

STATE OF NEW YORK

Public Service Commission

Audrey Zibelman, Chair

Three Empire State Plaza, Albany, NY 12223

Further Details: James Denn

James.Denn@dps.ny.gov | 518.474.7080

<http://www.dps.ny.gov>

<http://twitter.com/NYSDPS>

14040/12-E-0577

PSC ANNOUNCES DUNKIRK REPOWERING AGREEMENT

— Finalized Agreement Boosts Plant’s Natural Gas Generating Capacity, Restores Payments to Local Government, Creates and Saves Much Needed Jobs —

Albany, NY—06/12/14—The New York State Public Service Commission (Commission) today announced it had given its regulatory approval to repower the Dunkirk power plant, a decision that expected to improve the reliability of the electric system and provide economic benefits to Western New York. Under the \$140 million agreement between National Grid and NRG, the repowered facility is assured operation for 10 years with added capability to generate 435 megawatts (MW) using natural gas.

“The agreement will result in a cleaner power plant at Dunkirk that will meet reliability needs, reduce costs for consumers, create jobs and stabilize the local property tax base,” said Commission Chair Audrey Zibelman. “Repowering Dunkirk will produce significant benefits in terms of enhanced system reliability, congestion relief, and emissions reductions. Our decision to allow National Grid to recover the costs of its agreement with Dunkirk is in the public interest and it meets our obligation to ensure safe and adequate service. Further, it will help spur economic growth and opportunity.”

Under the terms of the agreement, which had been announced by Governor Andrew M. Cuomo in December, National Grid and Dunkirk Power, LLC, power plant owner Dunkirk and its parent company NRG Energy, Inc. will refuel three coal units at the facility to add the capability to generate 435 MW using natural gas. Currently only one 75 MW unit is operating on coal. The refueling provides potentially significant environmental benefits by allowing NRG to switch to

cleaner-burning natural gas and provides critical local system reliability benefits for National Grid customers.

The Commission's analysis determined that repowering provides financial benefits in terms of utility deferred transmission investments, local economic benefits, and production cost savings that exceed the costs of the agreement to National Grid.

Repowering Dunkirk provides reliability benefits, such as fuel diversity and flexibility in the operation and maintenance of the transmission system. Further, the availability of the Dunkirk facility will provide greater operational flexibility at the nearby Niagara Power Project, a renewable, zero-emissions hydroelectric facility, and it will allow for more energy imports from the Ontario control area, thereby providing an increased opportunity to call on these resources for economic or emergency energy during high load conditions. The congestion relief provided by Dunkirk will also yield economic benefits.

With its decision today, the Commission approved National Grid's allocation and recovery of costs associated with refueling the Dunkirk generating facility. National Grid's agreement with Dunkirk anticipates the refueled facility will begin operations in the fall of 2015. Having dual-fuel capability will provide a reliability benefit by allowing the use of coal as a back-up fuel-source in the rare instance when natural gas may be unavailable or in short supply.

In early 2012, NRG announced plans to mothball its Dunkirk power plant, which is more than 50 years old, saying it was no longer economical to operate. National Grid, however, said mothballing the power plant would result in significant detrimental impacts to transmission system reliability in western New York.

In response to NRG's proposed mothballing of the Dunkirk generating facility in Chautauqua County, National Grid identified adverse reliability consequences associated with such a potential action, and accordingly entered into an agreement with Dunkirk Power in order to keep the facility available to ensure safe and adequate service.

The refueling plan will create approximately 50 construction jobs, preserve permanent jobs at the site, and restore tax payments to the Dunkirk community to their previous level of approximately \$8 million annually. The plan will approximately double the number of permanent jobs in the proposal endorsed by local labor groups and maintain the existing 68 jobs at least through mid-2015.

The Commission's decision today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 12-E-0577 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.