

RESPONDENT INFORMATION

- ***Respondent's name, address and primary contact information including name, title, address, telephone and email.***

COMPANY	J-Power USA Development Co., Ltd.
ADDRESS	1900 E. Golf Rd. Suite 1030, Schaumburg, IL 60173
CONTACT	Stephen Thome
TITLE	Vice President of Development
ADDRESS	1900 E. Golf Rd. Suite 1030, Schaumburg, IL 60173
TELEPHONE	847-908-2876
EMAIL	sthome@jpowerusa.com

- ***Brief (no more than one page) summary of Respondent's background and relevant experience.***

J-POWER USA Development Co., Ltd. ("J-POWER USA") is an indirect wholly owned subsidiary of Electric Power Development Co., Ltd. J-POWER, a publicly traded company with revenues of nearly \$5.9 billion US and assets of over \$20.1 billion US. J-POWER is one of the largest independent power generators in the world. It is the largest wholesale utility in Japan with domestic capacity of over 16 GW and owns equity interests in 17 IPPs worldwide totaling approximately 4 GW.

J-POWER also brings exceptional credit to the US power market, with an A- rating from Standard and Poors. J-POWER's access to capital remains strong even in difficult financial times. J-POWER believes in guarding its financial strengths and consequently chooses its counterparties carefully.

Since its inception in 2005, J-POWER USA has closed nine acquisitions and completed one greenfield project totaling over 3,000 MW of gas and coal fired power plants. The J-POWER USA team includes professionals with extensive expertise in greenfield development, repowering, financing, and asset portfolio acquisitions within the US IPP sector.

Although J-POWER is a relatively new participant in the US independent power market, its' parent and US principals are not new to power generation and GE technology. In the U.S., J-POWER holds ownership in GE Plants in simple cycle and combined-cycle located in Illinois, Oklahoma, Texas, Virginia, New York (LIPA) and California which consist of 18 GE 7FA turbines and nine GE LM6000 units.

J-Power's LIPA plants consist of LM6000 technology in simple cycle and combined cycle consisting of the following facilities; Pinelawn, Shoreham, Edgewood and Equus.

PROJECT DESCRIPTION

- ***Type of proposed project(s) (generation, transmission or combination)***

J-Power USA has three proposed projects on Long Island within the LIPA service territory. Two projects consist of J-Power's existing Shoreham and Edgewood LM6000 peaking facilities and the third project is a greenfield combined cycle natural gas plant located at the decommissioned Shoreham Nuclear Facility.

Edgewood Energy and Shoreham Energy LM6000 Peaking upgrades

Our proposed projects at our existing facilities are based on a modification of the existing Edgewood Energy facility located in Edgewood, NY and the existing Shoreham Energy facility located in Shoreham, NY. An enhanced Edgewood Energy and Shoreham Energy peaking facility will each have a nameplate capacity of 100 MW at ISO conditions. Each is located within the Long Island Power Authority's service territory and interconnected to its 69 kV system. Modifications to the existing two LM6000PC plants include:

- Inlet chilling for each gas turbine, including new inlet hoods, heat exchangers and wet cooling towers. These features will ensure each plant's full capacity is available on hot summer days.

The Edgewood Energy and Shoreham Energy proposals have been well researched, engineered and priced by J-POWER and an experienced team of consultants:

- Power Engineers which designed the Bethpage 1x1 LM6000 has engineered all modifications to the LM6000 plants.
- Skanska, which constructed Brentwood and Poletti Station and numerous other projects in New York, has prepared all the construction cost estimates and construction schedules. J-POWER has selected Skanska as its preferred constructor, although binding commitments for construction have not been made at this time.
- TRC Solutions and its specific employees, who were instrumental in permitting our existing LM6000 fleet, have provided permitting plans and engaged in outreach to the local community.
- J-POWER Operations and the Wood Group have reviewed all the O&M requirements.

Eastern Long Island Power (ELIP) – MHI 501GAC

J-Power's proposed ELIP project is based on a new combined-cycle facility utilizing Mitsubishi Heavy Industries 501GAC gas turbine technology. The facility would be located on LIPA owned property to the immediate west of the decommissioned Shoreham Nuclear Power Plant. Key features of this facility include:

- A single shaft power island comprised of a gas-turbine, steam turbine, heat-recovery steam generator and single electric generator with a net capacity of 398 MW and a Heat Rate of 6,700 MMBTU
- Limited duct-firing. Sized only to recover unused summer steam turbine capacity (due to higher ambient temp and lower GT heat output.)
- An air cooled condenser.
- Electrical interconnection to the 138 kV Wading River Substation
- A 10 MW black start generator
- 2,000,000 gallons of liquid fuel storage to meet 5-day requirements
- New Natural gas supply lateral from Iroquois Gas Transmission (Cross sound)

The ELIP proposal has been well researched, engineered and priced by J-POWER and an experienced team of consultants:

- Sargent and Lundy has engineered the facility and determined its overall performance.
- Skanska, which constructed Brentwood and Poletti Station and numerous other projects in New York, has prepared all the construction cost estimates and construction schedules. J-POWER has selected Skanska as its preferred constructor, although binding commitments for construction have not been made at this time.
- TRC Solutions and its specific employees, who were instrumental in permitting our existing LM6000 fleet, have provided permitting plans and engaged in outreach to the local community.
- J-POWER Operations and Mitsubishi Power Systems have reviewed all the O&M requirements.

Iroquois Gas Transmission has provided a detailed summary and pricing scenarios for its Eastern Long Island Extension, which would bring gas from Connecticut to Shoreham.

	<u>Eastern Long Island Power (ELIP)</u>	<u>Shoreham Energy</u>	<u>Edgewood Energy</u>
<i>Project Size</i>	398 MW	From Existing 79.9 to 100 MW (ISO)	From Existing 79.9 to 100 MW (ISO)
<i>Proposed Project Location</i>	Shoreham, NY Town of Brookhaven, Suffolk County	Shoreham, NY Town of Brookhaven, Suffolk County	Edgewood, NY Town of Islip, Suffolk County
<i>Fuel Source</i>	Natural Gas and Fuel Oil – Project requires a fuel lateral from Iroquois	Fuel Oil	Natural Gas

	across Long Island sound from the existing LIS lateral		
<i>In Service Date</i>	May 2017	2014	2014
<i>Project Technology</i>	MHI 501GAC – Most efficient gas turbine technology available on the market	GE LM6000	GE LM6000

- ***Experience, market availability and suitability of project technology***
See attached information regarding the MHI 501G technology.

PROJECT JUSTIFICATION

- ***How the proposed project could address the State’s objectives and goals described above***

J-Power’s projects are a perfect fit for the goals noted in the Energy Highway RFI. Our current facilities have the capability of producing nearly 20 additional MWs per facility with only minor paper upgrades and facility changes. With these facility changes not only will the citizens of New York receive additional reliable power to the grid but will also receive more efficient power since the plants will be run at an optimal operating range.

The ELIP proposal was borne out of J-POWER’s view that power should not be generated with high priced liquid fuels, as is the case at our existing Shoreham Energy facility. Shoreham Energy is remote from natural gas infrastructure, yet not quite large enough to justify a new gas lateral. As planned, the ELIP facility will provide Iroquois Gas Transmission the necessary gas load to justify a new subsea gas lateral from Connecticut. Although alternative gas-line crossings of Long Island Sound have been unsuccessful in the past, Iroquois’ proposed Eastern Long Island Extension works off an existing right of way in Connecticut coastal waters, a key to overcoming the regulatory issues that undermined previous proposals. In addition, a new interstate gas line for Long Island will be able to easily serve other gas loads such as National Grid, Shoreham Energy, the Wading River Power Plant, Brookhaven National Labs and the Caithness Energy Center. Nonetheless, the overriding benefit is the reliability of supply for both power and gas that displaces the consumption of imported oil and distillates for heat and power.

As an economic anchor for a new cross-Sound gas line, ELIP will be as large as possible. Despite our ownership of 18 GE7FA’s, we have been able to identify a clear economic advantage to the MHI equipment in terms of both fixed and variable costs.

At J-POWER, we have a great degree of familiarity with combined cycle natural gas power plants. We currently have ownership in nine plants around the U.S. consisting of gas

turbines in both simple cycle and combined cycle. Four of our nine plants are located on Long Island. We also have an extremely robust asset base in both Japan, with over 18,000 MW of net ownership across the full spectrum of thermal and hydro generation technologies.

FINANCIALS

Financing will likely be in the form of a non-recourse type construction financing converting to term financing upon commercial operations of the Project. The terms and conditions of the financing will be consistent to projects with similar EPC, asset and load profile as well as TSA/PPA terms and conditions. Project debt will range from approximately 60-70%.

The financing will be secured by all current and future assets of the Issuer, including the Project, as well as, a pledge of all equity interests in the Issuer. The financing will fully amortize according to a fixed schedule of semi-annual installments commencing on the scheduled substantial completion date under the EPC Contract.

The Project's equity contribution will be funded by equity contributions to the Issuer by the sponsor in full on the closing date or later and secured as appropriate by required letter of credit.

All of the material contracts relating to the Project including, without limitation, the EPC Contract, the TSA/PPA and the interconnection agreement shall be satisfactory in form and substance to the financing party.

The financing will include the necessary debt service and major maintenance reserve accounts in acceptable amounts and any other reserve accounts as deemed necessary by the independent engineer.

The financing will include customary conditions precedent, representations and warranties as well as affirmative and negative covenants and customary events of default.

PERMIT APPROVAL PROCESS

- ***Federal, State and local permits needed to develop and operate the project***

See attached project schedules which include all necessary permits.

- ***Permitting status, including NYISO interconnection status***
 - ELIP – Currently working with the Town of Brookhaven to finalize submittal of SEQRA permitting process.
 - Shoreham Energy LLC – Currently in the process of submitting the CPCN petition to generate to full capacity

- Edgewood Energy LLC - Currently in the process of submitting the CPCN petition to generate to full capacity

OTHER CONSIDERATIONS IF APPLICABLE

- ***Issues or challenges the proposal faces and suggestions for how these issues and challenges can be addressed for the project and future projects***

The only issue J-Power foresees with the three proposed projects is the gas line lateral proposed to provide fuel to its ELIP project.

ADDITIONAL INFORMATION

To the extent practicable, the following areas should be addressed.

PROPERTY

- ***Ownership of the potential project location(s), and the extent to which the project would utilize existing rights-of-way and/or previously disturbed land***

Each J-Power project parcel is owned by Long Island Power Authority. The Edgewood and Shoreham projects are currently leased to J-Power and the ELIP project has been proposed as a lease as well.

PROJECTED IN-SERVICE DATE AND PROJECT SCHEDULE

See attached Project Schedules

INTERCONNECTION

	<u><i>Eastern Long Island Power (ELIP)</i></u>	<u><i>Shoreham Energy</i></u>	<u><i>Edgewood Energy</i></u>
<i>Potential Interconnection Point(s)</i>	Wading River Substation	Wading River Substation – Existing connection	Edgewood Substation – Existing connection

TECHNICAL

- ***Anticipated life of facility components***
40+ Years.

CONSTRUCTION

- ***Opportunities for New York-based manufacturing and/or assembly of equipment***

For each of the facilities proposed J-Power intends to utilize New York based constructors. In its bid to LIPA J-Power utilized Skanska Constructors for its cost estimates and construction schedules.

- ***Description of potential contractual arrangement(s) during construction***

Potential EPC – Skanska

- ***Availability of labor, materials and installation equipment***

Not evaluated

- ***Potential decommissioning options for removal of a project at the end of its life cycle, including designation of a potential responsible party from a cost and environmental perspective***

Not currently evaluated

OPERATIONAL

- ***Projected or guaranteed project availability and/or energy production over project life***

The existing J-Power projects maintain a greater than 97% availability. We have estimated the same availability for the ELIP project.

Socio-Economic

- ***Impact on jobs, such as retention, creation of new jobs (temporary and permanent) and retraining opportunities***

During construction J-Power estimates the largest project will utilize 400-450 local tradesman to erect the ELIP Project. During operation ELIP will employ approximately 25-30 employees for day to day operations of the plant.

- ***Aesthetic issues***

Reuse of the existing Shoreham New Power Plant Site

Financial

- **The likely financial plan and potential funding sources that would be needed for project success, including long-term contracts, structure and duration required**

Edgewood and Shoreham are currently under long-term contract with LIPA and will require PPA modifications. Per the LIPA RFP ELIP was proposed as a 20 year PPA.

- ***Projected amounts of energy and capacity to be produced and delivered; identification of potential ancillary services and environmental attributes that may be available for sale or delivery***

See Project Description

- ***Potential source of project revenue-As examples, whether the project is currently or expected to be in a New York State Public Service Commission (PSC) proceeding, or whether it would require a power purchase agreement with creditworthy counterparty, or would rely on power merchant sales***

Each project is proposed as a long term PPA with LIPA

- ***Projected range of pricing for project products (i.e., energy, capacity, ancillary services and environmental attributes, if applicable) – NA***
- ***Risks of price changes due to changes in prices for commodities, manufacturer quotations and other materials and services***

All pricing provided to LIPA regarding the construction of the plant was is fixed based on the COD dates requested for 2016, 2017 and 2018. The cost of gas laterals and fuel were only estimated and not included in the plant pricing.

Environmental

Each project has been designed and will be permitted in accordance with all Federal, State and Local environmental regulations.

Project Contract/Request for Proposal Status

- Whether or not the project has submitted to a New York State agency or authority in response to a Request for Proposals (RFP) (identify the name of the agency or authority, name of the RFP and date of issuance)

All three proposed projects were submitted to the Long Island Power Authority (LIPA) in response to its 2010 Generation and Transmission RFP. Proposals were submitted 31 March 2011.

Public Outreach and Stakeholder Engagement

J-Power has been in communication with the DEC, Local Civics and Town officials regarding these projects. They are aware of what J-Power has planned and J-Power will continue to engage with local stakeholders and civics to ensure the projects are supported throughout the process.

- ***Anticipated stakeholder groups and affected individuals***
 - Town of Brookhaven
 - NY DEC
 - Wading River and Shoreham Civics Association