



**Public Service
Commission**

Public Service Commission

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December 28, 2015

SENT VIA ELECTRONIC FILING
Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Room 1-A209
Washington, D.C. 20426

Re: Docket Nos. ER16-81-000, ER16-81-001 - Huntley
Power LLC

Dear Secretary Bose:

For filing, please find the Motion to Dismiss and Protest of the New York State Public Service Commission in the above-entitled proceedings. The parties have also been provided with a copy of this filing, as indicated in the attached Certificate of Service. Should you have any questions, please feel free to contact me at (518) 473-8178.

Very truly yours,

David G. Drexler
Assistant Counsel

Attachment
cc: Service List

respectfully urges the Commission to dismiss the Revised RMR Proposal.³

INTRODUCTION

Huntley is a wholly-owned subsidiary of NRG Energy, Inc. (NRG) that owns and operates the Huntley generating facility (Facility) in Western New York.⁴ Pursuant to NYPSC policy,⁵ NRG notified the NYPSC on August 25, 2015 that the Facility would cease operations and be retired on March 1, 2016.⁶ NRG explained that Huntley cannot be operated economically under current market conditions in New York, and the Facility is not expected to regain profitability in the future.⁷

New York State Department of Public Service Staff (DPS Staff) subsequently asked the New York Independent System Operator, Inc. (NYISO) and Niagara Mohawk Power Corporation d/b/a National Grid (National Grid) to conduct a coordinated

³ The views expressed herein are not intended to represent those of any individual member of the NYPSC. Pursuant to Section 12 of the New York Public Service Law, the Chair of the NYPSC is authorized to direct this filing on behalf of the NYPSC.

⁴ Id., Filing Letter at 1. The Facility consists of two generating units denominated as "Unit 67" and "Unit 68."

⁵ See, e.g., Case 05-E-0889, Policies and Procedures Regarding Generation Unit Retirements, Order Adopting Notice Requirements for Generation Unity Retirements (issued December 20, 2005).

⁶ Case 15-E-0505, Petition of Huntley Power, LLC to Retire Generating Units 67 and 68, Retirement Notice (dated August 25, 2015).

⁷ Id. at 1.

assessment of the potential reliability impacts of the retirement on local and bulk system reliability.⁸ Specifically, DPS Staff requested that the NYISO and National Grid examine system reliability under the following scenarios: (a) retirement of Huntley units 67 and 68 combined with the mothballing of the Dunkirk generating facility (Dunkirk), which also is located in Western New York and currently operates under a Reliability Support Services Agreement (RSSA) for Unit 2 of the facility that expires on December 31, 2015 (Huntley Out-of-Service [OOS]/Dunkirk 2 OOS); (b) the Dunkirk 2 facility is deactivated on January 1, 2016, but Huntley units 67 and 68 remain in service after March 1, 2016 (Huntley In-Service [IS]/Dunkirk OOS); and (c) three Dunkirk units in service (Dunkirk 2 and the un-mothballing of Dunkirk units 3 and 4), but Huntley retires on March 1, 2016 (Huntley OOS/Dunkirk IS).⁹ DPS Staff requested that the study examine reliability impacts in each scenario for a five-year period ending 2020, and to detail the reliability violations (if any) and potential solutions indicated by the system studies.¹⁰

⁸ Case 15-E-0505, supra, Correspondence (dated August 28, 2015).

⁹ Id. at 2.

¹⁰ Id.

On October 15, 2015, Huntley filed the Initial RMR Proposal with the Commission.¹¹ In that filing, Huntley asserted its expectation that the NYISO and National Grid reliability study would find that the Facility would be needed for system reliability beyond March 1, 2016.¹² The basis for this assertion was a finding embedded in an outdated system reliability study that National Grid conducted in 2011.¹³

Huntley explained in the Initial Tariff Filing that, based on the assumption that Units 67 and 68 would be needed for transmission system reliability, it developed a COS rate and a draft, unexecuted RMR Agreement to be discussed with the NYISO and National Grid.¹⁴ This assumption is not repeated in the Revised RMR Proposal.

On October 30, 2015, the NYISO and National Grid presented the NYPSC with their results.¹⁵ The NYISO and National Grid each reported that there would be no system reliability

¹¹ The Initial Tariff Filing is dated October 14, 2015, but was not accepted for filing until October 15, 2015.

¹² Docket No. ER16-81-000, supra, Initial Filing Letter at 2, 6.

¹³ Id. at 2, 5 and n.6.

¹⁴ Id. at 2.

¹⁵ Case 15-E-0505, supra, Letter from NYISO to NYPSC (dated October 30, 2015) (NYISO Report), and Letter from National Grid to NYPSC (dated October 30, 2015) (National Grid Report). The NYISO Report and National Grid Report are attached hereto as Attachments A and B, respectively.

impacts under the Huntley IS/Dunkirk 2 OOS scenario.¹⁶ As to the Huntley OOS/Dunkirk 2 OOS and the Huntley OOS/Dunkirk IS scenario in which the Huntley generating facilities are deactivated and all three Dunkirk facilities are in-service by March 1, 2016, the NYISO and National Grid agreed that the local and bulk systems may be operated within applicable reliability criteria through 2020.¹⁷

This conclusion was contingent on National Grid completing the construction of certain ongoing infrastructure projects by June 1, 2016 to address a potential voltage reliability issue associated with 23 kV load connected to the 230 kV system that might arise under the Huntley OOS/Dunkirk OOS scenario.¹⁸ This potential voltage issue only would arise during the summer period when demand approaches the system peak.¹⁹ National Grid reported that is addressing the potential voltage issue by installing 230 kV capacitor banks and 230 kV reactors

¹⁶ National Grid Report, Att. B at 2.

¹⁷ NYISO Report, Att. A at 2; National Grid Report, Att. B at 2.

¹⁸ NYISO Report, Att. A at 2; National Grid Report, Att. B at 2. The NYISO Report also explained that the total deliverability of Niagara Power Project and Ontario import energy may be impacted by the deactivation of both Huntley and Dunkirk. (NYISO Report, Att. A at 2.) The energy deliverability issue does not pertain to system reliability and, therefore, is irrelevant to consideration of whether Huntley should receive out-of-market RMR payments.

¹⁹ NYISO Report, Att. A at 2 (reporting that the potential voltage issue might arise "under high load conditions" if Huntley is deactivated).

in the Huntley area and implementing certain modifications to a 23 kV distribution station (the Transmission Projects).²⁰

National Grid anticipated that the capacitor banks and reactors would be in-service by June 1, 2016.²¹ These Transmission Projects would eliminate the potential voltage issue in its entirety.²²

Significantly, however, the NYISO and National Grid recently exchanged correspondence which demonstrates conclusively that even without the Transmission Projects (including its capacitor banks and reactors), Facility deactivation will not give rise to any local or bulk system reliability need on or after the proposed March 1, 2016 retirement date.²³ In its December 11, 2015 correspondence, the NYISO verified that "all applicable NERC, NPCC and NYSRC reliability criteria for the New York State Bulk Power System can be maintained" if National Grid implements "certain relay setting modifications at the Sawyer 23 kV distribution

²⁰ Id. at 2; NYISO Report, Att. A at 2.

²¹ NYISO Report, Att. A at 1-2; National Grid Report, Att. B at 2.

²² NYISO Report, Att. A at 2; National Grid Report, Att. B at 2.

²³ Letter from NYISO to National Grid (dated December 11, 2015) (NYISO Update Letter); Letter from National Grid to NYISO (dated December 16, 2015) (National Grid Response). The NYISO Update Letter and National Grid Response are appended hereto as Attachments C and D, respectively.

station."²⁴ The NYISO requested that National Grid clarify (i) whether RMR service would be required to address any local system reliability need, and (ii) that the relay setting modifications will be completed by March 1, 2016.²⁵

National Grid confirmed that neither Unit 67 nor Unit 68 will be needed for reliability purposes after the proposed March 1, 2016 retirement date. In response to the NYISO's inquiry into the relay setting modifications, National Grid reported that the requisite modifications will be completed by December 31, 2015 - i.e., three months before Huntley proposes to retire Units 67 and 68.²⁶ When those modifications are implemented, National Grid affirms that it can maintain its non-bulk transmission system within all applicable NERC, NPCC, and NYSRC reliability criteria "without any of the Dunkirk or Huntley units in service."²⁷ Moreover, neither Huntley nor Dunkirk will be needed to satisfy local transmission planning criteria.²⁸

National Grid previously reported that it would need to install two 230 kV capacitor banks in the Huntley area and/or implement relay setting modifications at a 23 kV distribution

²⁴ NYISO Update Letter, Att. C at 1.

²⁵ Id.

²⁶ National Grid Response at 1.

²⁷ Id.

²⁸ Id.

station to address a potential voltage reliability issue that could arise under high load conditions if both Huntley and Dunkirk are out-of-service.²⁹ National Grid now reports that the relay setting modifications alone are sufficient to resolve the potential voltage reliability issue, stating that "the capacitor banks are not required to meet applicable reliability criteria."³⁰

MOTION TO DISMISS AND PROTEST

**THE TARIFF FILING AND PROPOSED AGREEMENT
SHOULD BE DISMISSED IN THE ABSENCE OF AN
IDENTIFIED RELIABILITY NEED**

FERC typically considers RMR compensation only when necessary to retain in service uneconomic generation units that want to deactivate but are needed to support transmission system reliability.³¹ Here, Huntley is seeking out-of-market compensation to continue operating beyond the proposed March 1, 2016 retirement date based on its assumption that the Facility would be needed for transmission system reliability.

As detailed above, Huntley may retire the Facility as proposed on March 1, 2016 without implicating any local or bulk

²⁹ National Grid Report, Att. B at 2.

³⁰ National Grid Response at 2 (emphasis in original).

³¹ See, e.g., Docket EL15-37-000, New York Independent System Operator, Inc., Order Instituting Section 206 Proceeding and Directing Filing to Establish Reliability Must Run Tariff Provisions (issued February 19, 2015) at 1-2 (RMR Order).

transmission system reliability issue. The NYISO confirmed that the bulk transmission system can be maintained within all applicable reliability criteria upon Huntley retirement when the relay setting modifications are implemented, whether or not Dunkirk is available.³² National Grid similarly concluded that the non-bulk transmission system can be maintained within all applicable reliability criteria upon Huntley retirement when the relay setting modifications are implemented.³³ National Grid asserted that the relay setting modifications will be completed by December 31, 2015.³⁴ The conclusion that the Facility will not be needed beyond the proposed retirement date holds regardless of whether any Dunkirk unit is operating, and regardless of whether the capacitor banks are installed by June 1, 2016.³⁵

In short, the updated findings and conclusions reported by the NYISO and National Grid demonstrate that the Facility may be retired as proposed on March 1, 2016 without any adverse impact on either bulk or local transmission system reliability. Consequently, there is no basis to consider - much less approve - an RMR agreement that would subsidize Facility

³² NYISO Update Letter, Att. C at 1.

³³ National Grid Response, Att. D at 1-2.

³⁴ Id. at 2.

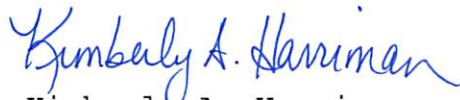
³⁵ Id.

operation after the proposed retirement date.³⁶ There similarly is no reason for the Commission and stakeholders to dissipate limited resources debating the level of subsidy that Huntley should receive for a service that is not needed. Accordingly, the Revised RMR Agreement should be dismissed, and this proceeding closed.

CONCLUSION

In accordance with the foregoing discussion, the NYPSC respectfully requests that the Commission dismiss the Revised RMR Proposal because the Facility will not be needed for reliable transmission system operation beyond its proposed retirement date.

Respectfully submitted,



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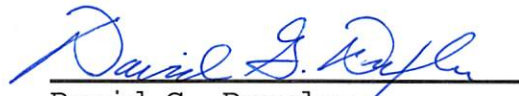
Dated: December 28, 2015
Albany, New York

³⁶ See, e.g., Docket EL15-37-000, New York Independent System Operator, Inc., Order Instituting Section 206 Proceeding and Directing Filing to Establish Reliability Must Run Tariff Provisions (issued February 19, 2015) at 1-2 (RMR Order).

CERTIFICATE OF SERVICE

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

Dated: Albany, New York
December 28, 2015



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