

May 8, 2006

Timothy Carey  
President and Chief Executive Officer  
New York Power Authority  
123 Main Street  
White Plains, New York 10601

Dear Mr. Carey:

The New York Power Authority's (NYPA) January 27, 2006 letter to Mark Lynch requested the assistance of the New York Independent System Operator ("NYISO") in determining whether the closure of the 880 megawatt ("MW") Existing Poletti Facility as of February 1, 2008 will cause "the aggregate electrical generating capacity to be less than 80 percent of the total in-City projected peak demand . . . for the summer of 2008."

The NYISO understands that NYPA's request is pursuant to the New York State Sitting Board's October 2, 2002 Opinion and Order Granting a Certificate of Environmental Compatibility and Public Need Subject to Conditions ("Certificate"). The Certificate allowed NYPA to construct and operate a new 500 MW electric generating facility next to the existing 880 MW Charles Poletti Power Project in Astoria, Queens, New York. The Certificate contains the following condition:

7. . . . the Power Authority shall take the following action:

A. The Power Authority shall cease operation of its Existing Poletti Facility permanently as of February 1, 2008 and agree not to restart such plant after such date unless it provides the notice set forth in subparagraph C below by June 1, 2006.

B. The Power Authority shall, on notice to all parties, by February 1, 2006, seek a written determination from the [NYISO] . . . expressly determining whether closure of the Existing Poletti Facility as of February 1, 2008, will cause the aggregate in-City electrical generating capacity (exclusive of the Existing Poletti Facility), as such aggregate capacity is determined by the NYISO or any successor entity, to be less than 80% of the total in-city projected peak demand, as determined by the such NYISO or successor entity, for the summer of 2008 . . . .

C. If, by June 1, 2006, the Power Authority provides notice to all parties enclosing a written determination from the NYISO finding that closure of the Existing Poletti Facility on February 1, 2008 will cause the aggregate in-City electrical generating capacity (exclusive of the Existing Poletti Facility) to be less than 80% of the total in-city projected peak demand, as

determined by the NYISO or any successor entity, for the summer of 2008 . . . , then the Power Authority's obligation pursuant to subparagraph A to cease operation of the Existing Poletti Facility shall be deferred until February 1, 2009.

The retirement of the Existing Poletti Facility would cause the in-City electrical generating capacity to fall to 76.1 percent of the aggregate in-City peak demand for the summer of 2008. The NYISO calculated this number based upon Table 7.3.1 of the Reliability Needs Assessment ("RNA") which was issued as part of the Comprehensive Reliability Planning Process ("CRPP") contained in the NYISO's Open Access Transmission Tariff ("OATT"), subtracting in-City Special Case Resources,<sup>1</sup> and adjusting for the additional 165 MW of load growth that is reflected in the 2006 NYISO Load and Capacity Data Report (see attached table).

Should you have any questions, please do not hesitate to contact me at (518) 356-6129 or by e-mail at [mcalimano@nyiso.com](mailto:mcalimano@nyiso.com).

Very truly yours,



Michael Calimano  
Vice President  
Operations and Reliability

cc: Active Party List in New York State Sitting Board Case 99-F-1627

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<sup>1</sup> The unadjusted RNA figure of 79.5 percent in Table 7.3.1 included "Special Case Resources," which are not considered installed electrical generating capacity.