



Issues Arising From a Possible Indian Point Shutdown and Other Issues of Importance to New York's Power Producers

**Multiple Intervenors
Annual Meeting
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Who We Are

The Independent Power Producers of New York, Inc. (IPPNY)

- ▶ IPPNY represents more than 100 companies including: electric generators, power marketers, and suppliers of goods and services to the power industry
- ▶ IPPNY plays a major role in the ongoing development of competitive energy markets in New York
- ▶ IPPNY members generate almost 75 percent of New York's electricity
- ▶ IPPNY members produce power from coal, natural gas, hydro, nuclear, wind, biomass, waste-to-energy and oil
- ▶ Independent power producers employ over 10,000 individuals and pays over \$600 million in taxes



Energy Policy Issues 2011

- ▶ **Legislative Session**

- ▶ State Budget
- ▶ Power NY Law
- ▶ Power for Jobs replaced by Recharge NY
- ▶ Solar renewable energy credits

- ▶ **Environmental Regulations**

- ▶ Regulation of water resources law
- ▶ New EPA emission requirements (CSAPR)
- ▶ GHG Tailoring Rule
- ▶ BTA for Cooling Water Intake Structures
- ▶ Marcellus Shale hydrofracking



Impact of Environmental Regulations

- ▶ According to the NYISO's 2011 Power Trends, the combined impact of proposed state and federal environmental regulations could result in unplanned plant retirements that may impact reliability.
- ▶ The array of proposed regulations is estimated to impact 23,957 megawatts of capacity, more than half the installed generating capacity in New York State.
- ▶ Compliance with these regulations, individually or taken together, could require substantial additional capital investment.
- ▶ Faced with the decision to retrofit or retire affected units, the power plant owners could choose to avoid the cost of compliance by closing or mothballing facilities, which could adversely impact the reliability of the electric system.
- ▶ DEC will implement new regulations for Power Plant siting law



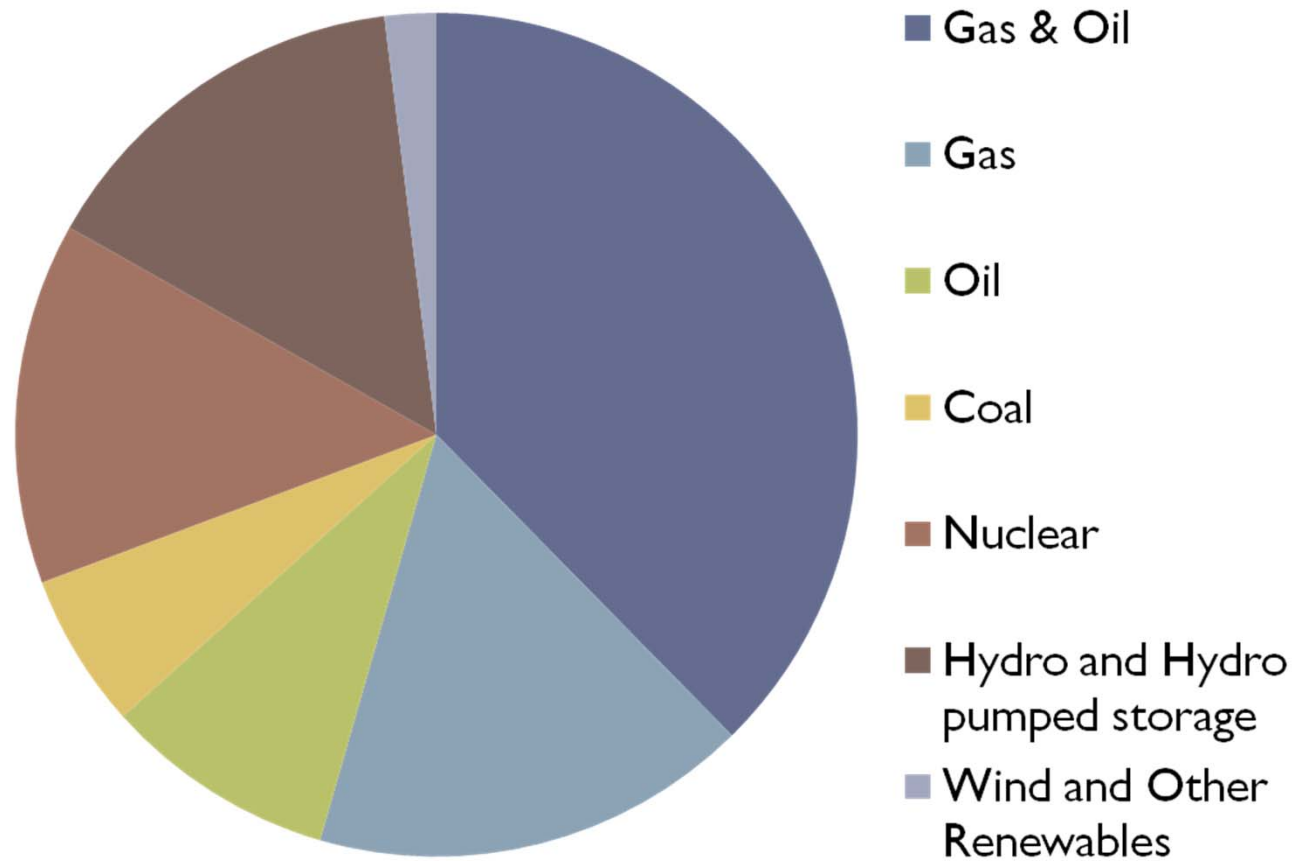
Energy Outlook

- ▶ NYISO Power Trends 2011 - Energizing NY's Legacy of Leadership
 - ▶ Shows NY's energy abilities and stability through at least 2020
 - ▶ New energy sources will then be needed
 - ▶ Contributing factors:
 - ▶ Aging infrastructure
 - ▶ Sites affected by increased environmental requirements
 - ▶ Potential closure of Indian Point
- Diverse energy portfolio representing multiple energy types
 - Traditional sources of coal, oil and gas
 - Adding wind and other renewables
 - Drilling in Marcellus Shale Region



From NYISO Power Trends

Generating Capacity in NYS by Fuel Type





Transmission Issues

- ▶ **Hudson Transmission Partners (HTP)**

- ▶ Was the winning bidder in a 2005 NYPA RFP for electric capacity and energy project approved in 2010
 - ▶ This project is 660 MW of energy and 330 MW of capacity
- ▶ HTP will build and operate a 345 kV electric transmission link between midtown Manhattan and PJM
 - ▶ Began construction in May of 2011 and is scheduled to be completed in the summer of 2013.

- ▶ **TDI – Champlain Hudson Power Express**

- ▶ 1000 MW transmission line, running mostly under the Hudson River, importing Canadian energy (primarily hydro)
- ▶ Estimated cost of \$2 billion, plus unknown interconnection costs
- ▶ Ongoing concerns about interconnection point and deliverability



The Indian Point Question

- ▶ All these factors- legislative, environmental, and transmission- play a key role in determining the future energy needs in New York State
- ▶ Indian Point has become a political issue, in that Governor Cuomo has expressed a desire to shut it down
- ▶ Japan Nuclear disaster has ignited safety concerns at nuclear power plants
 - ▶ Indian Point did not shut down or experience any problems during recent earthquakes, hurricanes, or a loss of offsite power due to a nearby lightning strike, despite these fears
 - ▶ The facility has a strong emergency preparedness plan in place for such possibilities, and is continually monitored by the Nuclear Regulatory Commission (NRC)



Positive Impact of Indian Point

- ▶ Power
 - ▶ Generates more than 2100 MW of electricity
 - ▶ Provides up to 30% of New York City and Westchester County's power, and approximately 11% of all of the power used in NYS
- ▶ Environmental
 - ▶ Nuclear power emits zero greenhouse gases, such as carbon dioxide, the gases which have been linked to global warming.
 - ▶ Indian point has:
 - ▶ spent nearly \$100 million to develop and implement new technologies to protect fish populations in the Hudson River;
 - ▶ Donated funds to finance Hudson River research



Positive Impact of Indian Point

- ▶ Economic
 - ▶ \$75 million in annual property taxes and revenue sharing with NYS
 - ▶ Employs approximately 1,100 local workers, who also pay personal and property taxes
 - ▶ Annual economic activity for Westchester, Orange, Rockland, Putnam and Dutchess Counties is approximately \$1 billion



Impact Without Indian Point

- ▶ Power
 - ▶ Reliability suffers- 2000 MW would need to be replaced
 - New York Independent System Operator has said that shutting down Indian Point without replacing the electricity it generates would lead to rolling blackouts throughout the area
- ▶ Environmental
 - ▶ Replacing Indian Point's clean 2000 MW with traditional fuels would increase air emissions



Impact Without Indian Point

- ▶ Economic
 - ▶ Loss of over 1,000 jobs
 - The annual economic impact of that payroll combined with local purchases is \$486 million.
 - ▶ Loss in taxes for Westchester County communities
 - ▶ The Comptroller General of the United States concluded that shutting down Indian Point would cost a total of \$27 billion over a 15-year period
 - ▶ It has been estimated that replacing the 2,000 megawatts would cost more than \$1.5 billion per year in electricity costs
 - ▶ According to independent sources including Con Ed, electric rates would be much higher without Indian Point's lower cost power
 - ▶ Nuclear energy is a price-stable energy source – it does not fluctuate like natural gas or other fossil fuels, and is produced within the region where the power is consumed



Impacts are Not Just Local

- ▶ Setting a bad precedent
 - ▶ Governor has power to shut down a private business?
 - ▶ Energy and infrastructure are key to maintaining and growing other businesses in New York
 - ▶ Investors must feel that New York is, in fact, “Open for Business.”
 - ▶ The State should not make a hasty, uninformed, knee-jerk decision forgoing a safe, secure, and vital source of energy that provides economic stability, electric system reliability and helps the state achieve its environmental goals.
 - ▶ Entergy filed renewals to their operating licenses with the NRC. The NRC issued its final safety report for Indian Point, stating that the facility is safe and can continue to operate for an additional 20 years.

Questions/Comments?



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