

July 6, 2017

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

**Re: Niagara Mohawk Power Corporation
Docket No. ER17-____-000
Filing of Large Generator Interconnection Agreement with
Selkirk Cogen Partners, LLC**

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 (“Niagara Mohawk”) submits a Large Generator Interconnection Agreement (“LGIA”) between Niagara Mohawk and Selkirk Cogen Partners, LP (“Selkirk”). The attached LGIA (the “Selkirk LGIA”) is designated as Service Agreement No. 2345 under the New York Independent System Operator, Inc.’s (“NYISO”) Open Access Transmission Tariff (“OATT”).

The Selkirk LGIA is an undisputed agreement between Niagara Mohawk and Selkirk for the continued provision of interconnection service to phase one of the generating facility owned by Selkirk and located in Selkirk, Albany County, New York. Niagara Mohawk requests that the Commission accept the Selkirk LGIA as of the effective date set forth therein, June 26, 2017.

I. Background

Niagara Mohawk is a public utility with a transmission system in the State of New York. Niagara Mohawk’s transmission facilities have been placed under the operational control of the NYISO.

Selkirk owns and operates a natural gas-fired, combined-cycle facility rated at 435 MW that has two phases. Phase one consists of a gas turbine with an associated heat recovery steam generator with supplemental firing, and a non-condensing steam turbine generator (“Phase One”). Phase two consists of two combustion turbines, two heat

¹ 16 U.S.C. § 824d.

² 18 C.F.R. Part 35.

recovery steam generators with supplemental firing, and a condensing steam turbine generator (“Phase Two”).³

The Commission certified Phase One of the Plant as a “qualifying cogeneration facility” (“QF”) under the Public Utility Regulatory Policies Act of 1978 (“PURPA”) in Docket No. QF89-274-000 on September 28, 1989. On June 9, 1992, the Commission acknowledged the completion of Phase Two and recertified the Plant, including both Phase One and Phase Two, as a QF in that same docket. The Commission has since repeatedly recertified both phases of the Plant as a QF.⁴

Niagara Mohawk and Selkirk are parties to an interconnection agreement regarding Phase One that was accepted for filing by the Commission in Docket No. ER12-1709-000 on May 31, 2012.⁵ Pursuant to that existing interconnection agreement, Niagara Mohawk provides interconnection service to Phase One using the transmission system owned by Niagara Mohawk.

II. The Selkirk LGIA

Niagara Mohawk and Selkirk have entered into the Selkirk LGIA to provide for continued interconnection service to Phase One of the Plant using the transmission system owned by Niagara Mohawk, pursuant to the terms of the Selkirk LGIA. The parties intend the Selkirk LGIA to supersede and replace the interconnection agreement for Phase One of the Plant that was accepted in Docket No. ER12-1709-000, effective as of June 26, 2017, as set forth in the Selkirk LGIA.⁶

With minor variations, the Selkirk LGIA follows the *pro forma* NYISO LGIA set forth in Appendix 6 of Attachment X to the NYISO OATT. The main difference between the Selkirk LGIA and the *pro forma* NYISO LGIA is that the Selkirk LGIA is a two-party agreement between the transmission owner (Niagara Mohawk) and the generation facility owner (Selkirk), whereas the *pro forma* NYISO LGIA is a three-party agreement among the transmission owner, the generation facility owner, and the NYISO.⁷

³ The entire facility, including Phase One and Phase Two, is referred to herein as the “Plant.”

⁴ Most recently, Selkirk filed a notice of recertification with respect to the QF status of Phase One and Phase Two in Docket No. QF89-274 on May 27, 2016.

⁵ The Commission accepted for filing an earlier version of the interconnection agreement regarding Phase One by letter order issued on December 9, 2009 in Docket No. ER10-189-000. As Niagara Mohawk explained in the transmittal letter for its filing in that proceeding, the interconnection agreement became subject to the Commission’s jurisdiction after Selkirk acquired the option to sell output from Phase One to third-party utilities. Niagara Mohawk and Selkirk are also parties to an Amended and Restated Interconnection Agreement regarding Phase Two of the Plant. *See* Commission letter order, Docket No. ER15-8-000 (Nov. 13, 2014). However, the agreement regarding Phase Two is not at issue in this filing.

⁶ *See* Selkirk LGIA at Recitals and Article 1, definition of “Effective Date”. Niagara Mohawk will submit a separate filing to terminate the existing interconnection agreement that was accepted in Docket No. ER12-1709-000.

⁷ Attachment B to this filing shows the differences between the Selkirk LGIA and the *pro forma* NYISO LGIA in black-line format.

Commission precedent supports acceptance of the Selkirk LGIA as a two-party agreement. In proceedings on two-party LGIAs between Niagara Mohawk and generation subsidiaries of Alliance Energy that were modeled on the *pro forma* NYISO LGIA (collectively, the “Alliance Energy LGIAs”),⁸ the Commission found that the NYISO did not need to be a party to the two-party Alliance Energy LGIAs, for the following reasons:

[T]hey are not the type of new generator interconnection agreements envisioned by Order No. 2003; rather they are more like after-the-fact interconnection operating agreements that govern the terms, conditions, and rates associated with the continued operation and maintenance of previously constructed facilities built to accommodate the interconnection of the Alliance generators to Niagara Mohawk’s transmission system. Accordingly, we will not require NYISO to be a signatory to these unexecuted IAs.⁹

Like the Alliance Energy LGIAs, the Selkirk LGIA is not a new generator interconnection agreement of the type envisioned by Order No. 2003. Instead, the Selkirk LGIA governs the terms, conditions, and rates associated with the continued operation and maintenance of the previously constructed facilities built to accommodate the interconnection of the existing Phase One of the Plant to the Niagara Mohawk transmission system. Therefore, the Commission should accept the Selkirk LGIA as a two-party agreement.

The *pro forma* NYISO LGIA contains a number of provisions that are applicable to new interconnections but are not applicable to existing interconnections, such as the interconnection for Phase One of the Plant. However, Niagara Mohawk and Selkirk have agreed to retain those provisions in the Selkirk LGIA.¹⁰ This approach is consistent with the approach authorized in *PJM Interconnection, L.L.C.*¹¹ In that order, the Commission rejected a proposal to delete inapplicable provisions from a Large Generator Interconnection Agreement, stating that “[i]f a provision of a contract is not applicable, it

⁸ The Alliance Energy LGIAs were filed and accepted pursuant to Commission proceedings in Docket Nos. ER07-1019, ER07-1020, and ER07-1021.

⁹ *Niagara Mohawk Power Corp. d/b/a National Grid*, 121 FERC ¶ 61,104, at P 22 (2007) (citation omitted). The Commission also stated that “any interconnections involving the interconnection of a new generating facility or involving increases in capacity or material modifications to the operating characteristics of existing generating facilities interconnected to Niagara Mohawk’s or any other NYISO member’s transmission system will require the NYISO to be a signatory to that IA.” *Id.* However, Phase One of the Plant is already interconnected to the transmission system owned by Niagara Mohawk, and there has been no increase in capacity or material modifications to the operating characteristics of Phase One of the Plant. Therefore, the NYISO does not need to be a signatory to the Selkirk LGIA.

¹⁰ See Selkirk LGIA at Appendix I (listing provisions from the *pro forma* NYISO LGIA that the parties agree are not applicable to their circumstances). However, throughout the Selkirk LGIA, the parties have replaced the defined terms “Developer” and “Developer’s Attachment Facilities” with the terms “Interconnection Customer” and “Interconnection Customer’s Attachment Facilities,” both of which have been given the same definitions as the replaced terms Developer and Developer’s Attachment Facilities. See *id.* at Article 1.

¹¹ 111 FERC ¶ 61,098 (2005).

is not applicable,” and concluding that “[u]nless confusion is likely, modifications to a pro forma agreement that ‘clarify’ matters not in doubt are not necessary.”¹²

Niagara Mohawk and Selkirk have agreed to a twenty-year term for the Selkirk LGIA.¹³ Niagara Mohawk and Selkirk have also included clarifying provisions in the Selkirk LGIA that differ from provisions in the *pro forma* NYISO LGIA. In Article 27.2, the parties have agreed to have a third arbitrator selected by the first two arbitrators chosen by the parties, because this is a two-party agreement. In Article 27.4, the parties have changed the allocation of costs for a single arbitrator from one-third per party to one-half per party, because the Selkirk LGIA is a two-party rather than a three-party agreement. In Appendix E to the Selkirk LGIA, the parties have replaced the developer certification statement concerning Trial Operation and commencement of Commercial Operation with a statement that Selkirk commenced Commercial Operation of Phase One of the Plant on January 8, 1993. The purpose of this modification is to specify the date on which Phase One of the Plant was interconnected and began Commercial Operation. Each of the Alliance Energy LGIAs accepted by the Commission contained similar clarifying provisions. In new Appendix H to the Selkirk LGIA, the parties have clarified that, in accordance with Article 10.5 of the Selkirk LGIA, Selkirk will be responsible for all reasonable operation and maintenance (O&M) expenses and will have the option to pay them either as a fixed, ongoing charge or as annual actual O&M expenses.

III. Effective Date

The Commission’s regulations require service agreements to be filed not more than 30 days after service under the agreements has commenced.¹⁴ As discussed above, the Selkirk LGIA is intended to go into effect as of June 26, 2017, *i.e.*, fewer than 30 days after the date the Selkirk LGIA is being filed. Therefore, Niagara Mohawk requests that the Commission accept the Selkirk LGIA effective June 26, 2017.

IV. Documents Enclosed

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

- i. The Selkirk LGIA (Service Agreement No. 2345 under the NYISO OATT), provided in clean format (Attachment A)
- ii. Black-lined revisions showing the differences between the Selkirk LGIA and the *pro forma* NYISO LGIA (Attachment B)

¹² *Id.* at P 14.

¹³ Selkirk LGIA, Article 2.2.

¹⁴ 18 C.F.R. § 35.3.

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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 Selkirk, the NYISO, and the New York Public Service Commission.

VI. Conclusion

For the reasons stated herein, Niagara Mohawk respectfully requests that the Commission accept the Selkirk LGIA effective as of June 26, 2017.

Respectfully submitted,

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