Hudson Transmission Partners Closes $850 Million Financing for Transmission Project

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PRESS RELEASE

Hudson Transmission Partners, LLC (“HTP”), developer of the Hudson Transmission project, an underground and underwater cable between New Jersey and Manhattan, has announced that it has closed financing totaling more than $850 million in debt and equity for construction of the project. In conjunction with the closing, HTP has issued Notice to Proceed to its principal contractors, Siemens Power Transmission and Distribution, Inc. and Prysmian Cables and Systems USA, LLC. Completion of the Neptune project is scheduled for the summer of 2013.

Equity financing for the Hudson Project is being provided by private equity funds managed by Energy Investors Funds and Starwood Energy Group Global, LLC. Debt financing is being provided by a consortium of institutional investors through a private placement arranged by SG Americas Securities, LLC and RBS Securities, Inc.

The Hudson transmission cable will provide a source of electric power for the New York Power Authority (“NYPA”) to serve NYPA’s governmental customers in New York City using High Voltage Direct Current (“HVDC”) technology. An electrical converter station will be constructed in Ridgefield, New Jersey, where alternating current (“AC”) power from the PJM grid will be converted to DC power, and then back to AC. The cable will then be buried along existing rights-of-way to Edgewater, New Jersey, where it will enter the Hudson River. The cable will be buried beneath the river bottom for approximately three miles before making landfall near Pier 92 in Manhattan, and then be routed beneath New York City streets for a short distance and interconnect at the ConEd West 49th Street substation.

“We closing financing and issuing Notice to Proceed represents almost six years of effort in conceiving the project, obtaining key permits, acquiring real estate rights, and negotiating major agreements,” said Ed Stern, HTP’s President and Chief Executive Officer. “We have a lot of people to thank for their assistance and cooperation, including NYPA, our debt and equity investors, the Federal Energy Regulatory Commission, ConEd, PJM, and the New York Independent System Operator. We are also grateful for the support and dedication of numerous officials and authorities at all levels of government, including, among others, United States Senators Chuck Schumer and Kirsten Gillibrand of New York, Congressman Jerrold Nadler of New York, Mayor Michael Bloomberg and City Council Speaker Christine Quinn of New York City, and Governor Chris Christie of New Jersey.”

“We are particularly thankful for the support of Governor Andrew Cuomo, whose election to the governorship of New York provided the needed impetus to complete our lengthy development phase and move the project into construction and toward completion,” Stern said.

Noting that the Hudson Project has a useful life expectancy of 40 to 50 years, Stern said, “The Hudson Project will be a key piece of important infrastructure for New York City, representing not only a new source of lower-cost power but substantially greater reliability and energy security for New Yorkers.”

In late 2006, NYPA selected HTP to provide access to the PJM electricity system and to its diverse source of supply to meet energy demand for governmental customers. The cable will be capable of delivering up to 660 megawatts of new electric power supply, of which 495 MW of transmission capacity will be used by NYPA under a long-term agreement with HTP. The remaining 165 MW of transmission capacity will be made available to other customers on a merchant basis, Stern said.

The Hudson Project has received all necessary major permits and approvals for construction, including a permit from the U.S. Army Corps of Engineers for installation in the Hudson River, a Certificate of Environmental Compatibility and Public Need from the New York State Department of Public Service, and a Waterfront Development Permit from the New Jersey Department of Environmental Protection. In addition, plans for the converter station have received approval from the New Jersey Meadowlands Commission, and installation of the cable in New York City has been approved by City government agencies.

The Hudson Project converter station to be built in Ridgefield will act to enhance controllability and reliability of the power supply. The power cable will be manufactured and installed by Prysmian, while converter station technology will be provided by Siemens. Both Prysmian and Siemens are leading global suppliers of electricity-related equipment and services.
The Hudson Project has been developed and will be built and operated by substantially the same team of individuals and companies that was responsible for the development, construction, and operation of the Neptune Regional Transmission project, a 660-MW undersea and underground electric cable between New Jersey and Long Island that was completed in June 2007, on time and on budget. The Hudson and Neptune projects are managed by subsidiaries of PowerBridge, LLC of Fairfield, Connecticut.