

Rapid growth in all markets has considerably increased the demand for electricity on Long Island. The Long Island Power Authority is meeting the challenge of supplying electricity to its customers by expanding generation capabilities, increasing Off-Island energy purchases and implementing energy conservation programs.

During the hot summer months, when electric demand increases dramatically, LIPA must supplement its supply capabilities to ensure system reliability. One way to achieve this objective is through the Peak Reduction Program...

WHAT IS THE PEAK REDUCTION PROGRAM?

The Peak Reduction Program (PRP) is a partnership between Long Island businesses and LIPA to assure that electric demand can be met on certain days during the summer months when customer demand for electricity might exceed available supply. Participating customers are asked to agree to a "contracted demand." This is a level of electrical demand that they will shed, or turn off, when requested.

HOW DOES THE PEAK REDUCTION PROGRAM WORK?

On summer days, when LIPA believes Long Island's demand for electricity might exceed supply capabilities, LIPA will call a Critical Day. At this time, all program participants are notified to reduce their use of electricity from 2 p.m. to 6 p.m., by their contracted demand. LIPA will notify Participants at least four hours in advance. Whenever possible, LIPA will provide notification by 5pm the day before a Critical Day.

HOW MANY CRITICAL DAYS ARE CALLED?

Historically, LIPA calls between three and five Critical Days each summer. However, the actual number depends on actual customer demand, weather conditions and other factors.

WHO IS ELIGIBLE TO JOIN?

All commercial/industrial customers who can reduce their electric demand by at least 50KW on Critical Days are eligible to participate.

HOW WILL THIS PROGRAM HELP MY BUSINESS?

Customers who successfully achieve their contracted demand reductions will receive a credit on their electric bill statement at the end of the year. Participants will receive \$1.61 for each KWH of actual load shed, up to the limit contracted with LIPA.

HOW CAN CUSTOMERS REDUCE THEIR DEMAND?

- Standby Generators
- Reduce Cooling
- Reduce Lighting
- Defer Production to a later time or shift
- Shut down non-essential equipment

If you have any additional questions or are interested in finding out how you can participate in this program call **LIPA's Energy Use Infoline at 1-800-692-2626**

Or complete and return the attached postage paid response card to LIPA

AND NOW, HERE'S THE PLUS:

The New York State Independent System Operator (NYISO) Emergency Demand Response Program (EDRP)

In response to State-Wide emergencies, the NYISO may initiate Critical Days, that are separate and distinct from LIPA's Peak Reduction Program. This load reduction option gives Participants the opportunity to increase compensation (incentive) levels by adding additional load shedding opportunities.

The NYISO may initiate Critical Days at any time, on any day, during the calendar year. These days may even overlap with LIPA's Peak Reduction Program (June 1 - September 30) for hours outside the Peak Reduction Program's Curtailment Period of 2p.m. to 6p.m. LIPA will notify NYISO Program Participants to shed electric load on behalf of the NYISO as soon as LIPA receives notification from the NYISO. Customers who choose to participate in the EDRP will be compensated at 90% of \$500 per MWH (50 cents per kWh) or 90% of the Locational Based Marginal Price (LBMP) up to a ceiling of \$1,000 per MWH (1.00 per kWh), whichever is greater.

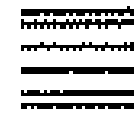
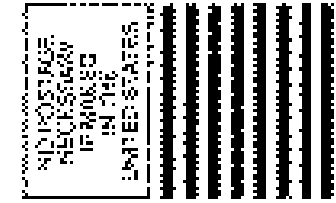
Please note while your business may choose to participate in both the PRP and the EDRP, incentives are not paid concurrently, even if critical days are called on the same day and time.

****If you plan to use Onsite Generation to participate in either program, here is some important information:***

The New York State Department of Environmental Conservation (NYDEC) requires that you register your generator with the NYDEC. In addition, you may be required to use ultra low sulfur diesel fuel (ULSDF) when such fuel is available.

LIPA will reimburse you for the registration fee and the cost differential between standard fuel and ULSDF. (certain restrictions apply).

Additionally, if your generator was manufactured before 1995, you may be required have a "Test & Tune" service performed. LIPA will reimburse you for the cost of this service (certain restrictions apply).



BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO. 10 MINEOLA NY

POSTAGE WILL BE PAID BY ADDRESSEE

LIPA PEAK REDUCTION PROGRAM
131 HOFFMAN LANE
ISLANDIA NY 11749-9401

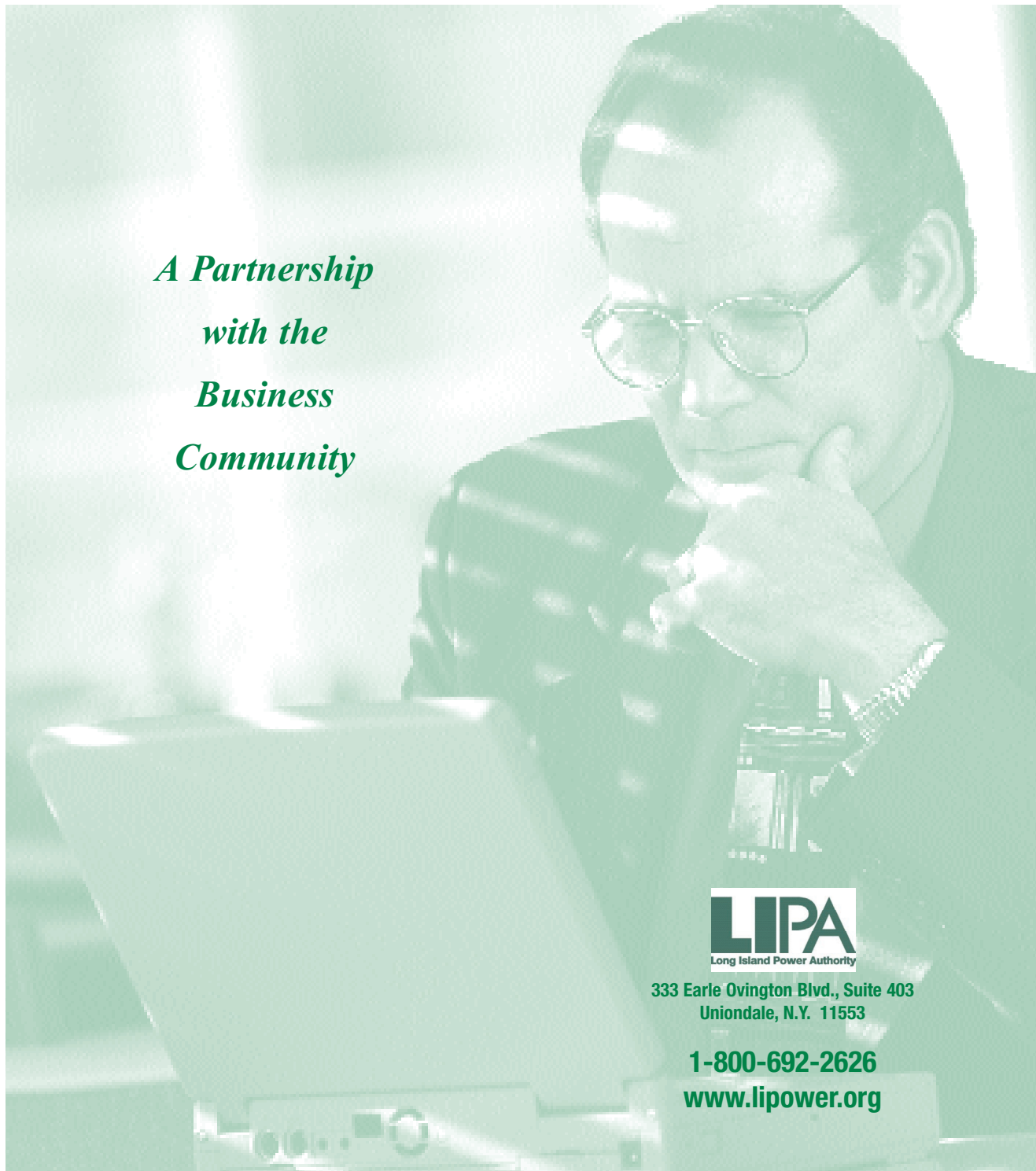
131 Hoffman Lane, Islandia, NY 11749-9401

LIPA's Peak Reduction Program

For
Commercial/Industrial
Businesses



*A Partnership
with the
Business Community*



*A Partnership
with the
Business
Community*



333 Earle Ovington Blvd., Suite 403
Uniondale, N.Y. 11553

1-800-692-2626
www.lipower.org

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LIPA Peak Reduction Program for Commercial/Industrial Businesses

- YES.** I am interested in participating in LIPA's Peak Reduction Program. Please have a representative call me with additional information.
My company can reduce its electric load, using one or more of the following methods:
- | | |
|---|--|
| <input type="checkbox"/> Standby Generators | <input type="checkbox"/> Deferring production to a later time or shift |
| <input type="checkbox"/> Reducing Cooling | <input type="checkbox"/> Shutting down non-essential equipment |
| <input type="checkbox"/> Reducing Lighting | <input type="checkbox"/> Other _____ |

Contact Person: _____

Account #: _____

Tel. No.: _____

Title: _____

Best Time to Call: _____