

August 20, 2019

By Electronic Delivery

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

Re: Joint Filing of an Executed Transmission Project Interconnection Agreement
Among the New York Independent System Operator, Inc., Niagara Mohawk
Power Corporation d/b/a National Grid, and H.Q. Energy Services (U.S.) Inc.;
Request for Waiver of the 60-Day Notice Period; Docket No. ER19-____-000

Dear Ms. Bose:

Pursuant to Section 205 of the Federal Power Act¹ and Section 35.13 of the Commission's regulations,² the New York Independent System Operator, Inc. ("NYISO") and Niagara Mohawk Power Corporation d/b/a National Grid ("National Grid") (together, the "Joint Filing Parties") hereby tender for filing an executed Transmission Project Interconnection Agreement entered into by the NYISO, National Grid, as the Connecting Transmission Owner, and H.Q. Energy Services (U.S.) Inc. ("HQUS"), as the Transmission Developer (the "Interconnection Agreement").³ The Interconnection Agreement is labeled as Service Agreement No. 2472 under the NYISO's Open Access Transmission Tariff ("OATT").

The Joint Filing Parties respectfully request that the Commission accept the Interconnection Agreement for filing. Pursuant to Section 22.11.1 of Attachment P to the OATT, the Interconnection Agreement is based on and consistent with the *pro forma* Large Generator Interconnection Agreement ("Pro Forma LGIA") contained in Attachment X to the OATT, as modified to address a Transmission Project, which modifications are described in Part II of this letter. Further, as described in Part III of this letter, the Joint Filing Parties respectfully request a waiver of the Commission's prior notice requirements⁴ to make the Interconnection Agreement effective as of July 31, 2019, which is the date on which it was fully executed.

¹ 16 U.S.C. § 824d (2012).

² 18 C.F.R. § 35.13 (2017).

³ Capitalized terms that are not otherwise defined in this filing letter shall have the meaning specified in Attachment P of the NYISO OATT, and if not defined therein, in Attachments X or S of the NYISO OATT, or the NYISO OATT or NYISO Market Administration and Control Area Services Tariff ("Services Tariff").

⁴ See *Prior Notice and Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139, clarified, 65 FERC ¶ 61,081 (1993).

I. BACKGROUND

The Transmission Project will provide for an 80 MW increase in transmission capacity on the Cedar Rapids Transmission Intertie located in St. Lawrence County, New York, to increase imports from the Quebec Control Area to New York's Rest of State ("ROS") region. The Transmission Project includes the reconductoring of National Grid's 115 kV Alcoa-Dennison Line 12, the installation of a 25 MVAR rack mounted capacitor bank at National Grid's Dennison Substation, and related Network Upgrade Facilities required for the Transmission Project to connect reliably to the New York State Transmission System in a manner that meets the NYISO Transmission Interconnection Standard. National Grid will construct, own, operate, and maintain the portion of the Transmission Project and Network Upgrade Facilities located on its transmission system. The NYISO's interconnection studies for the Transmission Project also identified impacts on an Affected System in New York – the transmission system of Alcoa Power Generating Inc.'s Long Sault Division ("APGI"), which is an Affected System Operator.⁵ The portion of the Transmission Project and Network Upgrade Facilities on APGI's transmission system will be constructed, owned, operated, and maintained by APGI pursuant to a separate agreement.⁶ Additional details regarding the Transmission Project and related Network Upgrade Facilities can be found in Appendix A of the Interconnection Agreement.

HQUS developed and will fund the Transmission Project and related Network Upgrade Facilities to receive Capacity Resource Interconnection Service ("CRIS") commensurate with the 80 MW of incremental transfer capability created by the transmission upgrade.⁷ The NYISO determined that HQUS's requested 80 MW of CRIS was fully deliverable in its Class Year Interconnection Facilities Study for Class Year 2017, and HQUS accepted its deliverable MW and completed Class Year 2017. HQUS may use such CRIS as External-to-ROS Deliverability Rights to import capacity into New York from external resources.⁸

⁵ In addition, Hydro-Québec TransÉnergie has determined that a special protection scheme is required to accommodate the increase in transfer limit capacity associated with the Transmission Project and the related exports from the Quebec Control Area to New York of 80 MW. The required upgrades will be addressed pursuant to a separate agreement by and among Hydro-Québec TransÉnergie, its subsidiary Cedars Rapids Transmission Co., and National Grid.

⁶ The NYISO, APGI, and HQUS are addressing the work on APGI's transmission system in a separate engineering, procurement, and construction agreement that will be filed with the Commission.

⁷ On January 31, 2017, the Commission granted a limited one-time waiver in Docket No. ER17-505-000 for HQUS's request to waive certain provisions of the NYISO's OATT and Services Tariff to allow HQUS to enter the NYISO's Class Year Interconnection Facilities Study for Class Year 2017 for the deliverability evaluation of HQUS's requested CRIS. *See H.Q. Energy Services (U.S.) Inc.*, 158 FERC ¶ 61,098 (2017). HQUS participated in the Class Year Interconnection Facilities Study for Class Year 2017 as a Class Year Transmission Project for purposes of evaluating the deliverability of the CRIS corresponding to the incremental transmission capacity created by the Transmission Project and Network Upgrade Facilities.

⁸ The NYISO filed tariff revisions in May 2018 to its OATT and Services Tariff: (i) to allow entities that fund transmission upgrades on External Interfaces sinking into the Rest-of-State region to receive CRIS commensurate with the incremental transfer capability created by the transmission upgrade if determined to be deliverable under applicable procedures, and (ii) to establish External-to-ROS Deliverability Rights by which such CRIS can be utilized to import capacity from External Resources. *See New York Independent System Operator, Inc.*, Proposed Tariff Revisions to Establish External to Rest of State Deliverability Rights, Docket No. ER18-1668-000

II. DESCRIPTION OF THE INTERCONNECTION AGREEMENT

Section 22.11 of Attachment P of the OATT establishes the requirements in the NYISO's Transmission Interconnection Procedures for Transmission Project Interconnection Agreements. Pursuant to Section 22.11.1, a Transmission Project Interconnection Agreement: "shall be consistent with the NYISO's Commission-approved Standard Large Generator Interconnection Agreement located in Appendix 6 to Attachment X of the OATT, modified to address a Transmission Project." Pursuant to these requirements, the Interconnection Agreement is based on and consistent with the Pro Forma LGIA, as modified to address the fact that the facility is a Transmission Project and the particular circumstances of the interconnection.

The Interconnection Agreement varies from the Pro Forma LGIA primarily as follows:

- The Interconnection Agreement concerns a Transmission Project and related Network Upgrade Facilities that will be constructed and incorporated within National Grid's transmission system, that will not have Points of Interconnection with HQUS's facilities or related Attachment Facilities, and that will be operated and maintained in the same manner as the rest of National Grid's transmission system as part of the New York State Transmission System. For these reasons, the Interconnection Agreement has been modified: (i) to reflect the different Transmission Developer, Transmission Project, and Network Upgrade Facilities terminology, (ii) to account for differences between the operating and maintenance requirements of transmission and generation facilities, and (iii) to address the use of Network Upgrade Facilities, rather than Attachment Facilities and System Upgrade Facilities.
- National Grid will be responsible for all of the work to design, construct, install, place in service, operate, and maintain its portion of the Transmission Project and Network Upgrade Facilities. For this reason, the Interconnection Agreement does not include the requirements in the Pro Forma LGIA concerning a Developer's responsibilities concerning a Large Generating Facility or its options or responsibilities to perform work concerning Attachment Facilities or Stand Alone System Upgrade Facilities.
- The payments made by HQUS for the Transmission Project are not expected to qualify for the safe harbor provided by IRS Notices 88-129, 2001-82, and 2016-36.⁹ Therefore, the Interconnection Agreement was modified to remove provisions related to the safe harbor and to provide for an income tax indemnity and gross-up payment to National Grid related to the payments HQUS will make with respect to the Transmission Project and Network Upgrade Facilities.

(May 22, 2018). The Commission accepted the proposed revisions on July 13, 2018. *New York Independent System Operator, Inc.*, Letter Order, Docket No. ER18-1668-000 (July 13, 2018).

⁹ IRS Notice 2016-36, which is not included in the Pro Forma LGIA, modifies and supersedes IRS Notices 2001-82 and 88-129.

- Section 22.11.1 of Attachment P of the OATT establishes that the Transmission Project Interconnection Agreement “shall provide the mechanism through which a Transmission Developer shall post Security for required Network Upgrade Facilities.” Accordingly, the Interconnection Agreement has been modified to incorporate the standard Security and related cost allocation requirements that are applicable to upgrades for Developers that are subject to the Pro Forma LGIA. Specifically, the Interconnection Agreement incorporates the OATT requirement that caps the costs of required upgrades, with limited exceptions, at the amount determined in the interconnection studies and for which the Developer provides Security.¹⁰ In addition, the Interconnection Agreement incorporates the OATT requirement that the Developer’s Security is subject to forfeiture if it terminates or abandons its project and the Security is required to defray the costs of constructing the upgrades relied upon by subsequent projects.¹¹
- The Transmission Project was evaluated under the NYISO’s Transmission Interconnection Procedures in Attachment P of the OATT. For this reason, the Interconnection Agreement incorporates the defined terms from Attachment P, rather than the defined terms for Large Facilities from the Standard Large Facility Interconnection Procedures in Attachment X of the OATT.
- The Interconnection Agreement also includes minor clean-ups and revisions agreed upon among all of the Parties that are consistent with the terms of the Interconnection Agreement.

The Joint Filing Parties provide in Attachment I to this filing letter a matrix that describes in greater detail the differences between the Interconnection Agreement and the Pro Forma LGIA.¹²

III. PROPOSED EFFECTIVE DATE AND REQUEST FOR WAIVER OF THE 60-DAY NOTICE PERIOD

The Joint Filing Parties request an effective date of July 31, 2019, for the Interconnection Agreement, which is the date of its full execution. The Joint Filing Parties respectfully request that the Commission waive its prior notice requirement to permit the requested effective date. The Commission has previously permitted interconnection agreements to become effective upon the date of execution.¹³

¹⁰ OATT Attachment S Section 25.8.6.

¹¹ OATT Attachment S Section 25.8.5.

¹² As described in this filing letter, “Developer” has been replaced by “Transmission Developer,” “Large Generating Facility” has been replaced by “Transmission Project,” and “System Upgrade Facility” has been replaced by “Network Upgrade Facilities” throughout the Interconnection Agreement. The NYISO has not highlighted these changes, which apply in most provisions of the Interconnection Agreement, in the matrix in Attachment I.

¹³ 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.

IV. COMMUNICATIONS AND CORRESPONDENCE

All communications and service in this proceeding should be directed to:

For the NYISO¹⁴

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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).

¹⁴ The NYISO respectfully requests waiver of 18 C.F.R. § 385.203(b)(3) (2014) to permit service on counsel in both Washington, D.C. and Richmond, VA.

V. DOCUMENTS SUBMITTED

The Joint Filing Parties submit the following documents with this filing letter:

- A matrix describing the differences between the Interconnection Agreement and the Pro Forma LGIA (Attachment I);
- A clean version of the Interconnection Agreement (Attachment II);
- A blacklined version of the Interconnection Agreement showing the changes from the Pro Forma LGIA (Attachment III); and
- The signature pages for the Interconnection Agreement (Attachment IV).

VI. SERVICE

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

VII. CONCLUSION

Wherefore, the Joint Filing Parties respectfully request that the Commission accept the Interconnection Agreement for filing with an effective date of July 31, 2019.

Respectfully submitted,

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