



NRG Energy, Inc.
211 Carnegie Center
Princeton, NJ 08540

January 28, 2016

County of Chautauqua Industrial Development Agency
200 Harrison Street
Jamestown, NY 14701
Attention: Administrative Director

Phillips Lytle LLP
8 East Third Street, Suite 307
P.O. Box 1279
Jamestown, NY 14702
Attention: Gregory L. Peterson, Esq.

Re: **Notice Regarding Dunkirk Power Station Units 1, 2, 3 and 4 Under Section 4(b)(1) of the Agreement for Payment in Lieu of Taxes (the "PILOT Agreement"), dated as of April 25, 2008 by and between County of Chautauqua Industrial Development Agency ("Agency") and Dunkirk Power LLC ("Dunkirk Power")**

Ladies and Gentlemen:

On January 30, 2014, Dunkirk Power notified the Agency that Dunkirk Power Unit 1 and Units 3 and 4 were taken out of service on June 1, 2013 and September 11, 2012, respectively, which reduced the total generating capacity of the Dunkirk Power Station by 85%. Unit 2, which until recently was the subject of a reliability support services agreement with National Grid, was placed into mothball status effective January 1, 2016 upon expiration of that agreement. Consequently, all of the units are now in mothball status.

This letter shall serve as formal notice that Dunkirk Power has elected to take the election provided for under Section 4(b)(i) of the PILOT Agreement, entitling Dunkirk Power to make reduced PILOT payments in respect of the Dunkirk Power's units that have been out of operation for more than six (6) months, all in accordance with the provisions of said Section 4(b)(1) of the PILOT Agreement.

More specifically, please be informed that in accordance with the PILOT Agreement, Dunkirk Power's PILOT payments for PILOT Year 9 will be reduced by 85% of the amounts listed in Exhibit D to the PILOT Agreement. In addition, for PILOT Year 10 and beyond, if all of the units, including the recently mothballed Unit 2, remain out of service at such time(s), we expect that Dunkirk Power's PILOT payments for each such PILOT Year will be further reduced.

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Please let me know if you have any questions concerning the foregoing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Judith Lagano", written in a cursive style.

Judith Lagano
President, Dunkirk Power LLC