

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

CASE 03-E-0188 – Proceeding on a Motion of the Commission Regarding
A Retail Renewable Portfolio Standard

BRIEF ON EXCEPTIONS ON BEHALF OF
NRG ENERGY, INC.

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NRG Energy, Inc., (“NRG”) submits this brief on exceptions in connection with a 10-MW biomass co-firing system (“co-firing system”) at NRG’s Dunkirk Steam Station, and in respect to the language at page 23 of the Recommended Decision that “only new resources developed after January 1, 2003, will be eligible for the RPS.” For reasons discussed below, this language should be clarified to provide eligibility either to (a) all resources that became *fully operational*, and went into service, after January 1, 2003, or, in the least, to (b) research and development (“R&D”) projects that became *fully operational* and went into service after January 1, 2003.

The Niagara Mohawk Power Corporation commenced pre-commercial construction of the co-firing system at the Dunkirk facility sometime prior to the 1999 sale of the Dunkirk facility to NRG. The co-firing facility was an R&D project partially funded by grants from the New York State Energy Research and Development Authority (NYSERDA) and the Department of Energy, and undertaken in conjunction with the State University of New York College of Environmental Science and Forestry, which has been developing an experimental willow farm for the production of biomass fuel [*see <http://www.esf.edu/willow/>*]. Although the co-firing system has been test-fired, it has never been connected to the system or fully operational, and is still in need of significant additional capital investment. Additionally, air permits have not as yet been applied for nor obtained. Finally, even though a considerable portion of the capital and R&D costs associated with the project have already been expended, over the near-term the system will likely have considerably higher O & M costs than would a coal-only system. Hence, absent eligibility for the RPS program, the Dunkirk co-firing system will probably be mothballed, and the station will operate as a coal-only facility.

NRG believes that the Commission should clarify that the term “developed” used in connection with the timing for RPS eligibility means that the development of the particular resource was complete through permitting and operational testing as of January 1, 2003, and that the resource was engaged in, or at least available for, commercial service as of that date. At the very least, the Commission should clarify that this is the rule in connection with R&D projects that remained non-operational as of January 1, 2003. Obviously, R&D projects have much longer lead times than projects utilizing established technologies. Surely it would be counter-productive and a waste of public resources to exclude proto-types of experimental renewable technologies such as the Dunkirk co-firing system from participation in the RPS program.

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Respectfully Submitted,

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