

Advancing Clean Energy in New Hampshire: The Northern Pass

Deerfield January 31, 2011



Today's Agenda

- Purpose and Overview of Proposed Project
- Project Benefits
- Proposed Line Routing and Considerations
- Permitting and Approvals
- Project Timeline

Why The Northern Pass? Why Now?

The state and the region have set aggressive clean energy goals:

- NH's Climate Action Plan: Recommends 67 actions for the state to pursue with a goal of reducing greenhouse gas emissions 80% below 1990 levels by 2050
- Regional Greenhouse Gas Initiative (RGGI): Sets standards for reducing carbon dioxide emissions from power plants in 10 Northeast/Mid-Atlantic states
- NH's Renewable Portfolio Standard (RPS): Requires NH utilities to purchase locally produced renewable energy (biomass, wind, solar, and small-scale hydropower)
 - Goal of 25% renewables by 2025

PSNH is Working on Multiple Fronts to Meet These Requirements



Investing in energy-efficiency programs



Voluntarily partnering with independent renewable power developers



Encouraging small-scale renewable energy production



Investing in environmental and efficiency upgrades at existing power facilities

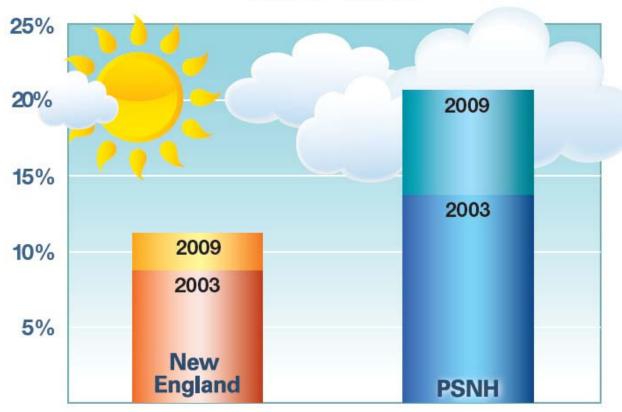


Supporting large-scale renewable development

PSNH Leads the Region in its Use of Renewable Energy Sources

Renewable Energy Progress

2003 - 2009



Source: "Energy Sources in New England," ISO-NE

Numbers reflect percent of load supplied by renewable resources

What Is the Northern Pass?

- A proposed transmission project to deliver up to 1,200 megawatts (MW) of energy (predominantly hydropower) from Québec to New England's power grid
 - Competitively priced, renewable, low-carbon energy
 - Enough energy to power one million homes
- Project partners include:
 - HQ Hydro Renewable Energy (Hydro-Québec)
 - Northern Pass Transmission LLC a NH company established by PSNH's parent company, Northeast Utilities, and NSTAR

Benefits to New Hampshire and the Region

- Competitively Priced Power: PSNH is working to secure a long-term agreement to buy a portion of the power at competitive prices
 - Will provide the benefits of renewable power without the renewable cost premium
- Lower Regional Average Market Price of Electricity: Adding 1200 MW of competitively priced power into the region will lower electricity prices throughout the region
- Resource Diversity: Adding more hydroelectric power to the region's fuel mix will help guard against fuel shortages and price volatility
- Greenhouse Gas Reductions: Reduces regional carbon dioxide emissions by up to 5 million tons a year
 - Project identified as one of the 67 actions in NH Climate Action Plan
- NH Renewable Energy: Complements the development and operation of local renewable energy sources, such as wind and solar, which need a flexible energy base

Benefits to New Hampshire and the Region

\$1.1 Billion Investment in New Hampshire Economy

- New Hampshire Employment: Creates about 1,200 jobs per year over three-year construction phase (2013 – 2015)
 - Preference will be given to local labor
 - Hospitality industry would also benefit greatly during construction
- New Tax Revenues: Estimated \$15 to \$20 million annually in new local, state, and county taxes
- State Economic Output: Project is estimated to increase NH's economic output by \$259 – \$319 million during development

The Northern Pass will provide the most significant contribution of renewable energy to New Hampshire and the region, with environmental and economic benefits locally and regionally.

The Northern Pass: Major Components

- Conventional direct-current (DC) transmission line:
 Extending from Québec to central New Hampshire (about 140 miles long)
- Converter terminal: Facility proposed in Franklin to convert DC power from Québec to alternating current (AC) power for distribution on New England's electric grid; valued at \$250 million
- 345 kilovolt (kV) AC transmission line: Extending from the proposed Franklin converter terminal to the existing Deerfield Substation in Deerfield, NH (about 40 miles long)

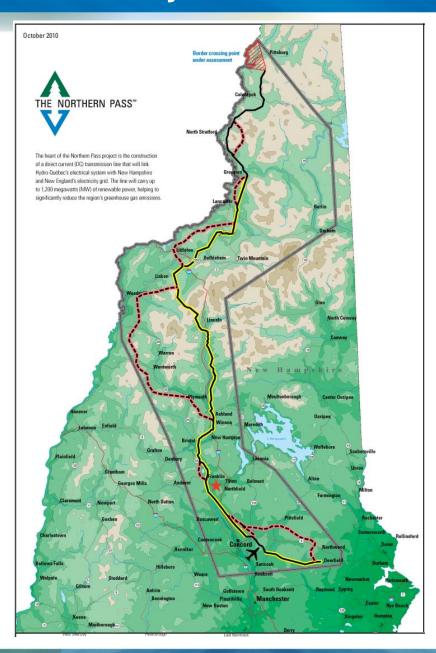
How is this Proposed Project Different than Other Transmission Projects?

- Participant-funded project: Unlike other transmission projects in New England, this project won't increase the "transmission charge" on your electric bill
- This project will not receive or compete for Renewable Portfolio Standard (RPS) premiums: Local renewable energy projects will still be needed to meet state RPS requirements
- Direct-current technology
 - More efficient transmission of large amounts of electricity over long distances
 - Allows power transmission between unsynchronized alternatingcurrent (AC) systems, such as the US and Québec
 - Does not allow for interconnection with other transmission lines that use AC technology

Establishing the Proposed Preliminary Route

- Line routing goals:
 - Utilize existing transmission rights of way (ROW)
 - Minimize impacts to social and natural resources
 - Meet technical requirements of the project
- Hundreds of potential routes evaluated to identify a preliminary, leastimpact route
- Parts of the proposed preliminary route may change as a result of the permitting process and input from local communities and organizations
- Coordinating with federal and state agencies, environmental organizations, and others to ensure potential impacts are considered and avoided, minimized, or mitigated

The Proposed Preliminary Preferred and Alternate Routes



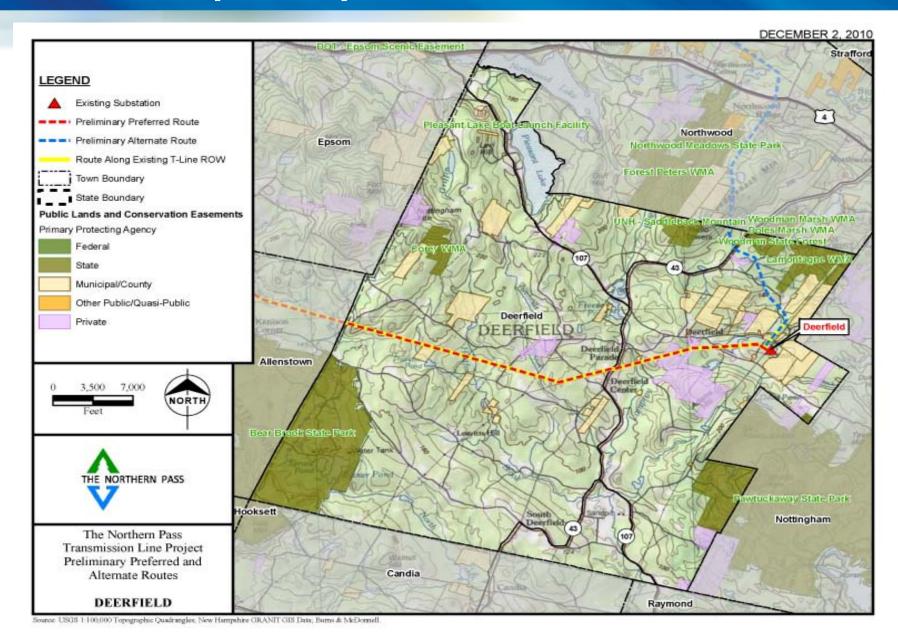
Preliminary Routing in Deerfield

Proposed for Your Community:

- Preliminary Preferred Route: Approximately 7.3 miles in existing ROW
 - Includes 5.3 miles of widened ROW
- Preliminary Alternate Route: approximately 2.7 miles of ROW (approximately 2.1 miles of new ROW and 0.6 miles in existing ROW)
- Structure heights will vary depending on terrain
 - In most cases, the wider the ROW, the lower the height of the structure

Every new mile of transmission line adds approximately \$2.5 million to a community's local tax base.

Deerfield Map - Proposed Routes



Federal Permitting and Approvals

- U.S. Department of Energy (DOE): Presidential Permit
 - Full Environmental Impact Statement (EIS) required by National Environmental Policy Act (NEPA) to determine environmental impacts
 - Consideration of effects on operating reliability
 - DOE will hold public scoping meetings in NH in early 2011
- Army Corps of Engineers
- Federal Aviation Administration
- Secretary of the U.S. Department of Agriculture:
 Special Use Permit (required to cross the WMNF)
- Federal Energy Regulatory Commission (FERC): Must approve Transmission Service Agreement

State Permitting and Approvals

- New Hampshire Site Evaluation Committee (SEC) "Certificate of Site and Facility"
 - SEC issues certificate to authorize the development of energy facilities and establish all terms and conditions for such development
- SEC Process
 - Municipal consultations
 - Application filed includes all information necessary to satisfy the application requirements of each state agency represented
 - Public comments sought and evidentiary hearings held
 - Decision & Order

Federal and state regulatory review and public evaluation of the proposed project are expected to take about two years.

NH Site Evaluation Committee: Member State Agencies

- Public Utilities Commission
- Office of Energy and Planning
- Department of Environmental Services
 - Division of Water
 - Division of Air Resources
- Fish and Game Department
- Department of Health and Human Services
- Department of Transportation
- Department of Resources and Economic Development
 - Division of Parks and Recreation
 - Division of Forests and Lands

Project Timeline

Project to Date

- Received Federal Energy Regulatory Commission (FERC) approval of "participant pays" model
- Conducted routing study to determine preliminary preferred routes;
 initiated environmental data collection on existing ROW
- Submitted interconnection request to ISO-NE (regional electrical system operator)
- Announced location of converter terminal in Franklin
- Filed Presidential Permit application with U.S. Dept. of Energy
- Filed Transmission Service Agreement with FERC
- On-going meetings with municipalities and landowners along the preliminary preferred route
- On-going outreach with state and federal agencies, environmental organizations, business groups and other interested parties

Project Timeline

2011

- DOE public scoping meetings to begin; public input sought; NEPA data collection begins
- Open houses (hosted by The Northern Pass) to seek public participation and comment and provide greater detail about proposed project routing and components

2011 – 2012

- New Hampshire Site Evaluation Committee application process
- Completion of DOE and environmental permitting processes
- 2013 2015 Proposed Construction schedule
- Late 2015 Proposed In-service date

The Benefits of The Northern Pass

- A significant step forward toward a cleaner energy future
- Supplies competitively priced, low-carbon, renewable energy for decades to come
- Lowers electricity prices throughout the region
- Brings much needed local jobs
- Increases local sales of goods and services during project development
- Provides lasting new tax revenues

Questions?

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