

# CAITHNESS LONG ISLAND, LLC

c/o Caithness Corporation  
565 Fifth Avenue, 29<sup>th</sup> Floor  
New York, New York 10017-2478

## CAITHNESS LONG ISLAND ENERGY CENTER BEGINS COMMERCIAL OPERATIONS

*— First modern baseload plant to be built on Long Island in over 35 years  
is now generating clean, efficient and reliable power to LIPA's customers —*

**YAPHANK, NY – August 11, 2009** – Caithness Long Island, LLC today announced it commenced commercial operations of its 350 MW natural gas fired power generating facility on August 1, 2009, providing clean, reliable energy to Long Island Power Authority's customers. Having broken ground in April 2007, the Caithness Long Island Energy Center is the first major baseload power plant to be constructed on Long Island in over thirty-five years. "We are pleased that we were able to complete the plant on time and on budget," said Ross D. Ain, President, Caithness Long Island, LLC.

Located in an industrially zoned section of Yaphank, in the Town of Brookhaven, the Caithness Long Island Energy Center represents a new class of clean burning, efficient power generation to meet the growing demand for electricity on Long Island. The combined-cycle generating station is much more efficient and produces significantly less emissions than the older plants presently in use on Long Island.

### **Energy efficiencies**

The combined-cycle technology employed by Caithness utilizes 34 percent less fuel than older baseload facilities to create the same amount of energy by recycling energy that would have otherwise gone unused into the atmosphere. This equates to a savings of 26 million barrels of oil over the 20-year term of the LIPA contract. Since the Caithness plant costs so much less to operate, it will be used in preference to older, less efficient power plants. Based on the four-year average of fuel prices from 2004-2007, Caithness is expected to save LIPA's ratepayers over \$75 million in annual fuel costs.

### **Environmental benefits**

The cleanest plant on Long Island, Caithness produces 94 percent fewer pollutant emissions and 36 percent less greenhouse gas emissions compared to older baseload generating units on Long Island. The benefit to the environment is that 10 million tons less greenhouse gas will enter the atmosphere over the expected life of the plant. Ongoing, minute-by-minute monitoring, using state-of-the-art control systems, ensures that Caithness conforms to all rigorous emissions standards set by the EPA and New York State Department of Environmental Conservation.

### **Water conservation**

Caithness is also the first plant on Long Island to employ a closed-cycle, air-cooled condenser in its steam cycle. As a consequence, the plant will use 95 percent less water than other plants on Long Island that employ evaporative cooling systems, saving the extraction of water from Long Island's aquifers by billions of gallons each year.

*[more]*

## **Caithness LI Energy Center begins commercial operations — page two.**

### **Economic advantages**

In addition to its major environmental benefits, Caithness produces a number of substantial economic advantages. In an unprecedented move for companies participating in New York's Empire Zone ("EZ") program, Caithness will turn over to LIPA the EZ tax credits it receives from New York State to help mitigate electric power rates on Long Island. The total benefit to LIPA's ratepayers will amount to about \$80 million over ten years. Over the life of the facility, it will generate approximately \$189 million in local taxes paid to local municipalities, school district and other taxing jurisdictions.

During the peak of its construction, Caithness employed over 400 union workers and the total local labor employed to build the plant was approximately 1.1 million man hours, representing over \$100 million in payroll and benefits. "The productivity of the skilled workers from the Building and Construction Trades Council of Nassau and Suffolk Counties has been nothing short of outstanding," said Mr. Ain. "The men and women of the building trades have taken great pride in building this plant to meet LIPA's needs for this summer and for the next 30 plus years to come."

The construction of the plant stimulated the local economy, generating over \$300 million dollars in direct expenditures for taxes, wages, local goods and services. Engineering procurement and construction on the Caithness Long Island Energy Center involved international companies such as Siemens Energy, Inc., and local New York contractors such as Fresh Meadow Mechanical Corp., Peter Scalamandre and Sons, DeFazio Electric, BANA Electric Corp., and other local construction firms. The plant will be operated and maintained through an agreement with Siemens Energy, Inc. and provide power to LIPA under a purchase agreement lasting a minimum of twenty years.

### **Local community benefits**

A \$13 million host community benefits package provides for funding of community development projects, education and job opportunities, an energy conservation program and other benefits for areas surrounding the project. Caithness has also set up a college scholarship fund for high school seniors from the South Country, Patchogue-Medford and Longwood School districts and supports numerous organizations throughout the Town of Brookhaven and Long Island.

### **Bipartisan support**

The project is the first major power plant to be permitted in New York State by a unit of local government since the expiration of the NYS law which allowed the state to preempt local authority over power plants. The Caithness project received overwhelming bipartisan support from the Town of Brookhaven. In July 2006, the Brookhaven Town Board, in a supermajority vote, approved a special use permit and related variances and in September 2006, the Town Planning Board unanimously approved Caithness's site plan application.

*[more]*

## **Caithness LI Energy Center begins commercial operations — page three.**

### **Background**

The Caithness Long Island Energy Center project was selected by LIPA in May 2004 as part of a competitive bid because it offered substantial environmental and economic benefits to LIPA's ratepayers as compared to the other proposals LIPA had received for on-island power generation. The plant's location made it an ideal choice since it is close to LIPA's existing transmission lines, near a major gas distribution pipeline and the nearest residences are nearly three-quarters of a mile away. By contrast, every other baseload plant in Nassau and Suffolk counties has residential areas abutting the plant site. In addition, the property is not within a deep water recharge zone or wetlands, nor in any other environmentally sensitive area, thus gaining the acceptance of several environmental groups including the National Resources Defense Council and the Neighborhood Network.

### **About Caithness Long Island, LLC**

Caithness Long Island, LLC is a subsidiary of Caithness Energy, LLC, 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](http://www.caithnesslongisland.com).

###

**Contact:** Don Miller  
Harrison Leifer DiMarco Public Relations  
516-536-2020 or 516-330-1647 (cell)  
[dmiller@hldpr.com](mailto:dmiller@hldpr.com)