

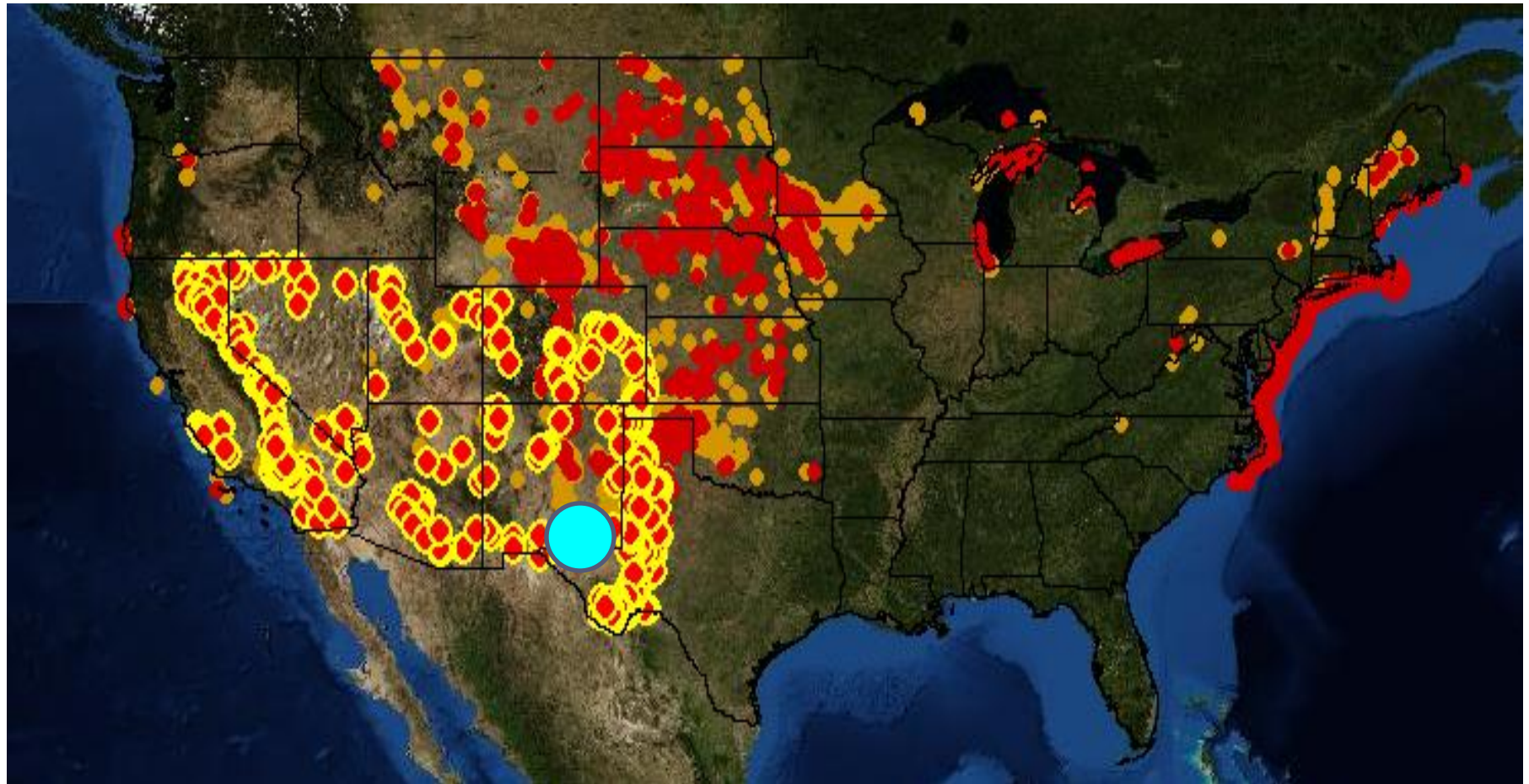
TRESAMIGAS LLC
UNITING THE NATION'S ELECTRIC POWER GRID

THE TRES AMIGAS SUPERSTATION

NMFA OC Meeting

August 27, 2013

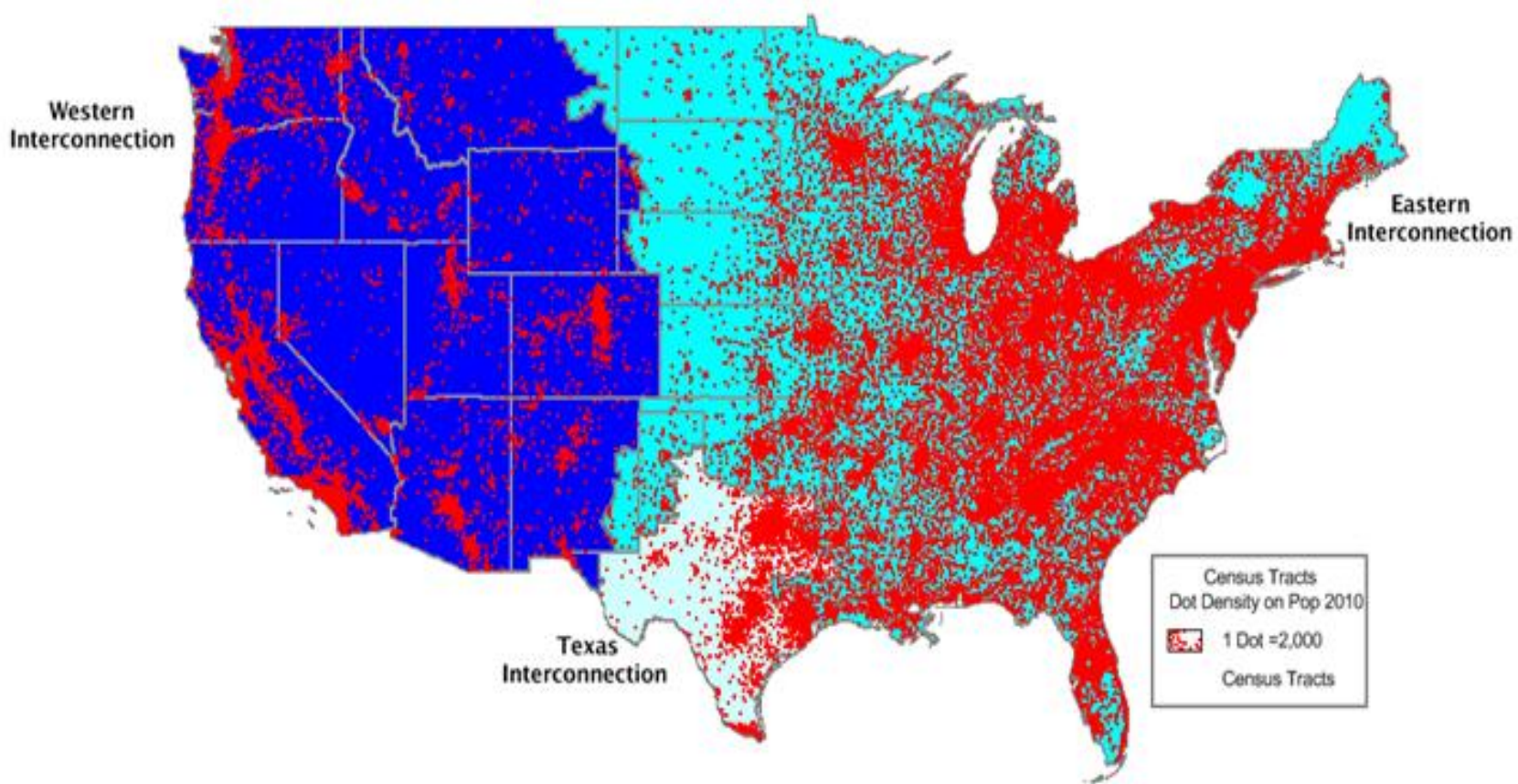
The Location: Regional Renewable Resource Potential





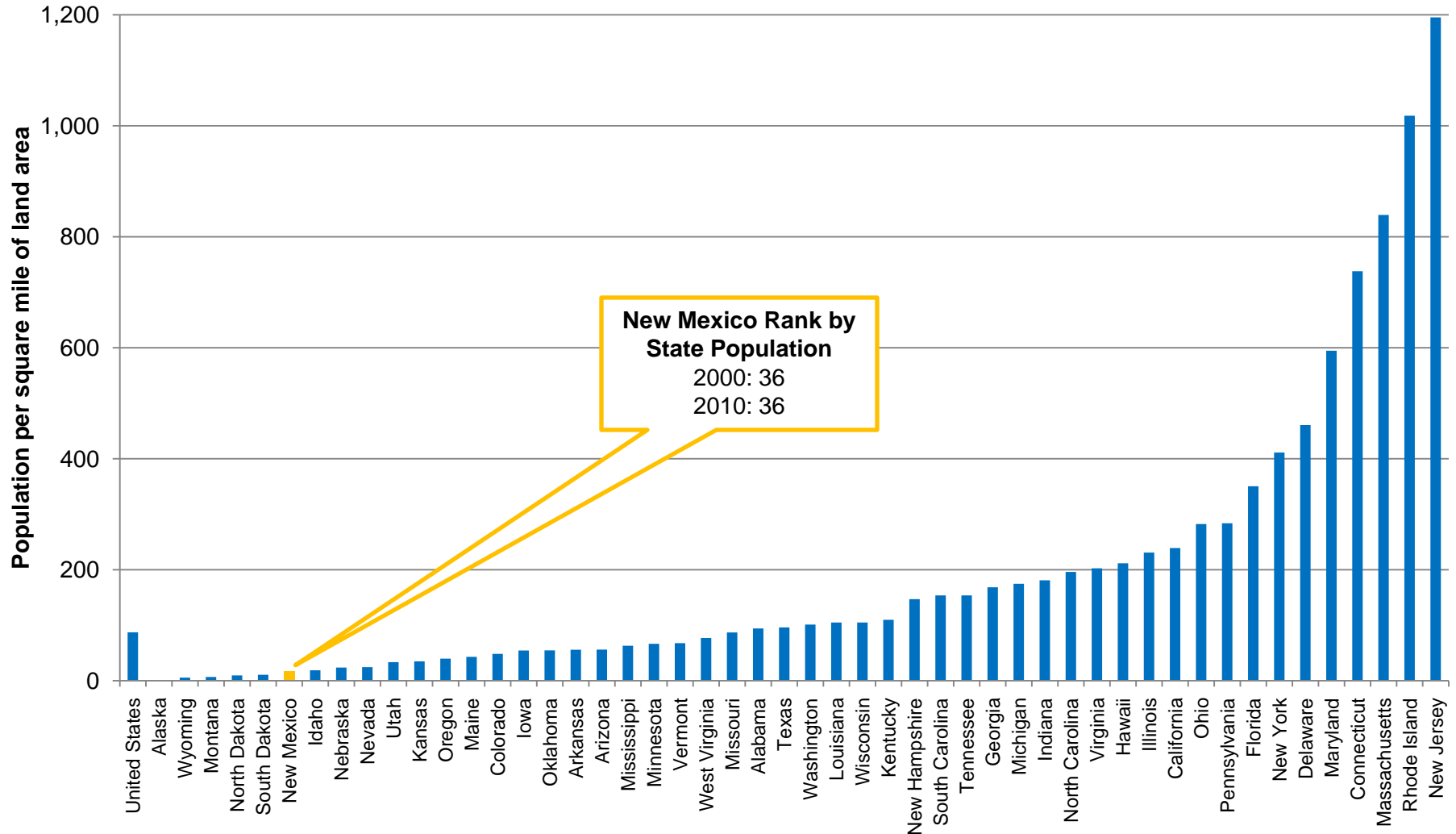
US Population Map

Three Electrical Grids with 2010 Census Population Density (1 Dot = 2,000)



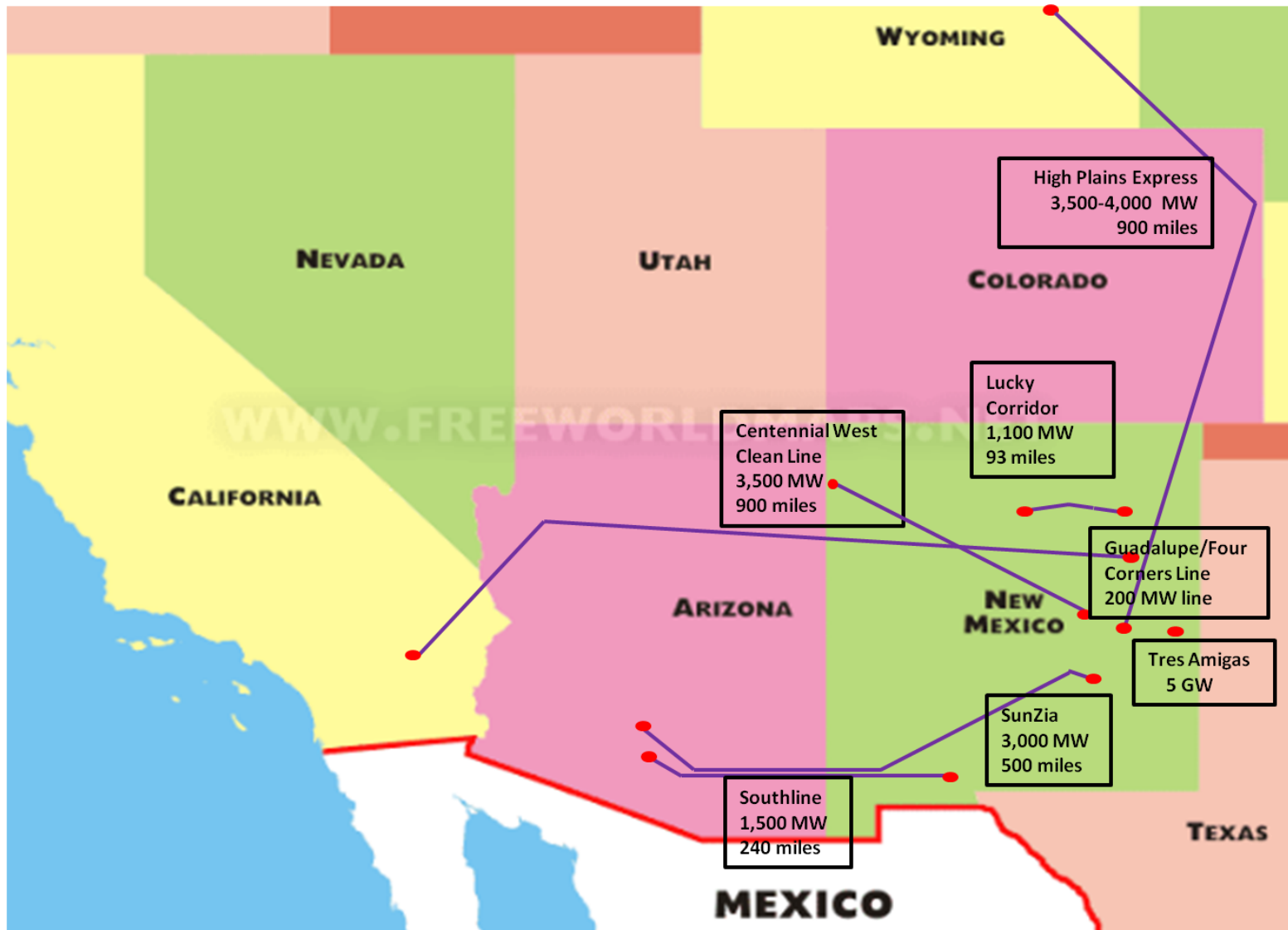
The US Density Table

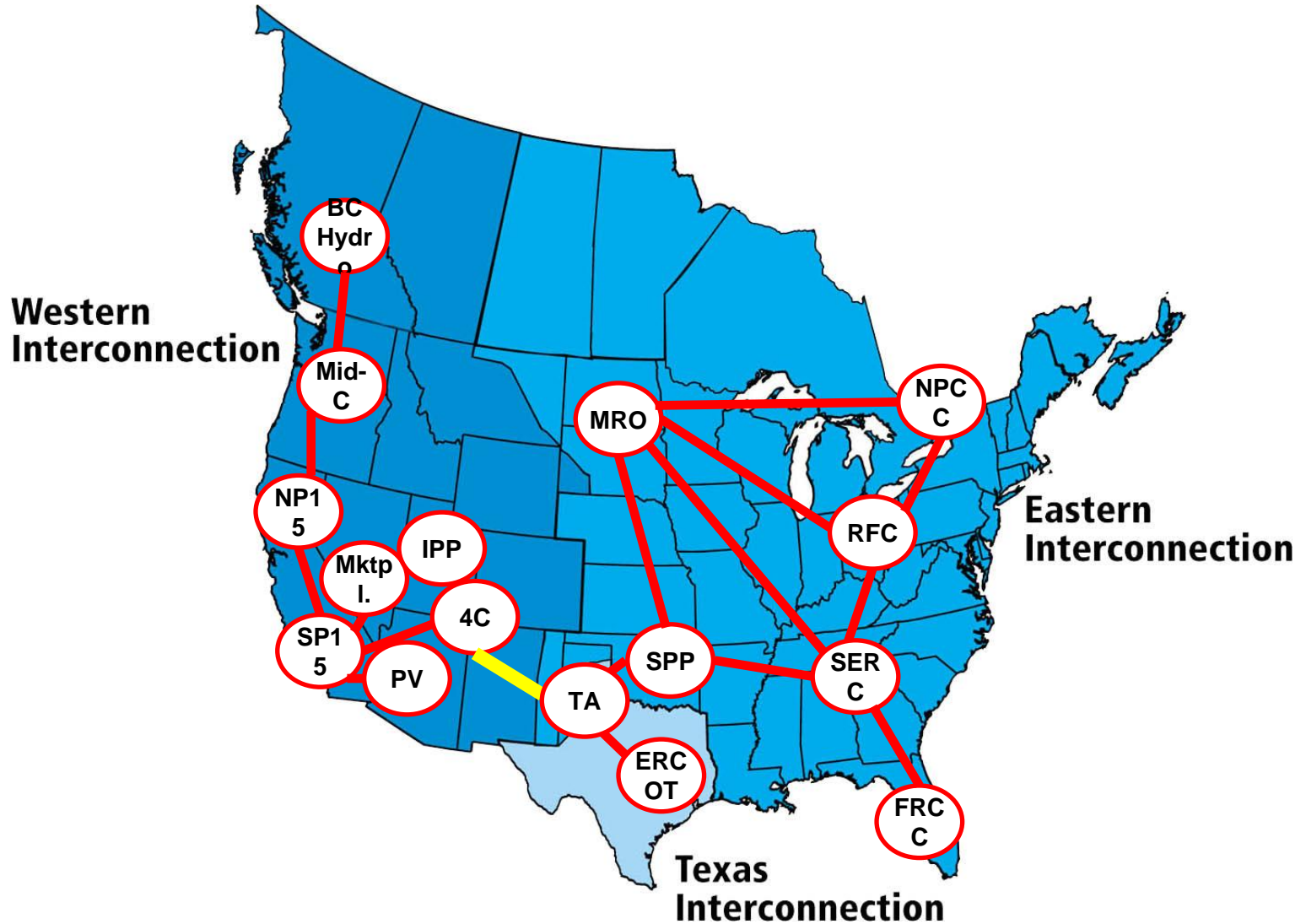
2010 State Population Density



Source: US Census Bureau; excluding District of Columbia

AC Transmission Lines





Rail lines and State Highways



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Key Points:

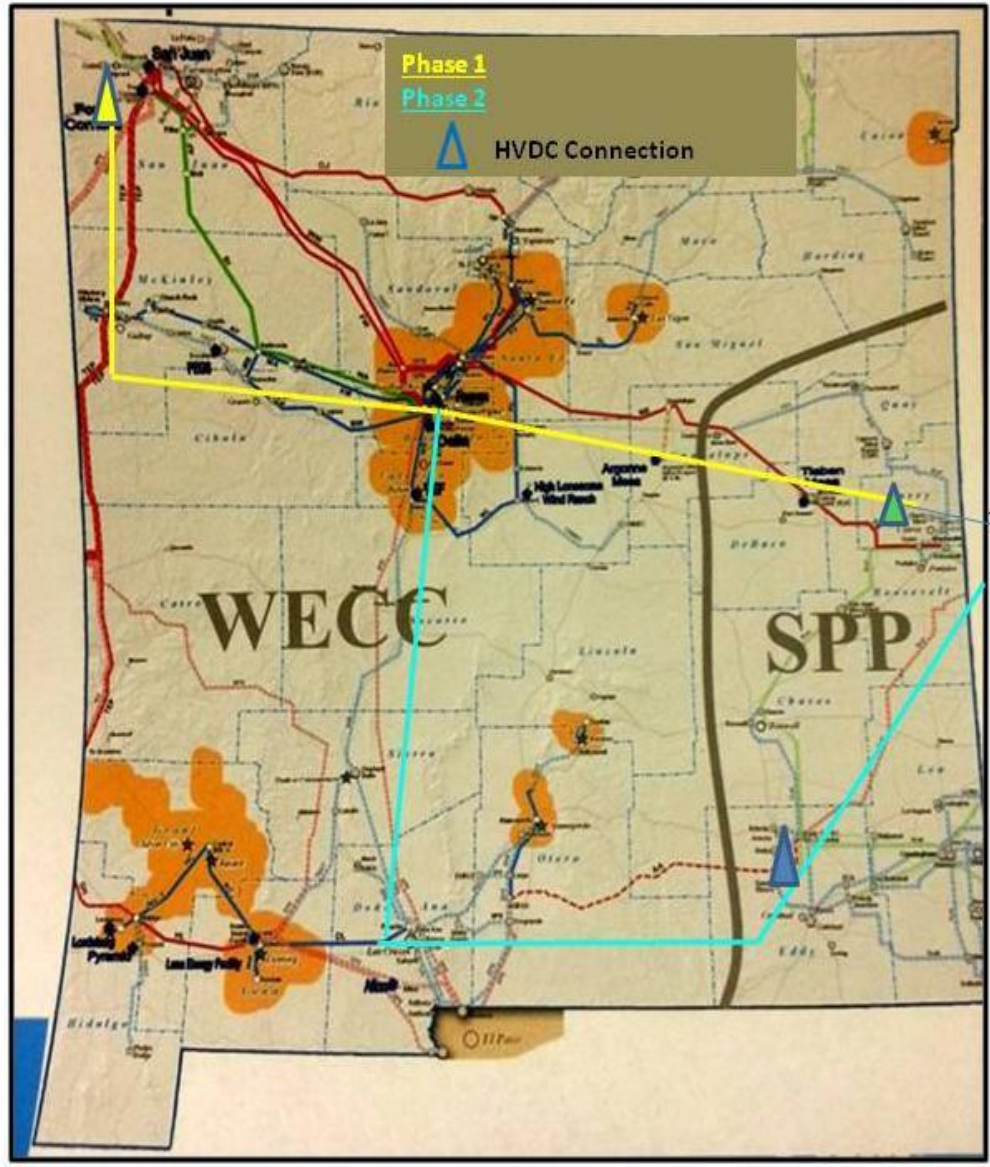
- New Mexico is well recognized for its abundant renewable energy resources.
- Resources will remain undeveloped unless transmission can be built to carry that power to locations where it is needed.
- The New Mexico Express project could provide significant transmission capacity to accomplish that purpose and accordingly could benefit the economy of our state in a substantial way

State Economic, Environmental and Policy Benefits of TNME

The benefits of building a buried HVDC superhighway in New Mexico entail:

- Economic Benefits
- Enhanced Reliability
- Increased Market Efficiency
- Consistent with National Energy Policy

State Map of TNME



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TNME will create significant benefits for the New Mexico economy

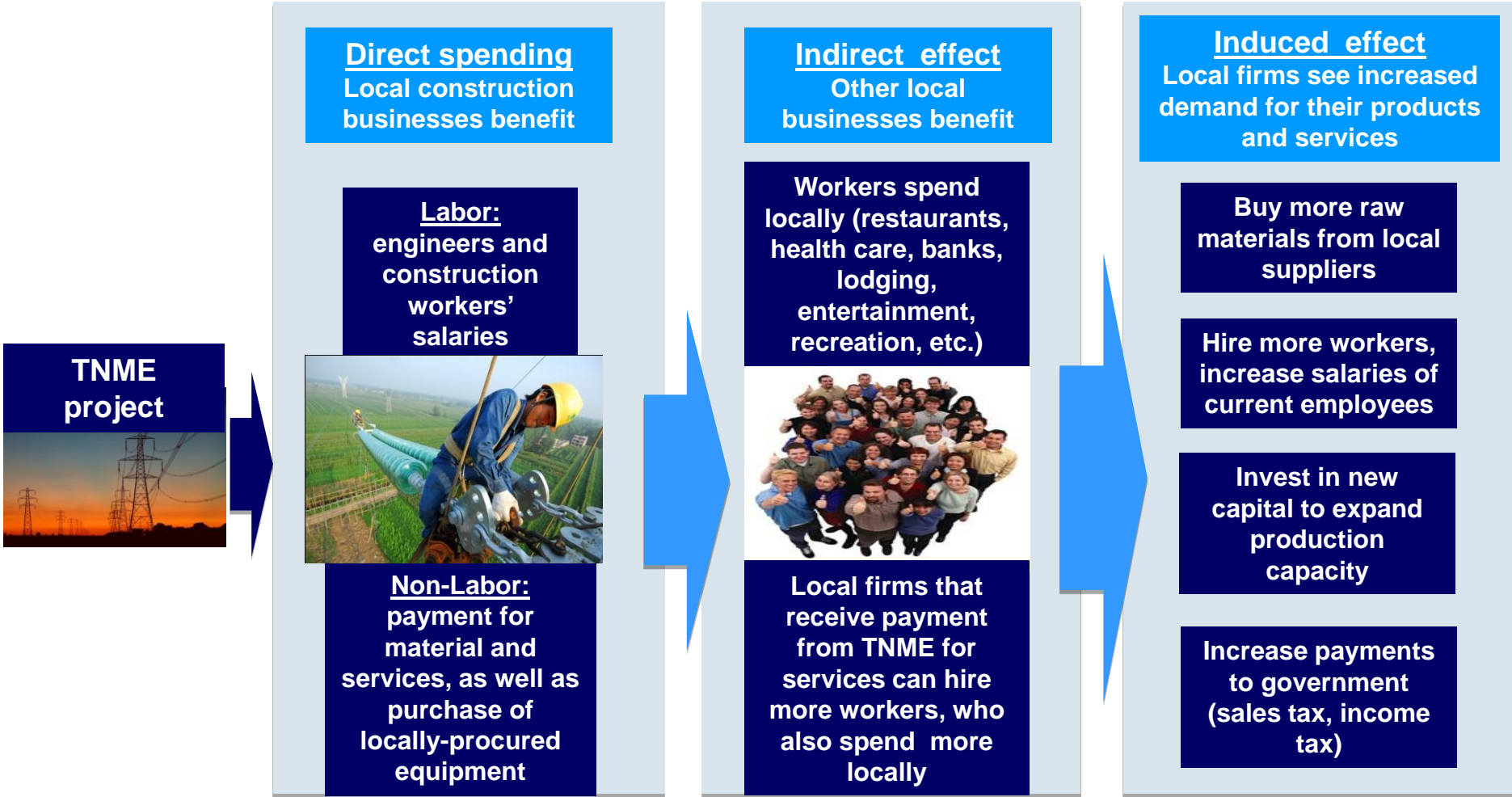


- ✓ **During construction, TNME will bring hundreds of new jobs to the state**
 - *TNME's in-state spending will not only bring benefits to the construction sector but also other sectors of the economy that service and support the construction and utility industries*
- ✓ **TNME will motivate new generation investment in New Mexico, by providing these generators with transmission access to markets to the East and West**
 - *New generation investment will spur the economy – creating the potential for thousands of new jobs and expanding the state's GDP*
- ✓ **TNME's positive impact on the state economy will continue even after construction is complete**
 - *TNME proposes to generate revenue for the state through a service fee paid by shippers*
 - *TNME's sponsors are committed to involve local workforce to operate and maintain the transmission*

Construction and operation of TNME will create jobs and expand economic activity in New Mexico



Bureau of Economic Analysis data predicts that for every \$100 million in construction-related spending, the **state economy will expand by \$190 million and 1,800 new jobs**

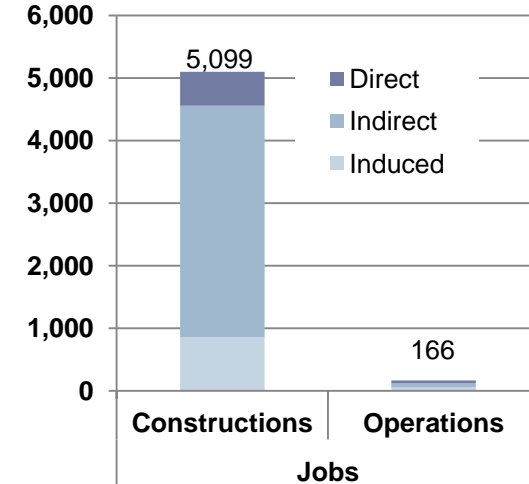
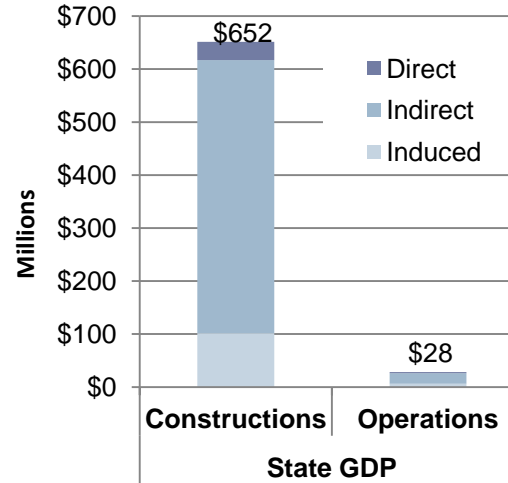


TNME will create opportunities for additional local investment in renewables – benefiting New Mexico



- **1,000 MW of new wind** installation in 2020 at a total investment cost of \$2.6 billion– **NREL estimates that about 17% or \$443 million would be spent locally in-state**, as well as \$18 million in annual operating costs

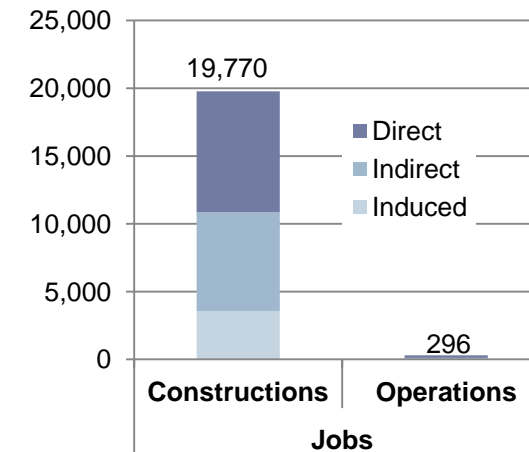
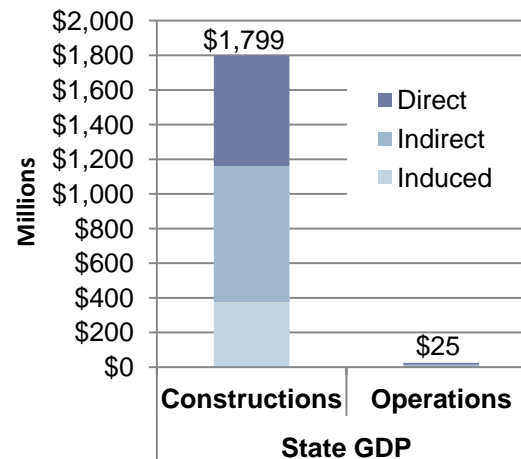
1,000 MW of new wind serving 9.4% of New Mexico's (2011) consumption



Source: NREL, Land-based Wind JEDI Model, rel. W1.10.03, assuming capital costs of \$2,592/KW and O&M costs of \$20/KW

- **1,000 MW of new solar** capacity at a total investment cost a \$2.4 billion overall investment at current estimated capital costs – **NREL estimates that about 48% or \$1.1 billion will be spent locally in-state**, as well as \$19 million in annual operating costs

1,000 MW of new solar serving 8.9% of New Mexico's (2011) consumption



Source: NREL, Solar Project PV Model rel. PV10.17.11., assuming capital costs of \$2,361/KW and O&M costs of \$20/KW

TNME is proposing a shippers pay a service fee, which will then be remitted to New Mexico

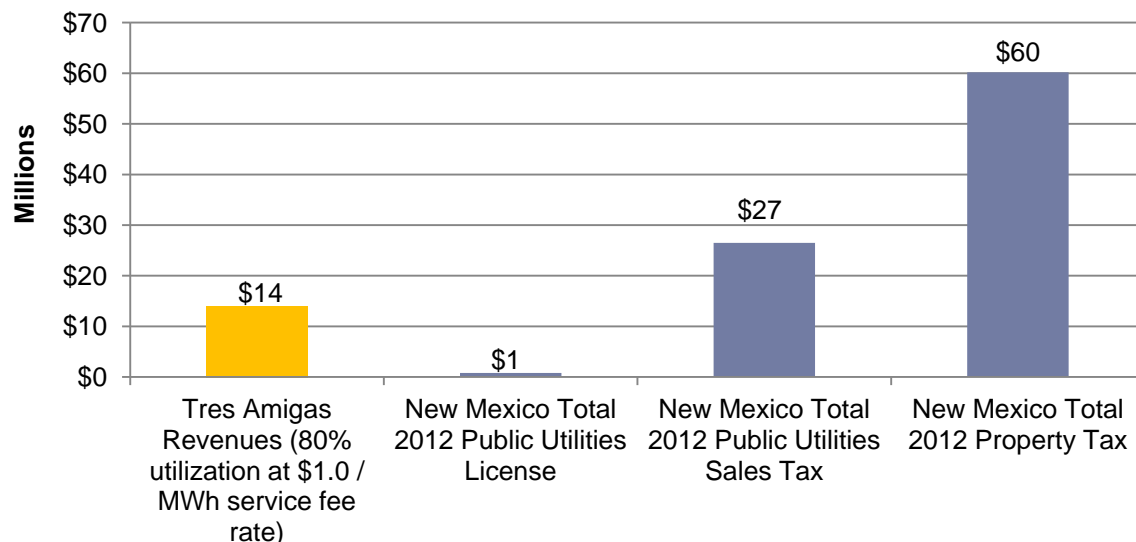


Estimated service fee revenues compare favorably to other tax revenue streams the state currently receives – assuming a 80% utilization of TNME and a \$1.0 /MWh service fee rate, expected service fee revenues total **\$14 million per annum**

- More than 17 times New Mexico’s total 2012 public utilities license
- **53% of New Mexico’s total 2012 public utilities sales tax**
- **23% of New Mexico’s total 2012 property tax**

		Revenues Collected, in millions per annum						
		8.8	10.5	12.3	13.1	14.0	15.8	17.5
		Implied Energy Flows (TWh)						
		Assumed Utilization Rate						
Service Fee Rate (\$/MWh)	50%	60%	70%	75%	80%	90%	100%	
	\$0.25	\$2.2	\$2.6	\$3.1	\$3.3	\$3.5	\$3.9	\$4.4
	\$0.50	\$4.4	\$5.3	\$6.1	\$6.6	\$7.0	\$7.9	\$8.8
	\$0.75	\$6.6	\$7.9	\$9.2	\$9.9	\$10.5	\$11.8	\$13.1
\$1.00	\$8.8	\$10.5	\$12.3	\$13.1	\$14.0	\$15.8	\$17.5	

Tres Amigas expected tax revenues compared to other New Mexico taxes





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Tres Amigas SuperStation....

Uniting the Electric Grid