

NEW YORK STATE BOARD ON ELECTRIC  
GENERATION SITING AND THE ENVIRONMENT

At a session of the New York State  
Board on Electric Generation Siting  
and the Environment held in the  
City of Albany on July 23, 2002

BOARD MEMBERS PRESENT:

Maureen O. Helmer, Chairman  
New York State Public Service Commission

Jo Anne Di Stefano, Alternate for  
Erin M. Crotty, Commissioner  
New York State Department of  
Environmental Conservation

Roger McDonough, Alternate for  
Charles A. Gargano, Commissioner  
Empire State Development

Dr. G. Anders Carlson, Alternate for  
Antonia C. Novello, M.D., M.P.H., Commissioner  
New York State Department of Health

Jacquelyn Jerry, Alternate for  
Vincent A. DeIorio, Chairman  
New York State Energy Research  
and Development Authority

CASE 99-F-1625 - Application by KeySpan Energy for a Certificate of Environmental Compatibility and Public Need to Construct and Operate a 250 MW Cogeneration Combustion Turbine Electric Generating Facility to be Developed at the Existing Ravenswood Generating Station in Long Island City, Borough of Queens - Application for a Certificate Amendment Authorizing 138 kV Interconnection.

ORDER GRANTING AMENDMENT OF CERTIFICATE OF ENVIRONMENTAL  
COMPATIBILITY AND PUBLIC NEED

(Issued and Effective July 23, 2002)

BY THE BOARD:

INTRODUCTION

On September 7, 2001, the Board on Electric Generation Siting and the Environment (Board), granted a Certificate of Environmental Compatibility and Public Need (certificate) to KeySpan Ravenswood, Inc. (KeySpan or Certificate Holder) authorizing, subject to conditions, the construction and operation of a 250 MW electric generating facility on 2.5 acres at the existing Ravenswood Generating Station in Long Island City, Queens, New York.<sup>1</sup> One of the certificate conditions authorized the Certificate Holder to connect a 345 kV solid dielectric cable to a terminus at the Rainey Substation of Consolidated Edison Company of New York, Inc. (Con Edison). By application filed June 19, 2002, KeySpan seeks a certificate amendment to allow (as an alternative to the previously-authorized interconnection) connection of its generating facility to Con Edison's Vernon substation via a 138 kV cable. KeySpan published notice of the proposed certificate amendment in a newspaper of general circulation in New York City on July 10, 2002.

By Notice issued June 24, 2002, a deadline for the receipt of comments on the proposed amendment of July 8, 2002 was established, pursuant to 16 NYCRR §1000.15(d). By Notice issued July 3, 2002, for reasons stated therein, the comment deadline was extended to July 15, 2002. Comments were submitted

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<sup>1</sup> The Board denied rehearing on an issue raised concerning the certificate (Case 99-F-1625, Application of KeySpan Energy, Order Denying Petition For Rehearing (issued January 30, 2002)). The time for seeking judicial review of such order and of the certificate has expired. Thus, the jurisdiction of the case-specific Board has ceased (§168(2) of the Public Service Law (PSL)).

by the New York Independent System Operator (NYISO) and SEF Industries, Inc. (SEF).

THE PROPOSED AMENDMENT AND COMMENTS THEREON

KeySpan states that its PSL Article X application proposed a 345 kV interconnection with Con Edison's Rainey Substation, located immediately to the north of the KeySpan Ravenswood site, across 36<sup>th</sup> Avenue. The application included a system reliability impact study (SRIS) to assess the impact of connecting the proposed generating facility to the Rainey Substation. The SRIS found no adverse impacts on the transmission system associated with the proposed interconnection, except that it would contribute to fault currents at 15 existing substations, which would have to be mitigated. Con Edison and the NYISO reviewed and approved the SRIS and, as noted above, the Board authorized the 345 kV interconnection.

The Certificate Holder now proposes that, as an alternative to the authorized 345 kV interconnection, it be allowed, at its option, to interconnect the generating facility to Con Edison's Vernon substation, located immediately to the South of the Ravenswood site. It notes that the voltage step-up transformer for the 138 kV interconnection is different from that for the 345 kV interconnection. It asserts that, if interconnection work is to be completed before the start of the summer moratorium on transmission system work (May 1, 2003), it would need to order the required equipment in July 2002. According to KeySpan, Con Edison and the NYISO have reviewed and approved an amended SRIS performed with respect to the 138 kV interconnection. KeySpan contends that the fault current impacts from the proposed 138 kV interconnection are less than those associated with the 345 kV interconnection and that the

138 kV interconnection would cause no other adverse impacts on Con Edison's transmission system.

The Certificate Holder claims that, by interconnecting its facility with the Vernon 138 kV substation, it would provide additional installed capacity and energy that would help to increase reliability and lower the cost of electricity in the load pocket associated with the 138 kV transmission system. It explains that, in this load pocket, there is a potential for shortages of installed capacity and energy that may result in high energy prices during periods of high demand or outages. Furthermore, KeySpan estimates that it will cost from \$4 to \$7 million less to interconnect its facility at 138 kV than 345 kV. According to the Certificate Holder, the wide estimate range is due to the fact that the NYISO has not yet allocated the system upgrade costs to the developers proposing to interconnect to Con Edison's transmission system.

KeySpan asserts that the adverse environmental impacts associated with the 138 kV interconnection will be de minimis and virtually identical to those associated with the 345 kV interconnection, that the Vernon substation is located about the same distance (900 feet) from the facility as is the Rainey Substation, and that the 138 kV interconnection would be located entirely on KeySpan and Con Edison property. In addition, the Certificate Holder states that, as is the case with the 345 kV interconnection, if contamination is discovered during installation, it will be addressed in the context of KeySpan's existing voluntary clean-up agreement with the Department of Environmental Conservation (DEC). For these reasons, KeySpan asserts that the certificate amendment it proposes is a modification - a change that does not require the holding of a hearing before the Board considers action. Finally, the Certificate Holder claims that, like the 345 kV interconnection, approval of the 138 kV interconnection is consistent with the

statutory determinations that the Board made in granting the certificate.

Because KeySpan did not advise the NYISO that it planned to preserve both interconnection designs, the NYISO states that it assumed that KeySpan intended to seek a certificate amendment authorizing the 138 kV interconnection in place of the 345 kV interconnection. The NYISO explains that a single interconnection option is necessary before it can proceed with the 2002 cost allocation study that will determine the interconnection cost responsibilities of transmission owners and project developers. According to the NYISO, the allocation is based (in part) on the pro rata system impact of each project covered by the study. Thus, there would be a different allocation depending on which of the interconnections proposed by KeySpan were considered. Furthermore, the NYISO contends that if KeySpan's final interconnection design were not finalized, subsequent project developers would have to perform, and the NYISO would have to review, SRIS studies for each alternative interconnection, which would be both time-consuming and expensive. Therefore, the NYISO requests that the Board specify a single interconnection design.

SEF requests that the Board stay its decision on KeySpan's application for a certificate amendment until the NYISO's management committee considers SEF's challenge to the validity of KeySpan's amended SRIS and the application of the NYISO's cost allocation rules to the alternative interconnection designs. In its appeal (included with its comments), SEF cites several problems associated with considering alternative interconnection designs. SEF's challenge to KeySpan's SRIS at the NYISO was based upon its assertion that KeySpan should have withdrawn the original SRIS at the time KeySpan submitted its amended SRIS. SEF contends that KeySpan, displeased with the NYISO's allocation of costs to the 345 kV interconnection, is

seeking a way out of the financial burden without any penalty, at the expense of other project developers.

#### DISCUSSION

The Board, exclusive of ad hoc members, has jurisdiction to consider the amendment of a certificate (PSL §168(2)). In considering a certificate amendment, a hearing is required for a change likely to result in a material increase in environmental impact or a substantial change in location.<sup>2</sup>

To determine whether a hearing on an application for a certificate amendment is required, the Board considers the criteria for determining whether an action may have a significant environmental impact under the State Environmental Quality Review Act, set forth in 6 NYCRR §617.7(c) (16 NYCRR §1000.15(a)(1)).

After consideration of the physical setting, location and environmental impacts of the proposed 138 kV interconnection, in light of the criteria set forth in 6 NYCRR §617.7(c), we conclude that no significant adverse environmental impact would result. The impacts of constructing the 138 kV interconnection would be essentially the same as those associated with the 345 kV interconnection, which the Board did not consider significant when it granted a certificate to KeySpan. As with the 345 kV interconnection, if environmental contamination from previous industrial land uses were discovered in the course of construction of the 138 kV interconnection, it

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<sup>2</sup> PSL §165(5) states, in pertinent part, that "[O]n an application for an amendment of a certificate proposing a change in the facility likely to result in any material increase in any environmental impact of the facility or a substantial change in the location of all or a portion of the facility, a hearing shall be held in the same manner as a hearing on an application for a certificate."

would be remediated in accordance with KeySpan's voluntary clean-up agreement with DEC. Thus, we conclude that the proposed amendment is a modification, not a revision, and that a hearing is not required before we consider the Certificate Holder's proposal.

As for the substance of the proposed amendment, we must determine whether the change minimizes adverse environmental impacts and is in the public interest pursuant to PSL §168(2). As far as transmission system impacts are concerned, the only difference between the two interconnections is that fault current impacts associated with the 138 kV interconnection are lower than those associated with the 345 kV interconnection. While such impacts can be mitigated at some cost to the developers of projects that contribute to them, the lower fault current impacts associated with the 138 kV interconnection provide an important benefit. Moreover, the cost savings estimated by the Certificate Holder may reduce costs associated with generation at the Ravenswood facility, resulting in lower overall electric system costs.

The benefits to New York City's 138 kV load pocket associated with a direct interconnection to the 138 kV system are enhanced system reliability and likely lower electricity prices. The benefits associated with the proposed amendment would not be best preserved by allowing KeySpan to retain the option to connect to either the 345 kV or 138 kV transmission systems for an indefinite period of time. Moreover, as explained by the NYISO, such an option would harm its ability to determine the allocation of system upgrade costs to developers of projects in the 2001 class year and would cause expense and delay. Therefore, instead of adding a new condition authorizing the 138 kV interconnection, we will substitute it for the condition authorizing the 345 kV interconnection. We will also require KeySpan to decide whether to accept the certificate

amendment within 30 days, the same requirement applicable to acceptance of certificates (16 NYCRR §1000.14). These requirements will eliminate problems associated with alternative interconnection designs to the extent that this matter is within our jurisdiction.

SEF's criticisms of KeySpan's amended SRIS at the NYISO are not based upon the technical findings in the amended study that a 138 kV interconnection would have lower fault current impacts than a 345 kV interconnection, and, therefore, would be more reliable. Rather, SEF's arguments are procedural objections to KeySpan's alleged failure to withdraw its original SRIS, and based on SEF's claim that KeySpan is trying to avoid a fair allocation of system impact costs by the NYISO. These arguments should be considered by the NYISO in addressing SEF's appeal. Because they do not undermine the fact that a 138 kV interconnection will better serve system reliability than a 345 kV interconnection, SEF's objections are not a basis for denying a certificate amendment. Accordingly, we will not stay the certificate amendment proceeding pending the NYISO's resolution of SEF's appeal.

While we conclude that the proposed 138 kV interconnection is beneficial, we remind certificate applicants that issues such as alternative interconnections are best resolved during certification proceedings. To the extent possible, such issues should be anticipated and decided with the other issues in the proceeding, rather than left for discrete resolution in certificate amendment proceedings.

#### CONCLUSION

After careful consideration of the Certificate Holder's petition and the comments thereon, we will grant an amendment of the certificate as described herein.



The New York State Board on Electric Generation  
Siting and the Environment orders:

1. The Certificate of Environmental Compatibility and Public Need granted to KeySpan Ravenswood, Inc. on September 7, 2001 is amended by replacing condition I.F. with the following condition:

The Certificate Holder is authorized to connect a 138 kV solid dielectric cable to a new circuit breaker added to an existing terminus between circuit breakers 6E and 7E of the Con Edison Vernon 138 kV ring bus, to carry electricity generated by the Facility to the Vernon Substation.

2. The Certificate Holder shall file, within 30 days after the issuance of this order, either a written acceptance of the certificate amendment discussed herein or a petition for rehearing of such order. Failure to timely file either an acceptance or a petition for rehearing shall invalidate the certificate amendment.

3. This proceeding is continued.

By the New York State Board  
on Electric Generation Siting  
and the Environment

(SIGNED)

JANET HAND DEIXLER  
Secretary to the Board