THE CPV VALLEY ENERGY CENTER

RESPONSE TO NEW YORK POWER AUTHORITY CONTINGENCY PROCUREMENT OF GENERATION AND TRANSMISSION

REQUEST FOR PROPOSAL

BID/INQUIRY # Q13-5441L

MAY 20, 2013

NEW YORK ENERGY HIGHWAY
The time for powerful ideas

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1. EXECUTIVE SUMMARY

1.1. INTRODUCTION

Competitive Power Ventures, Inc. ("CPV"), through its wholly owned affiliate, CPV Valley, LLC ("CPV Valley"), is proposing a nominally rated 667 MW combined cycle electric generating facility, ***the CPV Valley Energy Center*** (the "Project" or the "Facility"), to be located on an approximately 122 acre parcel in the Town of Wawayanda, Orange County, New York. The Project site is bounded by Interstate-84 (I-84) to the south, Route 17M on the east, and Route 6 to the north and west. The Facility is permitted and designed to operate on clean burning natural gas, and includes the most advanced technologies for environmental controls. To provide additional system reliability benefits, the Facility will be capable of operating on ultra-low sulfur distillate ("ULSD") oil if natural gas is not deliverable to the Facility.

CPV Valley is a "no regrets" opportunity for New York. The Project provides New York a new resource in the Lower Hudson Valley, which has been identified as needing additional resources for reliability. New York's need for new system resources, along with the economic benefits ($763 million), job creation (2,922 construction jobs/ 94 operations jobs), environmental attributes and the ability to be COD by June 1, 2016 make CPV Valley a "no regrets" project, regardless of the future of Indian Point.

CPV specializes on three power generation business lines: the development of thermal (natural gas) power generation, renewable energy generation, and asset management of generation assets. CPV's senior management team has a proven track record in the development, financing and operation of numerous power projects throughout the US and abroad. The experience and leadership of the CPV management team has established CPV as a premier electric power generation development and asset management company in North America.

As a state-of-the-art combined-cycle facility, the Project will be more efficient than almost all of the existing fossil fuel-fired generation in New York's fleet. Its highly efficient combined-cycle technology, combined with its state-of-the-art emissions control technology will make it one of the cleanest electric generating facilities in the state of New York. The Project will be 100% deliverable throughout New York based on the New York Independent System Operator ("NYISO") Class Year 2011 Facility Study. Displacement of less efficient and more carbon-intensive generation by the Project will create a net decrease in CO_2 emissions of approximately 775,000 tons per year across the region. The Project also will lower NOx emissions, SO_2 emissions, and mercury emissions across the State by approximately 816 tons, 325 tons and 4 lbs per year, respectively, during the Project's first 15 years of operation. Additional environmental benefits will materialize after the proposed contract term that have not been quantified. Further, from an economic standpoint, the Project will result in an estimated 1,890 direct and indirect jobs created during construction, 131 direct and indirect jobs created during operations, and over $1 billion of benefit to the local economy ($540 million during construction, plus $463 million over 20 years of operation).

The following provides a brief summary of the key benefits and features of the Project, as well as of CPV's experience and capabilities in North America, and specifically in New York.

1.2. PROJECT DESCRIPTION

The Project is a 667 MW (UCAP) combined-cycle facility located in the Town of Wawayanda, Orange County, New York. The Project is an advanced stage of development having obtained nearly all of the state, local and federal permits and approvals needed for a June 1, 2016 commercial operations date (COD). As outlined in the Permit Matrix contained herein, the Project has nearly completed the process for obtaining all the necessary permits and approvals. The few the remaining permits are those required for operations, or typically obtained in the ordinary course of construction. The

Facility will consist of two (2) F-class gas turbines and one (1) steam turbine. This highly efficient electric generation facility will operate on natural gas throughout the year supplied via the Millennium Pipeline Co. ("Millennium"), and will also be capable of operating on ULSD as a backup fuel for enhanced reliability. The Project is electrically located within NYISO Zone G, and will interconnect to New York Power Authority's ("NYPA's") 345 kV electric transmission line (Line 42) between the Coopers Corners and Rock Tavern substations.

For a more complete description of the Project and a set of the approved Project Site Plans, please refer to *Section 2 - Project Description* of this Proposal.

1.3. CPV'S EXPERIENCE

CPV is actively developing natural gas-fired generation projects in select markets in North America, and leading the development and/or construction of approximately 7,041 MW of natural gas-fired projects in various stages of development of which:

- 2,052 MW are under long term financial contract or Power Purchase Agreements ("PPAs") with Load Serving Entities ("LSEs");
- 800 MW declared commercial operation date ("COD") on May 1, 2013; and
- 1,324 MW of natural gas-fired development projects that may begin construction as early as 2013.

CPV also manages 4,674 MW of natural gas-fired generation and wind assets in North America. CPV's management team has successfully developed over 20,000 MW of power projects that are currently in operation, and has acquired or monetized more than $10 billion of generation assets.

CPV has one of the largest natural gas-fired development programs in North America. The following are some of the key highlights of CPV's recent thermal development activities:

- On May 1, 2013, the 800 MW nominally rated CPV Sentinel Project located in Southern California achieved commercial operation three months ahead of schedule. The Sentinel Project closed its $900 million financing in 2011. That financing received Project Finance Magazine's 2011 award for "North American Single Asset Deal of the Year".
- On April 16, 2013, the Maryland Public Service Commission issued Order No. 85501 in Case No. 9214 requiring certain of the Maryland Electric Distribution Cooperatives to enter into a twenty (20) year Contract for Differences with CPV Thermal's St. Charles Energy Center.
- On March 15, 2011, CPV Thermal's Woodbridge Energy Center was awarded a long-term capacity contract in the New Jersey Board of Public Utilities' competitive procurement process.

Within, New York, CPV has extensive familiarity and experience with the NYISO markets as a result of its current asset management responsibilities for Athens Generating facility, a 1,080 MW 3x3x3 combined cycle facility located in Athens, New York, and the advanced stage of development of CPV Valley. CPV also advanced its proposed Smithtown Energy Center into the final round of the Long Island Power Authority's ("LIPA's") 2010 Generation and Transmission procurement process.

CPV has assembled a first-rate Project team which brings substantial New York power project development and construction experience to bear on the Project. CPV's team includes TRC Environmental Consultants, Nixon Peabody LLP, Levitan & Associates, Inc., Mott MacDonald, and, as EPC Contractor, Skanska/Burns & McDonnell.

Additional information on the experience and capabilities of CPV and its Project team is set forth in *Section 3 – Proposers Experience*, and additional information about CPV's financial capacity and financing plans is contained in *Section 6 – Financial Capability.*

1.4. ENVIRONMENTAL BENEFITS

The Project has many positive environmental benefits, including utilization of efficient gas-fired combined cycle technology with state-of-the-art emissions controls, an air cooling system, and reuse of "grey" water from the City of Middletown's Wastewater Treatment Facility (WTF). These features will make the Project one of the cleanest power generating facilities in the State of New York, and will enable it to provide significant air quality benefits through its displacement of less efficient, and higher emitting facilities.

The Project will occupy approximately 22 acres within its 122 acre site parcel. The site is located within the Town of Wawayanda's Mixed Commercial ("MC") District. The Town Zoning Code, adopted in 2009, allows "Utilities" and "Essential Services" uses in this District. The Facility will comply with the substantive requirements of the Town Zoning Code, with the exception of exceeding the maximum height requirement due to facility engineering and air quality constraints. The Town of Wawaynda Planning Board confirmed this when it issued the special use permit and site plan approval for the Facility in May 2013.

Additional detail about the environmental benefits of the Project is contained in *Section 7 – Environmental Benefits*.

1.5. ECONOMIC BENEFITS

The Project will represent a significant new source of revenue for the Town of Wawayanda via the Payment in Lieu of Taxes ("PILOT") Agreement with the Orange County Industrial Development Agency ("IDA") for a 20 year period. CPV Valley proposes to start the payments during the Facility's construction period. In addition, CPV Valley has executed a Host Community Benefits agreement with the Town of Wawayanda.

The studies reviewed during the preparation of the DEIS indicate that the Facility would have no measureable impact on housing values. Studies conducted for CPV Valley estimate that the Project's construction impact on New York will result in total benefit of $763 million, of which $535 million will occur within Orange County, based on current project costs. The operation of CPV Valley will provide an additional benefit of over $12.3 million annually. Over a 20 year horizon, CPV Valley will generate roughly $725 million to Orange County ($535 million during construction, plus $190 million over 20 years of operation).

Additional detail on the economic benefits of the Project is contained in *Section 8.13 – Community Benefits*.

1.6. CONSISTENCY WITH ENERGY HIGHWAY BLUEPRINT

The Project addresses the goals of the Energy Highway Blueprint for thermal generation projects. First and foremost, the project will "Expand and Strengthen the Energy Highway" by satisfying reliability concerns related to future power plant retirement. It will provide nearly half of the incremental generation capacity being sought in this RFP, and will do so reliably. The Project will utilize clean-burning natural gas in F-class turbine combined-cycle technology, a proven system with over 1,000 turbines deployed throughout North America. The availability of those units is typically in the low 90 percent range with a forced outage rate of approximately 3.5%. Those demonstrated

availability characteristics have made F-class turbine combined-cycle one of the most reliable technologies for power generation. The Project's gas supply will have a character of service that is firm; however, to enhance reliability, the Project will be capable of operating on ULSD, if required.

Additional information about the Project's consistency with the goals of the Energy Highway Blueprint is contained in *Section 7.10 – Energy Highway Compatibility*.

1.7. ABILITY TO MEET JUNE 1, 2016 COMMERCIAL OPERATIONS DATE

Given its advanced state of permitting and financing, the Project will be able to achieve NYPA's target commercial operation date of June 1, 2016. CPV Valley has already obtained major permits and approvals, including a Final Environmental Impact Statement and Lead Agency State Environmental Quality Review ACT ("SEQRA") Findings Statement, proposed PSD Air Permit, NYSDEC Wetlands Permit and Water Quality Certification, final local Site Plan, Special Use Permit and Lot Line Consolidation approval, local Zoning Variances, and FAA stack height approvals. In addition, CPV Valley has executed key project agreements, including the Host Community Agreement ("HCA") and natural gas transportation Precedent Agreement ("PA"), with execution of the Water Supply Agreement ("WSA") and PILOT anticipated before the end of June, 2013. The remaining permits and approvals are all in the final stages and expected to be complete by October 31, 2013.

Additional information about the current status of the Project is contained in *Section 2 – Project Description*, additional information about Project schedule is contained in *Section 8 – Development Plan & Schedule*, and additional information about the Project's permitting status is contained in *Section 9 – Environmental Review*.

1.8. ITEMS FOR NYPA CONSIDERATION IN COMPARING PROPOSALS:

- **Ability to Meet a June 1, 2016 COD** – CPV Valley's advanced stage of development and ability to meet the June 1, 2016 COD. Please see *Section 8 – Development Plan & Schedule*.
- **Fuel Supply Reliability** – Firm natural gas transportation service, gas supply availability and fuel oil back-up provide enhanced reliability. *Please see Section 2.2 – Reliable Fuel Supply and Section 8.16 – Fuel Supply Plan*.
- **Minimal Electrical Interconnect Costs** – Low electrical interconnect costs relative to other Zone G projects. *Please see Section 8.9 – NYISO Electrical Interconnection Process*.
- **Environmental Review Complete** - SEQRA complete and local approvals obtained to support June 1, 2016 COD. *Please see Section 9.0 – Environmental Review and the Permit Matrix*.
- **Proven and Efficient Technology** – Siemens FD4 is reliable and proven technology; not prototypical. *Please see Section 2.1.2 – Efficient & Proven Technology and Appendix 2-B.*
- **Economic Stimulus and Job Creation** – CPV Valley will provide approximately $763 million of economic activity for New York and over 2,900 jobs during construction. *Please see Section 8.13 - Community Benefits*.
- **Developer's Track Record** – CPV has an established track record of developing, financing and constructing energy projects. Most notably, CVP's Sentinel project achieved commercial operations three months ahead of schedule. *Please see Section 3 – Proposer's Experience*.

2. PROJECT DESCRIPTION

2.1. CPV VALLEY ENERGY CENTER

2.1.1. Overview

The proposed CPV Valley Energy Center is a 667 MW (UCAP) combined-cycle facility located in the Town of Wawayanda, Orange County, New York. The Project is at an advanced stage of development, having obtained most of the state, local and federal permits and approvals needed to meet a June 1, 2016 COD. Please refer to Appendix 2: Project Description for a complete set of the approved Site Plans. The Facility will consist of two (2) F-class gas turbines and one (1) steam turbine. This highly efficient electric generation facility will operate primarily on natural gas supplied via the Millennium Pipeline, and will also be capable of operating on ULSD as a backup fuel for enhanced reliability. The Project is electrically located in the NYISO Zone G, and will interconnect to the NYPA's 345 kV electric transmission line (Line 42) between the Coopers Corners and Rock Tavern substations. A rendering of CPV Valley along with a more detailed project description is provided in *Appendix 2-A: CPV Valley Energy Center Rendering*.

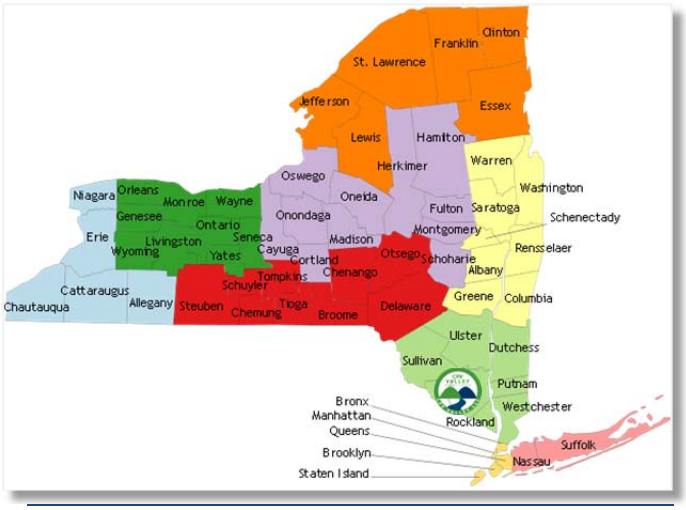


Figure 1 - CPV Valley Location

2.1.2. Efficient and Proven Technology

The highly efficient combined-cycle technology of CPV Valley, combined with its state-of-the-art emissions control technology will make this facility one of the cleanest electric generating facilities in the state of New York. The Facility will utilize two Siemens F Class combustion turbine generator sets. This technology was selected for the project due to its high efficiency, flexibility and proven track record compared to other unproven, prototypical technologies. Detailed information regarding the Siemens technology and experience is contained in *Appendix 2-B: Siemens Technology & Capabilities.* Exhaust heat from the combustion turbines will be sent to heat recovery steam generators ("HRSGs") to produce steam to drive a steam turbine generator. The HRSGs will include natural gas-fired "duct burners" (supplemental firing systems). The duct burners will allow for additional electrical production during select peak periods of energy demand. Exhaust steam from the steam turbine will be cooled (i.e., condensed) and then returned to the HRSG using an air-cooled condenser. Air-cooled condensing will be employed to minimize water use and eliminate potential cooling tower plume impacts.

2.1.3. Environmentally Responsible

The Project is designed and equipped to minimize environmental impacts such as air emissions, wetlands impacts, visual impacts and water consumption. The Project will utilizes highly efficient gas turbines in a combined cycle configuration, and employ highly effective emission control equipment, which will make the Project one of the most efficient and clean power generation facilities in the State of New York. In addition to meeting all other federal and state air emissions requirements, the

Project has contracted to acquire emission offsets for ozone and PM2.5 emissions at a ratio of 1.15 to 1 – resulting in a net reduction of those pollutants. Further, due to the efficiency of combined-cycle generation and the Project's anticipated displacement of older, less efficient units, the Project is projected to result in a net average decrease of 775,000 tons of greenhouse gas emissions during each year of operation (2017 to 2032).

The Project is designed to minimize impacts to water resources by utilizing air cooling instead of water cooling, and by using treated effluent from the City of Middletown's Sewage Treatment plant for make-up water. By utilizing air-cooled condensing, the visual impacts of cooling tower plumes are eliminated.

The Project was sited to minimize impacts on existing wetlands. The Project will permanently impact less than one acre of wetlands, and will mitigate those impacts by creating an on-site wetland mitigation area that replaces those wetlands at a more than 2 to 1 ratio. The unused portion of the project site is largely wooded wetlands (approximately 79 acres) that will remain undisturbed and provide buffering.

The Project has been designed and sited to avoid impacts to environmental justice communities, and also avoids impacts to threatened and endangered species. Visual impacts have been mitigated to the maximum extent practicable by siting the Facility at the southern center portion of the project site (closer to Route 6 and I-84), utilizing air cooling instead of wet cooling, and placing transmission lines underground. To further mitigate visual impacts, the Project will use existing natural vegetation and strategically placed landscaping to screen views of its structures, and will employ lighting features designed in accordance with appropriate industry standards and International Dark Sky guidelines.

The Project has successfully completed the exhaustive environmental review required by the State Environmental Quality Review Act ("SEQRA"). The Town of Wawayanda Planning Board served as lead agency for the Project. It concluded in its SEQRA Findings Statement that the Project "avoids or minimizes adverse environmental impacts to the maximum extent practicable." The Federal Clean Water Act wetlands permit, and required local zoning approvals for the Project, have been issued, and the permits required under the Clean Air Act and the State Freshwater Wetlands Law have been noticed by NYSDEC well advance of the scheduled commencement of construction.

2.2. RELIABLE FUEL SUPPLY

2.2.1. Overview

CPV Valley is a dual fuel capable facility, which is critical for the long-term reliability of the New York energy system. The Project is designed to operate predominately on clean natural gas that will be deliverable to the Facility on a firm basis. Natural gas is readily available from the Millennium Pipeline, with ULSD serving as back-up fuel for enhanced reliability purposes.

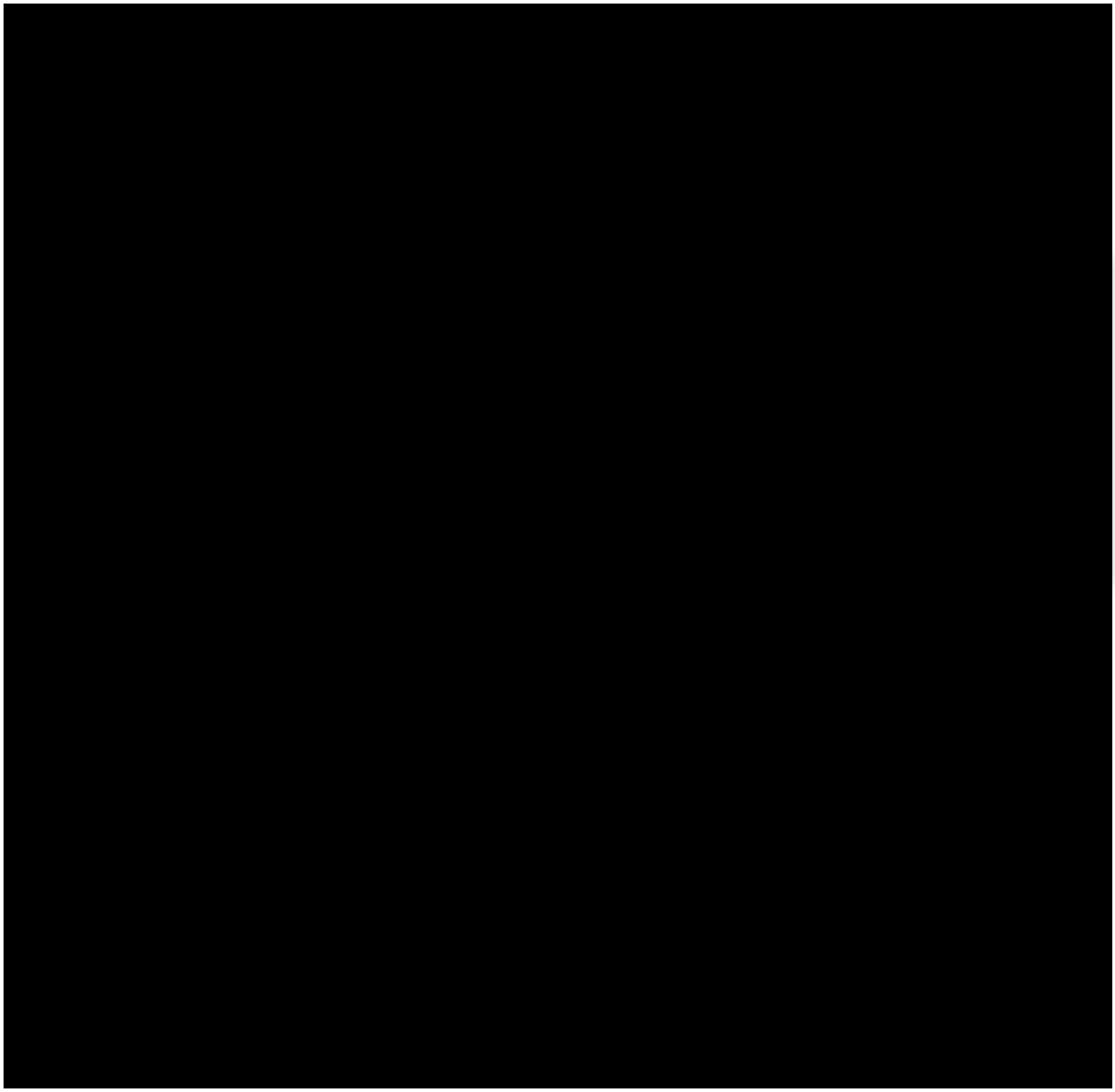
In this section, CPV provides a summary of CPV Valley's fuel supply plan, technical information about how CPV Valley is expected to operate, and other market information pertaining to the demand for natural gas in the region. The outlook for transportation services on Millennium over the relevant planning horizon is addressed in order to support the "character of service" underlying CPV Valley's fuel supply plan. CPV Valley's commercial arrangement with Millennium and the status of its fuel supply negotiations with prominent suppliers are also presented to inform NYPA of the intended transaction structure designed to support NYPA's financial settlement mechanism. CPV Valley's fuel supply plan is discussed in greater detail in *Section 8.0 – Development Plan & Schedule*.

By way of background, CPV has developed, negotiated and managed fuel supply plans for more than 4,700 MW of gas-fired generation. Notable among these gas-fired generation projects is the 1,060-MW Athens facility served by the Iroquois Gas Transmission System ("Iroquois"). CPV has successfully

managed this gas supply since 2005, maintaining commercial arrangements with fuel suppliers and marketers with extensive supply portfolios in key trading points throughout North America. CPV's gas supply experience in regional gas markets and expertise in NYISO scheduling protocols serve as the foundation for the proposed transaction structure.

To facilitate the formulation of CPV Valley's fuel supply plan, CPV retained Levitan & Associates, Inc. ("LAI"), a Boston-based energy management consulting firm, to assess deliverability conditions in the Lower Hudson Valley ("LHV"), as well as to facilitate commercial discussions with suppliers doing business in the New York Control Area ("NYCA"). LAI has conducted many technical studies for both NYPA and LIPA on diverse matters, in particular, fuel, and has been responsible for fuel assurance and infrastructure assessments for NYISO. LAI's assessment of the market factors affecting fuel supply pricing and delivery conditions in New York State has helped CPV shape the fuel supply plan submitted herein.

2.2.2. Natural Gas Supply and Transportation



2.2.3. Dual Fuel Capability

CPV Valley has been developed to include liquid fuel back-up in the form of dyed (non-vehicle) ULSD. On-site storage capacity is designed to be 965,000 gallons, with the project permitted to burn ULSD up to 720 hours each year. Under full load winter conditions without duct firing the plant would consume approximately 31,000 gallons per hour. On-site storage would be sufficient for 31 hours of operation under these conditions, but could be extended to approximately four days at part load operation during any extended interruption of firm gas deliveries on Millennium. Therefore inventory replenishment will be required to meet back-up fuel requirements during a 3- or 4-day run.

[redacted]

2.3. ELECTRICAL BENEFITS

The CPV Valley Energy Center is located within the Lower Hudson Valley, in NYISO's Zone G, as shown in Figure - 3. The Point of Interconnect (POI) is a new gas insulated switchgear (GIS) substation to be located in Middletown, New York along NYPA's 345 kV Marcy South line #42 between Coopers Corners and Rock Tavern substations. The specific location of the Project in relation to NYISO load zones are in *Appendix 2-C: Project Location in the New York Control Area & Transmission System*. This location was studied by the NYISO and NYPA representatives throughout the NYISO interconnection process.

Figure 3 - CPV Valley & NYISO Zones

The Project will be 100% deliverable throughout New York based on the NYISO's Facility Study (Class Year 2011). The NYISO's involved process includes a detailed study of what is required for not only projects to physically connect to the system, but also what upgrades are necessary for a project's capacity to be available or "deliverable" throughout the state. The Project underwent the NYISO's extensive study process, and, as part of the Class Year 2009 and 2011 Facilities Study, the upgrades and associated costs to be deliverable were determined. This study included many stakeholders such as NYPA, New York State Electric & Gas (NYSEG), Central Hudson Electric & Gas (CHEG) and the NYISO. The study identified the installation of series compensation on the Leeds-Hurley line which will allow CPV Valley full deliverability of its capacity.

The interconnection costs (direct connect and system deliverability upgrades) identified in the Class Year 2011 Facility Study are very low in comparison to other large scale generators in Class Year 2011. The electrical characteristics of the facility offer the NYISO and the state of New York a reliable solution to meet New York's energy needs and address potential reliability concerns for the future. Please refer to *Section 8 – Development Plan & Schedule* for a more detailed discussion of the electrical interconnection and its attributes.

2.4. PROJECT LOCATION

The proposed CPV Valley Energy Center is located on a large undeveloped 122 acre site, but will only use approximately 22 acres of the site. The remaining portion of the property will remain

undeveloped to provide significant buffer from abutting property owners. The project site is located in the Town of Wawayanda, Orange County, New York. The broader 122 acre site is bounded by Interstate-84 (I-84) to the south, Route 17M on the east, and Route 6 to the north and west. Portions of the 122 acre site were used previously for agricultural purposes, while other portions are wooded. The property is currently zoned Mixed Commercial and the development of power generation facility is permitted via a special use permit. The site is strategically positioned to access essential infrastructure, further detailed in the following sections. Please refer to Figure - 4 and *Appendix 2-D: Project Location Maps & Interconnections*.

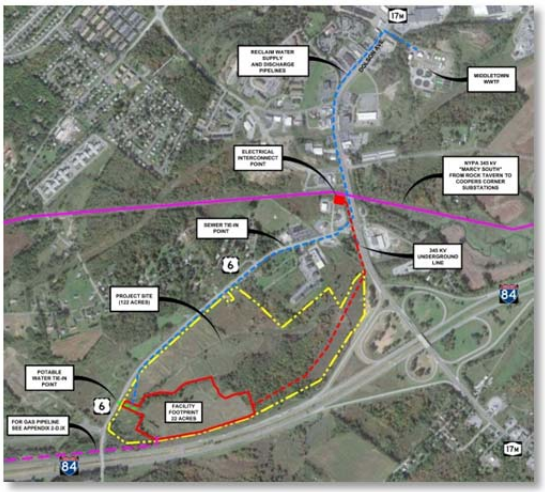


Figure 4 - CPV Valley Project Site

2.5. INTERCONNECTIONS

2.5.1. Electrical Interconnect

The Project will interconnect with NYPA's 345-kilovolt (kV) transmission system, line 42, between Coopers Corners and Rock Tavern (NYISO Zone G), which is located less than 1 mile north of the Project site. The Facility's new 345 kV gas insulated switchgear (GIS) substation will consist of a three ring bus and will be located adjacent to the NYPA transmission lines. Please refer to *Appendix 2-D: Project Location Maps & Interconnections.*

In addition to the electrical substation facilities to be located adjacent to the NYPA transmission lines, the electrical interconnection will include underground transmission lines that will extend easterly along the Project site parallel to I-84 towards Route 17M. At the eastern portion of the site, the underground transmission line route will turn and extend north paralleling Route 17M in the New York State Department of Transportation (NYDOT) Route 17M right-of-way.

The property required to allow the Project to interconnect at the POI, consists of a private easement and use of existing rights of way controlled by NYSDOT. CPV Valley secured the necessary easement area from the private landowner in 2008 and is coordinating with the NYDOT to utilize the existing DOT ROW along Route 17M for the underground electric transmission lines connecting the Project to NYPA's Marcy South transmission line. To facilitate the interconnection, the Project will construct a new substation on private property adjacent to NYPA's ROW. CPV has obtained the construction and permanent easements to allow for the construction and operation of the 80' x 50' substation. The area surrounding the interconnection is developed commercial property.

CPV Valley is in the NYISO's Class Year 2011 Facilities Study process, which is projected to conclude later this summer. The Class Year Facilities Study is one of the last steps of the NYISO's interconnection process before executing the Large Generator Interconnection Agreement (LGIA). The scheduled conclusion of the Class Year process expected this summer, and execution of the LGIA shortly thereafter supports CPV's schedule for a June 1, 2016 COD. A more detailed discussion of the Electrical Interconnection, Costs, Deliverability and Schedule, along with CPV's experience working with the NYISO is provided in *Section 8 – Development Plan & Schedule*.

2.5.2. Water Supply & Discharge Interconnects

Consistent with CPV's ongoing commitment to the environment, CPV Valley will be utilizing the treated water (gray water) currently being discharged by the City of Middletown's (City) waste water treatment facility. This use of gray water eliminates the need to use New York's potable water resources for an industrial process. In addition to the purchase of the City's gray water, the Project will send its wastewater back to the City's treatment facility. The waterlines associated with the supply and discharge water will be located within existing ROW along Route 17M and are approximately 1.5 miles in length.

2.5.3. Potable Water & Sewer Interconnects

CPV Valley will interconnect with the exiting Town of Wawayanda Sewer and Water systems, both located adjacent to the Project site along Route 6. The interconnecting pipes will be located in existing ROW along Route 6. CPV Valley is working with DOT and in the process of obtaining the necessary approvals.

2.5.4. Natural Gas Interconnect

CPV Valley's natural gas will be delivered via an interconnection with the Millennium Pipeline. The natural gas interconnection will be a 7 to 8 mile dedicated 16" high pressure gas lateral from the Millennium mainline, to the CPV Valley Energy Center. The easements and permits required to interconnect the Project with Millennium will be obtained by Millennium. Millennium has identified various routes that maximize existing utility and railroad right of way ("ROW"), while minimizing impacts to private landowners. The anticipated route identified by Millennium is approximately 7 miles in length. Please refer to *Section 8.0 – Development Plans &* Schedule for more detail regarding the interconnection with Millennium.

2.6. COMMUNITY IMPACTS

2.6.1. Land Use and Community Character

It is recognized that the energy facility changes the site setting from one of forested, open space, and agricultural fields to a developed industrial setting. The fact that the developed portion of the site and the transmission line right-of-way represent use of only approximately 30 acres (22 acres, plus 8 acres for the laterals) of the total 122 acre site area helps to limit the impact to the overall land use setting in the vicinity of the Project site.

Preservation of undeveloped areas of the site and selective landscaping will further reduce the scale of land use impacts. The Project is compatible with the Town of Wawayanda's Comprehensive Plan and land use zoning. The Comprehensive Plan targets the area of the Project site for mixed commercial use. The site was recently re-zoned as mixed commercial (MC). The stated purpose of the MC district is "to provide the Town with a principal area for intensive non-residential development such as office, retail, service businesses, and manufacturing." The schedule of Zoning District Regulations for the MC District lists "Essential Services/Utilities" and "Industrial Uses" as permissible with Site Plan Approval and a Special Use Permit.

Additionally, the Project would not change the community character of the area. The proposed Project is consistent with the character of existing developments industrial and commercial developments along the Route 6 corridor such as, an 560,000 square foot warehousing and shipping logistics facility, a NYSDOT facility Region 8 engineering and, Frontier Communications, a gravel pit/concrete plant, and a farm, among other commercial/industrial uses.

2.7. PUBLIC SAFETY

Natural gas, which is the primary fuel for CPV Valley, is a safe fuel source that is not only used for power generation, but is widely used in homes for heating and cooking. Natural gas-fueled electric generation provides New York with safe reliable electric generation without public safety concerns about long-term fuel disposal plans or large scale evacuation. As a natural gas fired generation facility, CPV Valley will be a very safe facility from a fuel and operational perspective.

The CPV Valley facility will be equipped with multiple safety systems, including on-site fire protection and suppression systems, which will be designed in accordance with the New York State Fire Safety Code, and the National Fire Protection Association (NFPA) Standard 101 Life Safety Code. The systems will include pull boxes, on-site fire hydrants, gas turbine enclosure fire suppression systems, portable fire extinguishers, an emergency gas shutoff valve and a sprinkler system supplied by a 1,000,000 gallon on-site raw water tank (500,000 gallons dedicated solely to fire protection). Other emergency equipment include an internal public address system, emergency lighting, stack lighting, first-aid kits, spill response kits, eyewashes, safety showers, and personal protective equipment such as hard hats, safety shoes, and safety glasses. CPV has worked with the local emergency responders throughout the development process to incorporate suggestions and changes to the facility design to better integrate the facility will local first responders existing equipment and practices.

In addition, the on-site facility personnel will be trained in fire safety and emergency response procedures and will adhere to Occupational Safety and Health Administration standards, as well as all other applicable safety standards. This training will include annual review of procedures and safety protocol. The on-site facility personnel will work closely with the local fire department and other emergency response teams to ensure that all personnel are familiar with the facility and the safety procedures that have been established. Periodic site visits will be scheduled to keep all personnel familiar with the site and to make them aware of any changes that could impact their response to an emergency.

A draft Emergency Response Plan and Spill Prevention and Control Plan was prepared and included in the Final EIS. The design of the facility also incorporates several security considerations, including a fence around the site's parameter, a gated entrance, camera monitoring and safety lighting. The control room, which is manned at all times throughout the entire year, is equipped to monitor not only the equipment and operation of the Facility, but also the security cameras and access gate, limiting access to only authorized personnel. The design characteristics and safety procedures, accompanied with strong working relationships with local emergency response personnel, result in a very safe and secure facility for both the surrounding community and the on-site personnel.

Public safety concerns were one of the many areas evaluated during the SEQRA process. Potential impacts to the public were extensively evaluated and included in the Project's Final EIS. Impacts to public services such as fire, police and emergency response services were evaluated. After evaluation and consultation with these service providers, the conclusion was that, due to the design of the facility, low volume of traffic, and the number of employees once operational, CPV Valley will not impact the level and quality of local services during its construction and operation.

2.7.1. Emergency Services

CPV Valley has met with the New Hampton Fire Company to review emergency planning and fire protection requirements for the Project. A copy of the Preliminary Emergency Response Plan for the Facility operations was provided to the Fire Company. CPV Valley also provided a copy of the Emergency Response Plan to the New York State Police, and no comments were generated on the Plan based on the initial reviews conducted by those emergency response providers. Ongoing

interaction with the emergency response providers, including police, fire, and medical services, will occur throughout development, construction, and operation of the Project.

2.7.2. Traffic

Police officer details and construction signs will be utilized to maintain traffic flow on roadway facilities during trenching operations for process water lines within road rights-of-way. When physical crossings of Route 6, Route 17M, and Dolsontown Road are required, construction activity will be staged during off-commuter peak travel periods. Disturbed roadway crossing areas will be repaved on an expedited basis once the pipelines are installed. Police details will be funded by CPV Valley under agreements with the Town of Wawayanda and City of Middletown.

2.7.3. Aesthetics

CPV Valley is sited and designed in such a way to minimize visual impacts to the maximum extent possible. CPV performed an extensive analysis and assessment of aesthetic issues during the SEQRA process. Locating the Project at the southern center portion of the Project site was preferred, as it is placed proximate to nearby Route 6 and I-84 and proposed industrial properties, thereby providing maximum buffer from nearby visual receptors. Please refer to *Appendix 2-A: CPV Valley Energy Center Rendering*.

The air-cooled design was chosen over a wet-cooling design for a number of reasons, including its elimination of cooling tower plumes. The air-cooled condenser height was minimized so as not to increase the height of the stacks.

The electric transmission lines required to connect the Project to NYPA's existing transmission infrastructure will be placed underground to avoid the visual impacts associated with towers and wires of an aboveground electrical interconnection. The Final EIS contains visual simulations from various sensitive receptors identified by the SEQRA lead agency. The simulations depicted the Project during leaf on and off conditions, as well as both night and daytime simulations.

The Final EIS also contains significant documentation of the visual analyses conducted and steps taken to mitigate impacts. The Project design implemented a number of techniques to avoid and minimize off-site visual impacts. The techniques are consistent with the visual impact avoidance and mitigation tools recommended for consideration under NYSDEC's visual resources policy. These include design and siting; alternative cooling technologies; changes to the profile or size of the facility; on-site screening and landscaping; coloring and texture of materials; maintenance during operation. The Project design includes enclosing many of the facility components inside buildings, minimizing stack height, preserving the natural vegetation to the extent practicable and optimizing lighting options to mitigate impacts.

The existing natural vegetation, which provides large buffer areas surrounding the facility, and proposed landscaping, will help shield full views of the facility from off-site locations. Other landscaping plans include adding trees and shrubs in select areas on the site. To the maximum extent practical, mature shade trees, vegetation, and unique site features such as stone walls will be preserved. The Project's proposed lighting is designed to minimize off-site impacts, while providing sufficient lighting to ensure worker safety during routine operations and maintenance.

2.7.4. Cultural Resources

A Phase IA/IB Cultural Resource Report was submitted to the OPRHP on October 31, 2008. This report was included in Appendix 4 of the DEIS and Section 4.0, Cultural Resources, of the DEIS incorporated the findings.

As recommended by the OPRHP, additional field shovel testing was conducted in September, 2009 at two small areas on the Project site (A07119.000197 and A07119.000198). Consistent with the conclusions of the DEIS, these additional investigations did not identify any significant archeological resources on the Project site. As such, no impacts to archeological resources will result from the construction, operation, and maintenance of the Project. The results of the September 2009 field work are included in Appendix 7 of the FEIS, and were submitted to the OPRHP for concurrence with the findings and determination of No Adverse Impact upon properties eligible for inclusion in the State or National Register of Historic Places. The OPRHP concurred with the conclusion, and has determined that the Project will have No Adverse Impact upon properties (historic and archeological) in or eligible for inclusion in the State or National Register of Historic Places as stated in their letter dated November 5, 2009 (Appendix 7 of the FEIS).

Construction of the process water supply and wastewater discharge lines will require disturbance of an approximate six foot wide area during equipment trenching. An archaeological walkover of the referenced highway right-of-way was conducted for the underground electric transmission line extending from the Project site to the NYPA transmission lines. No archaeological or historic resources were identified during the walkover.

2.7.5. School System

Because of the limited number of employees required to operate the CPV Valley Energy Center (23), it is not anticipated that this project will put any undue strain on the local Minisink Valley Central School system associated with a significant addition of new students. Instead, the PILOT payments made by the Project will assist the school district with its budget. This incremental funding from the Project can be used to support the school district through the potential hiring of new teachers, additional educational program, and/or capital improvements to the school facilities.

2.8. SOCIOECONOMICS

The Project will represent a significant new source of revenue for the Town of Wawayanda via the PILOT Agreement with the Orange County Industrial Development Agency (IDA). The PILOT will be for a 20 year period. CPV Valley proposes to start the payments during the Facility's construction period. In addition, CPV Valley has executed a Host Community Benefits agreement with the Town of Wawayanda. The studies reviewed during the preparation of the DEIS indicate that the Facility would have no measureable impact on housing values.

3. PROPOSER'S EXPERIENCE

3.1. CORPORATE OVERVIEW

3.1.1. Business History - CPV Valley, LLC & Competitive Power Ventures Holdings, LLC

CPV Valley is a Delaware limited liability company that was established in 2007 for the purpose of developing, constructing, owning and operating the CPV Valley Energy Center, a natural gas-fired combined-cycle generation facility in the Town of Wawayanda, Orange County, New York. CPV Valley has one member: CPV Power Development, Inc. ("CPV PDI") which holds a 100% ownership interest in CPV Valley. CPV Valley's principal office is located at 8403 Colesville Road, Suite 915, Silver Spring, Maryland 20910.

CPV PDI is a direct wholly owned subsidiary of Competitive Power Ventures Holdings, LLC ("CPV"). Through its subsidiaries, CPV engages in the development, construction, ownership, management and operation of natural gas-fired and renewable generation facilities throughout the United States and Canada. CPV is headquartered in Silver Spring, Maryland, with offices in Braintree, Massachusetts; San Francisco, California; and Toronto, Canada. CPV has concentrated on a clean energy strategy, developing wind-powered and high efficiency natural gas generation to meet the growing demand in high load areas. CPV, founded in 1999, is funded by Warburg Pincus, a leading global private equity firm that has invested over $35 billion in approximately 600 companies worldwide.

3.1.2. Corporate Capabilities

CPV specializes and focuses on three (3) power generation business lines. This includes the development of thermal (natural gas) power generation, renewable energy generation and asset management of generation assets. The following provides a brief overview of CPV's experience in these business areas:

CPV Power Development, Inc. ("CPV Thermal")

CPV Thermal is actively developing natural gas-fired generation projects in select markets in North America. CPV Thermal is leading the development and/or construction of approximately 7,041 MW of natural gas-fired projects in various stages of development of which:

- 2,052 MW are under long term contract or PPAs with LSEs;
- 728 MW recently achieved commercial operations 3 months ahead of the scheduled COD; and
- 1,324 MW of natural gas-fired development projects that may begin construction in 2013.

CPV Renewable Energy Company, LLC ("CPV REC")

CPV REC's development and construction portfolio includes approximately 1,429 MW (gross) of wind power projects across North America, of which 564 MW (gross) are across Canada. CPV REC's portfolio includes:

- 152 MW in operation and under long term PPAs with LSEs.
- 400 MW of wind generation monetized through sale transactions.

CPV Asset Management ("CPV Asset Management")

CPV Asset Management manages 4,674 MW of natural gas-fired generation and wind assets in North America. CPV Asset Management also manages the construction and startup for CPV Thermal and CPV REC.

3.2. CPV'S EXPERIENCE & QUALIFICATIONS

CPV's senior management team has a proven track record in the development, financing, construction and operations of numerous power projects throughout the US and abroad. With over 150 years of collective experience, CPV's management team has successfully developed over 20,000 MW of power projects that are currently in operation, and has acquired or monetized more than $10 billion of generation assets. CPV and its team of developers are established power plant developers and managers, with an average of more than 20 years of experience in developing, acquiring, managing, financing or selling of wind and natural gas-fired power generation assets with firms such as J. Makowski Company, US Generating Company, PG&E, Bechtel, InterGen, PPL, Calpine and AES. The experience and leadership of the CPV management team has established CPV as a premier electric power generation development and asset management company in North America. Please refer to *Appendix 3-A: CPV Management Biographies*, and for a list of projects involving the CPV team.

3.2.1. Natural Gas Development

Currently, CPV has one of the largest natural gas-fired development programs in North America, with 7,041 MW of projects currently in development or construction. The following are some of the key highlights of CPV's recent thermal development activities:

- On May 1, 2013, the 800 MW nominally rated CPV Sentinel Project located in Southern California achieved commercial operation (three months ahead of the scheduled in-service date).
- On April 16, 2013, the Maryland Public Service Commission issued Order No. 85501 in Case No. 9214 requiring certain of the Maryland Electric Distribution Cooperatives to enter into a twenty (20) year Contract for Differences with CPV Thermal's St. Charles Energy Center.
- On May 26, 2011, CPV Thermal closed financing on the $900 million, nominally rated 800 MW CPV Sentinel Project, which broke ground on June 1, 2011, and entered commercial operation in May 2013. The Sentinel Project financing received Project Finance Magazines 2011 "North American Single Asset Deal of the Year".
- On March 15, 2011, CPV Thermal's Woodbridge Energy Center was recommended for a long term capacity contract, and subsequently awarded, in the New Jersey Board of Public Utilities competitive procurement process.
- On March 5, 2008, CPV Thermal's Warren Project, a 600 MW fully developed combined cycle project, located in Virginia, was acquired by Dominion and entered construction in late 2011 with a commercial operation date expected in 2014.
- In 2006, CPV Thermal's Colusa Project, which achieved commercial operations in 2010, was selected in PG&E's competitive solicitation process and awarded a "build, own and transfer" contract.
- CPV Thermal also competed in the Southern California Edison ("SCE") Fast Track and Standard Track competitive procurement processes in 2006/2007. Through both of those processes, CPV Thermal was awarded two contracts for CPV's Sentinel Project located near Palm Springs, CA.

3.2.2. Renewable Energy Development

In addition to the natural gas-fired development portfolio, CPV has one of the most successful wind development portfolios among major development teams in North America. CPV Renewable Energy Company, LLC ("CPV REC") is the renewable energy arm of CPV and is currently developing 1,429 MW worth of wind and solar projects across North America. The following are some of the key highlights of CPV REC's recent renewable development activities:

- In December 2012, CPV REC sold the fully operational CPV Cimarron I Renewable Energy Company, LLC wind energy project in Kansas to NextEra Energy Resources. This 165 MW wind project is under a 20 year PPA with the Tennessee Valley Authority.
- In March and April 2011 CPV REC executed a 20 year, 132 MW PPA with Kansas City Power & Light Company for the CPV Cimarron II Renewable Energy Company, LLC (Cimarron II) wind energy project in Kansas. In June 2011, CPV REC sold Cimarron II to Duke Energy Renewables, this project completed construction in 2012.
- In February 2010, CPV REC closed the financing of the 151.8 MW Phase II of the Keenan Wind Energy Project, which is under a 20 year PPA with OG&E. This project completed construction and entered commercial operations in December 2010.
- In July 2008, CPV REC sold the initial 101.2 MW phase of the Keenan Wind Project near Woodward, OK to Oklahoma Gas & Electric ("OG&E"), currently operating under the name OU Spirit.

Between the natural gas-fired and wind generation and solar development portfolios, CPV is actively developing generation in all of the North American power markets. CPV's current development and construction portfolio is 8,622 MW of generation.

3.2.3. Asset Management

In addition to CPV's extensive development experience, CPV's Asset Management Group is one of the largest third-party providers of "Owner for Hire" asset management services in the country. CPV is managing 4,217 MW of facilities in New England, New York, California, Arizona, Oklahoma and Texas. The owners of these facilities are primarily financial investors, including affiliates of banks and a number of private equity and hedge funds. CPV Asset Management is responsible for and oversees the full scope of operations and revenue generation from the facilities and has established a successful track record for operations and safety.

CPV Asset Management, under its asset management agreements, has supported numerous financing efforts through a broad range of financing-related activities including but not limited to data room creation, due diligence management, financial modeling, lender consortium selection, credit agreement negotiations, rating agency and lender syndicate presentations, and interest rate and commodity hedging negotiations and execution.

CPV Asset Management's skills and experience cross many different types of technologies, from the most advanced General Electric "H", Siemens "F" and "G", Alstom GT24 and Mitsubishi "G" technologies, to the more common GE 7FA technologies.

CPV Asset Management also provides third party construction and asset management services during operation for the assets developed and commercialized in the CPV Thermal and CPV REC portfolios. For example, CPV Asset Management is actively managing the construction of the CPV Sentinel project and the operation of the CPV Keenan II wind farm.

3.2.4. Experienced Project Management Team

CPV, led by an accomplished management team, a majority of which have a development background, employs a structure that includes an internal project management team. The team is composed of individuals with a variety of skills related to the development of the Project. The lead developer acts as project manager, overseeing the roles of each member of the team. Please refer to *Appendix 3-B: CPV Project Management Team Biographies* for information regarding the experience of the CPV project management team.

The CPV project management team is supplemental by a team of professionals with specific expertise in various disciplines related to power generation, such as, environmental, legal, electrical interconnection, etc. CPV's expanded development team consists of technical and legal resources with demonstrated experience and a successful track record in the development of electric generation facilities in New York. These firms and key personnel associated with the CPV Valley Project are further detailed in this section.

3.2.5. CPV's Ability to Perform

As one of the most advanced developed and permitted combined cycle natural gas generation project in the State of New York, CPV Valley is uniquely positioned to meet the objectives of the Energy Highway and can attest to the ability to perform the services according to the provisions of the RFP. The CPV Valley team has demonstrated its capability by being one of only a few power projects to successfully complete the NY SEQRA review process. In addition, CPV recent successes with the Sentinel project are further demonstration of CPV's capability as CPV's Sentinel project achieved COD three months early.

3.2.6. NYISO Experience

CPV Valley has been a member of the NYISO's Generator Sector since 2011. CPV, through its subsidiaries, has extensive familiarity and experience with the NYISO markets as a result of (i) CPV Asset Management's current asset management responsibilities for Athens Generating facility, a 1,080 MW 3x3x3 combined cycle facility located in Athens, New York, and (ii) the advanced stage of development of CPV Valley. CPV Valley is currently in the NYISO's 2011 Class Year and is in the final stages of the Facilities Study. CPV has been an active participant in the NYISO market for an extended period of time and will continue to participate in the future.

As mentioned above, CPV has significant experience with the NYISO the asset manager of the Athens Generation Facility in Athens, New York. Since 2005, CPV has been actively engaged in the dispatch of the Athens facility into the NYISO energy markets and is intimately familiar with the NYISO rules and procedures.

CPV Valley's experience in the State of New York, from a development standpoint and as a manager of an operating facility, has allowed CPV to monitor the state's evolving energy market over the past several years. CPV Valley and CPV have been involved as a stakeholder, often offering market expertise based on experiences in other markets across the country. The relationships and reputation CPV Valley and CPV have established as a mainstay in the state's energy landscape will prove to be valuable as the state strives to further establish a stable, sustainable energy future in the State of New York.

3.3. ENVIRONMENTAL PERMITTING EXPERIENCE

As demonstrated throughout this section, CPV has a long standing track record in developing power generation projects throughout North America. CPV has demonstrated an ability to successfully fulfill the applicable environmental permitting requirements, establishing strong working relationships with

the associated agencies along the way. CPV's extensive experience and unique qualifications in this area have enabled the Project to become one of the most advanced development projects in the state. CPV Valley successfully completed the state's SEQRA process, with the Lead Agency issuing a Findings Statement on May 23, 2012.

Please refer to *Section 9 – Environmental Review*, which provides a more extensive description of CPV's success in developing and permitting the Project.

In addition to CPV's extensive experience in environmental permitting throughout North America and direct experience in the State of New York, CPV also assembled an experienced team with direct New York experience to permit the Project. The environmental permitting effort is managed by CPV with additional environmental permitting and State of New York expertise rounding out the rest of the team. Each team member offers a necessary set of skills and experience that position the project for success. The team consists of professional permitting experts from the well- known firms of TRC and Nixon Peabody, with support from Mott MacDonald, Bonacic, Krahulik, Cuddeback, McMahon & Brady, LLP, and Alpine Environmental Consultants. Information regarding these team members is provided in *Appendix 3-C: CPV Valley Team Member Experience*, which includes biographies and/or resumes of key personnel involved in the environmental permitting of the Project. The following is a brief summary of the companies along with specific New York experience.

CPV Valley Energy Center: *Project Development Participants*

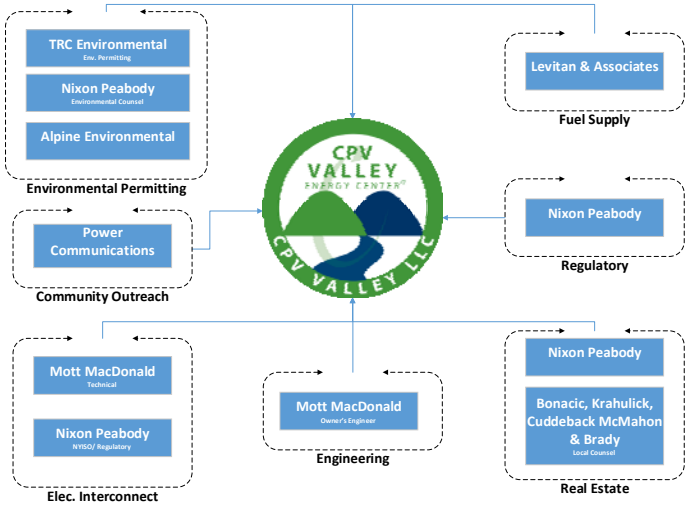


Figure 5 - CPV Valley Project Team

3.4. TRC – ENVIRONMENTAL & PERMITTING

TRC is a leader in providing environmental permitting, engineering, and compliance services for energy-related companies on a national basis. Approximately 50 percent of TRC's annual revenue of over $415 million is associated with services provided to energy companies. TRC is currently providing consulting support on a broad number of electric generating, electric transmission, and natural gas projects nationwide. TRC provides comprehensive environmental consulting services, including: site selection and critical flaw assessment; multidisciplinary licensing for brownfield and greenfield development sites; acquisition due diligence and auditing services; compliance testing; site remediation support; and environmental management system development.

In the past decade, TRC's Energy Practice has successfully permitted over 30,000 MW of power projects nationwide, and has provided operational support at numerous operating facilities. A publicly traded company, TRC is a licensed engineering firm in New York State.

TRC can draw upon its multidisciplinary staff of over 2,700 scientists, engineers, and program managers to provide timely, cost-effective professional services in the planning, construction, and operation of energy facilities. TRC's offices in New York are located in: New York City; Jericho; Hawthorne; Clifton Park; Ithaca; Liverpool; Williamsville; and Chili. Approximately 580 of TRC's staff are based in New York. With a thorough understanding of federal, state, and local environmental regulations, as well as the market framework within which energy facilities operate, TRC's professionals assist clients from project conception through comprehensive environmental permitting

and project construction, as well as during financial due diligence and operations for the life of the facility.

TRC has an acknowledged history of expertise in all areas of environmental program management; regulatory compliance and multidisciplinary permitting; air quality analysis, including cumulative impact assessment modeling; air quality management; noise analysis; traffic impact assessments; visual impact studies; water resources management; site selection and permitability analysis; environmental due diligence; public hearing and expert witness testimony; pollution control engineering; environmental and health risk assessment; natural and cultural resources management; air compliance testing; and site/civil, electrical, and transportation engineering.

TRC has extensive experience in successfully permitting power plant projects throughout the State of New York, including simple-cycle ("SC") and combined-cycle ("CC") plants. TRC has permitted over half of the power projects developed in New York over the last decade. TRC permitted three of the four large power plant projects built in New York City since the mid-2000's including NYPA's Poletti Plant, and eight projects located on Long Island to provide power to the Long Island Power Authority. TRC has successfully permitted and/or is currently in the process of permitting several other power plant development projects in New York. TRC has extensive experience with the SEQRA process, and all other applicable local, state, and federal permit requirements/approvals that are required for construction, start-up, and operation of new and repowered power plants in New York. TRC is currently assisting NYPA in the oversight of the demolition of the retired generating capacity at the Poletti Station. TRC has also been qualified by NYISO to prepare on behalf of NYISO electrical interconnection studies for power generation projects. The following are highlights of TRC's environmental permitting experience in the State of New York. For more information please refer to *Appendix 3-C: CPV Valley Team Member Experience.*

- Astoria Energy, LLC (Suez Energy), 1,150 MW CC project located in Astoria, Borough of Queens, New York City (operating);
- NYPA Charles Poletti Power Project, 500 MW CC project located in Astoria, Borough of Queens, New York City (operating);
- Keyspan Energy Ravenswood Facility, 250 MW CC/Cogeneration project located in the Borough of Queens, New York City (operating);
- Caithness Long Island Energy center, 346 MW CC project located in Brookhaven, Suffolk County, New York (operating);
- Pinelawn Power, LLC, 79.9 SC project located in Babylon, Long Island, New York (operating);
- PPL Global Edgewood Generating Facility, 79.9 MW SC project located in Edgewood, Long Island, New York (operating);
- PPL Global Shoreham Generating Station, 79.9 MW SC project located in Shoreham, Long Island, New York (operating);
- Equus Power, LLC, 50 MW SC project located in the Village of Freeport, Long island, New York (operating);
- Freeport Electric Plant No. II, 47 MW SC project located in the Village of Freeport, Long Island, New York (operating);
- KeySpan Energy Development Corporation Port Jefferson Energy Center, 79.9 MW SC project located in the Village of Port Jefferson, Long Island, New York (operating);
- KeySpan Energy Development Corporation Glenwood Landing Energy Center, 79.9 MW SC project located in Oyster Bay, Long Island, Long Island, New York (operating);
- Heritage Station, 800 MW CC project located in Scriba, Oswego County, New York (permitted);
- Mirant Bowline, LLC Bowline Unit 3, 750 MW CC project located in Haverstraw, Rockland County, New York (permitted and under construction);
- Indian Point Peaking Facility, 360 MW SC project located in the Village of Buchanan, Westchester County, New York (permitted);

- Brookhaven Energy Project, 250 MW CC project located in Brookhaven, Suffolk County, New York (permitted);
- Calpine Wawayanda Energy Center, 540 MW CC project located in Wawayanda, Orange County, New York (permitted);
- Calpine Stony Brook Energy Center 2, 79.9 MW SC project located in Brookhaven, Suffolk County, New York (permitted);
- Medford Energy, 79.9 MW SC project located in Medford, Suffolk County, New York (permitted);
- Spagnoli Road Energy Center, 300 MW CC project located in Huntington, Suffolk County, New York (permitted);
- Kings Park Energy, 300 MW SC project located in Smithtown, Suffolk County, New York (permitted);
- TransGas Energy Facility, 1,100 MW CC project located in the Borough of Brooklyn, New York City;
- Brooklyn Navy Yard Cogeneration Partnership, 286 MW Cogeneration project located in the Borough of Brooklyn, New York City.

3.5. NIXON PEABODY - LEGAL (PERMITTING, REAL ESTATE, CONTRACTUAL, FINANCING)

Nixon Peabody LLP is a full-service law firm that helps clients navigate complex challenges in energy, litigation, real estate, corporate law, and finance. It has approximately 650 attorneys in offices throughout the U.S., include five in New York State—Albany, Buffalo, Long Island, New York City, and Rochester. The firm's attorneys are recognized leaders whom clients count on to solve a broad range of complex challenges.

Nixon Peabody has served the needs of energy clients for more than 75 years. The firm's Energy Practice has significant experience in all aspects of the energy business ranging from project finance, equity investment, tax credits and grants, M&A, and energy regulatory work, to construction related matters such as power purchase agreements, engineering, procurement and construction contracts, and equipment leasing, and to project development matters such as project siting, permitting, environmental review and all other issues related to the development of traditional and alternative energy facilities. The firm's attorneys have a broad range of experience in capital market transactions, as well as in handling transactions involving debt from more traditional project finance lenders. It represents project developers, sponsors and equity and tax equity investors, lenders, electric and gas utilities, public power agencies, municipal utilities and other energy enterprises. In addition, when called upon for specialized services, the Energy Practice is supported by additional teams of talented lawyers available to satisfy the needs of their clients in such areas as intellectual property, creditor's rights and workouts, and litigation and arbitration.

Nixon Peabody has represented clients in all facets of fossil fuel power generation, transmission, and distribution for more than 50 years. It has represented utilities, independent power producers, developers, and other players in the development of scores of generating stations. These facilities have ranged in size from relatively small (under 80 MW) cogeneration facilities to very large (over 1,600 MW) generating stations. For more information regarding Nixon Peabody's experience, please refer to *Appendix 3-C: CPV Valley Team Member Experience.*

Nixon Peabody represents, or has represented, numerous leaders in the energy industry such as:

- Calpine Corporation
- Competitive Power Ventures
- Horizon Wind Energy
- Pattern Energy
- Iberdrola Renewables
- Acciona Energy
- First Wind
- Ridgeline Energy
- PSEG Power
- PPL Corporation

- NRG Energy
- GenOn Energy
- Trans Canada
- Harbert Power
- Citibank
- Wind Capital Group
- U.S. Power Generating
- NextEra Energy
- First Reserve Corporation
- Noble Environmental Power
- Constellation Energy
- Alliant Energy
- Invenergy LLC
- BNP Paribas
- Morgan Stanley
- JP Morgan
- U.S. Bank
- Olympus Power
- Covanta Energy Group
- E. ON Climate & Renewables NA

Nixon Peabody is one of the leading energy firms in New York. In addition to its work on the Valley Project, it has represented the sponsors and developers of many of the other major generation and transmission projects proposed in New York over the last two decades, including:

- The Athens Generating Facility
- The Bethlehem Energy Center
- Kings Park Energy
- Empire Generating
- Astoria Generating Station
- Cohocton Wind Energy Project
- Dutch Hill Wind Energy Project
- Jericho Rise Wind Energy Project
- Arkwright Summit Wind Energy
- Dairy Hills Wind Energy Project
- St. Lawrence Wind Energy Project
- Shoreham Generating Facility
- Edgewood Generating Facility
- Pinelawn Power Project
- Cross Sound Cable Project
- Cross Hudson Cable Project
- Harbor Cable Project

Nixon Peabody also has represented proposers (including a number of the proposers ultimately selected for contracts) in almost all of the significant power supply and transmission RFP processes conducted by government and investor-owned utilities in New York over the last decade. The firm's roles in these RFP processes have included overall proposal review and coordination; preparation of permitting, siting, and public outreach plans; preparation of comments on, and exceptions to, and negotiation of, proposed power purchase and transmission rights agreements; preparation of responses to requests for clarifications and additional information; and participation in proposal interviews. RFP processes in which Nixon Peabody has represented proposers include:

- Long Island Power Authority Offshore Wind Energy RFP
- Three Long Island Power Authority RFPs for Long-term Power Supply
- New York Power Authority Great Lakes Offshore Wind Energy RFP
- Two New York Power Authority RFPs for Long-term Power Supply
- Several rounds of the New York State Energy Research and Development Authority's Main Tier Renewable Portfolio Standard Solicitations
- Consolidated Edison 2002 Long-term Power Supply RFP

Please refer to *Appendix 3-C: CPV Valley Team Member Experience* for specific biographic information for the individuals associated with the CPV Valley Project.

3.6. MOTT MACDONALD – OWNER'S ENGINEER

Mott MacDonald is the North American entity of the UK-based Mott MacDonald Group ("Mott"). Mott provides engineering and design services to the Power Industry in North America. Mott has

offices in Westwood MA, and Houston, TX. Mott's staff consists of multi-discipline professionals with wide ranging experience in the power industry. Mott is an independent, private company wholly owned by its employees. Motts expertise and hands-on experience in the power & industrial engineering industry is extensive, spanning more than three decades. Mott's involvement ranges from conceptual design and detailed engineering right through interconnection, start-up and testing, commissioning and full-scale operation. Mott's clients are project owners, EPC contractors, power delivery utility companies, industrial facility owners and independent power producers (developers).

Mott has extensive experience in providing engineering services to assist in the successful permitting and construction of various power generation facilities throughout the State of New York. Mott provided various engineering and design services for a number of State of New York projects including:

- NRG's 575 MW CC Facility located in Astoria, Borough of Queens, New York City;
- Wethersfield Wind Energy Facility, a nominal 126 MW wind farm located in Wyoming County, New York;
- Altona Wind Energy Facility, a nominal 100 MW wind farm located in the Town of Altona, New York;
- Bliss Wind Energy Facility, a nominal 100 MW wind farm located in Wyoming County, New York;
- Chateaugay Wind Energy Facility, a nominal 107 MW wind farm located in the Town of Chateaugay, New York;
- Clinton Wind Energy Facility, a nominal 100 MW wind farm located in the Town of Clinton, New York;
- Duly Substation Wind Farm Interconnection Project located in the Town of Altona, New York;
- Ellenburg Wind Energy Facility, a nominal 81 MW wind farm located in the Towns of Ellenburg and Clinton, New York;

Mott has also been retained by NYISO to provide engineering support on an as needed basis, including acting as the interface between project developers and affected transmission owners on behalf of NYISO. Mott has also completed a System Reliability Impact Study ("SRIS") for NYISO/LIPA to evaluate the impact of the BP Solar International solar farm on the reliability of the New York State Transmission System.

Please refer to *Appendix 3-C: CPV Valley Team Member Experience* for additional information regarding the Mott personnel and other relevant projects that Mott has been involved with.

3.7. POWER COMMUNICATIONS

Power Communications ("PowerComm"), founded in 2003 and headquartered in Saratoga Springs Communications, is a strategic marketing communications firm, specializing in clean energy projects. PowerComm works with select wind, solar and natural gas companies who are committed to professional community outreach programs. PowerComm has spent significant time and energy understanding how people relate to energy projects and the best ways to communicate with them about energy.

Power Communications recognizes that in order for a project to be successful, it has to be accepted by its neighbors. Therefore, PowerComm emphasizes educating and engaging the community to facilitate an understanding of the role energy plays in their lives, how new energy developments can benefit a community's future economy and environment. PowerComm serves as trusted counsel to development directors, project managers and entrepreneurs, helping them connect with communities and navigate the challenges facing any project. We also help clients manage

communications across portfolios of projects, so they can allocate their resources more efficiently and save money.

Community leaders, economic development professionals, neighbors, environmental interest groups, union members, neighborhood and media all play a key role in whether or not a clean energy project is successfully developed. PowerComm's approach is to build positive, two-way communication among all these stakeholders. PowerComm has managed the communications function on projects across North America. Through 2013, Power Communications has worked on providing project communications services to major energy infrastructure projects in the following states/provinces:

- New York
- New Jersey
- Connecticut
- California
- Maryland
- Minnesota
- North Dakota
- Oklahoma
- Kansas
- Pennsylvania
- Virginia
- Ontario

PowerComm's clients include:

- Alliance for Clean Energy (ACE NY)
- Azure Midstream Company
- BP Renewable Energy
- Competitive Power Ventures (CPV)
- D&D Power
- Delta Power
- EDP Renewables / Horizon Wind Energy
- Electric Power Supply Association (EPSA)
- E.ON Climate & Renewables, N.A.
- Independent Power Producers of New York, Inc. (IPPNY)
- Laser Northeast Gather Company
- Millennium Pipeline
- New York State Public Service Commission
- Ridgeline Energy / Northwind and Power

3.8. BONACIC, KRAHULIK, CUDDEBACK, MCMAHON & BRADY, LLP – LOCAL ATTORNEY

Bonacic, Krahulik, Cuddeback, McMahon & Brady, LLP ("Bonacic") offers a broad range of municipal legal services to support the environmental permitting of the VEC. Bonacic's specific expertise for the VEC is representing CPV Valley before various municipal boards and commissions. Bonacic currently acts as legal counsel to numerous municipalities in Orange County (City of Port Jervis, Town of Chester, Town of Monroe, Village of Monroe), Sullivan County (Town of Mamakating Planning Board), and Delaware County (Town of Bovina and Town of Stamford).

Please see *Appendix 3-C: CPV Valley Team Member Experience* for additional biographical information for the individuals associated with the CPV Valley Project.

3.9. LEVITAN AND ASSOCIATES, INC. (LAI)

LAI is a Boston based energy management consulting firm that specializes in wholesale market design, resource planning, energy procurement, and fuel supply management. Since its formation in 1989, LAI has represented utilities and generators on fuel matters in New York, New England, PJM, the Pacific Northwest and inland Southwest. A synopsis of LAI's consulting work in New York follows.

LAI has advised NYPA on various transportation and commodity supply matters, and also provided ongoing technical support throughout RFP #5, culminating in the selection of Astoria Energy II. LAI has represented NYPA before PJM on transmission engineering and security analysis relating to NYPA's firm transmission withdrawal rights on Hudson Transmission Project ("HTP") and HTP's Interconnection Service Agreement.

From 2003 through 2013, LAI has supported LIPA on diverse technology assessment and market design evaluations pertaining to new transmission projects from PJM and ISO-NE to Long Island, as well as fuel related due diligence to support the selection of new peakers and combined cycle plants on Long Island. Common to these engagements has been the rigorous assessment of natural gas and deliverability conditions affecting fuel supply security objectives on Long Island. LAI has performed many engineering economic analyses to support LIPA's executive management decisions during a period of unprecedented growth. LAI has provided commercial assistance to support LIPA's UDR elections on both Neptune and Cross Sound Cable, including the selection of capacity resources in neighboring RTOs. The firm's natural gas and electric production simulation modeling capability coupled with LAI's resource planning and economics expertise has been an integral part of LIPA's due diligence to support long term resource commitments. LAI has conducted technical studies on National Grid's local system. Many resource planning studies have been performed in relation to cable scheduling protocols in New England, New York and PJM. LAI also conducted the market, safety and environmental evaluation of the proposed Broadwater LNG terminal. LAI's technical reports have been presented to LIPA's Trustees and to the Governor's Office.

LAI has also performed many infrastructure adequacy assessments and market design studies for NYISO, including ongoing pipeline and storage monitoring services relating to new construction across NYCA. Pipeline infrastructure adequacy assessments have been conducted for NYISO, ISO-NE, PJM and the ISO of Ontario. LAI has represented NYISO on the Demand Curve Reset process.

LAI has represented Con Edison on fuel related matters relating to the Brooklyn Navy Yard, Linden Cogen, Indeck, Sithe Independence, Masspower, and Selkirk, among others. LAI has provided commercial advisory support to Con Edison on PPA restructuring efforts. The firm has also represented in-city generators on the Demand Curve Reset process. LAI has also prepared the fuel supply and transportation plans for new generation projects in New Jersey that are electrically connected to New York City. Valuation services have been performed for lenders and equity investors in power plants throughout New York State.

Please refer to *Appendix 3-C: CPV Valley Team Member Experience* for additional information regarding the LAI personnel and other relevant projects that LAI has been involved with.

3.10. ALPINE ENVIRONMENTAL CONSULTANTS

Alpine Environmental Consultants ("AECI") is a multi-disciplined consulting firm offering a broad range of services to support the environmental permitting of the VEC. AECI's service sector disciplines include: site planning; industrial land use planning; environmental impact assessments; soil science; water supply investigations; wetlands design, construction and monitoring; wildlife resources; mineral resources; municipal representation; environmental services; archaeology; and construction inspection. Under CPV Valley's direction, AECI's role in the environmental permitting of the VEC includes acting as CPV Valley's local engineer for the project.

Please see *Appendix 3-D: CPV Valley Team Member Experience* for additional biographical information for the individuals associated with the CPV Valley Project.

4. PROJECT INFORMATION

4.1. RESPONDENT INFORMATION

4.1.1. Contact Information

CPV is pleased to submit information regarding its proposed CPV Valley Energy Center (CPV Valley or Project) in response to the Power Authority of the State of New York Request for Proposals for Contingency Procurement of Generation and Transmission (RFP). Specific questions regarding CPV, the Valley project and any information contained herein should be directed to:

Mr. Steven Remillard
Competitive Power Ventures, Inc.
50 Braintree Hill Office Park, Suite 300
Braintree, MA 02184
Tel: (781) 817-8970
sremillard@cpv.com

4.1.2. Legal Status

CPV Valley, LLC is a Delaware limited liability company that was established on June 14, 2007 for the purpose of developing, constructing, owning and operating the CPV Valley Energy Center ("VEC"), a natural gas-fired combined-cycle generation facility in the Town of Wawayanda, Orange County, New York.

4.1.3. Ownership Status

CPV Valley has one member: CPV Power Development, Inc. ("CPV PDI") who holds a 100% ownership interest in CPV Valley. CPV Valley's principal office is located at 8403 Colesville Road, Suite 915, Silver Spring, Maryland 20910. CPV PDI is a direct wholly owned subsidiary of Competitive Power Ventures Holdings, LLC ("CPV"). CPV, founded in 1999, is a privately held company, funded by Warburg Pincus, a leading global private equity firm that has invested over $35 billion in approximately 600 companies worldwide.

5. DISCLOSURE STATEMENTS

5.1. DISCLOSURE STATEMENTS

In the Past five (5) years no officer, director, affiliate or guarantor of CPV has defaulted on, or was deemed to be in noncompliance with, any obligations related to the sale or purchase of power (capacity, energy and/or ancillary services), transmission, or natural gas, or was the subject of a civil proceeding for conversion, theft, fraud, business fraud, misrepresentation, false statements, unfair or deceptive business practices, anti-competitive acts or omissions, or collusive bidding or other procurement- or sale-related irregularities.

In the Past five (5) years no officer, director, affiliate or guarantor of CPV was convicted of (i) any felony, or (ii) any crime related to the sale or purchase of power (capacity, energy and/or ancillary services), transmission, or natural gas, conversion, theft, fraud, business fraud, misrepresentation, false statements, unfair or deceptive business practices, anti-competitive acts or omissions, or collusive bidding or other procurement- or sale-related irregularities.

6. FINANCIAL CAPACITY

6.1. FINANCIAL CAPACITY

6.1.1. CPV's Financial Capacity

As demonstrated throughout this section, CPV possess the financial capacity and competence to execute the financing plan detailed herein to support a June 1, 2016 commercial operation date for the Project. CPV has been involved with the successful financing of more than 17,000 MW within the past ten years, and over 27,400 MW beyond ten years, including the $900 million financing of the 800 MW CPV Sentinel Project in May of 2011. The financing of the Sentinel Project received Project Finance Magazine's 2011 "North American Single Asset Deal of the Year and was oversubscribed nearly 2.5 times. The Sentinel Project achieved commercial operation in May of 2013, nearly two months ahead of schedule. CPV's knowledge of and experience in the financial environment and ability to effectively address financial requirements through the development process has established CPV as a premier development company with a proven ability to finance power generation projects within a defined timeframe to meet commercial operation requirements. CPV has established significant relationships within the finance market through numerous financings in recent years, which further promotes CPV's capability to advance the CPV Valley Project through the finance process. Please refer to *Appendix 4-A: Financing Letters of Support*, which contain letters from various financial parties expressing interest in the financing of the CPV Valley Energy Center.

6.1.2. Finance Plan for CPV Valley

CPV Valley's finance plan addresses the Project's three distinct periods of activity: development, construction, and operations. The following provides an overview of CPV's finance plan.

6.1.3. Development

The Project is owned by CPV Valley, which is an indirect wholly owned subsidiary of CPV. Through its subsidiaries, CPV engages in the development, construction, ownership, management and operation of natural gas-fired and renewable generation facilities throughout the United States and Canada. CPV is majority owned by Warburg Pincus, with participation by CPV management and other individual accredited investors. Since the late 1980's, Warburg Pincus has invested more than $6 billion in energy companies around the world, and has backed CPV for over a decade. CPV, through CPV Valley, has funded 100% of the development costs of the Project and CPV Valley's sponsors will continue to fund 100% of the capital needs of the Project through development completion. Warburg Pincus supports CPV with an equity commitment in excess of $300 million. CPV is prepared to advance CPV Valley from development through financing, construction and operations and may opportunistically consider inviting additional partners into CPV Valley following receipt of an award of a long-term contract from NYPA.

6.2. CONSTRUCTION

6.2.1. Capital Structure at Commencement of Construction (Project Financial Closing)

Upon commencement of construction, which is expected to be coincident with the financial closing of credit facilities for the Project, construction funding will be sourced through a combination of non-recourse credit facilities provided by third-party lenders and equity contributed by Project sponsors.

[redacted]

[redacted]

6.2.2. Equity

[redacted]

6.2.3. Debt

The financing plan described herein is based on preliminary discussions with multiple prominent project financiers interested in providing financing to CPV Valley, as well as CPV's recent and relevant experience in working with these financing parties. CPV and its affiliates have extensive working relationships with a variety of financiers. Please refer to Appendix 4-A: *Financing Letters of Support,* which contains two letters from leading financial entities that have support CPV project financings (and financings of many other projects) on terms and conditions similar to those described herein.

[redacted]

[redacted]

6.3. OPERATIONS

[redacted]

[redacted]

6.4. CPV'S DEVELOPMENT AND FINANCING EXPERIENCE

CPV's management has been involved with development and financing of over 27,500 MWs. Please refer to *Appendix 4-B: CPV's Development & Financing Experience* for a schedule showing the projects developed and financed by CPV and its affiliates in the past 10 years. In addition, please refer to *Section 3 – Proposer Experience* from more information regarding CPV's experience.

6.5. DEFAULT EVENTS

There are no default events or credit issues associated with the projects referenced in Section 6.4 above and *Appendix 4-B: CPV's Development & Financing Experience.*

6.6. CPV'S FINANCIAL CONDITION & CREDITWORTHINESS

Appendix 4-C: CPV's Audited Financial Statements contains the most recent three years of confidential audited financial statements for Competitive Power Ventures Holdings, LLC.

6.7. REFERENCES

CPV has developed strong relationships with many financial institutions through various financial arrangements. Provided herein are four references that CPV has worked with previously on comparable financial structures as the proposed CPV Valley Energy Center.

[redacted]

6.8. FINANCIAL DATA SHEETS

Please refer to *Appendix 1-A: RFP Data Sheets*, which includes the completed Financial Data Sheet associated with the CPV Valley proposal.

7. ENVIRONMENTAL BENEFITS

7.1. OVERVIEW OF ENVIRONMENTAL BENEFITS

The Project has many positive environmental benefits, including utilization of efficient gas-fired combined cycle technology with state-of-the-art emissions controls, an air cooling system, and reuse of "grey" water from the City of Middletown's Wastewater Treatment Facility (WTF). As further discussed below, the project will displace emissions from more carbon-intensive generation, and reduce net emissions of criteria pollutants and mercury across New York State. The following is a summary of the environmental benefits associated with the facility's development and operation.

7.2. COMBINED-CYCLE TECHNOLOGY WITH EMISSIONS CONTROLS

A combined-cycle plant is one of the most efficient technologies for generating electricity. Since a combined-cycle plant uses less fuel than either a steam turbine or a gas turbine to generate a kilowatt-hour of electricity, there are fewer air emissions than from traditional fossil fuel technologies per megawatt of power generated. The Project will be predominately a natural gas fueled facility, with ULSD for backup fuel only. It will be equipped with Selective Catalytic Reduction (SCR) for control of NOx and an oxidation catalyst for control of carbon monoxide (CO). The combination of the cleanest fossil fuel, the high efficiency of combined cycle technology, and the advanced emission control will enable CPV Valley to displace less efficient fossil-fired generation, which will result in a lowering of net emissions of greenhouse gases, criteria pollutants, and hazardous air pollutants across the region.

7.3. WATER RESOURCES

The Project will have the beneficial environmental attribute of utilizing an air cooling system, complimented by the use of treated waste water (often referred to as "gray" water) for the facility process make-up purposes. The efficient air cooling system will minimize use of process water. Makeup water will consist of reclaimed water, obtained from the City of Middletown's WTF. Water will be returned to the City WTF, thereby avoiding any intake from, or additional discharge to natural waterways or groundwater. To the extent that CPV Valley displaces generation from older facilities with once-through cooling, it will also displace water usage, reduce entrainment and impingement of aquatic organisms, and reduce thermal discharge to New York's water resources.

Several advanced technologies coupled with sound water resources management policies and practices have been incorporated into the Facility's overall design to minimize water use during operation. These include:

- Using combined-cycle technology for power generation, thereby increasing the overall water and fuel efficiency of the Facility when compared to traditional steam electric generating plants serving New York State;
- Selecting air-cooled condensers to dissipate heat, thereby eliminating the need for large volumes of water for cooling purposes; and
- Reusing tertiary treated effluent from the City of Middletown's WTP to satisfy process makeup requirements for power generation, thereby minimizing water withdrawals from the municipal distribution system.
- The limited quantity of process wastewater produced by the Project will be directed back to the headworks of the City of Middletown WTP.
- In addition to avoiding impacts on municipal water supply systems, use of the treated gray water in a beneficial reuse context creates a revenue stream for the City of Middletown.

7.4. AIR QUALITY

The Project's combined cycle configuration, emissions control technology, and advanced design features will, taken together, allow the Facility to operate in a manner that maximizes environmental benefits. CPV Valley will use natural gas as the primary fuel, which is a clean burning fuel source. The high efficiency of the Project and its state-of-the-art emissions control technology will make it one of the cleanest fossil fuel-fired electric generating facilities in the State of New York.

With respect to new sources of air emissions, the United States Environmental Protection Agency (USEPA) and New York State Department of Environmental Conservation (NYSDEC) have adopted Significant Impact Levels (SILs) to determine if modeled concentrations require more comprehensive analysis. Being below the SILs indicates potential impacts are so small as to not require further analysis. The Facility's predicted maximum impacts are below the SILs for all criteria pollutants with the exception of particulate matter (PM) (for which the SIL is exceeded only when backup ultra-low sulfur distillate oil is being used), and NO_2, for the new 1-hour standard. The cumulative impact modeling of the Facility, with other major sources, indicated compliance with the PM air quality standards and the NO_2 1-hour standard.

A new major stationary source in a USEPA designated non-attainment area must obtain emission offsets as a condition for approval. The Facility's location in a non-attainment area for ozone requires the purchase of Emission Reduction Credits (ERCs) for NOX and VOCs . The offsets required (1.15 to 1.00 ratio) will result in a net air quality benefit to the region given they are greater in magnitude than the emission quantities generated by the Facility. CPV Valley secured ERC's to satisfy these requirements and subsequently the NYDEC re-noticed the Project's air permit.

Additional information about the emissions characteristics of the Project is provided herein.

For the *Energy Highway Request For Information*, CPV engaged a third party independent analysis of the potential air emissions benefits based on the facility's operating characteristics and a resulting operating profile. The study concluded that the operation of the Project could lower NOx emissions, SOx emissions, and Mercury emissions across the state of New York by, on average, approximately 816 tons, 325 tons and 4 lbs per year, respectively, during the first 15 years of operation.

7.5. LAND USE

The Project will occupy approximately 22 acres within the larger 122 acre site parcel. The development site is located within the Town of Wawayanda's Mixed Commercial (MC) District. The Town Zoning, adopted in 2009, allows for use for "Utilities" and "Essential Services" in this District. The Facility will comply with the substantive requirements of the Town Zoning Code, with the

exception of exceeding the maximum height requirement due to facility engineering and air quality constraints.

Development of the 22 acres for an industrial use such as that represented by the electric generating facility is consistent with the land use and economic development objectives imbedded in the Town Comprehensive Master Plan and Zoning Code provisions. Use of the 22 acres for the electric generating facility represents a productive use of the site that is aligned with the Town's development goals for the area. The Town of Wawayanda Planning Board confirmed this when it issued the special use permit and site plan approval for the Facility in May 2013.

7.6. ECOLOGY

Great effort was taken in the design and layout of the Facility to minimize impacts to wetlands. Although the limited amount of wetlands impacts are unavoidable (0.33 acres), the optimization of the Facility's design and layout have significantly minimized, the impacts, to the maximum extent practicable. Permanent impacts to wetlands will be mitigated through on-site replication of 1.237 acres of wetlands, providing a wetland replacement ratio of greater than 3:1. In addition to an increased amount of wetland area on-site, the replication program will provide enhanced wildlife habitat functions for the site. Most importantly, of the 122 acre site, 92 acres will be left in its natural or existing state, including approximately 70 acres of wetlands.

No significant impacts to Federal or State listed Threatened or Endangered Species are anticipated. Based on recommendations made during review by U.S. Army Corps of Engineers and United States Fish and Wildlife Service, several large trees in the vicinity of the wetland mitigation area that are in continuum with the adjacent forested area, and that could potentially provide summer roosting habitat for Indiana bat, will be preserved and integrated into the wetland mitigation area. In addition, all tree clearings shall be conducted between the dates of November 15 and March 31 to further protect the federally listed endangered Indiana Bat.

7.7. EMISSIONS PROFILE

7.7.1. Generation Project Data Sheet

Please refer to *Appendix 1-A: RFP Data Sheet* for a completed Generation Project Data Sheet that provides specific emission rates for various modes of operation.

7.7.2. Criteria Air Pollutants

Due to its high energy efficiency, very effective emission control technologies, use of natural gas as its primary fuel and limited use of ULSD as its backup fuel, the state-of-the-art design and operating limits for the Project will minimize its emissions of criteria (and other) air pollutants on both an hourly and annual basis. As such, it has been designed and will be operated in a manner that will minimize its environmental impacts and maximize its environmental benefits, especially with respect to ambient air quality.

The charts below summarize the hourly and annual emissions of criteria pollutants from the sources at the Valley Project based upon CPV Valley's air permit application and the draft permit noticed in the ENB by NYSDEC on May 15, 2013.

CPV Valley Energy Center Facility-Wide Potential to Emit[1,2]

Pollutant	Combined Cycle Units (tons/yr)	Auxiliary Boiler (tons/yr)	Emergency Diesel Generator (tons/yr)	Fire Pump (tons/yr)	Gas Heaters (tons/yr)	Oil Storage Tank (tons/yr)	Facility (tons/yr)[3]
NOx	174.9	3.31	5.58	0.49	2.53	N/A	**186.8**
CO	334.0	5.30	0.53	0.43	3.70	N/A	**344.0**
VOC	62.8	0.28	0.13	0.20	0.48	0.17	**65.0**
SO2	41.0	0.16	0.01	0.00	0.10	N/A	**42.0**
PM/PM-10/PM-2.5	94.2	0.46	0.04	0.02	0.33	N/A	**95.0**
H2SO4	12.6	0.01	0.00012	0.00002	0.01	N/A	**13.0**
NH3	104.8	N/A	N/A	N/A	N/A	N/A	104.8

Notes:

[1] Potential to emit for all pollutants, except for PM/PM-10/PM-2.5, which is calculated assuming year round full load operation of the turbines with up to 720 hours per year of oil firing and a 30% duct burner capacity factor.

[2] CPV is capping total facility PTE for PM/PM-10/PM-2.5 to 95 tons/year.

[3] Emission limits contained in the 3/22/13 draft of Air Permit ID: 3-3356-00136/00001 are indicated by bold font.

Summary of Air Pollutant Emission Limits for the Proposed CPV Valley Energy Center (lb/hr)

	Per Combustion Turbine with or without Duct Firing											Auxiliary Boiler	Per Gas Heater	Emergency Generator	Fire Pump
	Steady State Operation [1]							Startup/Shutdown [2]							
	Natural Gas				ULSD Oil			Natural Gas		ULSD Oil		Natural Gas	Natural Gas	ULSD Oil	ULSD Oil
	Maximum Allowable [3]	Minimum Evaluated [4]	51°F, 100% Load, without Duct Firing	51°F, 100% Load, with Duct Firing	**Maximum Allowable [3]**	Minimum Evaluated [5]	-5°F, 100% Load	Maximum Evaluated [6]	Minimum Evaluated [6]	Maximum Evaluated [6]	Minimum Evaluated [6]	**Maximum Allowable [3]**	**Maximum Allowable [3]**	**Maximum Allowable [3]**	**Maximum Allowable [3]**
NO_x	**20.80**	9.36	15.04	16.52	**51.43**	31.29	51.43	40.95	35.44	91.74	81.48	**3.31**	**0.29**	**22.31**	**1.95**
CO	**27.80**	7.00	9.20	12.91	**23.40**	7.43	7.43	333.56	269.05	375.76	323.48	**5.30**	**0.42**	**2.10**	**1.71**
VOC	**5.53**	1.40	1.82	3.12	**2.10**	1.26	2.10	57.56	51.83	198.28	173.61	**0.28**	**5.53E-02**	**0.51**	**0.82**
SO_2	**5.96**	2.71	4.36	4.76	**3.27**	1.99	3.27	5.96	2.71	3.27	1.99	**0.16**	**1.09E-02**	**2.13E-02**	**3.25E-03**
PM-10	**16.56**	9.12	10.10	12.12	**58.01**	36.95	51.35	16.56	9.12	58.01	36.95	**0.46**	**3.82E-02**	**0.14**	**0.10**
PM-2.5	**16.56**	9.12	10.10	12.12	**58.01**	36.95	51.35	16.56	9.12	58.01	36.95	**0.46**	**3.82E-02**	**0.14**	**0.10**
NH_3	**11.93**	7.26	10.89	10.89	**12.27**	6.55	12.27	11.93	7.26	12.27	6.55	-	-	-	-
H_2SO_4	**1.83**	0.83	1.33	1.46	**1.00**	0.61	1.00	1.83	0.83	1.00	0.61	**1.23E-02**	**8.38E-04**	**4.79E-04**	**7.06E-05**

[1] during steady state operation at any ambient temperature or operating load

[2] during any cold, warm or hot start or a shut down

[3] based on the 3/22/13 draft of air Permit ID: 3-3356-00136/00001

[4] in the air permit application, for compliance with ambient air quality standards at ambient temperatures of -5, 51 and 90 °F and operating loads of 60, 80 and 100%

[5] in the air permit application, for compliance with ambient air quality standards at ambient temperatures of -5, 51 and 90 °F and operating loads of 70, 85 and 100%

[6] in the air permit application, for compliance with ambient air quality standards

The ambient air quality impacts of the Project's criteria pollutant emissions have been thoroughly analyzed in accordance with USEPA and NYDEC requirements. Those impacts have been demonstrated to comply with all the applicable National (and New York State) Ambient Air Quality Standards (NAAQS) and Prevention of Significant Deterioration (PSD) increments.

The analyses performed to demonstrate the Project's compliance with the NAAQS and PSD increments did so by also taking into account the emissions (and ambient air quality impacts) of other existing and proposed sources in the region, using either existing measured ambient air quality data, or by explicitly including those facilities in multi-source dispersion modeling analyses, in accordance with USEPA and NYDEC requirements. As such, the analyses demonstrated that the Project will have little, or no, adverse impacts on the local and regional ambient air quality.

In addition, as stated in previously, the Project will have significant beneficial impacts on the local and regional ambient air quality. These benefits will arise because of the facility's highly efficient design, ability to dispatch electricity economically, use of natural gas and ULSD as primary and back-up fuels, effective emission control technologies, and required emission offsets.

Furthermore, the Project is also required to offset its emissions of nitrogen oxides (NOx) and volatile organic compounds (VOC) at a ratio of 1.15 to 1. That requirement will benefit the environment by reducing the actual NOx and VOC emissions in the region by at least 29 and 10 tons per year (tpy), respectively.

7.8. GREENHOUSE GAS EMISSIONS

Displacement of less efficient and more carbon-intensive generation by CPV Valley will create a net decrease in CO_2 emissions across the region. Results of simulation modeling allow quantification of these net emissions benefits.

In the case when Indian Point Units 2 & 3 are assumed to continue operation, simulation modeling indicates that commercialization of the Project will cause a net average decrease in CO_2 emissions of approximately 568,000 tons per year from 2017 through 2032, across the entire modeled region. Annual results are shown in the following Figure - 6. Operation of the Project affects system dispatch and CO_2 emissions both within and outside of the RGGI footprint. Because CPV Valley will operate at a high capacity factor, net emissions within the RGGI footprint will somewhat increase, by an average of about 114,000 tons per year. However, CO_2 emissions outside of the RGGI footprint (including Canada), will decrease by an average of 682,000 tons per year, indicating that operation of the Project will reduce imports (leakage) of more carbon-intensive energy from non-RGGI states each year of CPV Valley operation. While currently the RGGI program does not have a mechanism to track or monetize leakage, in the recent program review the RGGI states have committed to identifying a workable mechanism to address leakage. The Project will be part of the solution to the imports problem.

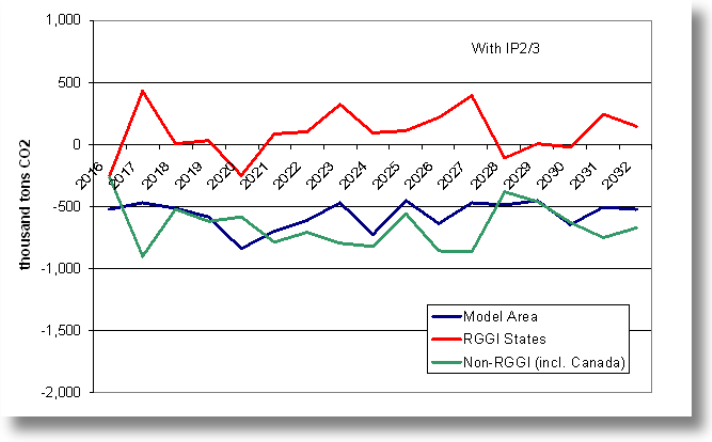


Figure 6 - Annual Net Change in CO_2 Emissions with Indian Point Units 2 & 3

In a future without Indian Point, the greenhouse gas benefits of the Project are even more significant. Commercialization of the Project will cause a net average decrease of CO_2 emissions of approximately 775,000 tons per year over the period 2017 through 2032 across the entire modeled region. This is roughly equivalent to retiring a 100 MW coal unit which operates at an 85% capacity factor. Annual results are shown in following Figure-7. The average increase within the RGGI footprint will be approximately 309,000 tons per year, but diminished imports will reduce CO_2 emissions outside of the RGGI footprint (including Canada) by an average of approximately 1,084,000 tons per year.

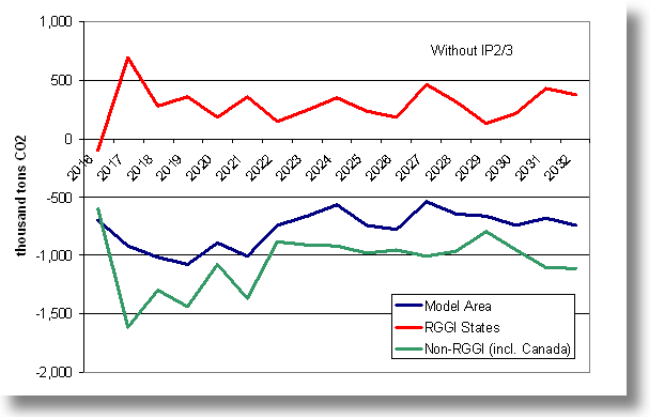


Figure 7 - Annual Net Change in CO_2 Emissions without Indian Point Units 2 & 3

7.9. MERCURY AND AIR TOXICS RULE

The Project will easily qualify for the low oil utilization exemption provisions of the Mercury and Air Toxics Standards ("MATS") rule. As a combined-cycle combustion turbine firing on oil less than 10% of the average annual heat input during any three consecutive calendar years or for more than 15% of the annual heat input during any one calendar year, the Project will not be regulated under the Final Mercury and Air Toxics Rule for Electric Generating Units.[1] However, operation of the Project will displace emissions from less efficient and more polluting coal units, resulting in a net decrease in mercury emissions within New York State.

The Project's air permit will limit its combustion of fuel oil (i.e., ULSD, to the equivalent of 720 hours of operation per year at full load. This limit equals only approximately 8.2 percent of the total hours (8,760) in a year. Thus, if the facility were to operate at full load for all of the hours in each year together with its maximum allowable use of ULSD oil, it would not exceed either the 1-year heat input threshold of 15% or the 3-year average heat input threshold of 10%. The only way either of those thresholds would be exceeded is if the facility were to operate for considerably less than 8,760 hours per year while still using ULSD oil for all of the allowable 720 hours per year. Example calculations performed using the heat input values for each fuel show that the 1-year threshold of 15% would not be exceeded unless each turbine were to each operate for fewer than 4,400 hours on natural gas together with 720 hours on ULSD oil in a given year.

Since ULSD oil is both much more expensive and the back-up fuel to natural gas, it is highly unlikely that it would be combusted preferentially to natural gas during a large number of hours in any year in the foreseeable future, particularly in light of the favorable natural gas price outlook associated with shale gas from Marcellus and the Project's firm character of service on Millennium for its MDQ.

[1] CPV Valley will, however, be fully compliant with the emissions limits of the National Emission Standards for Hazardous Air Pollutants (NRSHAPS) for stationary combustion turbines.

7.10. ENERGY HIGHWAY COMPATIBILITY

The Project addresses the goals of the Energy Highway Blueprint. First and foremost, the project "Expands and Strengthens the Energy Highway" by satisfying reliability concerns related to future power plant retirements. This is a critical component of the Energy Highway, which was endorsed by the Public Service Commission in its order initiating Case 12-E-0503 (leading to the issuance of this RFP). The Blueprint notes that when reliability is at risk from pending retirements, a utility may have to negotiate a Reliability Support Services contract, at above-market rates, to keep the power plant operating until an alternate solution is implemented. The Blueprint calls for more proactive preparation for potential critical situations when power plants provide official notice of plans to retire.

CPV Valley will directly address those reliability concerns. It will provide nearly half of the incremental generation capacity being sought in this RFP, and will do so reliably. The Project will utilize clean-burning natural gas in F-class turbine combined-cycle technology, a proven system with over 1,000 turbines deployed throughout North America. The availability of those units is typically in the low 90 percent range with a forced outage rate of approximately 3.5%. Those demonstrated availability characteristics have made F-class turbine combined-cycle one of the most reliable technologies for power generation. To further enhance reliability, the Project will be capable of operating on an alternate fuel, if necessary (ultra-low sulfur diesel). In addition, CPV has extensive experience with the operation of combined-cycle facilities. Its asset management group has managed over 5,000 MW of generation, of which a majority is combined-cycle generation. This combination of a highly reliable system run by an experienced operator means that CPV Valley will be a steady, dependable source of power for the downstate region for many years.

The Energy Highway Blueprint also calls for "clean and competitively priced energy, [which is] essential for quality of life and economic growth." CPV Valley will satisfy that goal as well. The Project will use natural gas as the primary fuel, and will have fewer emissions than other dispatchable generation technologies. As a state-of-the-art combined-cycle facility, Valley will be cleaner and more efficient than almost all of the existing fossil fuel-fired generation in New York's fleet. CPV Valley will use only approximately 7,000 Btu's of fuel to produce 1 kWh of electricity (under full load conditions without duct firing), whereas it is expected that on average, the cost of electricity across the densely populated lower Hudson Valley is based on using approximately 11,300 Btu's of fuel to produce 1 kWh of electricity during an on-peak period. This efficiency advantage translates directly into lower costs

The high efficiency of CPV Valley and its state-of-the-art emissions control technology will also make this facility one of the cleanest power plants in the state of New York. The Project is expected to reduce pollution across the State, due to the dispatch of the Project as an alternative to the older, less efficient and dirtier generation in existence today. Specifically, based on PA Consulting's study, the Project will lower NOx emissions, SO_2 emissions, and mercury emissions across the State by approximately 816 tons, 325 tons and 4 lbs per year, respectively, during the first 15 years of operation. The operation of CPV Valley will also result in a reduction of greenhouse gases (CO_2) in excess of 4 million tons over the first 16 years of operation. In addition to the significant reductions in air pollutants, the Project will utilize an air-cooled condenser, which drastically reduces the volume of water needed for cooling. The relatively minor volume of water that is needed will be treated gray water from the City of Middletown's waste water treatment facility. In sum, the Project will clearly satisfy the Blueprint's call for both clean and competitively priced energy.

The Energy Highway Blueprint also calls for improvements to the State's transmission system, specifically those that can get power from upstate New York into the lower Hudson Valley. The Project is located in NYISO Zone G and interconnects on the Marcy South line, which can accommodate the injection of additional generation capacity from the Project without significant

upgrade costs - the NYISO's Facility Study concluded that the installation of series compensation on the Leeds-Hurley line will allow CPV Valley full deliverability of its capacity to the downstate region. This additional 667 MW (Average Annual UCAP) of clean and highly efficient generation satisfies the Blueprint's goal of allowing power produced at upstate power plants to reach downstate consumers, and can reduce the reliance on other downstate facilities, such as peakers or oil fired units, during critical periods of the year.

Finally, the Project satisfies two more goals of the Energy Highway Blueprint – accelerating investments in the private and public sector, and fostering economic development in New York. Given its advanced state of permitting and financing, CPV Valley is an immediately actionable project that could begin construction for an in-service date of June 1, 2016. This opportunity provides a low-risk option for New York to make meaningful reductions in the cost of electricity, while improving the air and water quality in the state and creating a stronger economy. The construction of the Project will also provide significant economic benefits for the State. The Project would result in an estimated 1,661 direct and indirect jobs created during construction, 63 direct and indirect jobs created during operations, and over $725 million of benefit to the local economy ($535 million during construction, plus $190 million over 20 years of operation).

8. DEVELOPMENT PLAN & SCHEDULE

8.1. SCHEDULE

8.1.1. Schedule Overview

Based on CPV Valley's advanced stage of development and proven team of experienced professionals with demonstrated capability to construct and commercialize projects on schedule, if not ahead of schedule (Please see the CPV Sentinel COD Press Release in *Appendix 5-A, CPV Sentinel COD Press Release*), CPV is uniquely positioned to meet the required June 1, 2016 commercial operations date.

CPV Valley has already obtained major permits and approvals, including a Final Environmental Impact Statement and Lead Agency SEQRA Findings Statement, proposed PSD Air Permit, NYSDEC Wetlands Permit and Water Quality Certification, final local Site Plan, Special Use Permit and Lot Line Consolidation approval, local Zoning Variances, and FAA stack height approvals. In addition, CPV Valley has executed key project agreements, including the Host Community Agreement (HCA), natural gas transportation PA, with execution of the Water Supply Agreement (WSA) and PILOT anticipated before the end of June, 2013. The remaining permits and approvals are all in the final stages and expected to be complete by October 31, 2013. CPV would be pleased to provide NYPA and PSC notice of when these few remaining approvals have been obtained.

Upon execution of the contract with NYPA, CPV Valley will be prepared to advance financing efforts to support the June 1, 2016 commercial operation date. A detailed project schedule is provided in *Appendix 5-B: Project Schedule*, which includes a detailed engineering, procurement and construction schedule provided by Skanska.

8.1.2. Proposed for NYPA Contract Execution – November 1, 2013

CPV anticipates a 60 day financing process upon execution of the PPA with NYPA. Construction and commissioning is anticipated to take 29 months from the time that financing is complete (Financial Close) to commercial operations on June 1, 2016.

CPV Valley will have obtained all the permits, approvals and project agreements needed for commencement of construction in advance of the execution of the PPA with NYPA, therefore, execution of the PPA with NYPA is the pacing item. Considering the time frames associated with financing, construction, and commissioning, *CPV would require that the PPA with NYPA is executed no later than **November 1, 2013** to meet the June 1, 2016* commercial online date requirement.

8.2. DEVELOPMENT & FINANCING SCHEDULE

CPV commenced development of the CPV Valley Project in July of 2007. Since that time, numerous permits and approvals have been obtained and key project agreements have been executed. CPV Valley is positioned to advance financing upon execution of the PPA with NYPA. The following list illustrates the accomplishments CPV Valley has achieved throughout the development process:

Local Permitting	State Permitting	Federal Permitting
✓ Site Plan Approval Granted for Project Site	✓ SEQRA Findings Statement Issued	✓ Nationwide Wetlands Permit Approval
✓ Special Use Approval Granted	✓ Final PSD Air Permit Noticed	✓ FAA Determination of No Hazard to Air Navigation
✓ Lot Line Consolidation Issued	✓ New York State Historic Preservation Approval	
✓ Zoning Variance Granted		

NYISO Interconnect Process	Project Agreements	Construction/ Finance
✓ Feasibility Study Complete	✓ Host Community Agreement Executed	✓ Engineering, Procurement and Construction Contractor Selected
✓ System Reliability and Impact Study Complete	✓ Precedent Agreement Executed for Gas Transport and Lateral	
✓ Acceptance into CY09 Facilities Study	✓ Project Site Land Purchase Option Executed	✓ Expression of Interest by Equity Investors
✓ Acceptance into CY11 Facilities Study	✓ Memorandum of Understanding Executed for Gas Supply	
✓ Part 1 Facilities Study Complete		

Please refer to *Appendix 5-B: Project Schedule*, which includes a detailed project development and financing schedule supporting a June 1, 2016 COD.

8.3. PSC & FERC ORDERS

Several NYPSC Orders are necessary in order to finance and commence construction of the CPV Valley Energy Center. These NYPSC Orders are:

1. Order Issuing Certificate of Public Convenience and Necessity
2. Order under section 69 of the Public Service Law approving financing
3. Order approving Lightened Regulatory Regime
4. Order approving selection of CPV for the PPA with NYPA
5. Order approving TO/LSE tariffs for cost recovery of the PPA payments

CPV has applied for Orders 1 through 3 above, and the NYPSC has issued public notice of CPV's applications. As set forth in *Appendix 5-C: Permit Matrix*, which contains a detailed list of all project permits and approvals, CPV anticipates receiving the requested orders by the end of July. CPV believes that it could achieve the June 1, 2016 COD target, even if those Orders were delayed until September 2013. CPV proposes that the Orders approving its selection for the PPA with NYPA and approving the TO/LSE tariffs be approved respectively by **November 1, 2013**. Given the structure of the PPA, the TO/LSE tariffs will need to be approved in order to finance the Project.

8.4. CONSTRUCTION & COMMISSIONING SCHEDULE

CPV will issue a Notice to Proceed (NTP) upon completion of the financing process. CPV has selected Skanska as the Engineering, Procurement, & Construction (EPC) contractor for the construction of the CPV Valley Energy Center. Skanska has identified Burns & McDonnell as a partner for the project. Skanska has identified a 29 month schedule from the time NTP is issued, to the commercial operation date of June 1, 2016. The 29 month schedule includes construction, testing, commissioning, and commercial operation. Please refer to *Appendix 5-B: Project Schedule* for a detailed construction and commissioning schedule.

8.4.1. Timeline for EPC Contract Award

CPV administered a highly competitive solicitation process for proposals from a variety of qualified EPC contractors with New York experience to construct the CPV Valley Energy Center. CPV selected Skanska, along with its JV partners Burns & McDonnell and ECCO III as the EPC contractor for this Project. Key considerations that factored into this selection included the track record of constructing similar gas fired combined cycle projects comparable to CPV Valley in New York, and the ability to manage local labor. However, CPV retains the right to modify its selection of the EPC contractor, if needed.

8.4.2. EPC Contractor (Skanska-Burns & McDonnell-ECCO III JV) Experience & Capabilities

Both Skanska and Burns & McDonnell have a seasoned history of working on large complex projects in the power industry. Within the last decade, the firms have worked on such projects as new combined cycle technology, Air Quality Control Systems (AQCS), repowering, and complex Integrated Gasification Combined Cycle (IGCC). These projects have been the result of competitive bid processes on both EPC and multiple contract design projects and formed the basis of exceptional management relationships at all levels from CEO through craft supervision in the field.

Collectively, as a joint venture, Skanska-Burns & McDonnell-ECCO III JV is a direct-hire power EPC contractor who understands the northeast labor market and can bring the necessary skilled supervision and resources familiar with the New York labor market to successfully deliver the Valley Energy Center project. Both Skanska and ECCO III have a strong presence in New York and a strong relationship with the building trades, which allows the JV to direct-hire nearly all of the work on the Valley Energy Center. In fact, Skanska and ECCO III are in the final stages of completing a $1.1 billion infrastructure project in Valhalla, NY, which has the same craft requirements as the Valley Energy Center project. Burns & McDonnell has a rich history of engineering gas-fired power plants. That's why the combined forces of Skanska, Burns & McDonnell and ECCO III create the perfect combination.

Skanska

Skanska has had a long and successful history. The firm has the requisite financial, manpower and equipment resources to successfully complete the Valley Energy Center project. Skanska's current aggregate bonding capacity, $7.5 billion, demonstrates the firm's current financial capability and adequate capitalization to properly manage the project's finances. Skanska has the ability to obtain performance and payment bonds through Aon Risk Services. Skanska's US construction businesses had nearly $6 billion in revenues in 2012 and has the strong financial backing of parent company Skanska AB. Skanska AB is a company of 52,000 employees worldwide with 2012 revenues of $19.5 billion. Headquartered in Stockholm, Sweden, the firm is listed on the Stockholm Stock Exchange.

Skanska's core excellence is working on complex projects in highly sensitive areas. Skanska's successful history is impressive and includes many projects located in tight, urban, operating facilities with tight schedules; such as the Ravenswood and Con Ed Repowering projects in the northeast. Skanska just recently completed AEP's Dresden CC Power Project and is currently constructing the Newark Energy Center for Hess Corporation, a 650 MW combined cycle power plant.

Burns & McDonnell

Burns & McDonnell, formed in 1898, has a long history of designing quality projects. Burns & McDonnell maintains a very strong balance sheet. The company has been debt-free for years, maintains substantial cash and investment reserves, and has a robust working capital and shareholder equity. Burns & McDonnell has never experienced any problems bonding projects. Burns & McDonnell (BMcD) has over $1 billion dollars in aggregate bonding capacity. When it comes to gas-fired projects and complex repowering and retrofit projects, Burns & McDonnell is one of the leading EPC firms in the world, having completed over 38 GW of complex air quality control system retrofit projects in existing operating facilities and over 20 GW of gas fired power projects.

ECCO III Enterprises, Inc.

ECCO III Enterprises, Inc. was founded in 1971, and is headquartered in Yonkers, NY. The firm has grown steadily to become a leading professional construction organization in New York, particularly in Westchester, Rockland and Orange counties. ECCO III has impeccable relationships

with area banks and an impressive bonding capacity of up to $600 million, enabling the firm to take on projects of extensive proportions with great success. ECCO III maintains a large inventory of modern construction equipment. Owning and servicing their own equipment helps the firm to avoid unnecessary delays and downtime, which ordinarily jeopardize bottom line results and effect overall project quality.

Please see *Appendix 5-D: EPC Specific Project Experience* for demonstration of Skanska /Burns & McDonnell's/ECCO III experience and information regarding potential subcontractors, to the extent the information is available. In addition, please refer to *Appendix 5-E: List of Potential Subcontractors* for identification of other parties that may be involved in the construction of the CPV Valley Energy Center.

8.4.3. Minority and Women Business Enterprises & EEO Opportunities

The CPV team is committed to making every good faith effort to maximize opportunities for Minority and Women Business Enterprises (M/WBEs) on this project. CPV is dedicated to doing business with a high degree of integrity and ethics and are committed to ethical business practices, fair treatment of all employees, the promotion of diversity and equal opportunities, and the safety and health of all who work on our project. CPV does not tolerate any form of corruption, bribery, unfair or anti-competitive activities, discrimination, or harassment. Within its sphere of influence, CPV endeavors to ensure that its suppliers, subcontractors, agents, joint venture and other partners abide by the ethical business practices that it has established.

To ensure that the Project meets or exceeds the project participation goals, CPV will adopt a comprehensive M/WBE Procurement Plan in conjunction with an effective M/WBE compliance program, that fully comports with all applicable federal, state and local laws and regulations, and the requirements of the PPA pertaining to M/WBE utilization.

Design-build projects present unique challenges to implementing an M/WBE utilization plan during the pursuit phase. With the design in the pre-contract development phase, there are very few clearly defined and finalized scopes of work on which an M/WBE firm can submit a comprehensive proposal with minimal exclusions, ambiguities and clarifications. Many firms are hesitant to participate in the pursuit during this stage in the absence of having a set of final design documents to work with.

During this pre-bid phase of the CPV Valley Energy Center Project, the Skanska, Burns & McDonnell and ECCO III Team has endeavored to ensure that as many M/WBE firms as possible were aware of the project and the specific work opportunities available. The project was discussed by team members at several M/WBE Industry Outreach Events hosted by different NY state agencies. But more specifically, a comprehensive outreach solicitation describing the project and opportunities was sent out to 1,520 firms certified through the Empire State Development Corporation. These firms were asked to express their future interest in the project. A total 1,520 firms were contacted.

The following scopes of work were identified as potential subcontracting and vendor opportunities:

Air Conditioning Contractors & Systems, Asphalt Paving & Sealing, Bricklaying, Carpentry & Floor Work, Caulking Contractors, Ceiling Contractors, Clearing, Concrete Work, Construction Clean-up, Construction Equipment, Construction Inspection, Crane Service & Rental, Curb Construction, Drainage Contractor, Drilling & Boring, Duct Work/Sheet Metal, Earth Moving, Electric Contractors, Environmental Engineering, Engineering Consultants, Equipment Rental & Leasing, Excavation Contractor, Fence Construction, Ferrous Metal Castings, Fire Alarm Installation, Firestopping Contractor, Furnish & Install Misc. Steel, Garage Door Installation, Glazing Work, Grading, Heating Contractors, Masonry, Mechanical Installations, Metal Decking, Millwright Work, Ornamental Metal Work , Painting (Exterior, Interior, & Structural Steel), Pavement Construction, Pile Driving, Pipe Insulation, Plumbing

& Heating, Rebar Construction, Reinforcing Rod Work, Rigging Contractors, Roofing, Scaffolding, Sheet Metal Work, Sidewalk Construction, Site Work, Sprinkler Systems, Structural Steel Work, Tile Installation, Underground Utilities, Utility Contractors, and Waterproofing.

CPV and its EPC team will implement a phased approach to meeting the project M/WBE participation goals. The EPC team will continue to solicit M/WBE firms progressively as sections of the final design drawings and specifications are developed but prior to having approved Released for Construction (RFC) drawings. This takes place throughout the project as the design progresses and the work is defined. Utilizing this approach benefits all parties to the contract. It provides potential M/WBE firms with fully developed contract drawings and specifications on which to prepare their proposals. This method has proven to be very effective at eliminating ambiguity and potential disputes arising from working with less-than-complete information.

To ensure that M/WBE firms have equal opportunity to compete for and perform work on the Project, the EPC team will implement a proactive approach towards meeting the M/WBE utilization goals for the Project. The program will identify subcontracting opportunities in a systematic and transparent manner. We will take an aggressive, comprehensive approach to ensure M/WBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. CPV's EPC Team plan incorporates these fundamental principles:

- Apply a procurement strategy that identifies subcontract opportunities for M/WBE firms and meets the intended participation goals.
- Advertise, solicit, and assist certified M/WBEs that are interested in bidding opportunities and offer an equal opportunity to compete in the bid process.
- Make information on forthcoming opportunities available to M/WBEs early on in the process and arrange the procurement timeframes for contract and delivery, where the project schedule permits, in a way that encourages and facilitates participation by M/WBEs in the competitive process.
- Participate in local outreach programs
- Direct mail firms on the approved M/WBE lists
- Advertise in minority publications
- Call solicited vendors to document bidding interest, confirming work scopes and, if necessary, determine if scopes require modification to attract small business vendors
- Encourage non-M/WBE companies competing for large subcontracts and procurements to team with M/WBE firms. This will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by M/WBEs in the competitive process.
- Encourage contracting with a consortium of M/WBEs when a contract is too large for one of these firms to handle individually.
- Use the services and assistance of the various Governmental Agencies and Trade Associations to contact and inform M/WBE firms

M/WBE participation will take the form of subcontracts that provide labor, material, and equipment to put work in place; purchase orders for material or equipment; design services subcontracts; labor only services; and other services as needed.

As leaders in the design and construction industries, Skanska, Burns & McDonnell and ECCO III actively recruit M/WBE firms on their projects. In 2012, Skanska held several major outreach events to solicit M/WBE participation on various ongoing projects and pursuits. The team provided information on the projects and opportunities available for M/W/DBE firms, followed by a Q&A period. Skanska also enlisted the help of Empire State Development Corp. to offer bond assistance to participating firms. Burns & McDonnell representatives routinely attend and provide sponsorship for Edison Electric Institute's Supplier Diversity conferences. The firm's employees participate as panelists and

breakout/business matchmaking sessions, in an effort to source diverse suppliers. Burns & McDonnell is a corporate member of the Greater New England Minority Supplier Development Council, and the firm participated in the business "One on Ones" sponsored by the Council. Burns & McDonnell was also exhibited at the Business Opportunity Fair conducted by the Council. Moreover, Burns & McDonnell has routinely participated in outreach events located throughout the East Coast and New England area to learn more about the capabilities provided by M/WBE firms located in the region.

8.5. PLAN FOR CONSTRUCTION & COMMERCIAL OPERATION

The Project will be constructed under three major contracts; one with Siemens for the Power Island Equipment including the gas turbines, steam turbine and HRSGs, one for the main power plant EPC consisting of the balance of the power plant equipment and power plant construction and the third for the transmission tie line and Gas Insulated Switchgear providing the interconnection with the NYPA 345 kV transmission line. Construction of the power plant is expected to take approximately 23 months and commissioning and start-up another 6 months. However, the EPC contractor is not expected to mobilize on site until 3-4 months after receiving a Limited Notice to Proceed (LNTP) with major construction activities starting approximately 6 months after LNTP. The overall duration of the project from LNTP to Commercial Operation is expected to be approximately 32 months.

The first activities that will take place on site are the driving of piles for major foundations and site improvement which will consist of grading and drainage. The installation of underground utilities; i.e. electrical duct banks and some piping systems such as the fire protection loop will follow site grading. The installation of foundations, starting with the major equipment foundations for the combustion turbines, steam turbine, HRSGs and Air-Cooled Condenser (ACC) will begin approximately 3 months after mobilization and extend over a period of 10 months finishing with the balance of plant equipment foundations.

To the maximum extent possible, equipment delivery will be scheduled to allow for its immediate setting or installation on the foundations. The installation of the combustion turbines and their auxiliaries is expected to take 8 months; the installation of the steam turbine and it auxiliary equipment 9.5 months and the installation of the HRSGs and the ACC 12 and 10 months respectively. While the major equipment is being installed, the various piping systems and the electrical equipment and materials will be installed. The last items to be installed will be the field instrumentation and the Plant Control System (PCS).

Commissioning and start-up activities will begin once sufficient electrical circuits are available for point to point testing. This is expected to occur approximately 16 months after the EPC contractor mobilizes. Major systems and subsystems will undergo pre-operation check-out and testing (cold commissioning). At the completion of subsystem checkout, a phased start-up and testing program (hot commissioning) will be conducted. Completion of the 345 kV underground cable, GIS switchyard and tie-in to NYPA's transmission system are scheduled for month 19 which will support their checkout and initiation of major start-up activities.

While system check-out is occurring, the steam piping systems will be cleaned by steam blows using steam generated by the HRSG's after initial checkout and operation of the combustion turbines or a temporary boiler.

Once all subsystems are checked out and the piping is cleaned, the temporary piping will be removed, steam will be generated in the HRSGs and the steam turbine will be rolled. Shortly after that, the steam turbine generator will be synchronized and the steam turbine and combustion turbine operated up to base load. The various plant systems will be tuned and the plant will undergo performance testing and emissions testing. Upon successful completion of these tests the plant will be declared commercial.

8.6. TIMELINE FOR FABRICATION & PROCUREMENT OF EQUIPMENT

8.7. ASSURANCE OF PERFORMANCE

The Project will comply with all applicable rules, certifications, codes, registrations, license requirements, regulations, insurance, etc. required by authorized governing entities within the jurisdiction where the work or service is being performed.

8.8. ELECTRICAL INTERCONNECTION CONFIGURATION & STATUS

The following section contains details regarding the Project's interconnection configuration with the NYPA 345kV transmission system, system upgrades, the advanced status of the interconnection queue within the NYISO interconnection process, the locational attributes of the point of interconnection and deliverability. CPV Valley (Q#251) is currently in the NYISO's Class Year 2011 (CY11) Facility Study process, which is schedule to conclude this summer. CPV's advanced stage in the

interconnection review process supports the execution of an Interconnection Agreement in Q3/Q4 of 2013 and a schedule for a June 1, 2016 in-service date.

8.8.1. Point of Interconnection

The Point of Interconnection (POI) for the Project is a new 3-breaker gas insulated switchgear (GIS) substation to be located in Middletown, New York along NYPA's existing 345kV Marcy South line #42 between Coopers Corners and Rock Tavern substations (NYISO Zone G). An underground 345kV cable transmission line will run approximately 0.7 miles from the POI to the plant site. The specific location of the POI is shown in *Appendix 5-F: Electrical Interconnect Design Drawings & Single Line Diagram*. This location and technical configuration was studied by NYISO and NYPA representatives throughout the NYISO interconnection process, which is set to conclude this summer.

8.8.2. Electrical Interconnection Attributes & Configuration

The Project is a natural gas fired combined-cycle plant in a 2x1 configuration. There are two (2) 285MVA combustion turbine generators and a 311MVA steam turbine generator having a combined maximum (summer) net electrical capability of 678 MW.

The electrical interconnection consists of an underground cable from the Project to a new GIS substation, to be constructed by the Project, located directly adjacent to the existing NYPA ROW. (Please refer to *Appendix 5-F: Electrical Interconnect Design and Single Line Drawings* for a depiction of the underground cable route.) Interconnecting at this location has several positive attributes described below:

- **Close Proximity to the Project Site** – The relatively short distance between the POI and the Project site helped mitigate any potential environmental impacts associated with the transmission line connecting the Project to the grid. The close proximity of site (less than one mile) to the POI eliminated the potential uncertainty associated with additional approvals required for transmission lines in excess of one mile.
- **Utilization of Existing ROW** – The interconnection route to the POI utilizes mostly Project property and existing state ROW. Only a small amount of private land was needed to facilitate the interconnection. To eliminate any uncertainty associated with the interconnection route, CPV procured the necessary easements from the private landowner in 2008.
- **Capacity of Marcy South** – The Marcy South transmission line is able to accommodate the addition of a significant amount of generation, such as CPV Valley's. As determined by NYISO in the interconnection process, the Marcy South line can accommodate the injection of additional generation capacity from the Project without significant upgrade costs. (Please see discussion on Deliverability in *Section 8.10 - Deliverability*.) This POI was studied by the NYISO in detail as part of the Class Year 2011 Facilities Study, as well as the Class Year 2009/10 Facilities Study.

The facilities required to complete the electrical interconnection are detailed further herein.

8.8.3. Electric Interconnection Facilities (System Description)

CPV Valley Energy Center is located in the Town of Wawayanda, New York on a site bounded by Interstate 84 (I-84) to the south, Route 17-M on the east and Route 6 to the north and west.

[redacted]

[redacted]

8.8.4. The Riser Station

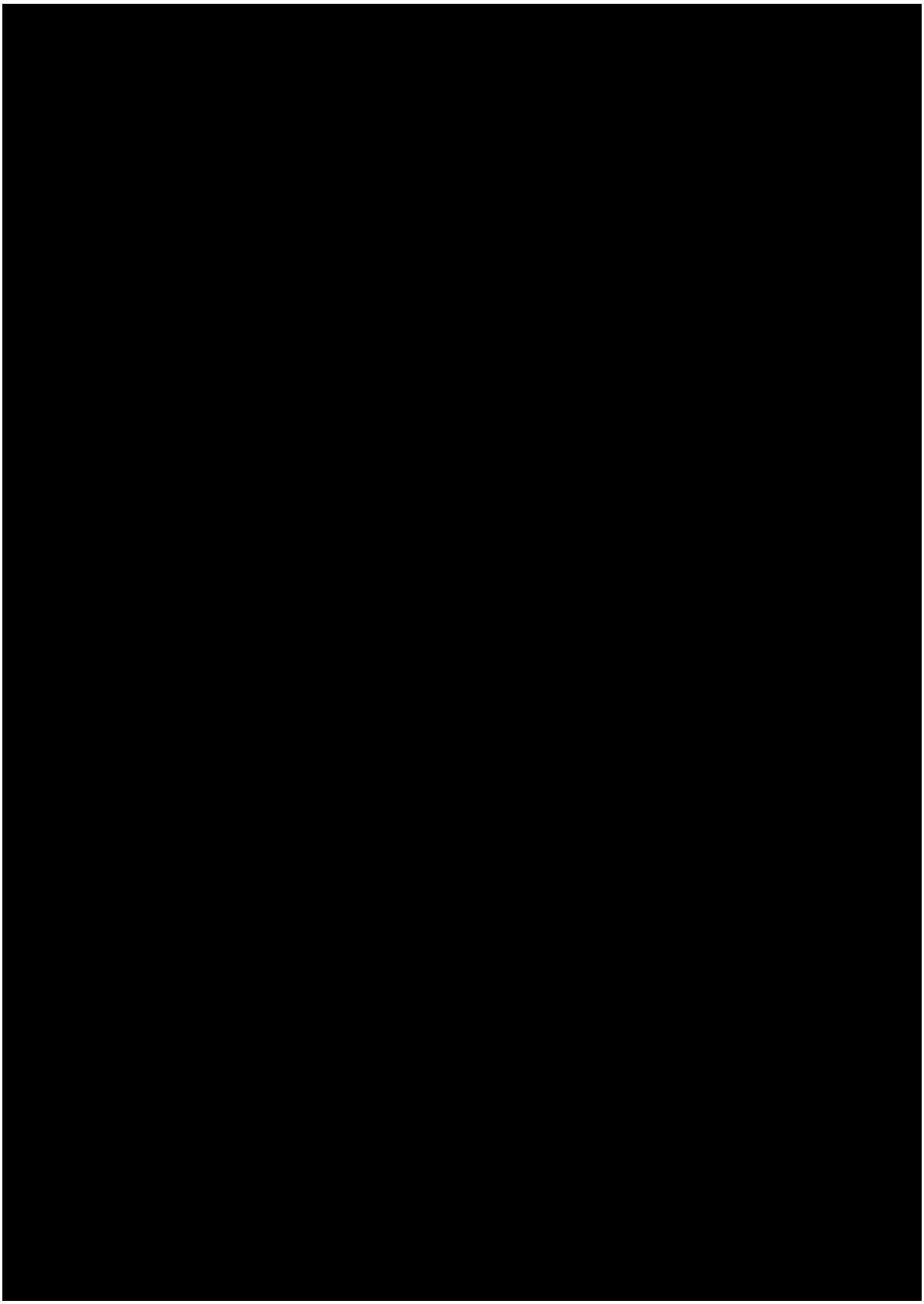
[redacted]

8.8.5. The 345 KV Underground Cable

[redacted]

8.8.6. The 345 kV GIS Substation

[redacted]



8.8.7. 345 kV Line Taps

8.9. NYISO INTERCONNECTION PROCESS

CPV Valley entered the NYISO Interconnection Queue on July 5, 2007. The Project completed the Feasibility Study and System Impact Reliability Study, and qualified to enter NYISO's Facilities Study, Class Year 2009 (CY09). The CPV Valley Energy center, along with the other CY09 projects, was studied concurrently with the Class Year 2010 (CY10) projects in a combined class year. At the conclusion of the combined class year process in late 2011, CPV Valley elected to reject the cost allocation assigned to the project and defer to Class Year 2011 (CY11).

8.9.1. Class Year 2011 Facilities Study

The Facilities Study for CY11 commenced in early 2012 and is currently ongoing, but is expected to be concluded this summer. The Facilities Study consists of two parts, which are discussed further below. The Part 1 Study for the CPV Valley Project was completed in May of 2012. The Part 1 Study includes review and input by the relevant Transmission Owners (TOs) and identifies the facilities required to connect the Developer Facility to the existing electric transmission system. The Part 2 Study determines upgrades required for a generation resources to be considered "Deliverable" according the NYISO tariff. The results of the analysis for all Class Year projects are compiled into two documents, which require approval through the NYISO Committee process.

8.10. DELIVERABILITY

[redacted]

8.11. INTERCONNECTION AGREEMENT

NYISO has identified a schedule to complete the CY11 Facilities Study process in the next few months. At the conclusion of the CY11 Facilities Study, CPV Valley will negotiate and execute an Interconnection Agreement with NYPA and NYISO to support financing of the Project. The minimal costs associated with CPV Valley's electrical interconnect and the timing for completing NYISO's electrical interconnection process position the Project as the best candidate to meet the requirements of the State's Energy Highway objectives, and satisfy both the PSC Order regarding an Indian Point Contingency Plan, and the NYPA RFP.

8.12. BENEFITS OF ELECTRICAL LOCATION

The Project is located in the Lower Hudson Valley (NYISO LBMP Zone G). Prior to the uncertainty of the Indian Point relicensing and the loss of Danskammer last year, the NYISO had identified a resource need in the Lower Hudson Valley. The NYISO had initiated the establishment of a new capacity zone in the Lower Hudson Valley, where the Project is located. With the addition of the uncertainty surrounding Indian Point's future and the recent loss of the Danskammer facility, reliability in the new NYISO Superzone is paramount. The Project is ideally located in the Lower Hudson Valley as an additional resource to meet the zonal reliability requirements identified by NYISO. The Project is positioned to supply replacement capacity and energy for retirement of existing older generating units in southeastern New York including Danskammer and, perhaps, Indian Point. As discussed in the New York Public Service Commission Order (Case 12-E-0503), it was determined that approximately 1,350 MW of new capacity will be needed to maintain reliability in Southeast New York to offset the combined retirements of these two station.

The Project's location in the Lower Hudson Valley is downstream of the chronically energy-constrained UPNY-SENY interface. Retirement of the Danskammer and Indian Point stations adversely impacts not only the available capacity (MW) and energy within the Lower Hudson Valley region, but also has adverse impacts on system transfer capability, voltage control and reactive power support that are critical to ensure grid stability objectives. CPV Valley can help mitigate some of these impacts.

8.12.1. Steady-State Voltage Impact

The Project is located roughly half-way between the Coopers Corners and Roseton 345kV stations. NYISO Operations has reported on numerous occasions that extraordinary actions were necessary to control voltages (both high and low) on the 345kV system at these locations; these actions have included removing 345kV lines from service due to excessive high voltage on the transmission system. The reactive power capability (MVAr) and the voltage regulating capability of the Project's units will provide the NYISO system operators with voltage control capability to avoid the extraordinary actions (switching out transmission lines) and reduce the frequency of switching shunt capacitor banks at the Coopers Corners and Rock Tavern stations. The Project's location near the Rock Tavern station provides critical voltage regulation and reactive power support to the Central Hudson 115kV area transmission that was lost with the retirement of the Danskammer station.

8.12.2. Voltage-Constrained Transfer Limit Impact

The Lower Hudson Valley region can be limited by system voltage performance (both pre- and post-contingency). The voltage regulating capability of the Project's units is quantified in the SRIS and the Class Year Facilities Study; specifically the Valley SRIS analysis determined that the Project increases

the UPNY-ConEd voltage-constrained transfer limit by nearly 300 MW, resulting in a net 130 MW increase in the UPNY-ConEd transfer limit. (Note: similar benefits were observed in the Class Year evaluation, but cannot be assigned solely to CPV Valley as the Class Year process performs the assessment with the entire group of projects.) The Project can offset a significant part of the adverse impact on the bulk power transmission system voltage performance that would result from a loss of the Indian Point generators.

8.13. COMMUNITY BENEFITS

8.13.1. State and Regional Economic Benefits

CPV Valley will provide significant of benefit to the local economy. CPV Valley will have both direct and indirect positive economic effects on the state, town, county, and school district. These effects will begin during construction and continue throughout the operating life of the Project. The Project will result in an estimated capital investment of approximately $900 million for the development and construction of the Project. In the short term, benefits will include additional employment and expenditures associated with construction of the Project.

In addition to the jobs created during construction and the wages paid to the work force, the Project is expected to have an indirect impact on the local economy through the purchase of goods and services, which will support local businesses and perhaps result in the creation of some additional new jobs. During the SEQRA approval process, an independent third-party performed socio-economic analysis to quantify the economic impacts to the region. An input-output (I/O) methodology model was used to determine the economic and fiscal impacts of the Project on the regional economy. The analysis was included in the Final EIS and is available on the Project website.

This analysis was updated in May of 2013 and now estimates the Project's construction impact on Orange County and New York will result in total benefit of $763 million, of which $535 million will occur within Orange County, based on current project costs. The operation of the Project will provide an additional benefit of over $12.3 million annually. Over a 20 year horizon, the Project will generate roughly $725 million to the local economy ($535 million during construction, plus $190 million over 20 years of operation).

8.13.2. PILOT & HCA

In the long term, operation of CPV Valley will represent a source of additional revenue for the local economy through a Payment in Lieu of Taxes (PILOT) agreement, purchases of goods and services, and a Host Community Agreement (HCA). The PILOT payments will increase the revenues to the local taxing jurisdictions, and will represent a significant portion of their total tax levy. The PILOT payments will more than offset any minor increases in community service costs (e.g., the addition of a small number of new children in the school system) that may be associated with long-term operation and maintenance of CPV Valley. All of the items discussed above will have a beneficial effect on local community, school district and businesses.

8.13.3. Economic Development & Job Creation

CPV Valley will create 2,900 job-years during the construction period. It is expected that the Project will require approximately 895 employees during the peak construction months, and approximately 285 construction employees on average throughout construction. Construction is expected to be completed within an estimated 32 month timeframe, including engineering work beginning with a limited notice to proceed.

In addition to the jobs created during construction and the wages paid to the work force, the Project will have an indirect impact on the local economy through the purchase of goods and services, which will support local businesses and likely result in the creation of additional new jobs. The job impacts from construction activity will be large, especially with indirect and induced (multiplier) impacts occurring across many industries.

The construction of CPV Valley will result in a total job impact of 1,261 across the State of New York during each year of the construction phase of the Project. The total increase in labor incomes from the construction is estimated to be $341 million. The total annual direct, indirect and induced income impacts (including all non-wage salary and benefits) are estimated to be over $8.5 million.

CPV Valley will create 94 jobs once in operation. The operation of the Project will create approximately 23 permanent skilled high-wage jobs. In addition, another 68 indirect and induced jobs will be created in the region as a result of the operation of CPV. Further, 11 jobs will be created or "leak" from the region into other areas of New York as a result of CPV Valley's annual operations.

The total job impacts in New York resulting from CPV Valley operations are estimated to be 105. The direct and indirect labor income impacts suggest that the average annual wages resulting from the Project operations will be significantly higher than the current average annual wages in the region.

8.13.4. Improved Electric Reliability

Over the years, various NYISO studies have identified the need for additional generation and transmission in the Lower Hudson Valley region to address reliability concerns under certain planning scenarios. With the potential retirement of the older units and an economic recovery, CPV Valley provides New York with certainty and options to improve the long-term reliability of the electric system. Once on-line, CPV Valley's dual fuel, combined-cycle design will enhance overall electric reliability in the region by providing quick-start and ramping capability as well as voltage support to the region's electric system. As Orange County is consistently one of the top two fastest growing counties in New York State, abundant, reliable electric power will be essential to the region's continued residential and commercial growth.

8.13.5. Opportunity for New York-Based Manufacturers

CPV Valley represents a boon to NY based manufacturers who will be essential for the engineering and construction of the Project as well as the on-going operation, refurbishment of parts and maintenance of the facility. CPV Valley will utilize New York based manufacturers to the extent that they are competitive and can meet the design, contracting and general requirements necessary for the task. The socio-economic study commissioned to evaluate the economic impacts to the region from CPV Valley concluded that Orange County and the Lower Hudson Valley region has a large supply of firms in key industries and are well positioned to capture a significant portion of the construction related expenditures.

8.14. COMMUNITY OUTREACH PLANS

8.14.1. CPV's Community Outreach Activities

CPV has a proven track record of implementing successful public outreach programs around more than a dozen major energy infrastructure projects across the United States and Canada. CPV partners with communities by building strong working relationships and two-way dialogue with residents, civic groups, labor and local elected officials to be a responsible neighbor sensitive to community values. CPV invests significant time in developing public education and outreach campaigns to help local

communities understand electricity technology, the wholesale electric market backdrop, energy policy and the development process from start to finish.

This process includes meeting with interested parties and stakeholders in both formal and informal settings. CPV's objective is to build long-term relationships with the community and maintains its public outreach program throughout the development process, construction and operation. CPV's successful public outreach program was underscored by the significant support demonstrated by the local community for CPV Valley. Please refer to *Appendix 5-G: Community Support Letters*, which contains copies of various support letters regarding the Project.

CPV began its public outreach program for the Project in early 2008 prior to the project being publicly announced with creation of a dedicated project website (**www.cpvvalley.com**), (please see Figure - 8), toll-free public information phone line (**877-355-7010**) and dedicated email address (**info@cpvvalley.com**). When the Project was publicly announced in the Spring of 2008, CPV notified the community through direct mail and media stories and began a series of ongoing briefing meetings with various community groups.

Figure 8 - CPV Valley Energy Center Website

In addition to posting all relevant permitting documents on the www.cpvvalley.com website for easy access, CPV also maintained hard copies of such documents at the following public repositories where the public could go and view them:

- Town of Wawayanda Town Hall, 80 Ridgebury Hill Road, Slate Hill, NY 10973;
- City of Middletown Municipal Building, 16 James Street, Middletown, NY 10940;
- Wallkill Town Hall, 99 Tower Drive, Building A and B, Middletown, NY 10941;
- Goshen Library and Historical Society, 203 Main Street, Goshen, NY, 10924;
- Middletown Thrall Library, 11-19 Depot Street, Middletown, NY 10941.

The CPV Valley outreach team conducted more than one-hundred (100) meetings over the past five years to brief stakeholders on the project including:

- Minisink Valley School District;
- Environmental Advocates of NY;
- Natural Resources Defense Council;
- Goshen Environmental Committee;
- Dozens of neighbors proximate to the project;
- Wawayanda Senior Center;
- Area Lions, Kiwanis and Rotary clubs;
- New Hampton and Slate Hill fire companies;
- Elected officials/staff including:
  - ✓ Gov. Spitzer,
  - ✓ Gov. Paterson
  - ✓ Gov. Cuomo;
  - ✓ Sen. Bonacic;
  - ✓ Sen. Maziarz;
  - ✓ Assemblywoman Gunther;
  - ✓ Assemblyman Cahill,

  - ✓ Sen. Maziarz;
  - ✓ Orange County Executive Diana;
  - ✓ Orange County Legislature;
  - ✓ Middletown Mayor DeStefano.
- Hudson Valley Building Trades Council Local 17;
- IBEW LU 363;
- Middletown NAACP;
- Orange County Partnership;
- Orange County Chamber of Commerce;
- Hudson Valley Economic Development Corp.;
- Patterns for Progress.

In addition, CPV provided regular update briefings and responded in a timely manner to area media information requests to generate news stories to keep the general public apprised of project progress. Project team members also participated in more than a dozen local conferences and events to raise visibility and inform community members about the project.

CPV held two informational open houses (one targeted toward and located within an identified EJ area) and employed Spanish language translators for both. CPV provided information at these open houses on all aspects of the project including project details, permitting requirements, public involvement opportunities, environmental studies, electric system considerations, community benefits and more. These informational open houses were staffed by subject matter experts ranging from engineers, to environmental scientists, to noise consultants, in order to provide the public with direct access to the people who could best answer their questions.

CPV also hired former Harvard School of Public Health expert Dr. Peter Valberg *(Gradient Corporation* of Cambridge, MA) to provide risk and comparative analysis to help the community better understand the environmental impacts of the Project.

Throughout the development of the Project, CPV has actively engaged the community to address concerns and issues. This was an integral part of CPV Valley's SEQRA approval process. Going forward into financing and construction, CPV plans to maintain its active public outreach program to keep the community informed about the construction, commissioning and operations activities. Once the project is completed and in operation, CPV plans to maintain a very active presence within local community affairs.

The result of this intensive, five-plus-year public outreach effort is that the Project is the first and only utility-scale power project to successfully proceed through SEQR with a local board acting as the Lead Agency within recent years. The involvement at the local level led to an open discussion and led to design optimizations to address concerns raised by the surrounding community. CPV is excited about the opportunity to become a longstanding member of Orange County and the State of New York.

8.14.2. Environmental Justice Issues

During the SEQRA process, an Environmental Justice (EJ) analysis, which addresses potential impacts to low-income and minority populations, was conducted for the Project. The results are contained in the DEIS.

The EJ analysis of the Project was conducted consistent with the principles set forth in Executive Order 12898, entitled "Federal Actions to Address Environmental Justice in Minority Populations and Low Income Populations" and DEC Policy CP-29.

The intent of this EJ analysis was to: a) determine whether the proposed Project is in or near a minority or low-income community and identify potential impacts; and b) determine whether the construction and operation of the proposed Project would have a significant adverse and disproportionate effect on an "environmental justice community."

An EJ area located in the City of Middletown, with a small portion located in Wallkill, was identified. The following Figure – 9 on the following page identifies the Project site and the surrounding EJ area.

The southwestern most point of the census block is 0.94 miles northeast from the facility site. The analysis demonstrates that the Project's potential air emission concentrations do not cause violations of the National Ambient Air Quality Standards (NAAQS) within the EJ study area, and therefore are not adverse.

Regarding hazardous materials, the use of oil, aqueous ammonia, and other chemicals at the Project site will not result in a disproportionate or adverse impact to the identified potential EJ area. The storage of fuel oil or use of aqueous ammonia or other chemicals at the Project site will comply with all local, state and federal requirements and will not jeopardize public health or impact groundwater quality. The use and/or presence of fuel oil, chemicals, and other materials are currently occurring throughout the two-mile study area and not concentrated within the EJ area.

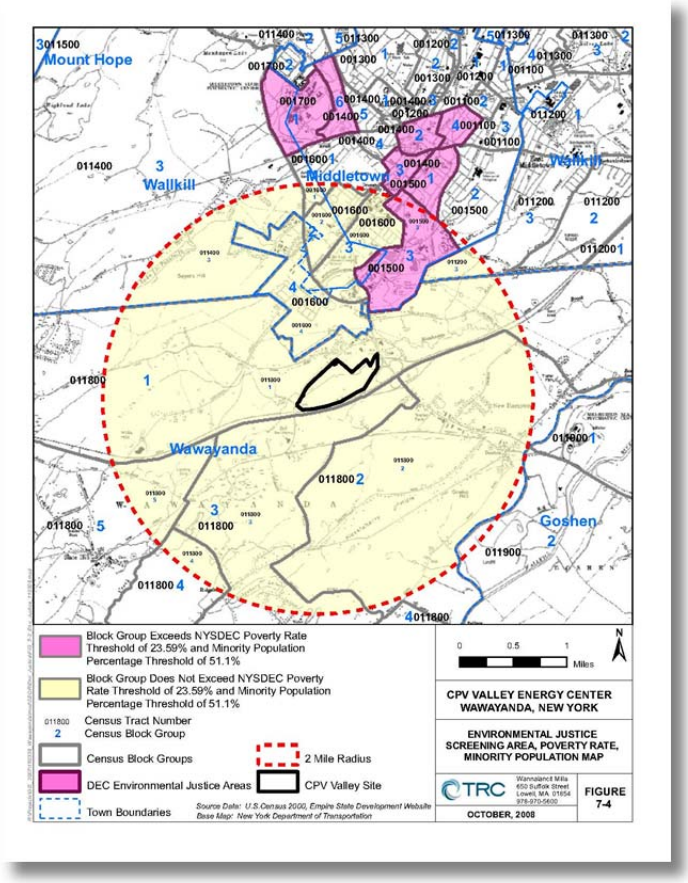


Figure 9 - Environmental Justice Map

The Project will also comply with NYSDEC and Town of Wawayanda noise standards at all locations within the Project study area, and therefore, would not cause any adverse impact to any EJ area.

Views from within the EJ area are likely to be intermittent and minimal, and limited to the top of the Project stack. Any views that do exist will be within a commercial/industrial context and visual impacts will be minimal. In addition, views of the stack would not be limited to those from within the EJ area. Therefore, visual impacts within the EJ area are not considered adverse or disproportionate.

Notwithstanding the conclusions drawn by this analysis, the CPV public outreach team voluntarily publicized and held an informational open house—with a Spanish language interpreter--at the Orange County Community College facility located near the identified EJ area in the City of Middletown to ensure residents of that area had easy access to information about the project. CPV also established on-going communications about the project with leadership of the local Hispanic community, the National Association for the Advancement of Colored People (NAACP) and personnel at the NYSDEC responsible for EJ matters.

8.14.3. EPC Community Outreach

The Skanska, Burns and MacDonald, and ECCO III Joint Venture is committed to the participation of local firms on its projects. This commitment stems from its business philosophy and long history of proactively identifying and supporting local businesses in the communities where we work, with the ultimate goal of utilizing the economic impact of our projects to benefit local communities.

Each construction project is unique and requires sensitivity in developing and implementing an appropriate program. The Joint Venture will develop a comprehensive, flexible plan that includes participation of local firms as suppliers and subcontractors who have demonstrated to be proven performers on our past projects. During development of this plan, the Joint Venture will evaluate initiatives in three areas:

- Procurement Methods
- Financial Assistance
- Mentoring / Training Opportunities

8.15. CONTRACTS & AGREEMENTS

8.15.1. Site Control

In 2007, CPV Valley obtained site control of the 122 acre Project site located in the Town of Wawayanda, Orange County, New York via an Option to Purchase Agreement. CPV has the exclusive right to purchase the property under the terms of the agreement. CPV would purchase the property to coincide with the financing of the project.

8.15.2. Cancellation Provisions

[redacted]

8.16. FUEL SUPPLY & PLAN

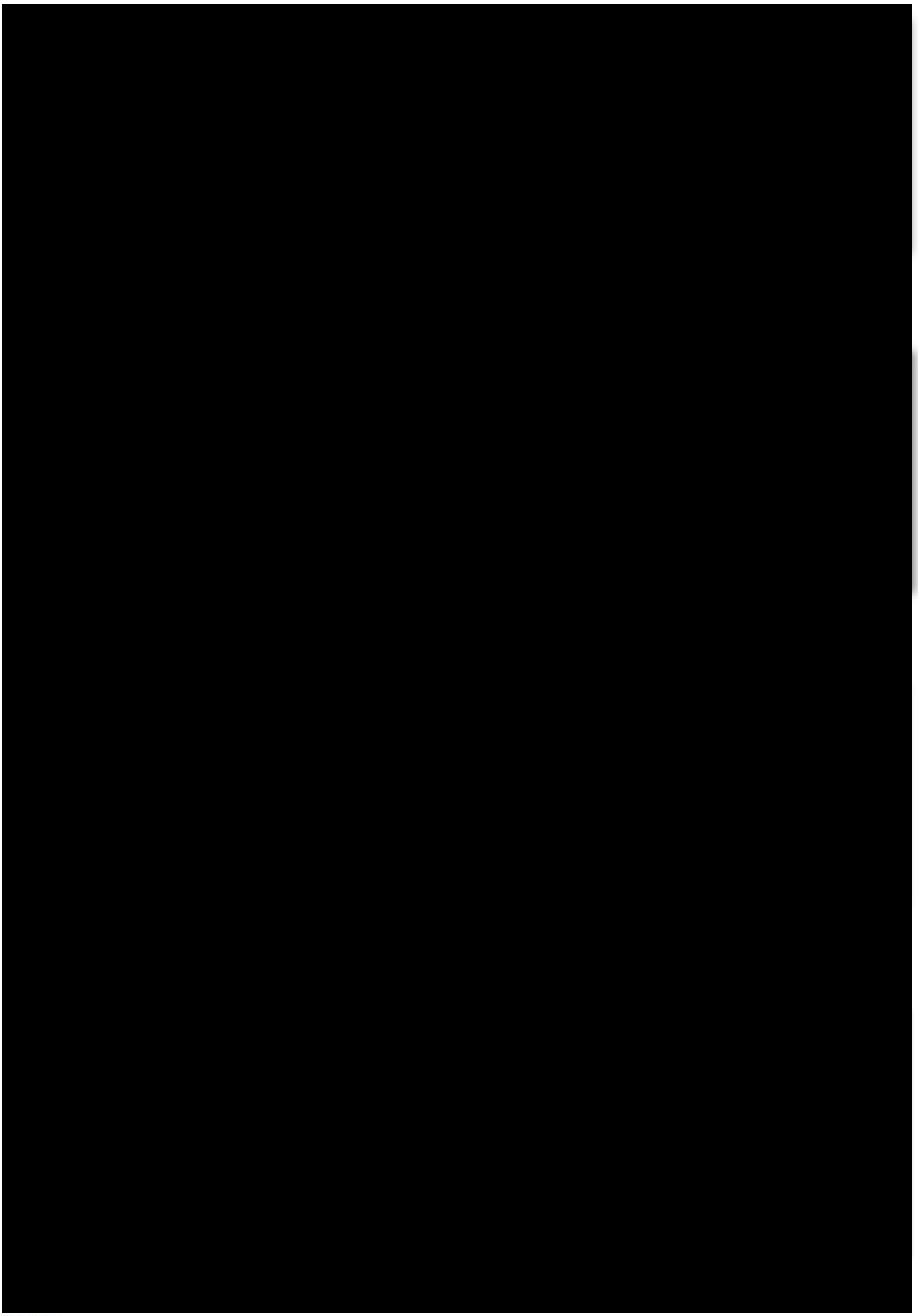
8.16.1. Gas Supply Source

[redacted]

8.16.2. Gas Transportation Path

8.16.3. Pipeline Throughput and Deliverability Issues

8.16.4. Expected Gas Use Profile



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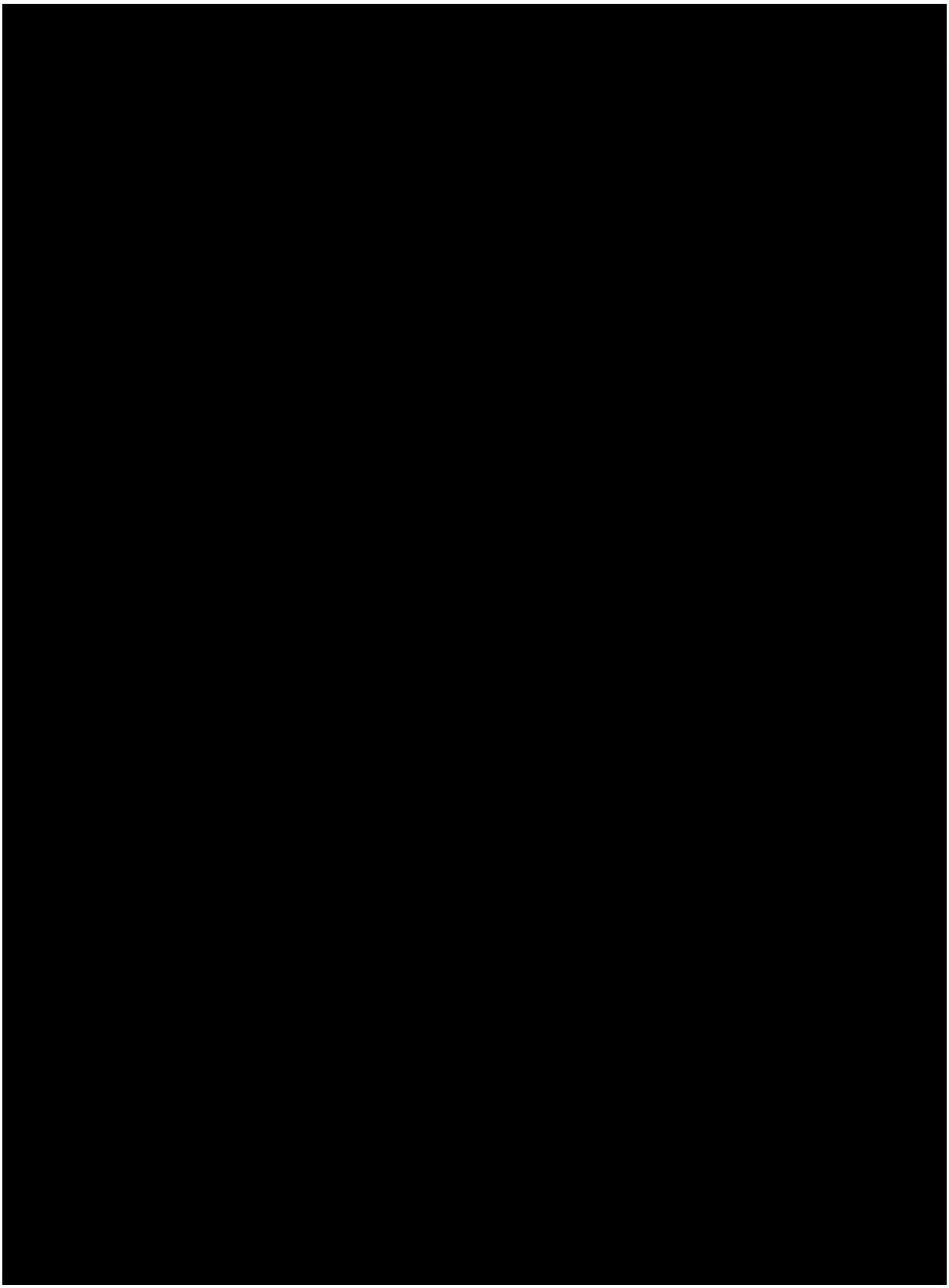
8.16.5. Fuel Supply Plan

[redacted]



8.16.6. Millennium Lateral

The Precedent Agreement referenced previously establishes an agreement between CPV Valley and Millennium for the dedicated lateral from the Millennium mainline, to the CPV Valley Energy Center. The 16" high pressure gas line will transport to Valley the necessary gas volumes and pressure to effectively operate the CPV Valley Energy Center. The gas lateral will be permitted by Millennium either under their FERC blanket approval, or via the FERC 7C process. Millennium has contracted consultants to review the feasibility of constructing the dedicated lateral and to look at the various routing options. Millennium will seek the route that optimizes use of existing rights-of-way, and minimizes environmental impacts. The abundance of roadways, rail beds, and existing utility rights-of-way, offer multiple options. The consultants hired by Millennium for review of this project have outlined the cost and the timing associated with permitting, constructing, and commissioning the lateral. The costs to permit, construct, and commission the lateral have all been included in the pricing for the Project, and therefore this proposal is reflective of those costs. The following is a high level snapshot of the required timeframes to complete the lateral:

- Permitting – 4 months
- Construction – 4 months
- Commissioning – 2 weeks

Millennium is prepared to commence the permitting process upon a notice to proceed issued by CPV Valley. The condensed schedule allows CPV Valley and Millennium to delay advancement in the approval process for the lateral until the PPA by NYPA is awarded. Millennium will be able to further optimize the construction process by avoiding the winter months.

The executed Precedent Agreement between CPV Valley and Millennium gives CPV Valley great confidence that the approval and construction of the natural gas lateral from the Millennium Pipeline to the CPV Valley Energy Center can be obtained and managed to meet the June 1, 2016 commercial operation date.

8.17. OPERATIONS PLAN

This chapter of the Proposal is intended to provide a description of the Operations & Maintenance ("O&M") Plan and the Environmental Compliance Plan, and NERC Reliability Standards Compliance

that will be implemented to ensure the safe, efficient operation of the Project in accordance with regulatory and environmental approvals and authorizations.

8.17.1. Operations & Maintenance Plan and Environmental Compliance Overview

As referenced in previous sections, the Project will primarily use clean-burning natural gas and state-of-the-art technology, including two Siemens FD4 CT's, two HRSG's and one ST capable of producing electricity in a highly efficient and environmentally friendly manner. When constructed, the Project will be one of the most efficient combined cycle electric generating facilities in the United States.

Relying upon CPV Asset Management's extensive experience in the management of over 4,200 MW of generation assets in North America previously outlined in Section3 – Proposer's Experience, CPV's Asset Management professionals will be responsible for the development and execution of the O&M Plan and the Environmental Compliance Plan for the Project. The O&M Plan and Environmental Compliance Plan will consist of two phases, a mobilization phase and an operations phase.

Based on the Projects design and expected operating profile, CPV Asset Management expects the Project to be staffed with approximately twenty-three (23) full-time employees. The staffing plan for the facility is expected to consist of the following:

- 1 Plant Manager
- 1 Operations Manager
- 1 Maintenance Manager
- 1 Plant Engineer
- 1 Administrative Manager
- 1 Environmental, Health & Safety Compliance Coordinator
- 5 Lead Operators
- 5 Operators
- 3 I&C Technicians
- 2 Maintenance Technicians
- 1 Warehouse/Purchasing Assistant
- 1 Administrative Assistant

Approximately three months prior to the financial closing for the Project, CPV Valley will request proposals from third party operations and maintenance ("O&M") service providers.

CPV Valley will select an O&M service provider (the "Operator") based on, amongst other things, the following criteria:

- Knowledge and relationships in the local labor market
- Knowledge and relationship with the OEM
- Financial stability, creditworthiness and strength of the parent company
- Breadth and depth of corporate infrastructure
- Experience operating combined cycle technology
- Contractual guarantees
- Cost competitiveness
- Environmental compliance history

The market for third party O&M service providers is typically structured as a "cost-plus-fixed fee" arrangement with performance guarantees, bonus provisions, and liquidated damage provisions. The O&M services will be provided in two (2) phases. The first phase (the "Mobilization Phase") will commence on the date on which the Operator has retained work personnel and commences

performance of the Mobilization Services (as defined hereinafter). The second phase (the "Operations Phase") will commence on the date on which the Operator has concluded the Mobilization Services (as defined hereinafter).

8.17.2. Mobilization Phase

During the Mobilization Phase, the services provided by the Operator will include, but not be limited to the following services identified herein.

Operations & Maintenance Personnel

The Operator will only hire such personnel that can demonstrate adequate previous experience in operating electric generation facilities of similar design and which such personnel are capable of performing the duties necessary for the safe and efficient operation and maintenance of the Project. The Operator will be responsible for the recruitment and hiring process and for related services such as advertising, interviewing, testing and relocating of all Project personnel.

Training and Start-up Support

The Operator will develop and implement training policies, procedures and programs necessary for the safe and efficient operation and maintenance of the Project. The Operator will provide appropriate personnel to support any start-up and testing of the Project that may be necessary by the EPC Contractor or the OEM to achieve final acceptance of their respective contracts. The Operator will make its personnel available to receive training from the EPC Contractor, the OEM, or CPV Valley's appointed representatives.

Administrative Systems

The Operator will develop and implement an administrative program for the Project which will include an administrative procedures manual that contains operating and control procedures for Project's administration including cost accounting, inventory control, budgeting, purchasing, personnel training and personnel policies.

Operability and Maintainability Review

The Operator will review the Project's equipment drawings and provide comments, as appropriate, to ensure that the Project can be safely and efficiently operated and maintained.

Spare Parts

The Operator will develop a list of proposed spare parts for the Project and make recommendations for procurement to CPV Valley for spare parts necessary to achieve the performance goals identified in the various Project agreements. Such spare parts list will be subject to CPV Valley's approval. The Operator will assist CPV Valley as requested in any such purchasing activities.

Purchasing

The Operator will competitively purchase, expedite and receive chemicals, lubricants, consumables, operating and maintenance supplies, spare parts, safety supplies, tools and equipment required operating and maintain the Project. The Operator purchases will be made in accordance with purchasing procedures approved by CPV Valley.

Operations Program

The Operator will be responsible for the development and implementation of a site-specific operations program (the "Operations Program") which defines all of the operations issues that must be adhered to for proper operation and maintenance and environmental compliance of

the Project. The Operations Program will include programs and procedures for Project operation, systems lockout and tag out, plant safety, environmental compliance, housekeeping, loss prevention, security, maintenance, and turnover. The Operator will implement, where cost-effective and appropriate to the task to be performed, computerized systems to provide the services set forth in the Operations Program.

Preventative Maintenance Plan

The Operator will be responsible for the development and implementation of a site-specific preventive maintenance program (the "Preventive Maintenance Plan") for the Project incorporating a preventive maintenance schedule and a predictive maintenance program, including vibration analysis, lube oil analysis, dielectric oil analysis, and infrared thermography all in accordance with original equipment manufacturers' requirements. The Operator will provide all preventative maintenance in accordance with the original equipment manufacturers' recommendations and requirements.

Assistance to CPV Valley

The Operator will provide assistance to CPV Valley in the performance of CPV Valley's duties, including the closeout and final acceptance of the Project to meet the contractual requirements of the EPC Agreement, preparation of insurance and warranty claims, major maintenance reports, and reports required to comply with environmental laws, regulations or permits.

8.17.3. Operations Phase

During the Operations Phase, the services provided by the Operator will include, but not be limited to the following services identified herein.

Operations & Maintenance Personnel

The Operator will only hire such personnel that can demonstrate adequate previous experience in operating electric generation facilities of similar design and which such personnel are capable to perform the duties necessary for the safe and efficient operation and maintenance of the Project. The Operator will be responsible for the recruitment and hiring process and for related services such as advertising, interviewing, testing and relocating of all Project personnel.

Project Operations

The Operator will operate and maintain the Project with the goal of minimizing costs while maximizing Project reliability, availability, capacity, efficiency, safety and environmental compliance. The Operator will operate the Project in compliance with CPV Valley's guidelines, the Operations Program, all relevant laws and permits, and all relevant contractual commitments by CPV Valley related to the Project (e.g. the PPA, any gas supply agreements, and any gas transportation agreements). Operations will be provided in compliance with the approved annual budget. The Operator will be expected to administer all O&M costs (including actual Operator labor costs) associated with operating the Project.

Operations Program

The Operator will be responsible for the continuous implementation and updating of the Operations Program. The Operator will implement, where cost-effective and appropriate to the task to be performed, computerized systems to provide the services contemplated by the Operations Program. Such operating services will include, but not be limited to the following:

- Coordination and communications relating to scheduling of fuel supply;
- Provide daily coordination and communication relating to fuel transportation;

- Provide daily coordination and communication relating to electrical dispatch of the Project and transmission of power from and to the facility;
- Monitor and report fuel, water and wastewater quality and quantity;
- Monitor and report combustion turbine operating elements (fired hours, equivalent operating hours, starts, trips, etc.) necessary to support the LTSA calculations necessary for administration of the combustion turbine planned maintenance as well as its billing/payment requirements;
- Review and revise operating procedures, as required, to insure that they are up to date;
- Coordinate Project security in accordance with CPV Valley's security plan; and
- Maintain compliance with all environmental laws, regulations and environmental permits and regulatory approvals.

Fuel Accounting

The Operator will be responsible for the daily communication and coordination with CPV Valley, power purchasers, fuel suppliers and fuel transporters with regard to the daily fuel required and consumed. The Operator will monitor and record the fuel required and consumed by the Project.

Purchasing

The Operator will competitively purchase, expedite and receive chemicals, lubricants, consumables, operating and maintenance supplies, spare parts, safety supplies, tools and equipment required to operate and maintain the Project. The Operator purchases will be made in accordance with purchasing procedures approved by CPV Valley.

Subcontractors

Exclusive of major maintenance pursuant to the LTSA, the Operator will (i) identify the need for subcontractor services; (ii) schedule, arrange for, and procure such services after approval by CPV Valley; and (iii) coordinate and manage the performance of services provided by any subcontractor.

Preventative Maintenance

The Operator will perform routine maintenance services in accordance with the Preventive Maintenance Plan and good utility practice. The Operator will provide support services to CPV Valley (as requested) in connection with the performance of major maintenance. Such services will include but not be limited to the following:

- Arrange contracts after approval by CPV Valley and supervise contractors providing O&M Services, as required to accomplish the scope of the O&M Agreement;
- Adhere to plant maintenance plan in accomplishing all scheduled predictive and preventive maintenance work, unless otherwise agreed to by the Operator and CPV Valley;
- Accomplish all routine maintenance for plant equipment, including that required to align, lubricate, adjust, calibrate, minor repairs, etc. as required;
- Accomplish all on-line and off-line, scheduled and unscheduled maintenance;
- Keep all repair, calibration, test, and measuring equipment in good repair;
- Maintain calibration of sensors, controllers, recorders, meters, transmitters, gauges, and protective relays, as required to permit operation within acceptable parameters;
- Report all significant known operational, design, and equipment deficiencies to CPV Valley;

- Perform periodic maintenance inspections to identify and report status of equipment and system deficiencies and initiate appropriate maintenance and repair;
- Provide custodial services in buildings and the upkeep of grounds;
- Complete required maintenance of buildings and grounds, including electrical systems, plumbing and HVAC;
- Arrange for and/or coordinate the removal of wastes from the Project;
- Arrange for, monitor and direct contracted services and approve and classify time sheets and invoices;
- Organize maintenance activities with a computerized maintenance management system for work order generation, equipment history, bill of materials, inventory control, scheduled maintenance, scheduling backlog control, reporting, productivity analysis, calibration records and cost tracking;
- Maintain an equipment tagging and identification system;
- Update all Project engineering drawings to reflect changes, modifications or deletions to the Project as they are made;
- Maintain up-to-date maintenance procedures and manuals; and
- The Operator will be responsible for daily site supervision of the work force and management of resources to perform the O&M Services including but not limited to the following:
    - ✓ Effectively and efficiently manage the Operator's work force to operate and maintain the Project;
    - ✓ Maintain a training program for the education of new employees and refresh the education of existing employees regarding matters related to Project operations and maintenance;
    - ✓ Comply with applicable laws, governmental requirements, codes or standards that require the licensing of personnel performing at the Project. Cooperate with CPV Valley in connection with CPV Valley's responsibilities for securing and maintaining any and all certificates, permits, licenses, inspections necessary for the continuous operation of the Project;
    - ✓ Evaluate Project operations and make recommendations to CPV Valley on cost-effective ways to improve the Project and its operation;
    - ✓ Provide daily reporting of the Project's operating results as required by CPV Valley, from information and in a format maintained by the Operator in the ordinary course of business;
    - ✓ Prepare and submit production and fuel consumption reports as directed by CPV Valley;
    - ✓ Provide such reports to CPV Valley, as are necessary to support CPV Valley's submission of reports under the various Project agreements, to the extent the information required for such reports is available to the Operator or can be created by the Operator;
    - ✓ Maintain an environmental, health and safety program;
    - ✓ Conduct a quality control program. Procedures will include the use of logs and checklists to document that any specified procedures, inspections and tests have been satisfied; The procedure will consider recommendations, procedures tests, and inspections recommended and/or specified by the

manufacturer/vendors of plant equipment; Records will be maintained of all test and inspection reports;

- ✓ Maintain in a closely coordinated effort with CPV Valley, cooperative and supportive relations with the local community;
- ✓ Purchase, store, and maintain all goods required for the operation and maintenance of the Project in accordance with vendor requirements and plans agreed upon with CPV Valley;
- ✓ Provide daily administration and communication associated with all project documents;
- ✓ Maintain (i) usual and customary records of all operations and maintenance of, and modifications relating to the Project, and (ii) operations and maintenance records required by governmental requirements. Such records shall be maintained at the Project for a period of no less than seven (7) years or as required by government regulation, and shall be maintained such that they are accessible to CPV Valley. In the event of termination of the O&M Agreement or the expiration of the applicable records retention period, all such records shall be delivered to CPV Valley; and
- ✓ Gather all necessary data and prepare and timely submit to CPV Valley for its approval and substantiation, all operations and maintenance reports relating to operation and maintenance of, and modifications to the Project to the extent such reports are required by governmental regulation. Such records shall be maintained at the Project for a period of no less than seven (7) years or as required by government regulation, and shall be maintained such that they are accessible to CPV Valley. In the event of termination of the O&M Agreement or the expiration of the applicable records retention period, all such records shall be delivered to CPV Valley.

8.17.4. Capital Modifications and Capital Improvements

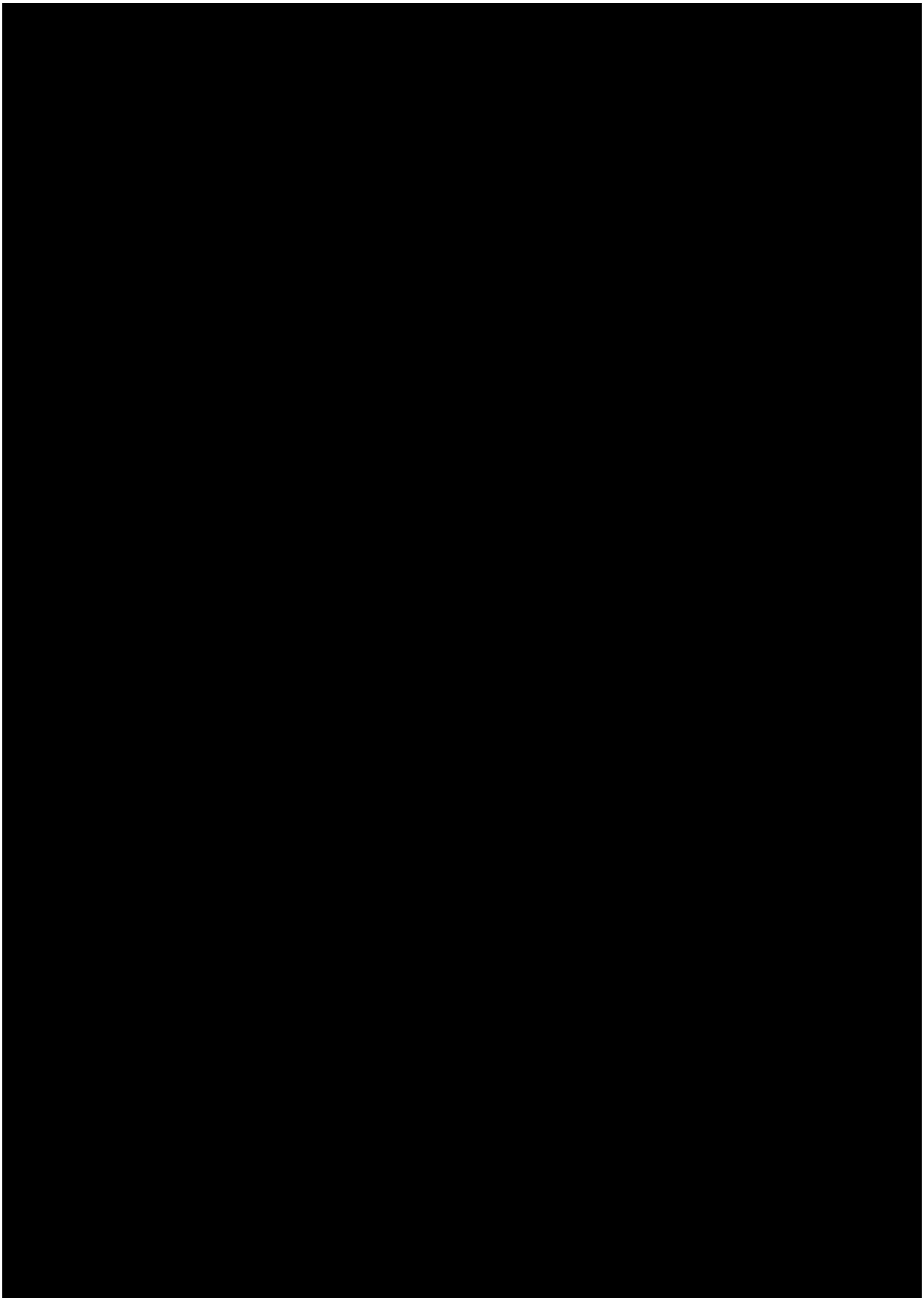
Periodically prepare and submit recommendations and economic, operational, and safety justification for capital modifications or capital improvements to the Project.

8.17.5. Corrective Maintenance

The Operator will perform routine repairs to failed, underperforming or malfunctioning equipment in accordance with the manufacturer's and/or CPV Valley's specifications and directions and subject to the scheduling constraints imposed by any of the Project agreements (e.g. the PPA, any gas supply agreements and gas transportation agreements).

8.17.6. Major Maintenance and Major Maintenance Planning

The Operator will be responsible for the scheduling of the major maintenance in accordance with Siemen's recommendations and the constraints imposed by the Project agreements (e.g. the PPA, any gas supply agreements and gas transportation agreements). Combustion turbine ("CT") major maintenance will be provided by Siemens under a Long Term Service Agreement ("LTSA"). [redacted]



[redacted]

8.17.7. Budget, Cost Control and Accounting

[redacted]

8.17.8. Assistance to CPV Valley

The Operator will provide assistance to CPV Valley in the performance of CPV Valley's duties, including the closeout and final acceptance of the Project to meet the contractual requirements of the EPC Agreement, preparation of insurance and warranty claims, major maintenance reports, and reports required to comply with environmental laws, regulations or permits.

8.17.9. Reports

The Operator will provide periodic technical and administrative reports to CPV Valley as may be required by CPV Valley.

8.17.10. Inventory Control

The Operator will maintain an inventory of spare parts, materials, supplies and tools necessary to operate and maintain the Project, and purchase replacement inventory as required and approved in the current year's approved annual operating budget.

8.17.11. Project and Equipment Changes

The Operator may make recommendations for changes to the Project. Such recommendations are subject to the CPV Valley's approval before being implemented.

8.17.12. Technical Library

The Operator will establish and maintain a technical library. The technical library shall include the operation and maintenance manuals provided by the EPC Contractor and OEM, EPC Contractor and OEM drawings, vendor manuals and drawings, test and calibration records, maintenance history records and archived operating logs. Drawings and manuals shall be updated, as necessary, to reflect design modifications.

8.17.13. Meter Testing

The Operator will cooperate with the gas and electric utility in the testing of electric metering and fuel gas metering equipment. Meters shall be maintained, tested, and calibrated in accordance with the requirements of the Project agreements (e.g. the PPA, any gas supply agreements, and any gas transportation agreements).

8.17.14. Training

Operator will ensure that the Operator's personnel employed at the Project are properly trained as required for the operation and maintenance of the Project.

8.18. NERC RELIABILITY STANDARDS COMPLIANCE PLAN

CPV Valley, working closely with the Operator in a collaborative effort, will develop and implement a comprehensive NERC/ERO Reliability Standards Compliance Program that will include policies and procedures designed to promote a robust culture of compliance among all plant personnel. Following registration with NERC in the appropriate functional categories (presumably Generator Owner and Generator Operator) all reliability standards and requirements applicable to CPV Valley's registration will be identified and included in the compliance program. The program will include critical asset and cyber security measures to the extent required by new and revised versions of NERC's Critical Infrastructure Protection Standards. Additionally, CPV Valley's compliance program will include monitoring and internal reporting procedures designed to detect, remedy and prevent the recurrence of any reliability-related issues.

CPV Valley will take all actions necessary to ensure that it is fully compliant with all applicable standards at the time it registers with NERC prior to commercial operation. Among other steps, this will include drafting procedures and related documentation for each applicable Standard, designing a document management system, adopting communication and coordination protocols for operational events that trigger reliability requirements and conducting initial reliability compliance orientation

and training at the site. Every effort will be made to ensure the plant is "audit ready", including conducting periodic internal readiness reviews and mock audits.

8.19. FINANCING PLANS

8.19.1. Equity & Debt Financing Plans

Please refer to *Section 6 – Financial Capability* for a detailed description of both equity and debt financing plans.

9. ENVIRONMENTAL REVIEW

9.1. PERMIT REQUIREMENTS

The Project is in the advanced stages of development, having already obtained many of the major permits associated with the project, including an adopted Findings Statement by the Lead Agency under SEQRA, and notices issued by NYSDEC for the final air permit under the Clean Air Act, and the final Freshwater Wetlands Permit and Water Quality Certification. The Permit Matrix, provided in Appendix 5-C: Permit Matrix, identifies the complete list of federal, state, and local permits and approvals required for the Project. The status of each permit is provided along with identification of the "Minimum Required Consents" and a list of all studies.

As demonstrated by the Permitting Matrix, CPV Valley has nearly completed the process of obtaining all the necessary permits and approvals associated with the Project, and therefore is capable of achieving the June 1, 2016 commercial operations date requirement. Most of the remaining permits/approval are those required for operations or those typically obtained in the ordinary course of construction.

9.2. ENVIRONMENTAL CONSIDERATIONS

9.2.1. Environmental Considerations

A complete Environmental Impact review process was performed as required under SEQRA. This process culminated in issuance of a Final Environmental Impact Statement and SEQRA Findings by the lead agency, the Town of Wawayanda Planning Board. The Project offers modern, highly efficient and environmentally responsible energy solution. As detailed in *Section 7 - Environmental Benefits*, CPV Valley implements the most advanced and environmentally-conscious power generation technology available today, and will be one of New York State's cleanest power generation facilities.

9.2.2. Use of Existing Rights-of-Way

The routing for the electrical interconnection transmission line, as well as, water supply and discharge utilize existing rights-of-way to the maximum extent possible. The following is a brief description of the rights-of-way.

9.2.3. Electrical Interconnection

The electrical interconnection utilizes mostly Project property and NYS DOT rights-of-way. Only a small portion of private land was needed for the GIS substation and the underground transmission cable. CPV Valley secured a permanent easement that covers the location of the GIS Building improvements along with the transmission line running from NYS DOT rights-of-way along Rt. 17M to the GIS Building. The easement agreement was recorded in the Orange County Clerk's Office in 2008. CPV Valley expects to obtain a Use and Occupancy Permit from the NYS DOT for the location of the transmission line within the boundaries of Rt. 17M in the ordinary course of permitting. Please refer to the interconnection drawings provided in *Appendix 2-D: Project Location Maps & Interconnections*.

9.2.4. Water Supply and Discharge

CPV Valley will enter into an agreement with the City of Middletown to purchase reclaimed water from the City for the Project. The agreement with the City requires the City to grant any necessary easements for the reclaimed water line. CPV Valley also expects to enter into an out-of-district user agreement with the Town of Wawayanda on behalf of Sewer District No. 1 of the Town and Water District No. 1 of the Town providing for the extension of sewer and potable water lines from those

Districts to the Project, and CPV Valley expects that any necessary easements or licenses for construction purposes will be granted by the Town; however, CPV has the capability of independently providing the Project with potable water from a well on the Project site and also a septic sewer system on the Project site in the event the agreement with the Town is not executed. Please refer to the interconnection drawings provided in *Appendix 2-D: Project Location Maps & Interconnections.*

9.3. ELECTRONIC REPOSITORY

CPV Valley established an informational website for the Project back at the commencement of development. The website has functioned as a means of information, a medium to contact the development team, but also as an electronic repository for key permitting documents. Full documentation on the SEQRA process can be found on the CPV Valley website, using the following link (cpv.valley.com).

10. PRICING

11. DEVIATIONS & CONTRACT EXCEPTIONS

11.1. STATEMENT OF "DEVIATIONS & EXCEPTIONS"

CPV has not made any intentional deviations from the NYPA RFP in preparing this proposal. CPV has taken exception to the various items in the PPA, which are discussed below and identified in the Table of Contract Exceptions contained herein.

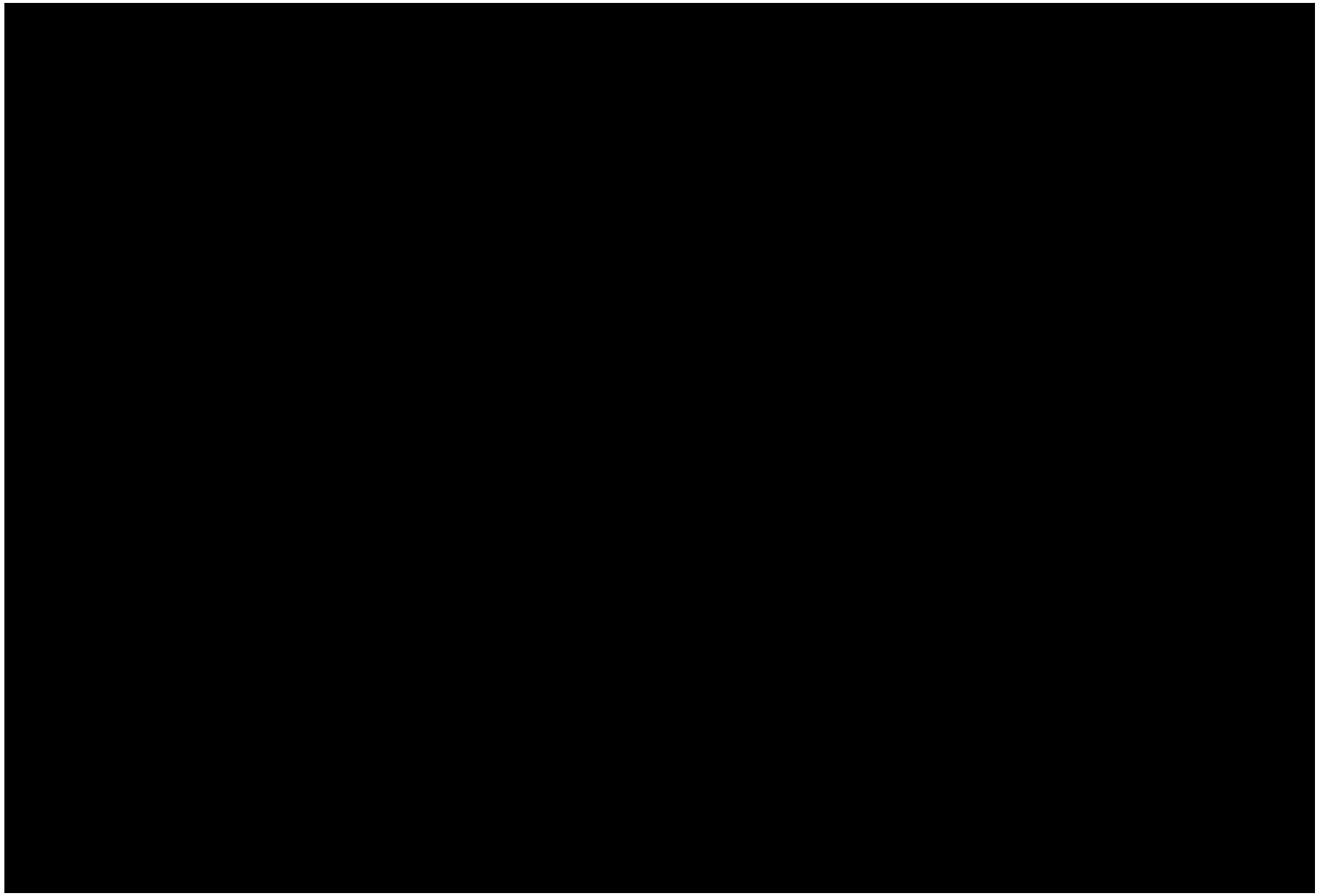
11.2. CONTRACT EXCEPTIONS

CPV minimized the amount of exceptions and edits to the PPA in recognition of the tight schedule to achieve NYPA's objective of a June 1, 2016 COD. In this light, CPV categorized the exceptions based on the following levels of significance:

1. Changes to the PPA that are required for financing on the economic terms set forth in this proposal.
2. Items that warrant discussion to understand and clarify NYPA's intent, which may facilitate changes to improve the PPA.
3. Technical corrections and drafting points for NYPA's consideration.

CPV has identified these issues for NYPA's attention and proposed alternative language, where applicable, in the redlined PPA enclosed herein. In addition, the table which follows identifies the exceptions, and provides a short description of the issues of concern to CPV, and of the rationale for the proposed exceptions. It is important to note that while the items in categories 2 and 3 above are those that provide additional clarity in the PPA and technical corrections, those changes are not critical. CPV would be pleased to discuss these clarifications further with NYPA and its advisors to provide a more detailed explanation of the proposed changes.

Category 2: Additional Items/Issues to Discuss



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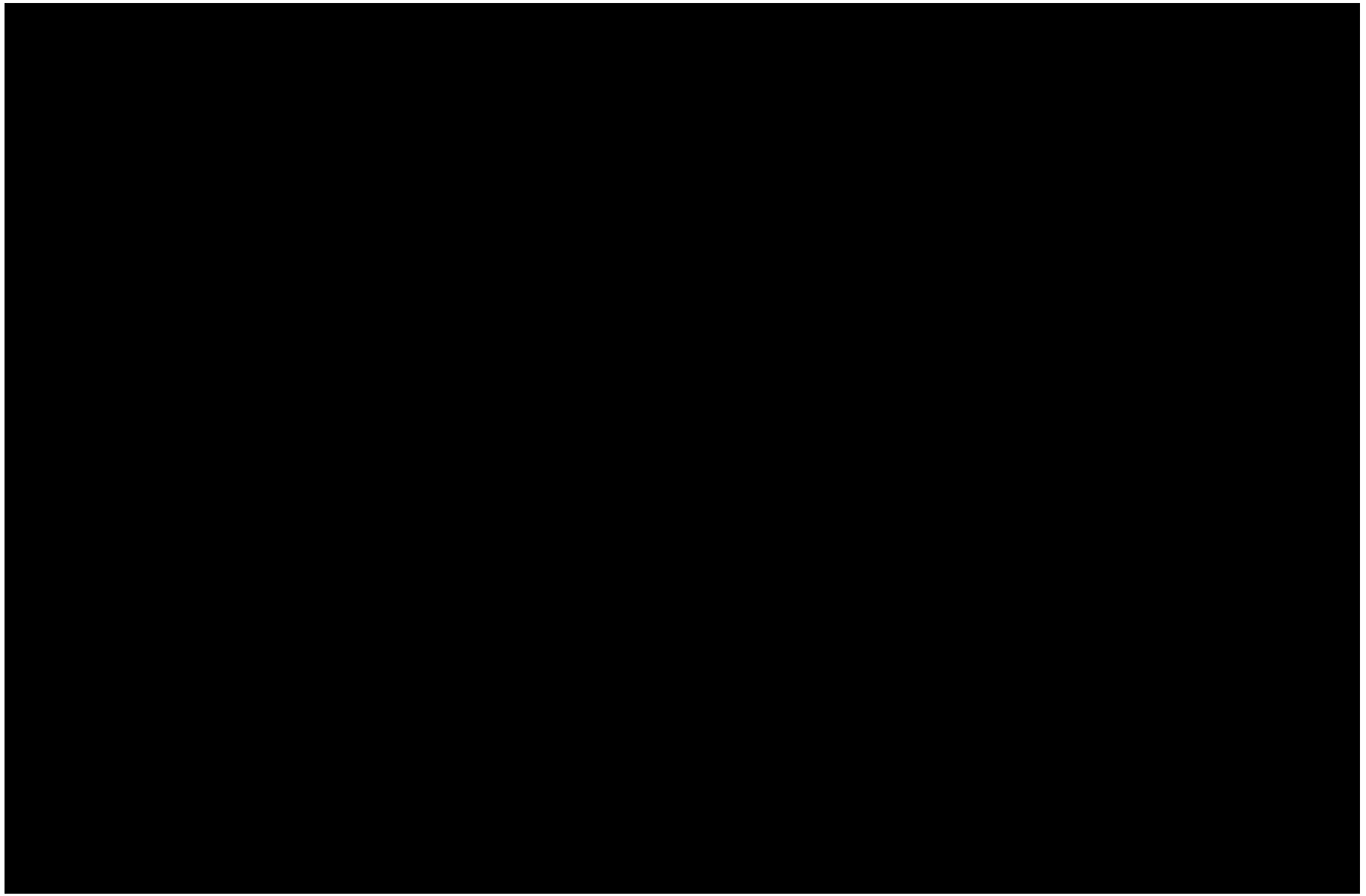

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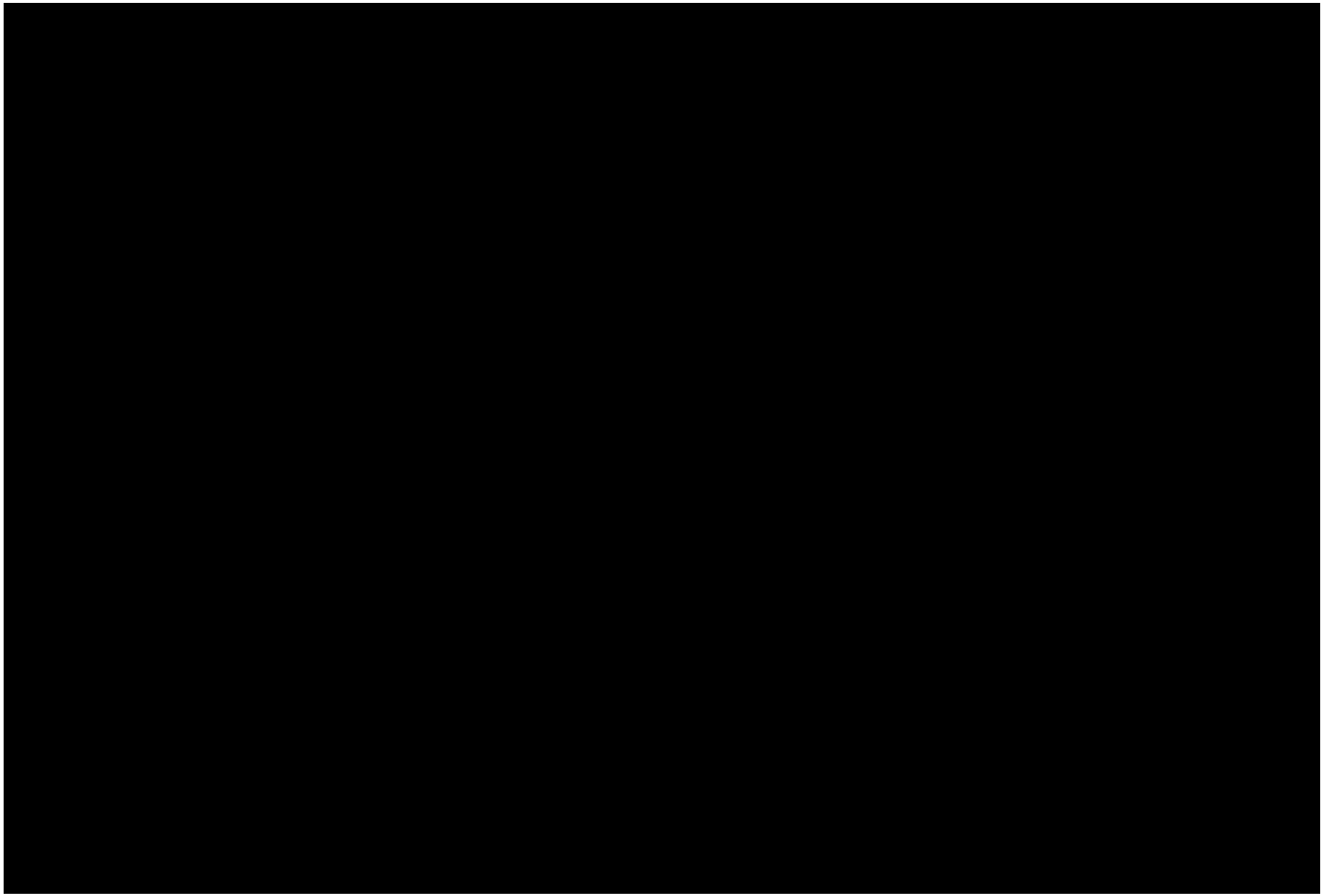

Category 3: Technical Corrections and Other Drafting Suggestions

12. COMPLIANCE STATEMENT

12.1. STATEMENT OF COMPLIANCE

All products or services provided by the CPV Valley Energy Center will be in compliance with all applicable legal and regulatory requirements.