

September 11, 2009

The Honorable Steven Chu  
United States Department of Energy  
1000 Independence Ave., SW  
Washington, DC 20585

Re: Loan Guarantee Application of  
The Champlain Hudson Power Express, Inc.

Dear Secretary Chu:

I write to encourage you to act promptly with respect to the loan guarantee application referenced above and to accord the application appropriate consideration in the review process. This high voltage direct current transmission project could play a critical role in advancing federal and state "smartgrid" and renewable energy policies. As you know, most of New York State has been included in the Mid-Atlantic National Interest Electricity Transmission Corridor ("NIETC"), and administration is committed to building a foundation for a secure and sustainable energy future.

Recently, the State Energy Planning Board released the draft 2009 State Energy Plan, and it highlights at pages 57-60 the critical importance of fostering development of new transmission in New York. As the application documents for the project will indicate, the Champlain Hudson Power Express expects to bring clean renewable energy from Canada to New York City and surrounding areas, and it represents over 3 billion dollars in new capital investment in New York State.

The project appeared in the interconnection queue administered by the New York Independent System Operator one year ago. Soon thereafter, officials and representatives of the company sponsoring the project undertook an extensive outreach program among New York governmental agencies, authorities, and stakeholders. Members of my staff have been briefed on developments at regular intervals. I have been advised that the outreach program will culminate this fall with the public announcement of the project.

I have also been advised that the public announcement will include confirmation that Transmission Developers, Inc., the parent of the project company, has entered into a strategic alliance with Nexans, the largest cable manufacturer in the world. That

alliance includes a commitment by Nexans to strongly consider siting a major new cable manufacturing plant in New York. Another firm with a strong New York presence, HDR|DTA will be working on preparing the necessary applications for siting approvals pursuant to Article VII of the New York State Public Service Law and other applicable laws.

TDI has represented that it intends to file for the Article VII approvals before the end of this year and that it expects to break ground for the project by the late summer of 2011. Without commenting on these time frames or on the Public Service Law approval process, I can say that providing the credit enhancement represented by the DOE loan guarantee program is probably the single most important thing that the federal government can do at this point for a project such as this. In the current economic climate, a private capital commitment on this scale can only be elicited if your department is ready to stand behind it.

I have been advised that applications for the DOE loan guarantee program must be filed by September 14, 2009 and that such applications are enhanced by statements from officials that will be involved in the regulatory approval process at the state and local levels. Of course, no official can prejudge a project, and I certainly cannot specifically endorse this project at this time. The project will be subjected to rigorous scrutiny by the New York State Departments of Public Service, Environmental Conservation, and State, as well as the New York Independent System Operator and other bodies.

This process will take many months to complete, and its ultimate outcome will depend upon any number of factors. Yet most of the projects that will be the subject of DOE loan guarantee applications are in precisely the same position, and it is important that projects targeted for New York, which is part of the Mid—Atlantic NIETC, receive due consideration. In closing, I ask that you keep New York's situation in view as you assess the merits of the Champlain Hudson Power Express transmission project.

Sincerely,

/s/

Dennis M. Mullen  
Chairman and CEO-designate

DMM:dc