

November 13, 2009

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Mr. Jeffrey L. McKinney  
Manager – System Planning  
NYSEG and RG&E  
18 Link Drive  
P.O. Box 5224  
Binghamton, NY 13902-5224

Dear Mr. McKinney:

National Grid has reviewed the results of the NYSEG and RG&E Local Planning Process as presented at the October 14 meeting at the NYISO, and offers the following comments. National Grid is also willing to meet with NYSEG to better understand their concerns and how National Grid may play a roll in resolving these concerns.

### Auburn Area

In the NYSEG review of the Auburn area, low voltages on the 34.5 kV system emanating from Elbridge and Solvay were identified during outages of the 115/34.5 kV transformation. A concern with the voltage at National Grid's Nile station and the load at the village of Skaneateles, a municipal wholesale load served by National Grid, were also noted for various outage conditions.

National Grid first suggests that these issues may be related to an error in the modeling of the Elbridge 345/115 kV and 115/34.5 kV transformer tap settings. The low side voltages being held by these transformers in real time operation are higher than shown in the system model. Correction of the model to reflect how these transformers are operated may address these low voltage issues. As the majority of the load served from this system is National Grid retail load, we would also propose to review the load levels studied, including the municipal load at the Village of Skaneateles, to confirm the study assumptions and the needs identified. Further National Grid would like to understand the way in which NYSEG simulated contingency conditions. During outage conditions, different configurations of this 34.5 kV system may be available to deal with any low voltage concerns.

NYSEG suggests that the addition of reactive compensation at their Marietta, Otisco, and Marcellus stations should be pursued to correct any voltage issues. National Grid considers these additions to be appropriate.

National Grid believes that the correction of the transformer tap settings, a review of the modeling assumptions and system configuration and the addition of reactive support at NYSEG stations

should correct all voltage issues on this system. National Grid does not believe that the suggested addition of a second Elbridge 115/34.5 kV transformer or the addition of a second 345/115 kV transformer would be warranted to correct the 34.5 kV voltages. National Grid also believes that further review is required before agreeing with the recommended addition of reactive support at the Skaneateles and Niles stations. It should also be noted that the station at the village of Skaneateles is not owned by National Grid. The addition of any reactive support would have to be pursued by the Village, not National Grid.

#### Lancaster Area

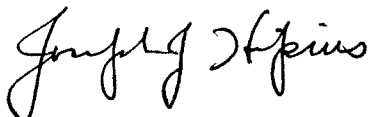
The NYSEG review of the Lancaster area identified various concerns with the voltage on the NYSEG 34.5 kV system and the loading on the NYSEG 115/34.5 kV transformers. A problem involving low voltages and thermal overloads throughout the region for loss of Gardenville transformers #6 and #7 was also noted. The suggested correction of this problem is addition of a third 230/115 kV transformer at Gardenville. Capacitor banks on the 34.5 kV and 115 kV systems and new 115/34.5 kV banks are also recommended to correct the loading and voltage concerns in the area. As National Grid has substantial reinforcement plans within the area, including major modifications at Gardenville, addition of capacitor banks at several locations and other major 115 kV system changes, National Grid would like to better understand the NYSEG proposals and how they may affect the National Grid plans. Review of both companies' proposals together may identify opportunities to defer some portions of the NYSEG and/or National Grid plans.

#### Other Comments

As noted in the review of the Canandaigua area, a plan to reinforce the system being served by RG&E Station 168 involves sectionalizing National Grid circuits #2 and #4. The Mechanicville area review includes a plan to construct a new 115 kV circuit from National Grid's Valkin station to NYSEG's Klinekill station. National Grid is committed to continue working with NYSEG and RG&E on these projects to implement reinforcements to address identified system concerns on the NYSEG and RG&E system.

My staff and I would be happy to meet with you and your staff to further discuss these comments and further develop solutions to issues identified in your studies.

Sincerely,



Joseph J. Hipius  
Manager, Transmission Planning – NY

cc: Carol Sedewitz