

STATE OF NEW YORK

Public Service Commission

Garry A. Brown, Chairman

Three Empire State Plaza, Albany, NY 12223

Further Details: James Denn (518) 474-7080

<http://www.dps.state.ny.us>

FOR RELEASE: IMMEDIATELY

09008/09-M-0074

PSC MOVES AHEAD WITH ADVANCED METERING REQUIREMENTS

— Approval Clears Way for Consideration of Utility Proposals —

Albany, NY—2/12/09—The New York State Public Service Commission (Commission) today took a major step toward considering utility proposals for advanced metering infrastructure (AMI) projects. Development of AMI is an important component of developing a “Smart Grid” transmission and distribution system in New York, a state-of-the-art metering and communications system that lets building owners, homeowners, businesses and utilities gain greater control of their energy use and improve energy efficiency. The action also puts New York on track to potentially receive Federal financial assistance that may become available to improve electricity distribution systems.

“Smart Metering enables customers to control their energy costs by allowing them to respond to peak prices through the use of state-of-the-art technology; but it can also do much more,” said Commission Chairman Garry Brown. “We want to move forward with this initiative. Our goal is to empower customers with more information and the ability to control their energy costs. In addition, our decision today makes ready a path to quickly take advantage of the Federal stimulus money that will likely be available for electric infrastructure and advanced metering projects. States ready to move forward with Smart Metering have an advantage over states that are not. In that light, New York is well-positioned.”

AMI refers to a metering system that provides customers with price information to inform their energy consumption decisions, records customer consumption, and possibly other parameters, hourly or more frequently and that provides for daily or more frequent transmittal of measurements over a communication network to a central collection point.

AMI includes the communications hardware and software and associated system and data management software that creates a network between advanced meters and utility business systems and which allows collection and distribution of information to customers and other parties such as competitive retail providers, in addition to providing it to the utility itself. The stored data can be used for time-sensitive rates, load profiling, demand forecasting, outage detection, “Smart Grid” management, and a variety of other uses.

The Commission’s decision established minimum functional requirements for AMI in New York. In addition, it created a process for the development of a generic approach to the benefit/cost analysis of AMI. In making decisions about AMI deployment, it is crucial to have a well-developed benefit/cost analysis.

More than half of the costs of installing AMI can be offset by a reduction in traditional utility costs of operations or improved services, such as avoided meter-reading costs, faster outage detection and improved customer service. A projection of benefits from the demand response enabled by the AMI system must be included to bridge the benefit/cost gap based on what is recoverable from AMI-operational savings alone.

Consolidated Edison Company of New York Inc. (Con Edison), Orange & Rockland Utilities Inc. (Orange & Rockland) and Central Hudson Gas and Electric Corp. (Central Hudson) had previously filed proposals for pilot programs to test AMI systems. Based on the Commission’s decision, Con Edison, Orange & Rockland and Central Hudson will file updated pilot AMI projects within 60 days. No filing deadline was established for the other utilities that did not file pilot proposals.

The order approved by the Commission requires that AMI systems in New York must provide a wide variety of functional capabilities; including: AMI meters must meet American National Standards Institute (ANSI) standards, support net metering, provide the ability for a visual read, provide time-interval data, have sufficient memory storage, provide customers with direct, real-time access to electric meter data, can be read remotely on-demand, utilize an open

standards-based communication protocol, have a two-way communications capability, send signals to customer equipment to trigger demand-response functions, connect with a home area network to provide direct or customer-activated load control, identify, locate and determine the extent of an outage, be up-gradable, and provide safe and secure transfer of data.

The term “Smart Grid” generally refers to a concept that will allow significantly more sophisticated and efficient operation of power systems. It includes advanced technology and communication systems, involving facilities from the generator, transmission and distribution systems, down to the end-use customer. AMI is a component of Smart Grid. Smart Grid is very much an evolving entity, as many of the technologies necessary to meet the objectives of a Smart Grid are still under development.

The Commission’s decision, when issued, may be obtained from the Commission’s www.dps.state.ny.us Web site by accessing the Commission’s File Room section of the homepage and referencing Case 09-M-0074. Many libraries offer free Internet access. Commission orders may also be obtained from the Commission’s Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).