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TDI AND CON EDISON REACH MAJOR AGREEMENT REGARDING CHAMPLAIN HUDSON POWER EXPRESS PROJECT

Filing with the PSC states Con Edison is now completely satisfied ratepayers will be protected

Transmission Developers Inc. (TDI) today announced that the company has reached an important agreement with Consolidated Edison Company of New York Inc. (Con Edison) regarding the Champlain Hudson Power Express (CHPE) transmission project. Con Edison previously expressed concern that its customers were not sufficiently protected from costs associated with the CHPE project and therefore sought clarification of the CHPE project's merchant status.

TDI and Con Edison worked cooperatively to achieve clarity regarding this important issue, which is the subject of a June 4 filing with the New York State Public Service Commission. The new language will "fully protect Con Edison's customers" and they will not be responsible for any of the costs from the CHPE project.

As a further assurance regarding the project's merchant status, the filing states that TDI is committed to securing long-term contracts for at least 750 MW of electricity, with credit worthy counterparties, to be shipped on the line for at least 25 years, prior to starting construction.

In response to the latest filing, TDI President and CEO Donald Jessome said, "Since we began developing this project in 2008, TDI has been crystal clear that the CHPE project is a merchant project and that all the development risk falls on the shoulders of its financial backers. Nevertheless, we were glad to join in this filing, and we are particularly pleased to note that Con Edison now agrees that the CHPE project is truly a merchant transmission line and that, if financial losses were to occur, no ratepayers will be responsible."

Jessome continued, "We also are very encouraged by the collaborative nature of our discussions with Con Edison, and we are working toward resolving the very few remaining issues the utility has raised regarding the CHPE project."

Jessome also noted that, once in service, the CHPE will deliver an estimated \$650 million a year in lower energy rates paid by consumers in New York State, create thousands of new jobs thanks to those savings, and provide needed, clean energy to New York.

BACKGROUND ON THE ISSUE

When the Federal Energy Regulatory Commission (FERC) authorized the CHPE Project's proposal to establish negotiated rates for transmission services on July 1, 2010, it found that the CHPE "meets the definition of a merchant transmission owner because it assumes all market risk associated with its Project and has no captive customers." FERC further found that the CHPE "has no ability to pass on any costs to captive ratepayers" and "has agreed to bear the risk that the Champlain Project will succeed or fail based on whether a market exists for its services."



In the context of the PSC settlement announced on February 24, 2012, a proposed condition (condition 15[b]) was agreed to for the purpose of reinforcing at the state level what FERC had already mandated. Although TDI believed that this provision was clear, TDI sought out the views of the other parties and came to the conclusion that removal of any doubt in this regard was desirable. Accordingly, the provision now will prohibit the CHPE Project from recovering its costs under cost-based rates or through a contract between the CHPE Project and either a state or local governmental entity or a utility subject to cost-based regulation, including for this purpose the New York Independent System Operator (NYISO) itself.

About the Project

The Champlain Hudson Power Express Project, in development since 2008, is at the forefront of America's emerging "smart grid" revolution. The 333 mile HVDC transmission line will be installed both underground and underwater, originating at the U.S.-Canadian border and running the length of Lake Champlain and through parts of the Hudson River. This new source of clean power will help meet growing demand, diversify the State's energy portfolio, increase the security of the electric grid, and reduce energy costs for consumers and businesses throughout the State.

On February 24, 2012, 13 parties signed on to a Joint Proposal of Settlement supporting the Champlain Hudson Power Express. According to a London Economics study, the CHPE project will reduce energy prices for New York families and businesses by \$650 million every year once the line is complete. The Public Service Commission's own study estimates that the savings could be as high as \$720 million in 2018, anticipated to be the first full year of operation. These savings will create 2,400 new jobs across a wide spectrum of the economy. While under construction, the Champlain Hudson Power Express will create an average of 300 construction jobs for four years.

The Joint Proposal is supported in whole or in part, by the following parties: New York State Department of Environmental Conservation; New York State Department of State; New York State Department of Transportation; Adirondack Park Agency; New York State Department of Agriculture and Markets; Riverkeeper, Inc.; Scenic Hudson, Inc.; City of Yonkers; New York State Council of Trout Unlimited; City of New York; New York State Office of Parks, Recreation and Historic Preservation; Palisades Interstate Park Commission; and, Vermont Electric Power Company.

TDI was acquired by the Blackstone Group, LP, headquartered in New York City, shortly before the Champlain Hudson Power Express Project was publicly announced in February 2010. TDI is headquartered in Albany, NY.

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