



NRG Energy
211 Carnegie Center
Princeton, NJ 08540

Via Electronic Mail
May 22, 2013

Hon. Jeffrey C. Cohen
Acting Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 12-E-0577 – Proceeding on Motion of the Commission to Examine Repowering Alternatives to Utility Transmission Reinforcements.

Dear Secretary Cohen:

Pursuant to the New York State Public Service Commission (“Commission”) Order Instituting Proceeding and Requiring Evaluation of Generation Repowering, issued on January 18, 2013 (the “Commission Order”), in the above-referenced case, NRG Energy, Inc. (“NRG”) respectfully requests an opportunity to submit comprehensive comments on the Report and Recommendations Comparing Repowering of Dunkirk Power LLC and Transmission System Reinforcements (“National Grid Report”), submitted in the captioned proceeding by National Grid on May 17, 2013.

NRG’s review of the National Grid Report reveals that many aspects of the analysis and conclusions are flawed and devoid of logic such that a thorough rebuttal is warranted. NRG respectfully requests two weeks (until June 5, 2013) to develop a comprehensive response detailing the Report’s failures and setting the record straight.

The record before the Commission would be enhanced by NRG’s analysis because, in comparing its own proposed solution to NRG’s competing options, National Grid clearly slanted its analysis to favor the Transmission System Reinforcements option. While this may not be entirely surprising given National Grid’s economic incentive to add to rate base, it is disappointing that National Grid did not conduct an accurate and unbiased review as directed by the Commission. Allowing NRG two weeks to provide more detailed comments will demonstrate that National Grid’s assessment is deficient with respect to all criteria that were required to be evaluated pursuant to the Commission Order, including:

- **Reliability:** The transmission alternative proposed by National Grid does not meet the minimum requirements of a long-term solution as defined in the Commission Order. Most notably, National Grid fails to satisfy the ten-year reliability period with its set of proposed upgrades. Consequently National Grid has not shown that reliability would be preserved under its proposed solution and ratepayers would thus be at risk of incurring unnecessary, additional costs to fund the reliability gap left by the proposed transmission alternative.
- **Ratepayer Costs:** National Grid did not consider the substantial cost-overrun risks borne by rate payers in its \$66 million transmission proposal. Under traditional utility rate of return ratemaking for the transmission alternative, New York ratepayers will bear all risk for project

cost overruns. By way of comparison, the Dunkirk Repower options will insulate all ratepayers from cost increases during construction and uncertainty in future energy prices. National Grid entirely ignored these risks and their associated costs in its analysis.

- The Environment: The National Grid Report concludes the Dunkirk Repower would result in both local and statewide emission reductions, particularly with the combined cycle option. They then conveniently, and without any basis, dismiss these benefits as being insignificant for differentiating among the transmission alternative. Consequently the National Grid analysis is deficient and has not credibly accounted for the environmental benefits created by the NRG generation proposals.
- The Economy: As will be detailed in the NRG response to be submitted to the Commission by June 5, 2013, National Grid overstates its economic benefits relative to NRG's proposals. Furthermore National Grid erroneously assumes that the NRG repowering alternatives will provide no energy market savings, despite the fact that National Grid's own consultant predicted that such benefits would exist.
- Electric Market Competitiveness: National Grid's conclusion that a clean, new, combined-cycle generation facility would have no impact on electricity production costs is simply not credible. The addition of what would be the most efficient, lowest cost combined cycle facility anywhere in the state will obviously reduce costs to New York ratepayers, and National Grid's "findings" to the contrary should be disregarded.

Further, National Grid has made numerous assertions and conclusions that are unsupported and speculative in nature which NRG will address in its response. NRG respectfully requests an additional two weeks, to June 5, 2013, in order to prepare a comprehensive response which will serve to inform the Commission and its decision making in this proceeding.

Respectfully submitted,

/s/ Bradley Kranz

Bradley Kranz
Vice President, Wholesale Regulatory Strategy & Policy
NRG Energy, Inc.

cc: Active parties (via e-mail)