



NEW YORK STATE SENATOR

George D. Maziarz

Power Authority Costs NY Another Major Employer

GEORGE D. MAZIARZ April 15, 2009

Representatives from Steel Development Company, which was attempting to build and operate a steel recycling and manufacturing facility (known as a ‘micro mill’) in Orleans County, told Senator George Maziarz (R-C, Newfane) yesterday that they are no longer looking to do business in New York.

Senator Maziarz said, “First Wacker Chemie. Then Google. Now Steel Development Company. These major corporations, all of which have been trying to set up operations in Western New York, invest hundreds of millions of dollars, and create jobs, have been forced to look elsewhere in the country for one reason—the New York Power Authority.”

“Once again, the Power Authority has let us down in a big way,” Senator Maziarz, a member of the Senate Energy Committee, said. “NYPA just doesn’t get it. When a major employer comes knocking at your door and wants to be in New York, they should be rolling out the red carpet. Instead, these companies have gotten the runaround, they’ve been strung along, and ultimately they’ve all been forced to walk away empty-handed. That’s a tremendous embarrassment and disservice to the people of our state.”

Steel Development Company, headquartered in Mississippi, would have produced rebar for the construction industry. However, the company, unsatisfied with NYPA’s half-hearted attempts to provide a sufficient low-cost hydropower incentive, has been forced to abandon their plans to locate in Western New York. The project would have resulted in \$200 million in investment, 1,000 construction jobs, and 300 permanent jobs.

“With the nation’s largest hydropower facility in our back yard, you think we would have been able to figure out a way to get Steel the power they need,” Senator Maziarz said. “But yet again, the Power Authority came up short and only offered them half the hydropower the company was looking for. Let’s face it, many of these large-scale operations consume large quantities of electricity. We need to recognize that fact and find a way to accommodate them.”

Steel Development Company sought an allocation of 34 megawatts of low-cost power; NYPA offered them only 17.5 megawatts. Previously Google, which sought to build a data center in Orleans County, and Wacker Chemie, which sought to build a chemical plant in Niagara Falls, were also disappointed in their efforts to obtain a sufficient amount of low-cost power from NYPA.

“The Governor and NYPA just sent 15 megawatts of low-cost power to Brookhaven Labs in Long Island,” Senator Maziarz continued. “Well, what about us in Western New York where the power is generated and where the economy is struggling much more so than downstate? We could have used the Brookhaven allocation to sweeten the deal for this project or others.”

“Only after intense public pressure last month did NYPA back down from moving forward with rate hikes that would have hurt its customers,” Senator Maziarz added. “They also had no problem giving the state hundreds of millions of dollars from its reserves that could have been used to spur projects like the ones we’ve already lost. When will they get the message that they need to do an infinitely better job of creating a business-friendly environment?”