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NEWS RELEASE: For immediate release

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After careful consideration and review of the Existing Plant Study and the Power Plant Feasibility Study, the BPU Capital Projects and Finance Committee recommends that the Board pursue the development of a new multi-fueled, Circulating Fluidized Bed (CFB) power generation plant.

The feasibility study included an economic and viability analysis of nine different scenarios. Eight of these scenarios have a 20-year projected net present value cost difference within five percent. The decision to recommend the new CFB plant comes from three factors. First, for equal costs, the BPU prefers to have the capability to generate power within the BPU service territory. Second, continued substantial investment into an aging plant (major components are between 37 and 54 years old) does not promise a good return for BPU customers. Third, as the BPU already has the capability to generate electricity from natural gas utilizing its new turbine, another gas-fired power generation unit would not give diversity to BPU customers and find the utility relying on an extremely volatile natural gas market.

The recommendation of this committee is to request the board move forward in two areas. One is the undertaking of some pollution control capital projects for the existing plant that are cost effective in the near term and these should be implemented shortly. This committee also requests the commissioning of a site selection and fuel feasibility study for a CFB plant in the very near future. This will continue the due diligence development of the new power plant.

The Committee feels that a new CFB power plant will provide a positive economic impact to our community through job creation and retention, continued tax equivalency payments to the city and the school system, and some of the lowest electric rates in the nation. It will also protect BPU customers from the volatility of the electric grid supply system, open market electricity purchase costs, and natural gas costs, while meeting increasing environmental regulations.