LS Power

Leeds-Athens PAR Project Introduction
North America Transmission, LLC

Presentation to NYISO

Electric System Planning Working Group

August 2010

Bringing Energy Forward

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Project Sponsor

- North America Transmission, LLC, a member of the LS Power Group of companies
- LS Power is a power generation and transmission group

Power Generation

- Over 20,000 MW of development, construction, or operations experience
- Active development of renewable and fossil generation resources

Transmission

- ON Line, 235 mile 500 kV Project, to Begin Construction in 2010
- Cross Texas, 200+ miles of 2x345 kV, to Begin Construction in 2011
- Active development of other transmission infrastructure

Acquisition

- Over $4 billion in private equity capital dedicated to energy sector
- Acquired ~ 15,000 MW of power generation

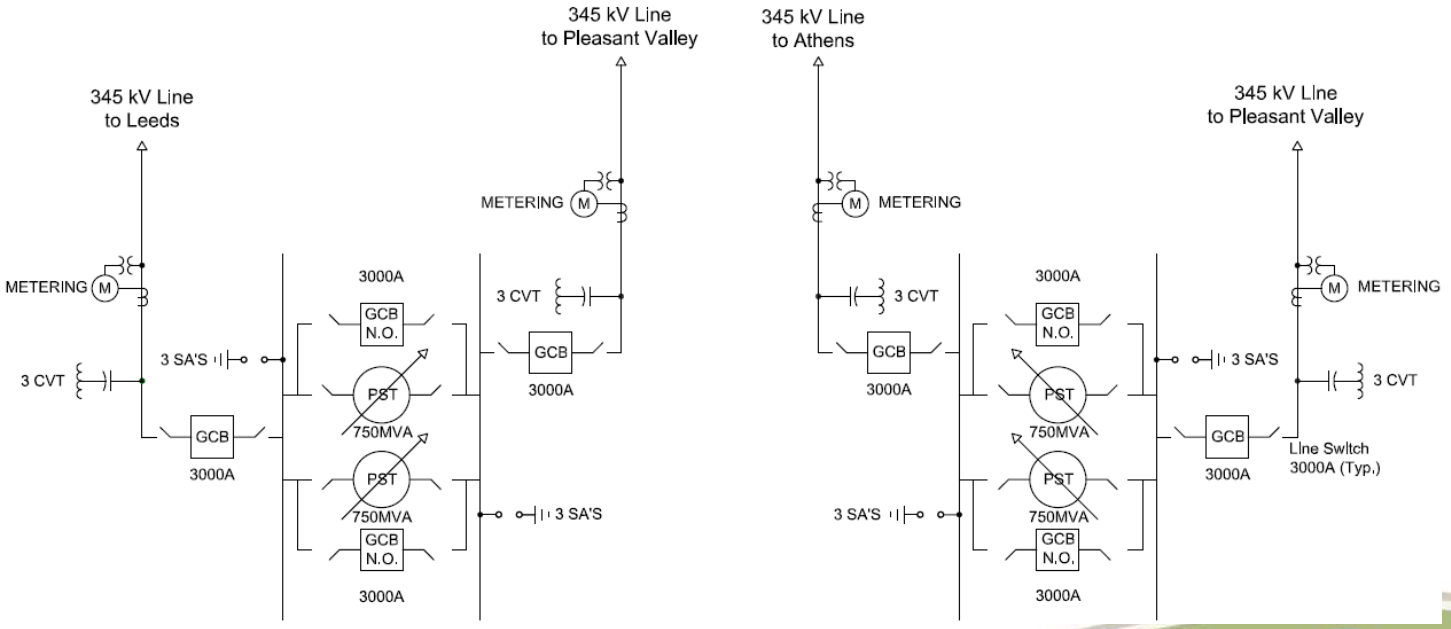
LS Power Transmission Project Portfolio

Project Need

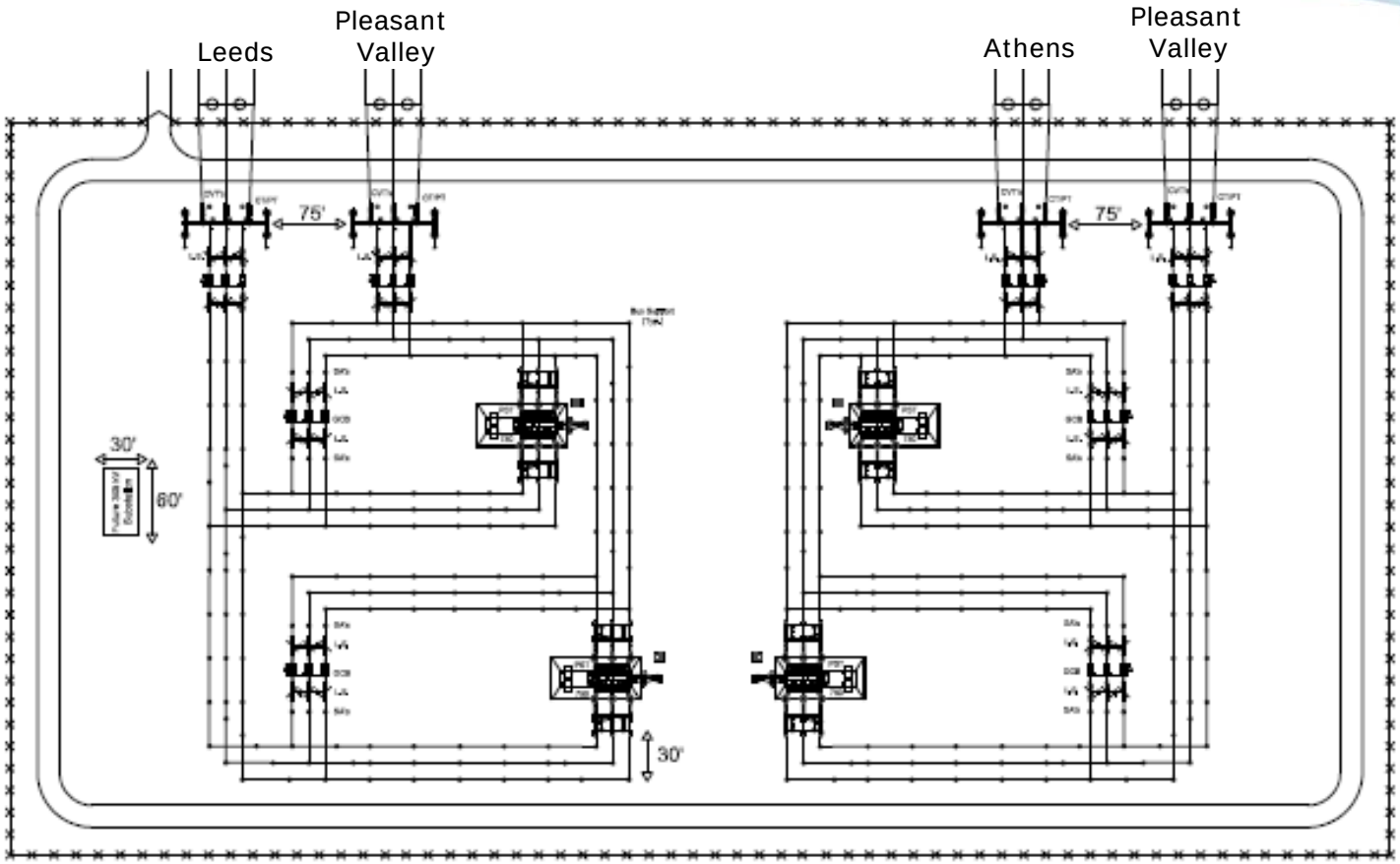
- CARIS Phase 1 Report Identified Leeds-Pleasant Valley 345 kV as the Top Congested Element in Cost
  - Over $2 Billion Historic Congestion in 2009 $
  - Over $1.3 Billion Projected Future Congestion in 2009 $
- NAT considered the following solutions
  - Additional 345 kV AC Transmission Lines
    - Leeds-Pleasant Valley 2
    - Leeds-Pleasant Valley-Millwood
    - Leeds-Pleasant Valley-Sprainbrook
    - Leeds-Pleasant Valley-Rainey
    - Leeds-Pleasant Valley-W 49th Street
    - Leeds-Pleasant Valley-E 179th Street (new 345 kV substation)
  - Additional DC Transmission Lines From Leeds South
  - Series Compensation of Leeds-Gilboa and Leeds-Roseton
  - Phase Angle Regulators on Lines From Leeds
- Performed Production Cost Modeling and Load Flow Modeling
- Leeds-Athens PARs (20 Degree Phase Shift) Had Highest Benefit:Cost Ratio

Project Description

- Addition of Four (4) 750 MVA Phase Angle Regulators (PARs) in Vicinity of Leeds/Athens Substations
  - Two 750 MVA PARs in parallel on Leeds-Pleasant Valley 345 kV
  - Two 750 MVA PARs in parallel on Athens-Pleasant Valley 345 kV



Preliminary Site Plan



Project Schedule

- 2010 - CARIS Phase 2 Study

  Subject to favorable study results and beneficiary approval:

- Q1 2011 – Tariff filing
- Q2 2011 – Procurement and Construction Contracts
- Q3 2011 – Financing and Order Equipment
- Q2 2013 – In-Service Date

  Potential to accelerate schedule

Project Cost and Risk Mitigation

- Estimated Total Capital Cost $67 Million, Including 10% Contingency
- Estimated Production Cost Savings $14 million in 2015
- Estimated Load Savings $159 million in 2015
- Risk Mitigation
  - Propose cost-of-service ratemaking
  - Propose option of levelized revenue requirement to better match savings – estimated $11.2 million
  - Willing to discuss other risk mitigation

Scoping Scenarios

- Base Case
- Scenarios Under Consideration
  - Energy and Demand at High End of Gold Book Forecast
  - High/Low Fuel Price Forecasts
  - Higher CO2 Emissions Cost
  - National Renewable Energy Standard
  - New generation
  - Different mix of reserve units in database extension
  - Indian Point Retirement
  - Others
- ESPWG Scenarios