

October 30, 2015

Via Electronic Filing

Honorable Kathleen H. Burgess, Secretary
New York State Department of Public Service
3 Empire State Plaza, 19th Floor
Albany, NY 12223-1350

**Re: Case 15-E-0505 – Huntley Power LLC, Petition to Retire Generating Units 67 and 68
Case 12-E-0577 – Proceeding on Motion of the Commission to Examine Repowering Alternatives to Utility Transmission Reinforcements
Case 12-E-0136 – Petition of Dunkirk Power LLC and NRG Energy Inc. for Waiver of Generator Retirement Requirements**

Dear Secretary Burgess,

Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid” or “the Company”) submits this response to the August 28, 2015 letter from Raj Addepalli, Managing Director, Utility Rates and Service, to Kenneth Daly, President, National Grid NY, and Richard Dewey, Executive Vice President, New York Independent System Operator, Inc. (“NYISO”) (“August 28 letter”), regarding the Notice of Intent to Retire Huntley Units 67 and 68 effective March 1, 2016 filed by Huntley Power LLC (“Huntley”). As indicated in the August 28 letter, NRG Energy, Inc. (“NRG”) also plans to mothball the remaining unit operating at Dunkirk Power LLC (“Dunkirk”) by January 1, 2016 upon expiration of the current Reliability Supply Services agreement between National Grid and Dunkirk, and has put on hold the project to refuel the Dunkirk facility with natural gas.¹

To determine the effects of the unavailability of the Huntley plant and/or the Dunkirk plant, National Grid and the NYISO conducted a coordinated assessment of reliability impacts on the local transmission system as well as the Bulk Power System. The Company’s determination is that the reliability of the local transmission system and the Bulk Power System can be maintained through at least 2020 if Dunkirk is mothballed and Huntley is retired as NRG proposes, subject to the implementation of certain transmission projects described below. It is our understanding that the NYISO concurs in this determination.

Below the Company responds to the questions in the August 28 letter and provides information regarding the transmission projects needed to accommodate NRG’s proposed closing of the Huntley and Dunkirk plants.

¹ Huntley Power LLC and Dunkirk Power LLC are wholly-owned subsidiaries of NRG.

System Studies

National Grid and the NYISO coordinated their analyses to assess the reliability impacts on the electric system of the following three scenarios:

- (1) Retirement of Huntley Units 67 and 68 and mothballing of all Dunkirk units (all units “out-of-service” or “OOS”) (Huntley OOS; Dunkirk OOS);
- (2) Huntley Units 67 and 68 “in-service” (“IS”) after March 1, 2016, and all Dunkirk units OOS after January 1, 2016 (Huntley IS; Dunkirk OOS); and
- (3) Dunkirk Units 2, 3, and 4 IS after March 1, 2016, and Huntley OOS (Dunkirk IS; Huntley OOS).

Results of the three scenarios are summarized below.

1 – Huntley OOS; Dunkirk OOS – under this scenario, the Company identified voltage reliability issues in the Huntley area primarily due to 23kV load connected to the 230kV system. These issues can be mitigated in the short term with the installation of 230kV capacitor banks in the Huntley area along with potential reconfigurations and/or relay setting modifications at a 23kV distribution station. The estimated cost to install the two capacitor banks is \$7.5 million, and the expected in-service date is June 1, 2016. Once the 230kV capacitor banks are in service, and based on the completion of the three transmission projects described in the final paragraph of this letter, the Company projects that local and bulk system reliability will be within operating criteria.² The Company also has initiated a short-term project to install 230kV reactors at Packard by June 1, 2016 that will improve the operational performance of the system if Huntley and/or Dunkirk is not available. The estimated cost to install the 230kV reactors is \$6.5 million.

The Company plans to address planning criteria issues with a longer-term plan for additional reconductoring of its 115kV transmission lines. The additional reconductoring is expected to take 5-7 years to complete depending on ultimate project scope, outage availability and licensing/Article VII timelines. Alternatively, project proposals submitted in response to the Western NY public policy requirements proceeding may address the longer-term planning criteria issues identified by the Company. Reliable operation of the system through at least 2020 is not dependent on the implementation of the longer-term planning criteria projects.

National Grid will continue to evaluate system conditions and monitor the progress of the installation of the 230kV capacitor banks, reactors and other projects and provide updates to the NYISO and Department of Public Service Staff.

2 – Huntley IS; Dunkirk OOS – under this scenario, there are no expected operating issues with the completion of the projects described above in Scenario 1.

3 – Huntley OOS; Dunkirk IS – under this scenario, there are no expected operating issues with the completion of the projects described above in Scenario 1.

² The Company is further reviewing its analysis to determine if the system could operate reliably having one of the capacitor banks in service by June 2016, with the second capacitor bank in service by December 2016.

NRG's Decision to Put Refueling Project on Hold

The August 28 letter also requests that National Grid explain electric system changes or developments that have occurred that affect the need and timing of transmission projects that were considered avoidable assuming the Dunkirk units had been in service in September 2015. In our May 27, 2014 Comments on Staff Report in Case 12-E-0577, the Company identified three transmission projects that could be deferred assuming the refueled Dunkirk facility was on-line by September 2015. These projects are: installation of 115kV capacitor banks at Dunkirk, replacing a temporary 115kV capacitor bank with a permanent one at Huntley, and reconductoring the Five Mile - Homer Hill 115kV lines. In the May 27, 2014 Comments, the Company indicated that it planned to move forward with the three projects to mitigate reliability issues in the event the refueling of Dunkirk was delayed for any reason. As of this date, the Company has completed the installation of the 115kV capacitor banks at Huntley and Dunkirk. The reconductoring of the 115kV lines between Homer Hill and Five Mile Road is expected to be completed in December 2015. These projects contribute to the overall plan to operate the system reliably in the short and long term under the three Huntley/Dunkirk generation scenarios described above.

Please contact me if you have any questions regarding this filing, and thank you for your consideration and attention to this matter

Respectfully submitted,

/s/ Carlos A. Gavilondo

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