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American Clean Skies Foundation Unveils Potomac River Green Project

Real estate development plan to transform site of coal-fired Potomac River Generating Station in Alexandria, VA

Project to create 2,200 hundred jobs, replace old and polluting coal power plant with environmentally friendly homes, offices, hotels and museum, reconnect Alexandria with the Potomac River waterfront

Washington, D.C., August 10, 2011 – The American Clean Skies Foundation (ACSF), a Washington D.C. nonprofit, released a \$450 million plan today for transforming the waterfront site of the coal-fired Potomac River Generating Station (PRGS) on the north end of Alexandria, VA into an environmentally friendly mixed-use community.

The real estate development plan, dubbed "Potomac River Green," was initiated by Gregory C. Staple, ACSF's Chief Executive, and reflects the year-long involvement of a team of architects, urban planners, financial advisers and utility consultants as well as extensive consultations with leading real estate developers, community, business and environmental groups.

"The Potomac power plant is no longer required to meet the D.C. area's electricity needs and pollution from the plant has long posed a local health hazard," Staple said. "But until now, no road map existed for phasing out this 60-year-old power plant and redeveloping the 25-acre site."

He continued: "Our plan shows that redevelopment is both feasible and affordable. Potomac River Green will create hundreds of jobs; produce millions in new tax revenues; open up the waterfront to the public; integrate with Alexandria's existing plans; and provide an example for green development of old power plant sites next door to the nation's capital."

Potomac River Green – Returning the Waterfront and Revitalizing the Community

The Potomac River Green plan features:

- 89,600 square feet of office space and 114,500 square feet of retail and restaurants
- 467 multi-family and 96 townhouse units
- The office space will include a Clean Energy Enterprise Center to incubate alternative energy and new technology businesses, with space for support programs, venture capital and consulting services
- A working Energy Museum that will demonstrate 21st century energy technologies
- A 125-room boutique hotel
- A compressed natural gas (CNG) and fast-charge electric car refueling station for government, commercial fleet and individual vehicles
- Enhanced access to water taxis and mass transit to facilitate public access to the rebuilt site
- Recreation and open space that will tie Daingerfield Island, a nearby federal park, into the Alexandria waterfront through new recreation space and an eco-trail system

The plan calls for numerous energy efficient building techniques, including reusing crushed brick from the plant in the concrete for paths, streets and gardens. In addition, the brick and steel framing from the existing power plant would be used in the commercial property. All construction will be LEED certified with maximized use of green space through community gardens.

“Washington, D.C. and Northern Virginia, in particular, are among the strongest real estate markets in the country with vibrant economic renewal in the post-recession era,” commented Pete Jervey of Alexandria’s Westpath Real Estate, which advises local developers. “The economy in this area is stronger than in other parts of the country and can support this type of project. All of the features fit well with the community, which is environmentally aware, focused on clean air and looking for practical solutions to eliminate this coal plant, which has long hurt nearby property values.”

Providing Significant Economic and Environmental Benefits to Alexandria

ACSF's plan for Potomac River Green was shaped by leading urban, design and sustainable development consultants, including the Atlanta-based architectural firm, Cooper Carry, and Virginia-based RKG Associates, an economic and fiscal adviser.

The development is estimated to cost approximately \$450 million and will create significant positive economic, tax and environmental impacts including:

- Over \$1.53 billion in new direct spending throughout the Washington region between 2015 and 2024
- A net positive fiscal impact of \$27 million to the City of Alexandria over ten years based on total projected tax revenue of \$72.1 million. (By comparison, in 2010, the Potomac River plant site generated approximately \$2.5 million in taxes.)
- Total municipal public service expenditures for PRG are projected to be \$42.1 million over the 10-year period. About two-thirds of this is attributable to the approximately 590 new housing units.
- Non-residential uses are projected to require only \$10.9 million in municipal services over a 10-year period.
- Taking into account remediation, site development and commercial operation at the project will create more than 2,200 jobs (as compared to roughly 150 jobs at the power plant today).

Retirement of the Alexandria coal plant will also bring to end decades of harmful air pollution from the plant. In 2010, for example, the plant used over 400,000 tons of coal and emitted over 1.1 million tons of CO₂, as well as 1,145 tons of NO_x and 1,400 tons of SO₂ which both contribute to ozone pollution. All told, pollution from the plant is estimated to add over \$280 million annually to local health care costs.

[See attached statement of Dennis Alexander, Regional Executive Director, American Lung Association in Virginia, Maryland, North Carolina and District of Columbia.]

Additional Facts on the Potomac River Generating Plant

The PRGS is owned and operated by Houston-based GenOn Energy Inc. using land leased from Pepco. The plant is more than 60 years old, lacks critical emission controls, operates at 20 percent capacity, and is no longer needed for electric reliability purposes in Northern Virginia and the Washington, D.C. area.

The scope for GenOn to retire the Potomac plant without adversely impacting the local power grid was the subject of a July 2011 ACSF report prepared by the Analysis Group, an established utility and economic consulting firm. The Analysis report also found that, on average, the electricity which would replace the output of the Potomac plant would be generated by less polluting sources. The report is available on ACSF's web site: <http://www.cleanskies.org/?publication=prgs>

ACSF's plan for Potomac River Green contemplates transfer of the power plant site to private developers after the facility is retired and demolished by GenOn. The City of Alexandria and state environmental officials would oversee the site remediation process in cooperation with Pepco, which currently holds the ground lease for the property and is expected to keep an electrical substation on a portion of the site.

"This is one of the largest undivided pieces of property along the Potomac in Alexandria," Staple said. "And our financial analysis indicates that a buy-out opportunity exists because the site is now worth much more for new development than it is for operating an aging coal plant."

Moreover, added Staple, "This plant has been listed as an impaired asset by GenOn in its most recent 10-K, which suggests that it is underperforming and may not justify further investment to meet the type of stricter pollution controls the EPA has recently proposed. By contrast, the Potomac Green Plan could provide the company some upside and would free it from years of potential environmental litigation over the plant's continued operation."

"We also know there are at least 20 other aging and highly polluting waterfront power plants across America in urban areas that may be good candidates for redevelopment in an economical and environmentally friendly manner. We are releasing a report on that today, too. (See, "Repurposing Legacy Power Plants"

available at <http://www.cleanskies.org>). There is no better place to start this effort than in Alexandria.”

Potomac River Green

Printed copies of the Potomac River Green report are available from ACSF and on-line at www.potomacrivergreen.com. The website includes a blog and a calendar of events regarding the project.

High resolution images of the Potomac River Green project can also be downloaded from this link: <http://www.cleanskies.org/>.

About the American Clean Skies Foundation

ACSF was founded in 2007 to advance America’s energy independence and a cleaner, low-carbon environment through expanded use of natural gas, renewables and efficiency.

The Foundation is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

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Re: Statement on the Potomac River Generating Station

From: Dennis Alexander, Regional Executive Director, American Lung Association in Virginia, Maryland, North Carolina and the District of Columbia

The Potomac River Generating Station located in Alexandria, Virginia and operated by GenOn Energy, Inc. has been a major source of air pollution in northern Virginia, the District of Columbia and Maryland for many years. In 2010 alone, the plant produced 1,145 tons of nitrogen oxides and 1,400 tons of sulfur oxides, pollutants that contribute to the serious ozone and particulate pollution problem that exists in the Washington, DC metro area.

In addition, toxic air pollutants emitted into the atmosphere by coal-fired power plants cause a wide range of harm to human health, including damage to the lungs and breathing passages and to the kidneys, eyes, skin, and nervous system. Even more serious are their potential to cause cancer, impair neurological function and ability to learn, worsen pulmonary and cardiovascular disease, and cause premature death. The U.S. Environmental Protection Agency, in response to these serious health concerns, recently proposed stricter standards on toxic pollutants, such as mercury, that are emitted from power plants like the Potomac River Generating Station.

Clearly, the impact on public health is significant and of great consequence: pollution from the Potomac River Generating Station is estimated to add over \$280 million annually to local health care costs.

It is time for the Potomac River Generating Station to retire. The plant is more than 60 years old, lacks critical emission controls, and operates at just 20 percent capacity. It is no longer needed for electric reliability purposes in northern Virginia and Washington, D.C. Retiring this plant will help improve public health and bring to end decades of harmful air pollution in the metropolitan region.