



THE NORTHERN PASS PROJECT UPDATE



LOOKING NEXT DOOR: WHAT A PROJECT IN MAINE CAN TELL US ABOUT NORTHERN PASS

As we meet with people across the state and discuss the benefits Northern Pass will bring, we've found it's often helpful to point to a similar project next door in Maine. The Maine Power Reliability Program (MPRP) helped boost local communities and the state by providing jobs and hiring local companies. The \$1.4 billion project included power line and substation upgrades in 75 communities, and represents a host of economic benefits, such as:

- More than 3,300 have worked on the project
- Of the 391 suppliers, contractors and subcontractors, 269 are headquartered or have offices in Maine
- Estimated to:
 - increase the Maine Gross Domestic Product by \$284 million
 - provide \$242 million in wages and salaries
 - generate \$25 million per year in new property taxes

A wide variety of local businesses benefited from MPRP, beyond those that directly supplied the project. Convenience stores, gas stations, motor inns and hotels, diners and restaurants saw an increase in business as well. Similarly in New Hampshire, Northern Pass has already hired New Hampshire companies and workers during the permitting stages, will continue to create jobs during construction, and will provide millions of dollars in revenue to local communities along the route. Northern Pass means affordable and reliable energy for New Hampshire and the region, and an economic boost for our state.

NEW ENGLAND'S LONG-TERM ENERGY CHALLENGES

New England saw record snowfall and record low temperatures this winter, but when it came to our winter energy problems, things weren't as bad as last year. You may have seen some headlines saying this winter is evidence our region's winter energy crisis is overblown. Yet little has been done to change the fact we pay the highest electricity prices in the continental U.S.

The Truth about Prices

The good news is that wholesale electricity prices in New England were down in January compared to the historic high the year before. The bad news is that the average price of wholesale power in 2014 was 94 percent more than in 2013, which means prices this January were still 34 percent higher than they were two years ago. Early numbers also show this February's wholesale prices were higher than two years ago.

What's overlooked in the reports about "lower energy costs this winter" is that New England customers continue to pay more for electricity than any other region in the country. According to data from the Energy Information Administration, homeowners here pay about 5 cents per kilowatt hour more than the U.S. average. For a modest electricity user, that amounts to more than \$300 extra a year.

Temporary is No Solution

New Hampshire and most of New England have deregulated energy markets. Some have pointed to market responses as the reason why wholesale power prices didn't reach record highs again this winter, but these responses are not permanent fixes.

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ECONOMIC BENEFITS FOR NEW HAMPSHIRE

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| <p>NEW TAX REVENUE</p> <p>State, Local, County</p> <p>An estimated \$28 million in local, county and state taxes.</p> <div style="background-color: #0070C0; color: white; padding: 5px; font-weight: bold; font-size: 1.2em;">ANNUAL TAXES</div> <div style="background-color: #0070C0; color: white; padding: 5px; font-weight: bold; font-size: 1.5em;">\$28</div> <p>Million</p> | <p>LOCAL JOBS</p> <p>N.H LABOR</p> <p>More than 1,200 jobs will be created over the project's construction phase. Preference will be given to local labor.</p> <div style="background-color: #0070C0; color: white; padding: 5px; font-weight: bold; font-size: 1.2em;">JOBS DURING CONSTRUCTION</div> <div style="background-color: #0070C0; color: white; padding: 5px; font-weight: bold; font-size: 1.5em;">1,200</div> | <p>ECONOMIC OUTPUT</p> <p>Local Community</p> <p>The jobs created during construction will boost the local economy with increased spending on supplies, lodging, gas, food and more.</p> <div style="background-color: #0070C0; color: white; padding: 5px; font-weight: bold; font-size: 1.2em;">LOCAL SPENDING</div> <div style="background-color: #0070C0; color: white; padding: 5px; font-weight: bold; font-size: 1.5em;">\$250-300</div> <p>Million</p> | <p>ENERGY SAVINGS</p> <p>Affordable Hydro</p> <p>The clean power Northern Pass would provide N.H. and the region would help stabilize the cost of electricity for N.H. consumers.</p> <div style="background-color: #0070C0; color: white; padding: 5px; font-weight: bold; font-size: 1.2em;">ANNUAL ENERGY COST SAVINGS</div> <div style="background-color: #0070C0; color: white; padding: 5px; font-weight: bold; font-size: 1.5em;">\$20-35</div> <p>Million</p> |
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CONSIDERING NEW ENGLAND'S LONG-TERM ENERGY CHALLENGES *continued*

One such fix is ISO New England's Winter Reliability Program, which offers potentially millions of dollars in incentives to power plants for storing extra fuel — like oil and Liquefied Natural Gas (LNG) — as a backup if natural gas is unavailable or other problems strain the ability to produce power. The program is a temporary one and requires federal approval each year it's proposed.

Another fix cited is this winter's increased supply of LNG, which was pumped into New England's pipelines from off-shore ports. Historically, LNG shipments to New England are limited because the fuel usually gets a higher premium overseas. This year, the reverse was true. While LNG helped to stabilize natural gas prices and supply this winter, there's no certainty that prices will continue to be attractive enough to count on future shipments.

The wide regional discussion about how to rein in New England's out-of-control energy costs is rooted in a real problem that will only be solved by adding new energy infrastructure. Even our independent grid operator, ISO New England, is urging our region to increase our energy supply. Northern Pass is one way New England can increase its energy supply with a clean, reliable and affordable source.

THE NEED FOR ENERGY DIVERSITY

The low national price of natural gas has increased demand for the fuel to both heat our homes and run our power plants here in New England. Yet we do not have enough natural gas pipeline capacity into the region to meet that demand. Last winter, this lack of supply caused wholesale natural gas and electricity prices to spike. The region is now paying for the added cost in this winter's electricity prices.

Since 1997, nearly 15,000 megawatts of natural gas-fired generation has been built in New England, making up almost half of the region's capacity. The chart below shows that more than half of the new energy projects proposed today would also be powered by natural gas. We certainly need more energy infrastructure, but we also need more energy diversity. By adding clean, renewable sources like hydropower from Northern Pass, New England can meet its energy needs and protect itself against future price spikes caused by our lack of natural gas supply.

NORTHERN PASS IS A RARE WIN-WIN

When we ran into Ken Rhodes at one of the Northern Pass open houses, we asked this former nuclear engineer and current VP of an engineering firm for his thoughts on the project.



Ken Rhodes
Auburn

He noted that hydropower is a clean and affordable source of energy that's available just over the border.

"It's rare that a win-win like this shows up," Rhodes said. "We need to take advantage of that."

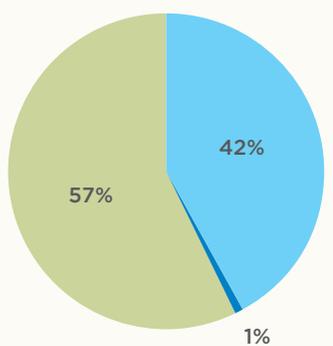
To hear more of what Rhodes said about Northern Pass, go to our videos page at:

www.northernpass.us/multimedia.

ABOUT NORTHERN PASS

The Northern Pass is a 187-mile transmission line project that will bring New Hampshire and the rest of New England clean, renewable hydroelectricity. This reliable and affordable source of clean power will also lower energy costs, increase tax revenue in communities along the route and create many jobs during construction. To learn more, go to www.northernpass.us. You can also email questions to info@northernpass.us or call **1-800-286-7305**.

Proposed Generation is Primarily Gas and Wind



■ Natural Gas
■ Wind
■ Other

