

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>North American Electric Reliability</b>	)	
<b>Corporation and</b>	)	<b>Docket No. RC09-3-000</b>
<b>Northeast Power Coordinating</b>	)	
<b>Council, Inc.</b>	)	

**MOTION TO INTERVENE  
AND COMMENTS OF NATIONAL GRID USA**

Pursuant to Rule 214 of the Federal Energy Regulatory Commission’s (“Commission”) Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), National Grid USA (“National Grid”), on behalf of itself and its subsidiaries in New England and New York,<sup>1</sup> hereby submits its motion to intervene and comments in the above-captioned proceedings. In support, National Grid respectfully states the following:

**I. Background**

On December 18, 2008, the Commission issued an order directing the North American Electric Reliability Corporation (“NERC”) and the Northeast Power Coordinating Council, Inc. (“NPCC”) to submit to the Commission a comprehensive list of bulk electric system (“BES”) facilities at 100kV or above within the United States portion of the NPCC region. On February 20, 2009, NERC and NPCC submitted to the

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<sup>1</sup> These include New England Power Company (“NEP”), Massachusetts Electric Company (“Mass Electric”), Nantucket Electric Company (“Nantucket”), The Narragansett Electric Company (“Narragansett”), New England Electric Transmission Corporation (“NEET”), New England Hydro-Transmission Corporation (“NEHTC”), New England Hydro-Transmission Electric Company, Inc. (“NEHTEC”) and Granite State Electric Company (“Granite State”) in New England, and Niagara Mohawk Power Corporation (“Niagara Mohawk”) and National Grid Generation LLC (“National Grid Generation”) in New York.

Commission their joint compliance filing. National Grid submits herein comments in response to the NERC/NPCC compliance filing.

## **II. Communications and Interests**

Correspondence and communications with respect to this proceeding should be addressed to the following individuals, whose names should be entered on the official service list maintained by the Secretary:

Edwin G. Kichline  
Senior Counsel  
National Grid USA Service Company, Inc.  
633 Pennsylvania Ave. NW  
Washington, DC 20004  
Phone: (202) 783-7959  
Fax: (202) 783-1489  
[edwin.kichline@us.ngrid.com](mailto:edwin.kichline@us.ngrid.com)

Vicki O’Leary  
Director Reliability Compliance  
National Grid  
25 Research Drive  
Westborough, MA 01582  
Phone: (508) 389-2025  
Fax: (508) 389-3129  
[vicki.oleary@us.ngrid.com](mailto:vicki.oleary@us.ngrid.com)

National Grid is a holding company and seeks leave to intervene in the captioned docket on behalf of itself and those of its subsidiaries located and doing business in New England and New York State. New England Power Company (“NEP”) is the transmission subsidiary of National Grid operating within the Independent System Operator of New England (“ISO-NE”) area. National Grid’s electric distribution subsidiaries (Mass Electric, Nantucket, Narragansett, and Granite State) provide electricity delivery service to approximately 1.7 million customers in Massachusetts, Rhode Island, and New Hampshire under state statutes requiring them to offer certain default provider and provider of last resort electric services. The facilities of NEP and its distribution affiliates constitute a single integrated electric utility system that is directly interconnected with other utilities in New England and New York, including National Grid’s New York transmission and distribution subsidiary, Niagara Mohawk Power Corporation (“Niagara Mohawk”).

Niagara Mohawk is a public utility subsidiary of National Grid serving approximately 1.6 million retail electric customers in Buffalo, Syracuse, Albany, and other portions of upstate New York. Niagara Mohawk is both an owner of transmission facilities subject to the control of the New York Independent System Operator, Inc. (“NYISO”) and a purchaser of transmission and energy supply services from the NYISO. Niagara Mohawk is one of the Transmission Owners in New York State that is operating within the NYISO area.

National Grid Generation is a Generator Owner located on Long Island that sells the output of its facilities to the Long Island Power Authority via a long-term contract. National Grid Generation became a subsidiary of National Grid following the acquisition and merger of KeySpan Corporation.

National Grid participates actively as a member of the Northeast Power Coordinating Council and has a representative on the Board of Directors of NPCC. National Grid, through its subsidiary electric companies, actively complies with the requirements of NERC and NPCC, as well as state requirements of the New York State Reliability Council (“NYSRC”).

### **III. Motion to Intervene**

National Grid, on behalf of itself and its subsidiaries in New England and New York, has a direct and substantial interest in these proceedings, which may be affected by any Commission action taken herein. National Grid is an interested party within the meaning of Section 308(a) of the Federal Power Act, and its intervention and participation will be in the public interest. No other party can adequately represent

National Grid's interest in this proceeding. For these reasons, National Grid requests that it be permitted to intervene in these proceedings with full rights to participate as a party.

#### **IV. Comments**

##### **A. National Grid's History of Compliance**

As the parent of several Registered Entities, National Grid is committed to delivering electricity safely, reliably, and efficiently. For over 30 years, National Grid has dedicated itself to compliance with NPCC regional criteria. Since that time, NPCC has used an impact-based approach for defining elements of the Bulk Power System ("BPS"). The BPS is a subset of the BES facilities as they are presently being discussed. In the past, NPCC has used BPS synonymously with BES, but it appears that FERC is interested in changing that, and it is important to recognize the distinction. The NPCC impact-based approach utilizes both transient stability analysis and steady-state power flow analysis to determine those elements of the system that have the potential to cause cascading-type or large-scale outages, without reference to voltage class or configuration. NPCC has developed this impact-based approach to recognize the unique characteristics of the NPCC region, including: 1) large concentrated load pockets; 2) both synchronous and asynchronous electrical ties; and 3) a significant number of multiple circuit transmission corridors. The NPCC regional criteria have been successfully implemented before the introduction of the NERC standards, and, in many instances, are more stringent.

With the certification of NERC as the Electric Reliability Organization for the United States and the approval of mandatory reliability standards, National Grid has taken the necessary steps to enhance its NERC compliance program. To promote a

strong compliance culture and enhance the visibility of NERC standards, National Grid has developed and implemented a Reliability Compliance Group. National Grid has devoted internal personnel and resources to reliability compliance, and is an active participant on various NERC Committees, Standards Drafting teams, and NPCC task forces. National Grid is also committed to investing in our transmission and distribution system to improve the reliability of the grid for our customers and the improvement of wholesale electricity markets. National Grid does not support or oppose adding a broader BES definition based on a 100kV or above bright line test to the terminology used by NPCC. It will be important, however, to recognize and maintain the distinction of the application of the BES definition from the BPS impact-based methodology. National Grid's comments are intended to identify issues for consideration by the Commission, NERC, and NPCC as they evaluate the appropriateness of such a change.

**B. NPCC's Consideration of a Bright Line BES Definition**

Before moving to a 100 kV and above bright line test for the BES in NPCC, engineers and analysts should review the operation of the existing NPCC definition to determine the implications of such a change on compliance with NERC standards. Registered Entities are working along with NPCC to assess the regional impacts. NPCC plans to submit the results of this evaluation to the Commission by September 20, 2009. Presently, the NPCC Reliability Coordinating Committee has several task forces designated to establish a common set of assumptions to ensure consistency in considering the implications of a change to the BES definition. This analysis should identify the incremental system requirements, incremental resources, implementation timeframes,

incremental reliability benefits, and procedural changes necessary to using a bright line BES definition within NPCC.

**C. Resource Implications of Adopting a Bright Line BES Definition**

Even before a completed assessment, it is certain that moving toward a 100 kV bright line test in NPCC would have many meaningful consequences. Adoption of a 100kV bright line test for the BES would change the rosters of facilities subject to RTO/ISO operation. RTOs/ISOs and their respective Transmission Owners would have to resolve which parties have “operational control” over certain elements of the BES. Registered Entities would have to revise their operational protocols in several areas, including coordination of outages, because the RTOs/ISOs would have control over additional BES resources. In New York, for instance, the NYISO currently has direct operational authority only over those facilities identified in the NYISO/Transmission Owner Agreement, known as the A-1 List—which generally includes most facilities rated at 230kV and above.<sup>2</sup>

Registered Entities, particularly Transmission Owners under NERC’s Reliability Functional Model, must have sufficient lead-time to make the adjustments required by a change in the BES definition. Registered Entities would have to alter their planning processes after revisions of the BES criteria. For example, planning studies for non-bulk electric facilities are done on a periodic cycle, but not necessarily annually. NERC’s Transmission Planning standards, on the other hand, require BES studies to be done annually. Significant additional resources would be required to complete these larger and more frequent studies.

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<sup>2</sup> All facilities included on the NYISO A-1 List are identified through NPCC’s A-10 Criteria as bulk power system facilities.

National Grid recognizes that NERC and the Commission do not consider the costs of compliance with reliability standards when reviewing and approving those standards. National Grid respectfully requests, though, that the Commission recognize that a change to a 100kV and above bright line test in NPCC would require increases in capital and operating<sup>3</sup> expenditures by Registered Entities to achieve compliance. Owners of generation and transmission and distribution facilities may incur additional capital expenses to bolster and reinforce equipment at 100kV and above that is not considered part of the BES under NPCC's impact-based methodology. As they would proceed to compliance with the revised criteria, Transmission Owners should have certainty of cost recovery for the investments necessary to ensure satisfaction of the new standards. National Grid envisions the Commission, NERC, and NPCC working with Transmission Owners and their state regulators to demonstrate the propriety of allowing for the recovery of these increased costs of reliability compliance from their ratepayers.

## **V. Conclusion**

WHEREFORE, for the foregoing reasons, National Grid USA respectfully requests that the Commission permit it to intervene in these proceedings with full rights

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<sup>3</sup> The expanded study and planning processes described above provide one example of increased operating expenditures.

as a party hereto and respectfully requests that the Commission order action consistent with the comments provided herein.

Respectfully submitted,

/s/ Edwin G. Kichline (e-filed)

Edwin G. Kichline

Senior Counsel

National Grid USA

633 Pennsylvania Ave. NW

Washington, DC 20004

*Attorney for National Grid USA*

Dated: April 10, 2009