



Regarding the announced Northeast Energy Link

Northeast Utilities and NSTAR, the developers of The Northern Pass, have long been advocates for a portfolio of clean energy solutions to meet New England's clean energy goals. That portfolio includes energy efficiency initiatives, renewable energy resource development, and expanding access to Canada's vast, clean hydroelectric base.

National Grid and Bangor Hydro Electric Company recently filed with the Federal Energy Regulatory Commission (FERC) to allow them to negotiate an agreement with First Wind, a wind generation developer proposing to build a 1,000MW facility in central Maine. A successful purchase power agreement with First Wind could lead to the construction of the Northeast Energy Link (NEL), a 230-mile High Voltage Direct Current (HVDC) underground transmission line from First Wind's facility in central Maine through New Hampshire and into Massachusetts.

We fully support the development of Maine's wind energy resources and commend the NEL project sponsors for proposing the use of a "participant funded" cost recovery approach that originated with The Northern Pass. (This groundbreaking approach, approved by FERC for use on The Northern Pass project, permits costs associated with the transmission line construction to be recovered through the sale of energy, instead of through a transmission charge that all customers would pay.)

The NEL project concept, however, also includes several significant differences from The Northern Pass project. These critical distinctions are noted below:

- **The Northern Pass will provide 1200 MW of some of the lowest-priced clean energy available in North America to New Hampshire and New England consumers.**
 - This clean energy, which exists today, will be provided by Hydro-Québec, a financially strong and established partner with the New England energy market. Its price will be competitive with the existing New England wholesale energy market. Because of the nature of stored hydro power, the Hydro-Québec supply will be a predictable and reliable energy source for the region.
 - By comparison, NEL contemplates supplying yet-to-be built wind energy from Maine. It will compete with high-priced, above market renewable energy sources that require customer subsidies or renewable energy alternatives (e.g., Alternative Compliance Payments). Additionally, wind is an intermittent fuel source only able to generate electricity when the wind blows (which, on average, is about 30 percent of the time), requiring additional energy sources to compensate. The NEL filing indicated it has received no other interest in accessing this line.

- **The Northern Pass has a FERC-approved transmission service agreement, and is in the process of securing other state and federal approvals.**
 - NEL, however, is at the very beginning of the project development process.
 - The NEL project has no firm agreement for transmission service, and will need to secure additional federal approvals, as well as siting approvals in three states.

- **The Northern Pass will deliver energy-related, economic, and environmental benefits to New Hampshire.**
 - Beyond an expected \$23 - \$36 million in reduced annual energy costs to New Hampshire consumers, The Northern Pass will create 1,200 construction jobs, increase annual property taxes by \$25 million, and reduce greenhouse gas emissions by as much as 5 million tons a year--the equivalent of taking nearly one million cars off the road permanently.
 - NEL indicates a \$40 million savings in energy costs for New Hampshire based on a study done in 2008, but has yet to release details to substantiate that estimate. Since the transmission line would cross three states, ancillary economic benefits would be shared with Maine and Massachusetts and not received exclusively by New Hampshire.

- **The Northern Pass has proposed using proven, cost-effective HVDC overhead construction technology for the 180-miles of line in New Hampshire at an estimated total cost of \$1.1 billion.**
 - The Northern Pass will be built in existing PSNH rights-of-way, adjacent to existing transmission lines, for 80 percent of the proposed route. New right-of-way will be needed for the last 40 miles. The Northern Pass will utilize standard HVDC technology, which is broadly used for these types of projects.
 - While we have indicated that the reliability, environmental, and economic challenges associated with HVDC underground construction could make it cost-prohibitive for The Northern Pass project, we continue to review and assess this technology, as well as the emerging HVDC Light underground cable approach proposed by NEL. It's important to note that, to date, underground HVDC Light has never been used for a project of the scale of Northern Pass and applied to the challenges inherent in New England's rocky terrain. Many questions remain regarding its reliability, durability and cost-effectiveness for a large-scale underground project.
 - NEL, by contrast, indicates it would use HVDC Light for its 230-mile route. The FERC filing included a project cost projection of \$2 billion based on a 2007 estimate, when NEL anticipated a 660 MW project. A revised project cost estimate has not been provided.

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