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Honorable Jaclyn A. Brillig
Secretary to the Commission
New York State Public Service Commission
3 Empire State Plaza
Albany, New York 12223-1350

Re: Case No.: 09-E-0250
Astoria Generating Company's Petition for Certificate of Public Convenience and
Necessity Pursuant to Section 68 of Public Service Law for Its Gowanus Generating
Station, Order Approving Financing Thereof Pursuant to Section 69 of Public Service
Law, and Order Approving Lightened Regulatory Regime

Dear Secretary Brillig:

Enclosed please find a Supplemental Filing on Interconnection submitted in support of the above referenced Petition. While not required, Petitioner Astoria Generating Company believes the information in this filing may be helpful to the Commission and the staff in its final deliberation on the company's application for a Certificate of Public Convenience and Necessity pursuant to Section 68 of the Public Service Law. We look forward to the Commission's prompt consideration and expeditious decision in this matter.

Sincerely,



E. Gail Suchman

EGS:ss
Enclosure

cc: Leonard Van Ryn, Esq., Department of Public Service (via overnight delivery)
Stakeholder/Service List (via email)

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

-----X
In the Matter of

Astoria Generating Company, L.P.,
Gowanus Generating Station

Case No. 09-E-0250

Application for Certificate of Public Convenience
and Necessity pursuant to Section 68 of the Public
Service Law; for Order Approving of the Financing
pursuant to Section 69 of the Public Service Law;
and for Order Approving Lightened Regulatory
Regime.

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**SUPPLEMENTAL FILING REGARDING INTERCONNECTION
IN FURTHER SUPPORT OF
ASTORIA GENERATING COMPANY'S PETITION
FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
PURSUANT TO SECTION 68 OF PUBLIC SERVICE LAW
FOR ITS GOWANUS GENERATING STATION,
ORDER APPROVING FINANCING THEREOF
PURSUANT TO SECTION 69 OF PUBLIC SERVICE LAW,
AND ORDER APPROVING LIGHTENED REGULATORY REGIME**

Introduction

On March 11, 2009, Astoria Generating Company, L.P. ("AGC"), an electric corporation under Section 2(13) of the Public Service Law ("PSL"), filed its Verified Petition and supporting documents ("Petition") with the New York State Public Service Commission ("Commission") in the above captioned matter, for (1) a Certificate of Public Convenience and Necessity ("CPCN") pursuant to PSL Section 68 and regulations promulgated thereunder at 16 NYCRR Part 21 to develop a 100 Megawatt ("MW") simple cycle General Electric LMS100™ combustion turbine and generator at its existing Gowanus Generating Station ("GGS") located on the Gowanus Bay at 29th Street in Sunset Park, Brooklyn ("South Pier Improvement Project" or "Project"), (2) an

order approving the financing of said Project pursuant to PSL Section 69, and (3) an order approving a lightened regulatory regime consistent with previous Commission orders involving Exempt Wholesale Generators ("EWG"). Also in this matter, on August 4, 2009, AGC filed a Motion for Expedited Proceeding without oral testimony pursuant to 16 NYCRR 21.10(a) ("Motion"). On September 17, 2009, AGC forwarded to the Commission the Final Environmental Impact Statement for the Project as approved by the New York State Department of Environmental Conservation ("DEC") on September 16, 2009, and on October 22, 2009, AGC transmitted to the Commission DEC's Statement of Findings under the State Environmental Quality Review Act ("SEQRA") and copies of the final air permits approved by DEC on October 19, 2009.

AGC believes the Commission has all necessary information and materials upon which to render its decisions with respect to the Petition and the Motion. However, in further support of the Petition, AGC offers the following information regarding the interconnection approval process of the New York Independent System Operator ("NYISO") and the status of AGC's application before the NYISO for approval of the Project's interconnection.

NYISO Interconnection Approval Process

The NYISO's interconnection approval process is governed by its Open Access Transmission Tariff ("OATT") approved by the Federal Energy Regulatory Commission ("FERC"). The purpose of this process is to ensure the capacity and reliability of the grid and to preserve the integrity of the Connecting Transmission Owner ("CTO") or local utility's distribution system when connecting new energy supply. Therefore, a power producer must undertake certain studies to further this purpose before interconnection may be allowed by the NYISO. The studies are designed to identify necessary system upgrades and help to allocate

responsibility among project proponents and the CTO for the costs of any new interconnection facilities that may be required.¹

The process for gaining approval to connect new load or generation that exceeds 20MW is set out in the NYISO's Standard Large Facility Interconnection Procedures ("Procedures").²

The basic steps relevant to this Petition are as follows:

1. Developer files Interconnection Request ("IR") with NYISO to propose a new or modified interconnection and to start the interconnection review and approval process.³
2. NYISO and developer enter into Feasibility Study Agreement ("FESA") to govern the preparation of an interconnection feasibility study (see step 3). Developer also tenders a \$10,000 deposit with the agreement.⁴
3. Developer prepares a Feasibility Study ("FES") which is a preliminary evaluation of the impact of the interconnection on, and cost of interconnecting to, the transmission system. In the FES, the developer must specify the point of interconnection and any reasonable alternatives. In evaluating the impact of the proposed interconnection, the developer must consider the base case including all generating and merchant transmission facilities that are connected to the affected system or have an executed interconnection agreement

¹ See OATT, Attachment S (effective October 5, 2008).

² See OATT, Attachment X (effective August 6, 2004). The NYISO has also published a chart entitled "Steps in the NYISO Large Facility Interconnection Process (Revised 6/1/2007)" available at http://www.nyiso.com/public/services/planning/interconnection_studies_process.jsp. In September 1999, the NYISO published Manual 23, Transmission Expansion and Interconnection Manual, available at <http://www.nyiso.com/public/documents/manuals/planning.jsp?maxDisplay=20>, however, much of the manual is out of date.

³ OATT, Attachment X, Section 5.

⁴ OATT, Attachment X, Section 6.

but are not yet connected.⁵ The FES is reviewed by the CTO and the NYISO, and if approved by the NYISO, the developer moves on to step 4.

4. Upon approval of the FES, NYISO and developer enter into a System Reliability Impact Study Agreement (“SRISA”) to govern the preparation of an interconnection system reliability study (see steps 5 and 6). Developer also tenders a \$50,000 deposit with this agreement.⁶
5. Developer prepares a Scope for the system reliability study. The Scope is submitted to NYISO’s Transmission Planning and Advisory Subcommittee (“TPAS”) for review and to NYISO’s Operating Committee (“OC”) for approval.⁷
6. Upon approval of the Scope, the developer prepares a System Reliability Impact Study (“SRIS”) which is an engineering study that evaluates the impact of the proposed interconnection on the transmission system in order to determine whether any system upgrades are required to safely facilitate the interconnection. The SRIS also requires consideration of an appropriate base case, as with the FES, and must include short circuit, stability and power flow analyses. In order for the developer to prepare the SRIS, the NYISO is required to provide all relevant pre-IR and post-IR power flow, as well as circuit and stability databases, which assist in developing the base case.⁸ The SRIS is submitted to the CTO and TPAS for review and to the OC for approval. If approved by

⁵ OATT, Attachment X, Sections 1 (Definitions) and 6.2 (scope of study). Section 6.2 also requires inclusion in the base case of all projects with a higher queued IR, however, the NYISO has altered that requirement to include in the base case only projects that are legitimately moving through the system since there are many proposed projects that are not pursued diligently.

⁶ OATT, Attachment X, Section 7.

⁷ OATT, Attachment X, Section 7.3.

⁸ OATT, Attachment X, Sections 1 (Definitions) and 7.3 (scope of study) and 7.4 (procedures).

the deadline of March 1 of each year, the proposed project will be included in that interconnection Class Year.⁹ "Class Year" is defined as the group of generation and merchant transmission projects to be included in NYISO's Annual Transmission Reliability Assessment ("ATRA") and Class Year Deliverability Study ("CYDS"), governed by OATT, Attachment S, which together will determine the system upgrades necessary to allow the projects in the Class Year to interconnect to the grid and allocate the costs of the upgrades among the Class Year participants.¹⁰

7. In conjunction with the ARTA and CYDS, each developer in the Class Year must conduct an interconnection Facilities Study ("FS") to identify upgrades needed for its interconnection and estimate the associated costs and time required to construct the interconnection.¹¹ When all these reports are complete, the NYISO provides a cost allocation for the system upgrades to each Class Year developer. Upon acceptance of the cost allocation, the developer and the CTO enter into an Interconnection Agreement ("IA") and the interconnection may proceed.¹²

AGC's Current Interconnection Activity

As stated in the Petition at 7-8, AGC has an existing IA with the CTO, Consolidated Edison of New York ("Con Ed"), which allows for expansion of the capacity at the GGS. Therefore, the interconnection of the new 100MW unit at the GGS to the adjacent substation will be facilitated by a minor modification to the IA. AGC is proposing to replace an existing 138kV generator lead with a new one at an existing interconnection point that will allow for operation of

⁹ OATT, Attachment S, Section VI.B.3(a). See also NYISO Technical Bulletin No. 129.

¹⁰ OATT, Attachment S, Section I.B. (Definitions)

¹¹ OATT, Attachment X, Section 8.

¹² OATT, Attachment X, Section 11.

the new unit. The modified interconnection will have power system relay protection and communication capabilities to ensure proper operation of the Con Ed distribution system. AGC will work with Con Ed on any design, installation and testing considerations with respect to the new generator lead as part of the modified IA.

AGC filed its IR with the NYISO on October 1, 2007. AGC promptly entered into a FESA with the NYISO and completed the FES. After approval of the FES by NYISO, AGC entered into a SRISA with the NYISO and forwarded the required deposit of \$50,000, which starts the process for the SRIS. AGC has hired TRC Companies as its consultant to conduct the SRIS. AGC submitted to the NYISO the SRIS Scope, which was approved by the OC on April 16, 2009. As part of the SRIS, NYISO is required to provide the technical data and base cases to be modeled by the consultant. It has taken the NYISO six months to provide the information to TRC and, as of this date, there may still be more data forthcoming.¹³ Regardless, TRC has begun its technical evaluation and modeling. As soon as the SRIS is complete, it will be submitted to the TPAS for review and the OC for approval.¹⁴ AGC fully expects that the SRIS will be approved by March 1, 2010, in accordance with the OATT, in time for entry into the 2010 interconnection class.¹⁵ AGC will provide the SRIS, the class year acceptance and the modified IA to the PSC as soon as they each are available.

Completion of the SRIS May Be a Condition in the Order Granting the CPCN

¹³ NYISO's response time in providing to AGC the required base cases may be due to the staff's workload as a consequence of conducting the Class Year 2008 studies, which include a time intensive CYDS. The NYISO has stated that it is approximately one full year behind schedule and, on October 30, 2009, proposed combining the 2009 and 2010 class years together into one class with the explicit goal of "catching up."

¹⁴ The SRIS will demonstrate that the interconnection will be consistent with NYISO's Annual Transmission Reliability Assessment Study and best practices of the New York State Reliability Council and the Northeast Power Coordinating Council.

¹⁵ See n. 9 and n. 13 above.

There is no prerequisite for an SRIS to be approved before issuance of a CPCN. In fact, the New York State Board on Electric Generation Siting and the Environment ("Siting Board") recently amended an Article X Certificate¹⁶ to allow a significant change to a project's interconnection design and planned transmission structures without having an approved SRIS. It is AGC's understanding that in light of a newly proposed interconnection point and a new voltage interconnect required by this project, and to ensure the new interconnection would not interfere with the local grid system, a new SRIS was required by the NYISO. The Siting Board in the matter simply made the requirement for approval of the SRIS by the NYISO a condition of the amended Article X Certificate. *See* Case No. 08-F-1367, Astoria Energy LLC and Astoria Energy II LLC, Order Granting Transfer and Amendment of Certificate of Environmental Compatibility and Public Need (Issued April 7, 2009) at 6 and 9 (Condition 6).

Likewise here, given the straightforward modified interconnection required for AGC's South Pier Improvement Project, and the fact the SEQRA process is complete and all air permits have been issued, there is no reason why the Commission should delay in granting the CPCN. To the contrary, the Commission should grant the CPCN and may include a condition for approval of the SRIS in its Order. This will allow other aspects of the Project that may be dependant on issuance of the CPCN move forward.¹⁷

¹⁶ Certificate of Environmental Compatibility and Public Need issued by the Siting Board pursuant to Article X of the Public Service Law, §§160 et seq., which expired on December 31, 2002.

¹⁷ For example, AGC would need to have the CPCN before it proceeded with financing or engineering and construction contracts.

Conclusion

Based on the foregoing, AGC respectfully requests that the Commission issue an Order (1) granting AGC a CPCN pursuant to PSL Section 68; (2) approving financing pursuant to PSL Section 69; and (3) providing for lightened regulation as a EWG.

Dated: November 5, 2009

Respectfully submitted,

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