



## Public Service Commission

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Audrey Zibelman, Chair

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### **PSC Determines Ratepayer Support Not Justified For Proposed Refueling of Cayuga Facility**

#### **— Commission Approves Construction of Transmission Line to Maintain Local Reliability; Authorizes Sale of Two Upstate Power Plants —**

**ALBANY** — Today the New York State Public Service Commission (Commission) approved three decisions to manage energy costs and ensure customers continue to have a reliable power system. Specifically, the Commission rejected a proposal that would have New York Electric & Gas Corporation (NYSEG) customers pay to refuel the Cayuga coal power facility by adding natural gas, while also approving the construction of an electric transmission line and authorizing the sale of the Cayuga and Somerset coal facilities to a new owner.

The Commission found that NYSEG's proposed transmission projects in Cayuga and Onondaga counties were necessary to ensure the reliable operation of the power grid. The Commission further determined that refueling the 312 MW Cayuga plant would not satisfy these reliability requirements, and consequently the \$23.3 million transmission project should go forward.

The Commission further found the \$102 million price tag associated with refueling was much higher than the potential benefits. Thus, even if the plant could address the local grid reliability concerns, it would be unfair to NYSEG customers to pay for the higher-priced refueling solution.

"We are very cognizant of the potential local economic effects of retiring power plants," said Commission Chair Audrey Zibelman. "However, in this instance, the power plant itself does not solve our reliability concerns. Moreover, when we considered the combined lack of benefit to the power grid with the significantly higher costs of the refueling option,

we determined it would simply be unfair to ask NYSEG consumers to shoulder both the transmission and refueling expense.

The Commission also noted that the transmission line adheres to the State's policy of minimizing the land and visual impact of new electric transmission. The company worked collaboratively with the Department of Public Service Staff and other interested parties for a year and a half to find the best path for the transmission line. Signatories of the transmission proposal included the applicant utilities, three State agencies — the Department of Public Service, the Department of Environmental Conservation, and the Department of Agriculture and Markets — the Sierra Club, and a citizens group, Ratepayers and Community Intervenors. The selected route minimizes potential adverse environmental impacts, including impacts to local farmers. The project would generally follow existing rights-of-way from NYSEG's State Street substation in the City of Auburn, in Cayuga County, to National Grid's Elbridge substation in the Town of Elbridge, in Onondaga County. The project is consistent with the goals of the New York State Open Space Conservation Plan.

While denying the request for a refueling contract, the Commission separately authorized Upstate New York Power Producers, Inc.'s request to sell two coal-fired power plants, including the Cayuga facility in Town of Lansing, Tompkins County, and the 668 MW Somerset facility in the Town of Somerset, Niagara County, to Riesling Power LLC, an independent power producer.

Riesling is a wholly-owned subsidiary of the Maryland-based Bicent Power LLC, which directly or indirectly owns and operates approximately 487 MW of gas and coal-fired generation in four states. The new owner does not currently own or operate any generating facilities in New York State, and has advised that all plant-level personnel at the Somerset and Cayuga facilities will remain in place after the sale.

Today's decisions, when available, may be obtained by going to the Commission Documents section of the Commission's Web site at [www.dps.ny.gov](http://www.dps.ny.gov) and entering Case Numbers 12-E-0577 [Proceeding on Motion of the Commission to Examine Repowering Alternatives to Utility Transmission Reinforcements]; 13-T-0235 [Application for the Construction of Approximately 14.5 Miles of 115kV Electric Transmission Facilities] and 15-E-0580 [Petition of Upstate New York Power Producers, Inc.; Cayuga Operating Company, LLC; Somerset Operating Company, LLC; and Riesling Power LLC] in the input box labeled "Search for Case/Matter Number."

Many libraries offer free Internet access. Commission documents 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.