

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

Hancock Wind, LLC

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Docket No. ER16-___-000

**PETITION OF HANCOCK WIND, LLC
FOR ORDER ACCEPTING MARKET-BASED RATE TARIFF FOR FILING
AND GRANTING WAIVERS AND BLANKET APPROVALS**

Hancock Wind, LLC (Seller), pursuant to section 205 of the Federal Power Act, as amended (FPA), 16 U.S.C. § 824d (2012), Rule 205 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (FERC or Commission), 18 C.F.R. § 385.205 (2015), and Part 35 of the Commission's regulations under the FPA, 18 C.F.R. Part 35 (2015), hereby petitions the Commission for: (1) acceptance of Seller's Market-Based Rate Tariff effective on August 24, 2016; (2) waiver of certain Commission regulations under the FPA; and (3) the granting of certain blanket approvals.

I. COMMUNICATIONS

Communications with regard to this Petition should be addressed to the following persons:

Steve Doyon
Novatus Management, LLC
1095 Avenue of the Americas
25th Floor, Suite A
New York, NY 10036
Tel: (646) 829-3943
sdoyon@novatusenergy.com

Jessica C. Friedman
Julia S. Wood
Van Ness Feldman, LLP
1050 Thomas Jefferson St., NW
Washington, DC 20007
Tel: (202) 298-1800
jcf@vnf.com
jsw@vnf.com

II. DESCRIPTION OF SELLER AND ITS AFFILIATES

Seller is a Delaware limited liability company that is constructing and will own and operate a 51 MW wind-powered electric generation facility located in Hancock

County, Maine (Facility). It is anticipated that the Facility will achieve commercial operation during the fourth quarter of 2016. The Facility will be interconnected to the transmission system owned by Emera Maine and operated by ISO New England, Inc. (ISO-NE).

Seller intends to operate as an exempt wholesale generator (EWG) under the Public Utility Holding Company Act of 2005.¹ The entire output of the Facility is fully committed under two long-term power purchase agreements (PPAs) for firm sales of energy and capacity. Specifically, Seller has a PPA with Massachusetts Municipal Wholesale Electric Company (MMWEC) for 37.5 MW for a 25-year term, and a PPA with the City of Burlington, Vermont (acting through Burlington Electric Department) for 13.5 MW for a 10-year term.²

Seller is a wholly-owned direct subsidiary of Hancock Wind Holdings, LLC, which in turn is a wholly-owned direct subsidiary of Hancock Wind Portfolio, LLC. Hancock Wind Portfolio, LLC is a wholly-owned direct subsidiary of Hancock Renewables, LLC, which in turn is a wholly-owned direct subsidiary of Terra Nova Renewable Partners, LLC. Terra Nova Renewable Partners, LLC is owned 99% by Novatus Energy, LLC, which in turn is a wholly-owned direct subsidiary of Novatus Energy Holdings, LLC. Novatus Energy Holdings, LLC is wholly and directly owned by

¹ Concurrently with this Petition, Seller is filing a notice of self-certification of exempt wholesale generator status.

² The expiration date of Seller's PPAs will be determined by the date on which the Facility achieves commercial operation. In accordance with Order No. 816, Seller commits to "follow up with an informational filing, in [this docket], to inform the Commission of the contract expiration date, within 30 days of the date becoming known." See Refinements to Policies and Procedures for Market-Based Rates for Wholesale Sales of Electric Energy, Capacity and Ancillary Services by Public Utilities, Order No. 816, 80 Fed. Reg. 67,056 (Oct. 30, 2015), FERC Stats. & Regs. ¶ 31,374 at P 44 (2015).

IIF US Holding 2 LP (IIF US Holding 2), an infrastructure investment fund managed and controlled by its general partner, IIF US Holding 2 GP, LLC (IIF GP 2),³ which is owned by three private individuals.⁴

IIF US Holding 2 is affiliated with a number of entities that own or control renewable generation facilities located throughout the United States, as reflected in Attachment A. In addition to Seller, IIF US Holding 2 is affiliated with the following entities in Seller's relevant market, the ISO-NE balancing authority area (BAA):

- Blue Sky West, LLC (Blue Sky West), an EWG⁵ that is constructing and will own and operate a 184.8 MW wind-powered electric generation facility located in Somerset and Piscataquis counties, Maine (Bingham Facility). The Commission has authorized Blue Sky West to sell energy, capacity, and ancillary services at market-based rates.⁶ The entire output of the Bingham Facility is fully committed under four 15-year term PPAs for firm sales of energy. The expiration date of the PPAs is unknown at this time, since the Bingham Facility is still under construction. FERC will be notified of such date within 30 days of becoming known.⁷

³ None of the limited partners of IIF US Holding 2 owns or controls 10% or more of the outstanding voting securities of IIF US Holding 2.

⁴ The three private individual owners of IIF GP 2 are described in the Amended Notice of Change in Status filed on May 4, 2016 in Docket Nos. ER01-2644-000, *et al.* The three private individual owners of IIF GP 2 also own IIF US Holding GP, LLC (IIF GP), the general partner of IIF US Holding LP (IIF US Holding) another infrastructure investment fund that invests in electric generation facilities. Pursuant to FERC's regulations, IIF US Holding 2 may be deemed to be affiliated with IIF US Holding. Accordingly, the energy affiliates of IIF US Holding 2 and IIF US Holding are reflected in Attachment A.

⁵ Blue Sky West filed a Notice of Self-Certification of Exempt Wholesale Generator Status in Docket No. EG15-95-000 on June 11, 2015. On September 3, 2015, the Commission issued a Notice of Effectiveness of Exempt Wholesale Generator Status for Blue Sky West.

⁶ Blue Sky West, LLC, 151 FERC ¶ 61,202 (2015).

⁷ The PPAs are with the following offtakers for the following amounts: Massachusetts Electrical Company and Nantucket Electric Company (doing business as National Grid) (approximately 85 MW); NSTAR Electric Company (approximately 84 MW); Western Massachusetts Electric Company (approximately 14 MW); and Fitchburg Gas and Electric Light Company (doing business as Unitil) (approximately 2 MW).

- Evergreen Wind Power II, LLC (Evergreen II), an EWG⁸ that owns and operates a 147.6 MW (nameplate) wind-powered electric generation facility located in Oakfield, Maine (Oakfield Facility). The Commission has authorized Evergreen II to sell energy, capacity, and ancillary services at market-based rates.⁹ The entire output of the Oakfield Facility is fully committed under four 15-year term PPAs for firm sales of energy with which expire on October 28, 2030.¹⁰
- Somers Solar Center, LLC (Somers Solar), the owner of a 5 MW solar-powered electric generation facility located in Somers, Connecticut. The Somers Solar facility is a qualifying small power production facility (QF) under the Public Utility Regulatory Policies Act of 1978, as amended.¹¹ Pursuant to section 292.601(c) of the Commission's regulations, Somers Solar is exempt from regulation under FPA section 205, because the facility is less than 20 MW.¹²

None of IIF US Holding 2, IIF US Holding, or any of their respective affiliates owns, operates, or controls any electric transmission facilities in the United States other than limited and discrete interconnection facilities associated with individual generation facilities. IIF US Holding 2 is affiliated with Summit Natural Gas of Maine, Inc., which owns natural gas local distribution facilities in ISO-NE. IIF US Holding 2 also is affiliated with entities that own gas distribution facilities in Colorado and Missouri, as described in Attachment A. Other than these gas distribution facilities, none of IIF US Holding 2, IIF US Holding, or any of their respective affiliates owns or controls, directly

⁸ Evergreen II filed a Notice of Self-Certification of Exempt Wholesale Generator Status in Docket No. EG14-24-000 on January 24, 2014, as supplemented on February 19, 2014. On April 4, 2014, the Commission issued a Notice of Effectiveness of Exempt Wholesale Generator Status for Evergreen II.

⁹ Evergreen Wind Power II, LLC, Docket No. ER15-1672-000 (June 30, 2015) (unpublished letter order).

¹⁰ The PPAs are with the following offtakers with the following PPA allocation and capacity amounts: Massachusetts Electrical Company and Nantucket Electric Company (doing business as National Grid) (approximately 68 MW); NSTAR Electric Company (approximately 67 MW); Western Massachusetts Electric Company (approximately 11 MW); and Fitchburg Gas and Electric Light Company (doing business as Unitil) (approximately 1 MW).

¹¹ See Docket No. QF14-31.

¹² 18 C.F.R. § 292.601(c).

or indirectly, 10% or more of the voting interest in or controls any other inputs to electric power production in the United States, including intrastate natural gas transportation, intrastate natural gas storage or distribution facilities, physical coal supply sources and ownership of or control over who may access transportation of coal supplies. Further, none of IIF US Holding 2, IIF US Holding, or any of their respective affiliates is a public utility with a franchised electric service territory.

III. REQUEST FOR AUTHORIZATION TO SELL ENERGY, CAPACITY, AND ANCILLARY SERVICES AT MARKET-BASED RATES

A. Description of Seller’s Market-Based Rate Tariff

Seller requests authorization under its proposed Market-Based Rate Tariff to sell energy, capacity, and certain ancillary services to any purchaser that is not a franchised public utility affiliate.¹³

B. Satisfaction of Criteria for Market-Based Rates

The Commission permits sales of energy, capacity, and ancillary services at market-based rates if the seller and its affiliates (i) lack horizontal market power in the relevant geographic market, i.e., they do not have (or have adequately mitigated) market power in generation; and (ii) lack vertical market power in the relevant geographic market, i.e., they do not have (or have adequately mitigated) market power in transmission and cannot erect barriers to entry to competing suppliers through the control of inputs to electric power production.¹⁴ As discussed below, neither Seller nor any of its

¹³ 18 C.F.R. § 35.39 requires separate Commission authorization under section 205 of the FPA for the sales of energy or capacity to a franchised public utility affiliate. Seller currently is not affiliated with any public utility with a franchised electric service territory.

¹⁴ See Order No. 697 and its progeny; see also Heartland Energy Services, Inc., 68 FERC ¶ 61,223, at ¶ 62,060-63 (1994); Enron Power Enterprise Corp., 52 FERC ¶ 61,193, at 61,708 (1990); FirstEnergy Servs., Inc., 94 FERC ¶ 61,052 (2001).

affiliates has horizontal or vertical market power. Therefore, the Commission should grant Seller's request for market-based rate authorization.

1. Seller Lacks Horizontal Market Power

The Commission reviews horizontal market power by assessing the market power of the seller and any of its affiliates that own or control generation in the relevant market.¹⁵ The Commission has indicated that the relevant geographic market is the BAA or submarket, as applicable, where the seller's generation is physically located.¹⁶ The Facility will be located within the footprint of the ISO-NE BAA. Accordingly, the ISO-NE BAA is the relevant geographic market for purposes of Seller's request for market-based rate authorization.

In Order No. 816, the Commission stated that "Sellers may explain that their generation capacity is fully committed in lieu of including indicative screens . . . where all generation owned or controlled by seller and its affiliates in the relevant [BAA], including first-tier [BAAs] is fully committed."¹⁷ All of the generation owned or controlled by Seller and its affiliates Blue Sky West and Evergreen II is fully committed on a firm basis under long-term PPAs. As required by Order No. 816, Seller affirms that these PPAs are for firm sales for one year or longer.¹⁸ Seller's other affiliate in the ISO-NE BAA, Somers Solar, is a QF exempt from FPA section 205, which does not need to

¹⁵ See Order No. 697 at P 232 n.261; AEP Power Mktg., Inc., 107 FERC ¶ 61,018 at P 73 n.63.

¹⁶ See Order No. 697 at P 231; see also AEP Power Mktg., Inc., 107 FERC ¶ 61,018 at P 41, order on reh'g, 108 FERC ¶ 61,026 at P 31 (2004).

¹⁷ Order No. 816 at P 39.

¹⁸ Id.

be reported in Seller's horizontal market power analysis.¹⁹ None of IIF US Holding 2, IIF US Holding, or any of their respective affiliates owns or controls any other generation capacity located within the ISO-NE BAA or first-tier markets to the ISO-NE BAA. Accordingly, Seller and its affiliates do not have horizontal market power in the relevant market.

2. Seller Lacks Vertical Market Power

Seller also lacks vertical market power. Neither Seller nor any of its affiliates owns a 10% or greater voting interest in or controls any electric transmission facilities used for the transmission of electricity in interstate commerce in the United States, other than limited and discrete interconnection facilities solely used to connect individual generating facilities to the transmission grid. Seller affirms that these facilities qualify for the blanket open access transmission tariff (OATT) waiver pursuant to section 32.28(d)(2) of the Commission's regulations.²⁰

Except for the intrastate natural gas distribution facilities discussed above, neither Seller nor any of its affiliates owns or controls any inputs to electric power production in the United States, including intrastate natural gas transportation, intrastate natural gas storage or distribution facilities, or sources of coal supplies and the transportation of coal

¹⁹ In Order No. 816, the Commission clarified "that qualifying facilities that are exempt from FPA section 205 . . . do not need to be reported in . . . indicative screens." Order No. 816 at P 255.

²⁰ 18 C.F.R. § 35.28(d)(2) (as amended by Order No. 807). See Maine GenLead, LLC, 146 FERC ¶ 61,223 (2014) (accepting rate schedule for filing and granting waivers from filing an OATT and related open access requirements), order on reh'g, 152 FERC ¶ 61,015 (2015). In accordance with Order No. 807, the existing OATT waivers of Maine GenLead, LLC have been superseded by the Commission's blanket OATT waiver. Open Access and Priority Rights on Interconnection Customer's Interconnection Facilities, Order No. 807, 80 Fed. Reg. 17,654 (Apr. 1, 2014), FERC Stats. & Regs. ¶ 31,367 at P 89 (2015), order denying reh'g, Order No. 807-A, 153 FERC ¶ 61,047 (2015). See also Maine GenLead, LLC, Section 210 Statement for Open Access Transmission Waivers, Docket No. AD15-9-000 (July 8, 2015).

supplies that could be used as barriers to entry in any market. The Commission has established a rebuttable presumption that intrastate natural gas distribution facilities do not raise vertical market power concerns.²¹ Seller further affirms that Seller and its affiliates have not erected barriers to entry in the relevant market and will not erect barriers to entry in the relevant market. Therefore, Seller lacks vertical market power.

3. There Is No Potential for Affiliate Abuse or Reciprocal Dealing

The Commission has traditionally indicated its concern that a public utility having a franchised service territory and an affiliate may be able to transact in ways that transfer benefits from the captive customers of the franchised utility to the affiliate and its shareholders. In Order No. 697, the Commission discontinued considering affiliate abuse as a separate “prong” of the market-based rate analysis and codified affiliate restrictions in the Commission’s regulations as a condition of obtaining and retaining market-based rate authority. Seller agrees to abide by the Commission’s codified affiliate restrictions as a condition of its market-based rate authority.

C. Ancillary Services

Seller also seeks authorization to sell certain ancillary services in the markets administered by ISO-NE and the New York Independent System Operator, Inc. (NYISO). The Commission requires a separate study of the ancillary services markets to support a market-based rate filing for ancillary services. With respect to sales of ancillary services in the markets operated by ISO-NE and NYISO Seller relies, in the same manner as other sellers, on the studies submitted and accepted by the Commission in previous orders.²²

²¹ See Order No. 697 at P 1018.

²² See, e.g., New England Power Pool, 85 FERC ¶ 61,379 (1998), reh’g denied, 95 FERC 61,074 (1998); Central Hudson Gas & Elec. Corp., 86 FERC ¶ 61,062 (1999), order on reh’g, 88

In addition, Seller seeks authorization to sell ancillary services at market-based rates under the requirements set forth in Avista Corp.,²³ as modified by Order No. 697,²⁴ Order No. 784,²⁵ and Order No. 819.²⁶ Seller has included in its tariff the Commission's standard tariff provisions for the proposed sales of ancillary services described above.

D. Reporting Requirements

Seller agrees to comply with the reporting requirements normally imposed on sellers that are permitted to sell power at market-based rates. In particular, Seller will file Electric Quarterly Reports concerning its sales in conformance with the Commission's requirements.²⁷ Seller also will file an updated market power analysis pursuant to the Commission's regional schedule adopted in Order No. 697 to the extent applicable. In

FERC ¶ 61,138 (1999).

²³ 87 FERC ¶ 61,223 (1999), order on reh'g, 89 FERC ¶ 61,136 (1999).

²⁴ See Order No. 697 at PP 1058-61.

²⁵ Third-Party Provision of Ancillary Services, Accounting and Financial Reporting for New Electric Storage Technologies, Order No. 784, 78 Fed. Reg. ¶ 46,177 (July 18, 2013), FERC Stats. & Regs. ¶ 31,349 at PP 200-201 (2013), order on reh'g, 146 FERC ¶ 61,114 (2014).

²⁶ Third-Party Provision of Primary Frequency Response Service, Order No. 819, 80 Fed. Reg. 73,965 (Nov. 27, 2015), FERC Stats. & Regs. ¶ 31,375 at PP 70-71 (2015).

²⁷ Revised Public Utility Filing Requirements, Order No. 2001, FERC Stats. & Regs. ¶ 31,127 (2002), order on reh'g, Order No. 2001-A, 100 FERC ¶ 61,074 (2002), order on reconsideration and clarification, Order No. 2001-B, 100 FERC ¶ 61,342 (2002), order directing filings, Order No. 2001-C, 101 FERC ¶ 61,314 (2002), order directing refiling, Order No. 2001-D, 102 FERC ¶ 61,334 (2003), order on filing requirements, Order No. 2001-E, 105 FERC ¶ 61,352 (2003), clarification order, Order No. 2001-F, 106 FERC ¶ 61,060 (2004), order adopting dictionary, Order No. 2001-G, 120 FERC ¶ 61,270 (2007), clarification order, Order No. 2001-H, 121 FERC ¶ 61,289 (2007), order revising EQR data dictionary, Order No. 2001-I, 73 Fed. Reg. 65,526 (Nov. 4, 2008), FERC Stats. & Regs. ¶ 31,282 (2008); Electricity Market Transparency Provisions of Section 220 of the Federal Power Act, Order No. 768, 77 Fed. Reg. 61,896 (Oct. 11, 2012), FERC Stats. & Regs. ¶ 31,336 (2012), order partially extending compliance date, 142 FERC ¶ 61,105 (2013); order on reh'g, Order No. 768-A, 78 Fed. Reg. 24,101 (Apr. 24, 2013), 143 FERC ¶ 61,054 (2013) (requiring market participants excluded from Commission jurisdiction under section 205 of the FPA that have more than a de minimis market presence to file electronic quarterly reports); Revisions to Electric Quarterly Report Filing Process, Order No. 770, 77 Fed. Reg. 71,288 (Nov. 30, 2012), FERC Stats. & Regs. ¶ 31,338 (2012) (adopting filing of EQRs in XML format).

addition, pursuant to the requirements set forth in Section 35.42 of the Commission's regulations, Seller agrees to file timely notices of material changes in status that explain whether such changes reflect a departure from the characteristics relied upon by the Commission in originally granting Seller market-based rate authority.²⁸

Seller also agrees to comply with the Commission's market behavior rules codified at 18 C.F.R. § 35.41. In accordance with section 35.41(c) of the Commission's regulations, as amended by Order Nos. 768 and 768-A,²⁹ to the extent Seller engages in reporting of transactions to publishers of electric or natural gas price indices it will identify in its EQRs the publishers of electricity and natural gas indices to which it reports its transactions.

E. Category Seller Status

The Commission's regulations define Category 1 Sellers as wholesale power marketers and wholesale power producers that meet each of the following criteria: (1) own or control 500 MW or less of generation in aggregate per region; (2) do not own, operate, or control transmission facilities other than limited equipment necessary to connect individual generating facilities to the transmission grid; (3) are not affiliated with anyone that owns, operates, or controls transmission facilities in the same region as the seller's generation assets; (4) are not affiliated with a franchised public utility in the same region as the seller's generation assets; and (5) do not raise other vertical market power issues.³⁰ Category 2 Sellers are all sellers that are not Category 1 Sellers.³¹ Category 2

²⁸ See 18 C.F.R. § 35.42.

²⁹ Order No. 768 at PP 137-138, 178; Order No. 768-A at PP 40, 47.

³⁰ 18 C.F.R. § 35.36(a)(2).

³¹ Id. § 35.36(a)(3).

Sellers are required to submit updated market analyses every three years pursuant to the Commission's regional schedule.

Seller and its affiliates own or control less than 500 MW in the Northeast region. Seller does not own or control generation in any other region. Therefore, Seller owns or controls less than 500 MW of generation in the aggregate in each of the regions outside the Northeast region, and there is no overlap between Seller's generation assets and any transmission facilities in any other region. Seller does not own or control any transmission facilities other than limited and discrete equipment necessary to connect Seller's individual generating facility to the transmission grid. Further, Seller is not affiliated with a franchised public utility in any region and does not raise other vertical market power issues. Accordingly, Seller meets the criteria for classification as a Category 1 Seller, as defined in 18 C.F.R. § 35.36(a) of the Commission's regulations, in each of the Central, Northwest, Southeast, Southwest, and Southwest Power Pool regions.

IV. REQUEST FOR PRE-APPROVALS AND WAIVERS

Seller seeks the same pre-approvals and waivers of Commission rules and filing requirements previously granted to other sellers permitted to sell at market-based rates.

This relief consists of:

- Waiver of Parts 41, 101, and 141 of the Commission's accounting and periodic reporting regulations except for sections 141.14 and 141.15;
- Waiver of Subparts B and C of Part 35 of the Commission's regulations, except as to sections 35.12(a), 35.13(b), 35.15, and 35.16; and
- Blanket approval under Part 34 for all future issuances of securities and assumptions of liability.

V. REQUESTED EFFECTIVE DATE

Seller respectfully requests that its tariff become effective August 24, 2016, 61 days following the date of this filing.

VI. CONCLUSION

WHEREFORE, for the reasons stated above, Seller requests that (i) Seller's proposed Market-Based Rate Tariff be accepted for filing effective August 24, 2016, and (ii) the Commission grant its requests for waivers and blanket approvals.

Respectfully submitted,

/s/ Julia S. Wood

Jessica C. Friedman

Julia S. Wood

Van Ness Feldman, LLP

1050 Thomas Jefferson St., NW

Washington, DC 20007

(202) 298-1800

jcf@vnf.com

jsw@vnf.com

Counsel for Hancock Wind, LLC

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