

March 18, 2016

By Electronic Delivery

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

Re: Filing of an Executed Transmission Facility Interconnection Agreement Among New York State Electric & Gas Corporation, Trans-Allegheny Interstate Line Company, and the New York Independent System Operator, Inc.; and Request for Waiver of the 60-Day Notice Period; Docket No. ER16-____000

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act¹ and Section 35.12 of the Commission's regulations,² New York State Electric & Gas Corporation ("NYSEG"), Trans-Allegheny Interstate Line Company ("TrAILCo"), and the New York Independent System Operator, Inc. ("NYISO") hereby tender for filing a transmission facility interconnection agreement ("Interconnection Agreement") between and among NYSEG, TrAILCo, and the NYISO (collectively, the "Parties") that was executed on March 16, 2016. The Interconnection Agreement is labeled as Service Agreement No. 2257 under the NYISO's Open Access Transmission Tariff ("OATT").³

As described in Part I below, the Interconnection Agreement concerns the construction and interconnection of a substation, which will be owned by TrAILCo and under the operational control of PJM Interconnection, L.L.C. ("PJM"), with a transmission line owned by NYSEG and under the operational control of the NYISO. Given that PJM has indicated that the substation is required to be in-service within a limited time frame to address a reliability need identified by PJM, the Commission has granted TrAILCo a one-time waiver from the requirement that its project be evaluated under the NYISO's Standard Large Facility Interconnection Procedures set forth in Attachment X (Section 30) of the OATT.⁴ Instead, the project was evaluated under the

¹ 16 U.S.C. § 824d (2014).

² 18 C.F.R. § 35.12 (2014).

³ The NYISO files New York Transmission Owners' wires-to-wires interconnection agreements with the Commission on behalf of New York Transmission Owners with a NYISO Services Agreement number. *See, e.g.*, New York Independent System Operator, Inc., and Consolidated Edison Company of New York, Inc., Letter Order, Docket No. ER15-1845-000 (July 17, 2015) (accepting Transmission Owners' interconnection agreement filed by the NYISO with a NYISO Services Agreement number).

⁴ *See PJM Interconnection, L.L.C and Trans-Allegheny Interstate Line Company*, Order Granting Tariff Waiver Request, 144 FERC ¶ 61,060 (2013) ("TrAILCo Waiver Order"). The facilities subject to

NYISO's transmission expansion process contained in Section 3 of the OATT. As a result of the waiver, TrAILCo's project was not generally subject to the NYISO's interconnection process requirements, and TrAILCo and NYSEG are not required to enter into the *pro forma* Large Generator Interconnection Agreement ("Pro Forma LGIA") contained in Attachment X. However, given these unique circumstances, TrAILCo, NYSEG, and NYISO agreed that it was appropriate for the NYISO to be a party to the Interconnection Agreement.

The Parties respectfully request that the Commission accept the Interconnection Agreement for filing.⁵ While the interconnection is not subject to terms of the Pro Forma LGIA, the Interconnection Agreement developed by the Parties is generally consistent with the Pro Forma LGIA as described in Part II below. The Commission has previously accepted a similar interconnection agreement for a transmission facility filed by Parties under comparable circumstances.⁶ Further, as described in Part III of this letter, the Parties respectfully request a waiver of the Commission's prior notice requirements⁷ to make the Interconnection Agreement effective as of March 19, 2016, which is the date following the date of filing.

I. BACKGROUND

TrAILCo is constructing a substation in Smethport, Pennsylvania that is required under PJM's Regional Transmission Expansion Plan to address a reliability need ("Pierce Brook Substation"). Once constructed, the Pierce Brook Substation will be under the operational control of PJM. The New York State Transmission System operated by the NYISO expands into Pennsylvania via a 345 kV transmission line owned by NYSEG that currently runs from the Homer City Substation in Pennsylvania to the Stolle Road Substation in New York. Niagara Mohawk Power Corporation d/b/a National Grid ("National Grid") has separately constructed a substation ("Five Mile Road Substation") that is interconnected with the Homer City to Stolle Road 345 kV line. The Pierce Brook Substation will interconnect to the 345 kV line between Homer City and National Grid's Five Mile Road Substation ("HC – FMR Line").⁸ The Pierce Brook Substation will electrically bifurcate the HC-FMR Line into two segments that are both owned by NYSEG and operated by the NYISO as part of the New York State Transmission

the Interconnection Agreement were previously referred to as the "Farmers Valley" project at the time of the TrAILCo Waiver Order, as the new facilities were planned to be constructed near the existing Farmers Valley substation. The project subsequently moved approximately two miles to a new site called Pierce Brook.

⁵ TrAILCo and PJM will be separately filing the Interconnection Agreement with PJM Service Agreement No. 4368.

⁶ See *New York Independent System Operator, Inc.*, Letter Order, Docket No. ER15-2398-000 (September 18, 2015) ("Mainesburg Order").

⁷ See *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, *clarified*, 65 FERC ¶ 61,081 (1993).

⁸ The Parties will coordinate with National Grid and PJM to develop mutually agreeable operating protocols that will address, among other things, routine switching and relay settings for the operation of the Pierce Brook Substation.

System: (i) the Five Mile Road Substation to Pierce Brook Substation segment, and (ii) the Pierce Brook Substation to Homer City Substation segment.

The NYISO's OATT contains both a transmission expansion process in Section 3 of the OATT and an interconnection process in Attachment X of the OATT. When the Pierce Brook Substation project was introduced (then known as the Farmers Valley project), the NYISO determined that it did not fit within the definition of projects eligible to be evaluated under the transmission expansion process. For this reason, the NYISO determined that the project had to be evaluated pursuant to its interconnection process in Attachment X. PJM and TrAILCo raised concerns regarding the timing to complete the interconnection process given the short time frame for resolving the reliability need identified by PJM. They requested that the Commission grant a one-time, limited waiver of the NYISO tariff requirements to permit the substation to be evaluated under the transmission expansion process.⁹ Due to the impending reliability need, the Commission granted the requested limited, one-time waiver,¹⁰ and the NYISO performed a System Impact Study for the project under the transmission expansion process requirements set forth in Section 3 of the OATT.

As a result of the granted waiver, the TrAILCo project was not required to proceed through the NYISO's Standard Large Facility Interconnection Procedures set forth in Attachment X. However, TrAILCo, NYSEG, and NYISO agreed that it was appropriate for the NYISO to be a party to the Interconnection Agreement because, were it not for the limited, one-time interconnection process waiver granted here, the NYISO would be required by its OATT to be a party to the Interconnection Agreement, which governs the rates, terms, and conditions regarding the interconnection of the Pierce Brook Substation to the New York State Transmission System.¹¹ While the Parties were not required to enter into the Pro Forma LGIA, the Interconnection Agreement developed by the Parties is generally consistent with the Pro Forma LGIA as described in Part II below.¹²

II. DESCRIPTION OF INTERCONNECTION AGREEMENT

The rates, terms, and conditions of the Interconnection Agreement were agreed to by the Parties and are generally consistent with the Pro Forma LGIA. The primary differences between the Interconnection Agreement and the Pro Forma LGIA reflect: (i) the unique circumstances of the agreement, which addresses the interconnection of transmission facilities operated by PJM

⁹ TrAILCo Waiver Order at PP 2-6.

¹⁰ TrAILCo Waiver Order at PP 12-17.

¹¹ The Parties took the same approach in developing a three-party interconnection agreement for the Mainesburg Substation, which was also a TrAILCo owned and PJM operated substation that interconnected to a transmission line owned by NYSEG and operated by the NYISO. The Commission accepted this approach. *See* Mainesburg Order.

¹² As the Parties are not subject to the terms of the Pro Forma LGIA, the Interconnection Agreement is not subject to the Commission's high standard for accepting variations from the Pro Forma LGIA.

with those operated by the NYISO: and (ii) the application of the agreement to transmission facilities, rather than generation facilities. Key differences include:

- The Interconnection Agreement specifies TrAILCo's and NYSEG's responsibilities for the design, construction, ownership, operation and maintenance of the System Upgrade Facilities that interconnect the Pierce Brook Substation to the HC-FMR Line that is part of the New York State Transmission System. For this reason, the Interconnection Agreement does not include developer's options for performing such work. In addition, as the facilities to be constructed under the Interconnection Agreement are defined as System Upgrade Facilities, references to Attachment Facilities have been removed.
- The Interconnection Agreement does not include the provisions in the Pro Forma LGIA that are specific to the interconnection of a generating facility, as the agreement concerns transmission facilities.
- The Interconnection Agreement enables NYSEG to direct TrAILCo, on its own or at the NYISO's direction, to perform certain operations at the Pierce Brook Substation in the event of an Emergency, to ensure that the NYISO and NYSEG have sufficient operational control over the segment of the HC-FMR Line that is bound by the Pierce Brook and Homer City substations, which are both under the operational control of PJM.
- The Interconnection Agreement includes metering, communication, operating, system protection, outage, and emergency state requirements that differ in part from the Pro Forma LGIA to address the fact that the interconnection connects transmission facilities under the separate operational control of the NYISO and PJM, which have different technical requirements that must be satisfied by the appropriate transmission owner.
- Unlike the Pro Forma LGIA, the Interconnection Agreement does not include references to the NYISO's interconnection studies in Attachment X of the OATT as the Pierce Brook Substation was not evaluated under that process.
- The Interconnection Agreement includes specific requirements associated with ensuring that the HC-FMR Line is placed back in-service in the event of issues with the interconnection of the Pierce Brook Substation or in response to the disconnection of the Pierce Brook Substation.
- PJM was added as a signatory to the Interconnection Agreement consistent with Commission precedent to ensure that it is kept fully apprised of the matters addressed herein, so that it may be kept aware of any reliability and planning issues that may arise.¹³
- Additional differences agreed upon by Parties to reflect the unique circumstance of the interconnection.

¹³ See *American Electric Power Service Corporation*, 112 FERC ¶ 61,128 at P 10 (2005).

The Parties respectfully request that the Commission accept the Interconnection Agreement for filing.

III. EFFECTIVE DATE AND REQUEST FOR WAIVER

The Parties request an effective date of March 19, 2016, for the Interconnection Agreement, which is the day following the date of this filing. The Parties respectfully request that the Commission waive its prior notice requirement to permit the requested effective date. The Commission has previously granted waivers of its prior notice requirements to permit the requested effective dates for executed interconnection agreements.¹⁴

IV. COMMUNICATIONS AND CORRESPONDENCE

Communications regarding this filing should be directed to:

For the NYISO¹⁵

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¹⁴ See, e.g., *New York Independent System Operator, Inc. and New York State Electric & Gas Corporation*, Docket No. ER11-2953-000 (April 7, 2011) (accepting interconnection agreement effective as of date of execution); see also *New York Independent System Operator, Inc. and Niagara Mohawk Power Corp., Letter Order*, Docket No. ER08-985-000 (June 26, 2008) (same); *New York Independent System Operator, Inc. and New York Power Authority, Letter Order*, Docket No. ER08-861-000 (May 27, 2008) (same); *New York Independent System Operator, Inc. and New York Power Authority, Letter Order*, Docket No. ER08-699-000 (May 16, 2008) (same).

¹⁵ The Parties respectfully request waiver of 18 C.F.R. § 385.203(b)(3) (2014) to permit service on counsel in multiple locations.

For NYSEG:

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V. DOCUMENTS SUBMITTED

The NYISO submits the following documents:

- this filing letter;
- a clean version of the Interconnection Agreement (Attachment I);
- a blacklined version of the Interconnection Agreement showing the differences from the body of the Pro Forma LGIA (Attachment II); and
- the signature pages for the Interconnection Agreement (Attachment III).

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 the New Jersey Board of Public Utilities. In addition, a complete copy of the public documents included with this filing will be posted on the NYISO's website at www.nyiso.com.

VII. CONCLUSION

Wherefore, the Parties respectfully request that the Commission accept the Interconnection Agreement for filing with an effective date of March 19, 2016.

Respectfully submitted,

/s/ Christopher R. Sharp

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/s/ Jeffrey A. Rosenbloom

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