



COUNTY OF ERIE

MARK C. POLONCARZ
COUNTY EXECUTIVE

December 14, 2015

Raj Addepalli
Managing Director, Utility Rates and Service
New York State Department of Public Service
Three Empire State Plaza
Albany, New York 12223

**Re: Retirement of Huntley Power LLC Generation – NRG Energy, Inc.
Case Number 15-E-0505
Huntley Power LLC Petition to Retire Generating Units 67 and 68**

Dear Mr. Addepalli:

The undersigned are the affected municipal governments/taxing jurisdictions that will lose millions of dollars annually in revenue from the stated decision by NRG Energy, Inc. ("NRG") to retire the last remaining generating units at its Huntley generation station ("Huntley") in the Town of Tonawanda. As you know, NRG has announced it will retire the units on March 1, 2016.

We are jointly writing the Public Service Commission ("PSC") to express our concerns about NRG's action. We are also writing to better understand the process under which NRG can retire the Huntley units and what options exist to forestall, prevent or ameliorate this eventuality or allow for potential repowering.

The process involving the regulatory, financial and energy issues and decisions involving the PSC, New York Independent System Operator ("ISO") and National Grid is admittedly complex and complicated. The undersigned governments have been working for years to grapple with the prospects of the plant and the possibility that local NRG employees would lose their jobs, the plant would close (leaving a massive environmental hazard adjacent to the Niagara River), and payment in lieu of taxes revenue would be irrevocably lost (nearly \$6 million annually to our three entities). Other local and statewide issues concerning the future of power generation in New York state are also pressing, including system reliability and the wisdom of importing electricity from coal-burning plants in Pennsylvania and from plants in Ontario, Canada.

There appear to be simultaneous processes underway related to transmission congestion in Western New York, the future of Huntley, the importation of electricity from Ontario and Pennsylvania (due to the closure of Huntley), and the potential for possible repowering of Huntley using natural gas or bio-solids/renewable fuels. As a result, we are seeking PSC guidance and clarification.

As we understand it, recent changes in New York state law (A.3007 of 2013) and memorialized in a PSC Order in Case 12-E-0577) appear to require “repowering alternatives” to be examined prior to “utility transmission reinforcements” being deployed. **Is repowering at Huntley being considered and under what conditions? If so, can we see the analysis/study behind this?**

On October 30, 2015, the ISO determined that Huntley does not need to remain open and operating for system reliability. However, the ISO analysis (and a parallel National Grid analysis) determined that Huntley can be closed and is not needed for reliability power purposes *only after the transmission owner invests in capacitor banks at Huntley and series reactors north of Huntley and other transmission upgrades to facilitate the importation of electricity from Ontario and/or Pennsylvania.* **What are these costs? What will the PSC’s position be relative to the position being taken by the ISO that Huntley can be closed, and its reliability power not needed, but only after the importation of electricity from out of state? We submit that these costs and importation issue must be made public and considered. Why would the State support the importation of electricity while allowing the closure of local plants?**

Also, that October 30th letter from ISO noted that these National Grid upgrades outside of Huntley may not be completed until June 1, 2016, whereas NRG will retire the units on March 1, 2016. **What effects on the state electric grid will occur during this three month gap? Will reliability power and the security of the grid be threatened during this period? Has the PSC considered this issue?**

One other factor triggers concern. The ISO letter states that “reliability will be maintained through at least the year 2020 if . . . Huntley is retired March 1, 2016” “based on the expectation . . . that no other changes occur to the current and planned status of the New York electric system.” However, weeks later, Entergy, the owner of the Fitzpatrick nuclear power plant in Oswego abruptly announced that they will close the plant in 2016 or early 2017. Also, the state is considering compelling the closure of Entergy’s Indian Point nuclear power plant. This will result in a loss of significant electric generation in New York state, and as such, it seems that the PSC should consider these developments relative to Huntley. **How will this affect the Huntley process and reliability? Will the PSC re-evaluate this matter in light of the recent developments?**

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There are unknown and likely significant costs associated with remediation of the Huntley property in the event it is no longer used for power generation. The site has been used for power generation since 1916 and has environmental hazards and contaminants such as fly ash, asbestos, lead paint, PCBs, etc. The costs of remediation need further examination and should be factored into “avoided costs” provided the site continues for power generation purposes. **To what extent will the PSC factor this cost and issue into your deliberations in allowing the closure of the Huntley plant?**

The closure of Huntley will lead to a total negative economic impact for lost direct and indirect jobs. This requires detailed analysis, and should be factored into an “avoided” cost to the region. **Would the PSC consider this factor?**

We believe that the PSC and other state agencies should consider repowering at Huntley as a potential option. Given the fact that limited operation of Huntley contributes to an expensive problem for the New York Power Authority (“NYPA”) – a state agency – and given that a major part of NYPA’s core mission is to support the state’s energy economy, we submit that NYPA has a vested interest in supporting a potential repowering alternative at Huntley as opposed to exporting jobs and tax revenues through greater foreign electricity imports. There are numerous potential repowering alternatives with natural gas and/or renewables consistent with emission reduction efforts underway in New York state and beyond, that may be suited for NYPA participation. While we take no final position on this repowering at this time, we believe a dialogue should commence in this regard. **Will the PSC investigate this option or seek a dialogue with NRG, National Grid, and the ISO on this?**

It is our understanding that the ISO solicited requests for comment on November 1, 2015 related to solving the recent phenomenon of dramatically reduced power plant operations in proximity to the Niagara Power Project (“NPP”), a facility owned and operated by NYPA. In effect, as we understand it, there are already existing problems transmitting NPP electricity out of Western New York to eastern and southern New York – problems that will be magnified if Huntley is closed. NYPA allocates a portion of NPP electric generation in Western New York to maintain power quality and voltage necessary for reliability. Given contractual obligations that NYPA maintains to deliver firm electric quantities throughout and New York state, this has become an expensive problem for NYPA. **What are the costs to NYPA associated with its inability to deliver power due to limited power generation near the NPP if Huntley is closed? Would the PSC consider working with NYPA to maintain Huntley for reliability purposes?**

Accordingly, on behalf of the local governments and taxing jurisdictions which will be deeply affected by NRG’s closure of Huntley, we hereby formally request the opportunity to be part of your deliberations on the next steps regarding Huntley.

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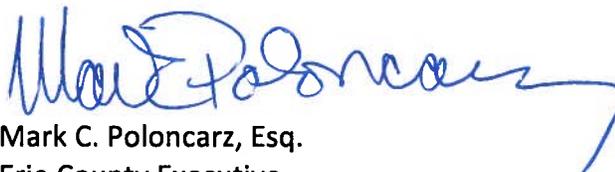
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We hereby formally request the PSC to respond to each of the questions posed herein and that we, the municipal and state public authorities to be negatively impacted by the potential closure, be afforded an opportunity to be part of your deliberations on the next steps regarding Huntley.

Thank you in advance for your assistance and consideration. We look forward to hearing from you.

Sincerely yours,



Mark C. Poloncarz, Esq.
Erie County Executive



Anthony F. Caruana, Supervisor
Town of Tonawanda



Dawn F. Mirand, Superintendent of Schools
Kenmore Tonawanda Union Free School District



Steve Weathers, Chief Executive Officer
Erie County Industrial Development Agency

cc: Governor Andrew M. Cuomo
Assemblyman Robin Schimminger, Chairman, Assembly Committee on Economic
Development
Senator Marc Panepinto
Gil C. Quiniones, President and Chief Executive Officer, New York Power Authority
John R. Koelmel, Chairman, New York Power Authority
Howard Zemsky, President and Chief Executive Officer, Empire State Development
Corporation
Sam Hoyt, Regional President, Western New York, Empire State Development
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