

[GE Letterhead]

May 20, 2013

New York Power Authority
123 Main Street
White Plains, NY 10601
Attention: Mr. Len Walker
Manager of Special Projects
Email: nyparfq@nypa.gov
Phone: 914-681-6627

Re: Inquiry No. Q13-5441LW - Contingency Procurement
of Generation and Transmission

Ladies and Gentlemen:

In response to the request of the New York Power Authority ("NYPA") for proposals for contingency procurement of new generation (the "RFP"), GE Energy Financial Services, Inc. ("EFS") is pleased to submit this proposal to help address the reliability contingency posed by the possible closure of the Indian Point Energy Center ("IPEC") prior to the summer of 2016. This reliability contingency is the subject of New York State Public Service Commission (the "Commission") Case 12-E-0503 (Proceeding on Motion of the Commission to Review Generation Retirement Contingency Plans). The Commission issued an order dated April 19, 2013 authorizing the RFP.

This proposal contains highly sensitive and confidential bid information. The confidential information contained herein constitutes trade secret and confidential commercial information that: (a) is neither generally available to the public nor easy to obtain; (b) would be of great value to others; (c) it has the potential to harm competition; and (c) if disclosed, could cause EFS and its affiliates to suffer substantial economic harm. Accordingly, by separate letter to the Records Access Officer, State of New York, Department of Public Service, we have requested trade secrets and confidential commercial information status and therefore confidential protection for the entirety of our proposal.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

THRESHOLD CRITERIA

As required by the RFP, EFS confirms compliance with the Threshold Criteria:

Pricing for the [REDACTED] is firm through December 31, 2013

Target COD for the [REDACTED] is June 1, 2016

[REDACTED]

Point of Interconnection is in Zone J (within the required Zones G through K)

SUMMARY OF THE PROPOSALS

We have provided the required pricing details elsewhere in our proposal, as requested, but for the convenience of NYPA and DPS personnel, we also include a summary here.

The Linden Expansion Project - The pricing is based on the Master Power & Sale Agreement provided by NYPA as part of the RFP materials (the "RFP PPA"), modified as marked and provided with this proposal. In particular, the basis of the proposal is, as requested, a "contract for differences", including a guaranteed heat rate and energy strike price.

[REDACTED]

[REDACTED]

ICAP:	[REDACTED]
PPA Term:	15 years starting 5/1/2016
Guaranteed Heat Rate:	[REDACTED] (HHV at ISO conditions), subject to adjustment in accordance with manufacturer's degradation curves
UCAP Strike Price:	[REDACTED]
VOM Adder:	[REDACTED] at 5/1/2016, escalating with inflation starting in 5/1/2017
Fuel Price and Adders:	Index: [REDACTED] Adder: [REDACTED]

[REDACTED]

ICAP:	[REDACTED]
PPA Term:	15 years starting 5/1/2017
Guaranteed Heat Rate:	[REDACTED] (HHV at ISO conditions), subject to adjustment in accordance with manufacturer's degradation curve
UCAP Strike Price:	[REDACTED]
VOM Adder:	[REDACTED] at 5/1/2017, escalating with inflation starting in 5/1/2018
Fuel Price and Adders:	Index: [REDACTED] Adder: [REDACTED]

HIGHLIGHTS OF THE PROPOSALS

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

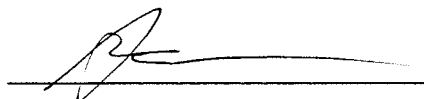
[REDACTED]

[REDACTED] High Voltage Direct Current ("HVDC") lines are considerably more costly (estimated at approximately \$3500/kW by a recent CRA study) than new local generation (the contrast is particularly striking when compared to the [REDACTED])

- Long haul lines (HVDC or conventional) face significant permitting and zoning challenges that will increase costs and uncertainty for 2016 COD.
- Interconnecting old coal and oil resources in Western New York for delivery Downstate neither increases reliability nor furthers New York's renewable portfolio goals.
- Although Downstate zone electric prices are high relative to the rest of the State, any transfer of generation from LHV to New York City may result in scarcity pricing in LHV, especially in the event that the Indian Point facility retires. It may be preferable to relieve Zone J congestion from New Jersey – site of the proposed Linden Expansion Project – rather than from the North, where it will result in a detriment to other ratepayers.

GE Energy Financial Services looks forward to working with NYPA, the DPS, the Commission, the relevant Transmission Owners and other stakeholders through this process of procuring resources to address contingencies associated with the shutdown of IPEC. The EFS project manager will be [REDACTED]. Please contact [REDACTED] at EFS, 800 Long Ridge Road, Stamford, Connecticut, 06927; [REDACTED] if you have any questions.

Sincerely,



Ankur Mathur
Senior Vice President, GE Energy Financial Services, Inc.

Authorized Signatory for the projects described herein

