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December 23, 2014

Hon. Elizabeth H. Liebschutz  
Hon. Michelle L. Phillips  
State of New York Department of Public Service  
Three Empire State Plaza  
Albany, NY 12223-1350

Re: Case 11-T-0534 - Application of Rochester Gas and Electric Corporation for a Certificate of Environmental Compatibility and Public Need for the Construction of The "Rochester Area Reliability Project," Approximately 23.6 Miles of 115 Kilovolt Transmission Lines and 1.9 Miles of 345 Kilovolt Line in the City of Rochester and the Towns of Chili, Gates and Henrietta in Monroe County

Dear Judges Liebschutz and Phillips:

Rochester Gas and Electric Corporation ("RG&E") submits this letter to notify you and all parties to the Rochester Area Reliability Project ("RARP") proceeding that developments in Case 14-E-0270, Petition for Initiation of Proceeding to Examine Proposal for Continued Operation of R.E. Ginna Nuclear Power Plant, will result in a modification of the RARP construction schedule.

R.E. Ginna Nuclear Power Plant, LLC ("Ginna") claims in Case 14-E-0270 that it has become uneconomic to continue to operate the Ginna Plant and sell the plant's power at market rates. Ginna states that to keep the plant in operation, it must enter into a Reliability Support Services Agreement ("RSSA") with RG&E. The Public Service Commission ("Commission"), in its November 14, 2014 Order Directing Negotiation of a Reliability Support Services Agreement and Making Related Findings ("Order Directing Negotiations"), required RG&E to negotiate an RSSA with Ginna and report back to the Commission by January 15, 2015. Any such agreement is likely to require RG&E to pay above-market rates for the plant's output during the period the Ginna Plant is required for the provision of reliable electric service. This would increase the amount RG&E's customers must pay for electric service.

To minimize the duration of this impact on its customers, RG&E issued a request for proposals ("RFP") for alternatives to an RSSA with Ginna on October 6, 2014. RG&E also evaluated transmission alternatives to an RSSA. In the Order Directing Negotiations, the Commission said:

To the extent that alternatives proposed through the RFP might affect entry into an RSSA, or the period for which the RSSA remains in effect, RG&E, in consultation with Staff, would evaluate if viable, cost effective substitutes for the Facility, including generation, transmission, and other resources, would be available and could commence operations in a timely fashion. \* \* \* \* If it is determined that alternatives could affect negotiation of the RSSA, RG&E should redirect the RSSA negotiations to accommodate the alternatives. For example, an alternative might reduce the time period for which the Ginna Facility is needed, resulting in a shorter term for the RSSA.

Order Directing Negotiations, p. 24. RG&E has identified a transmission solution set that will allow for the retirement of the Ginna facility and could minimize the term of an RSSA, provide net financial benefit to RG&E's customers, and strengthen RG&E's system - the Ginna Retirement Transmission Alternative ("GRTA"). The GRTA can be constructed relatively quickly and would allow RG&E to maintain reliability following the proposed retirement of the Ginna plant. The GRTA mitigates the urgency of the RARP and addresses other system reliability matters, such as identified stuck breaker contingencies.

The New York Independent System Operator ("NYISO") identified Station 122 and Station 80 transformer overloads under N-1-1 stuck breaker contingency conditions (loss of three elements) in its 2012 and 2014 Reliability Needs Assessments. NYISO identified the RARP as a solution to these overloads under contingency conditions. As shown in the Engineering Justification for the RARP (Exhibit 28 in support of the Joint Proposal), the RARP was designed to meet load growth and planned or forced outages at the Ginna Plant. It was not designed to address the retirement of the Ginna Plant. In its December 16, 2013 "Update on Project Need and Major Milestone Schedule for Completion of Project," RG&E advised the Commission that "other additional system upgrades are necessary besides the RARP."

Peak load on the RG&E system in 2014 was 1,508 MW. Under present conditions, if the Ginna Plant were retired, RG&E's system would not meet reliability standards, and Station 122 transformers would be overloaded during both normal "all facilities in service" conditions and post-contingency conditions when the RG&E system load exceeds 1,430 MW. Even with the RARP in service, with the Ginna Plant off-line, Station 122 transformers would be overloaded during normal conditions with RG&E system loads above 1,550 MW. Furthermore, reconsideration of the siting of Station 255 of the RARP by the Commission has delayed the construction of Station 255.<sup>1</sup> The reliability need to solve the overloads that would result from the retirement of the Ginna Plant is immediate.

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<sup>1</sup> With the implementation of the GRTA, the immediate construction of Station 255 will not be necessary. However, when Station 255 is constructed, it should be at Site 7 - the site the Commission has already certified for Station 255. Locating Station 255 at Site 20 would require the relocation of a Class C stream, substantial impacts to forested wetlands, the elimination of six acres of dormant agricultural land that has been farmed at Site 20 and could be returned to agriculture, and the potential removal of 30 acres of agricultural land for the creation of new wetlands in mitigation for the wetlands impacted by use of Site 20. It would also increase the cost of designing

Timely construction of the GRTA will require that RG&E use the two 345/115 kV transformers that have been ordered for Station 255 of the RARP, as well as a spare 345/115 kV transformer at Station 80. By re-deploying the RARP Station 255 transformers and a Station 80 spare transformer to Station 122, reconfiguring the 345 kV bus to solve stuck breaker issues (work that is nonetheless necessary), and increasing the ratings of some 34.5 kV and 11.5 kV lines, the term of a Ginna RSSA could be minimized.<sup>2</sup> This sequence of investments is a better solution to the issues faced by RG&E because it addresses the most urgent issue first (resolving the thermal overloads at Station 122), ensures reliability and capacity for growth in the long-term, and reduces costs for RG&E's customers.

The GRTA would include the following work:

A. Station 122 Upgrades:

RG&E will upgrade the three 345/115 kV transformers at STA 122 from 200 MVA-Class units to 400 MVA-Class units. In addition, a fault-duty short circuit study determined that RG&E must upgrade the 115 kV circuit breakers at Station 122 and one circuit breaker at Station 121. Due to constructability sequence constraints, new 115 kV Gas-Insulated Switchgear with 5 bays arranged in a breaker and half configuration will be installed to replace the 115 kV open-air configuration at Station 122.

B. 34.5 kV and 11.5 kV line Underground Transmission Lines:

With the new flow in the RG&E network, RG&E will uprate the following underground circuits:

- 1) 34.5 kV Circuit 718 between Station 29 and Station 1 (approximately 3.8 miles in length) to 972 amps summer normal and 1592 LTE.
- 2) 34.5 kV Circuit 735 between Station 81 and Station 7 (approximately 9.3 miles in length) to 664 amps summer normal and 867 LTE.
- 3) 34.5 kV Circuit 770 between Station 1 and Station 42 (approximately 2.3 miles in length) to 1202 amps summer LTE.
- 4) 11.5 kV Circuit 623 between Station 137 and Station 38 (approximately 1.4 miles in length) to 582 amps summer normal and 924 LTE.

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and constructing the RARP by \$7-9 million, and might impact a possible \$19-20 million office campus development that could create 1,000 jobs in the area.

<sup>2</sup> The project is in the pre-conceptual engineering phase, and may be impacted by the timing and requirements for regulatory approval, system and engineering studies which may have to be performed, outage availability, and third party agreements.

In addition, a fifth bay of 345 kV circuit breakers will be constructed at Station 80 to reconnect transformers #5 and #3. This will resolve loss of transformers #5 and #2 in a single contingency due to stuck breaker 2T8082, and loss of transformers #3 and #2 in a single contingency due to stuck breaker 1X8082. The fifth bay will have four circuit breakers, two of which will be between transformer #5 and transformer #3 terminal points

The GRTA addresses the most pressing need on RG&E's system and allows for the retirement of the Ginna facility. Even after the GRTA is put into service, however, other transmission work, including the RARP, will be needed to increase reliability as load grows in RG&E's service territory. RG&E proposes to complete the RARP in three phases, with the first phase being completed in 2019 and the final phase in 2021.<sup>3</sup>

Because RG&E will undertake work at Station 80 (which includes facilities certified by the Commission in the Rochester Transmission Project Article VII proceeding (Case 03-T-1385) and the RARP Article VII proceeding) and at Stations 7 and 121 (which also contain facilities approved in the Rochester Transmission Project proceeding), approvals of the Commission may be required. Work at Station 122 may require the approval of the Department of Environmental Conservation ("DEC") and other state and local agencies. Approval of the United States Army Corps of Engineers may also be required for some of the work referenced above. RG&E intends to request meetings as soon as possible with the Department of Public Service Staff, the DEC and other agencies and municipalities to explain the GRTA and discuss the necessary approvals.

RG&E needs to move forward quickly to complete the GRTA and thereby reduce the impact of a Ginna RSSA on RG&E's customers. RG&E anticipates filing petitions for the above-referenced approvals in the first quarter of 2015.

Respectfully submitted,



John D. Draghi

cc: Secretary Burgess  
All Parties

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<sup>3</sup> Phase I is the energization of Transformer 1 in Station 255 and Line 940. Phase II is the energization of Transformer 2 in Station 255 and Line 941. Phase 3 is the energization of Line 40. These phases are subject to change upon finding a more efficient sequence and discussions with third parties.