



## **Starwood Energy announces the Hudson Transmission project**

December 4, 2006 – The New York Power Authority (“NYPA”) has approved a proposal by Hudson Transmission Partners, LLC (“Hudson”) of Fairfield, Connecticut, to provide up to 660 megawatts of new electric transmission capacity using a 345 kilovolt line that Hudson will develop, finance, and build between Ridgefield, New Jersey and midtown Manhattan.

The Hudson-sponsored project will include approximately eight miles of buried transmission cable, four miles of which will be installed beneath the Hudson River, and a converter station in Ridgefield that will convert alternating current (“AC”) power into direct current (“DC”) power for purposes of efficient transmission, and back to AC power for distribution to NYPA’s New York City customers. The line will connect to Con Edison’s West 49th Street substation.

NYPA selected the Hudson proposal, along with a proposal from FPL Energy, LLC, to provide 500 MW of electric generating capacity via the Hudson line from the AES Red Oak natural gas-fired power plant in Sayreville, New Jersey. FPL Energy is a leading competitive energy supplier with power generation projects in 24 states, and is a subsidiary of FPL Group (NYSE:FPL). Together, the Hudson and FPL Energy joint proposal allows NYPA to meet reliability standards for New York City, while establishing a link to electricity markets in the PJM Interconnection (“PJM”), the regional transmission organization that coordinates electric utilities and power producers in 12 states stretching from Pennsylvania to North Carolina and westward to Illinois.

Hudson will be responsible for obtaining necessary permits and approvals for the transmission line and converter station, providing financing, constructing the facilities, and operating the line after completion. Following permitting and other development activities, construction of the line is expected to begin in 2008 and be completed in 2010.

Hudson Transmission Partners includes principals of Neptune Regional Transmission System, LLC (“Neptune RTS”), which is building a 660-MW high-voltage transmission line linking PJM to New York’s Long Island Power Authority (“LIPA”). The 65-milelong

Neptune line, which includes 51 miles installed under the Atlantic Ocean, extends from Sayreville, New Jersey to a LIPA substation in Levittown, New York. Construction of the Neptune line will be completed in the summer of 2007.

Ed Stern, chief executive officer of both Hudson and Neptune RTS, said, “We appreciate the confidence shown by NYPA in our ability to provide economical and reliable transmission service to New York City. As we complete the Neptune project, we now look forward to working with NYPA, the City of New York, authorities in New Jersey, Con Edison, and FPL Energy, to bring more diverse sources of energy to NYPA’s governmental customers in New York City.”

Equity financing for the Hudson project will be provided by Energy Investors Funds (“EIF”) and Starwood Energy Group Global, L.L.C. (“Starwood”). EIF and Starwood are also the principal equity investors in Neptune RTS, and have significant experience in the financing of energy-related facilities in general and independent transmission assets in particular.

Media Contact:  
Tom Johnson  
Abernathy MacGregor Group  
(212) 371-5999

591 West Putnam Avenue  
Greenwich, CT 06830

Telephone 203.422.7700  
Facsimile 203.422.7827