In early 2015, Niagara Mohawk filed the first agreement with the Commission based on the final negotiated standard municipal interconnection agreement. That first interconnection agreement was between Niagara Mohawk and the Village of Boonville, New York (the “Boonville IA”).⁶ Boonville, like Ilion, is a member of the MEUA. Niagara Mohawk explained that it intended to use the Boonville IA as the template for all future interconnection agreements with New York municipal electric systems, recognizing that minor modifications from this template may be appropriate in some circumstances to reflect the needs of individual municipal electric systems. The Commission accepted the Boonville IA in 2015.⁷ Later that year, Niagara Mohawk and the Commission accepted a similar negotiated standard municipal interconnection agreement with the Village of Skaneateles.⁸

⁴ See Commission Letter Order, Docket Nos. ER11-3886-000 and ER11-3886-001 (July 14, 2011). The Existing Ilion IA is designated as Service Agreement No. 1755 under the NYISO OATT.

⁵ The Ilion IA is a two-party agreement. Niagara Mohawk’s understanding is that the NYISO does not desire to be a party to such municipal interconnection agreements.

⁶ See transmittal letter for Boonville IA, Docket No. ER15-971-000, at 2 (Feb. 4, 2015).

⁷ See Commission Letter Order, Docket No. ER15-971-000 (Mar. 17, 2015).

⁸ See Commission Letter Order, Docket No. ER15-1709-000 (June 30, 2015).

II. The Ilion IA

The Ilion IA is a negotiated standard municipal interconnection agreement that documents terms and conditions related to the interconnection of the Niagara Mohawk and Ilion systems and the manner in which Niagara Mohawk and Ilion will coordinate to ensure the ongoing reliability of the New York State Transmission System.⁹ The following discussion addresses some of the more significant elements of the Ilion IA. The Ilion IA became effective as of the date agreed to by the Parties (*i.e.*, March 28, 2018) and will remain in effect for twenty years thereafter.¹⁰

Article II of the Ilion IA sets forth general terms and conditions under which the Ilion system is interconnected to and operates in parallel with the Niagara Mohawk transmission system. This Article, along with Exhibit A, defines the respective Interconnection Facilities of the Parties. Section 2.5 provides that Ilion and Niagara Mohawk will each be responsible for protection of their respective facilities consistent with Good Utility Practice and Applicable Reliability Standards. Niagara Mohawk expects that individual protection arrangements may be advisable for other interconnected municipal electric systems in certain circumstances.

Article III sets forth general representations and warranties of the Parties.

Section 4.1.1 makes it clear that the provisions of the Ilion IA (including Article IV) addressing the design, engineering, procurement, and construction of Interconnection Facilities and Upgrades shall apply to the Interconnection Facilities and the Upgrades associated with any new, modified, or upgraded delivery point. Section 4.4 governs the respective access rights of the Parties.

Section 5.1 governs the operation and maintenance of the Interconnection Facilities and provides for Niagara Mohawk and Ilion to confer regularly to coordinate the planning, scheduling, and performance of preventive and corrective maintenance on the Interconnection Facilities.

Section 5.4.2.3 of the Ilion IA states that, if any required Niagara Mohawk Interconnection Facility or Transmission System upgrades are the result of a load interconnection to the Ilion system, Ilion must reimburse Niagara Mohawk “for all actual costs and expenses of studying and constructing, operating, and maintaining the Transmission System upgrades to the extent consistent with FERC policy.” The Ilion IA also provides that if upgrades to the Niagara Mohawk Transmission System or Niagara Mohawk Interconnection Facility are required as a result of a proposed generator interconnection or increase in generator capacity to the Ilion system, such upgrades will be performed by Niagara Mohawk “at the expense of either [Ilion] to the extent consistent with FERC policy or the owner of the Generator, consistent with Attachment S to the NYISO OATT.”¹¹ Accordingly, these cost allocation provisions under the Ilion IA

⁹ Ilion IA, Recitals.

¹⁰ *Id.*, Recitals and Section 12.1.

will be applied consistent with Commission policy or Attachment S to the NYISO OATT if upgrades are required due to a proposed interconnection or increase in generator capacity.

Article VI addresses metering issues and the treatment of losses.

Article VII governs emergency operations. Section 7.1 obligates both Parties to comply with the Emergency State procedures of the NYISO, the Applicable Reliability Councils, Applicable Laws and Regulations, and any emergency procedures agreed to by the NYISO Operating Committee. Section 7.2 establishes procedures for each Party to notify the other in emergency conditions. Although the NYISO is not a party to the Ilion IA, Section 7.4 makes it clear that both Niagara Mohawk and the NYISO have the authority to take certain actions during emergency conditions. Similarly, Section 7.5 establishes the authority of Ilion to take certain actions during emergency conditions.

Article VIII establishes insurance requirements for both Parties. Article IX governs compliance with laws, including environmental laws. Article X governs invoicing and cost payments under the Ilion IA. Section 10.2.2 provides that Ilion will be responsible for costs incurred by Niagara Mohawk for the operation, maintenance, and repair of Niagara Mohawk Interconnection Facilities. Any charges assessed by Niagara Mohawk under the Ilion IA will be just and reasonable because they will be based on Niagara Mohawk's actual costs.

The remaining provisions of the Ilion IA are standard provisions for interconnection agreements reflecting terms and conditions for force majeure, notice, indemnification, amendments, and numerous other matters that the Commission has accepted in many comparable agreements.

III. Effective Date

The Recitals section of the Ilion IA specifies an effective date of March 28, 2018. The Parties have agreed that the Ilion IA "shall become effective as of the date first above written (the 'EFFECTIVE DATE'), subject to its approval or acceptance for filing by the FERC (if applicable)."¹²

The Commission's regulations require that jurisdictional service agreements be filed with the Commission not more than 30 days after they become effective.¹³ This filing is being submitted within that 30-day period. Therefore, Niagara Mohawk requests that the Commission accept the Ilion IA effective March 28, 2018, as agreed to by the Parties.¹⁴

¹¹ *Id.*, Section 5.4.2.

¹² Ilion IA, Section 12.1.

¹³ 18 C.F.R. § 35.3(a)(2).

¹⁴ Following Commission acceptance of the Ilion IA, Niagara Mohawk will submit a filing to cancel the Existing Ilion IA.

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IV. Documents Enclosed

In addition to this filing letter, attached are the following documents:

- i. The Ilion IA (Service Agreement No. 2416 under the NYISO OATT), provided in clean format (Attachment A)

V. 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 this proceeding:

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Copies of this filing have been served on Ilion, the NYISO, and the New York State Public Service Commission.

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VI. Conclusion

For the reasons stated herein, Niagara Mohawk respectfully requests that the Commission accept the Iliion IA effective as of March 28, 2018.

Respectfully submitted,

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