ICYMI: Caledonian Record:

“Northern Pass: Hydro-Quebec Now Unwilling to Pay for Line in U.S.”

CONCORD, NH — In case you missed it, yesterday the Caledonian Record reported on an emerging story in Quebec concerning Hydro-Quebec stating unequivocally that it “will not pay a penny for the Northern Pass project on the US side. These are American consumers who will pay the cost...through their electricity rates.”

According to the newspaper:

“One thing that has changed, however, and significantly, is that HQ is no longer willing to pay for the NP line in the United States and wants Massachusetts rate payers to pick up the tab.

That announcement, confirmed by Hydro-Quebec, is a break from the 2011 Transmission Service Agreement between HQ and NP parent company, Eversource Energy, that states HQ would reimburse Eversource for all development costs of the now-estimated $1.6 billion NP transmission line.

That change, in short, means HQ is unwilling to assume all the risk of the project and it now calls into question if it makes economic sense for either partner to proceed with the project as it’s currently proposed.”

The must read Caledonian Record article – included in its entirety below - sheds much needed additional light on these recent revelations, while addressing further questions about the future viability of the project as proposed.

Caledonian Record – March 10, 2017

Northern Pass: Hydro-Quebec Now Unwilling To Pay For Line In U.S.
HQ Says Relationship With NP Still Strong, Others Say Project As Proposed Likely Dead

By Robert Blechl


After reports in the Quebec press Wednesday about Hydro-Quebec abandoning Northern Pass, the Canadian company responded Thursday to say it has no intention of pulling out of its relationship with Eversource Energy, its American partner.

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“Facts on the ground have changed,” said Bob Baker member of the North Country-based Responsible Energy Action LLC, a citizens’ education, advocacy and action group focused on N.H. energy policy. “The transmission line now costs at least half a billion more than originally planned,” he said. “The capacity of the line has been reduced by 20 percent. The wholesale market price of electricity in New England is lower than its been in 13 years. So the original deal no longer makes sense. It is dead. If there is a new deal, it is slowly being revealed by reading between the inconsistent lines published by HQ and Eversource on their respective sides of the border. HQ is no longer willing to take on the risk of loss.”

HQ’s announcement came after a Wednesday story in Le Journal de Quebec stating HQ would be paying for the line in the U.S. In a press release Thursday, HQ said “it has no intention to abandon the project” and “wishes to reiterate the position we shared with numerous Quebec media on Wednesday: Hydro-Quebec will not pay for the line in the U.S. [and] Hydro-Quebec will make sure this project is profitable for Quebeckers.” HQ said it now intends to submit the project to the request for proposals that Massachusetts will soon be issuing.

It is unclear, however, if HQ and Eversource N.H. have a renewed Transmission Service Agreement filed with the Federal Energy Regulatory Commission.

In December 2013, Eversource requested an amendment to its 2011 TSA with HQ, noting delays in the project and stating, “The parties have agreed to replace the term ‘third anniversary’ with the term ‘approval deadline,’ which is defined to mean Feb. 14, 2017, or such other date to which the parties shall mutually agree in writing.” Spokespersons at FERC said that to date there is no signed and renewed TSA between Eversource and HQ on file.

On Thursday, Eversource spokespersons Martin Murray and Kaitlyn Woods declined to say if Eversource has a renewed TSA with HQ, what the terms of it are, and if it plans to present it to investors to assure them HQ will remain committed and Northern Pass as proposed is moving forward. Baker said just like the first TSA amendment proposed in December 2013, the parties would want to file it 60 days beforehand to get a FERC approval by February. That hasn’t happened.

In the 2011 TSA, Eversource didn’t take any real risk and the risk was mostly on HQ, said Baker.

“This is how it’s changed,” he said. “HQ now says we will only build NP if the rate payers in New England, and especially in Massachusetts, pay for the transmission line through a long-term contract where they agree to a high rate … They are not going to do the project unless they are guaranteed a payback … They don’t see the profit under the original model.” On Thursday, HQ spokesman Marc-Antoine Pouliot confirmed that HQ “will pay in Canada and Eversource and its company, Northern Pass Transmission, will pay on the U.S. side.”

In a press release issued Wednesday, HQ said, “It will be American customers, who, through their electricity rates, will pay the costs of the line.” Baker, of Columbia, said another transmission line development, the New England Clean Power Link, a fully-buried 1,000-megawatt line through Vermont, has something NP doesn’t - permits. Pouliot was asked if HQ is looking at other options, including the Clean Power Link, in addition to NP to import its hydro-power into the U.S., but declined to comment, saying it would be confidential information.

Basing his views on the Quebec press reports, Baker said, HQ “now wants guaranteed long-term contract profits/subsidies paid for by way of higher-than-market premiums funded by New England ratepayers through long-term power purchase agreements that guarantee it full recovery of its construction costs if they are to be incurred.” Those contracts would be sanctioned by New England state governments, and if ultimately approved, would result in Eversource still getting guaranteed annual payments under some newly negotiated form of TSA, he said.

“So the utility players - HQ and Eversource - have no risk and they will get all the rewards,” said Baker. “But who has the risk? New England rate payers. Even though they don’t want or need the power, they take all the risk under contracts sanctioned by their states under laws bought and paid for by Eversource. They will be required to guarantee the likely over-market purchase price of the power for at least 20 years. Maybe 40 years.”

About Protect the Granite State

Protect the Granite State is a Concord-based non-profit, non-partisan, grassroots organization established to provide New Hampshire residents with information about the Northern Pass Project, the 192-mile long transmission line that is slated to be built from Canada through New England. Its mission is to give greater voice to the thousands of Granite Staters who have grave concerns about the significant negative impact the project would have on New Hampshire’s
landscape and tourism economy while delivering no benefits to ratepayers. **Protect the Granite State is committed to working with NH leaders and members of the community to make sure their concerns and voices in opposition to Northern Pass are heard in the weeks and months ahead.**

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