

STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

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March 27, 2014

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 No. ER14-1445-000 - Dunkirk Power LLC

Dear Secretary Bose:

For filing, please find the Notice of Intervention and Comments of the New York State Public Service Commission in the above-entitled proceeding. 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

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Dunkirk Power LLC

)

Docket No. ER14-1445-000

NOTICE OF INTERVENTION AND COMMENTS
OF THE NEW YORK STATE
PUBLIC SERVICE COMMISSION

BACKGROUND

On March 6, 2014, Dunkirk Power LLC (Dunkirk) filed a request for waiver of certain interconnection provisions in the New York Independent System Operator, Inc's (NYISO) tariff (Dunkirk Filing). In particular, Dunkirk sought a 12-month extension of its existing interconnection rights for two deactivated units at its generating facility located in Dunkirk, New York. Absent this extension, Dunkirk would need to reactivate the two units by August 31, 2015, in order to avoid the expiration of its interconnection rights, or undertake the interconnection process anew. The waiver was sought in order to facilitate Dunkirk's plan to convert its existing coal-fired generating facility to a nominal 435 MW natural gas-fired facility.

NOTICE OF INTERVENTION

The New York State Public Service Commission (NYPSC) submits its Notice of Intervention in the above-captioned

proceeding pursuant to the Federal Energy Regulatory Commission's (FERC or Commission) Combined Notice of Filings #1, issued on March 7, 2014 (Notice), and Rule 214 (18 C.F.R. §385.214) of the Commission's Rules of Practice and Procedure.

Copies of all correspondence and pleadings should be addressed to:

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DISCUSSION AND CONCLUSION

The NYPSC supports the requested waiver given the unique circumstances facing Dunkirk. Dunkirk plans to pursue a natural gas fuel conversion project at its existing coal-fired generating facility. The NYPSC is currently considering a proposed financial arrangement between Dunkirk and Niagara Mohawk Power Corporation d.b.a. National Grid related to the fuel conversion project.¹ This arrangement has been proposed to ensure local reliability and provide economic congestion relief benefits for National Grid's ratepayers, as well as to promote other public policy objectives of New York.

¹ Case 12-E-0577, Proceeding to Examine Repowering Alternatives to Utility Transmission Reinforcements, National Grid Filing (February 13, 2014).

Granting the requested waiver will provide Dunkirk with the necessary flexibility to implement the fuel conversion without needlessly diverting resources away from the project and incurring unnecessary and wasteful costs to retain its existing grandfathered interconnection rights or to seek new rights. In order to preserve those rights, Dunkirk would need to temporarily reactivate its generating facility using coal as a fuel source. Dunkirk advises that the additional cost of the temporary reactivation could be "as much as \$10 million," and could jeopardize the timely completion of the fuel-conversion project by the target date of September 1, 2015.² The NYPSC also notes that the emissions and other adverse environmental impacts associated with this reactivation would be avoided by granting the requested waiver.

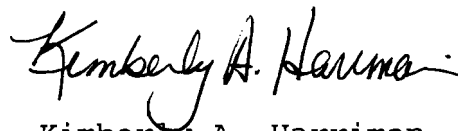
Alternatively, Dunkirk would need to establish new interconnection rights through the NYISO interconnection process. However, this process could take up to three years (i.e., well beyond the September 1, 2015 target date for completion of the fuel conversion project). Moreover, applying for a new interconnection would present Dunkirk with an unacceptable level of financial risk, since it would not know its potential interconnection costs or deliverability rights until the end of the process. Dunkirk advises that it cannot

² Dunkirk Filing, pp. 3 and 12-13.

invest the millions of dollars necessary to undertake the fuel conversion project without knowing these costs and rights in advance.³

Finally, because there are no other generators in the NYISO's existing interconnection queue seeking to use Dunkirk's interconnection point, and excess deliverability headroom exists within the Rest-of-State capacity region, no other parties should be adversely harmed by granting a twelve-month waiver. Accordingly, for the reasons noted above, the NYPSC respectfully requests that the Commission approve Dunkirk's waiver request.

Respectfully submitted,



Kimberly A. Harriman
Acting General Counsel
Public Service Commission
of the State of New York
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Dated: March 27, 2014
Albany, New York

³ Dunkirk Filing, p. 12.

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
March 27, 2014



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