

STATE OF NEW YORK

Public Service Commission

Garry A. Brown, Chairman

Three Empire State Plaza, Albany, NY 12223
Further Details: James Denn
james_denn@dps.state.ny.us | 518.474.7080
<http://www.dps.state.ny.us>

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PSC TO BE AWARDED \$1.2M FOR SMART GRID MANAGEMENT
Funding Advances Governor Paterson's Clean Energy Agenda
— Federal Stimulus Dollars Designed to Ease Transition to Smart Grid Environment —

Albany, NY—09/30/09—The New York State Public Service Commission (Commission) announced today that it will be awarded more than \$1.2 million in federal stimulus money to help strengthen oversight of upcoming improvements to the state's electric grid being made possible by the federal American Recovery and Reinvestment Act. This funding further advances Governor Paterson's clean energy agenda and the smart grid component of his New Economy plan to create jobs and positions New York to be a leader in the innovation economy.

“New York is emerging as a national leader in developing innovative smart grid technologies while fostering significant growth in clean energy jobs,” Governor Paterson said. “This funding will be critical as we develop and implement a smart grid strategy that will create jobs, improve service and lower electric bills for New Yorkers. I'd like to thank President Obama and the State's entire Congressional Delegation for their efforts in securing stimulus funding that will put New Yorkers back to work and lead us into the New Economy.”

“This important and timely funding will help us oversee the modernization of the electric grid,” said Commission Chairman Garry Brown. “Specifically, the funding will help facilitate our regulatory actions pertaining to smart grid development and streamline regulatory approval as we move along toward modernizing and ensuring a reliable and affordable electric system.”

The federal funding from the U.S. Department of Energy (DOE) will help create a stronger, smarter, more efficient electricity infrastructure that will encourage growth in renewable energy

sources, empower consumers to reduce their energy use, and lay the foundation for sustained, long-term economic expansion.

In August, Governor Paterson announced the kick-off of the New York State Smart Grid Consortium to foster the development and deployment of new technology aimed at reducing the cost of electricity while increasing reliability. The Consortium is comprised of leaders from government, utility companies and universities, as well as consumers, and is developing a strategic vision on how best to deploy secure, efficient and reliable smart grid technologies in New York.

The development of a smart grid system is just one of the dynamic economic development steps announced in June by Governor Paterson in his Bold Steps to the New Economy Jobs Plan. The plan capitalizes on ARRA funding to drive economic recovery in the fields of energy, environmental protection, technology and health care. The initiative ensured New York would capitalize on federal stimulus funding for smart grid technology, with minimal ratepayer impact.

In addition to strengthening the agency's regulatory review, the DOE funding will further improve the Commission's ability to examine the potentially significant impacts plug-in electric vehicles, demand response initiatives and state-of-the-art energy storage concepts might have on the electric grid.

Smart grid projects have the ability to improve grid operations and potentially enable expansion of demand response resources and opportunities for residential customers to manage energy costs.

In July, the Commission approved a wide-range of advanced smart grid initiatives as proposed by six major electric utilities in New York. The Commission's approval of these projects was contingent upon DOE awarding up to a 50 percent matching federal grant. The DOE grants to the utilities remain pending.

The utilities seeking ratepayer recovery for matching funding of smart grid investments, and the amounts of such funding approved by the Commission, include: Consolidated Edison Company of New York, Inc. for \$175 million; National Grid \$145 million; Rochester Gas and Electric Corporation \$36 million; New York State Electric and Gas Corporation \$20 million; Central Hudson Gas and Electric Corporation \$10 million; and Orange and Rockland Utilities, Inc. \$5 million.

A smart grid will use advanced/enhanced technology and two-way communications to improve operations and efficiency of the entire electric grid from the generation source to end use consumption. Among other benefits, a smart grid will allow operators to more effectively operate the power grid, and will potentially enable consumers to actively monitor energy consumption and better control their bills. A smart grid can also enable the accommodation of all generation sources, including renewables, and storage options.

The Commission will also be working with other agencies, such as New York State Energy Research and Development Authority and the New York State Foundation for Science, Technology and Innovation, on related smart grid projects, which further New York State's objectives.