



NEWS

NYPA to Cease Operations of Queens Power Plant on January 31st

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January 29, 2010

FOR IMMEDIATE RELEASE

ASTORIA – The New York Power Authority (NYPA) today announced that it will permanently cease operations of an 885-Megawatt (MW) generating unit at the Charles Poletti Power Project at 11:59 PM on January 31, 2010, in accordance with an agreement announced in September, 2002.

The natural gas- and oil-fueled generating unit began commercial operation in March, 1977. It has been operating since September, 2002 under the terms of a joint agreement with the State Department of Environmental Conservation (DEC), the City of New York, the Borough of Queens and other interested parties that curtailed its output to limit emissions. The joint agreement also stipulated that the plant must cease operations no later than January 31st of this year.

In return for agreeing to cease operations, NYPA's state licensing application to build and operate a new 500-MW, combined-cycle, natural gas-fired power plant at the Poletti site received the support of the city, the surrounding community, and various interested parties. The 500-MW facility began commercial operation in December, 2005, helping the Power Authority to meet the electricity requirements of its governmental customers in New York City and the thousands of public facilities they operate. They include schools, hospitals, municipal buildings and the subways and commuter trains.

"The Power Authority is keeping the commitment it made in 2002 to cease operations of the 885-Megawatt unit at the Charles Poletti Power Project," said NYPA president and CEO Richard M. Kessel. "As of February 1st, the plant will no longer generate electricity.

"I'd like to publicly thank the NYPA employees who have operated and maintained the Poletti plant over the last 33 years," said Kessel. "Collectively, they have shown great dedication and professionalism, and deserve our recognition and thanks for a job well done."

Kessel said that he was working closely with Governor David A. Paterson, Mayor Michael R. Bloomberg and other officials to ensure an adequate supply of electricity well into the future.

Kessel pointed out that in addition to aggressive energy efficiency programs and the Authority's solar and wind renewable energy projects, NYPA is discussing several major infrastructure additions to ensure sufficient electric supply. NYPA is working to construct a major new transmission line under the Hudson River from New Jersey to Manhattan, as well as reviewing the potential of repowering one or more plants in the city to increase their output while making them cleaner and more efficient.

"With the closing of Poletti, we must make sure that there is an adequate supply of electricity in the city to keep the lights on, especially when the economy recovers and demand begins to soar once again," said Kessel. "While energy efficiency is our first priority, adding new transmission and repowering old plants will increase supply, improve the environment, and lower costs for ratepayers."

"The closing of this power plant paved the way for the construction of a new, much more efficient plant that came into service in late 2005, which brings Astoria and the rest of the City one step closer to achieving the ambitious goals in PlaNYC, our long term vision for a greener, greater New York," said Mayor Bloomberg. "I look forward to continuing to work with the New York Power Authority to improve the air quality of our City's neighborhoods, provide a reliable source of electricity to support our city's economy and supply City government with electricity at a price that taxpayers can afford."

"We have waited years for this day to arrive," said Queens Borough President Helen M. Marshall. "While we recognize the tremendous daily power needs of our great city, we also realize that much of it comes from western Queens and we must do all we can do to make certain that energy efficient plants, using the latest technology, generate that power. The partially oil-fueled Poletti plant was an environmental offender, located near residential and educational buildings.

"We look forward now to working with Governor Paterson and local elected officials and community groups to continue to reduce air pollution and improve the quality of life for all our residents," Marshall said.

"The imminent closing of one of the biggest polluters in New York City marks a major achievement in our long struggle to improve air quality," said Assemblyman Michael Gianaris (D-Queens), who was instrumental in the 2002 deal that led to today's announcement. "I will continue to fight for a sensible energy policy that balances our electric and environmental needs so that New Yorkers' health is protected while we generate the power for our economy to thrive."

"This news comes as a breath of fresh air for our community, which has been oversaturated with power plants for many years. I commend Richard Kessel and NYPA for honoring a promise that was made eight years ago," said Council Member Peter F. Vallone Jr., who helped bring the lawsuit which led to today's action. "This is a major victory, not only for Western Queens but for the entire city."

"The termination of the Poletti project's operations is a historic milestone, underscoring the priority being given to new clean and efficient technologies to meet the City's energy needs," said Ashok Gupta, Director of Energy Policy at the Natural Resources Defense Council (NRDC). "The shutdown of this 1970s-era facility is also an important win for the local community and for all New Yorkers as it will contribute to a healthier environment as the Power Authority turns to cleaner sources of electricity and continues to increase its investments in energy efficiency."

NRDC, a national non-profit organization dedicated to protecting public health and the environment, was a signatory to the September, 2002 joint agreement.

The decision to cease operating the generating unit at Poletti recognized the benefits of replacing older power generation with new more efficient generating capacity to improve air quality while continuing to meet energy needs. The new state-of-the-art 500-MW plant, which shares the 47-acre Poletti site, is one of the cleanest most efficient generating facilities in New York City.

Under the 2002 joint agreement, the Power Authority reduced the proportion of oil use at Poletti in favor of natural gas, a cleaner fossil fuel. That was in addition to limiting the project's electricity production to approximately one-third its maximum output.

The reliability of the supply of electricity to the city will not be jeopardized as a result of the closure of the plant. In addition to NYPA's new 500-MW plant, the Authority will acquire additional sources of electricity from the open market while the privately owned Astoria Energy Project, a new clean combined-cycle facility, is being built not far from the Poletti plant.

The September, 2002 agreement also required NYPA to invest an additional \$50 million over a five-year period in energy efficiency and clean energy projects in New York City. NYPA also spent \$2 million on local clean-air projects in Queens, including investments in solar power technology, zero-emission electric vehicles, advanced emission-control technologies and green-roof systems.

Since the late 1980s, the Power Authority has completed energy efficiency and clean energy initiatives, such as fuel cells and solar power installations, at more than 1,900 public facilities in New York City for an installed cost of \$763 million. The improvements have cut peak electricity demand by 108 MW, resulting in \$72 million in annual recurring savings. (One megawatt is enough electricity to meet the needs of 800 to 1,000 homes.) The efforts also account for annual reduction in greenhouse gas emissions of 538,000 tons.

By ceasing operations at the 885-mw facility, NYPA has met all of its obligations under the terms of the 2002 agreement.

The Power Authority will explore various design and engineering options for the removal of salvageable equipment and material, and the use of the remaining assets.

The Power Authority purchased the Poletti project, then known as Astoria 6, from the Consolidated Edison Company in 1974 when the unit was under construction. The project was converted to dual-fuel capability in 1980, allowing it to use natural gas as well as oil. It was named for the only person to serve both as Governor of New York and a NYPA trustee. Governor Poletti died on August 8, 2002 at the age of 99 at his home in Marco Island, Fla.

About NYPA:

■ *The New York Power Authority uses no tax money or state credit. It finances its operations through the sale of bonds and revenues earned in large part through sales of electricity.* ■ *NYPA is a leader in promoting energy efficiency, new energy technologies and electric transportation initiatives.* ■ *It is the nation's largest state-owned electric utility, with 17*

generating facilities in various parts of New York State and more than 1,400 circuit-miles of transmission lines. ■ About 75 percent of the electricity it produces is clean renewable hydropower. Its lower-cost power production and electricity purchases support hundreds of thousands of jobs throughout the state. ■ For more information, www.nypa.gov.

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