

**PRIVILEGED AND CONFIDENTIAL COMMUNICATION**

July 8, 2016

David Allen, Esq.  
New York Independent System Operator  
10 Krey Boulevard  
Rensselaer, NY 12144

**RE: Comments of Cogen Technologies Linden Venture, L.P., on Study to Establish New York Electricity Market ICAP Demand Curve Parameters**

Dear David:

Cogen Technologies Linden Venture, L.P. (“Linden Cogen”), by and through its attorneys Harris Beach PLLC, hereby submits these brief comments on the *Study to Establish New York Electricity Market ICAP Demand Curve Parameters* released by the Analysis Group on June 23, 2016 (the “Study”). Linden Cogen is the owner/operator of a 777 megawatt (“MW”) combined-cycle gas-fired cogeneration facility located in Linden, New Jersey (the “Facility”). Linden Cogen sells electric generation from the Facility into the Zone J market administered by the New York Independent System Operator (“NYISO”) via an underground cable to Consolidated Edison Company of New York, Inc.’s, Goethals Station in Staten Island. Accordingly, Linden Cogen has an interest in the process and parameters used in setting the ICAP Demand Curve.

Specifically, Linden Cogen is concerned with the gas interconnection costs used in the Study. The Study states that, based on research and experience with gas laterals, Lummus Consultants International (“LCI”), with whom the Analysis Group partnered with to develop ICAP Demand Curve parameters, used an installed pipeline cost of \$200,000 per inch diameter per mile. The Study further states that using recent combined cycle projects in New York State (with one project next to a pipeline and another 8 miles from the pipeline), LCI developed costs reflecting an average gas lateral length of four miles. Assuming a typical 16-inch diameter pipe interconnection and a length of four miles, LCI determined gas interconnection costs to be \$12.8 million. Adding \$2.8 million as the average cost for a metering and regulation station, LCI arrives at a total gas interconnection cost of \$15.6 million. The Study applies this cost to all load zones.<sup>1</sup>

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<sup>1</sup> Study, at 41.

Linden Cogen also has significant experience with construction of natural gas pipelines in the New York/New Jersey area and has encountered counter-factual costs as compared to LCI's assumptions. In fact, a recent experience by Linden Cogen demonstrates that actual gas interconnection costs in proximity to the New York City area can be on the magnitude of three to five times greater than the values used by LCI. For example, Linden Cogen recently executed a Delivery Interconnect, Reimbursement and Operating Agreement with Transcontinental Gas Pipeline Company, LLC ("Transco"), for the construction of a new natural gas pipeline and delivery point connecting TRANSCO's mainline to Linden Cogen's gas-fired combined cycle generation plant in Linden, New Jersey. The distance of the new pipeline is less than one-quarter mile with an estimated cost of approximately \$ [REDACTED] (a copy of the Interconnect Agreement is attached).<sup>2</sup>

Linden agrees with the assertion that interconnection distance in Zone J are shorter than the four miles assumed for NYCA, but even waiving that and assuming the same cost as the rest of the state are not sufficient to capture the full cost as seen by Linden Cogen. If capital investment costs are set too low and fail to reflect the reality of constructing new electric generation, the objectives of the Demand Curve process will not be achieved. Consistent with the real world approach used to determine electrical interconnection costs starting on page 39 of the Study, Linden Cogen respectfully requests that the Analysis Group and LCI revisit their assumptions regarding gas interconnection costs, perhaps inquiring with LDCs and interstate pipelines for order-of-magnitude cost estimates, particularly for Zone J and revise the Study accordingly. With much of the other cost components researched as meticulously as they have been, Linden Cogen would appreciate a similar treatment for gas interconnection costs for Zone J generators.

Linden Cogen looks forward to working with the Analysis Group, LCI and the ICAP Working Group to establish proper parameters and inputs for determination of the Demand Curve.

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<sup>2</sup> See also FERC Docket CP16-473, *Texas Eastern Transmission, LP's Abbreviated Application for a Certificate of Public Convenience and Necessity and for Related Authorizations for its Bayway Lateral Project*, Petition (Filed June 29, 2016). In this proceeding, Texas Eastern Transmission LP is seeking a Certificate of Public Convenience and Necessity for construction of approximately 2,300 feet of 24-inch diameter lateral pipeline, for firm lateral transportation service to Bayway Refinery and Linden Cogen's generating facilities in Linden, New Jersey, at a cost of \$30.9. Petition, at 1 and 14.

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**HARRIS BEACH** PLLC  
ATTORNEYS AT LAW

Please contact the undersigned with any questions.

Very truly yours,

*/s/ Steven D. Wilson*

Steven D. Wilson

cc: Tina Lee, Esq.  
William M. Flynn, Esq.