

## LONG ISLAND'S NEWEST, CLEANEST AND MOST EFFICIENT POWER PLANT IS DEDICATED IN YAPHANK, NY

*— Caithness LI Energy Center is first baseload plant to be built on LI in over 30 years producing significant environmental benefits and generating substantial fuel savings for LIPA's customers —*

**YAPHANK, NY – October 1, 2009** – Representing a new class of clean burning, efficient power generation to meet Long Island's energy needs, elected officials, business leaders, environmental organizations, labor leaders and others gathered today to formally dedicate Long Island's newest power generating facility in Yaphank, New York.

The Caithness Long Island Energy Center, a 350-megawatt natural gas-fired, combined-cycle power generating facility commenced commercial operations on August 1, 2009 and is providing clean, reliable energy to Long Island Power Authority's customers under a 20-year power purchase agreement. Broken ground in April 2007, the Caithness Long Island Energy Center is the first major baseload power plant to be built on Long Island in over thirty years.

"We are grateful to the people of the Town of Brookhaven, its elected officials and so many of our supporters in business, labor, the environmental community and others who understood the tremendous economic and environmental benefits a modern generating plant like Caithness would bring to the area," said Ross D. Ain, President of Caithness Long Island, LLC. "We are especially pleased to have completed the plant on time and on budget."

Located outside any environmentally sensitive areas, in an industrially zoned section of Yaphank, in the Town of Brookhaven, the Caithness Long Island Energy Center is highly efficient and produces significantly less emissions than the older plants presently in use on Long Island, many of which were built decades ago, thus gaining the acceptance of several environmental groups including the National Resources Defense Council and the Neighborhood Network.

The plant's location made it ideal 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.

### **Energy efficiencies**

Combined-cycle plants are much more efficient than those built years ago. Caithness uses 34 percent less fuel than older baseload facilities to create the same amount of energy by recycling heat that would have otherwise gone into the atmosphere. This equates to a savings of 1.3 million barrels of oil per year, or 26 million barrels of oil over the 20-year term of the LIPA contract, helping reduce the nation's reliance on foreign oil. Since the Caithness plant costs so much less to operate, it will be used in preference to older, less efficient power plants on LI. 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 (calculated on a four-year average of fuel prices between 2004 and 2007).

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### **Environmental benefits**

The cleanest plant of its kind on Long Island, Caithness produces 95 percent fewer pollutant emissions and 34 percent less greenhouse gas emissions compared to older baseload generating presently in use. Benefitting the environment, over 10 million tons less greenhouse gas will enter the atmosphere over the expected life of the plant, or 640,000 tons per year — the equivalent of taking 125,000 cars off the road — according to Neil Lewis, executive director of the Neighborhood Network, a grassroots environmental organization. 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. The project was subject to thorough review with public participation and met all requirements in accordance with the stringent New York State Environmental Quality Review Act (SEQRA).

### **Water conservation**

The first baseload plant on Long Island to employ a closed-cycle, air-cooled condenser in its steam cycle, Caithness uses 94 percent less water than other plants on Long Island that use evaporative cooling systems, saving billions of water from being extracted from Long Island's aquifers, helping preserve our precious groundwater supply.

### **Economic advantages**

In an unprecedented move for companies participating in New York's Empire Zone program, Caithness will turn over the tax credits it receives from New York State to LIPA 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.

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### **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 Caithness Long Island Energy Center 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' site plan application. Caithness was 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.

### **Background**

The Caithness Long Island Energy Center project was selected by LIPA in May 2004 as part of a competitive bid because of the substantial environmental benefits, economic benefits and resource diversity it presented to LIPA's ratepayers as compared to the other proposals LIPA had received for on-island power generation. In 2004 the SEQRA process was initiated and in 2006 all federal, state, county and town approvals were issued clearing the way for construction, which began in April 2007. The Caithness Long Island Energy Center was completed on time, and has been supplying energy to LIPA as of August 1, 2009.

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

Caithness Long Island, 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](http://www.caithnesslongisland.com).

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