

PRIVATE EQUITY
STAKEHOLDER
PROJECT



Jonathan Gray
President & Chief Operating Officer
Blackstone
345 Park Ave
New York, NY 10154

Dear Jonathan Gray,

We have seen [reports](#) that Blackstone is preparing to sell Lightstone Generation, and with it the General James M. Gavin Power Plant along with three gas plants. We write to urge you to condition the sale on an announcement of retirement of Gavin no later than 2028.

As you know, Gavin is one of the US's largest and [dirtiest coal plants](#). Since Blackstone acquired Gavin from the utility AEP, it has spewed around 100 million metric tons of CO2 into the atmosphere per [EPA data](#), with an annual average of 13 million metric tons of CO2. The plume of toxins emitted by the plant have major public health impacts because it is upwind of major metropolitan areas across the eastern seaboard. Sierra Club [modeling found Gavin](#) to be the nation's deadliest coal plant, causing an estimated 244 premature deaths each year from particulate emissions.

You cannot undo the damage from pollutants emitted during Blackstone's nearly eight years of ownership of Gavin. But you have the opportunity to announce a retirement date of no later than 2028, which could lend Blackstone some credibility in its pledges of emissions reductions and an energy transition and avoid the perception that Blackstone is incapable of shepherding assets through an energy transition and is simply interested in passing the buck.

Moreover, Gavin faces significant environmental liabilities, which Blackstone has not addressed during the period it has owned the plant. Among them is bringing the plant's coal ash storage ponds into EPA compliance.

As you are aware, an [U.S. Court of Appeals confirmed existing EPA regulations](#) require that coal ash be removed from contact with groundwater before ponds are closed at sites like Gavin to ensure closure meets federal standards and prevents future infiltration. Although we understand Gavin is still attempting to avoid its cleanup obligations with respect to the Fly Ash Pond, where more than six stories of coal ash may be impounded with groundwater, those costs run into the millions. And according to EPA estimates, under a related water pollution regulation, Gavin is currently responsible for \$40 million in capital costs and \$2.5 million a year to stop dumping leachate and an additional \$7 million in capital costs and \$500,000 a year to fix their dumping of bottom ash wastewater.¹

The average age for retirement of [coal-fired generating units has been 50 years](#) since 2000. [Experts broadly agree](#) that as coal-fired power plants age, operation and maintenance expenses increase while performance decreases.

In fact, Blackstone is retiring other coal plants in its portfolio. In announcing Blackstone's [20% stake](#) in NIPSCO in 2022, [NIPSCO said](#) it "has been executing on one of the fastest transitions from coal-fired electricity in the U.S. utilities sector, targeting 0% coal-fired generation mix by 2028."

Announcing a 2028 retirement date for Gavin would bring the plant in line with the trend away from coal-generated power. By 2026, the United States is on track to [close half of its coal generation capacity](#), making the Gavin an outlier.

Moreover, coal's share of the power mix continues to shrink. Coal did not reach more than 20 percent of power generation market share in 2023, [Analysts at IEEFA](#) found. Not only that, S&P Global Market Intelligence predicts that the Inflation Reduction Act will [accelerate coal plant closures](#).

We urge Blackstone to announce a retirement date of no later than 2028 for the Gavin coal plant as a condition of its sale. We request the opportunity to discuss this with you.

Sincerely,

Jim Baker
Executive Director
Alissa Jean Schafer
Director, Climate & Energy
Private Equity Stakeholder Project

¹ Generating Unit-level Costs and Loadings Estimates by Regulatory Option for the 2024 Final Rule – DCN SE11756. 2024. Environmental Protection Agency. May 8, 2024. <https://www.regulations.gov/document/EPA-HQ-OW-2009-0819-10336>

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