

News

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NYPA SELECTS PROPOSAL FOR SERVING ELECTRICITY REQUIREMENTS OF GOVERNMENT CUSTOMERS IN NEW YORK CITY

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FOR IMMEDIATE RELEASE

NEW YORK—The New York Power Authority (NYPA) Trustees Tuesday approved a proposal for ensuring continued economical, reliable electricity service for the Authority’s public customers in New York City, centering on the construction of a new transmission line from Ridgefield, New Jersey, to midtown Manhattan. The proposal provides for a link to electricity markets in a multistate area, with capacity to be supplied by an existing power plant in New Jersey.

The proposal was submitted jointly by Hudson Transmission Partners, LLC, and FPL Energy, LLC, in response to a formal Request for Proposals last year by the Power Authority to meet the energy needs of its public customers, who include schools, hospitals, municipal buildings, the subways and commuter trains, and other essential facilities and services.

“Today’s action by the Power Authority board is a significant milestone for reliable, economic and clean electricity service in New York City, and for strengthening and diversifying its energy mix,” said Timothy S. Carey, NYPA president and chief executive officer. “This is consistent with the balanced approach that Governor Pataki has long pursued for enhancing the state’s electricity system and providing customers with more energy options in the competitive, deregulated marketplace. We’re now looking forward to negotiating the long-term energy-related agreements, as authorized by our trustees earlier today.”

Carey noted that NYPA received bids from a number of companies. That led to a comprehensive review process, weighing such key factors as economics, the potential for lessening energy prices and enhancing fuel diversity, licensing considerations, the financial ability of the submitting bidders, and the likelihood of the bid commitments being met.

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Under the winning bid, a natural gas-fueled power plant operated by FPL Energy in Sayreville, N.J., known as the Red Oak plant, will provide 500 megawatts (mw) of generation capacity for the New York City governmental customer electric load served by NYPA. The plant will allow NYPA to meet the reliability rules of the New York Independent System Operator (NYISO) for what is referred to as unforced capacity (UCAP), a measure accounting for required power reserves and forced outage rates. (A not-for-profit corporation charged with administering the state's wholesale energy markets, the NYISO helps to ensure the reliability of the electric power system.)

Hudson Transmission Partners will build an approximately seven-mile transmission line, with a total capacity of 660 megawatts, from Bergen County to Con Edison's West 49th Street substation, including a four-mile section under the Hudson River. Using a combination of this line and transmission service through the PJM system, the generation capacity from FPL Energy's Red Oak plant will qualify as "in-city capacity" under the NYISO rules. That will allow NYPA to dedicate the 500 megawatts of UCAP for its New York City governmental customers.

In addition to the dedicated capacity, the 345-kilovolt (kv) line, expected to be completed by 2010, will be capable of delivering economical electricity from the PJM Interconnection, which includes all or parts of 13 states and the District of Columbia.

The additional capacity and transmission provided for by FPL Energy and Hudson Transmission Partners will complement electricity supplies that the Power Authority provides the governmental customers from its own power generation and market purchases. This includes a new 500-mw combined-cycle plant that NYPA completed in late 2005 in Queens that is among the cleanest, most efficient sources of electricity in the city.

During summer peak-demand periods, the New York City governmental customers use a total of more than 1,800 mw, a sizable amount of electricity that is equivalent to the output of two large power plants. Among the customers are the City of New York, the New York City Housing Authority, the Port Authority of New York and New Jersey, the Metropolitan Transportation Authority, the New York State Office of General Services, Jacob K. Javits Convention Center, Empire State Development Corp., Battery Park City Authority, Hudson River Park Trust, Roosevelt Island Operating Corp., and United Nations Development Corp.

Over the years, public facilities in New York City have saved hundreds of millions of dollars a year on their electricity bills as NYPA customers. The Power Authority has met the electricity needs of these customers since 1976, and has also partnered with them on numerous energy efficiency projects that have lowered their annual electric bills by about \$58 million, along with displacing some 1.1 million barrels of oil a year and reducing greenhouse gas emissions by 477,000 tons a year.

About NYPA:

- NYPA uses no tax money or state credit. It finances its operations through the sale of bonds and revenues earned in large part through sales of electricity.
- NYPA is a leader in promoting energy-efficiency, new energy technologies and electric transportation initiatives.
- It is the nation's largest state-owned electric utility, with 18 generating facilities in various parts of the state and more than 1,400 circuit-miles of transmission lines.