

TRANSMISSION INFRASTRUCTURE PROGRAM

DOE Tribal Energy Summit 2015
SECRETARY OF ENERGY'S FINANCING ROUNDTABLE

Tracey A. LeBeau
Senior Vice President &
Transmission Infrastructure Program Manager

Program Description

SCOPE & CRITERIA OF BORROWING AUTHORITY

SCOPE

New or upgraded existing transmission and related facilities.

CRITERIA

Projects which deliver or facilitate the delivery of renewable energy resources

Projects with at least one terminus (geographical point) in Western's service territory

Projects which demonstrate a reasonable expectation of repayment

Projects which do not adversely impact system reliability or operations

Projects that serve the public interest

Western's Loan Authority

- \$3.25 billion permanent authority (revolving)
- Goal: Attract investment in infrastructure & address market needs
- Commercial underwriting standards

TIP Portfolio Management Fundamentals

- Reflective of Market Need(s)
- Ensure Funds Revolve

Recent Representative Financings



Montana– Alberta Tie-Line

Construction of a 219-mile, 230 kilovolt transmission line from Great Falls, Montana to Lethbridge, Alberta to facilitate delivery of Nature's Rim Rock wind project. Repaid in full.

**\$162M Construction
Loan Facility**



Electric District 5 to Palo Verde Hub

Major capex project by Desert South Region of Western to upgrade material segments and expand capacity of 109-mile transmission line that connects a renewable-rich zone south of Phoenix in Maricopa County, Ariz., with the Palo Verde market hub.

**\$191M Construction
& Term Loan Facility**



TransWest Express Transmission Line

Development of project that seeks to provide the transmission infrastructure and 3,000 MW of capacity necessary to Western markets.

**\$25M Development
Assistance Facility**

Representative Projects: To Date

Project Transmission Routes

- Centennial West (CW) - - - -
- Electrical District #5 —
- Montana-Alberta Tie Ltd —
- Southline —
- TransWest Express · · · ·

Western Regions

- Sierra Nevada Region
- Desert Southwest Region
- CRSP Management Center
- Rocky Mountain Region
- Upper Great Plains Region



Infrastructure Investments: Market Drivers & Challenges

Drivers

- Renewable Generation Build-Outs and Investments
- California & State Renewable Purchasing Incentive Policies
- Clean Power Plan
- Generation Support Needs
- Order 1000 Projects
- Transmission Projects Getting Permitted: Merchant and Contracted
- Plenty of Smart \$ Available: Equity & Debt

Challenges or Opportunities

- Connecting Markets and/or Solving Congestion
- Timing Projects/Coordinating in Dynamic Marketplace
- Retirement Plans In Flux
- Storage Solicitations
- ISO Solicitations
- Long Lead Times & Construction and Siting Experience In High Demand
- Complex Timing & Structuring

Western U.S. Snapshot Through 2020: ICF TIP Estimations (2015)

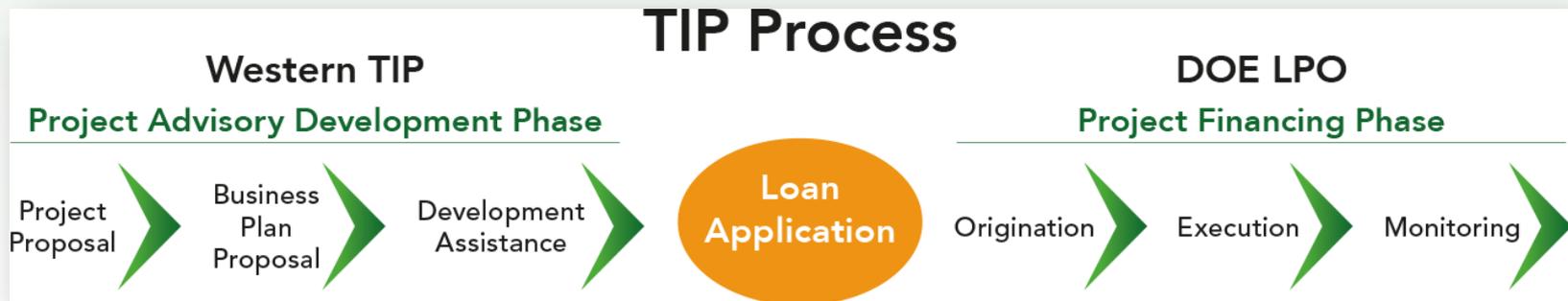
- Current renewable energy standards (pre-CA 50%) likely to drive a need for 5,200-8,000 MW of new, utility-scale renewable capacity in California, Arizona, Nevada and New Mexico from 2015 to 2020
- Environmental initiatives will likely drive regional coal plant retirements from 2015 to 2020.
 - WestConnect subcommittee scenarios suggest this may range between 1,800 and 5,000 MW.
 - Central station renewables may play a role in replacing these retired units.
- For transmission, these retirements may free some long-haul capacity for use by new facilities; however, additional reconfiguration, integration and reliability needs may also arise

- ICF International, July 2015

Program Process: Summary

- **Goal:** Provide Project Development Assistance → Finance/Loan
- **Value Proposition:** Early assistance to support stronger, bankable project fundamentals
- **Development Assistance** is available to projects articulating an interest for eventual loan on a cost-based basis

<https://www.wapa.gov/transmission/TIP/Pages/tip.aspx>



Until the projects' commercial agreements are present, there is no guarantee when the proponents will apply for a loan or successfully pass underwriting