Verde Transmission Project Frequently Asked Questions

About the Project

What is the Verde Transmission Project?

The Verde Transmission Project (Project) proposes to build approximately 33 miles of 345 kilovolt ("kV") transmission line that will interconnect the existing Public Service Company of New Mexico (PNM) Ojo substation in southern Rio Arriba County to the existing PNM Norton substation in Santa Fe County, New Mexico. The Project is intended to complete a critical transmission loop in the Northern New Mexico transmission system. The Project will strengthen import and export capabilities system-wide, help relieve congestion, strengthen the reliability of the existing electrical system, and improve transmission access for local renewable and other energy sources.

Why is the Verde Transmission Project needed?

Completion of the Project creates economies of scale in New Mexico's backbone transmission system by cost effectively providing up to 600 MW of transmission capacity to the transmission system.

- **To improve reliability** – Improving current capacity constraints, particularly in the Northern New Mexico transmission system, will improve system reliability and decrease reliability risks.
- **To relieve congestion** – Since available electrical transmission capacity in the region is limited, additional capacity will help relieve congestion and help local utilities access the most cost-efficient energy sources.
- **To encourage and sustain growth** – New Mexico, and the Southwest Region, are expected to experience long-term growth, creating an increased demand for power and therefore a greater need for transmission capacity to provide that power.
- **To facilitate renewable energy** – New Mexico is a renewable resource rich state. A major challenge facing renewable energy development is insufficient transmission access. Increasing transmission capacity enables New Mexico to foster renewable energy development.

What are the Verde Transmission Project benefits?

- **Reliable electric grid** – The Verde Transmission Project will contribute to the reliability of the electric system and provide greater flexibility to conduct preventative system maintenance activities.
- **Cost-effective electricity** – Provide the opportunity to develop new generation facilities in areas currently unavailable due to lack of transmission capacity. This could potentially provide access to more cost-competitive generation.
- **Regional economic development** – In addition to temporary construction and supply chain jobs, the Project will create a more robust electric grid necessary for business growth in the region.
- **Renewable energy** – Provide enhancements to the transmission system necessary to develop new renewable energy generation facilities and meet renewable energy requirements. New renewable energy generation will be able to reach nearby markets utilizing the additional capacity provided by this Project.
- **Resource conservation** – The Project will minimize land use conflicts by working with federal, tribal, state and local energy and land use planning efforts and by developing a route along existing infrastructure corridors where possible.
- **Thoughtful, coordinated approach** – The Project Team has worked closely with federal, tribal, state, and local entities since 2010 to ensure that the Project meets local needs and improves the regions' electric system.

What is the anticipated Project timeline?

The permitting and associated public engagement, design, engineering and right-of-way acquisition for this project is anticipated in 2016 through 2017. Construction and project in-service date is anticipated sometime in 2018 and 2019.

What is the capacity of the Verde transmission Project?

As proposed, the Project would increase the amount of electricity that can be transferred in and out of North-Central New Mexico including Albuquerque, Santa Fe, Espanola, Las Vegas, Taos, and Los Alamos, by approximately 600 MW. The increased capacity created by the Project strengthens the entire New Mexico system.

About the Project Team

Who is developing the Verde Transmission Project?

Verde Transmission L.L.C. is proposing to develop the Verde Transmission Project. Verde Transmission L.L.C. is owned by Hunt Power, L.P.

Hunt Power, L.P. develops and acquires electric transmission and distribution assets—both regulated and unregulated —either through acquisition of existing assets or through new incremental construction projects. Hunt Power is part of a larger privately-owned group of companies, based out of Dallas, Texas, managed by the Ray L. Hunt family that engages in oil and gas exploration, refining, power, real estate, ranching, and private equity investments.

What other groups are involved with the Verde Transmission Project?

- Federal, state and local agencies – various permits may be required by some of these agencies
- Public and private land owners – Team is working closely with the Pueblos of Ohkay Owingeh, Santa Clara and Pojoaque, land grants and private landowners to develop acceptable routing options
- Other Stakeholders
  - Environmental /non-governmental
  - Ranching/farming
  - Business/labor
  - Energy/utilities
  - Customers
  - Citizen groups
  - Recreation
  - Electric Cooperatives

Project Development

How will the Project route alternatives be developed?

The Project's route is guided by an approach to minimize impacts by following existing transmission corridors wherever possible.

This approach includes:

- Working with potentially affected landowners to identify and take into account the preferred location for the Project on their land
- Working with stakeholders to understand and avoid or minimize impacts to sensitive areas on federal and state lands
- Integrating information from existing federal, tribal, state and local governmental energy and land use planning efforts
- Working within or next to existing infrastructure and previously disturbed areas such as transmission lines, roads, etc.
- Developing responsible routes and route alternatives derived from:
  – Industry experience
  – Local utility companies
  – Federal, tribal, state and local agencies
  – Public input

What is the study area and how will it be used?
The Project study area is defined by its major interconnection points—the existing Ojo substation on the north and the existing Norton substation on the south. The study area will be used to develop a reasonable project route and alternatives which will be identified and evaluated during the integrated routing and public engagement process. The Project Team has worked closely with the Tribes to identify the preferred location for the Project on their lands.

How will route alternatives be evaluated?
During the federal, state, and local environmental review processes, the potential project route alternatives within the study area will be evaluated to understand possible impacts to environmental, cultural, and social resources.

What types of environmental and cultural studies will be done to ensure the project protects habitat and culturally sensitive areas?
The Bureau of Land Management (BLM) will lead the environmental review process associated with the National Environmental Policy Act (NEPA). Required studies associated with NEPA will be carried out under the direction of BLM, in close coordination with the Bureau of Indian Affairs (BIA), the tribes, and numerous federal, state, and local agencies. Additionally, the Project Team is also working with many state and local permitting and regulatory agencies to ensure compliance with all state and local requirements to obtain all necessary permits.

How will the public be involved?
The Project Team is committed to effective public engagement. The BLM will conduct public scoping meetings in the project area to solicit input during the federal NEPA environmental review process.

Information about the meetings and the Project will be accessible to the public via the web at http://www.huntpower.com/verdeproject.aspx.

If you have questions for the Project Team, please direct your questions and comments to the Project phone line 1-800-481-0647 or Project email address VerdeProject@huntpower.com.

Project Economics

What is the estimated cost of the Project?
Current cost estimates for the project are approximately $60 - $80 million. These cost estimates are subject to change based on the final project design, regulatory approvals, and routing.

Who will pay for the Project?
Verde Transmission will bear the costs of developing and constructing the Project. Once the Project is brought into service, Verde Transmission will recover the development and construction costs from the various entities that use the line.

Will Verde Transmission be providing retail electric service to residential customers in this region?
No, Verde Transmission is not a retail electric provider and will only be involved in the development and construction of the transmission facilities.

Could this line be constructed underground?
The Project is currently not anticipated to be constructed underground. Transmission lines are rarely constructed underground, largely due to significant environmental disturbance associated with its installation, the additional time involved for repairs, and considerably higher installation and repair costs.

FOR MORE INFORMATION

http://www.huntpower.com/verdeproject.aspx

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