

January 12, 2022

By Electronic Delivery

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

Re: Filing of an Executed Large Generator Interconnection Agreement for the Peconic River Energy Storage Project Among the New York Independent System Operator, Inc., Long Island Lighting Company d/b/a LIPA, and Peconic River Energy Storage LLC d/b/a North Street Energy Storage; Request for Waiver of the 60-Day Notice Period; Docket No. ER22-____-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") hereby tenders for filing an executed Large Generator Interconnection Agreement for the Peconic River Energy Storage project (NYISO Queue No. 746) entered into by the NYISO, Long Island Lighting Company d/b/a LIPA ("LIPA"),³ as the Connecting Transmission Owner, and Peconic River Energy Storage LLC d/b/a North Street Energy Storage ("Peconic") as the Developer (the "Interconnection Agreement").⁴ The Interconnection Agreement is labeled as Service Agreement No. 2672 under the NYISO's Open Access Transmission Tariff ("OATT").

The NYISO respectfully requests that the Commission accept the Interconnection Agreement for filing. With the limited exceptions described in Part I of this letter, the Interconnection Agreement conforms to the NYISO's *pro forma* Large Generator Interconnection Agreement ("Pro Forma LGIA") that is contained in Attachment X to the OATT. Further, as described in Part II of this letter, the NYISO respectfully requests a waiver of the Commission's prior notice requirements⁵ to make the Interconnection Agreement effective as of December 31, 2021, which is the date of its full execution.

¹ 16 U.S.C. § 824d.

² 18 C.F.R. § 35.13 (2021).

³ LIPA is a subsidiary of the Long Island Power Authority, which is corporate municipal instrumentality constituting a political subdivision of the State of New York.

⁴ Capitalized terms that are not otherwise defined in this filing letter shall have the meaning specified in Attachments S or X of the NYISO OATT, and if not defined therein, in the NYISO OATT and NYISO Market Administration and Control Area Services Tariff.

⁵ 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. Discussion

A. Background

Peconic is constructing a 150 MW, 600MWh battery storage project located in Manorville in Suffolk County, New York (the “Facility”). Additional details regarding the Facility can be found in Appendix C of the Interconnection Agreement.

The Facility will interconnect to certain facilities of LIPA that are part of the New York State Transmission System. The Facility will interconnect to LIPA’s 138 kV Brookhaven – Sills line 138-874 via a new three breaker substation. Figure A-1 in Appendix A of the Interconnection Agreement includes a one-line diagram showing the Point of Interconnection.

B. The Interconnection Agreement Closely Conforms to the Pro Forma LGIA Contained in Attachment X of the NYISO OATT

The Interconnection Agreement was fully executed on December 31, 2021, by the NYISO, LIPA, and Peconic. The Interconnection Agreement largely conforms to the language in the Pro Forma LGIA contained in Attachment X of the NYISO OATT with the exceptions described below in this Part I.B. The NYISO submits that the changes specified below satisfy the Commission’s standard for variations from the Pro Forma LGIA, because unique circumstances exist that require a non-conforming agreement.⁶ Therefore, the NYISO respectfully requests that the Commission accept the Interconnection Agreement with the non-conforming changes.

1. Modifications Required to Address LIPA’s Status as a Non-Jurisdictional, Tax-Exempt Municipal Utility

The Interconnection Agreement includes several modifications recognizing LIPA’s status as a non-jurisdictional municipal utility pursuant to Section 201(f) of the Federal Power Act (“FPA”).⁷ As a municipal utility, LIPA is not subject to certain federal and state tax laws. Further, LIPA holds, and has the authority to issue, tax-exempt debt for use in the construction, operation and maintenance of its transmission system. LIPA’s tax-exempt status and issuance of tax-exempt debt already is recognized under applicable terms of the NYISO OATT and related agreements. Accordingly, this Interconnection Agreement includes the following set of changes:

- The Recitals have been modified to note LIPA’s status as a non-jurisdictional municipal utility.
- Articles 2.1, 2.3.1 and 29.13 have been modified to delete the words “Connecting

⁶ See, e.g., *PJM Interconnection, LLC*, 111 FERC ¶ 61,163 at PP 10-11, *reh’g denied*, 112 FERC ¶ 61,282 (2005).

⁷ 16 U.S.C. § 824(f).

Transmission Owner” to reflect that the NYISO (in its role as the jurisdictional public utility) is individually making required filings with the Commission pursuant to the FPA. Article 29.13 is further modified, consistent with LIPA’s non-jurisdictional status, to reflect that any party may make a unilateral filing with the Commission to modify this Interconnection Agreement pursuant to FPA Section 206.

- Article 3 has been modified to clarify that the filing of the Interconnection Agreement with the Commission by the NYISO shall not be construed as a waiver of LIPA’s status as a non-jurisdictional municipal utility pursuant to FPA Section 201(f).
- Article 5.11 has been modified to classify the Attachment Facilities and Stand Alone System Upgrade Facilities as “Transmission Facilities Requiring ISO Notification” for consistency with the treatment of LIPA transmission facilities under the NYISO OATT.
- Article 5.17, which governs tax matters, has been deleted to reflect LIPA’s tax-exempt status as a municipal utility. The parties have inserted “Reserved” into Article 5.17, so the numbering for subsequent sections does not need to be adjusted due to the deletion.

These modifications do not change the substantive procedures and standards for interconnection. The purpose of these modifications is to properly reflect LIPA’s non-jurisdictional and tax-exempt status. The Commission has previously accepted these types of modifications to the Pro Forma LGIA.⁸

In addition, the parties agreed to make certain revisions to reflect the fact that Long Island Electric Utility Servco LLC (“Servco”) will be executing the Interconnection Agreement on behalf of LIPA, as LIPA’s agent. In particular, the parties revised the preamble and the signature block to establish Servco’s role in the Interconnection Agreement, including, providing that Servco will not be a party to the Interconnection Agreement and will not have any liability under the Interconnection Agreement and clarifying that LIPA will have full liability for the obligations of the Connecting Transmission Owner under the Interconnection Agreement. Further, the parties revised the indemnity requirements in Article 18.1 to provide that each party would indemnify the other parties “and their agents” to account for Servco in the indemnity rules.

⁸ See, e.g., *New York Independent System Operator*, Letter Order, Docket No. ER17-2151-000 (September 8, 2017) (accepting revisions to reflect LIPA’s status as a non-jurisdictional municipal utility); *New York Independent System Operator*, Letter Order, Docket No. ER11-1975-000 (December 15, 2010) (same) (re-filed by the NYISO to address an eTariff display issue; see *New York Independent System Operator*, Letter Order, Docket No. ER11-1975-001 (February 18, 2011)).

2. Modifications Related to Billing and Security Arrangements

As permitted by Section 25.8.2.1 of Attachment S of the NYISO OATT and Article 11.5 of the Pro Forma LGIA, LIPA and Peconic have agreed on advance cash payment as the form of security for the costs of designing, engineering, constructing, and procuring the Connecting Transmission Owner's Attachment Facilities and System Upgrade Facilities.⁹ Article 12.1 of the Pro Forma LGIA provides that a Connecting Transmission Owner shall bill the applicable Interconnection Customer on a monthly basis for its design, engineering, construction, and procurement costs due for the preceding month. To reflect the security arrangement agreed to by LIPA and Peconic in which Peconic will make advance payments to LIPA, the parties have agreed to modify Article 12.1 in the Interconnection Agreement to permit Peconic to make the advance payments as set forth in Section 5 of Appendix A of the Interconnection Agreement.¹⁰

II. Proposed Effective Date and Request for Waiver of the 60-Day Notice Period

The NYISO requests an effective date of December 31, 2021, for the Interconnection Agreement, which is the date of its full execution. The NYISO respectfully requests 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.¹¹

⁹ Section 25.8.2.1 of Attachment S provides a Developer with the option to provide cash or to post Security for the System Upgrade Facilities required for its project in the Class Year Study. For Connecting Transmission Owner's Attachment Facilities required for the project, Article 11.5 of the Pro Forma LGIA provides that "Developer shall provide Connecting Transmission Owner, at Developer's option, a guarantee, a surety bond, letter of credit or other form of security that is reasonably acceptable to Connecting Transmission Owner ..." (emphasis added). For this interconnection, Peconic and LIPA have agreed to use advanced cash payments as Security. Peconic initially provided a letter of credit to LIPA for its Security for the System Upgrade Facilities identified for its project in the NYISO's Class Year Study. As described in Section 5(b) of Appendix A of the Interconnection Agreement, Peconic will re-issue its letter of credit at reduced amounts at agreed upon stages as it makes prepayments to LIPA.

¹⁰ The Commission has previously accepted a similar change to the NYISO's *pro forma* Small Generator Interconnection Agreement to reflect alternative billing and invoice arrangements agreed to by the parties. *See New York Independent System Operator, Inc. and Niagara Mohawk Power Corporation d/b/a National Grid*, Letter Order, Docket No. ER21-1088-000 (April 7, 2021) (accepting modifications to the *pro forma* Small Generator Interconnection Agreement to address alternative billing and invoicing procedures); *see also New York Independent System Operator, Inc. and New York State Electric & Gas Corporation*, Letter Order, Docket No. ER19-589-000 (Feb. 1, 2019) (same).

¹¹ *See, e.g., New York Independent System Operator, Inc. and New York State Electric & Gas Corporation*, Letter Order, 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).

III. Communications and Correspondence

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

For the NYISO¹²

Robert E. Fernandez, Executive Vice
President & General Counsel
Karen Georgenson Gach, Deputy General
Counsel
*Sara B. Keegan, Senior Attorney
New York Independent System Operator, Inc.
10 Krey Boulevard
Rensselaer, NY 12144
Tel: (518) 356-6000
Fax: (518) 356-4702
skeegan@nyiso.com

*Ted J. Murphy
Hunton Andrews Kurth LLP
2200 Pennsylvania Avenue, NW
Washington, D.C. 20037
Tel: (202) 955-1500
Fax: (202) 778-2201
tmurphy@hunton.com

*Michael J. Messonnier Jr.
Hunton Andrews Kurth LLP
951 East Byrd Street
Richmond, VA 23219
Tel: (804) 788-8200
Fax: (804) 344-7999
mmessonnier@hunton.com

IV. Documents Submitted

The NYISO respectfully submits the following documents with this filing letter:

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

V. Service

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

¹² The NYISO respectfully requests waiver of 18 C.F.R. § 385.203(b)(3) (2021) to permit service on counsel in both Washington, D.C. and Richmond, VA.

Honorable Kimberly D. Bose

January 12, 2022

Page 6

VI. Conclusion

Wherefore, the NYISO respectfully request that the Commission accept the Interconnection Agreement for filing with an effective date of December 31, 2021.

Respectfully submitted,

/s/ Sara B. Keegan

Sara B. Keegan

Counsel for the

New York Independent System Operator, Inc.

cc: Janel Burdick
Robert Fares
Jette Gebhart
Jaime Knepper
David Morenoff
Frank Swigonski
Gary Will

Matthew Christiansen
Jignasa Gadani
Leanne Khammal
Kurt Longo
Douglas Roe
Eric Vandenberg