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Dunkirk Repowering Will Provide Ratepayer, Economic Benefits for New York State

Study Shows Lower Electricity Prices, More Jobs, Lower Emissions

DUNKIRK, NY, March 26, 2013– An independent study just released shows that the proposed repowering of the Dunkirk, New York Generating Station would provide remarkable benefits to electricity ratepayers, as well as significant economic benefits locally, regionally and across New York State. Rather than import power from out of state or even out of the country, the Dunkirk repowering project will help ensure that the power used by New Yorkers is produced within the state, for the benefit of its people. The study was conducted by Longwood Energy Group LLC and its partners (“the LEG Team”).

The LEG Team analyzed the impact of the Dunkirk repowering project on the New York wholesale electricity market and the New York State economy. The analysis found that when operational, the repowered plant will reduce the wholesale cost of electricity in the state, which can be passed along to ratepayers by their utilities. Specifically, New York wholesale energy prices would be decreased by an average of \$1.11 per megawatt hour with the plant repowered rather than retired, and in the Dunkirk vicinity, prices would drop by \$2.35 per megawatt hour. Combined, electricity cost savings will exceed \$300 million per year, more than \$3 billion in total over the ten year period studied. This decrease will stimulate the state’s economy in virtually all sectors, generating jobs and economic activity, and increasing the gross state product. In addition, during the three years of construction, the project will directly create hundreds of well-paying jobs and associated economic benefits.

"This analysis is fantastic news for the people of New York State. Our state’s economy as a whole and ratepayers clearly will benefit from repowering Dunkirk, and this analysis clearly shows many advantages over the long term. Jobs, lower power prices, grid reliability, and lower emissions—they’re all here," said Senator Catharine Young.

According NY Assemblyman Andrew Goodell, “Lower utility prices have a significant positive impact for homeowners, small businesses and for our overall economic development efforts. It’s obvious from this study that what we’ve been saying is true: from an employment, financial and environmental perspective, repowering Dunkirk makes sense for the entire state as well as this region. It’s not a base hit, it’s a home run for New York State.”

NRG Energy has proposed to repower the 540 MW Dunkirk coal-fueled plant in western New York State with a 440 MW combined cycle gas turbine (CCGT) by mid-2017. The repowered plant will provide enough power to supply approximately 11 percent of the projected 2018 demand in western New York and about two percent of the total projected 2018 demand for New York State. The additional electricity supply will reduce the need for generation from other power plants that would have higher pollutant emissions and operating costs. It would also help eliminate the need for expensive, long-distance transmission projects that provide little or no long-term economic benefits.

On January 18, 2013, the New York Public Service Commission (NYPSC) issued a Proceeding directing the utility National Grid to evaluate repowering Dunkirk as an alternative outcome to retirement and to help ensure the reliability of the electrical grid. National Grid will examine the relative costs and benefits of repowering Dunkirk at its existing site, and compare those costs and benefits to the costs and benefits of alternative transmission upgrades over the long term. NRG submitted its repowering proposal on March 25, 2013, and National Grid is to provide its recommendations on that proposal and its own alternative to the NYPSC by April 22, 2013.

Some Highlights of the Ratepayer study:

- Repowering Dunkirk will reduce the annual wholesale cost of electric energy for New York ratepayers by a yearly average of \$142 million over a 10-year period, saving more than \$1.4 billion over the period. Savings of \$45 million per year, and more than \$455 million over the entire period, will accrue to ratepayers in the vicinity of Dunkirk.
- The project will reduce reliance on out-of-state power generation, saving the state up to \$39 million annually.
- The Dunkirk project will increase the statewide gross regional product over the same 10-year period of operations by an average of \$350 million per year, of which \$136 million annually would accrue in the Dunkirk area.
- During the construction phase, the project will generate in excess of 300 jobs on average, most of which will be in the vicinity of Dunkirk. Once the plant begins operations, the economic benefits will generate an average of 3,630 jobs per year, of which 1,450 would be in the vicinity of Dunkirk.
- The repowering project will reduce the emissions of New York State's power production considerably because the Dunkirk CCGT will displace operation of the state's most inefficient generators. Building the new Dunkirk plant will decrease New York generators' annual sulfur dioxide emissions by as much as six percent, nitrogen oxides by as much as 4.5 percent and carbon dioxide by as much as 1.3 percent. Also, greenhouse gas emissions would be reduced by 2.6 million tons over the study period.

A copy of the study is available on the website of PowerUp Western New York, a coalition that advocates for a sensible, practical energy agenda for the State and supports the Dunkirk Repowering Project. For a link to the study and more information about the Project, visit www.PowerUpWNY.org. ###