

May 14, 2015

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

**Re: Niagara Mohawk Power Corporation, d/b/a National Grid
Docket No. ER15-____-000
Interconnection Agreement with Village of Skaneateles and
Request for Waiver of Commission Notice Requirement**

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 (“National Grid”) submits for Commission acceptance an Interconnection Agreement (“IA”) between National Grid and the Village of Skaneateles (“Skaneateles”). The attached IA (the “Skaneateles IA”) is designated as Service Agreement No. 2211 under the New York Independent System Operator Corporation’s (“NYISO”) Open Access Transmission Tariff (“OATT”). The Skaneateles IA is based on National Grid’s standard municipal interconnection agreement recently accepted by the Commission.

National Grid requests that the Commission grant waiver of its notice requirement and accept the Skaneateles IA effective as of the date agreed to by the Parties, March 31, 2015.

I. Background

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

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

¹ 16 U.S.C. § 824d.

² 18 C.F.R. Part 35.

system of National Grid. Skaneateles takes transmission service under the NYISO OATT. National Grid and Skaneateles are not parties to any prior interconnection agreement.

National Grid is interconnected to 29 municipal electric systems in the State of New York. The majority of these municipal interconnections are not governed by any existing interconnection agreement.

In recent years, National Grid 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 National Grid 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 National Grid and the interconnected municipal will coordinate to ensure the ongoing reliability of the New York State Transmission System.

National Grid 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, National Grid provided a final draft of the standard municipal interconnection agreement to the NYISO.³ The NYISO requested a number of minor modifications to the agreement, which were agreed to by both National Grid and the MEUA.

In February 2015, National Grid filed the first agreement with the Commission based on the final negotiated standard municipal interconnection agreement. That first interconnection agreement was between National Grid and the Village of Boonville, New York (the “Boonville IA”).⁴ Boonville, like Skaneateles, is a member of the MEUA. National Grid 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 March 2015.⁵

³ The Skaneateles IA is a two-party agreement. National Grid’s understanding is that the NYISO does not desire to be a party to such municipal interconnection agreements.

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

⁵ See Commission Letter Order, Docket No. ER15-971-000 (Mar. 17, 2015).

II. The Skaneateles IA

The Skaneateles IA documents terms and conditions related to the interconnection of the National Grid and Skaneateles systems and the manner in which National Grid and Skaneateles will coordinate to ensure the ongoing reliability of the New York State Transmission System.⁶ The following discussion addresses some of the more significant elements of the IA. The Skaneateles IA is to become effective as of the date agreed to by the Parties (*i.e.*, March 31, 2015) and remain in effect for twenty years.⁷

Article II of the Skaneateles IA sets forth general terms and conditions under which the Skaneateles system is interconnected to and operates in parallel with the National Grid transmission system. This Article, along with Exhibit A, defines the respective Interconnection Facilities of the Parties. Section 2.5 provides that Skaneateles and National Grid shall each be responsible for protection of their respective facilities consistent with Good Utility Practice and Applicable Reliability Standards. National Grid 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 Skaneateles 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 National Grid and Skaneateles 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 Skaneateles IA states that, if any required National Grid Interconnection Facility or Transmission System upgrades are the result of a load interconnection to the Skaneateles system, Skaneateles must “reimburse National Grid 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 Skaneateles IA also provides that if upgrades to the National Grid transmission system or National Grid interconnection facility are required as a result of a proposed generator interconnection or increase in generator capacity to the Skaneateles system, such upgrades will be performed by National Grid “at the expense of either [Skaneateles] to the extent consistent with FERC policy or the owner of the Generator, consistent with Attachment S to the NYISO OATT.”⁸ Accordingly, these cost allocation provisions

⁶ Skaneateles IA, Recitals.

⁷ Skaneateles IA, Recitals and Section 12.1.

⁸ Skaneateles IA, Section 5.4.2.

under the Skaneateles IA 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 Skaneateles IA, Section 7.4 makes it clear that both National Grid and the NYISO have the authority to take certain actions during emergency conditions. Section 7.5, similarly, establishes the authority of Skaneateles 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 agreement. Section 10.2.2 provides that Skaneateles shall be responsible for costs incurred by National Grid for the operation, maintenance, and repair of National Grid interconnection facilities. Any charges assessed by National Grid under the Skaneateles IA will be just and reasonable because they will be based on National Grid's actual costs.⁹

The remaining provisions of the Skaneateles 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 and Request for Waiver

The Recitals section of the Skaneateles IA specifies an effective date of March 31, 2015. The Parties have agreed that the 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)."¹⁰

Accordingly, National Grid respectfully requests that the Skaneateles IA be permitted to go into effect as of March 31, 2015, and that the Commission grant waiver of the notice provisions in its regulations that require the filing of service agreements no

⁹ National Grid has not assessed any charges covered by the Skaneateles IA prior to the effective date of the agreement. The Commission has clarified that transmission study contracts and charges, while jurisdictional, do not have to be filed with the Commission unless they are the subject of a complaint. *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 65 FERC ¶ 61,081 (1993).

¹⁰ Skaneateles IA, Section 12.1.

more than 30 days after service has commenced.¹¹ Granting the requested effective date will permit the Skaneateles IA to become effective as of the date agreed upon by the Parties and will not result in prejudice to any Party. For these reasons, the Commission should find that good cause exists to grant an effective date of March 31, 2015.

IV. Documents Enclosed

In addition to this filing letter, attached is the following document:

- i. The Skaneateles IA (Service Agreement No. 2211 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 Skaneateles, the NYISO, and the New York State Public Service Commission.

¹¹ Specifically, pursuant to of Section 35.11 of the Commission's regulations (18 C.F.R. § 35.11), National Grid requests waiver of Section 35.3 of the Commission's regulations (18 C.F.R. § 35.3).

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VI. Conclusion

For the reasons stated herein, National Grid respectfully requests that the Commission accept the Skaneateles IA effective as of March 31, 2015.

Respectfully submitted,

/s/ Amanda C. Downey

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