

Contact: Janice D. Lantz
Manager, Communications (Supply)
Phone: 412-858-1630
Media Hotline: 1-888-233-3583

FOR IMMEDIATE RELEASE

Allegheny Energy Supply dedicates biomass cofiring project in West Virginia
Second project will reduce emissions, create green power supply

Monroeville, Pa., July 3, 2001 – Allegheny Energy Supply, the unregulated generating subsidiary of Allegheny Energy, Inc. (NYSE: AYE), recently dedicated its second biomass cofiring demonstration project at the coal-fired Albright Power Station in Preston County, W.Va. The project embraces the Company’s environmental stewardship philosophy by reducing the emissions from the generating facility and qualifying a portion of the output as a renewable generation source.

Approximately five percent of the heat input in Albright Power Station’s 140-megawatt (MW) Unit No. 3 will be cofired with waste sawdust for the demonstration, which is being conducted in partnership with Foster Wheeler Development Corp. The project is being supported by a \$1-million research and development cooperative agreement with the U.S. Department of Energy’s Office of Energy Efficiency and Renewable Energy and National Energy Technology Laboratory, as well as by funding from the Electric Power Research Institute.

A similar project, testing both biomass and tire-derived fuel, is also under way at Allegheny’s Willow Island Power Station in Pleasants County, W.Va.

“Our commitment to the environment through compliance, research and development, and stewardship is all part of Allegheny Energy Supply’s strategy to be a responsible corporate citizen, demonstrating respect for the environment, while producing reliable, low-cost energy and delivering top-notch customer service,” said David C. Benson, Vice President, Production & Sales, Allegheny Energy Supply.

“The biomass cofiring project is expected to reduce coal-combustion emissions of nitrogen oxides, sulfur dioxide, and greenhouse gases,” said Benson. “In addition, five percent of the output of the unit – or 7 MW – will meet renewable portfolio standards.”

The Albright project marks the first test for biomass cofiring on a generating unit equipped with nitrogen oxide (NO_x) control equipment. Albright Unit No. 3 is configured with low-NO_x burners and a separated overfire air system to reduce NO_x, which may contribute to ground level ozone.

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Sawdust for the project will come from suppliers within a 50-mile radius of Albright, bringing additional economic benefits to the area.

“At full load, the project will use about six tons of sawdust per hour that would have normally gone to a landfill,” said Benson. “Additionally, this introduction of a new fuel at Albright will possibly create and certainly help retain jobs in the wood products and trucking industries of the region.”

Benson noted that if the demonstration proved successful, biomass cofiring would be maintained and possibly expanded at Albright and other Allegheny generating facilities.

Allegheny Energy Supply operates and markets competitive retail and wholesale generation in markets throughout the United States and operates regulated generation for its affiliates. With its recently announced acquisitions and expansion plans, Allegheny Energy Supply will have ownership or control of generating capacity of more than 14,000 MW, with assets strategically located throughout the United States.