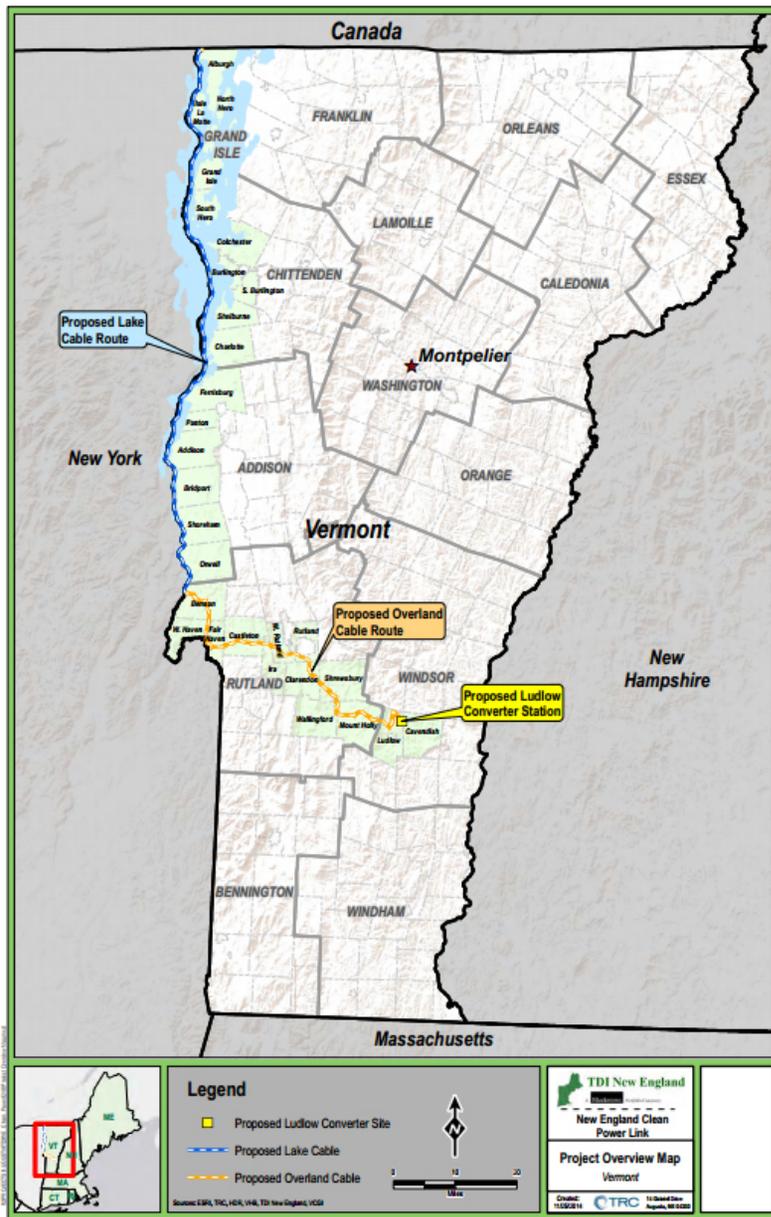


TDI permit application & VELCO agreement with TDI

VSPC Quarterly Meeting
January 28, 2015



New England Clean Power Link

Proposed 1,000 MW High Voltage direct current (HVdc) underwater and underground transmission cable

Project proposes to run two six-inch-wide cables an estimated 150 miles, all in Vermont. Approximately 100 miles are proposed to be buried under Lake Champlain and the balance buried underground in existing rights-of-way. The line will end at a converter station to be built at a location in Ludlow, Vermont and connect into the VELCO transmission grid to serve Vermont and the broader New England market.

The \$1.2 billion merchant line will be privately financed and will not use taxpayer dollars. The developers of the Clean Power Link are also developing the Champlain Hudson Power Express project.

Petition for a Certificate of Public Good was filed with the Vermont Public Service Board on December 8, 2014.

Source: TDI permit application posted at <http://necplink.com>

VELCO agreement with TDI

Proposed line would connect to grid at VELCO's Coolidge substation.

If completed, VELCO would receive annual payments at an initial rate of \$2.5M/year escalating 1.5% for 40-year project life for \$136M total in reduced transmission costs that would otherwise be paid by VT electric customers.

VELCO believes this agreement secures substantial risk-adjusted value for Vermont electric customers. VELCO's ownership and tariffs are designed to achieve cooperative objectives through a for-profit corporate structure, and this agreement leverages VELCO's ability to serve as the single, most cost-effective mechanism for efficiently delivering the greatest economic benefit to every ratepayer in the state.

Other features of the agreement

- Maintains VELCO's independence in evaluating project's technical merits and grid impacts.
- Does not obligate VELCO to support project in regulatory processes or public forums.
- Is non-exclusive. VELCO can enter into agreements with other transmission developers.
- Provides that VELCO's costs of developing and administering agreement will be paid for by TDI-NE.
- Further establishes a preference for VELCO to provide operation and maintenance services for new facility if constructed.