THE NORTHERN PASS PROJECT UPDATE

THE NORTHERN PASS℠

HIGHER ELECTRICITY RATES HIT NH

How Northern Pass can help lower energy costs

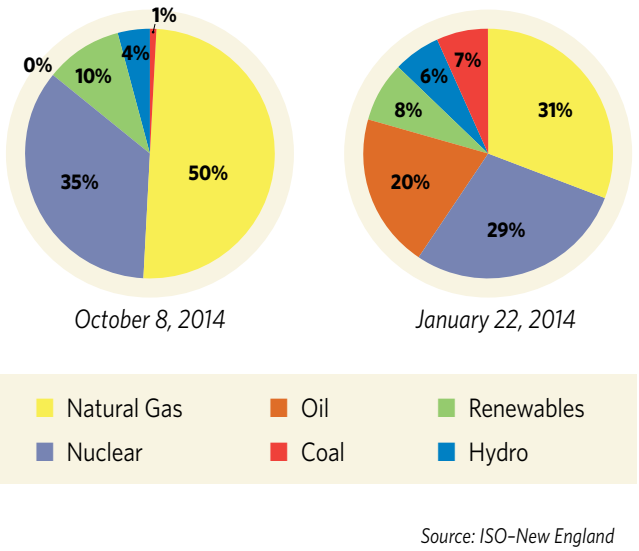
It's been hard to escape the news this fall about rising electricity rates in New Hampshire and across New England. In some areas, total electricity rates are up by as much as 50 percent. This is stretching our household budgets and driving up costs for local businesses, schools and towns.

The significant rise in rates is further evidence that new energy projects, like Northern Pass, are needed.

Northern Pass is a proposed transmission line project that will bring clean, affordable hydropower into New Hampshire and the regional energy grid. When power prices are high, adding more diverse sources of energy, especially affordable energy, helps increase supply and reduce the overall cost of power.

NEW ENGLAND FUEL MIX ON A REGULAR DAY — AND A FRIGID DAY

This chart shows how New England generates electricity on a normal fall day (left) and on a very cold winter day (right). As you can see, limited natural gas supplies dramatically change the so-called "fuel mix" used to power New England in the depths of winter. Northern Pass can help restore balance no matter the weather.



Source: ISO-New England

EXPANDED NATURAL GAS PIPELINE AND NORTHERN PASS: WHY WE NEED BOTH

New England is at the 'end of the natural gas pipeline' and, as a result, has some of the highest energy prices in the country. During the past few winters, these prices have climbed even higher, in part because of our region's overreliance on natural gas. On average, about one-half of the electricity we consume is generated at natural gas-fired power plants. Although there is a plentiful supply of affordable natural gas just a few states away, the pipelines that supply this fuel to New England are not big enough to keep up with demand on the coldest days of the year.

In New England, natural gas is also an affordable and popular choice to heat people's homes. When it gets very cold and people turn up their heat, more fuel needs to go toward heating and there is less available to supply power plants. This drives up the cost of energy from those plants that are able to secure gas and operate — a cost that is passed on to customers in their electricity rates.

There have been a number of proposals, both from government officials and private companies, to expand natural gas pipeline capacity into New England. No project has been approved yet, and all proposals are still years from beginning construction.

As New Hampshire and the rest of New England debate these and other new energy projects, it is important to remember there is no "silver bullet" when it comes to lowering energy costs. Bringing more natural gas into the region will help level off rising prices in the short term, but it will do little to reduce New England's reliance on this fossil fuel in the long term. Natural gas, while important to our electrical system, is also more vulnerable to the swings of supply and demand than some other sources of energy. To provide balance to our electricity system and protect against price volatility, we also need new, non-gas sources of energy, like renewable and reliable hydropower from Northern Pass.

As well as reducing our reliance on natural gas, New England needs more energy to replace older power plants, like the Vermont Yankee nuclear plant and the Brayton Point Coal plant, that have announced plans to shut down. According to our energy grid operator, ISO New England, the region is losing about 10 percent of its total power capacity in the next three years, and is likely to lose even more by 2020. The ISO estimates we need more than 6,000 megawatts of energy added back into the grid in the next five years to replace New England's aging power plants. That's equivalent to roughly five Seabrook Station nuclear power plants.

In the debate over natural gas pipelines and transmission lines, the issue isn't either/or. It's a question of how do we build both.

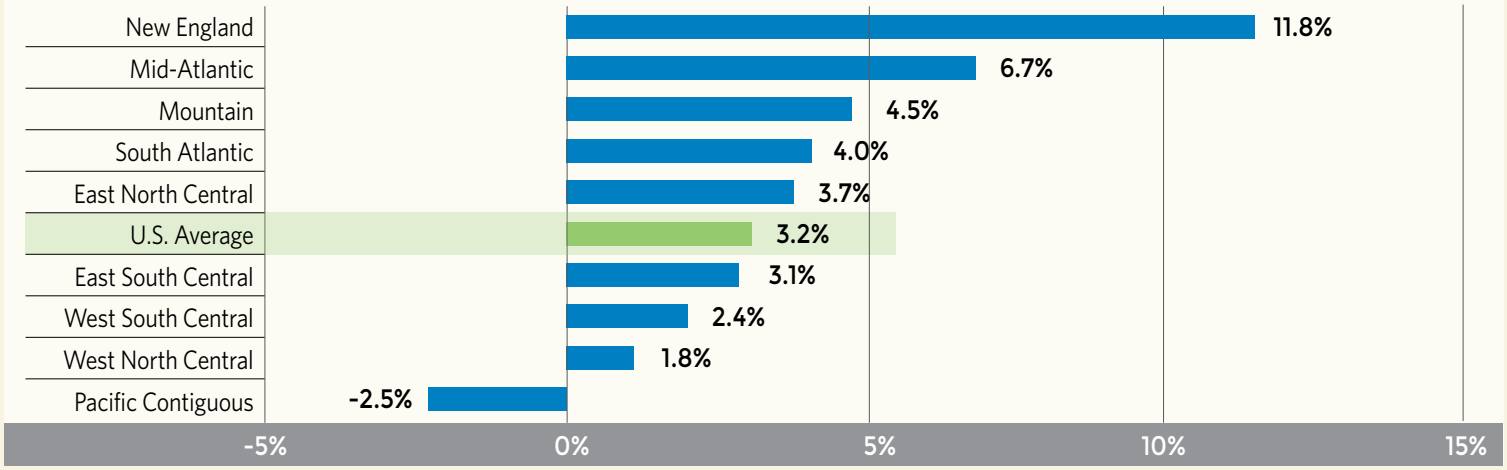
THE NORTHERN PASS PROJECT UPDATE

"WE HAVE TO DIVERSIFY A LITTLE"

For more than 200 years, members of the Minot family have lived and worked on a 450-acre farm just north of the White Mountains National Forest. Much of their work is done beneath or within view of high-voltage electric transmission lines that have stood on the farm for decades. Owner Willie Minot says these lines have had little impact on his family business.

We visited the Minot Farm earlier this year to get Willie's take on the power lines, and have posted a video of that conversation on our website. It features the scenic Minot Farm and also shows that transmission lines, like those proposed by Northern Pass, can exist in harmony with the surrounding landscape. To view the video, go to **www.northernpass.us** and click on the "videos" link listed under "News."

Change in average residential electricity prices by region



This chart shows how New England's energy price increases in the first half of 2014 compare to the rest of the United States. As you can see, the price of electricity went up more in New England than anywhere else in the country Source: EIA.gov.

NORTHERN PASS HELPS MEET CLEAN ENERGY GOALS

Here in New Hampshire, we appreciate our state's natural resources and have long been ahead of the rest of the country when it comes to dealing with the challenges of climate change. The state is a member of the Regional Greenhouse Gas Initiative, a cap-and-trade system that has been credited with significantly reducing carbon emissions in the northeast. New Hampshire also is on record as supporting the use of more renewable energy sources — including hydropower.

In 2009, members of New Hampshire's business community, conservation groups, and the energy industry came together to write the New Hampshire Climate Action Plan, which was intended to guide environmental and energy policy for years to come. In that plan, a majority of members recommended building high-voltage transmission lines connecting New Hampshire to hydropower plants in Canada, just as Northern Pass has proposed.

Northern Pass will carry enough clean, renewable hydropower to more than offset the loss of Vermont Yankee nuclear power plant, a major source of carbon-free energy in New England that is set to close in December. New Hampshire can keep its commitment to a cleaner energy future by including Northern Pass in its energy mix.

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**.

CLEAN HYDROELECTRIC ENERGY | **LOW COST** RENEWABLE ENERGY | **PRO-NH** GOOD FOR THE ECONOMY