



December 28, 2010

VIA ELECTRONIC FILING

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

RE: Joint Filing of Small Generator Interconnection Agreement by and among the New York Independent System Operator, Inc., Niagara Mohawk Power Corporation, Niagara Wind Power, LLC and Erie Wind, LLC, Service Agreement No. 1676, Docket No. ER11-_____

Dear Secretary Bose:

The New York Independent System Operator, Inc. (“NYISO”), and Niagara Mohawk Power Corporation *d/b/a* National Grid USA (“Niagara Mohawk”) (together, the “Joint Filing Parties”), pursuant to Section 205 of the Federal Power Act (“FPA”)¹ and Part 35 of the Commission’s regulations,² respectfully submit for filing Service Agreement No. 1676, an executed Small Generator Interconnection Agreement (“Interconnection Agreement” or “Steel Winds II IA”) by and among the NYISO, Niagara Mohawk, Erie Wind, LLC (the “Interconnection Customer”) and Niagara Wind Power, LLC (collectively, the “Parties”). 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 Open Access Transmission Tariff (“OATT”).

In addition, for the reasons discussed below, this Interconnection Agreement is being filed contemporaneously with Niagara Mohawk’s filing with the Commission the First Revised Service Agreement No. 914 between Niagara Mohawk and Niagara Wind Power, LLC and Erie Wind, LLC (“Amended Steel Winds I IA”). The Amended Steel Winds I IA supersedes the

¹ 16 U.S.C. § 824d.

² 18 C.F.R. Part 35.

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

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 that currently interconnects its wind plant to the Niagara Mohawk’s transmission system through facilities located at an existing collection station as described in the Original Steel Winds I IA. Erie Wind, LLC (“Erie Wind”) will own and construct a 15 MW wind generation plant (“Steel Winds II”). As described in the Steel Winds II 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 comprise the existing collection station 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 Steel Winds II IA submitted in this filing.

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. In recognition of these joint ownership interests, the four parties have agreed to 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.

³ On March 2, 2006, Niagara Mohawk submitted for filing with the Commission 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.

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 above, the Steel Winds II 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 parties to the Steel Winds II IA ("Parties") 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 Joint Filing Parties have included as Attachment B to this filing a blackline of the Steel Winds II IA against the NYISO's *pro forma* SGIA to highlight the extent of the changes to the *pro forma* and where these changes occur in the document. The Joint Filing Parties respectfully requests 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 II IA contains several changes that address the joint ownership of certain Interconnection Facilities. For example, the Steel Winds II 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 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 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

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

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 II 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 has been evaluated and reviewed by the Parties.

The Steel Winds II 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 II 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

The Joint Filing Parties respectfully requests that the Commission accept the Steel Winds II IA with an effective date of November 1, 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:

For the NYISO

Robert E. Fernandez, General Counsel
Karen Georgenson Gach, Deputy General Counsel
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V. Documents Submitted

The Joint Filing Parties submit the following documents

- a. this filing letter;**
- b. the executed Small Generator Interconnection Agreement (“Attachment I”); and**
- c. the blacklined sheets showing the Small Generator Interconnection Agreement’s changes from the body of the NYISO’s pro forma SGIA (“Attachment II”).**

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VI. Service

The NYISO will send an electronic link to this filing to the official representative of each of its customers, to each participant on its stakeholder committees, to the New York Public Service Commission, and to the electric utility regulatory agency of New Jersey. In addition, a complete copy of this filing will be posted on the NYISO's website at www.nyiso.com.

VII. Conclusion

Wherefore, the Joint Filing Parties respectfully requests that the Commission accept the attached Interconnection Agreement effective as of November 10, 2010.

Respectfully submitted,

/s/ David Allen

David Allen

Counsel for the

New York Independent System Operator, Inc.

/s/ Daniel Galaburda

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d/b/a National Grid USA