

**THE STATE OF NEW HAMPSHIRE  
SITE EVALUATION COMMITTEE**

Joint Application of Northern Pass Transmission, LLC and Public Service Company of New Hampshire d/b/a Eversource Energy for a Certificate of Site and Facility for the Construction of a New High Voltage Transmission Line in New Hampshire

Docket No. 2015-06

**MOTION TO TEMPORARILY SUSPEND DELIBERATIONS  
PURSUANT TO RSA 162-H:14**

Municipal Intervenor Groups 1 South, 2, 3 South, and 3 North (collectively “the Parties”) submit this motion to temporarily suspend the Subcommittee’s deliberations on the Application, stating as follows:

1. On October 19, 2015, Northern Pass Transmission, LLC and Public Service Company of New Hampshire d/b/a Eversource Energy (collectively, the "Applicants"), submitted a Joint Application for a Certificate of Site and Facility (the "Application") to the New Hampshire Site Evaluation Committee (the "Committee" or "SEC") to construct a 192-mile transmission line to run through New Hampshire from the Canadian border in Pittsburg to Deerfield (the "Project"). By order dated December 18, 2015, a designated Subcommittee of the SEC accepted the Application as complete. By order dated June 15, 2016, the Subcommittee suspended the statutory timeframe required by the enabling legislation and required a final decision by September 30, 2017.

2. The Parties move to temporarily suspend the September 30, 2017 decision date as well as the adjudicative and deliberative phases of this docket set to run from April – September 2017, pending a decision in the Massachusetts Clean Energy RFP.

3. RSA 162-H:14, I permits suspension of the deliberations and time frame established under RSA 162-H:7 “[i]f the [SEC]...deems it to be in the public interest...”. The

Subcommittee's consideration of the within request must be balanced against one of the stated purposes of RSA 162-H to avoid "undue delay." See RSA 162-H:1.

4. The SEC has already considered and granted a suspension request and in the course of that decision described the necessary analysis for such requests. See June 15, 2016 Order on Motions to Suspend ("Suspension Order"). The Subcommittee may suspend the statutory timeframes pursuant to RSA 162-H:14 if (1) it is authorized by the enabling statute to do so, and (2) the requested suspension is found to be in the public interest. See Suspension Order, pg. 4. In partially granting the requested suspension, the Subcommittee determined that it did have the requisite authority to suspend, and therefore the focus of this motion, and the Subcommittee's consideration of same, is limited to whether or not the suspension requested herein is in the public interest. Id., pgs. 4-5. The Parties believe that the public interest warrants the suspension of this proceeding.

5. It is in the public interest to suspend the proceedings because recent statements by Hydro-Quebec indicate that: (1) it will no longer pay any costs to bury the line in New Hampshire, and (2) it will honor its obligations under the TSA to provide payments to NPT only if and when it makes a sufficient profit from the sale of energy into the New England market. These statements are at odds with representations made by the Applicant in this proceeding and to the SEC. One of the primary means by which HQ stands to profit from its involvement in this Project is through the sale of energy over the NPT line into the ISO-NE region. That energy requires a consumer or buyer. One of the potential buyers for this energy, the Tri-State Clean Energy RFP did not select the Project. Another potential buyer for this energy, the Massachusetts Clean Energy RFP, will be soliciting bids this Spring and should select a source of energy by late Fall 2017. Assuming the Project is selected at a price deemed acceptable to HQ, with the terms

communicated to the parties in this proceeding, then this proceeding may continue. If the Project is not selected, or selected at a cost not deemed acceptable to HQ, then it appears that HQ is prepared to withdraw its support and involvement with the Project.

6. HRE/HQ's obligations under the Project are quite clear. Michael Ausere's prefiled testimony on behalf of the Applicant defines the relationship and responsibilities between NPT and its partners and the timing of payments to NPT under the TSA. The purpose of Mr. Ausere's testimony was to "demonstrate that NPT has the financial capability to construct and operate the Project." See October 16, 2015 Prefiled Testimony of Michael J. Ausere, pg. 2, lines 9-10 ("Ausere Prefiled"). According to Mr. Ausere, NPT's financial capability to construct and operate the Project is based on (1) the financial strength of NPT's parent, Eversource; (2) the TSA; and (3) the financial strength of HRE's parent, HQ. See id., pg. 2, lines 15-21. The basis for relying upon the financial strength of HQ is the Transmission Services Agreement ("TSA"), executed between NPT and Hydro Renewable Energy Inc. ("HRE"), a wholly owned subsidiary of Hydro-Quebec ("HQ"), which is a FERC-approved transmission service agreement by which "NPT will provide firm transmission service to HRE over the NPT line in exchange for payment of NPT's costs for developing, constructing, operating and maintaining the Project. HQ...will have the opportunity to recover its transmission payments through sales of electricity into the New England market." See id., pg. 3, lines 6-9. The payments contemplated under the TSA from HRE to NPT are calculated using a FERC-approved, cost-based formula rate that is intended to enable NPT to recover the costs of development and construction plus a return on investment over the 40 year lifespan of the TSA. Id., lines 13-15. Critically, and per the express terms of the TSA, NPT may not invoice HRE for those payments prior to the commercial operation date of the Project. See id., pg. 8, lines 12-13; see also Application, pg. 52,

“Operation” & Transmission Service Agreement, Application, Appendix 16, sect. 8.1.2(a). At Mr. Ausere’s technical session, he clarified that HRE’s obligation to make the formula rate payments to NPT remains in effect even if no energy is transmitted down the line or done so at a net loss to HRE/HQ. In addition, NPT will not have the needed funds to decommission the Project until the end of the 40 year term under the TSA: “NPT will begin to collect the costs of decommissioning over the last sixty months of commercial operation.” See id., pg. 9, lines 7-8; see also Application, pg. 54 (the TSA “...provides that NPT will collect...a monthly payment from [HRE] over the last five years of the 40-year term of the TSA...designed to cover the costs of decommissioning...”).

7. Recent reports from the Canadian press and press releases from HQ in Canada indicate that despite any obligations under the TSA, HQ appears to no longer be willing to pay any costs for the Project’s construction, and HQ’s willingness to honor its obligations under the TSA are now apparently dependent upon being able to sell its power over the Project at a profit. See HQ Press Releases and Canadian Press Articles, Exhibit A (from March 8<sup>th</sup> press release: “[HQ] won’t pay a cent for the Northern Pass transmission line on the American side. American consumers will pay the transmission costs in the U.S. through their electricity rates...Under the [Massachusetts] RFP, the selected suppliers’ transmission costs will be paid by the electrical utilities. So, it will be American customers who, through their electricity rates, will pay the costs of the line.”; from March 9<sup>th</sup> press release: “[HQ] will make sure this project is profitable for Quebecers.”). These statements are inconsistent with the obligations agreed to and required by the TSA. Counsel for the Public was similarly concerned by these statements and wrote to Eversource to clarify its commitment to the Project and whether the TSA was still in effect under the terms known to the parties in this docket; the response from Eversource did not adequately

address these concerns. See March 20, 2017 and March 28, 2017 Letters between Counsel for the Public and Eversource, attached as Exhibit B.

8. HQ never intended to bear the sole responsibility for the payments required under the TSA. Rather, HQ was and is reliant on being selected in the Clean Energy RFP so that it could pass along these costs to the ratepayers of Connecticut, Massachusetts, and Rhode Island. As explained by James Muntz on behalf of the Applicant, “[i]f Northern Pass is selected and constructed, New Hampshire customers will not bear any of the expenses but will still experience the...benefits of the Project.” See October 16, 2015 Prefiled Testimony of James A. Muntz, pg. 9, lines 12-13. Unfortunately, HQ was not selected for the Tri-State Clean Energy RFP. The Commonwealth of Massachusetts has requested proposals under a similar RFP, with bids due by March/April 2017, and a selection decision expected in late Fall 2017. The ability to profitably sell the power, and thus honor its TSA obligations to pay for construction of the line, is therefore dependent on being selected in the Massachusetts RFP at a certain price point.

9. HQ’s recent statements conditioning its payment to NPT for the Project on profitability and the lack of any confirmed buyer of this energy beg the question as to why the SEC should continue deliberations at this time because the Applicant cannot satisfy all of the required statutory criteria. Accordingly, until and unless NPT is selected as the source of energy and the terms of that arrangement are known, the SEC should suspend this docket. HQ is threatening to ignore its payment obligations under the TSA if they cannot locate a profitable consumer for the energy that will flow over the line. Whether HQ will be selected as the winning bidder in the Massachusetts RFP and the profitability of that relationship will not be known until that process is completed in Fall 2017. It would not be in the public interest to continue with this docket until the outcome of the Massachusetts RFP is known and HQ

confirms its commitment to reimburse NPT's expenses for the Project per the terms of the TSA. Otherwise, HQ appears likely to terminate this TSA, leaving NPT with no source of reimbursement for Applicants' development, construction, operation, maintenance, and decommissioning of the line.

10. For the SEC Subcommittee to issue a Certificate of Site and Facility, it must review the voluminous materials associated with the docket, collectively expend at least 2,000 hours of time<sup>1</sup>, and then find that the Applicant has satisfied all of the required statutory criteria under current circumstances, as opposed to future circumstances which may or may not occur. Given that five of the seven Subcommittee members are government employees, this represents a major taxpayer investment. Moreover, all of these public servants will be pulled away from their other duties for all of this time. On top of that, other taxpayer dollars will be spent on the SEC staff, the Counsel for the Public, representatives of other State Agencies, many of whom will also invest at least 2,000 hours of time. These considerations leave aside the countless hours that they will also spend outside of the hearing room, reviewing materials and otherwise preparing for the hearing. It also leaves aside the tremendous effort that the other parties will invest. It is not in the public interest to make such a huge investment when under current circumstances, a required statutory criteria cannot be satisfied.

11. Given these considerations, the requested suspension does not amount to "undue delay" as it would entail a roughly six month pause in the consideration of Project, which the Applicants launched approximately seven years ago. The delay is not unreasonable under the circumstances that HQ's statements are inconsistent with representations made to the SEC and

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<sup>1</sup> Seven members times eight hours per day times 30 days of adjudicatory hearing plus two days of site visits plus ten days of deliberation.

undercut Applicants' professed financial ability to develop, construct, operate, maintain, and decommission the line.

WHEREFORE, it is respectfully requested that the Site Evaluation Committee:

- A. Find that a suspension of the proceedings until resolution of the Massachusetts RFP is in the public interest;
- B. Immediately cease all proceedings in this docket until such time that the Massachusetts RFP has been awarded; and
- C. Grant such other and further relief as may be just.

Respectfully submitted,

**MUNICIPAL GROUP 1 SOUTH  
MUNICIPAL GROUP 2  
MUNICIPAL GROUP 3 NORTH  
MUNICIPAL GROUP 3 SOUTH**

TOWNS OF NEW HAMPTON, LITTLETON,  
DEERFIELD, PEMBROKE, and ASHLAND  
WATER & SEWER DISTRICT

By and through its attorneys,

MITCHELL MUNICIPAL GROUP, P.A.

Dated: March 29, 2017

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TOWNS OF BETHLEHEM, BRISTOL, EASTON,  
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By and through their attorneys,

GARDNER, FULTON & WAUGH, PLLC

Dated: March 29, 2017

By: /s/ Steven Whitley for  
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CITY OF CONCORD

Dated: March 29, 2017

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 29<sup>th</sup> day of March 2017, a copy of the foregoing was sent by electronic mail to persons named on the Service List of this docket.

Dated: March 29, 2017

By: /s/ Steven Whitley  
Steven M. Whitley, Esq.



This is Google's cache of <http://news.hydroquebec.com/en/press-releases/1178/northern-pass-project-hydro-quebec-wont-pay-a-cent-for-line-on-american-side/> (<http://news.hydroquebec.com/en/press-releases/1178/northern-pass-project-hydro-quebec-wont-pay-a-cent-for-line-on-american-side/>). It is a snapshot of the page as it appeared on Mar 8, 2017 20:18:59 GMT.

The current page (<http://news.hydroquebec.com/en/press-releases/1178/northern-pass-project-hydro-quebec-wont-pay-a-cent-for-line-on-american-side/>) could have changed in the meantime. Learn more (<http://support.google.com/websearch/bin/answer.py?hl=en&p=cached&answer=1687222>)

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Tip: To quickly find your search term on this page, press **Ctrl+F** or **⌘-F** (Mac) and use the find bar.

Montréal, March 8, 2017

Press Release

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## Northern Pass Project : Hydro-Québec won't pay a cent for line on American side

Hydro-Québec vigorously rebuts the article in the *Journal de Montréal* titled "Hydro will pay for line in U.S." The content of the article is totally false. We won't pay a cent for the Northern Pass transmission line on the American side. American consumers will pay the transmission costs in the U.S. through their electricity rates. The project is designed to be profitable to Hydro-Québec, and thus to all Quebecers.

Massachusetts wants a supply of clean energy at a stable price. To this end, it passed *An Act Relative to Energy Diversity*, known familiarly as the Baker Act. The Act will lead to the launch of a request for proposals for a large amount of hydropower within the next few weeks. Under the RFP, the selected suppliers' transmission costs will be paid by the electrical utilities. So it will be American customers who, through their electricity rates, will pay the costs of the line.

The Northern Pass project consists in building an 80-km line on the Québec side and a 300km line on the American side, at a cost of C\$600 million on the Québec side and US\$1.6 billion on the American side, under the responsibility of Eversource.

For Information:

Media relations  
Hydro-Québec  
514 289-5005

Montréal, March 9, 2017

Press Release

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## Northern Pass line: Hydro-Québec has no intention to abandon the project

With a view to openness and transparency, we contacted the journalist Jean-Nicholas Blanchet yesterday to explain once again Hydro-Québec's participation in the Northern Pass line project. Mr. Blanchet's conclusions from our conversation remain erroneous. Hydro-Québec has absolutely no intention to abandon the project.

Hydro-Québec wishes to reiterate the position we shared with numerous Québec media on Wednesday:

- Hydro-Québec will not pay for the line in the U.S.
- Hydro-Québec will make sure this project is profitable for Quebecers.

We firmly believe in the strength of our alliance with our American partner, Eversource. We intend to submit this project to the request for proposals the state of Massachusetts will be issuing soon. This project will benefit both Québec and the New England states.

Year to year, Hydro-Québec seizes business opportunities on export markets, which form a large part of its profits, for the benefit of Quebecers as a whole.

# Hydro is considering abandoning the Northern Pass project

The Crown corporation has "redrafted its plan" on Wednesday and may not go ahead



**JEAN-NICOLAS BLANCHET**

Wednesday, 8 March 2017 21:27

Update

Wednesday, 8 March 2017 21:37

**Not only does Hydro-Québec finally admit that it could indirectly pay for the cost of building a \$ 2.1 billion line in New Hampshire, but it is challenging its participation in the project after "redrawing its plan" on Wednesday.**

Our investigation office revealed Wednesday that the US developer Eversource intended to pass the bill to the Crown corporation for the construction of the Northern Pass high-voltage line.

It would be buried on nearly 100 km to protect the landscapes of New Hampshire, which would increase the bill by \$ 500 million.

Eversource will first finance the construction, but intended to be reimbursed by Hydro for 20 to 40 years, through "transportation costs" for borrowing the line across the border.

Hydro's director of media relations, Serge Abergel, told us last week that Eversource would "take these transport costs to make [his] investment profitable".

## Hydro defends itself

In several forums on Wednesday, the Crown corporation argued instead that it would not pay a cent for work in the United States .

In an interview with our office in the afternoon, Abergel said he was "in agreement" that Hydro could pay transportation costs and indirectly reimburse the investment to Eversource. He argues that "there's a big difference between saying that and saying we're going to pay for landfill in the United States."

Who will pay for the transmission of electricity on the Northern Pass line? Last week, the Crown corporation indicated that they could "possibly" be assumed by US customers and not by Hydro.

Wednesday, however, in the press release of Hydro-Québec, it was no longer a possibility, but a certainty. Mr. Abergel made the same speech on 98.5 FM, before specifying in an interview with our office that it was a "wish" and that Hydro was not yet aware who would pay for the transportation costs.

It should be noted that at the time the project was put on the table in 2011, Hydro-Québec guaranteed its partner the total repayment of the investment. But the state corporation said yesterday that it had changed its mind since.

## Plans have changed

At the point where if she finds herself to have to pay the transport costs, "it may be that there is no project," he argued.

"We've done the plan today (Wednesday) ... so draw the conclusion that we will not move forward if ever" transportation costs are not borne by US customers.

Eversource had written to us - which it specified on its website - that Hydro-Québec guaranteed the reimbursement of the costs of the line in the United States. Mr Abergel said that he had "fallen down from his chair" on reading this statement. In his view, the American company "should not have said that" and it should correct itself.

### The Northern Pass Project

- 388 KM
- Portion in Quebec: 80 km, \$ 618 million
- Portion in the United States: 308 km, \$ 2.1 billion
- Landfill in the United States: 96 km
- Landfill in Quebec: 0 km

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### "IN THE END, HYDRO PAYS"

Several intervenors in the field of energy questioned Wednesday the version of Hydro-Québec wanting that it does not pay a cent for the project in the United States.

"The line is for them. Indirectly, Hydro pays. I do not see who else would be interested in paying," said Jean-Pierre Finet, an energy management analyst for the Consolidation of Environmental Energy Organizations.

"Of course, American consumers will pay through their electricity tariffs ... What Hydro-Québec does not say, however, is that the higher the transport costs, the lower its revenue at the end Of track. In the end, Hydro-Québec will absorb this increase in transportation costs, particularly due to landfilling.

#### " Two weights, two measures "

The Nature Québec group also points out that Hydro assumes and guarantees the construction costs: "The American partner does not take any financial risk. All the documents prove it," says Christian Simard, executive director of the organization.

"The same line is buried in the United States, but not at home. Nothing justifies that. It is double standards and totally unacceptable," adds Simard, who asks the Couillard government to intervene so as not to give the green light to the project as long as a scenario of burial and avoidance of the zone Has not been determined.

He recalled that the BAPE had made a recommendation to this effect: "These costs will be marginal over the whole project and this is not what will determine whether the project will be profitable or not."

The Mayor of Saint-Adolphe-d'Howard, Lisette Lapointe, has been fighting for nearly four years against the visual pollution that a draft line would entail in her municipality.

"It's a shock," she says. What is extremely troubling is that in a neighboring society, landscapes are considered a wealth, but not here. [...] The beautiful White Mountains in New Hampshire is a jewel. The mountains of our municipality are a gem too. "

## Contact Jean-Nicolas Blanchet in confidence

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BLOGUE

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# Hydro-Québec and sale at a loss in the United States



BERTRAND SCHEPPER

Thursday 9 March 2017 14:40

Update Thursday, 9 March 2017 14:43

**The past few days have been tumultuous for Hydro-Québec and its Northern Pass Transmission (NPT) project. Recall that Hydro-Québec proposed to invest \$ 1.6 billion to sell a portion of its large surpluses to New England. That sounded good news. Yet the project already had lead in the wing. Hydro-Québec seems to take all the risks and leaves the benefits to the Americans. All this by denying the privileges granted to the American population to the people of Quebec.**

The NPT project consists of a high voltage power line that would link Sherbrooke to New England. To do so, Hydro-Québec had to build an **airline to the border** (page 71), and then its partner, the American company Eversource, buried a line for about **100 km** on the American side, mainly in New Hampshire. The reason for this burial is that the project layout, both on the Quebec and the American side, crosses **the Hereford community forest**, a protected territory that spans the border. Thus, in Hydro-Québec's plan, the line would be buried in the United States, but not in Quebec, even if the line crosses the same protected forest. This is because, unlike Quebec,

This situation, not foreseen in Hydro-Québec's initial plans, therefore requires additional investments in the order of \$ 400 million to \$ 500 million Canadian. Expenditure which was initially to be assumed by Eversource. Subsequently, it must be passed on to Hydro-Québec, which ensures that consumers in New England **will not pay a penny for the construction of the project**.

It should be noted that economic studies predict that landfilling on the American side would create **2,600 jobs** during the construction phase in New Hampshire. Of course, you have to be careful with the numbers ordered by Eversource.

Hydro-Québec has refrained from bearing the costs of Eversource, although everything indicated the opposite, considering that the selling prices in New Hampshire range around 3 to 4 sous of kWh, whereas, due to the burial, Hydro will only offer a price of **5.5 under kw / h including transport**. In short, to sell its electricity, Hydro will have to do it at a price lower than its production and export costs.

To justify this deficit situation, Hydro-Québec hoped that, over the long term, energy prices would rise. For the moment, however, there is no indication that this hypothesis is credible. Although Hydro-Québec denied the loss-making situation, it changed its mind the next day and admitted that it **could indirectly pay for the construction costs**.

## WAS HYDRO READY TO BURY IN QUEBEC?

Au Québec, Hydro-Québec considère qu'enfouir le NPT sur le territoire québécois serait trop complexe et **trop coûteux**. Cette explication ne semble pas avoir convaincu le BAPE qui a renvoyé Hydro-Québec refaire ses devoirs **en janvier dernier** (p. 107). Cela n'est pas particulièrement étonnant puisqu'alors que l'enfouissement québécois des lignes du NPT est qualifié de trop complexe, Hydro-Québec se prépare à enfouir **58 km de ligne à haute tension** entre La Prairie et la ville de New York. Comme on le sait, le BAPE n'a qu'un pouvoir **de recommandation**; c'est pourquoi, jusqu'à présent, Hydro-Québec a décidé de ne pas en tenir compte et de poursuivre le projet en essayant de minimiser les impacts des lignes sur pylônes. Bref tout le contraire de l'approche préconisée par le consortium Hydro-Québec/Eversource aux États-Unis.

Ainsi, parce que la gestion des territoires protégés est moins rigoureuse au Québec qu'au New Hampshire, Hydro-Québec allait refuser aux Québécois·e·s les avantages qu'elle consent aux États-Unien·ne·s, avantages qui permettent une certaine stimulation économique régionale et une protection du territoire.

## COUP DE THÉÂTRE

*Le Journal de Montréal*, sous la plume de **Jean-Nicolas Blanchet**, publiait le 8 mars les résultats d'une **enquête** qui démontre clairement la non-rentabilité du projet. Suite à cette sortie, non seulement Hydro-Québec a révisé ses plans, mais elle admet maintenant qu'elle pourrait se retirer de ce projet qui serait, somme **toute, déficitaire**.

Alors que les plans d'expansion d'Hydro-Québec passent par l'**exportation massive** d'hydro-électricité, la société d'État semble prête à négliger les intérêts des Québécois·es dans l'espoir d'augmenter ses revenus. Non seulement Hydro-Québec acceptait d'enfouir à grands coûts une ligne aux États-Unis, privilège refusé au Québec, mais la société d'État était prête à vendre de l'énergie à perte. Je pense que l'on peut dire qu'« Hydro-Québec, ils l'ont-tu l'affaire les Américains! ».

### 5 commentaires

Trier par **Les plus récents**



Ajouter un commentaire...



**Harold Simard**

Seul un pot de vin peut faire en sorte que l'on signe un contrat déficitaire. Bien sûr quand ce n'est pas son entreprise ni son argent, on peut le faire sans vergogne.

J'aime · Répondre · 1 · 17 h



**Normand Alexandre**

Le vrai coupable, c'est ceux qui ont décidé de faire la Romaine, entrepreneurs de Québec, proches du PLQ et de Jean Charest... Aujourd'hui, le PLQ est tellement gêné d'avoir tous ces surplus qu'ils veulent les donner aux Américains pour s'en débarrasser... Les Québécois? Une bande de nonos qui payent la note et réélisent le PLQ sans demander leur reste.

J'aime · Répondre · 1 · 15 h



**Gaétan Maréchal** · Montréal

Qui pilote le dossier pour HydroQuébec ? qui a fait du lobbying pour se contrat ? qui était sur le c a ? tout ses gens devrais etre mit a la porte pour manque de jugement et de tromperie envers les Québécois

**ATTORNEY GENERAL  
DEPARTMENT OF JUSTICE**

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CONCORD, NEW HAMPSHIRE 03301-6397

JOSEPH A. FOSTER  
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ANN M. RICE  
DEPUTY ATTORNEY GENERAL

March 20, 2017

Marvin P. Bellis, Esq.  
Senior Counsel  
Eversource Energy  
107 Selden Street  
Berlin, Connecticut 06037

Re: Northern Pass Transmission -- Inquiry

Dear Marvin:

This letter addresses recent statements reported in the press by Northern Pass Transmission, LLC ("NPT") and Hydro-Québec ("HQ") related to the payment of the costs of the construction of the Northern Pass transmission project (the "Project"). Of most concern to me are the recent emphatic statements made by HQ indicating that it does not intend to pay for the costs of the Project. Although HQ is not a party in this docket, NPT is a 'partner' in the Project with HQ<sup>1</sup> and should be responsible for clarifying these statements and their implications on this docket. I am concerned that the means for payment and assurance of profitability sought by HQ may have effects on the quantification of the benefits of the Project to the people of New Hampshire. As such, I request that NPT and Public Service Company of New Hampshire d/b/a Eversource Energy (the "Applicants") respond in detail to the questions presented in this letter.

**Background**

On March 9, 2017, an article in the Union Leader reported that, despite continued support by NPT and HQ for the Project, "[HQ] did verify that it will not pay to bury the line." *Utilities reiterate backing for Northern Pass*, <http://www.unionleader.com/energy/Utilities-reiterate-backing-for-Northern-Pass-03102017>, attached to this letter as Exhibit A.

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<sup>1</sup> "NPT has partnered with Hydro-Québec ("HQ") a well-established producer of clean, renewable power that has been reliably supplying energy to New England since the mid-1980s." Application for Certificate of Site and Facility at ES-1.



On the same date, however, HQ issued a press release stating:

Hydro-Québec wishes to reiterate the position we shared with numerous Québec media on Wednesday:

- ☐ Hydro-Québec will not pay for the line in the U.S.
- ☐ Hydro-Québec will make sure this project is profitable for Quebecers.

Press Release, *Northern Pass line: Hydro-Québec has no intention to abandon the project*, <http://news.hydroquebec.com/en/press-releases/1181/northern-pass-line-hydro-quebec-has-no-intention-to-abandon-the-project/?fromSearch=1>. Attached as Exhibit B.

These statements were made after Canadian press sources reported that HQ 'would not pay a penny' for the burial of any of the Project in New Hampshire and that it would abandon the Project if its profitability over and above the Project costs was not manifest after the Massachusetts RFP.

**1. Please explain Hydro-Québec's statements that it "will not pay for the line in the U.S."**

On numerous occasions, in the Application and accompanying testimony, the Applicants have expressly stated that HQ or one of its subsidiaries would pay for the entire costs of the line, including the decommissioning of the line. See Application for Certificate of Site and Facility at ES-13 (referencing the Transmission Services Agreement ("TSA") and stating that an HQ entity would pay for the costs of the project); Prefiled Testimony of James Ausere dated October 15, 2015, at 3, 9 (same and specifically referencing decommissioning costs being guaranteed by HQ).

The recent public statements of HQ seem to contradict the testimony presented by the Applicants in this docket. The Applicants should explain why HQ's statements do not contradict the Applicants' testimony. In providing this explanation, the Applicants should discuss the portions of the TSA that require HQ to pay for all costs associated with the Project, regardless of whether the Project is ever constructed or becomes operational or proves to be unprofitable to HQ.

**2. Even if HQ pays for some of the costs of the Project, will HQ pay for the costs associated with undergrounding the Project?**

I understand that HQ's remarks about undergrounding in New Hampshire were sparked by efforts in Canada to require it to bury portions of the Project there.<sup>2</sup> In response to these

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<sup>2</sup> [https://linkprotect.cudasvc.com/url?a=http://www.journaldemontreal.com/2017/03/09/hydro-quebec-et-la-vente-a-perte-aux-etats-unis&c=E,I,Qm3xgVzyQWk5Uv\\_05Yw4k-1bohRfJu4hOeSJv\\_3U08F78qyZ8gPg4ylytjrsOYPIiSB8stR5Tla82Ml7pj13d9VM4hdseXP0VwEBSgZaiAADwNy4Q.,&typo=1](https://linkprotect.cudasvc.com/url?a=http://www.journaldemontreal.com/2017/03/09/hydro-quebec-et-la-vente-a-perte-aux-etats-unis&c=E,I,Qm3xgVzyQWk5Uv_05Yw4k-1bohRfJu4hOeSJv_3U08F78qyZ8gPg4ylytjrsOYPIiSB8stR5Tla82Ml7pj13d9VM4hdseXP0VwEBSgZaiAADwNy4Q.,&typo=1)



concerns, HQ has specifically stated that it will not pay for any of the undergrounding costs associated with the U.S. portion of the transmission project. Applicants should confirm that HQ will pay for the costs associated with undergrounding the Project and explain why the reported statements of HQ are not inconsistent with this position.

**3. Please explain how HQ will recover the costs of transmission service for use of the Project if HQ and the Applicants are not successful in the Massachusetts RFP for clean energy.**

In the HQ press release, it states that it intends to “submit this project to the request for proposals the state of Massachusetts will be issuing soon.” The implication from this statement is that the revenue from any contracts associated with the Mass RFP, in combination with other revenues such as from the capacity market, will be used to recover transmission service costs that HQ will be paying to NPT.<sup>3</sup> In Canadian press reports HQ was quoted as saying it would in fact abandon the Project if the Massachusetts bid was not successful. Please explain whether NPT will still seek to build and commission the Project if HQ and NPT are not successful in the Mass RFP.

**4. Will revenue that HQ earns in the New England electricity markets be sufficient to pay HQ’s cost of transmission service over the Project in addition to the cost of producing the energy products that will flow over the Project transmission line while proving to be sufficiently profitable to the satisfaction of HQ?**

In its press release, HQ states that “Hydro-Québec will make sure this project is profitable for Quebecers.” This statement implies that HQ will only pay for the Project if it can earn revenue sufficient to (a) pay for the cost of transmission service under the TSA, (b) pay the cost of providing the electricity products that will be sold via the Project, and (c) earn a satisfactory profit. Please explain how the people of New Hampshire can be confident that HQ’s revenues from the New England electricity markets will be sufficient to pay the costs identified in (a) – (c) above.

**5. Do the Applicants have any responsibility to pay costs associated with the development of the Project if the Project never commences operation?**

In a number of places, the Applicants’ filing indicates that HQ’s obligations arise once the Project is operational. “Once the Project commences operations, NPT will begin receiving revenue from Hydro Renewable Energy Inc. under the TSA.” Application for Certificate of Site and Facility at 52.<sup>4</sup> HQ stated to the press that it would abandon the Project if its Massachusetts RFP bid is not accepted.

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<sup>3</sup> Or, in the alternative, the revenue will go directly to NPT to offset HQ’s obligations under the TSA.

<sup>4</sup> See also Ausere pf. at 8, “Once Northern Pass commences operation, NPT will begin receiving monthly revenue from HRE under the formula rate in the TSA.”

Please confirm that rate payers will not be responsible, directly or indirectly for any of the costs associated with the development of the Project if the Project does not "commence operation" or is abandoned by HQ and please provide the support for this statement. If you confirm, then who would be responsible for paying any such costs?

**6. Please confirm that the Transmission Services Agreement filed in this docket is still the governing agreement between NPT and HQ for paying costs associated with the Project and that neither NPT nor HQ are seeking to renegotiate the TSA.**

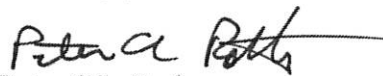
Multiple stories in the press have indicated that either NPT or HQ is seeking to renegotiate terms of the TSA and file the amended agreement with the Federal Energy Regulatory Commission ("FERC"). See, e.g., [http://www.caledonianrecord.com/news/local/northern-pass-hydro-quebec-now-unwilling-to-pay-for-line/article\\_e8de4437-54ed-5df4-871b-59f64346eca6.html](http://www.caledonianrecord.com/news/local/northern-pass-hydro-quebec-now-unwilling-to-pay-for-line/article_e8de4437-54ed-5df4-871b-59f64346eca6.html). NPT's Project Journal post of March 16, 2017 "Setting the Record Straight," states that the TSA's approval deadline was extended by written agreement between NPT and HQ. Please provide copies of any modifications, extension agreements, or FERC filings. Please also confirm that NPT and HQ are not renegotiating the TSA.

**Conclusion**

NPT's responses to these questions are critical to my understanding of Hydro-Québec's position in regard to the Project, paying for the costs associated with the development and construction of the Project and whether New Hampshire customers will be required to pay any of those costs, all to the end of understanding the benefits and costs of the Project to the people of New Hampshire. Therefore, Counsel for the Public requests that the Applicants provide a response to these questions on or before March 27, 2017. If you have any questions about this I may be reached at 603-271-1270.

Thank you for your kind courtesies and consideration.

Sincerely yours,



Peter C.L. Roth  
Senior Assistant Attorney General  
Counsel for the Public

**Attachments**

cc: Pamela G. Monroe, Esq.  
Thomas J. Pappas, Esq.  
Elijah J. Emerson, Esq.

# EXHIBIT A

March 09. 2017 10:19PM

# Utilities reiterate backing for Northern Pass

By MARK HAYWARD

New Hampshire Union Leader

Eversource insisted Thursday that all is well with its Northern Pass partner Hydro-Quebec, despite a statement from the hydroelectric giant that it "will not pay a penny to bury the line in the United States."

The statement was released Thursday, a day after Le Journal De Quebec of Quebec City ran articles saying financing of the long-stalled project had changed. The articles prompted both Hydro-Quebec and Eversource to issue statements disputing them.

Both companies reiterated their support for Northern Pass, but Hydro-Quebec did verify that it will not pay to bury the line. Sixty miles of the 192-mile proposed route is to be underground.

A Northern Pass opponent said the articles show that Eversource will force the cost of the transmission project on its customers.

Judy Reardon, senior advisor of the Concord-based Protect the Granite State, said Eversource has repeatedly promised that no one in New Hampshire will pay for the project.

"If that sounds too good to be true, it is," she said in a statement. "Just yesterday, Hydro-Quebec issued a statement, indicating very clearly that it has no intention of paying for any of the cost of the transmission line in New Hampshire. Who pays then? You and me."

Jack Savage, spokesman for the Society of Protection of New Hampshire Forests, said Northern Pass is facing low natural gas prices and the presence of a fully permitted transmission line ready to break ground in Vermont.

"It's no wonder that Hydro-Quebec is having second thoughts," Savage said.

On Wednesday, Le Journal De Quebec ran articles questioning the Northern Pass project. One claimed Hydro-Quebec would pay to bury portions of the line in the United States, but not Quebec. The other said that Hydro-Quebec has assumed the risks in the project and will have to pay the entire cost.

Eversource said nothing has changed, and that Eversource subsidiary Northern Pass Transmission will invest the \$1.6 billion to construct the U.S. portion of the project.

Hydro-Quebec will do the same for the Canadian portion.

Eversource's investment will be recouped through revenue from the use of the line, Eversource spokesman Martin Murray said.

"Both Northern Pass and HQ are totally committed to the success of the Northern Pass project. It's somewhat unfortunate that the Quebec article led to any question of that commitment," Murray wrote in an email.

In a statement, the provincially owned Hydro-Quebec said it has no intentions of abandoning Northern Pass, and it will ensure the project is profitable for all Quebec residents.

"We firmly believe in the strength of our alliance with our American partner, Eversource," the statement reads.

Both HQ and Eversource said they are carefully eyeing the Massachusetts Clean Energy solicitations, scheduled for the spring, for secure, long-term commitments. Murray said Eversource and HQ expect to submit a very competitive bid.

Murray also said New Hampshire customers will not pay any construction costs of Northern Pass, citing a power purchase agreement with HQ for energy that will not include costs associated with Northern Pass.

*mhayward@unionleader.com*

# EXHIBIT B

Montréal, March 9, 2017

Press Release

## Northern Pass line: Hydro-Québec has no intention to abandon the project

With a view to openness and transparency, we contacted the journalist Jean-Nicholas Blanchet yesterday to explain once again Hydro-Québec's participation in the Northern Pass line project. Mr. Blanchet's conclusions from our conversation remain erroneous. Hydro-Québec has absolutely no intention to abandon the project.

Hydro-Québec wishes to reiterate the position we shared with numerous Québec media on Wednesday:

- Hydro-Québec will not pay for the line in the U.S.
- Hydro-Québec will make sure this project is profitable for Quebecers.

We firmly believe in the strength of our alliance with our American partner, Eversource. We intend to submit this project to the request for proposals the state of Massachusetts will be issuing soon. This project will benefit both Québec and the New England states.

Year to year, Hydro-Québec seizes business opportunities on export markets, which form a large part of its profits, for the benefit of Quebecers as a whole.



Northern Pass Transmission LLC  
P.O. Box 330  
780 North Commercial Street  
Manchester, NH 03105-0330

March 28, 2017

Peter C.L. Roth  
Senior Assistant Attorney General  
Counsel for the Public  
Department of Justice  
33 Capitol Street  
Concord, New Hampshire 03301-6397

Re: Inquiry

Dear Peter:

In answer to your inquiry dated March 20, 2017, the Transmission Service Agreement ("TSA")<sup>1</sup> that is included with Northern Pass Transmission LLC's ("NPT") application before the Site Evaluation Committee ("SEC") remains in full force and effect. In fact the fundamental financial structure of the Northern Pass Transmission Project ("Project") has not changed since NPT filed its SEC application.<sup>2</sup>

The TSA has not changed substantively since it was approved by FERC in 2010. As is often the case with a contractual arrangement, the passage of time and evolution of circumstance sometimes call for a minor adjustment to one or more of its terms. That was the case recently as February 14, 2017, the TSA's "Approval Deadline", drew near, and, as specifically permitted by the terms of the TSA, the parties agreed to extend the Approval Deadline until December 31, 2020.<sup>3</sup> A copy of the written agreement extending the date was provided to you by email on March 22, 2017, and is included as an exhibit to Michael Auseré's Supplemental Testimony (filed March 24, 2017). The agreement to extend the Approval Deadline also confirms Hydro-Québec's continued commitment to the Project.

As further noted in William Quinlan's Supplemental Testimony (filed on March 24, 2017), NPT and Hydro-Québec have indicated an intent to participate in the upcoming Massachusetts clean energy solicitation. As was contemplated for last year's Tri State Clean Energy RFP, the parties will amend or augment the TSA, as appropriate, based on the outcome of the Massachusetts solicitation.

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<sup>1</sup> Included as Appendix 16 to the application for a Certificate of Site and Facility filed with the Site Evaluation Committee by Northern Pass Transmission LLC ("NPT") and Public Service Company of New Hampshire d/b/a Eversource Energy, is the Transmission Service Agreement by and between NPT and Hydro Renewable Energy dated October 4, 2010, as amended and as accepted by the Federal Energy Regulatory Commission on January 13, 2014.

<sup>2</sup> See attached letter to Senator Jeanne Shaheen, dated March 17, 2017, from Leon J. Olivier, President of Northern Pass Transmission LLC, confirming the status of the TSA.

<sup>3</sup> Until the parties agreed to extend the date, Section 1.1 of the TSA provided that the "Approval Deadline means February 14, 2017, or such other date to which the Parties shall mutually agree in writing."



March 28, 2017

Page - 2 -

The additional questions you raise have been addressed in the Supplemental Testimony submitted by NPT on March 24, 2017. To the extent you have further questions about these issues, you will be free to inquire about them during cross examination when the hearings commence in April.

However, as noted above, the fundamental financial structure of the Project has not changed, and you, as Counsel for the Public, are in no different a position today vis-à-vis the TSA than you were at the time the application was filed. No doubt you will find all of the relevant information needed to address any concerns you may have in the testimony and other evidence filed with the SEC during this final phase of the siting process.

Sincerely,

A handwritten signature in cursive script, appearing to read "Marvin P. Bellis".

Marvin P. Bellis  
Senior Counsel

Enclosure: Letter to the Honorable Jeanne Shaheen



56 Prospect Street  
Hartford, CT 06103

**Leon J. Olivier**  
Executive Vice President  
Enterprise Energy Strategy &  
Business Development

March 17, 2017

The Honorable Jeanne Shaheen  
United States Senate  
506 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Shaheen:

It has come to my attention that you are in receipt of a letter dated March 14, 2017 from Mr. Will Abbott of the Society for Protection of New Hampshire's Forests ("SPNHF") falsely alleging that the Transmission Services Agreement ("TSA") between Northern Pass Transmission, LLC ("NPT") and H.Q. Hydro Renewable Energy, Inc. ("HQ") has expired. In his letter, Mr. Abbott asks that you coordinate "an inquiry by the New Hampshire Congressional delegation to the Federal Energy Regulatory Commission (FERC) asking FERC to explain the status of the TSA between HQ and NPT." As described below, such an inquiry is completely unnecessary, as the FERC approved TSA remains in full force and effect.

The term of the TSA, which specifies the respective rights and obligations of the parties, including terms for recovery of costs, began on the original execution date of October 4, 2010 and continues 40 years from the time the Northern Pass transmission line begins commercial operation, unless it is earlier terminated. SPNHF wrongly claims that the TSA expired on February 14, 2017 ("Approval Deadline"). However, as expressly provided in the TSA, that date could be extended by mutual agreement of the parties. The Approval Deadline was, in fact, extended earlier this year by written agreement between NPT and HQ. Accordingly, the extension of the Approval Deadline was fully consistent with the terms and conditions of the already approved TSA.


NPT's ability to finance, construct and operate the proposed Northern Pass project is currently under review by the New Hampshire Site Evaluation Committee. The TSA was part of the Application submitted in October of 2015 and the testimony of NPT officers has not only addressed the TSA's cost recovery provisions but has unequivocally stated that New Hampshire customers will not bear any costs associated with construction of the Northern Pass transmission line. The evidence to be presented during the final adjudicative hearings, set to begin in early April, will bear this out.

Page 2  
The Honorable Jeanne Shaheen  
March 17, 2017

As you are aware, recognizing the large and growing demand for clean energy in the region, several New England states have recently been seeking long-term contracts for clean energy resources. The next significant opportunity will occur this spring when Massachusetts will seek proposals for large quantities of clean energy that can be delivered to customers in the Commonwealth. Through this solicitation process, successful projects will receive contracts with Massachusetts utilities. If the Northern Pass project is selected in the MA RFP, the TSA will be modified and/or complemented by one or more other agreements at that time. In any event, under no circumstances would any such agreements impose cost obligations on New Hampshire customers.

I hope that this explanation fully addresses any questions that you may have concerning SPNHF's erroneous claims. If you wish to discuss this matter further, please feel free to contact me or Bill Quinlan at any time.

Sincerely,



Leon J. Olivier  
President - Northern Pass Transmission, LLC

cc. Mr. William J. Quinlan  
Ms. Donna Gamache  
Mr. Todd Lavin