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October 19, 2009

VIA E-MAIL

State Energy Planning Board
SEPComments@nyserda.org

Re: Comments on Draft 2009 New York State Energy Plan

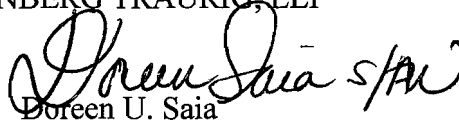
Ladies and Gentlemen:

We represent Entergy subsidiaries doing business in New York. In response to the State Energy Planning Board's solicitation for written public comments on the Draft 2009 New York State Energy Plan to be submitted by today, enclosed are the Comments of Entergy Corporation on the Draft 2009 New York State Energy Plan which Entergy Corporation is submitting on behalf of the Entergy New York Subsidiaries.

If you have questions or require additional information, please call or e-mail me. Thank you for your consideration and the opportunity to submit written comments on the 2009 Draft SEP.

Very truly yours,

GREENBERG TRAUERIG, LLP


Doreen U. Saia

DUS/aaw

Enclosure

cc: Members of the State Energy Planning Board (w/enc.; via U.S. Mail)

ALB 1,270,215v1 10-19-09



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COMMENTS OF ENTERGY CORPORATION ON THE DRAFT 2009 NEW YORK STATE ENERGY PLAN

Entergy Corporation (“Entergy”), on behalf of its subsidiaries doing business in New York State,¹ respectfully submits these comments on the Draft State Energy Plan. At the direction of Governor David Paterson’s Executive Order No. 2, the State Energy Planning Board (“State EPB”) prepared a Draft State Energy Plan (“Draft SEP”), issued on August 10, 2009. The State subsequently conducted a series of public hearings and requested that written comments on the Draft SEP be submitted by October 19, 2009.² A Final SEP is expected to be issued before year end. Entergy has actively monitored this process and appreciates this opportunity to submit its comments on the Draft SEP. For the reasons set forth herein, Entergy

¹ Entergy Corporation subsidiaries own and operate the Indian Point Unit 2, Indian Point Unit 3, and FitzPatrick nuclear generating facilities. Entergy Power Marketing, Inc. is a power marketer authorized by the Federal Energy Regulatory Commission to sell power at wholesale in the markets administered by the New York Independent System Operator, Inc. and elsewhere. A petition for authorization to “spin off” Entergy’s six non-utility nuclear facilities, including the three located in New York, to a newly formed publicly traded company, Enexus Energy Corporation, is pending before the New York Public Service Commission in Docket No. 08-E-0077.

² Joseph Pollock, Site Vice President for Indian Point Energy Center, previously provided written testimony on behalf of Entergy, dated September 22, 2009, along with 12 attachments (“Entergy’s Final Written Testimony”). Mr. Pollock also provided oral comments at the public hearing in New Paltz on September 24, 2009 (“Entergy’s Oral Testimony,” and together with Entergy’s Final Written Testimony, collectively, “Entergy’s Testimony”). A copy of Entergy’s Testimony is attached hereto as Exhibit “A.” The following previously submitted attachments have not been attached hereto: Independent Safety Evaluation, prepared by the Indian Point Safety Evaluation Panel on their observations and conclusions regarding operations at IPEC (July 31, 2008); National Academy of Sciences “Alternatives to the Indian Point Energy Center for Meeting New York Electric Power Needs,” prepared by the Committee on Alternatives to Indian Point for Meeting Energy Needs, Board on Energy and Environmental Systems Division on Engineering and Physical Sciences, National Research Council of the National Academies (May 12, 2006); “The Effects of Closing Indian Point on Westchester Electrical Rates,” prepared by Dr. Marsha Gordon & Paul Vitale of the Business Council of Westchester in conjunction with New York Affordable Reliable Energy Association (December 3, 2008); James Kallstrom, Director of the New York State Office of Public Security, Quotes from Press Conference, Press Release: “Kallstrom: Indian Point Security Review Complete,” (December 12, 2001); Democratic Leadership Council/Progressive Policy Institute, Report: “America at Risk: A Homeland Security Report Card,” (July 2003); DLC Article on the Report Card: Blueprint Magazine, “Homeland Failure,” (November 20, 2003); The Westchester Public Issues Institute, “The Physical Threat at Indian Point: A Review of the Issues,” (June 2002); The Nuclear Regulatory Commission Report: “Protecting Our Nation, Since 9-11-01,” (September 2004); Science Magazine, “Nuclear Power Plants and Their Fuel as Terrorist Targets; Policy Forum: Nuclear Safety,” (September 20, 2002); Senator Charles E. Schumer, “Homeland Security Report Card,” (September 11, 2007); Electric Power Research Institute—December 2002 Study: “Deterring Terrorism: Aircraft Crash Impact Analyses Demonstrate Nuclear Power Plant’s Structural Strength,” former NRC Commissioner Jeffrey S. Merrifield discusses EPRI Study: The Washington Post, “An Atomic 9/11?” (February 1, 2007); and Polestar Applied Technology, “The Role of Nuclear Energy in Reducing CO2 Emissions in the Northeastern United States,” (May 2005).

urges the State EPB to incorporate these comments into the final SEP and to secure substantial environmental, economic and energy benefits for New York State's consumers by supporting the continued safe, efficient and reliable operation of New York State's nuclear generating fleet.

I. INTRODUCTION

Entergy affiliates produce and sell the power generated by three nuclear generating facilities in New York State, including the Indian Point Unit 2 and Unit 3 nuclear generating facilities (together, "Indian Point"). Those facilities are located in southeastern New York, where transmission constraints and very high load levels drive resource adequacy needs to be the highest in the State. Indian Point provides approximately 2,050 megawatts (MW) of reliable, very low emission baseload power. Depending on load levels, Indian Point provides between 20 and 40 percent of the power needed to meet customer needs in this area of the State.³

Entergy appreciates the State's focus as reflected throughout the Draft SEP to address the laudable objectives of ensuring that New York has adequate resources to meet its future energy demands while reducing adverse environmental impacts from energy production and creating and sustaining jobs. As various independent energy experts and governmental agencies have concluded, Indian Point meets the State's core objectives in these respects. Put simply, it is a critical resource for providing clean, safe and reliable electricity in New York State. In fact, since their purchase, Entergy subsidiaries have made significant investments in these facilities raising their capacity factors to over 97% from a previous historic average in the 60% range under utility operations.⁴ In addition, Indian Point provides significant economic benefits to the State including low-cost electricity,⁵ thousands of high-paying jobs and over one billion dollars per year of direct economic impact.⁶

Entergy recognizes the concerns that have been raised about, and the desire to assess and evaluate, the safety of Indian Point. (See Draft SEP at 56-57.) These concerns have been addressed through numerous safety evaluations at the plants that have resulted in multi-million dollar safety investments. Highly credentialed and credible experts (including the Nuclear Regulatory Commission ("NRC"), the U.S. Office of Homeland Security, the former Director of New York State's Office of Public Security along with the team of security experts, and an independent safety evaluation panel of experts) have conducted comprehensive security and

³ See "The Policies of Power: Energy Planning for New York's Future," issued by the Independent Power Producers of New York, Inc. ("IPPNY") (dated November 2008) (hereinafter "IPPNY November 2008 Report") at 24.

⁴ See Entergy's Final Written Testimony at 6.

⁵ See Testimony of Gavin Donohue, President and CEO, IPPNY, dated September 15, 2009 ("IPPNY Testimony"), at 8 (citing to a 2008 study prepared by the Westchester Business Alliance that found "closing Indian Point will result in the price of electricity in the region increasing over 150 percent."). A copy of Mr. Donohue's testimony is attached hereto as Exhibit "B."

⁶ See Entergy's Final Written Testimony at 2, 4 citing the National Academy of Sciences report that concluded replacing the plants "would result in decreased electric reliability, increased air pollution, and significantly higher power costs for New Yorkers."

safety assessments of Indian Point. These studies have concluded that Indian Point meets the U.S. nuclear industry's highest standards, is being operated safely, and is secure.⁷ In addition, Indian Point remains subject to ongoing NRC oversight, further ensuring the future safe operations of these facilities.

As discussed in more detail below, Indian Point provides significant reliability and environmental benefits to the State. Every State Energy Plan since the institution of the energy planning process under the late Governor Hugh Carey has reached the conclusion that Indian Point should remain part of New York's energy future. Entergy respectfully requests that the State EPB thoroughly consider these benefits when it prepares the final SEP and, based upon such review, endorse the continued operation of New York's entire nuclear fleet going forward.

II. RELIABILITY BENEFITS

Indian Point plays a critical role in maintaining reliable electric service to New York's consumers. As the Draft SEP correctly notes, "reliability is contingent on adequate supplies of fuel, as well as a robust delivery infrastructure." Energy produced by nuclear facilities constitutes approximately 26 percent of the State's diverse fuel mix, reducing the impact of fuel supply, price, and reliability disruptions. (See Draft SEP at 2-3.) Indeed, as reflected in the reliability planning studies conducted by the New York Independent System Operator ("NYISO"), New York simply could not meet its consumers' energy needs without Indian Point.⁸

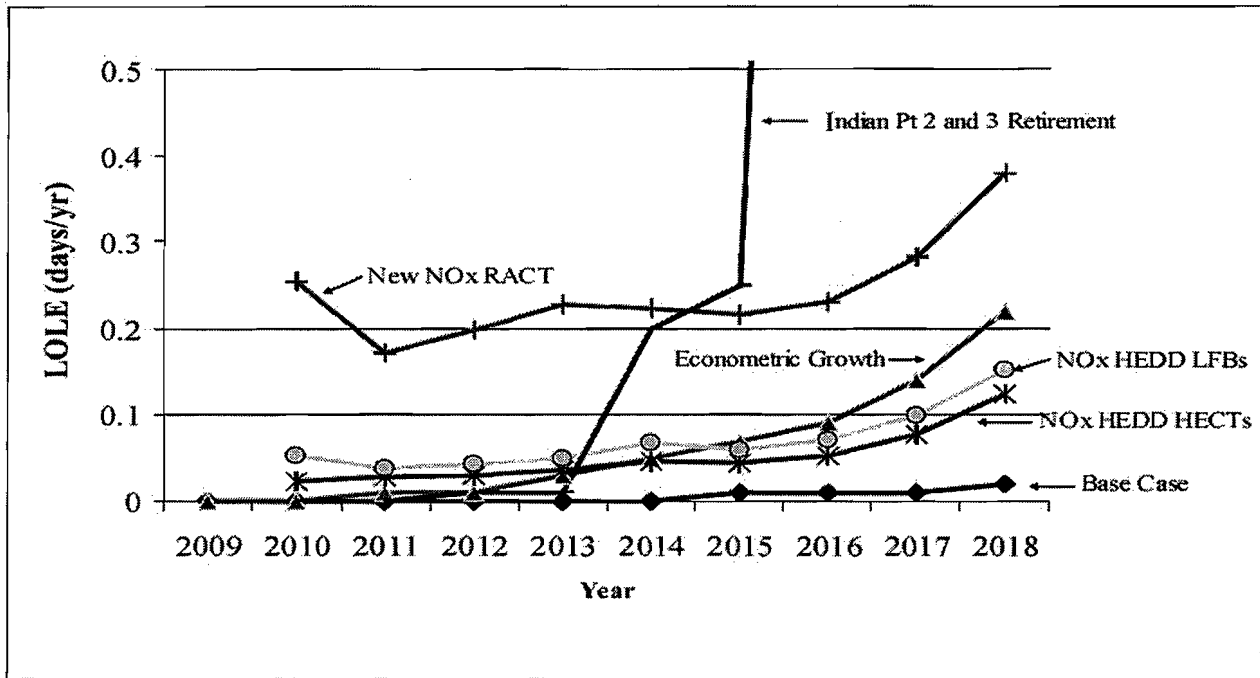
Based on the in-depth planning analyses of the New York system contained in its 2009 Reliability Needs Assessment ("2009 RNA") Report, the NYISO determined that retirement of just one of the Indian Point facilities would violate the reliability requirements that must be satisfied by the New York system.⁹ The NYISO conducted numerous sensitivity and risk scenario analyses in the RNA and determined that the retirement of just one of the two Indian Point facilities "would cause an immediate violation of the reliability standard in 2014." (2009 RNA - Executive Summary at iii; see also 2009 CRP - Executive Summary at iv, Figure i: 2009 RNA Risk Scenarios, and 18.) Even more debilitating from a reliability standpoint, the NYISO further found that, "[r]etirement of both units would cause a severe shortage in resources needed to maintain bulk power system reliability, resulting in the probability of an involuntary interruption of load that is approximately 40 times higher than the reliability standard in 2018."

⁷ See Entergy's Final Written Testimony at 6-9.

⁸ See also IPPNY November 2008 Report at 24 (concluding that, without Indian Point, New York would face severe reliability impacts and negative environmental impacts).

⁹ The 2009 RNA Report was prepared by the NYISO as the first step in the Comprehensive Reliability Planning Process ("CRPP"), which is a long-range assessment of resource adequacy and transmission reliability. The second step in the CRPP is the preparation of the Comprehensive Reliability Plan ("CRP"), which identifies and evaluates proposed solutions to maintain power system reliability. (See 2009 CRP at B-4.) The NYISO's 2009 RNA and 2009 CRP are referred to collectively herein as the NYISO's Reliability Reports.

(*Id.*, emphasis added.) The magnitude of this severe and untenable reliability impact is best captured in the following chart, which the NYISO included in its 2009 CRP.¹⁰



These reliability benefits also were underscored in the recommendations issued by the Independent Power Producers of New York, Inc. (“IPPNY”) in an earlier phase of this SEP process. In its recommendations, IPPNY concluded that “from purely a reliability perspective, New York State must support the continued operation of needed existing nuclear facilities as an integral part of its overall supply portfolio mix.” (See IPPNY November 2008 Report at 24.)¹¹

As severe as these impacts are standing alone, the NYISO also cautioned that other factors could further exacerbate such reliability violations. As the NYISO further established in its Reliability Reports, if the significant load reductions forecasted in the 2009 RNA for the State’s Energy Efficiency Portfolio Standard are not actually achieved, the loss of load expectation (“LOLE”) impacts without these two units “will become even more pronounced.” (2009 RNA at 5-6; 2009 CRP at 18.) Furthermore, even if a plan for replacement generation existed and could or would be implemented in a timely fashion, the Draft SEP acknowledges that it is uncertain whether there could be sufficient infrastructure to support it. (See Draft SEP at 57.)

Due to their location in an energy intensive but highly constrained area of the New York system, the Indian Point facilities indisputably provide critical reliability benefits.

¹⁰ See 2009 CRP, Executive Summary at iv.

¹¹ See also IPPNY Testimony at 7.

III. ENVIRONMENTAL BENEFITS

The combustion of fossil fuels, such as coal, oil and gas, in generating facilities produces significant carbon dioxide (CO₂) emissions in the State. Nuclear generation is comparable on a life-cycle basis to wind, hydro, and thermal generation in per kWh emissions of CO₂.¹² The Draft SEP generally recognizes the “integral role” nuclear energy plays “in the State’s efforts to address climate change.” (See Draft SEP at 56.)

Yet the Draft SEP fails to recognize the substantial climate change and other environmental benefits that result from operation of the Indian Point facilities. As reflected in the 2009 RNA, the operation of the State’s nuclear fleet, including the two Indian Point units, significantly contributes to the ongoing viability of the Regional Greenhouse Gas Initiative (“RGGI”) program. As the NYISO found:

Several situations can be postulated that can result in an insufficient supply of allowances after accounting for fuel switching, offsets, and efficiency improvements. For example, a loss of a major nuclear power plant would translate into an immediate need for an additional 11.4 million tons per year of CO₂ allowances to operate other facilities to provide the energy currently provided by these largely emissions free, base loaded resources.

(See 2009 RNA at 4-13.).¹³ Thus, in addition to preserving reliable electric service, Indian Point, by providing approximately 2,050 MW of very low emissions- baseload power essentially around the clock, materially aids New York’s efforts to achieve greenhouse gas emissions reductions under the RGGI program.¹⁴

The operation of Indian Point as a baseload source of electricity not only avoids greenhouse gas emissions, it also avoids the emission of other major pollutants in an area of the State that has been designated as non-attainment for 8 hour ozone, PM-10 and PM-2.5. The loss of the two Indian Point units would result in increased air pollutants caused by fossil-fueled

¹² See http://www.nei.org/filefolder/Nuclear_Energy_Plays_Essential_Role_in_Climate_Change_Initiatives_Sept2009_V5_2_.pdf at p.2.

¹³ See also IPPNY November 2008 Report at 24 (“the viability of the RGGI program is premised on the continued operation of the existing nuclear facilities”).

¹⁴ Any plan that envisions the closure of nuclear facilities in New York must address federal environmental initiatives announced over the past several months. Over the last several months, the United States Environmental Protection Agency (EPA) has issued proposed regulations to monitor and eventually curb the emissions of greenhouse gases from mobile sources, industrial facilities and fossil-fueled electric generating units which may begin to take effect and have impacts on the operation of the State’s energy facilities as early as the second quarter 2010. Alternatively, federal legislation may create a cap-and-trade program or other initiative for greenhouse gas control.

replacement power sources.¹⁵ Even the operation of the newest, most efficient, state-of-the-art, combined cycle generating facilities that are operated primarily on natural gas would result in a net increase in carbon, nitrogen oxide (NO_x), sulphur oxide (SO_x), PM, and volatile organic compound emissions. During higher load periods, the loss of two nuclear units would lead to the operation of much older, less efficient fossil-fueled units, including gas turbine units, whose emission rates are much higher.¹⁶ Thus, the State EPB should carefully consider the critical role that Indian Point plays to substantially reduce air emissions as it prepares the final SEP.

IV. CONCLUSION

The experts, and previous SEPs, agree -- Indian Point is a critical resource for providing, very low emissions, efficient, lower cost, reliable energy to New York's consumers.¹⁷ Despite the fact that the State EPB recognizes the "significant role" nuclear power plays "in meeting New York's energy needs," praises the economic and environmental benefits of nuclear energy, and acknowledges that the loss of the Indian Point Units 2 and 3 would result in "tradeoffs, including higher electric prices and CO₂ emissions," it nonetheless notes that New York has opposed license renewals for these facilities. (See Draft SEP at 56-57.) In light of the overwhelmingly positive benefits Indian Point provides for energy reliability, the environment, and the State's economy, Entergy urges the State EPB to embrace the opportunity to reap the significant environmental, economic and energy benefits by supporting the continued operation of all of New York's nuclear facilities.

Once again, Entergy appreciates the opportunity to submit these comments on the Draft SEP and looks forward to working with you to develop a comprehensive and sustainable, long-range energy policy that incorporates the benefits of the power produced by New York's nuclear facilities for the benefit of New York's consumers well into the future.

¹⁵ As with the control of greenhouse gases, EPA recently has proposed a complex matrix of regulations to address ozone, PM and mercury.

¹⁶ See IPPNY Testimony at 8.

¹⁷ See, e.g., Entergy's Final Written Testimony at 1.

EXHIBIT A

JOSEPH POLLOCK
SITE VICE PRESIDENT, INDIAN POINT ENERGY CENTER
ENTERGY NUCLEAR

**NEW YORK STATE DRAFT ENERGY PLAN
FINAL WRITTEN TESTIMONY (9/22/09 –
3:30pm)**

**GOOD EVENING. MY NAME IS JOE POLLOCK, SITE VICE
PRESIDENT FOR ENTERGY NUCLEAR'S INDIAN POINT ENERGY
CENTER, WHICH INCLUDES OPERATING UNITS 2 AND 3.**

**FIRST, LET ME THANK THE COMMITTEE FOR GIVING US THE
OPPORTUNITY TO SPEAK TODAY. I ALSO WOULD LIKE TO
COMMEND GOVERNOR PATERSON FOR REVIVING THE STATE
ENERGY PLANNING PROCESS.**

**THE STATE ENERGY PLAN HAS SINCE THE DAYS OF THE CAREY
ADMINISTRATION ALWAYS RECOGNIZED THE IMPORTANCE
OF NUCLEAR POWER – ESPECIALLY THE CRITICAL ROLE INDIAN
POINT PLAYS IN MAINTAINING A RELIABLE ELECTRIC SYSTEM
IN NEW YORK. AS SOMEONE WITH 30 YEARS OF NUCLEAR
INDUSTRY EXPERIENCE, I APPRECIATE THE INCLUSION OF
NUCLEAR POWER IN THE DRAFT ENERGY PLAN, AND ITS
RECOGNIZED ROLE AS AN IMPORTANT PART OF THE STATE'S
ENERGY MIX.**

TODAY I WOULD LIKE TO PRESENT TO YOU THE FACTS THAT FORM THE BASIS FOR CONTINUING THE POLICY EMBRACED BY ALL THE PREVIOUS PLANS THAT INCLUDE INDIAN POINT AS A CRITICAL RESOURCE.

INDIAN POINT'S 2 MILLION KILOWATTS OF CLEAN NON-THE AIR POLLUTING POWER PLAYS A CRITICAL ROLE IN MEETING THE REGIONAL GREENHOUSE GAS INITIATIVES, KNOWN AS REGGIE, COMMITTED TO BY THE GOVERNOR. SIMPLY, YOU CAN NOT MEET REGGIE WITHOUT INDIAN POINT. NOR WOULD YOU BE ABLE TO ACHIEVE MANY OF THE STATE'S OTHER AMBITIOUS GOALS AS OUTLINED IN THE STATE ENERGY PLAN.

RATHER THAN SINGLE OUT INDIAN POINT AS A "PROBLEM," THE PLAN SHOULD EMBRACE INDIAN POINT AS IT DOES THE OTHER NUCLEAR PLANTS AS BOTH A CONTINUING SOLUTION TO NEW YORK'S ENERGY NEEDS AND VEHICLE FOR REALIZING ITS ENVIRONMENTAL GOALS.

ENTERGY LISTENED WHEN CONCERNS WERE RAISED ABOUT SAFETY AND SECURITY AT INDIAN POINT, AN UNDERSTANDABLE REACTION TO 9/11 AND PAST MISGIVINGS ABOUT NUCLEAR POWER. ENTERGY UNDERSTOOD THAT LEGITIMATE CONCERNS WOULD HAVE TO BE ADDRESSED AND DID SOMETHING ABOUT IT; AND WHERE CONCERNS

PERSISTED OR WERE NOT VALID, ENTERGY WOULD BRING IN THIRD-PARTY, INDEPENDENT SECURITY AND SAFETY EXPERTS TO DO COMPREHENSIVE AND CRITICAL ASSESSMENTS. ENTERGY DID JUST THAT. OTHERS ALSO HAVE CONDUCTED INDEPENDENT REVIEWS FOCUSING ON INDIAN POINT'S ROLE IN PROVIDING ELECTRICITY IN NEW YORK. AND OF COURSE, THE NRC IS REVIEWING SAFETY AT INDIAN POINT ALL THE TIME.

LET ME CITE SOME FACTS AND CONCLUSIONS DRAWN BY THOSE INDEPENDENT ASSESSMENTS AND THE EXPERTS WHO SPENT THOUSANDS OF HOURS PERFORMING THEM.

CLOSING INDIAN POINT WOULD RESULT IN THE LOSS OF THOUSANDS OF HIGH-PAYING JOBS, THE LOSS OF A BILLION DOLLARS OF DIRECT ECONOMIC IMPACT TO THE STATE, THE LOSS OF 2 MILLION KILOWATTS OF POWER AND VITAL ELECTRIC TRANSMISSION INFRASTRUCTURE. CLOSING INDIAN POINT WOULD IMMEDIATELY INCREASE AIR POLLUTANTS AND GREENHOUSE GASE EMISSIONS CAUSED BY REPLACEMENT POWER SOURCES THAT ARE NEEDED NOW AND THE FORESEEABLE FUTURE FOR BASELOAD POWER.

IT IS DISAPPOINTING THAT THE PLAN WOULD IGNORE THESE FACTS AND CITE ONLY THE CLAIMS FOR OPPOSING INDIAN POINT; CLAIMS THAT PALE IN COMPARISON TO THE LARGE

BODY OF INDEPENDENTLY VERIFIED AND CORROBORATED EVIDENCE THAT SUPPORTS INDIAN POINT'S CONTINUED OPERATION.

FOR EXAMPLE, THE NATIONAL ACADEMY OF SCIENCES – WITH THE SUPPORT OF CONGRESSIONAL FUNDING – CONCLUDED THAT WHILE REPLACING THE PLANTS WAS TECHNICALLY FEASIBLE, IT WOULD RESULT IN DECREASED ELECTRIC RELIABILITY, INCREASED AIR POLLUTION, AND SIGNIFICANTLY HIGHER POWER COSTS FOR NEW YORKERS.

THE NEW YORK INDEPENDENT SYSTEM OPERATOR HAS CONSISTENTLY STATED THAT THE POWER GRID WOULD BE HARMED AND THE STABILITY OF THE GRID THREATENED IF INDIAN POINT WAS CLOSED. IN ITS RELIABILITY REPORT FOR 2009 THROUGH 2018, NYISO STATES, "...DUE TO ITS LOCATION IN A CONSTRAINED PART OF THE SYSTEM, RETIREMENT OF (JUST) ONE OF THE TWO INDIAN POINT NUCLEAR UNITS WOULD CAUSE AN IMMEDIATE VIOLATION OF RELIABILITY STANDARDS."

IN ADDITION TO NYISO, A MULTITUDE OF OTHER INDEPENDENT ENERGY EXPERTS, GOVERNMENT AGENCIES AND INDEPENDENT ORGANIZATIONS HAVE ALL COME TO THE SAME CONCLUSION – AS A PRACTICAL MATTER, YOU CAN'T SHUT DOWN INDIAN POINT.

I WOULD LIKE NOW TO ADDRESS SOME OF THE KEY POINTS MADE IN THE DRAFT PLAN AGAINST RENEWING THE LICENSE OF SUCH AN IMPORTANT PIECE OF OUR ENERGY INFRASTRUCTURE.

FIRST, LET ME NOTE THAT BEFORE COMING TO ENTERGY, I WAS PLANT MANAGER AT CALVERT CLIFFS, WHICH IS ABOUT THE SAME DISTANCE FROM WASHINGTON, D.C. AS INDIAN POINT IS FROM NEW YORK CITY. IT'S THE SAME AGE AS INDIAN POINT, AND ESPECIALLY RELEVANT TO THIS PANEL IT SEEMS TO ME, IS THE FIRST NUCLEAR PLANT IN THE COUNTRY TO HAVE ITS LICENSE RENEWED.

AS THE PERSON IN CHARGE OF ENSURING THE SAFETY OF OUR NEIGHBORS AND EMPLOYEES AT THE INDIAN POINT ENERGY CENTER, SAFETY IS MY TOP PRIORITY.

ENTERGY OWNS AND OPERATES ELEVEN NUCLEAR PLANTS, SEVERAL RIGHT HERE IN NEW YORK. THE STATE RECEIVES NEARLY 30 PERCENT OF ITS ELECTRICITY FROM CLEAN NUCLEAR POWER. COMBINED, ENTERGY'S INDIAN POINT AND FITZPATRICK PLANTS SUPPLY APPROXIMATELY 60% OF THE NUCLEAR POWER PRODUCED IN THE STATE.

INDIAN POINT AND FITZPATRICK POWER IS SUPPLIED CONTINUOUSLY AROUND-THE-CLOCK. THEIR POWER PROVIDES A POWERFUL BASE UPON WHICH MANY OF THE

ALTERNATIVE SOURCES OF ENERGY PROPOSED IN YOUR PLAN, SUCH AS SOLAR AND WIND POWER, CAN BE BUILT.

SINCE PURCHASING THE PLANTS, ENTERGY HAS INVESTED HUNDREDS-OF-MILLIONS OF DOLLARS IN THESE SITES AND IN OUR WORKERS WHO RUN THEM.

AS A RESULT, ENTERGY HAS SIGNIFICANTLY RAISED BOTH THE SAFETY AND OPERATING PERFORMANCES OF THESE PLANTS, PARTICULARLY AT INDIAN POINT WHERE SAFETY HAS BEEN HISTORICALLY QUESTIONED, EVEN THOUGH AT TIMES UNFAIRLY. ENTERGY PLANTS CONSISTENTLY GAIN THE NRC'S TOP SAFETY RATING.

IN TERMS OF OPERATING EFFICIENCY AND BENEFIT TO THE STATE, ENTERGY HAS RAISED THE ANNUAL RELIABILITY OF THESE SITES TO OVER 97% FROM A PREVIOUS HISTORIC AVERAGE IN THE 60% RANGE. THAT MEANS THESE PLANTS RUN 97% OF THE TIME COMPARED TO ONLY ABOUT 60% HISTORICALLY.

AFTER 9/11, WHEN SECURITY AT INDIAN POINT WAS QUESTIONED – AS WAS THE SECURITY OF ALL OF THE REGION'S CRITICAL ENERGY INFRASTRUCTURE – THEN-NEW YORK STATE OFFICE OF PUBLIC SECURITY DIRECTOR JAMES KALLSTROM LEAD A TEAM OF SECURITY EXPERTS AND CONDUCTED A FAR-REACHING SECURITY ASSESSMENT,

WORKING CLOSELY WITH THE F.B.I. KALLSTROM SAID, "SECURITY AT THE PLANT IS ROBUST." PARTLY IN RESPONSE TO HIS TEAM'S RECOMMENDATIONS, ENTERGY INVESTED AN ADDITIONAL \$20 MILLION DOLLARS IN SECURITY ENHANCEMENTS.

THE U.S. OFFICE OF HOMELAND SECURITY, NRC AND OTHERS HAVE ALL CONDUCTED VARIOUS ASSESSMENTS AND FOUND INDIAN POINT TO BE WELL-PROTECTED AND SECURE. NO OTHER NUCLEAR POWER PLANT IN THE COUNTRY HAS PASSED AS MANY SECURITY REVIEWS WITH THE SUCCESS ENJOYED BY INDIAN POINT.

EVEN THE RECENT TWELVE-MEMBER INDEPENDENT SAFETY EVALUATION PANEL THAT LAST REVIEWED INDIAN POINT'S OPERATIONS NOTED THAT OUR SECURITY TRAINING "EXCEEDED THAT OF MOST INDUSTRIAL FACILITIES AND EXCEEDED THE INTERNATIONAL ATOMIC ENERGY AGENCY'S GUIDELINES."

ENTERGY HAS ALSO INVESTED TENS OF MILLIONS-OF-DOLLARS IN UPGRADING THE SITES' EMERGENCY RESPONSE PLAN AND THE CAPABILITIES AND TRAINING OF EMERGENCY PLANNING PERSONNEL AND FIRST-RESPONDERS.

INDEPENDENT EXPERTS ALSO HAVE REVIEWED THESE EMERGENCY PLANS AND NOTED THEY ARE AMONG THE BEST IN THE COUNTRY.

AS NOTED BEFORE, AN INDEPENDENT PANEL OF EXPERTS IN 2008 CONDUCTED A COMPREHENSIVE SAFETY EVALUATION OF THE SITE. THE TWELVE PANELISTS SPENT THOUSANDS OF HOURS ANALYZING EVERY ASPECT OF PLANT OPERATIONS. THESE PANELISTS ARE HIGHLY RESPECTED INDIVIDUALS FROM BOTH THE PRIVATE AND PUBLIC SECTOR WITH EXPERTISE IN A MULTITUDE OF AREAS SUCH AS NUCLEAR SAFETY, ENGINEERING, OPERATIONS, SECURITY, AND EMERGENCY PLANNING.

THEIR OVERALL FINDINGS WERE PUBLISHED IN A PUBLIC REPORT WITH THE FOLLOWING CONCLUSIONS:

- INDIAN POINT MEETS THE U.S. NUCLEAR INDUSTRY'S HIGHEST STANDARDS;**
- OPERATIONS ARE CONDUCTED COMPETENTLY AND PROFESSIONALLY;**
- PLANT SAFETY SYSTEMS ARE WELL MAINTAINED, RELIABLE AND ARE BACKED WITH THE FULL RESOURCE COMMITMENT BY THE PLANT OWNER;**

- **CONTROL ROOM OPERATIONS – A KEY INDICATOR OF NUCLEAR PLANT SAFETY CULTURE – WERE FOUND TO BE CONSISTENTLY PROFESSIONAL AND EFFECTIVE.**
- **IN SUMMARY, THE REPORT SAID INDIAN POINT IS SAFE.**

THIS REPORT WAS PRESENTED TO GOVERNMENT REPRESENTATIVES AT ALL LEVELS, INCLUDING NEW YORK STATE OFFICIALS. I AM PLEASED TO REPORT THAT MANY OF THE RECOMMENDATIONS HAVE EITHER BEEN COMPLETED OR ARE WELL UNDERWAY TOWARD COMPLETION.

I PERSONALLY RECOMMEND THE PANEL REVIEW THE REPORT, ESPECIALLY THE APPENDIX WHICH ADDRESSES IN DETAIL ALL THE PUBLIC CONCERNS RAISED IN THE PAST FIVE YEARS.

IN CLOSING, I AGAIN WANT TO THANK THE PANEL FOR THE OPPORTUNITY TO SPEAK HERE TODAY, AND IMPLORE YOU TO RECONSIDER YOUR POSITION ON INDIAN POINT AND REMOVE ANY LANGUAGE THAT SUGGESTS THE STATE WOULD BE BETTER WITHOUT INDIAN POINT THAN WITH IT.

CLEARLY, THERE ARE MANY INDEPENDENT VOICES WHO HAVE SPENT THOUSANDS OF HOURS REVIEWING SAFETY AND SECURITY AT INDIAN POINT AND THE CRITICAL ROLE THE PLANTS PLAY IN PROVIDING CLEAN AND RELIABLE

ELECTRICITY. I OFFER INTO FURTHER EVIDENCE COPIES OF SEVERAL OF THEIR REPORTS FOR YOUR OWN REVIEW.

I WOULD ASK THAT YOU REVIEW THESE REPORTS WITH THE SAME DILIGENCE AS THESE PROUD AND HONORABLE PROFESSIONALS WHO DEDICATED THEMSELVES TO GETTING TO THE HONEST TRUTH ABOUT INDIAN POINT. AND I IMPLORE YOU TO SUPPORT THE CONTINUED SAFE OPERATION OF ALL NUCLEAR PLANTS IN OUR GREAT STATE OF NEW YORK. THANK YOU.

JOSEPH POLLOCK
SITE VICE PRESIDENT, INDIAN POINT ENERGY CENTER
ENERGY NUCLEAR

NEW YORK STATE DRAFT ENERGY PLAN FINAL ORAL TESTIMONY

GOOD EVENING. MY NAME IS JOE POLLOCK, SITE VICE PRESIDENT FOR ENERGENCY NUCLEAR'S INDIAN POINT ENERGY CENTER, WHICH INCLUDES OPERATING UNITS 2 AND 3.

FIRST, LET ME THANK THE COMMITTEE FOR THIS OPPORTUNITY TO SPEAK TODAY AND COMMEND THE GOVERNOR FOR REVIVING THE STATE ENERGY PLANNING PROCESS.

ALL PRIOR STATE ENERGY PLANS HAVE RECOGNIZED THE IMPORTANCE OF INDIAN POINT.

TODAY I WOULD LIKE TO PRESENT TO YOU THE FACTS THAT WARRANT CONTINUING THE POLICY EMBRACED BY THE PREVIOUS ENERGY PLANS THAT ACKNOWLEDGE INDIAN POINT IS A CRITICAL RESOURCE.

INDIAN POINT'S 2 MILLION KILOWATTS OF CLEAN POWER PLAYS A CRITICAL ROLE IN MEETING THE REGIONAL GREENHOUSE GAS INITIATIVES, KNOWN AS REGGIE. YOU CAN NOT MEET REGGIE WITHOUT INDIAN POINT.

RATHER THAN SINGLE OUT INDIAN POINT AS A “PROBLEM,” THE PLAN SHOULD EMBRACE IT AS A SOLUTION FOR NEW YORK’S ENERGY NEEDS AND VEHICLE FOR REALIZING ITS ENVIRONMENTAL GOALS.

WHEN CONCERNS WERE RAISED ABOUT SAFETY AND SECURITY AT INDIAN POINT ENTERGY LISTENED AND DID SOMETHING ABOUT IT; AND WHERE CONCERNS PERSISTED, ENTERGY BROUGHT IN INDEPENDENT SECURITY AND SAFETY EXPERTS. AND OF COURSE, THE NRC IS ALWAYS REVIEWING SAFETY AT INDIAN POINT.

OTHERS ALSO HAVE CONDUCTED INDEPENDENT REVIEWS FOCUSING ON INDIAN POINT’S ROLE IN PROVIDING ELECTRICITY IN NEW YORK.

LET ME CITE THE CONCLUSIONS DRAWN BY THE EXPERTS WHO SPENT THOUSANDS OF HOURS PERFORMING THOSE INDEPENDENT ASSESSMENTS.

CLOSING INDIAN POINT WOULD RESULT IN THE LOSS OF THOUSANDS OF HIGH-PAYING JOBS AND THE LOSS OF A BILLION DOLLARS OF DIRECT ECONOMIC IMPACT. CLOSING INDIAN POINT WOULD IMMEDIATELY INCREASE AIR POLLUTANTS AND GREENHOUSE GAS EMISSIONS.

IT IS DISAPPOINTING THAT THE PLAN WOULD IGNORE THESE FACTS AND CITE ONLY THE CLAIMS FOR OPPOSING INDIAN

POINT; CLAIMS THAT PALE IN COMPARISON TO THE LARGE BODY OF INDEPENDENTLY VERIFIED AND CORROBORATED EVIDENCE THAT SUPPORTS INDIAN POINT'S CONTINUED OPERATION.

FOR EXAMPLE, THE NATIONAL ACADEMY OF SCIENCES – WITH THE SUPPORT OF CONGRESSIONAL FUNDING – CONCLUDED THAT WHILE REPLACING THE PLANTS WAS TECHNICALLY FEASIBLE, IT WOULD RESULT IN DECREASED ELECTRIC RELIABILITY, INCREASED AIR POLLUTION, AND SIGNIFICANTLY HIGHER POWER COSTS FOR NEW YORKERS.

THE NEW YORK INDEPENDENT SYSTEM OPERATOR HAS CONSISTENTLY STATED THAT THE STABILITY OF THE GRID WOULD BE THREATENED IF INDIAN PONT WAS CLOSED. IN ITS MOST RECENT RELIABILITY REPORT, NYISO STATES, “...RETIREMENT OF (JUST) ONE OF THE TWO INDIAN POINT NUCLEAR UNITS WOULD CAUSE AN IMMEDIATE VIOLATION OF RELIABILITY STANDARDS.”

IN ADDITION TO NYISO, A MULTITUDE OF OTHER INDEPENDENT ENERGY EXPERTS AND ORGANIZATIONS HAVE COME TO THE SAME CONCLUSION – AS A PRACTICAL MATTER, YOU CAN'T SHUT DOWN INDIAN POINT. (Pause)

ENTERGY OWNS AND OPERATES ELEVEN NUCLEAR PLANTS, SEVERAL RIGHT HERE IN NEW YORK. THEIR POWER PROVIDES

A BASE UPON WHICH MANY OF THE ALTERNATIVE ENERGY SOURCES, SUCH AS SOLAR AND WIND POWER, CAN BE BUILT.

SINCE PURCHASING THE PLANTS, ENTERGY HAS INVESTED HUNDREDS-OF-MILLIONS OF DOLLARS IN IMPROVEMENTS.

AS A RESULT, WE HAVE SIGNIFICANTLY RAISED BOTH THE SAFETY AND OPERATING PERFORMANCES OF THESE PLANTS. TODAY, ENTERGY'S PLANTS CONSISTENTLY GET THE NRC'S TOP SAFETY RATING.

ENTERGY HAS ALSO RAISED THE RELIABILITY OF THESE PLANTS TO OVER 97% FROM A PREVIOUS HISTORIC AVERAGE IN THE 60% RANGE.

AFTER 9/11, WHEN SECURITY AT INDIAN POINT WAS QUESTIONED, YORK STATE OFFICE OF PUBLIC SECURITY DIRECTOR JAMES KALLSTROM LEAD A TEAM OF EXPERTS AND CONDUCTED A FAR-REACHING SECURITY ASSESSMENT, WORKING CLOSELY WITH THE F.B.I. KALLSTROM SAID, "SECURITY AT THE PLANT IS ROBUST."

THE U.S. OFFICE OF HOMELAND SECURITY, NRC AND OTHERS HAVE ALL CONDUCTED ASSESSMENTS AND FOUND INDIAN POINT TO BE WELL-PROTECTED AND SECURE.

INDEPENDENT EXPERTS HAVE ALSO REVIEWED OUR EMERGENCY PLANS AND NOTED THEY ARE AMONG THE BEST IN THE COUNTRY.

IN THE COMPREHENSIVE INDEPENDENT SAFETY EVALUATION DONE IN 2008, TWELVE PANELISTS SPENT THOUSANDS OF HOURS ANALYZING EVERY ASPECT OF PLANT OPERATIONS. THESE HIGHLY RESPECTED INDIVIDUALS FROM BOTH THE PRIVATE AND PUBLIC SECTORS HAVE EXPERTISE IN NUCLEAR SAFETY, ENGINEERING, OPERATIONS, SECURITY, AND EMERGENCY PLANNING.

THEIR FINDINGS WERE PUBLISHED IN A PUBLIC REPORT WITH THE FOLLOWING CONCLUSIONS:

- INDIAN POINT MEETS THE U.S. NUCLEAR INDUSTRY'S HIGHEST STANDARDS;**
- OPERATIONS ARE CONDUCTED COMPETENTLY AND PROFESSIONALLY;**
- AND INDIAN POINT IS SAFE.**

I PERSONALLY RECOMMEND THE PANEL REVIEW THE REPORT, ESPECIALLY THE APPENDIX WHICH ADDRESSES IN DETAIL ALL THE PUBLIC CONCERNS RAISED IN THE PAST FIVE YEARS.

IN CLOSING, I ASK THAT YOU REMOVE THE LANGUAGE THAT SUGGESTS THE STATE WOULD BE BETTER WITHOUT INDIAN POINT.

THERE ARE MANY INDEPENDENT EXPERTS WHO HAVE SPENT THOUSANDS OF HOURS REVIEWING SAFETY AND SECURITY AT INDIAN POINT AND THE CRITICAL ROLE THE PLANTS PLAY IN PROVIDING CLEAN AND RELIABLE ELECTRICITY. I HAVE PROVIDED COPIES OF THEIR REPORTS FOR YOUR REVIEW.

I ASK THAT YOU REVIEW THESE REPORTS WITH THE SAME DILIGENCE AS THE PROFESSIONALS WHO DEDICATED THEMSELVES TO GETTING TO THE TRUTH ABOUT INDIAN POINT. I URGE YOU TO SUPPORT THE CONTINUED OPERATION OF ALL NUCLEAR PLANTS IN OUR GREAT STATE OF NEW YORK. THANK YOU.

EXHIBIT B

**Testimony of Gavin Donohue, President & CEO
Independent Power Producers of New York, Inc.**

Public Hearing on the Draft State Energy Plan

Albany, New York

September 15, 2009

On behalf of the Independent Power Producers of New York, (IPPNY), I would like to extend my gratitude to the Board for the opportunity today to provide input on the Draft State Energy Plan. IPPNY's members recognize the huge undertaking it is in developing the New York State Energy Plan. I applaud the Board's commitment to allowing for public input to aid in creating a balanced structured Plan that, ideally, will provide a clear indication of the tenor, scope, and direction of policies affecting the energy industry for years to come.

IPPNY supports the goals of the Energy Plan, although much work still needs to be done. As an Association, we feel that the Draft Plan appropriately addresses some of our priorities. However, it fails to recognize properly the cost impacts of certain recommendations that are included and also fails in some areas to fulfill the intent of the Plan as outlined in the governor's Executive Order #2. The recommendations put forth by IPPNY in this testimony will assist in meeting the

state's future energy needs, and we urge the State Energy Planning Board to incorporate them into the Final State Energy Plan.

Competitive Markets

IPPNY is pleased that the Draft Plan embraces competitive markets by stating,

“Since 2000, this market feature has provided incentives to entry of new generation resources totaling more than 7,600 MW, while putting the risk of such investments on investors rather than on ratepayers. Further, the competitive market structure provides for the system to be operated and dispatched in the most efficient manner to minimize total production costs and in the long- term to provide electricity to customers at the lowest overall price.”

Importantly, as IPPNY has asserted in the past, the Draft Plan notes that, as long as markets are competitive, the uniform clearing price auction provides the most efficient result. The Draft Plan also indicates that electric prices are driven largely by fuel prices and that New York's prices, which were high prior to restructuring and remained high after restructuring, recently have been falling significantly and in no way suggests that high prices are the result of the competitive market structure. Additionally, the Draft Plan appropriately states that New York's

competitive electricity market model provides an economic incentive to power plant operators to run as efficiently as possible.

The Draft Plan also indicates support for competitively issued solicitations for new capacity from private developers by utilities, the New York Power Authority (NYPA), and the Long Island Power Authority (LIPA) and does not encourage a role for these entities in the generation business.

IPPNY recommended that the Draft Plan affirm a commitment to the ongoing development of the competitive wholesale energy market structure, as the most appropriate approach to satisfy the long-term energy needs at the lowest possible cost for the benefit of consumers in New York State.

IPPNY's members are exceptional at what they do, as evidenced by all of the improvements to New York's generation fleet since the advent of competitive markets. Our members have invested well over \$10 billion in acquiring and building generation in New York State, employ more than 10,000 individuals across the state, and pay over half-a-billion dollars in taxes. We are poised to continue to meet the needs of New York's residents and businesses. We look

forward to remaining a partner in implementing policies to ensure a reliable and affordable energy supply.

Regulatory Uncertainty

The importance of regulatory certainty cannot be overstated, in terms of attracting needed investment to New York. Regulatory certainty is an overarching concern for all businesses and industries, and to the extent that the State Energy Plan can help provide it, it will be a positive step towards meeting future energy needs.

The Draft Plan does recognize that regulatory uncertainty can affect the future of the state's infrastructure, especially in areas such as the authority to site generation as well as environmental requirements and the associated cost of compliance.

However, although it states that the need to eliminate or minimize such uncertainties is an appropriate state policy objective, the plan fails more specifically to address the requirements of the governor's Executive Order #2 for a cumulative evaluation of all environmental programs affecting the energy sector and their impacts on energy policy, including cost, reliability, fuel diversity and economic development.

IPPNY had recommended that the Draft Plan set a clear, long-range direction that balances environmental policy with energy and economic development initiatives. IPPNY continues to emphasize that the full assessment required by the governor's Executive Order #2 is crucial for the future development of sound environmental, energy, and economic development policies. IPPNY urges the State Energy Planning Board to focus its attention on the cumulative impacts that result from the layering of these regulatory initiatives on the electricity industry and, most importantly, the increased cost of and potentially decreased reliable supply of energy for the state's businesses and residents. Prior to the adoption of the Final State Energy Plan, the Issue Brief, "Environmental Impact and Regulation of Energy Systems," must be improved to comply fully with the parameters of the governor's Executive Order #2 and to inform the State Energy Planning Board about the full and cumulative impacts of existing and planned environmental regulatory initiatives on the state's fuel diversity and energy system reliability

Power Plant Siting

The Draft Plan recommends that a power plant siting law be enacted to provide greater market certainty to developers and investors, to enhance public participation with sufficient intervenor funding made available to local communities, to include improved notice provisions, and to address environmental

justice issues. The Draft Plan calls for the development of energy facility siting and permitting criteria that assess disproportionate health risks and environmental impacts on potential environmental justice areas and avoid or mitigate those potential impacts.

IPPNY is pleased that the Draft Plan indicates that the following key provisions should be included in comprehensive electric generation siting law: a one-stop siting process that combines state and local authorizations into a single approval; a time-certain framework for rendering a decision on an application; authorization to override the application of unreasonably restrictive local laws; opportunities for extensive public input; and the availability of intervenor funding for expert witnesses and consultants. The Draft Plan also notes that an effective siting law may help facilitate the construction of new or repowered generating units, where they are economically warranted.

To further establish regulatory certainty, IPPNY had recommended that the Draft Plan call for the enactment of a comprehensive, fuel-neutral generating facility siting statute that provides developers of facilities -- utilizing all technologies -- the ability to participate in a comprehensive process with clearly defined criteria, timelines, and costs of developing a project in New York State.

Nuclear Power

IPPNY is pleased that fuel specific policies are incorporated into the Draft Plan; however, we continue to feel that the state is failing to embrace fully the potential benefits of its nuclear resources.

IPPNY continues to stress that nuclear energy provides reliable, virtually emission-free baseload power, and, therefore, it is imperative that the Energy Plan supports the ongoing operation of the state's existing nuclear facilities, in addition to encouraging the development of additional nuclear resources. It is clearly our concern that the state fails tremendously to recognize the huge negative impact that the closure of nuclear facilities, such as Indian Point, would have on the state.

Closing such a facility would be counter-productive to reaching the state's environmental, economic, and reliability goals.

Strangely, the Plan contradicts itself by simultaneously touting the benefits of nuclear generation while also describing the state's opposition to the license renewals of Indian Point Units 2 and 3, an essential facility to maintain electric reliability to downstate residents.

The Draft Plan notes that the state has begun to identify the potential impacts associated with the possible closure of Indian Point and the infrastructure needs that would be necessary to maintain system reliability standards in that event. The

Plan clearly states that not extending the license of the Indian Point Energy Center would result in, “tradeoffs, including higher electricity prices and CO₂ emissions.”

In other words, the state is making a recommendation that likely will result in greater emissions, increased energy prices and less reliable service. For example, according to a major study last year prepared by the Westchester Business Alliance (representing a cross-section of business, real estate and construction organizations), closing Indian Point will result in the price of electricity in the region increasing over 150 percent. In addition, replacing Indian Point, with a fossil fuel-based power plant, likely will create a significant rise in CO₂ emissions, a 19 percent jump in NO_x emissions, and an 11 percent hike in SO₂ emissions. In the New York City region, Indian Point’s 2,000 megawatts (MW) of clean electricity account for as much as 40 percent of the regional energy supply.

According to the NYISO’s 2009 Reliability Needs Assessment (RNA) Report, the unexpected retirement of one of the two Indian Point nuclear power plant units would cause an immediate violation of reliability standards, if other resources are not available to address the need. The Plan must differentiate between what can be achieved in the next 5 to 10 years and what can be accomplished by 2030 or 2050.

Carbon Capture and Sequestration (CCS) / Coal

The Draft Plan indicates that the successful demonstration of CCS technology in New York, as an operationally and economically viable means to mitigate coal generation greenhouse gas impacts, could allow New York to retain coal in its generation mix in a way that is consistent with the state's greenhouse gas reduction goals. The Draft Plan also acknowledges that various environmental control technologies have been added to the state's coal facilities to meet increasingly stringent environmental regulations.

IPPNY maintains that, due to the state's ample supply of relatively less expensive coal, existing economic and environmentally compliant coal facilities should remain part of the state's generation portfolio. Among the recommendations advanced by IPPNY to preserve and enhance fuel diversity, as CO₂ targeted environmental initiatives move forward, was for the Plan to foster the development of CCS technology to enable facilities, such as those powered by coal, to remain in the state's fuel mix.

The Draft Plan mentions that, in June of 2008, Governor Paterson announced \$6 million in seed funding for an advanced CCS demonstration project in Jamestown, New York. The project is being developed by the "Oxy Coal Alliance," a

consortium of private companies including, just to name a few, the Jamestown Board of Public Utilities, Praxair, and the State University of New York at Buffalo. However, according to the *Buffalo News*, on August 17, 2009, Praxair Inc. changed its plan to use Jamestown as the primary site for a demonstration clean coal project. The company's decision dims the hopes for the CCS technology plant that has been on the drawing board since 2003.

As a result, the Final State Energy Plan must make a top priority enabling a private sector company to demonstrate a CCS technology project in this state, and the state should provide sufficient resources to complement private sector funding to ensure the success of this technology. The Draft Plan does note the importance of enacting legislation that addresses CO₂ pipeline siting and CO₂ injection to facilitate the demonstration of CCS, and IPPNY strongly supports this legislation, the adoption of which by the state is essential.

The successful development and implementation of CCS technology represents the next major step in addressing climate change. This action also would help the state meet its own energy needs using diversified and domestic fuels. Additionally, economic development would be spurred, stimulating significant private-sector investment, driving technology and innovation, and creating high technology jobs.

Furthermore, the state would improve its energy security and reduce energy price volatility.

Natural Gas

The Draft Plan recommends natural gas pipeline expansions to improve supply and deliverability of natural gas to markets in New York in an environmentally acceptable manner. Even though demand for natural gas is expected to grow, the Draft Plan notes that siting and building new incremental infrastructure will continue to be difficult. If New York is to have adequate natural gas to meet future needs, the Draft Plan underscores the need to overcome the obstacles to getting facilities sited.

IPPNY urged that the State Energy Plan recognize the need for adequate and diverse sources of natural gas supply and improved infrastructure, such as new or expanded natural gas pipelines and new sources of liquefied natural gas.

Modeling results show that most of the interstate pipelines serving New York are now operating at or near full capacity on a peak day, and it is expected that in 2018 there will be unmet peak day demand. For reliability purposes, adding additional pipeline capacity for downstate peak day needs would be prudent.

Natural gas infrastructure investments, as the Draft Plan notes, face several obstacles, making it clear that actions need to be taken soon to address needs on the horizon. More must be done to attract this vital investment.

Renewable Energy

As IPPNY had advocated in its comments to the PSC, the Draft Plan recommends that the Renewable Portfolio Standard (RPS) program continues to receive full funding going forward. Specifically, the Draft Plan affirms that the first challenge to achieving the governor's goals for renewable energy is to extend funding authorization for new Main Tier solicitations.

IPPNY has suggested that New York State Energy Research and Development Authority should be directed to offer multiple solicitations each calendar year to enhance certainty in the renewable energy market and to better reflect the decision-making cycle of the renewable energy industry. IPPNY is pleased that the Draft Plan embraces the need for enhanced certainty in the renewable energy market through the scheduling of regular solicitations for Main Tier procurements.

Since 2000, New York State has seen 2,000 megawatts of wind power added and a new, state-of-the-art wind forecasting monitoring system added to the grid. On

February 19, 2009, 1,000 megawatts of wind power was simultaneously being injected to the grid.

While much progress has been made toward the existing RPS goal, additional mechanisms for attracting in-state renewable energy development can be further utilized. For instance, purchase power agreements could be enhanced to continue progress in achieving renewable energy goals.

Conclusion

A primary focus of the State Energy Plan is maintaining the adequacy and reliability of critical systems and infrastructure and sustaining an environment capable of attracting reasonably priced capital to support necessary investments.

IPPNY is encouraged that the Draft Plan contains provisions that will support and help achieve that primary focus by: (1) acknowledging the importance of competitive markets and competitive solicitations for the acquisition of new supply, (2) supporting the re-enactment of a fuel-neutral power plant siting law, and (3) continuing the state's support of the RPS program and making its benefits available to all renewable energy resources.

IPPNY recommends that this primary focus could be achieved by better clarifying provisions of the Draft Plan by: (1) including a more cumulative evaluation of all environmental programs affecting the energy sector and their impacts on energy policy, including cost, reliability, fuel diversity and economic development, (2) removing contradictions about the role of nuclear power in the state's energy future by accepting all of the state's existing facilities and encouraging the prudent development of facilities in the future, (3) making a top state priority the enabling a private sector company to demonstrate a CCS technology project in this state, (4) stressing the importance of providing incentives for the appropriate repowering of facilities, and (5) articulating more clearly how the state will maintain and enhance fuel diversity, in concert with the state's proposed actions for addressing the impact of climate change.

Thank you again for the opportunity to provide this testimony, and I would be happy to answer any questions that you may have.