



STATE OF NEW YORK | EXECUTIVE CHAMBER
DAVID A. PATERSON | GOVERNOR

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GOVERNOR PATERSON APPLAUDS PSC APPROVAL OF SMART GRID PROJECTS

Core Component of Governor Paterson's New Economy Plan Approved

New York Seeks \$434 Million in Federal ARRA Funds to Create Energy Grid of the Future

Governor David A. Paterson today congratulated the New York State Public Service Commission (PSC) for its decision to authorize six investor-owned utilities in New York to apply to the federal Department of Energy (DOE) to receive upwards of \$434 million in federal stimulus funds as provided in the American Recovery and Reinvestment Act (ARRA). The funds being sought will be used primarily to support the creation of a smart electric grid in New York, one of the core proposals in Governor Paterson's New Economy jobs plan.

"We are taking a collaborative approach to positioning New York as a leader in the New Economy. I am pleased that the PSC is moving forward quickly and decisively to capitalize on federal stimulus funding for smart grid technology," said Governor Paterson. "Now is the time to take bold new steps to prepare New York to lead in the creation of a new economy based on knowledge, technology and innovation. I'm confident New York will receive its share of ARRA funding for these critically important economic development projects."

The development of a smart grid system is just one of the dynamic economic development steps announced in June by Governor Paterson in his 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.

The term smart grid refers to the application of various digital technologies to, among other things, modernize and automate transmission and distribution assets to anticipate and respond to system disturbances, enable greater use of variable energy sources, including renewable energy, and provide needed information and capability for customers to control their energy consumption effectively.

The investor-owned utilities applying for federal stimulus funding for smart grid projects include Consolidated Edison Company of New York, Inc.; Orange and Rockland Utilities, Inc.; National Grid; New York State Electric and Gas Corporation; Rochester Gas and Electric Corporation; and Central Hudson Gas and Electric Corporation.

In addition to a host of proposed improvements designed to incorporate cutting-edge smart grid technology in the transmission and distribution electric grid, utilities will submit proposals to fund smart meter pilot projects in several cities and towns across New York, including Manhattan, Long Island City, Mt. Vernon, Yonkers, Syracuse, Poughkeepsie, Saratoga, Cooperstown, Saugerties, Horseheads, Canandaigua, Bloomfield, and West Nyack. Smart grid meters, representing a component of the future

electric grid, will potentially give consumers an unprecedented ability to control their individual energy usage.

The New York utility projects being put forth for consideration to DOE, which include several other energy-related federal funding opportunities, are valued at \$825 million in total. Because federal grants will only cover up to 50 percent of programs costs, utilities require ratepayer funding for the remaining portion.

The timing of the Commission's action allows utilities to demonstrate in their DOE application a commitment to cover portions not covered by the federal grant. The expectation is that this commitment should place New York's electric utilities in an advantageous position at DOE to secure a portion of the available competitive grants.

The Long Island Power Authority (LIPA) and the New York Power Authority (NYPA) also plan to submit several proposals in response to DOE's programs for Smart Grid, including LIPA's proposal to create the Smart Energy Corridor along the Route 110 Corridor announced in May. This project will demonstrate smart metering at approximately 250 residential and 250 commercial LIPA customers; distribution and substation automation; the integration of renewable, energy storage, and demand response; cybersecurity testing of smart grid devices; and training programs.

NYPA is submitting proposal with the New York Independent System Operator to provide a high speed fiber-optic communication backbone to support future Smart Grid technologies that will enable better operation of the grid, ability to sense changes that could disrupt stability, and the ability to react to the knowledge in milliseconds by 'control' of smart devices.

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