

July 1, 2019

Dear Mayor Casale and Beacon City Councilors,

Danskammer Energy is writing this letter in response to the resolution opposing the proposed repowering of the Danskammer facility in the town of Newburgh that is before the Beacon City Council for a vote on July 1, 2019. After reading the resolution it has become apparent that the Council may be lacking some of the facts about the project. Much of the information contained in the resolution before you is misleading, whether intentional or not, and seems to be based on talking points from opposition groups working to undermine a project that would ultimately benefit the entire region. For instance, to claim that the region received a D rating from the American Lung Association because of the Danskammer facility is a misrepresentation of the facts. That rating was given when Danskammer was a coal-fired facility and to compare a 1950s coal fired facility which is a far cry from a 2020 natural gas facility when it comes to air quality.

As a natural gas customer, like most people in the region, Danskammer does not frack and we don't decide where our gas comes from. Roughly 90% of the natural gas used in New York and the U.S. is fracked. We purchase our gas from Central Hudson utility – just like the homes and businesses in Orange County. So, the gas used to heat and electrify homes is the same gas we use. Central Hudson purchases gas from production sources based on price and availability and it is then sent to the utility via gas pipeline. We are simply a customer of Central Hudson. The United State is currently very dependent on natural gas, which is domestically produced, and it has helped to significantly reduce our reliance on coal and oil, both of which are much dirtier.

When Indian Point goes down, the state will need additional energy sources to keep people's lights on. Indian Point provides about 2,200 megawatts of power to NY. Two new plants are open/under construction in the lower Hudson valley: CPV and Cricket Valley. Together these will supply about 1500-1700 megawatts of power to the region. Danskammer's existing facility is 511 megawatts. When it is shut down and the new facility is turned on it would be able to go up to 600 megawatts. That would supply the needed additional power, as well as continue to fill in the gaps we do now on the hottest of hot and the coldest of cold days.

The state has just set ambitious new renewable goals, but it will take NY a while to get there. Currently, there are no wind projects under construction in the state and there isn't sufficient transmission to get the wind from rural upstate, where there is room to build it, to the downstate area, where most of the population sits. Once those renewable projects and transmission are built, Danskammer will be used less and go back to being a peaker plant. In the interim, the state needs a "bridge" to the future when renewables make up a larger portion of energy production statewide.

We would like to emphasize that Danskammer will be run as more of a baseload facility when Indian Point closes, whether we build a cleaner and more advanced plant or keep the existing one running. The new plant will offer a number of efficiencies and improvements through this

modernization. Right now, we use Hudson River water to cool our facility and then put it back in the Hudson much warmer. We would no longer need to do this with the new, air-cooled facility, so it's better for the river and all its aquatic life. Also, right now we take 11 hours to start up if the state calls on us to run. We are emitting the entire time we are powering up before we have even created one electron of energy for the grid. Our new facility would start up in minutes and be able to support the grid in a more reliable way – especially when unpredictable renewables (wind stops blowing, sun stops shining) stop working.

Danskammer believes in climate change and in making responsible choices to combat the issue. However, as unfortunate as it is, there is not enough wind and solar in New York to replace the existing energy infrastructure. We would also like to add battery power and solar on site to further support the renewable grid as it is developed.

Lastly, there is much Danskammer is still in the midst of studying about the project – noise, traffic, water and air impacts, etc. Once these studies are complete they will be submitted to the state for review as part of our application. At that time we would be happy to return and share that information with the Council and answer any additional questions you may have. But we would also request that the Council wait until that information is available so that an informed decision can be made about the Danskammer project. The project should be reviewed by all government bodies on its merits anything short of that would be irresponsible.

We appreciate your time and consideration in this matter. We look forward to speaking with you more in the future.

Sincerely,

Michelle Hook

VP of Public Affairs, Danskammer Energy