

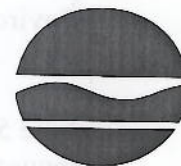
New York State Department of Environmental Conservation

Division of Environmental Permits, 4th Floor

625 Broadway, Albany, New York 12233-1750

Phone: (518) 402-9167 • FAX: (518) 402-9168

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Alexander B. Grannis
Commissioner

May 3, 2010

Jeff Ahrens
Cricket Valley Energy Center, LLC
31 Milk Street, Suite 1001
Boston, Massachusetts 02109

RE: Notice of Positive Declaration and Public Scoping

Dear Mr. Ahrens:

Pursuant to 6 NYCRR Part 617 (State Environmental Quality Review), the New York State Department of Environmental Conservation ("Department") has been appointed to serve as lead agency for the coordinated environmental review of the Cricket Valley Energy Center proposed by Cricket Valley Energy Center, LLC ("Cricket Valley Energy") (*Commissioner's Determination of Lead Agency, Cricket Valley Energy Center, April 12, 2010*). As lead agency, the Department is initiating the coordinated environmental review for the project by issuing a Notice of Positive Declaration and Public Scoping.

With regard to the positive declaration, the Department, in accordance with § 617.7(c), has determined that the Cricket Valley Energy Center "may have a significant adverse impact on the environment". A copy of the positive declaration is enclosed with this letter and it addresses the impacts the Department believes may be significant. As required by § 617.7, the Department, having determined that there are more than one potential adverse impact, must prepare, or have Cricket Valley Energy prepare, a draft environmental impact statement ("DEIS").

As part of the development of the DEIS, the Department, given the number or potential impacts and the likelihood of significant public interest in the project, has determined that pursuant to § 617.8, scoping of the DEIS is required. The purpose of scoping "are to focus the EIS on potentially significant adverse impacts and to eliminate consideration of those impacts that are irrelevant or nonsignificant" (See § 617.8(a)). Enclosed you will find a copy of a draft Scoping Document that attempts to focus the DEIS on the issues identified in the positive declaration.

As you are aware, an important component of the scoping process is the participation of the public in commenting on the potential environmental issues and what information should be included in the DEIS. As such, the Department, on May 5, 2010 will commence a written

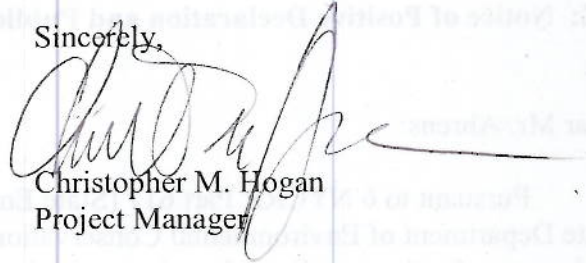
public comment period on the draft scoping document by publishing a notice in the Environmental Notice Bulletin. The comment period will close on June 18, 2010.

In addition, the Department will also hold two public hearings in the Town of Dover on June 5 and June 9, 2010 to accept oral comments on the Scoping Document. The Department requests that Cricket Valley Energy have the enclosed notice titled Public Scoping Hearing Sessions published in the official newspaper for the Town of Dover. As discussed previously, Cricket Valley Energy is responsible for securing the Dover Middle School auditorium for those dates and it should also make arrangements to have a stenographer at the hearing to record the public comments.

Cricket Valley Energy should also make the draft scoping document and the positive declaration available for public review at the repository locations indicated in the scoping notice. The Scoping Document should also be on the Cricket Valley Energy Center web site listed in the notice. Cricket Valley may also distribute the notice by mail or electronically to any parties that have previously expressed interest in the project during your public outreach sessions.

Please contact me if you have any questions regarding any of the enclosed documents or the above directions.

Sincerely,



Christopher M. Hogan
Project Manager

Enc.

- cc: File
Supervisor Courtien
Town Board Members
A. Aiello, NYSDOT Region 8
Poughkeepsie Dutchess County Transportation Council
J. Napoli, Dutchess County Department of Health
R. Pierpont, NYSOPRHP
S. Gianazza, Esq.
J. Austin, NYSDPS
L. Wilkinson, OGC
W. Janeway, Region 3

State Environmental Quality Review
POSITIVE DECLARATION
Notice of Intent to Prepare a Draft EIS
Determination of Significance

Project Number 3-1326-00275

Date May 3, 2010

This notice is issued pursuant to Part 617 of the implementing regulations pertaining to Article 8 (State Environmental Quality Review Act) of the Environmental Conservation Law.

The NYS Department of Environmental Conservation as lead agency, has determined that the proposed action described below may have a significant impact on the environment and that a Draft Environmental Impact Statement will be prepared.

Name of Action:

Cricket Valley Energy Center, LLC

SEQR Status: Type 1
Unlisted

Scoping: No Yes If yes, indicate how scoping will be conducted:

A Notice of Scoping will be issued to allow for the submission of written comments on the draft scope. Also, a public scoping hearing will be held within the Town of Dover to allow for oral public comment.

Description of Action:

Construct and operate a 1000 MW natural gas fired combined cycle electric energy facility.

Location: (Include street address and the name of the municipality/county. A location map of appropriate scale is also recommended.)

Town of Dover, Dutchess County. East of the junction of Dover Furnace Road and SR 22.

Reasons Supporting This Determination:

See attached.

For Further Information:

Contact Person: Christopher M. Hogan, Project Manager, Division of Environmental Permits

Address: NYS Dept. of Environmental Conservation, 625 Broadway, Albany, NY 12233

Telephone Number: (518) 402- 9151

A copy of this notice must be sent to:

Department of Environmental Conservation, 50 Wolf Road, Albany, New York 12233-1750

Chief Executive Officer, Town/City/Village of Dover

Any person requesting a copy

All Involved agencies

Applicant (If any)

Environmental Notice Bulletin, Room 538, 50 Wolf Road, Albany, NY 12233-1750

Cricket Valley Energy Center, LLC
Positive Declaration – Attachment
May 3, 2010

Project Description:

The proposed action involves an application by CVE to construct and operate an electric generating facility on an approximately 131-acre parcel of land in the Town of Dover, Dutchess County. The project would involve the following:

- construction of the above-described electric generating facility, consisting of three separate combined-cycle units (one combustion steam turbine generator, one heat recovery steam generator and one steam turbine generator) and including 3 exhaust stacks estimated to be 282.5 feet in height, on a 30-acre footprint within a 131-acre parcel controlled by the applicant;
- interconnection with a Consolidated Edison (ConEd) 345 kV transmission line abutting the north property line of the project site;
- connection to the existing Iroquois Gas Transmission Company interstate natural gas pipeline on the north side of the property, for fuel supply via a short lateral line (<500 feet in length); and
- related operations support equipment including associated Air Cooled Condensers and additional Balance of Plant equipment and systems, storage tanks, pumps and compressors.

The project would also involve:

- use of on-site, bedrock water wells (approximately 600 – 800 feet in depth) to meet water needs; and,
- demolition of existing unusable, vacant and partially collapsed industrial buildings on the site, clearing and grading to prepare the site for facility construction, and constructing roads, parking and other support appurtenances.

Potential Environmental Impacts

The Environmental Assessment Form prepared for the proposed project identified project characteristics to allow for an assessment of where impacts would potentially occur. The following narrative reviews each of the categories considered and provides discussion of where impact potential will be further considered.

Impact on Land – The project is proposed within a portion of the site that has been previously developed and has a history of industrial use. Issues associated with redevelopment of an existing industrial site, such as demolition and clean-up, will need to be considered. In addition, the extent to which cut and fill would change site character or have implications to material demand or disposal will also be described.

Impact on Water – No work is proposed immediately proximate to the Swamp River or wetlands west of the railroad track that traverses the site. The extent of wetland impact east of the railroad track (i.e., the site development area), a demonstration that the impact is unavoidable, and its implications to wetland functional value will need to be addressed. As currently proposed the project will directly impact .1 acres of state protected wetlands. The project will also have potential indirect impacts on the wetland as a result of development in the 100-foot adjacent area and additional upland area. The project sponsor will need to minimize the wetland impacts to the maximum extent practicable

The proposed use of on-site groundwater wells will require documentation to confirm that the water resource can serve the project without significant impact to other water resources or users. No process wastewater discharge is proposed; sanitary wastewater will be discharged to an onsite septic system and leach field. A description of the proposed wastewater zero liquid discharge system treatment scenarios and inputs, chemical and lubrication oil storage, and potential changes to storm water drainage flow patterns will need to be considered.

Impact on Air – The project will result in a new stationary source of air pollutants that will need to be reviewed to determine compliance with federal and state air quality programs and policies. Although increased traffic with the potential to cause emissions will occur during construction, operational traffic will be very limited. No increase in industrial land in the community will occur as a result of this project, as this industrially zoned property has historically been in industrial use.

Impact on Plants and Animals – The project is proposed predominantly on property that has been in industrial use for many years. However, portions of the site that are not proposed for development include wetlands and other potential habitat areas. The project should consider the potential for direct or indirect effects to federal or state listed species. The extent to which significant wildlife habitat would change or substantial threat could occur to non-listed species should also be considered.

Impact on Agricultural Lands – The project will not impact agricultural lands.

Impact on Aesthetic Resources – The project will replace existing buildings and stacks with new industrial buildings and taller stacks. The potential visual impact and visual change should be assessed, along with a determination as to whether the project would be visible to users of visually sensitive public resources or eliminate scenic views.

Impact on Historic and Archaeological Resources – Given the developed nature of the project development area, significant impact to historic or archaeological resources is not anticipated. However, the project should confirm the need for studies with the Office of Parks, Recreation and Historic Preservation (OPRHP) and consider whether any nearby historic resources would experience visual impact due to the project.

Impact on Open Space and Recreation – The project is proposed in an industrially zoned area of the Town of Dover on a site that has been in industrial use for many years. No significant impact

to open space or recreation is anticipated, beyond those considerations associated with potential visual affect.

Impact on Critical Environmental Areas – The site includes two Critical Environmental Areas (CEA) designated by the State. The Mica Products CEA, within which the project is proposed, was designed to focus on the need for site cleanup associated with long-term industrial activities. Recognized environmental conditions at the site should be identified, and the extent to which site restoration will occur should be addressed. The portion of the site west of the Metro North rail line is included in the Swamp River CEA. No project activities are proposed in this portion of the site. Measures to prevent direct or indirect impact to this area should be considered.

Impact on Transportation – The project will generate new traffic on the local network, particularly during the three-year construction period. Intersections surrounding the project site and proposed construction worker parking and laydown areas should be evaluated to determine the extent to which operational levels of service would be affected by project-related trips. There is also the potential for cumulative traffic impacts from other projects proposed in the Town of Dover, including the Knolls of Dover. The cumulative impacts will be assessed to determine if they are significant and if mitigation is required.

Impact on Energy – The project proposes a new source of electricity generation that will utilize combined cycle technology firing natural gas to respond to the region's energy needs.

Noise and Odor Impact – The project would result in a new source of noise that should be evaluated to determine compliance with state and local standards. No odor is anticipated from the proposed project.

Impact on Public Health – Public health, safety and welfare will need to be addressed through consideration of the project's air emissions. In addition, the project should describe other safety measures to be used to protect workers and the public.

Impact on Growth and Character of Community or Neighborhood – The project is proposed on an industrial site where industrial uses have occurred for many years, and is not anticipated to significantly change the site character. However, implications of the project with regard to local zoning and other requirements; surrounding land use; community services and facilities such as police, fire, highway maintenance, schools and recreation; local infrastructure; fiscal impact; and socioeconomic effects should be considered.