

New Study Finds Caithness II Power Plant Will Save Long Island Hundreds of Millions of Dollars Annually in Electricity Costs, Improve Air Quality, And Reduce Need For Power Imports

Findings call into question PSEG LI's decision to postpone construction of approved Yaphank plant

YAPHANK, N.Y., April 17, 2015 /PRNewswire/ -- The [findings of a study from General Electric Energy Consulting](#) released today calls into question PSEG Long Island's (PSEG-LI) decision to postpone construction of the [Caithness Long Island II power plant](#) (Caithness II). The study finds that Caithness II, previously selected by the Long Island Power Authority (LIPA), would from day one produce significant cost savings on Long Island and in New York State, offer significant environmental benefits, reduce the need for more expensive imported power from New Jersey and Connecticut, and would be a highly reliable and flexible power generation source.

General Electric analyzed Caithness II using the industry-leading GE MAPS (Multi Area Production Simulation) software application to estimate the Long Island, New York State and regional electricity cost impacts, environmental impacts, and system impacts of the 750-megawatt (MW) natural gas-fired plant.

Ratepayer Savings

- The report concluded that due to its high efficiency, Caithness II is expected to save Long Island an average of \$192 million annually or over a billion dollars in wholesale energy costs over the first six full years of operation under the Caithness proposal that LIPA previously selected in its 2010 Request for Proposals. This savings is significantly more than the fixed costs LIPA would pay Caithness II under that proposal. Therefore, Caithness II provides immediate net cost savings to ratepayers. Ratepayer savings will be approximately 1% of current bills.
- In fact, the GE study estimated significant wholesale energy cost savings to the entire New York downstate area stemming from the operation of Caithness II.

Environmental Benefit

GE's analysis concluded that Caithness II is expected to benefit the environment:

- Annual NO_x emissions from electric power generation are estimated to decrease by about 23% on Long Island and 8% in New York State.
- Annual SO_x emissions from power plants are estimated to decrease by about 37% on Long Island and 22% in New York State.
- Emissions of CO₂ from power generation are estimated to go down one million tons per year in the Northeast.

Therefore, Caithness II is estimated to have a positive effect on regional air quality and to significantly reduce emissions which contribute to climate change.

System Benefits

- The report shows that the electricity generated by Caithness II is estimated to displace energy generated by higher cost and less efficient generating units on Long Island, in New Jersey and Connecticut and that imports of electricity from New Jersey and Connecticut are estimated to be reduced by an average of 25%.

- According to data published by the New York Independent System Operator (NYISO), currently, approximately 50% of Long Island's energy comes in on cables from off-island sources including the markets in New Jersey and Connecticut which are supplied in great measure by plants owned and operated by PSEG. General Electric also concludes in the MAPS report that the addition of Caithness II is estimated to increase the operational flexibility of the electrical system, helping to support the integration of renewable technologies onto the grid.

"The GE report confirms the significant economic and environmental benefits of this plant to our region, and we urge LIPA and PSEG-LI to move it forward expeditiously," said Ross D. Ain, President of Caithness Long Island, LLC. "From saving ratepayers money, to helping clean the air we breathe, to providing jobs and tax revenues to Long Island, by producing less expensive electricity here rather than importing electricity from New Jersey and Connecticut, this study clearly shows that Caithness II is the right solution for Long Island." Mr. Ain added, "Caithness, not Long Island ratepayers, will bear all the risks of construction, completion, and operating and maintenance costs over the life of the plant."

Additionally, Caithness II would require minimal new transmission upgrades to reliably deliver electricity, according to recent NYISO studies and [confirmed by the Energy Initiatives Group \(EIG\), a leading electric power consulting company](#). EIG, in examining the project and LIPA's filings to NYISO, concluded that the majority of the cost of system improvements that may be associated with Caithness II have been previously identified by LIPA as being required to address known existing conditions, such as load pockets east of Holbrook, without regard to the interconnection of Caithness II.

Caithness II is a 750-MW, natural gas-fired power plant that will employ state-of-the-art, highly efficient combined cycle electric generation and air-cooled technology. The Caithness II project was selected by LIPA in 2013 as part of a highly competitive bid process because it will provide the best value to Long Island ratepayers and the environment. It also has many of the required environmental and municipal approvals to begin construction. PSEG-LI has since recommended that the project be put on hold. In addition to the cost-savings and environmental benefits, Caithness II is expected to generate \$400 million in local economic activity. The project will create more than 500 construction jobs, resulting in payroll and benefits of nearly \$200 million for local workers. Upon completion, the project will continue to generate significant local economic benefits.

About Caithness Long Island II, LLC

Caithness Long Island II, LLC, is a subsidiary of Caithness Energy, L.L.C., a privately held, New York-based independent power producer. For over 25 years, Caithness has been a pioneer in the development of clean, reliable energy. More information can be found at www.caithnesslongisland.com.

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