

STATE OF NEW YORK

Public Service Commission

Garry A. Brown, Chairman

Three Empire State Plaza, Albany, NY 12223

Further Details: James Denn

James.Denn@dps.ny.gov | 518.474.7080

<http://www.dps.ny.gov>

<http://twitter.com/NYS DPS>

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NEXT STEPS TAKEN ON ENERGY HIGHWAY

— Governor Cuomo’s Plan to Strengthen Energy Infrastructure Moves Ahead —

Albany, NY—04/18/13—The New York State Public Service Commission (Commission) today took action on several major items highlighted in Governor Andrew M. Cuomo’s Energy Highway Blueprint issued by the Energy Highway Task Force in October. The actions are designed to ease transmission congestion, which will help lower electricity prices in downstate New York and support the development of clean energy projects throughout the state; plan for possible major power plant retirements to maintain a reliable power grid; and expand natural gas utility service to homeowners and businesses in New York State to lower energy costs.

The Energy Highway initiative, introduced in the 2012 State of the State address, is a centerpiece of the Governor's Power NY agenda, designed to ensure that New York's energy grid is the most advanced in the nation and promotes increased business investment in the state.

“A dynamic, strong economy demands a modern, responsive energy production and delivery system, and the Energy Highway initiative will create an energy grid that will help build our economy and enable New York to grow and prosper,” said Commission Chairman Garry Brown. “In addition, given the significant disruption that can be caused by storms such as Hurricane Irene and Superstorm Sandy, these Energy Highway projects will also be designed to help create a stronger, more resilient energy infrastructure.”

New York State’s Power Grid Upgrades:

Following recommendations set forth in the Energy Highway Blueprint, the Commission announced today that it would establish a first-of-its-kind combined proceeding under Article VII of the Public

Service Law for consideration of alternating current (AC) transmission projects that meet the Commission's objectives for congestion relief in the Mohawk/Hudson Valley corridor.

The Commission's actions respond to the Blueprint's call for investing \$1 billion to develop 1,000 megawatts (MW) of new AC transmission capacity, with preference for projects built along existing rights-of-way or involving the upgrade of existing lines, to mitigate environmental impacts. Easing the current transmission constraints will enhance system reliability and supply diversity, and will provide significant economic and environmental benefits by permitting excess power from upstate sources, including renewable energy facilities, to reach the downstate areas of greatest need and reduce downstate emissions. New transmission capacity will also provide regional benefits in terms of the increased reliability and flexibility of the system.

To help identify the best path forward in this proceeding, the Commission solicited statements of intent from prospective project developers. The result was the identification of 16 possible projects suggested by six developers, demonstrating the varied and creative possible solutions to the stated goal of reducing transmission congestion. The Commission is expected to grant certificates and cost recovery to the projects that best meet the Commission's congestion reduction and other public policy goals at the least cost to ratepayers. An October 1 deadline has been set for the initial Article VII applications. [See Case 12-T-0502]

Indian Point Contingency Plans:

Regarding major power plant retirements, the Commission addressed portions of the plan filed by Consolidated Edison Company of New York Inc. and the New York Power Authority (NYPA) to mitigate the impact that would occur if the Indian Point nuclear power plants were retired. As part of that proceeding, the Commission:

- Approved contingency program goals designed to achieve demand reductions from energy efficiency, demand response and on-site generation projects, and directed Con Edison to work with the New York State Energy Research and Development Authority, and in consultation with NYPA, to file a detailed implementation plan.
- Directed Con Edison and the New York State Electric and Gas Corporation, working with NYPA, to begin development of transmission owner transmission solutions to resolve reliability issues that would develop if Indian Point were to be retired.

- Proposed that costs that would be incurred if Indian Point were retired should be recovered from the beneficiaries of the contingency plan who would otherwise suffer from reliability problems if Indian Point closes without the benefit of the plan's remedial measures.
- Directed staff to issue a straw proposal to best identify these beneficiaries. Parties will be able to comment on the straw proposal before the Commission makes a final decision. [See Case 12-E-0503]

Natural Gas Service Improvements:

Finally, staff reported to the Commission that it is seeking additional comment on how utilities calculate construction costs for pipeline to serve new natural gas customers. Staff is also developing a proposal to issue for public comment regarding additional utility-reporting requirements intended to help the utilities and the Commission to better manage, track and ultimately fulfill customer requests for natural gas service. In addition, staff reported to the Commission that it will be collaborating with the utilities and other stakeholders and interested parties to improve utility websites and other outreach and education tools regarding the benefits and risks of converting to natural gas, as well as the process for conversion. [See Case 12-G-0297]

The Commission's decisions today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Numbers 12-T-0502, 12-E-0503, or 12-G-0297 in the input box labeled "Search for Case/Matter Number". 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). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.