

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

New York Independent System Operator, Inc.))	Docket Nos. ER06-506-000 and ER06-506-001
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**JOINT REQUEST FOR CLARIFICATION AND ALTERNATIVE REQUEST FOR
REHEARING OF THE NEW YORK INDEPENDENT SYSTEM OPERATOR, INC. AND
THE NEW YORK STATE TRANSMISSION OWNERS**

Pursuant to Rule 212 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure,¹ the New York Independent System Operator, Inc. ("NYISO") and the New York Transmission Owners ("NYTOs"),² together the "Joint Filing Parties," individually and collectively request clarification of certain limited aspects of the Commission's March 17, 2006 Order in this proceeding ("March 17 Order").³ In the alternative, to the extent that one or more of the requested clarifications are denied, the Joint Filing Parties respectfully request rehearing pursuant to Section 313(a) of the Federal Power Act ("FPA") and Rule 713.⁴

¹ 18 C.F.R. § 385.212 (2005).

² For purposes of this filing, the NYTOs are: Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., LIPA, New York Power Authority ("NYPA"), New York State Electric & Gas Corporation ("NYSEG"), Niagara Mohawk Power Corporation d/b/a National Grid ("National Grid"), Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation ("RG&E").

³ *New York Independent System Operator, Inc.*, 114 FERC ¶ 61,271 (2006).

⁴ 18 C.F.R. § 385.713 (2005).

I. INTRODUCTION

In the March 17 Order, the Commission rejected the Joint Filing Parties' proposal that new large wind projects⁵ be required to comply with a pre-existing independent entity variation under which all new large generators in New York must satisfy longstanding reactive power factor and stability requirements. Each NYTO system was designed and constructed around these requirements. The Joint Filing Parties previously indicated that many, if not all, wind projects in New York need to meet these standards in order to maintain reliability. Nevertheless, the Commission carved out an exception for wind projects to the generally applicable requirements. Under the March 17 Order, the NYISO must determine in the System Reliability Impact Study ("SRIS")⁵ whether individual wind projects need reactive power capability to maintain reliability. The Commission reached this conclusion even though reactive power capability is required of all other generators and is compensated for under the NYISO tariff. The Joint Filing Parties believe that the March 17 Order's approach has the potential to lead to additional study costs, disputes, and the possibility of interconnection delays for wind generators.

Nevertheless, the Joint Filing Parties will make a compliance filing to implement the terms of the March 17 Order and Order Nos. 661 and 661-A.⁶ The Joint Filing Parties are, however, requesting that the Commission grant clarification on a few issues, described below. If the Commission denies clarification on one or more of these points, the Joint Filing Parties respectfully request rehearing.

⁵ Orders Nos. 661 and 661-A apply to wind projects subject to Attachment X of the NYISO Open Access Transmission Tariff, which must be greater than 20 MW.

⁶ *Interconnection for Wind Energy*, Order No. 661, FERC Stats & Regs. ¶ 31,186 (2005), *order on rehearing and clarification*, Order No. 661-A, 113 FERC ¶ 61,353 (2005).

II. REQUESTS FOR CLARIFICATION AND ALTERNATIVE REQUESTS FOR REHEARING

A. The Commission Should Clarify That It Will Accept Non-Conforming Interconnection Agreements That Include Reactive Power Requirements More Stringent Than The *Pro Forma* Requirements If An SRIS Shows That They Are Needed for Reliability

In compliance with the March 17 Order, the NYISO will evaluate the need for each wind project to have reactive power, and/or dynamic stability, capability at the point of interconnection when it conducts the project's SRIS. These studies will comply with Order Nos. 661's and 661-A's directive that a Transmission Provider determine whether a proposed wind project, absent reactive power capability, would degrade reliability. The NYISO will conduct this analysis in a non-discriminatory manner. As required in Order Nos. 661 and 661-A, any wind project that is shown to need reactive power capability must, at a minimum, comply with the *pro forma* standard, *i.e.*, +/- 0.95.

Given the operating conditions and system characteristics that originally gave rise to New York's region-specific reactive power requirements, the NYISO's studies may demonstrate that reliability requires an individual wind project to satisfy a more stringent standard than +/- 0.95 at the point of interconnection. In that event, the NYISO will, consistent with Order No. 661-A, file a non-conforming interconnection agreement.⁷ The Joint Filing Parties request clarification that the Commission will accept such a non-conforming interconnection agreement when it is based on the results of an SRIS conducted in compliance with the relevant provisions of the NYISO's OATT (*i.e.*, Attachment X).

⁷ Order No. 661-A at P 34 ("If another standard is necessary for a specific wind plant interconnection to maintain reliability, a non-conforming agreement may be filed with the Commission.")

This clarification is necessary because prior Commission orders under Order No. 2003,⁸ suggest that modifications to the *pro forma* interconnection agreement will be accepted only in “unique” or “extraordinary circumstances.”⁹ To date, very few modifications to *pro forma* interconnection agreements have been found to satisfy the Commission’s criteria.¹⁰ The Commission should therefore clarify that an SRIS demonstrating that a particular wind project must meet reactive power standards more stringent than the *pro forma*’s in order to maintain reliability is sufficient to support the imposition of such standards. The Joint Filing Parties believe that this interpretation is entirely consistent with Commission precedent, which suggests that a demonstration of a “reliability concern” would justify the adoption of non-conforming agreements.¹¹ The Commission has also indicated that an SRIS is sufficient to demonstrate the

⁸ *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 68 Fed. Reg. 49,845 (Aug. 19, 2003), FERC Stats. & Regs. P 31,146 (2003), *order on reh’g*, Order No. 2003-A, 69 Fed. Reg. 15,932 (Mar. 26, 2004), FERC Stats. & Regs. P 31,160 (2004), *order on reh’g*, Order No. 2003-B, 70 Fed. Reg. 265 (Jan. 4, 2005), FERC Stats. & Regs. P 31,171 (2004), *order on reh’g*, Order No. 2003-C, 70 Fed. Reg. 37,661 (June 30, 2005), FERC Stats. & Regs. P 31,190 (2005).

⁹ *See, e.g., Midwest Independent Transmission System Operator, Inc.*, 115 FERC ¶ 61,024 at P 9 (2006) (“[T]he Commission recognized in Order No. 2003 that there would be a small number of extraordinary interconnections where reliability concerns, novel legal issues or other unique factors would call for non-conforming agreements. The Commission made clear that the filing party must clearly identify the portions of the interconnection agreement that differ from its *pro forma* agreement and explain why the unique circumstances of the interconnection require a non-conforming interconnection agreement.”) (*footnotes omitted*).

¹⁰ *See, e.g., Midwest Independent Transmission System Operator, Inc.*, 114 FERC ¶ 61,256 at P 7 (2006) (emphasizing that only a limited number of interconnections would require deviations from the transmission provider’s *pro forma* provisions).

¹¹ *See, e.g., id.*

need for a wind facility to have reactive power capability.¹² Nevertheless, the Joint Filing Parties are seeking clarification in order to alleviate any uncertainty on this point.

Granting the requested clarification will reduce uncertainty and the risk of delay for wind projects. Because the Interconnection Facilities Study (“Facilities Study”) is performed after the SRIS, the reactive power capability determined to be necessary by the SRIS would be included in the model for the wind project in the Facilities Study. A change in the reactive power capability of a wind project after the completion of the Facilities Study (which is when a non-conforming interconnection agreement would normally be filed) could render the System Upgrade Facilities and Attachment Facilities identified by that study incomplete or inaccurate. A change to the requirements applicable to a project required by the Commission after all the interconnection studies are complete could significantly disrupt the interconnection study process. The Commission should therefore accept SRIS findings with respect to power factor, so long as the studies are performed in a manner consistent with Attachment X to the NYISO OATT.

In the event that the Commission denies clarification, the Joint Filing Parties respectfully request rehearing. The Commission should accept non-conforming changes when a study shows they are necessary to preserve system reliability. To do otherwise would be inimical to the Commission’s policies promoting reliability. The Commission’s decision to base the need for reactive capability on the results of the SRIS also requires that the Commission accept the results

¹² See *Midwest Independent Transmission System Operator, Inc.*, 114 FERC ¶ 61,016 at P 21 (2006) (recognizing that “reliability and safety are paramount concerns,” and inviting the Midwest ISO to re-file a rejected non-conforming interconnection agreement supported by a system impact study showing “why it is necessary that that the Interconnection Customer provide the reactive power support.”). See also *Midwest Independent Transmission System Operator, Inc.*, 113 FERC ¶ 61,082 at P 19 (2005) (implying that the Commission would defer to the Midwest ISO’s study results).

of the study with respect to the level of reactive capability required. The Commission has given every indication to date that it will accept SRIS results and it would not be reasoned decisionmaking to announce a different approach at this point.

B. The Commission Should Clarify That Wind Projects That Have Completed SRISs But That Have Not Executed Interconnection Agreements Would Not Have To Be Restudied to Determine Whether They Need To Have Reactive Power Capability

There are a few wind projects in New York that successfully completed, and obtained NYISO Operating Committee (“OC”) approval of, an SRIS, but have not executed an interconnection agreement. This group of projects obtained OC approval of their completed SRISs prior to the effective date of the tariff provisions governing reactive power study requirements (*i.e.*, October 14, 2005, pursuant to the March 17 Order). According to the transition period identified in Order No. 661,¹³ those projects would be subject to the requirements of Order No. 661, Order No. 661-A, and the March 17 Order, including the power factor requirement dependent on the findings of an SRIS. However, these SRISs were completed under the tariff requirements as they existed at the time and may not have fully evaluated the need for the project to provide reactive power capability. Therefore, in order to eliminate any possible ambiguity about the status of these projects, the Joint Filing Parties respectfully seek clarification that the Commission is not requiring the NYISO to re-open those approved SRISs for re-study.¹⁴ Instead, these projects should be allowed to move forward, and to provide reactive support, as modeled in their SRISs and/or Facilities Studies, and based on the conclusions of those completed studies.

¹³ Order No. 661 at P 70.

¹⁴ All requirements of Order Nos. 661 and 661-A, other than the power factor requirement, would apply since they do not require evaluation in an SRIS.

In the event that the Commission denies the requested clarification, and requires the NYISO to re-study wind projects whose need for reactive power capability has not been studied in an SRIS, the Joint Filing Parties request rehearing. Such a holding would cause significant delay for these projects and create significant uncertainty for developers.

C. The Commission Should Clarify that the March 17 Order Did Not Reduce the Curtailment Authority That The NYISO And NYTOs Currently Have Under The *Pro Forma* Large Generator Interconnection Agreement

The March 17 Order rejected the Joint Filing Parties' proposed variation requiring all wind projects to have power curtailment capability because the Commission concluded that curtailment authority already exists under the *pro forma* Large Generator Interconnection Agreement ("LGIA"). After reviewing the LGIA, the Joint Filing Parties agree with the Commission's conclusion. The Joint Filing Parties are, however, requesting clarification because the Commission's statement in the March 17 Order indicating that the curtailment authority was found in the "AGC provision" of the LGIA¹⁵ is unclear. The LGIA does not contain specifically identified AGC provisions. Instead, it contains provisions that provide for potential curtailment.¹⁶ The Commission should clarify that the March 17 Order was intended to refer to and incorporate all such provisions of the standard LGIA and was not in any way meant to limit or modify them.

In the event that the Commission denies clarification, the Joint Filing Parties respectfully request rehearing. If the March 17 Order was meant to modify the curtailment authority established under the *pro forma* LGIA it failed to explain its reasons for doing so. Indeed, any

¹⁵ March 17 Order at P 55.

¹⁶ *See, e.g.*, Section 10.6.2.

such change would be an impermissible and unreasoned departure from Order Nos. 661 and 661-A and inconsistent with the Commission's policies favoring strong reliability requirements.

III. STATEMENT OF ERRORS

In compliance with Order No. 663-A¹⁷ and the Rule 713, the Joint Filing Parties respectfully identify the following errors in the March 17 Order (to the extent that they are not clarified in response to the requests for clarification above.)

1. The March 17 Order was in error if the Commission does not clarify that an SRIS showing that a wind project should be held to reactive power standards that are more stringent than the Commission's *pro forma* requirements would suffice to justify the Commission's acceptance of a non-conforming interconnection agreement that includes more stringent reactive power standards.

2. The March 17 Order was in error if the Commission does not clarify that a wind project for which an SRIS study was completed before the effective date of the Commission's reactive power study requirements need not be re-studied to determine whether it needs to have reactive power capability.

3. The March 17 Order was in error if the Commission does not clarify that it did not intend to reduce the curtailment authority that the NYISO and the NYTOs already have under the *pro forma* LGIA.

¹⁷ *Revision of Rules of Practice and Procedure Regarding Issue Identification*, 114 FERC ¶ 61,284 (2006).

IV. CONCLUSION

WHEREFORE, for the reasons set forth above, the New York Independent System Operator, Inc. and the New York Transmission Owners respectfully request that the Commission grant the request for clarification, or the alternative requests for rehearing, set forth above.

NEW YORK TRANSMISSION OWNERS

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April 17, 2006

CERTIFICATE OF SERVICE

I hereby certify that I have on this day served the foregoing document on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, DC, this 17th day of April, 2006.

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