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May 5, 2016

Mr. Gil Quiniones
President and CEO
New York Power Authority
123 Main St.
White Plains, NY 10601-3170

Re: Electric Rate Spikes in WNY and NYPA's Non-Compliance With Its Federal Mandate

Dear Mr. Quiniones:

Since the closure of the Huntley power plant in Tonawanda, New York on February 29th of this year, the wholesale price of electricity in Western New York has become unstable and has, on average, gone up between 41.9% and 90.9%¹. Obviously, if this trend is allowed to continue, it will cause dramatic increases in the retail rates paid by consumers and businesses, to the detriment of Western New Yorkers.

This is not just Western New York's problem, but it is the New York Power Authority's problem. In filings with the Public Service Commission last year, the Authority testified that there is enough Niagara hydropower to meet the needs of Western New York even with fossil fuel plant closures, but that there is insufficient transmission capacity within Western New York to get the hydropower to electric customers here.² NYPA estimated that this transmission bottleneck was equal to as much as 12% of the Niagara Power Project's total output.³ The Authority further conceded that as a result of this bottleneck the Authority is not in full compliance with its mandate under the federal Niagara

¹ Daily average hour price increased 90.9% at the site of the Huntley Plant, 57% at the Gardenville interchange in West Seneca, 42.7% at the General Mills plant in Buffalo and 41.9% in Dunkirk. See attached graphs. Raw data source was NYISO Public online data. Note how the Rochester process had (for the most part) tracked with the Western New York before the closure and failed to do so afterward-this is how we know that the WNY price spikes post-closure are not the result of some exogenous factor like the underlying price of electricity.

² NY PSC, Case 14-E-0454 – In the Matter of the New York Independent System, Operator, Inc.'s Proposed Public Policy Needs for Consideration, NYPA Supplemental Comments, David J. Appelbaum, New York Power Authority, 123 Main Street, White Plains, NY 10601, May 18, 2015.

³ Total plant output was 12,446 GWh in 2003
(<http://niagara.nypa.gov/ALP%20working%20documents/finalreports/html/IS03.htm>). The above-referenced Appelbaum memorandum estimated the extent of the bottleneck at 250-1,600 gWh in 2013.

Redevelopment Act of 1957⁴, which means that it is also not fully complying with the terms of its license with the Federal Energy Regulatory Commission.

I write to advocate that the Authority take immediate steps to enhance transmission and/or production so stop the wholesale price instability in Western New York, which will only get worse during the high-demand summer months if it is left unchecked. While I understand that the Authority has written in support of others to enhance transmission capacity in Western New York, it is not enough for the Authority to rely on other agencies to perhaps, someday, help NYPA meet its federal obligations. NYPA must take immediate steps to prevent price spikes in Western New York and bring itself into compliance.

Thank you very much for your leadership.

Sincerely,

A handwritten signature in blue ink that reads "Brian Higgins". The signature is stylized with a large, sweeping "B" and a trailing flourish at the end.

Brian Higgins
Member of Congress

⁴ Above-referenced Appelbaum memorandum, c.f., 16 USC §836.



