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STATE OF NEW YORK DEPARTMENT OF PUBLIC SERVICE

BOARD ON ELECTRIC GENERATION SITING AND THE ENVIRONMENT

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JANET HAND DEIXLER

Secretary

* for applications filed after 12/1/99

September 7, 2000

Susan Steinberg
President
East River Environmental Coalition
P.O. Box 1619 – Peter Stuyvesant Station
New York, New York 10009

Re: Case 99-F-1314 – Consolidated Edison Company of New York, Inc. – East River
Repowering Project

Dear Ms. Steinberg:

This is in response to your letter dated June 27, 2000, requesting party status in the captioned proceeding.

The Chairman of the Siting Board has found that the application complied with the filing requirements of Public Service Law, §164(1), but required additional information in certain areas. Enclosed for your convenience is the Chairman's July 31, 2000 letter to Con Edison.

Your letter has been provided to the Presiding Examiners; I understand they have included you on the active party list. You will also be added to the official service list for documents issued in this proceeding by the Examiners, the Department of Public Service and the Siting Board.

Very truly yours,

A handwritten signature in cursive script that reads 'Janet Hand Deixler'.

Janet Hand Deixler
Secretary

Enclosure

EREC East River Environmental Coalition

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June 27, 2000

The Honorable Janet H. Deixler
Secretary
New York State Department of
Public Service
Three Empire State Plaza
Albany, New York, 12223-1350

**Re: Case No.99-F-1314: Consolidated Edison Company of New York, Inc.
East River Repowering Project:
East River Environmental Coalition – Notice of Intent to Become a Party
Opposition to Request for Determination of Application's Completeness**

Dear Secretary Deixler:

On May 31, 2000, Consolidated Edison Company of New York (Con Edison) filed an application for a Certificate of Environmental Compatibility and Public Need for its East River Repowering Project in Case No 99-F-1314, pursuant to Section 164 of the New York State Public Service Law (the "Application"). Pursuant to PSL § 166(j), this letter constitutes notice of intent of East River Environmental Coalition (EREC) to become a party in Case No. 99-F-1314. EREC is a non-profit association formed to protect personal health and the environment, and promote conservation and natural beauty. EREC consists of members residing in the communities that surround the East River Facility, the subject of Case No. 99-F-1314, namely: Haven Plaza, Village East Towers, Campos Plaza, Jacob Riis Houses, Stuyvesant Town/Peter Cooper Village, 12th Street Block Association, 14BC Apartment Corp. (626-636 E. 14 St) and various co-ops and community organizations such as Good Old Lower East Side (GOLES), Cooper Square, CODA, tenants and private housing tenements from Houston St. to 20th St and from FDR Drive to Second Ave.

Separately, this letter is also to oppose Con Edison's request that the Chairman of the Public Service Commission, pursuant to PSL § 165.1., determine that the Application complies with the requirements of PSL § 164. By this letter, EREC requests that the Chairman of the Public Service Commission reject Con Edison's application as incomplete because of its failure to fulfill the requirements under § 164. As further described below, Con Edison has failed to adequately evaluate alternatives to the proposed project as required by PSL § 164 (b) and its studies fail to assess the full nature of environmental impacts of its proposed project as required by PSL § 164(c).

I. The Application Fails to Adequately Evaluate All Reasonable Alternatives to Proposed Project

Under PSL § 164, the Application should have provided a description of the "comparative advantages and disadvantages" of each alternative location. Specifically, 16 NYCRR § 1001(2) (a) required the Application to provide a "description and evaluation including an environmental comparison of reasonable alternatives to the proposed facility . . . in sufficient detail to permit the [Siting] Board" to make findings required by PSL § 168(2)(c) and (e) that the facility minimizes adverse environmental impacts, as compared to all alternatives. Con Edison failed to meet these requirements because the application, as discussed described below, i) excluded reasonable alternatives based on an arbitrarily expanded

definition of the project requirements, ii) fails to examine all alternative locations, iii) fails to examine system wide-modifications to achieve the project's energy requirements.

i) Exclusion of Reasonable Alternatives Based on Arbitrary Definition of the Project Requirements

The technical requirements Con Edison used in its evaluation of alternatives was the production of 3,000,000 pounds per hour (lb/hour) of steam. (See Application, Pg. 4-1). Based on this steam requirement, Con Edison concluded that 60,000 square feet of floor area was needed to accommodate the generators necessary to meet such steam generation capacity. (See Application, Pg. 4-1). The Application states that the primary basis for its application is to replace the steam generation currently produced at its Waterside Station and that the production of electricity product is merely a byproduct. (See Application, Pgs. 1-1, 1-4.) However, the Application notes that the Waterside Station has an installed steam capacity of 2.350 million lb/hr (See Application, Table 2-1) and that the demand-side steam capacity that is needed to replace the Waterside Station is 2 million lb/hr (See Application, Pg. 4-9). Moreover, Con Edison concedes that such demand side steam capacity could be reduced by as much as 20 percent. (See Application, Pg. 4-9).

The repowering project's 33 percent increase over the current demand side capacity for steam at the Waterside Plant limited other reasonable alternatives that should have been studied by Con Edison. Specifically, Con Edison's excessively larger steam capacity for the project translated into a larger floor area for generation equipment and, consequently, resulted in the summary rejection of alternative locations for the repowering project. For example, the 74th Street Station was determined to have 48,000 available square feet for the project design and the 59 Street Station was determined not to have sufficient space for the temporary needs of equipment laydown. (See Application, Pg. 4-2 through 4-3) Con Edison's failure to examine alternative locations to its proposed project that could accommodate alternative steam capacity requirements such as for the displaced 2 million lb/hr of demand-side capacity at the Waterside Station renders the application incomplete for failing to examine reasonable alternatives.

ii) Con Edison's Failure to Examine All Alternative Locations

The Application identifies certain of Con Edison's stations as alternatives to the proposed location. However, it failed to examine three other stations that are part of its Manhattan steam system currently owned by it: the Waterside, Ravenswood and East River Stations.

One significant reasonable alternative that Con Edison excluded from its consideration is the modification of existing equipment at the East River Station, in combination with additional equipment, to meet in whole or part, the steam production that is proposed to be displaced by the closure of the Waterside Facility. The East River Station consists of antiquated equipment, such as boilers that are approximately 30 years old and operates as a dual fuel facility of gas and diesel fuel. Consequently, the environmental impact, in particularly the emission of air pollutants, associated with the existing steam production at the plant are significantly worse than the state-of-art equipment that is proposed in the Application. The addition of such generation equipment will add impacts to the existing impacts at the plant. Specifically, the total air pollution emitted at the plant will increase.

Without Con Edison's examination of modifications to the existing equipment at the East River Station, particularly the generation equipment, in combination with the addition of equipment to achieve the steam production goal of the project, the Application would fail to meet its obligation under PSL § 164 and 16 NYCRR § 1001(2)(a) to provide detailed environmental information to enable the siting board to make a judgment on an alternative that minimizes environmental impacts. Most importantly, such absence would result in the record being devoid of the only alternative that could ameliorate the increase in air pollutants from the proposed project.

Con Edison also refused to analyze the continued use and modifications to its Waterside Station. Con Edison erroneously concludes that, merely because the PSC has authorized the conduct of an auction of the Waterside Property (See Application, Pg. 4-1 and Appendix J), it is relieved of the responsibility to examine continued use of the plant to meet steam demand. The PSC order merely permits the conduct of an auction by Con Edison, however, the authority to decommission such and sell the property is dependent on a certificate in this proceeding to permit it to produce the displaced steam at another

location and a successful divestiture petition under PSL § 70. (As acknowledged by Con Edison in the Application – See Application, Pg. 1-2.). Such prospective actions do not relieve Con Edison from its responsibility under PSL § 164 to include in the Application all reasonable alternatives to the proposed project. Clearly the evaluation of all facilities currently owned by Con Edison within its Manhattan steam system is reasonable in order to assess alternates that meet steam demand in a manner that is cost-efficient and which minimizes environmentally impacts. It should be noted that Con Edison concedes the possibility of continue operation at the Waterside Station if it is not successful in this proceeding. (See Application, Pg. 4-10.)

- iii) Con Edison's failure to examine system wide-modifications to achieve the project's energy requirements.

Con Edison also failed to examine the possibility of meeting the steam demand that would be displaced by the closure of the Waterside Station through modifications to multiple facilities that are part of its Manhattan steam system (i.e., East River, East 74th Street, East 60th Street, West 59th Street, Hudson Avenue, Ravenswood and Waterside plants). Con Edison's analysis of alternatives is limited to wholly siting equipment at one of its other plants. (See Application, Section 4.) Con Edison failed to evaluate the potential for modifications at more than one of its plants.

Con Edison should evaluate modifications of the plants on a system-wide basis. Essentially, this analysis would consist of physical modifications to multiple plants that are part of its steam system to meet the steam demand that would be displaced by the closure of the Waterside Station (approximately 2 million lb/hr of steam). Moreover, as noted above, this analysis should not be limited by the steam capacity goal of 3 million lb/hr, but should begin with meeting the 2 million lb/hr of steam displaced by the proposed closure of the Waterside Station. Because of Con Edison's ownership of these plants and knowledge of their equipment, it is in the best position to conduct such studies. This multiple station analysis should also include an analysis of a reduction of steam demand due to demand side management measures and renewable distributed generation, as noted in on Pg. 4-9 of the Application.

II. The Scope of Studies in the Application Fails to Meet the Requirements of PSL § 164 and 16 NYCRR § 1001.3

Article X regulations require Con Edison to perform studies to evaluate "the potential significant adverse impacts on the environment, public health and safety, at a level of detail that reflects the severity of the impacts and the reasonable likelihood of their occurrence." 6 NYCRR § 1001.3(b)(1). In performing such evaluation, Con Edison must evaluate "short-term and long-term effects" and "any adverse impact on the environment, public health and safety that cannot be avoided should the proposed facility be constructed." 6 NYCRR § 1001.3(b)(2). Moreover, the Siting Board can issue a certificate for the project only if it finds that sufficient information has been presented which includes "the cumulative effect of air emissions from existing facilities and the potential for significant deterioration in local air quality" and the selected facility "minimizes adverse environmental impacts" and "is compatible with public health and safety." PSL § 168(2)

Although Con Edison states in the Application that the "Project will have . . . minimal impact on the immediately surrounding community,(See Application, Pg. 1-5)" it did not conduct studies to support such representation. As noted earlier in this letter, the steam capacity for the proposed project is significantly larger than necessary to accommodate the proposed displacement due to the closure of the Waterside Station. The excess capacity will be used to displace capacity at other plants in its steam system (i.e., its 59th Street Station) and bring about an improvement in air quality to communities adjacent to such plants associated with reduced use of oil-fired generation at those plants. (See Application, Pg. 2-7.). Based on the reduced air emission at other plants and proposed closure of the Waterside Station, Con Edison asserts that the net increase of air pollutants at the East River Station in combination with such reduced air emissions would be a net benefit. However, absent from the Application is any analysis that quantifies or assesses the consequence of the increase in air emissions at the East River Station on the communities adjacent to such.

EREC had proposed that Con Edison's scope of studies in its Application, particularly as they relate to air quality, comprehensively assess the totality of impacts from the proposed project. Specifically, EREC proposed that: i) air dispersion modeling be expanded to scrutinize localized air quality impacts, ii) health impacts of air pollutant emissions be analyzed with an emphasis on fine particulates, cumulative impacts of all air pollutants, and environmental justice; and iii) include air pollutants from all pending projects which Con Edison has a financial interest, including the prospective project in Greenpoint that is being developed by Con Edison in partnership with Keyspan Energy, in air quality analyses. Con Edison rejected all of EREC's proposals and its Application is devoid of such analysis.

Con Edison environmental analyses, in particular the analyses of air resources impacts (See Application, Pgs. 6-8 through 6-21), are limited to providing the information to secure permits or regulatory approval for components of the project. EREC believes that Article X and its regulations, which are intended to require environmental analysis at least equivalent to that conducted pursuant to State Environmental Quality Review Act, clearly require Con Edison to conduct an analysis of the totality of impacts, particularly the impacts on local communities as requested by EREC.

The failure to conduct analysis of the impacts to the local community of its proposed project is particularly egregious because, while the proposed project will increase air emissions at the plant, Con Edison arbitrarily limited examination of alternatives to reduce such impacts. As noted earlier, Con Edison's examination of alternatives was limited by an excessive steam capacity requirement, and among other alternatives, the failure to include modifications to the existing equipment at the East River Plant. The failure for Con Edison to fully examine all reasonable alternatives, in particularly modifications to the East River Plant, that would reduce or eliminate the increased emissions from its proposed project, renders its application incomplete and would prevent the Siting Board from make findings required by PSL § 168(2)(c) and (e) that the facility minimizes adverse environmental impacts, as compared to all other reasonable alternatives.

III. The Application Fails to Include Impacts of Interconnection

In addition to the incomplete and narrow scope of environmental studies in the Application for the proposed expansion at the East River Station, as discussed above, Con Edison failed to analyze any environmental impacts associated with the interconnection. The limited discussion of the interconnections component of the project is the discussion of alternatives and routes for the gas, electric, steam and water interconnections. (See Application, Pg. 3-30 through 3-32.)

Article X clearly provides that the environmental impacts of interconnection are required to be analyzed by Con Edison and considered by the Siting Board in its evaluation of the best option to minimize environmental impacts. A certificate issued under the authority of Article X of the Public Service Law clearly encompasses interconnection lines. (See PSL §§ 160(2) and 160(6). Therefore, environmental studies required in applications must include the impacts of the interconnection lines. (See 16 NYCRR §1001.3). Nothing in PSL Article X or its implementing regulations permit Con Edison to exclude the analysis of the environmental impacts of interconnection lines.

During discussions subsequent to Con Edison's filing of its Pre-Application, EREC requested that Con Edison not only evaluate the totality of impacts from the proposed expansion at the East River Facility, but also from all interconnections that are part of the project. The construction related impacts of the interconnection, such as traffic disruption, safety concerns, and business displacement, could be significant. Specifically, during pre-application discussions, EREC had proposed that Con Edison analyze the interconnections impacts on: i) all existing and pending recreational areas (e.g., Stuyvesant Cove Park), and ii) traffic and parking (including the increased parking demands associated with the project and reduced parking capacity due to the closure of its parking facilities at East 15th Street). Separately, EREC requested Con Edison to conduct socioeconomic analysis that includes all potential negative impacts to residents and businesses due to the construction and operation of the proposed project. In addition, in order to assist in the accurate conduct of these analyses and to identify acceptable mitigation measures, EREC requested a consulting role for all residents and business in the conduct of these studies.

Rather than provide the PSC and the Siting Board information regarding the impacts of the interconnections, Con Edison simply requests that the Siting Board authorize the issuance of permits by New York City's agencies for the construction and operation of proposed project, pursuant to authority

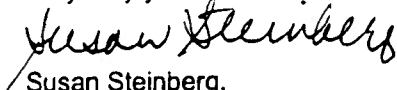
under PSL § 172.1. Regardless of the Siting Board's ultimate decision on such request, such request does not obviate the obligation of Con Edison under PSL § 164 and 16 1001.3 to analyze the environmental impacts of interconnections.

EREC believes that the Siting Board must be able to evaluate all impacts associated with interconnections routes alternatives for it to be able to assess the total impact of the proposed project, and all other alternatives (including alternative routes), for it to select an alternative that minimizes environmental impacts. EREC believes that Con Edison must conduct a comprehensive examination of the impacts of the project that includes construction related impacts noted above for both the proposed expansion at the East River Facility and all interconnections. The absence of such information renders the Application incomplete.

IV. EREC Requests the Chairman to Reject the Application with Instructions for Completing the Application.

For the reasons noted above, EREC requests the Chairman of the Public Service Commission to reject Con Edison's Application and deny Con Edison's request that he make a finding of completeness under PSL § 165. Moreover, EREC requests the Chairman to reject the application with specific instructions to complete the Application. EREC offers to participate in discussions with the Chairman, Staff of the Public Service Commission and the Departments of Public Service and Environmental Conservation and Con Edison to establish such instructions.

Very truly yours,



Susan Steinberg,
President, EREC

cc: Eugene. R. McGrath, Chairman, President and Chief Executive Officer, Con Edison
Assembly Speaker Sheldon Silver
New York State Senator Roy Goodman
New York State Senator Tom Duane
New York State Senator Martin Connor
New York State Assembly Member Deborah Glick
New York State Assembly Member Steven Sanders
City Council Member Margarita López
City Council Member Kathryn E. Freed
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Congresswoman Nydia Velázquez
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JANET HAND DEIXLER
Secretary

* for applications filed after 12/1/99

July 31, 2000

Jeffrey L. Riback, Esq.
Consolidated Edison Company
of New York, Inc.
4 Irving Place - Room 1820
New York, New York 10003

Mr. Constantine Sanoulis
Consolidated Edison Company
of New York, Inc.
4 Irving Place - Room 1238
New York, New York 10003

Re: Case 99-F-1314 - Application of Consolidated Edison
Company of New York, Inc. for a Certificate of
Environmental Compatibility and Public Need to Repower
its East River Generating Station Located in the
Borough of Manhattan, New York City.

Dear Messrs. Riback and Sanoulis:

I write as Chairman of the New York State Board on
Electric Generation Siting and the Environment (Siting Board) to
advise you, pursuant to Public Service Law (PSL) §165(1), that
the Article X application filed by Consolidated Edison Company
of New York, Inc., on June 1, 2000, complies with PSL §164(1).¹
As such, I am fixing August 22, 2000 as the date for the

The supplement of July 14, 2000 contained needed information
concerning a non-criteria contaminant emission modeling
analysis and health risk evaluation. Although late submittals
should be avoided, I understand that the State Department of
Health has been able to review it and is satisfied with the
sufficiency of the information.

Jeffrey L. Riback
Constantine Sanoulis

July 31, 2000

commencement of a public hearing, which is subject to modification by the presiding and associate examiners.

Although the application contains all information required by PSL \$164, I am authorized by PSL \$165(1) to require additional information when such is needed to supplement an application. In order to facilitate review of the filing, please provide the following:

1. An analysis of the potential impacts upon groundwater aquifers, aquifer recharge, water tables and area wells, to be submitted by August 15, 2000.
2. An identification of what specific upstream gas capacity will be available and is being considered to support the non-interruptible gas requirements of the project, to be submitted by August 15, 2000.
3. An estimate of secondary employment and economic activity likely to be generated by construction. The analysis shall provide the basis of economic multipliers and other assumptions used (see Stipulation No. 10-Socioeconomics, clause c). All of which shall be submitted by August 15, 2000.
4. An estimate of non-payroll expenditures likely to be made during a typical year of operations (see Stipulation No. 10-Socioeconomics, clause e), which shall be submitted by August 15, 2000.

The additional information, which should be filed as a supplement to the application, must be served on the parties by August 15, 2000.

Sincerely,



MAUREEN O. HELMER
Chairman

cc: Service List