

STATE OF NEW YORK

# Public Service Commission

Garry A. Brown, Chairman

Three Empire State Plaza, Albany, NY 12223  
Further Details: James Denn  
james\_denn@dps.state.ny.us | 518.474.7080  
<http://www.dps.state.ny.us>  
<http://twitter.com/NYSDPS>

11061/07-M-0906

## **IBERDROLA TO RESTRUCTURE SALE OF GENERATION PLANTS**

— Sale of Power Plants Condition of RG&E and NYSEG Acquisition —

Albany, NY—07/13/11—The New York State Public Service Commission (Commission) today directed Iberdrola, S.A. to restructure the sale of its fossil fuel generational power plants in New York by offering the plants for sale individually rather than a group. The company initially tried to sell the power plants off as a group, but offers failed to satisfy the floor price requirements of the divestiture plan.

Iberdrola's exit from the fossil generation market was a condition to approval of the company's merger with New York State Electric & Gas Corporation (NYSEG) and Rochester Gas and Electric Corporation (RG&E) in 2008.

The fossil assets Iberdrola affiliates own in New York consist of: RG&E's Allegany station, a 62 megawatt gas-fired combined cycle facility; Cayuga Energy, Inc.'s Carthage station, a 63 megawatt gas-fired combined cycle facility; RG&E's stations 3 and 9, with an 18 megawatt gas-fired combustion turbine facility located at each station; and, RG&E's Russell site, the location of the recently-retired Russell coal-fired generation facility in the Town of Greece, Monroe County.

In November 2009, a divestiture plan for auctioning the fossil generation assets was approved by the Commission. In December 2010, Iberdrola and its affiliates reported to the Commission that the bids received for the generation assets failed to meet the requirements of the divestiture plan.

To better effectuate the 2008 transfer approval order requirement that Iberdrola and its affiliates exit the generation business, the Commission today decided the packaging of the assets offered for sale should be reconfigured, and the future of each assets package should be evaluated.

The Commission decided that the sale of the assets might attract more interest by treating the two combined cycle generation facilities as two separate components in one package to be auctioned; grouping the two RG&E peaking turbines into a second package to be auctioned; and separating the now-dormant Russell site into a third package.

With the recent closure of the Russell generation site, it is difficult to forecast both the need for and timing of the construction of a new generation facility in the Rochester area. Due to the environmental conditions currently present at the Russell site, finding a buyer interested in anything other than generation redevelopment is unlikely.

Since RG&E is likely to continue as the owner of the Russell site for some time, the Commission determined that the best alternative is for it to proceed with demolition and environmental remediation at the site. Therefore, RG&E was directed by the Commission to file a plan, within six months of release of the Commission's order in this matter, for proceeding with demolition and environmental remediation at the Russell site.

The Commission's decision today, when issued, may be obtained by going to the Commission Document section of the Commission's Web site at [www.dps.state.ny.us](http://www.dps.state.ny.us) and entering Case 07-M-0906 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, 14<sup>th</sup> floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).