



TESTIMONY OF TDI New England

Submitted by
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CEO

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Chairman Golden and Downing and Members of the Telecommunications, Utilities and Energy Committee:

My name is Donald Jessome and I am the CEO of TDI New England, a Northeast energy infrastructure development firm. I greatly appreciate the opportunity to provide comments today.

TDI New England is a private transmission development company focusing on connecting clean energy resources with congested load centers through the use of merchant buried High Voltage Direct Current Transmission technology.

Introduction:

- Thank you for holding the hearing and allowing me to provide some short testimony.
- Our company's Northeast business plan is quite straightforward. We utilize buried, high voltage DC power transmission technology to transport clean power from Canada to the northeast energy markets. As a merchant project, we absorb all the development and construction risk and earn revenue by charging a "toll" to our customers for the use of our line.
- We have a project under development in Vermont called the New England Clean Power Link. The New England Clean Power Link is a 1,000 MW all buried, transmission line that will extend approximately 150 miles from the Canadian Border, down Lake Champlain and along existing rights-of-ways to a substation in southeast VT where it will connect to the ISO-NE backbone transmission system. This project was proposed two years ago and is expected to receive all of the major state and federal permits required for construction by the end of this year including a Presidential Permit, Army Corps and State 248 siting. Through our development activities we now have settlement agreements with key state agencies and utilities, towns that we will traverse, a regional environmental organization and the state highway department for the entire overland route. The Project has and continues to receive strong support in Vermont and if approved, Vermont is ready to host this new infrastructure, which will both benefit Vermont and all of New England.

- *With our permits in hand by the end of 2015 we will be in a unique position to start construction by mid-2016 with an in-service date of mid-2019, well aligned with the goals of the 2020 emission reduction targets under the GWSA.*
- Massachusetts is a national and global leader in the development of the clean energy sector and in the fight against climate change, and this is due to the fact that the MA House and Senate and the Baker Administration, as well as stakeholders and citizens have been willing to support bold, forward-thinking energy policies like the bills in front of us today.
- *I am here today to state that TDI New England strongly supports the common elements of all of the bills currently before this committee that are aimed at connecting, through new transmission infrastructure, abundant clean energy resources in Canada with the Commonwealth including S1965 (Baker), H2861 (Cusack), S1757 (Downing) and H2881 (Haddad).*

Why this legislation now

- These bills are a natural policy progression for the Commonwealth and their drafting was greatly aided by the successes of and lessons learned from the Green Communities Act. In addition, these bills will enable and accelerate the import of hydro power into MA – a resource that has a long and proven history within the Commonwealth.
- Experience within MA has shown that by using a competitive RFP process, the private sector will produce very cost-competitive electricity for Massachusetts that is good for the economy and the environment. From my perspective, the more competitive the solicitation the better for the MA ratepayer. Legislation that is open to different forms of business models, such as merchant transmission, will produce the best results for the Commonwealth's ratepayers.
- The proposed bills would give a clear mandate to encourage delivery of new hydropower and Class I Renewables and would put the Commonwealth on a clear path to meeting the goals outlined in the Global Warming Solutions Act. In fact, new hydropower is one of the lowest risk measures the State can pursue to meet its 2020 emission targets. It is a proven resource. As the Commonwealth looks towards meeting its goals of an 80% reduction of GHG emissions by 2050, new hydro and Class I Renewables must play a role. The legislation is key for both the short-term and long-term emission goals particularly as we all continue to read about the potential closure of non-carbon emitting nuclear facilities in the region.
- *Furthermore, hydroelectricity provides very flexible, reliable, base-load power that compliments and will enhance the integration of wind and solar projects. Like wind and solar and unlike fossil-fuel generators, hydro can be stably priced because of its fixed capital costs and extremely low operating costs.*
- It is well documented in studies by NESCOE and ISO-NE that there is a need for additional energy in the Commonwealth to mitigate the recent and expected retirement of 1,000s of MWs of thermal generation and to provide a long-term hedge against Natural Gas prices, which has become the preferred fuel source for new conventional generation. Without legislation such as this, the region is on a path to

- having 60% or more of its electricity dependent on natural gas within the next 10 years.
- ***In order to meet the targets of the GWSA in 2020, legislation before you must be enacted now so that the infrastructure can be put in place to allow the renewable energy to be procured. Without a timely resolution, the badly needed transmission enabler will be delayed until a clear commercial structure, with the assurance of long term off taker agreements, has been secured.***

Benefits of this legislation

- The legislation will provide a transparent, competitive process and will ensure that the most economical electricity is sold to the citizens of Massachusetts at a stable, predictable price for decades. If the electricity is not competitive, than the MA utilities do not need to sign the contracts.
- ***Competition among projects should be robust and will ensure that the most publically accepted and least impactful projects are built. Projects meeting these criteria have the added benefit of typically being the least costly.***
- As an example, our economic analysis indicates that 1,000 MWs of hydroelectric generation in the New England supply mix will reduce wholesale energy prices for electricity by approximately \$1.6 Billion in New England, with over \$0.5B in MA, for the first ten years that the new transmission line is in service. These savings will result in significant job creation, and economic activity, for the Commonwealth.
- The credit-worthiness of the Commonwealth's utilities and the long-term nature of the contracts remove significant price uncertainty that impacts financing of new transmission and generation infrastructure and will result in lower electricity prices for the MA ratepayer.
- ***The long term contractual nature of the legislation will also ensure that during the coldest periods in MA, when the electricity is needed the most, it will be there. Concerns about delivery will be alleviated through contractual obligations to supply as the quid pro quo given the long term nature of the contracts.*** These contracts will enable investment in critical regional transmission infrastructure that will have ancillary reliability benefits for ISO-NE. The long-term nature of the contracts will also ensure delivery of electricity during the critical peak periods in MA.
- ***The legislation will ensure that the enormous emission benefits that will be achieved via this solicitation will flow to Massachusetts for decades to come.***
- Policies of this magnitude should clearly not be adopted lightly, but the economic benefits to both ratepayers and business owners within the Commonwealth, the creation of a price hedge protecting a region increasingly reliant on Natural Gas and challenged with retiring generation, and the accompanying emissions benefits which are critical to meeting statutory goals of slowing climate change should make this legislation a policy initiative that rises to the top of the agenda.

I appreciate the opportunity to testify today and I am happy to take questions.