



FEDERAL ENERGY REGULATORY COMMISSION

NEWS

February 19, 2009

Docket Nos. ER09-432-000, ER09-433-000

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FERC Signals New Flexibility in OK of Rates for Renewable Energy Transmission Projects

The Federal Energy Regulatory Commission (FERC) today approved rates for two innovative transmission projects that will deliver wind-generated electricity from Montana and Wyoming to consumers in Nevada and other Southwestern states.

Approval of the rates for Chinook Power Transmission, LLC (Chinook) and Zephyr Power Transmission, LLC (Zephyr) for their 1,000-mile projects from wind farms in the Northern Rocky Mountains to a point near Las Vegas, Nev., marks a new flexibility in FERC policy directed at merchant transmission projects.

Merchant project developers assume all market risk, with no set pool of customers from which they may recoup project costs. FERC's new policy will allow Chinook and Zephyr to use an "anchor" customer model, in which each developer contracted with a wind generation company for half of the capacity on its line.

"Consumers will benefit from this type of pioneering thinking, because it will expand our transmission grid's capacity to enhance development of our nation's renewable energy potential," FERC Acting Chairman Jon Wellinghoff said.

Chinook plans to build a 1,000-mile, 500 kV high voltage direct current transmission line from Harlowtown, Mont., to a point south of Las Vegas, while Zephyr has proposed a 1,100-mile, 500 kV high voltage direct current transmission line from Medicine Bow, Wyo., to a point south of Las Vegas. Both lines are expected to be in service by 2014 and will run parallel over significant portions of their routes. Chinook and Zephyr are wholly owned subsidiaries of Northern Lights, Inc., itself a wholly owned, indirect subsidiary of TransCanada Corporation.

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R-09-10

