

**MOTION IN OPPOSITION TO APPEAL OF SEF INDUSTRIES,
INC. FROM THE OPERATING COMMITTEE'S JUNE 27, 2002
APPROVAL OF THE SRIS FOR KEYSpan-RAVENSWOOD,
LLC'S 138 KV INTERCONNECTION**

I. Summary Statement

KeySpan-Ravenswood, LLC ("Ravenswood") opposes the appeal of SEF Industries, Inc. ("SEF") from the Operating Committee's approval of the System Reliability Impact Study ("SRIS") of an amendment to Ravenswood's interconnection proposal. SEF's appeal should be rejected as a matter of law, and in the event it is not rejected as a matter of law, it is without merit.

First, SEF is not a party to the NYISO Agreement and, thus, has no authority to take an appeal from an action of the Operating Committee and its appeal should be rejected. Moreover, SEF's claim to appeal on behalf of its affiliates, should be rejected because SEF does not identify such affiliates. To the extent that such affiliates are concerned, SEF's failure to identify them violates Section 15.02.2 of the Management Committee's By-Laws. SEF's appeal, therefore, should be limited to the single disclosed appellant, SEF.

Second, SEF's claim that Ravenswood's SRIS violates NYISO rules and criteria is without merit and Ravenswood's 138 kV interconnection proposal should be considered as an amendment to a previous interconnection proposal and SRIS. Ravenswood's revised interconnection proposal does not cause an adverse reliability impact and should not, thus, be treated as a new proposal or a material change. Moreover, the New York Independent System Operator, Inc. ("NYISO") represented to the Federal Energy Regulatory Commission ("Commission") that Ravenswood's 138 kV alternative interconnection is eligible for membership in the Class of 2002 and the NYISO is now estopped from placing the 138 kV alternative interconnection in a later class year.

Third, the NYISO has approved at least one SRIS for a project developer's alternative interconnection proposal. Thus, approval of Ravenswood's 138 kV interconnection is consistent with NYISO precedent.

II. SEF Is Not A Party To The NYISO Agreement And Thus Is Not Eligible To Take This Appeal

Only signatories to the NYISO Agreement may take an appeal to the Management Committee. Section 15.02 of the Management Committee's By-Laws ("By-Laws") specifies that "Parties" may appeal actions of the two lower committees to the Management Committee. The By-Laws further provide that capitalized terms, such as "Party," unless defined in the By-Laws, shall be as defined in the NYISO Agreement. (By-Laws, Section 1.02.) The NYISO Agreement defines Party as a signatory to one of the ISO Related Agreements, with respect to that agreement. (Section 1.98.)

SEF, however, is not a signatory to the NYISO Agreement, which is one of the ISO Related Agreements. The NYISO maintains a list of Approved Customers/Limited Customers/Guests on its website at: http://www.nyiso.com/services/documents/mktrelations/approved_customers_and_guests.html. Ravenswood understands that this list includes all entities that have executed the NYISO Agreement. Neither SEF nor NYC Energy LLC, which SEF asserts is an affiliate, is listed as an Approved Customer, Limited Customer or Guest. In addition, neither SEF nor NYC Energy LLC is listed as a member of the Management Committee, which includes all entities which have signed the NYISO Agreement. (By-Laws, Section 2.01.) Therefore, neither SEF nor NYC Energy LLC is Party to the NYISO Agreement and, as a result, neither is authorized to take an appeal from the action of the Operating Committee. The NYISO should dismiss SEF's appeal as a matter of law.

In addition, the NYISO should not entertain appeals when appellant has no immediate and direct interest in the outcome. This standard is reflected in New York State's rules of civil procedure by the requirement that a party have capacity to commence an action. Rule 3211(3), New York Civil Practice Law & Rules. In the instant case, SEF does not have capacity to take this appeal, as it is not a sponsor of a proposed generating facility in an

identified class year. Moreover, because no licensing action is recorded on the website of the New York State Public Service Commission concerning SEF's proposed Brooklyn 520 MW project since the Chairman of the New York State Board on Electric Generation Siting and the Environment ("Siting Board") wrote SEF in September 2000 to inform it that its application was deficient, it is unclear whether SEF's project even remains active. In addition, SEF did not detail its affiliation with NYC Energy LLC in its Notice of Appeal and SEF should not, therefore, be allowed to maintain this appeal based upon another entity's position which it fails to specify. Thus, SEF has completely failed to demonstrate that it is an interested person with adequate capacity to assert this appeal. SEF's appeal should be rejected for this additional reason.

III. Ravenswood's 138 kV Interconnection Proposal Must Be Considered No Later Than In Class Year 2002

SEF's assertions that Ravenswood's 138 kV interconnection proposal must be considered a new interconnection, and thus assigned to Class Year 2003, or a later class year, are without merit. First, SEF's contention that the SRIS for Ravenswood's 138 kV interconnection proposal does not meet the requirements of the NYISO's System Reliability Impact Study Criteria and Procedures ("SRIS Criteria") confuses a developer's commitment to proceed with the generating project and its commitment to proceed with a particular interconnection proposal. In the Study Initiation Requirements section of the SRIS Criteria, the reference to "project" is to the generation project, not to an interconnection proposal. SEF strains the natural meaning of the term "project" in the SRIS Criteria by casting its meaning in terms of an interconnection proposal. Given the natural definition of the term

“project” in the SRIS Criteria, nothing in the SRIS Criteria bars the Operating Committee’s approval of Ravenswood’s SRIS for the 138 kV interconnection proposal.¹

Moreover, nothing in the NYISO’s Open Access Transmission Tariff nor the SRIS Criteria bars a developer from maintaining more than one interconnection proposal simultaneously. SEF does not point to any provision that would bar a developer from maintaining more than one interconnection proposal. In fact, in the rulemaking on Standardization of Generator Interconnection Agreements and Procedures, undertaken by the Federal Energy Regulatory Commission (“Commission”), RM02-1-000, it is contemplated that a developer may request more than one interconnection study, simultaneously, as options. Standard Generator Interconnection Procedures, Article 10.

Second, Ravenswood’s April 1999 application for interconnection included both the Rainey and the Vernon Substations. The Rainey Substation is a 345 kV substation, while the Vernon substation is a 138 kV substation. Ravenswood’s inclusion of both 138 kV and 345 kV interconnection proposals in its application was reflected in the Scope of Study for the initial SRIS, which contemplated interconnection at either 345 kV or 138 kV. Thus, the 138 kV alternate interconnection proposal is not a new application for interconnection. A copy of Ravenswood’s April 1999 application is attached to this Motion as Exhibit “A.”

Third, SEF’s analysis of the NYISO’s Material Change Criteria overlooks the key element, namely, whether the proposed change causes adverse impacts on system reliability. As noted, Ravenswood’s proposed 138 kV plan of interconnection is not a new application for interconnection. Instead, Ravenswood amended its interconnection proposal, to add the alternative 138 kV interconnection proposal to the 345 kV proposal that had already been

¹ See Section IV, below, for Ravenswood’s response to SEF’s assertions about NYISO precedents concerning approval of more than one alternative interconnection proposal.

studied. Such amendment is consistent with the NYISO's Criteria for Defining a Material Change in a Previously Proposed New Interconnection Project. Under these Material Change Criteria, a material change occurs when:

[a] proposed interconnection project has undergone an overall material change if the defining electrical characteristics of the revised project, taken together, differ materially from the defining electrical characteristics of the previously proposed project in a manner adverse to system reliability.
(emphasis added)

The Material Change Criteria further provide that no single factor shall be considered automatically conclusive in the determination whether a revised plan of interconnection is materially different from a previously proposed plan. "ISO Staff shall make an overall determination of whether a material adverse difference exists" Thus, the key to establishing that a revised plan of interconnection is a material change from an earlier plan is that the defining electrical characteristics of the revised plan differ from the characteristics of the original plan "in a manner adverse to system reliability."

In the case of Ravenswood's 138 kV interconnection proposal, the amended proposal has a *reduced* impact on system reliability compared to the original proposal, thus, it hardly meets the NYISO's criteria for a material change. The SRIS for Ravenswood's revised proposal concludes that the thermal, voltage and stability performance of the Con Edison transmission system is not degraded by interconnection of Ravenswood's proposed project to the Vernon East 138 kV substation. With respect to the overall short circuit impact of the 138 kV interconnection proposal, the SRIS concludes that the impact is *less* than the impact of interconnection to the Rainey 345 kV substation.

Following its review of this SRIS, NYISO Staff (1) concluded that the fault duty management plan for the Class of 2001 projects remains adequate and requires no additional fault current mitigation measures if the Ravenswood project were interconnected to the Vernon substation instead of the Rainey 345 kV substation and (2) generally recommended

approval of the SRIS for the 138 kV interconnection proposal. NYISO Staff, therefore, concurred in Ravenswood's determination that the revised interconnection proposal did not increase the impact on system reliability. Thus, there is no material adverse change as regards Ravenswood's 138 kV interconnection proposal, which if anything reduces the fault current impact.

In addition, Ravenswood has challenged the NYISO's allocation of system upgrade facility costs before the Management Committee and the Board of Directors. In this context, Ravenswood sought a stay of the initial decision period, first, from the NYISO and then by filing a complaint with the Commission. *KeySpan-Ravenswood, Inc. v. New York Independent System Operator, Inc.*, Docket No. EL02-102-000. The NYISO filed an answer in that proceeding and asserted, inter alia, that the NYISO's Operating Committee had approved the alternative SRIS and that "[n]o further NYISO approval is necessary and the revised project is eligible for inclusion in the Class of 2002 cost allocation." Answer of NYISO to Complaint Requesting Extension of Deadline, Page 7. The Commission denied Ravenswood's request for a stay and referred to Ravenswood's 138 kV alternative proposal and Ravenswood's pursuit of the option of a move to the Class of 2002. The Commission, therefore, relied expressly upon the NYISO's representations about the existence of the 138 kV alternative interconnection proposal and "the option of a move to the Class of 2002." The NYISO is estopped, in light of its representations to the Commission and the Commission's reliance upon such argument, from now changing its position and determining that Ravenswood should be treated as part of any class later than 2002.

Based upon the foregoing analysis, there is no basis for re-assigning Ravenswood to a Class Year subsequent to 2001. Ravenswood is contesting, currently before the NYISO's Board of Directors and subsequently before the Commission, the NYISO's treatment of the cost allocation to Ravenswood as a member of the Class of 2001. Even if the NYISO should

determine that Ravenswood must be considered as a member of Class of 2002, the latest class year to which Ravenswood with a 138 kV interconnection should be assigned is Class Year 2002.

IV. The NYISO Has Previously Approved Alternative SRISs

SEF's assertions that the NYISO has never approved alternative SRISs prior to the approval of the alternate SRISs for Ravenswood overlooks the NYISO's approval of the alternative SRISs for American National Power's Ramapo Project. In that case, the Operating Committee approved the initial SRIS on December 11, 2000 and approved the ANP Ramapo Alternative Interconnection Plan on November 14, 2001. The point of interconnection for the interconnection plan initially approved was Consolidated Edison Company of New York, Inc.'s ("Con Edison") Ramapo 345 kV substation, while under the alternate interconnection plan two transmission feeders would be interrupted and looped into a new substation at the proposed generating facility. The SRIS for the alternate plan indicates that the new point of interconnection would be "less than a mile away" from the Ramapo substation. Thus, in the case of Ramapo, the NYISO has expressly approved an alternate plan of interconnection with a new point of interconnection. Ravenswood's alternate interconnection proposal is therefore within the NYISO's precedent concerning Ramapo.

V. Ravenswood's SRIS For The 138 kV Interconnection Proposal Complies With The NYISO's SRIS Criteria and Procedures

SEF's claim that Ravenswood had to include NYC Energy LLC's project in the plants to be studied by Ravenswood is similarly without merit. As noted previously, Ravenswood's 138 kV interconnection proposal is an amendment to its pending SRIS. Nothing in the SRIS Criteria requires Ravenswood to add additional units to the list of plants to be studied that are subsequent to the plants studied for Ravenswood's original SRIS.

Moreover, NYC Energy LLC's project is a 79.9 MW plant that is asserted to have limited impact on Con Edison's transmission system. The NYISO's Transmission Expansion and Interconnection Manual does not require project developers to study other projects that have only a limited local impact. (Section 2.5.2.) The scope of Ravenswood's SRIS for the 138 kV interconnection proposal has not been criticized by NYISO Staff with respect to the plants assumed in the study. Finally, it is not clear what difference SEF's assertion would make. Under Attachment S, projects are considered for cost allocation purposes in class years. Thus, the strict queue order of projects is less important, if it retains any significance at all.

VI. Ravenswood's 345 kV Interconnection Proposal Should Not Be Deemed Abandoned

SEF's request that the 345 kV project be deemed abandoned as of the date Ravenswood's Article X certificate is amended to accommodate the 138 kV interconnection proposal should be denied. SEF misconstrues Ravenswood's recent application in connection with its Article X certificate. Ravenswood requested that the Siting Board approve the 138 kV interconnection as an alternative to, not a substitute for, Ravenswood's 345 kV interconnection proposal. Accordingly, SEF is incorrect in its claim and its request should be denied. Moreover, the Siting Board's approval of an alternative point of interconnection for a generating facility project merely provides the project developer with an option which can be adopted, or not, in the context of project development.

VII. Conclusion

Ravenswood respectfully submits that SEF's appeal should be dismissed by the NYISO because it does not comply with the eligibility requirements of the NYISO Agreement and the Management Committee's By-Laws. Moreover, SEF does not have capacity to take this appeal because of its lack of an interest in the matter. In the event that the NYISO does not dismiss

SEF's appeal, Ravenswood submits that it is without merit and should be rejected by the Management Committee for the reasons set forth in this Objection. SEF has not established that the Operating Committee's approval of the SRIS in connection with an interconnection at 138 kV should be reversed, because no changes are required to comply with the SRIS Criteria. Ravenswood's 138 kV interconnection proposal is an amendment of its earlier proposal and was correctly addressed by both NYISO Staff and the Operating Committee and, as such, should be placed in no later than Class Year 2002 for cost allocation purposes.

Dated: July 23, 2002

Respectfully submitted,

James M. D'Andrea
KeySpan-Ravenswood, LLC
175 East Old Country Road
Hicksville, NY 11801

Kenneth M. Simon
Charles M. Pratt
Robert C. Fallon
Dickstein, Shapiro, Morin & Oshinsky, LLP
2101 L Street, N.W.
Washington, D.C. 20037

APPLICATION FOR INTERCONNECTION

The Applicant identified below submits this application to Consolidated Edison Company of New York, Inc. to interconnect the electric generating facility described below to Con Edison's electric transmission system. In support of this application, Applicant provides the following information:

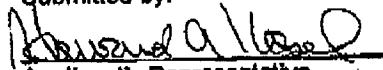
1. Applicant Information:
Name: KeySpan Energy
Address: 200 Shore Rd.
Glenwood Landing, NY 11547
2. Applicant's Designated Representative:
Name: Brian McCabe
Address: 200 Shore Rd.
Glenwood Landing, NY 11547
Telephone: (516) 674-5420
Fax: (516) 759-8511
3. Location of the proposed point of interconnection: Ravenswood Generating Station
4. Generation Facility to be interconnected:
Location: Vernon/Rainey Substations
Capacity: 300 MW / 4 (42.5 MW / 4)
5. Date for completion of the interconnection: June 2002
6. Date of submission of this application: April 21, 1999

Applicant is also submitting to Con Edison a non-refundable fee of \$2,000 for the processing of this application and a refundable deposit in the amount of \$200,000. The refundable deposit will accrue interest at the NYPSC Approved Unadjusted Customer Deposit Rate and will be refunded upon the earliest of the following occurrences: (1) the establishment by the New York ISO of a corresponding deposit requirement applicable to Applicant's proposed interconnection, (2) the effectuation of the proposed interconnection, (3) Applicant's withdrawal for any reason of its interconnection proposal, or (4) the termination of the effectiveness of this application pursuant to the last paragraph of this application. Upon occurrence of any of such events, Con Edison shall refund the \$200,000 refundable deposit with accrued interest to Applicant at the first address above.

Upon receipt of this application, Con Edison will post a notice of the application on OASIS. The submission of this application will establish Applicant's priority with respect to corresponding applications by other parties for interconnection to Con Edison's transmission system. The New York ISO has not established procedures for interconnection applications. However, Con Edison believes, but cannot guarantee, that this application should also establish Applicant's priority with respect to the ISO.

This application is effective as of 4/30 ^(MS) 1999, which is the date on which it was received by Con Edison. It will remain effective for a period of one year, and will continue in effect thereafter provided that Applicant has by that time acquired (or applied for and is actively pursuing) all necessary governmental permits.

Submitted by:


Applicant's Representative
V.P. Generation
KeySpan Energy

Received and Acknowledged by:


Michael Simone
Manager, System Planning