



NEW YORK STATE SENATOR

Catharine Young

Senator Young, Local Officials Pledge Action to Address Any Reduction in PILOT Payments from NRG

CATHARINE YOUNG February 8, 2016

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ALBANY - Pledging to bring financial relief to address the drastic payment in lieu of taxes (PILOT) reduction put forward by NRG, Senator Catharine Young (R,C,I- 57th District) outlined a plan of action today.

“There are short term and long term solutions. Obviously, we are pushing for NRG to reconsider their 2016 PILOT plan that is a disaster for our community. If they refuse, then in the short term I will fight to restore the PILOT amount to the city, school and county in this year's state budget that is due to be passed by March 31. Long term, it is crucial that NRG not delay construction any longer and get the work underway to repower the coal plant into a clean, efficient natural gas plant that will stabilize the tax base, provide jobs, and ensure that Western New York has a baseload power generator to grow manufacturing and other economic opportunities,” Senator Young said.

“NRG's letter of intent to slash the PILOT by 85 percent to the school, city and county is extremely disappointing, especially since our community has stood so soundly behind them. Upon receipt of this news, I immediately contacted NRG again to urge them to go forward with the project in spite of the Entergy lawsuit, and to bring the power units out of mothball status. I also reached out to Governor Cuomo's office and will work with them, local officials

and Assemblyman Goodell toward a solution in the state budget, if the PILOT indeed ends up being reduced. Last year, the Senate added a \$19 million line item to provide assistance to communities across the state affected by the loss of power plants. At the time, I could not imagine that we would need to tap into that fund for the NRG project, because repowering was set to move ahead. If necessary, I will push to access this fund to provide financial relief to the city, school, county and our taxpayers. It is important to remember that NRG has decided to delay work due to the Entergy lawsuit, but the contract to transform NRG into a natural gas plant still is in place and can go ahead,” she said.

“I will continue to advocate with NRG, the Public Service Commission (PSC) and the Governor to push to get work underway. The community still stands strong for repowering because it is so crucial to our tax base and economy. We need to get people back to work, the plant to come out of being mothballed, and our repowering project completed,” Senator Young said.

Assembly Goodell noted, “Our top priority is to encourage NRG to move forward with this project, and to encourage Governor Cuomo and the PSC to seek possible solutions to the federal lawsuit. In addition, working with Senator Young, we will seek financial assistance for Dunkirk pending the repowering of NRG. Finally, we will continue to work on a bipartisan basis with Governor Cuomo, County Executive Horrigan and Mayor Rosas to pursue this and other economic development opportunities.”

Dunkirk Mayor Willie Rosas said, “I remain committed alongside the united front our community has created in support of the repowering of the Dunkirk NRG facility. Loss of the PILOT payments would be financially devastating to our city. As Mayor, I will continue to work closely with Governor Cuomo’s office, Senator Young, Assemblyman Goodell, County Executive Horrigan and our city residents to ensure our voice is heard.”

County Executive Vince Horrigan said, “Over the past two years we have been hard at work with Senator Young in the lead to get the NRG repowering project done. To say the least, this process has been extremely frustrating to every citizen of Chautauqua County. I too expressed my disappointment directly to NRG for not moving forward with the repowering of Dunkirk especially in light of the extensive support from the citizens of Chautauqua County. As I said at the most recent rally, ‘we are on a mission to repower and will not stop until we win this fight.’ I want to thank Senator Young and Assemblyman Goodell for their leadership, as well as their willingness to sponsor transition assistance to the city, school, and county when and if necessary.”

Dunkirk City Schools Superintendent Gary Cerne said, “The news of NRG cutting the PILOT payments by 85 percent is financially devastating to the school district. However, we are optimistic that Senator Young and Assemblyman Goodell will do their best to fill that gap with transition aid and we are optimistic that things will work out fine.”

Below is a timeline of events in the efforts to repower NRG Dunkirk into a clean, efficient natural gas plant:

- March 2012 - NRG files to mothball their Dunkirk power plant. The plant is ordered by the NYS Public Service Commission (PSC) to keep some units running for reliability reasons.
- January 2013 - The PSC makes an official order that requires that decisions on repowering be based on studies of not just reliability, but on “other impacts” defined as “...a) ratepayer costs, b) the environment, c) the economy (e.g., temporary and permanent jobs, economic development, and tax revenue; d) electric market competitiveness)...,” [and] any other factors the utility deems significant.

- March 2013 - The State Legislature passes a new law to codify the requirement that the PSC must consider economic, job and tax loss impacts and environmental benefits of repowering when making decisions on repowering projects.
- July 2013 - The PSC holds a public hearing in Fredonia, New York, that had record-breaking attendance and an outpouring of community support for repowering Dunkirk, instead of the alternate proposal to simply upgrade transmission lines and bring power in from out of state.
- December 2013 - Senator Young, local officials and the public rally to save NRG's Dunkirk plant at the Dunkirk Pier.
- December 2013 - Governor Cuomo announces the repowering agreement in Dunkirk, New York. The parties involved went to work on a Term Sheet hammering out details.
- December 2013 - Earthjustice and other environmental groups file a lawsuit against the repowering of NRG Dunkirk.
- June 2014 - Formal approval by the PSC is given to repower the Dunkirk NRG plant into a clean, environmentally-friendly 435 megawatt natural gas facility.
- October 2014 - The PSC approves the Dunkirk NRG repowering plan at a re-hearing prompted by the environmental lawsuits.
- October 2014 - NRG agrees to make PILOT payments at same levels for 2015.
- February 2015 - Entergy begins a lawsuit against the state on the Dunkirk Repowering Term Sheet Approval. The lawsuit causes NRG to stop work on repowering project.

- June 2015 - The State Legislature includes \$19 million in transition funds for communities who suffer the loss of tax revenue due to fossil fuel power plant being shut down.
- August 2015 - NRG announces its Huntley will shut down and indicates Dunkirk will be mothballed, with ensuing layoffs at end of 2015, due to the ongoing Entergy lawsuit.
- September 2015 – A State Supreme Court Judge dismisses the lawsuit brought by Earthjustice and other environmentalists against the repowering of NRG Dunkirk.
- October 2015 – The New York Independent System Operator (NYISO), the entity that regulates and manages the electricity grid, conducts a study and announces results concluding that the NRG Dunkirk power plant was not needed for reliability.*
- October 17, 2015 – Senator Young, Assemblyman Goodell, local officials and the public again host a Save Dunkirk Rally at the Dunkirk Pier.
- December 31, 2015 - The “must run agreement” for remaining operating units at the NRG Dunkirk plant ends.
- January 1, 2016 - The Dunkirk NRG plant officially enters into mothball status.
- January 1, 2016 - National Grid’s work on the Homer Hill substation is completed, and the substation goes online with the new capacity to transmit more power into New York State from Pennsylvania.

*However, ongoing issues with electric grid congestion, grid stability, and related energy price spikes prompted the NYISO to do a Request for Proposals (RFP) solicitation for projects that could resolve the Western New York congestion issues. There is no target announcement for when the NYISO recommendations on this RFP will be announced. The PSC has ultimate decision making authority to choose one or more of the projects in the

RFP.

Editor's Note: A copy of the letter sent on behalf of NRG to representatives for the Chautauqua County IDA can be found enclosed.