

STATE OF NEW YORK

Public Service Commission

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INDIAN POINT CONTINGENCY PLANS MOVE FORWARD **— PSC Details Plans to Ensure Grid Reliability and Safeguard Customers —**

Albany, NY—10/17/13—The New York State Public Service Commission (Commission) today, following through on recommendations set forth by Governor Andrew M. Cuomo’s Energy Highway Blueprint, approved a suite of projects to foster grid reliability in the event that the Indian Point Energy Center (IPEC) is unable to generate electricity due to the expiration of its federal operating licenses in 2015.

“The potential retirement of IPEC raises significant reliability issues,” said Chair Audrey Zibelman. “With our decision today, we considered and adopted two elements which have been identified as part of the portfolio of actions that needed to be implemented to mitigate these pressing reliability concerns. Each of these elements is a clear winner for customers, and will provide ratepayer benefits even if IPEC were to operate beyond December 2015.”

The Commission commenced the proceeding in late 2012 to develop a contingency plan in the event of a closing of IPEC, two nuclear power reactors located in Westchester County, approximately 30 miles north of Manhattan generating 2,040 MW of electricity. In the proceeding, the Commission directed Consolidated Edison to work with the New York Power Authority to develop and file a contingency plan to address reliability needs that would arise in the event the Indian Point units shut down.

Based on the analysis completed to date, the Commission is moving forward with new transmission facilities and energy efficiency/demand response measures that have been shown to

provide net benefits to customers even in the event IPEC continues operating beyond its current license term. These projects will contribute to improved reliability throughout New York State and reduce electric costs to ratepayers. Several generation and transmission project proposals submitted in response to a Request for Proposals issued by NYPA and Con Edison would meet the remainder of the reliability need created by IPEC's potential closing at the end of 2015, and the leading bids are still being evaluated.

The specific solutions accepted by the Commission are as follows: three transmission projects capable of reducing capacity needs by upwards of 600 MW and extension of existing programs and creation of new programs designed to reduce downstate electricity use by 180 MW through energy efficiency and demand response. This suite of projects accepted today represents the least-cost and least-risky portfolio for the IPEC reliability contingency plan.

In addition to identifying transmission projects that will now move forward, the Commission endorsed the method by which the costs and benefits associated with implementing the contingency plan will be allocated among load-serving entities and filed with the Federal Energy Regulatory Commission.

The transmission projects, which could be operational by mid-2016, are as follows:

- Create a second 27-mile 345 kV transmission line from Central Hudson's Rock Tavern substation in Orange County to Con Edison's Ramapo substation in Rockland County which would increase power transfer from upstate generators to downstate load;
- Improve the efficiency of the Marcy South power lines and re-conductor a 22-mile section of the existing NYSEG 345 kV transmission line between Fraser substation in Delaware County to Coopers Corners substation in Sullivan County, which will increase transfer capability into Southeastern New York, including New York City; and
- Reconfigure transmission substations in Linden, NJ and Goethals, Staten Island to mitigate system contingencies; provide enhanced cooling of underground transmission circuits running between Con Edison's Goethals, Gowanus (Brooklyn) and Farragut (Brooklyn) transmission substations to increase power transfer capability to un-bottle existing generation resources on Staten Island.

Two of the transmission projects — the Rock Tavern/Ramapo line and the Marcy/Fraser project — would increase the import capability into southeastern New York by reducing the constraint on the upstate New York/Southeast New York interface. As a result, underutilized upstate capacity would be able to provide increased levels of energy to the downstate area. This increased capability would provide a reliability benefit. The Staten Island project would make generation on Staten Island, which is currently bottled-up, more generally available to the grid.

With the investment in the transmission projects, customers statewide will receive an estimated benefit of approximately \$260 million over the first 15 years, with additional net benefits continuing to accrue over the life of the assets.

The energy efficiency and demand response programs will focus on large customers located within Con Edison's service territory. Targeted customers include customers with high-peak demand; project developers with potential large-scale projects; prior or existing energy efficiency participants willing to expand the scope and depth of projects; and, customers capable of switching electric summer air conditioning load to steam or gas. In addition, the initiative calls for new investments in combined heat and power projects.

To ensure the success of the energy efficiency and demand response, Con Edison will work with the New York Power Authority and with the New York State Energy Research and Development Authority to implement the plan for energy efficiency, demand reduction, and combined heat and power. The programs would provide an estimated net savings to customers of approximately \$182 million over a 15-year period. Con Edison customers will be responsible for the program costs.

The Commission's decision today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 12-E-0503 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty

understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.