



# **Competitive Transmission Update**

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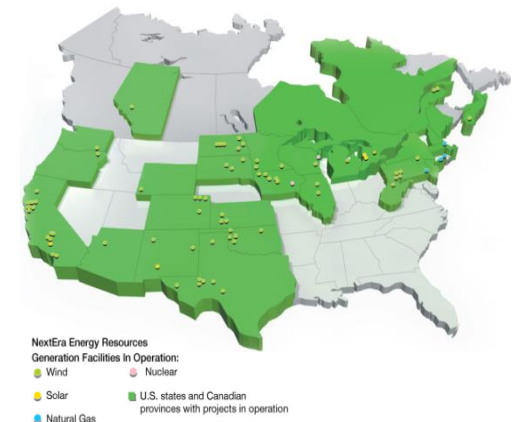
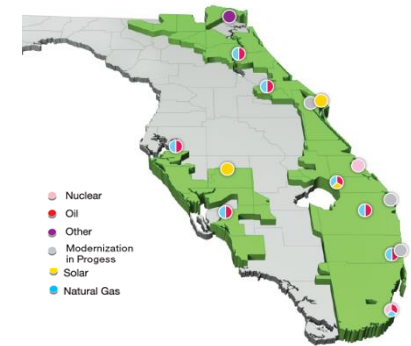
**New Hampshire Transmission**

**October 26, 2015**

# NextEra Energy is a leading clean energy company, helping to effect America's clean energy transformation

## NextEra Energy

- **Second largest power company in the U.S by market cap**
- **Three principal businesses:**
  - Florida Power & Light
    - Integrated utility serving 4.8 MM customers in Florida
  - NextEra Energy Resources
    - North America's largest producer of renewable energy from the wind and sun
  - NextEra Energy Transmission
- **13,800 employees, 27 U.S. states and Canada**
- **Fortune 200 company, \$65 billion in total assets, A- credit rating (S&P)**



# NextEra Energy Transmission leverages this expertise to effectively compete in competitive solicitations

## NextEra Energy Transmission

- **NextEra is trusted and reliable partner**
  - We can draw on a wealth of experience and a track record to deliver on complex projects
- **We don't just say we are “on time and on budget,” but we often bid projects with cost containment**
  - First in some markets to do so...including New England
- **Leveraging extensive experience in driving costs down and transmission building**
  - Same engineering and construction team that has built North America's largest fleet of wind and solar under competitively bid contracts
- **Once in operation, we bring best-in-class asset management and operations experience**

# Most markets have commenced or already completed a competitive solicitation for transmission solutions

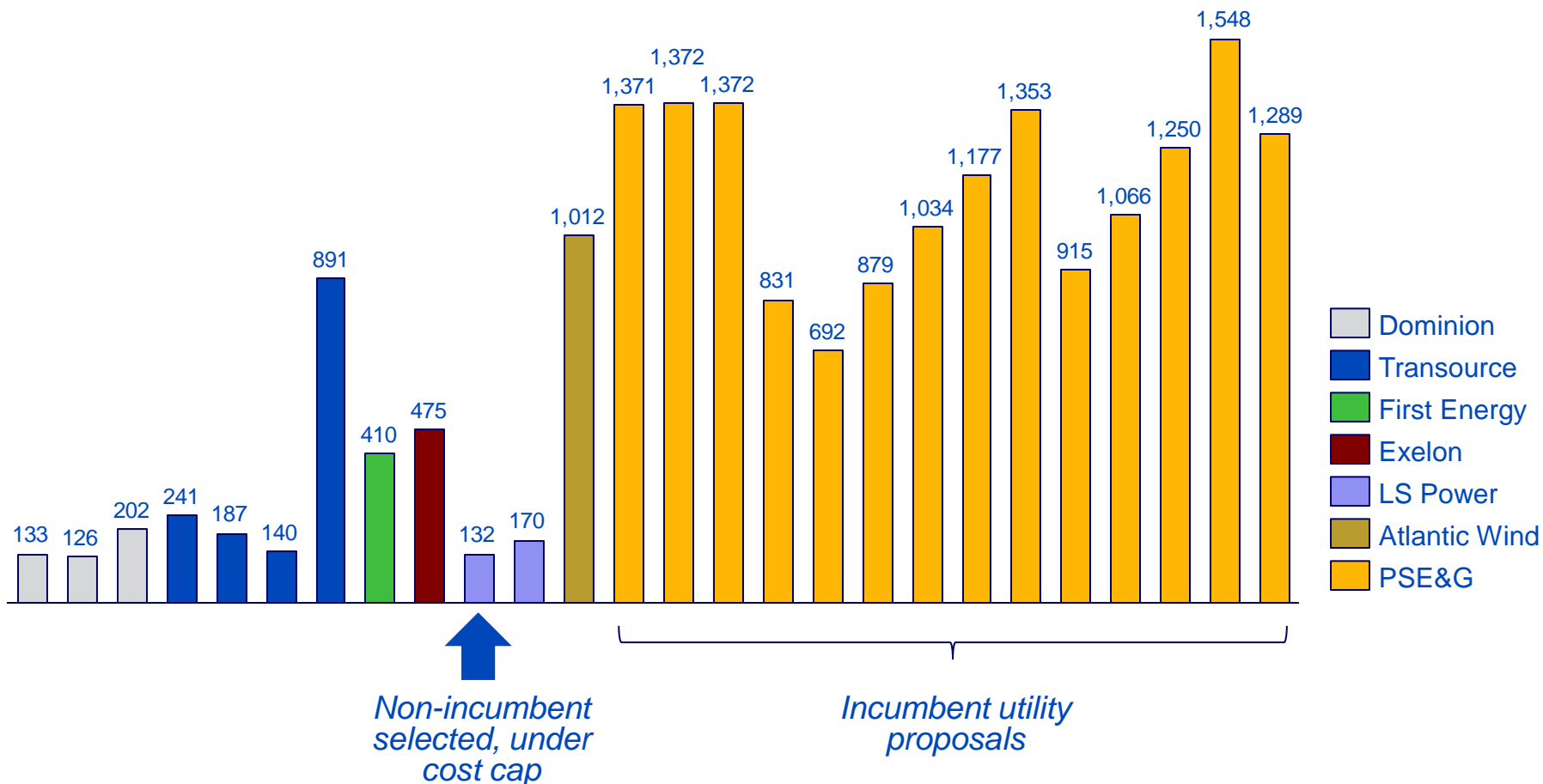
## Competitive Solicitations – to date

Region	# of competitive solicitations complete	# solicitations underway	Examples	# Non-incumbent wins (of completed solicitations)
CAISO	9	1	Delaney Colorado River, Harry Allen Eldorado	3
ERCOT	13	-	CREZ projects	6
PJM	6	2	Artificial Island, RTEP 1	1
NYISO	-	2	Energy Highway, Western NY	<i>Underway</i>
SPP	-	1	Walkemeyer-North Liberal	<i>Underway</i>
MISO	-	1	Duff-Rockport-Coleman	<i>Underway</i>
AESO (Alberta)	1	1	Fort McMurray West	-
IESO (Ontario)	1	-	East-West Tie	1
ISO-NE	-	-	N/A	N/A

Note: NextEra Energy Transmission affiliates have been awarded 2 out of the 3 non-incumbent awards in CAISO and the 1 project in IESO.

# Vignette 1: PJM received a wide variety of proposals for Artificial Island...all addressing the same reliability need

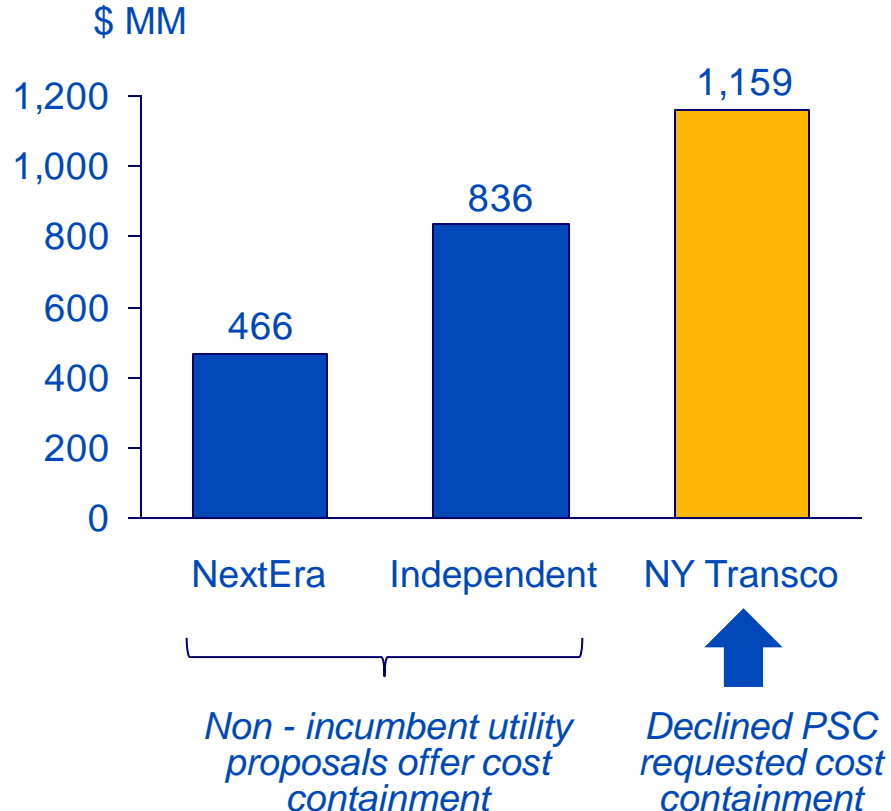
## Artificial Island Project Proposals (PJM, 2014)



# Vignette 2: NEET's Energy Highway Project demonstrates how competition highlights large cost differentials between similar proposals

## New York Energy Highway (2015)

### Marcy/Edic – Pleasant Valley 130 miles, 345 kV line

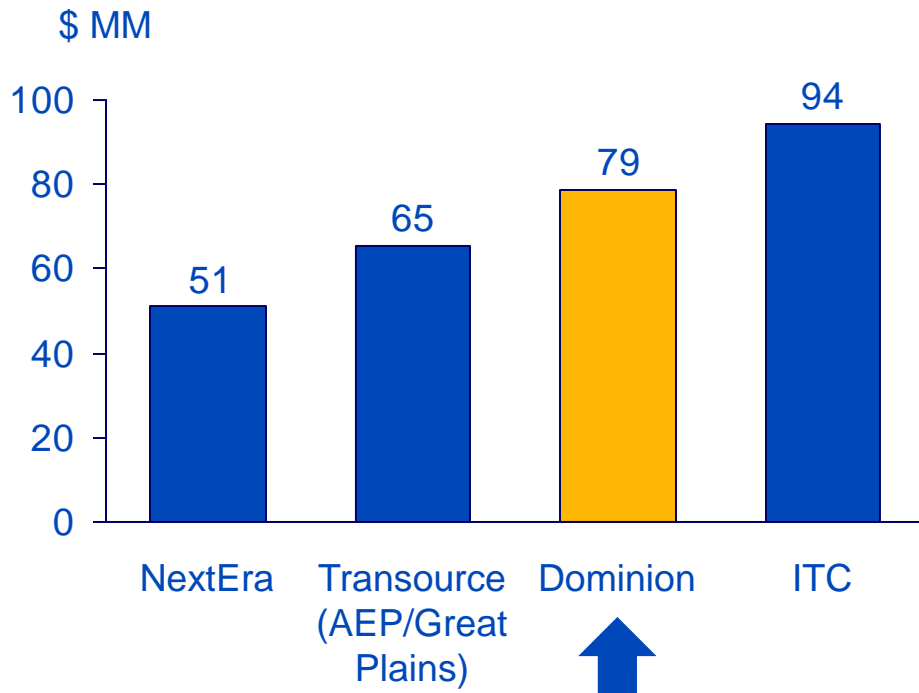


- PSC solicited firm bids for a generally defined solution
- Bidders offered a range of projects; for comparable projects, NextEra Energy is clearly the most cost competitive
- Incumbent utilities under “NY Transco” declined to provide a firm bid
- NextEra proposed project for a fraction of the cost and accepted risk sharing

# Vignette 3: PJM's annual RTEP process demonstrates the value of competition even after several rounds of solicitations

## PJM – RTEP Window #1 (2015)

### Carson – Rawlings 22 mile, 500 kV line



*Incumbent utility – has not offered cost containment in past solicitations*

- All bidders have participated in previous rounds of PJM solicitations
- NextEra, potentially others, offered cost containment
- Project designs are all very similar making this a true apples-to-apples comparison
- Demonstrates cost differentials even amongst major utilities

# Although it is still early days of competitive transmission, there are some emerging insights to be learned

## Key Takeaways

- **Competition is highlighting that not all entities build the same thing for the same price**
  - Like any industry, there can be wide disparities due to competitive advantages
- **Cost containment is quickly becoming a differentiator that aids RTOs in selecting the most cost-effective projects**
- **Relatively few competitive opportunities exist today**
  - We estimate roughly 5% of transmission spend has been done under competitive solicitations in the past several years across the U.S.
- **Finally, there are many lessons learned from the early adopters of competitive solicitations**
  - We should continue to refine the process based on these lessons learned and expand the scope of what is competitively bid out