



February 28, 2012

Dr. Jerry Pell, CCM
Principal NEPA Document Manager
Permitting, Siting, and Analysis (OE-20)
Office of Electricity Delivery and Energy Reliability
U.S. Department of Energy
1000 Independence Avenue SW
Washington, D.C. 20585-0001

**Subject: Champlain Hudson Power Express Project
Submittal of Amendment Application**

Dear Dr. Pell:

On January 25, 2010, Transmission Developers, Inc. ("TDI") submitted on behalf of Champlain Hudson Power Express, Inc. ("CHPEI") an application to the U.S. Department of Energy ("DOE") for a Presidential Permit ("Application") in connection with the Champlain Hudson Power Express project ("Project"). The Application proposed to connect clean sources of power generation with load centers in and around New York City via underwater and underground, high-voltage direct current ("HVDC") transmission cables.

Since our submittal of the Application, we have supplemented the original submission on two occasions:

- On August 6, 2010, we advised you that the Project was being reconfigured so as to eliminate the proposed leg extending into Connecticut, and
- On July 7, 2011, we further advised you of the conditional concurrence determination made with respect to the Project by the New York State Department of State ("NYSDOS").

As you know, much of our effort in recent months has been directed towards the settlement of the issues raised in the context of the processing by the New York State Department of Public Service ("DPS")¹ of our application for a Certificate of Environmental Compatibility and Public Need pursuant to Article VII of the New York Public Service Law (the "Article VII

¹ The New York State Department of Public Service is governed by a tribunal, the Public Service Commission, headed by a chairman who serves as Chief Executive Officer of the Department. By statute, the Commission can consist of five or seven members.

Proceeding”). Our application was deemed complete by DPS in August of 2010, and the parties to the Article VII proceeding have been engaged in confidential settlement negotiations since November of that year.

I write today to advise you that a Joint Proposal of Settlement (“JP”) was filed in the Article VII Proceeding on Friday, February 24, 2012 and to provide you with a complete copy of all of the documents and supporting materials making up the JP. We respectfully offer this as a comprehensive supplement and amendment to our Application, superseding prior filings in all cases of conflict or obsolescence. We also wish to advise you that a comprehensive supplement and amendment to our application for permits to be issued by the U.S. Army Corps of Engineers will be filed with that agency before the end of the week, i.e., by March 2, 2012. We will be glad to share this with you when it becomes available.

The parties to the JP consist of CHPEI and its wholly-owned subsidiary, CHPE Properties, Inc.; DPS Staff, NYSDOS, the New York State Department of Environmental Conservation (“NYSDEC”), the New York State Department of Transportation (“NYSDOT”), the Adirondack Park Agency (“APA”), the New York State Department of Agriculture and Markets, Riverkeeper, Inc. (“Riverkeeper”), Scenic Hudson, Inc. (“Scenic Hudson”), the City of Yonkers, the New York State Council of Trout Unlimited (“Trout Unlimited”), the City of New York (“CNY”), the New York State Office of Parks, Recreation and Historic Preservation and the Palisades Interstate Park Commission (collectively referred to as “the Signatory Parties”).

As the JP and supporting materials confirm, the Project will deliver 1,000 MW of low-cost electricity from the Province of Quebec to New York City. The interconnection point in Quebec will be at the Hertel substation south of Montreal. This additional source of electric power supply will reduce emissions of sulfur dioxide, oxides of nitrogen, and carbon dioxide, while also providing lower cost electricity to New York City. Because the electricity supplied by the Project will come primarily from hydroelectric facilities along with some other generating sources, including wind, the Project will not create a significant increase in air pollution in any other location and will not raise wholesale electricity prices elsewhere in New York State.

The Project has been sited with the goal of minimizing adverse environmental impacts. The two transmission cables (with a fibre optic component) comprising the Project will be installed entirely underground or under water, except for the converter station, certain minor Project components, such as bridge attachments, and potential cooling apparatus.² Construction operations will be conducted in a manner that will minimize impacts on both aquatic and terrestrial habitats and, in addition, TDI will fund the Hudson River and Lake Champlain Habitat Enrichment, Restoration, and Research/Habitat Improvement Project Trust (“Trust”) to study and mitigate any possible impacts of the Project’s underwater cables on habitat in the Hudson River Estuary, the Harlem and East Rivers, Lake Champlain, and their tributaries. Existing and proposed land uses have been accommodated in Project location and design. Scheduling and construction controls will be applied to minimize disruption to residential areas along the upland route.

² Where Horizontal Directional Drilling is used to install the cables in soils of poor thermal conductivity, it may be necessary to install supplemental cooling facilities to protect the cable. These facilities will involve the construction of certain minor above-ground structures.

1. Overview of the Documents Comprising the JP

Included as part of the JP is a DVD containing the following supporting materials:

- Appendix A:** List of Testimony and Exhibits to be admitted into evidence before the Administrative Law Judges (enclosed within the JP)
- Appendix B:** Description of the Facilities and Maps
- Appendix C:** Proposed Certificate Conditions and Monitoring Reports
- Appendix D:** Water Quality Certification
- Appendix E:** Environmental Management & Construction Plan Guidelines
- Appendix F:** Best Management Practices

In addition, the Signatory Parties have submitted 125 additional exhibits to the NYPSC, including a number of reports and discovery responses. All of these appear on the enclosed DVD.

2. Summary of the Major Provisions of the JP

In the Application, as previously amended to eliminate the extension of the Project into Connecticut, TDI proposed to construct a HVDC transmission line from New York's border with Canada near the Village of Rouses Point to a converter station located in Yonkers, New York, and two HVAC cable circuits from Yonkers to interconnect with the Sherman Creek Substation owned by the Consolidated Edison Company of New York, Inc. ("Con Edison") in New York, New York. This routing called for the locating of an HVDC-HVAC converter station in the City of Yonkers, New York. As a result of the settlement negotiations in this proceeding, there have been a number of changes to this proposed route:

a. Changes to the Route of the Project

The principal changes in the routing are as follows: The Project would still begin at the international border between the United States and Canada and would continue south within Lake Champlain. However, instead of exiting Lake Champlain at the Village of Whitehall, New York, ("Whitehall") as originally proposed, the Project would now exit Lake Champlain in the Town of Dresden and run underground along New York State Route 22 to Whitehall.

From Whitehall, the Project would follow the original route along the rights-of-way of the Canadian Pacific Railway ("CP") and CSX Transportation ("CSX") in Albany County, New York, with certain minor deviations to accommodate bridges, roadways, and other engineering and natural resource constraints. As originally proposed, the Project would have entered the Hudson River in the Town of Coeymans, New York ("Coeymans"). Now, as described in the JP, the Project would remain underground within the CSX right-of-way south of Coeymans parallel to the Hudson River to the Town of Catskill north of the hamlet of Cementon, where the Project would transition underground from the CSX right-of-way to the bed of the Hudson River. The Project would then exit the Hudson River at the Town of Stony Point in Rockland County, New

York to allow for a 7.7 mile bypass of Haverstraw Bay primarily following CSX right-of-way, reentering the Hudson River in the Town of Clarkstown.

In Clarkstown, the Project again would transition underground to the bed of the Hudson River, and would then continue south in the Hudson River to Spuyten Duyvill, where it would be buried in the Harlem River for 6.58 miles before transitioning from the bed of the Hudson River upland and crossing CSX right-of-way in the borough of the Bronx. The Project would then be buried in NYSDOT lands, crossing beneath the Robert F. Kennedy Bridge, and the Hell Gate railroad bridge. It would then transition underground from land to the bed of the East River and cross beneath the East River to terminate at an HVDC-to-HVAC voltage source converter station in Astoria, Queens, New York. The converter station would be connected at 345 kV to NYPA's newly constructed substation, known as the Astoria Annex. The shift in the location of the converter station from Yonkers to Astoria has a number of advantages, among which is the elimination of the need for any HVAC cable circuits in the Hudson, Harlem, or East Rivers.

b. The Astoria-Rainey Cable

In the Article VII negotiations, concerns were raised about the Project's potential to effectively "bottle" the new 500 MW combined cycle generating unit already connected at the Astoria Annex. In order to resolve this concern, the JP contemplates the construction of a new approximately three- (3) mile long HVAC cable circuit that would connect the Astoria Annex to Con Edison's Rainey Substation in Astoria, Queens. This new cable circuit would be installed under the streets of Astoria. TDI also would pursue a Special Protection System ("SPS") which is subject to approval by the New York Independent System Operator, Inc. ("NYISO") and certain other authorities. If TDI receives approval for the SPS, this new circuit would permit at least 1550 MW of electricity to be delivered into Con Edison's 345 kV transmission system. The impacts of the Astoria-Rainey cable are assessed in the Environmental Report that is an exhibit to the JP and is included in the enclosed JP.

In the event that the approvals required for implementation of a SPS or other equivalent operational measures cannot be obtained, TDI has agreed to pursue other upgrades to achieve this energy deliverability threshold on a cost-effective basis. A proposed JP certificate condition precludes commencement of construction of the Project until TDI demonstrates that the Project achieves this level of energy deliverability or has obtained Commission approval for some lesser level of energy deliverability.

c. The Hudson River and Lake Champlain Habitat Enrichment, Restoration, and, Research/Habitat Improvement Project Trust

As previously noted, the JP also provides for the establishment of the Trust. TDI would provide the Trust with \$117.15 million in funding. An initial payment of \$2.5 million would establish the Trust at the Project's financial closing and annual scheduled payments would be made thereafter over a 35 year period beginning with the commercial operation date of the Project. These funds would be managed by the Trust's Governance Committee, which would include TDI, DPS Staff, NYSDEC, NYSDOS, CNY, APA, Trout Unlimited, Scenic Hudson, and Riverkeeper, all of whom are Signatory Parties to the JP, under a governance process set out in

detail in the proposed Certificate Conditions. These Certificate Conditions also establish a list of "Priority Projects" agreed to by the Signatory Parties.

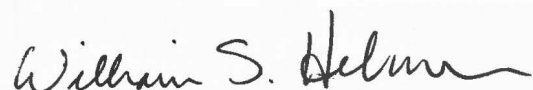
d. Other Major Provisions of the JP

In addition to the changes in the location and configuration of the Project, the JP also imposes a number of other obligations on TDI. These obligations include limitations on construction periods in both Lake Champlain and the Hudson River and the establishment of certain "Exclusion Areas" within the Hudson River where construction may occur only as agreed to by NYSDEC or as determined by the New York State Public Service Commission.

The JP also establishes detailed requirements governing consultation with utilities and other owners or operators of collocated infrastructure prior to any entry onto land to prepare for or begin construction of the Project; detailed requirements for the provision of draft versions of TDI's EM&CP to owners or operators of collocated infrastructure six months prior to formal filing; and, detailed provisions governing the reimbursement of costs incurred by the owners or operators of such collocated infrastructure in reviewing, studying, and supervising TDI construction plans.

As you review the JP, please advise us as to what, if anything, needs to be added to the administrative record pending before your agency at this time. TDI is also open to a meeting to review the material more fully with your staff at your convenience. We will respond to all identified needs in a timely and sufficient manner. We note that the DPS staff has indicated that it will recommend the holding of five additional public hearings in the Article VII proceeding to ensure that the public residing in the vicinity of the newly-announced upland portions of the Project Route, including Astoria, have the opportunity to review and comment on the Project as currently proposed.

Very Truly Yours,



William S. Helmer

cc: Brian Mills DOE
Naomi Handell ACOE
Jay T. Ryan, Esq.
Sean Murphy, Ph.D.