



INFORMATION MEMORANDUM

Western Interconnect

2016-10-14 rev. 1



Disclaimer

This Information Memorandum ("IM") is intended solely to provide interested parties with input that may be relevant to the Western Interconnect Open Season process. All possible factors of importance to a potential transmission service customer or party to contractual arrangements have not necessarily been considered. The contents of this IM do not constitute investment advice, and do not obviate the need for a potential transmission service customer or investor to make further appropriate inquiries as to the accuracy of the information included therein. Western Interconnect encourages interested parties to undertake their own analysis and due diligence.



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Revision History

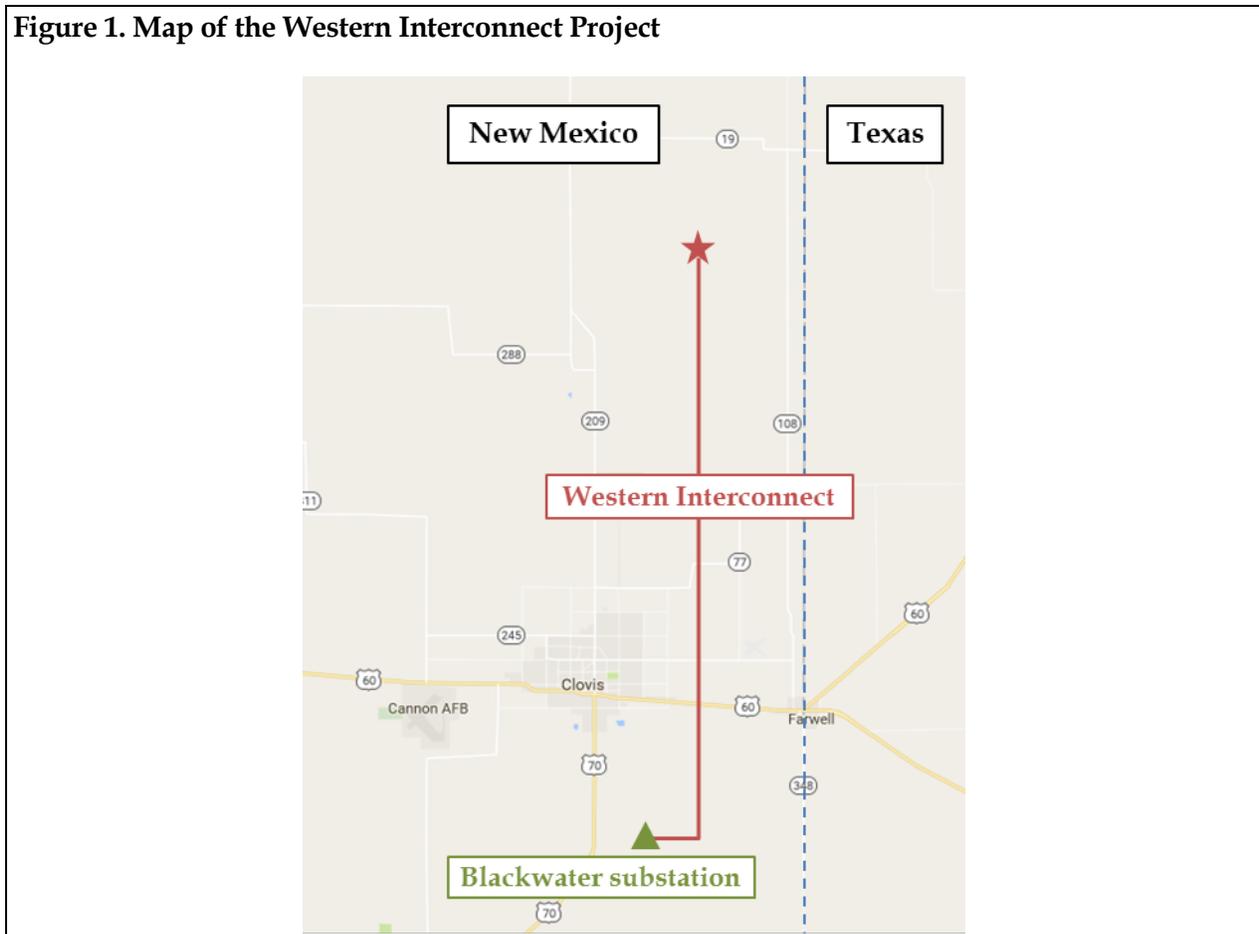
Version	Date	Revisions
Rev. 1	2016/10/14	Section 1 <ul style="list-style-type: none">Updated TSA contract rate to reflect filing of amended TSAs on October 12, 2016

Section 1: Overview of the Western Interconnect Project

Western Interconnect LLC (“WI”) is building a 35 miles, single circuit 345 kV AC merchant transmission line connecting Public Service Company of New Mexico’s (“PNM”) Blackwater substation to a new 345 kV switching station located northeast of Clovis in Curry County, New Mexico, as shown in Figure 1 below. The normal transfer capacity of the line will be 1,100 MW (1157 MVA at a 0.95 power factor).

WI was formed by Tres Amigas LLC and Pattern Energy Group LP to develop, finance, construct, own and operate the WI transmission line. Additional information on Tres Amigas LLC, Pattern Energy Group LP, and the parties involved in the Open Season process is provided in Section 3.

Figure 1. Map of the Western Interconnect Project



The WI transmission line is expected to begin commercial operations on January 1, 2017.

FERC Negotiated Rate Authority for WI

On December 10, 2015, the U.S. Federal Energy Regulatory Commission (“FERC”) conditionally approved the request for negotiated rate authority for the WI project;¹ WI’s compliance filing was subsequently accepted on February 9, 2016.² This approval allows WI to conduct an Open Season and transmission capacity allocation process for all parties interested to subscribe for transmission capacity.

WI Existing Transmission Customers

On February 9, 2016, FERC accepted the Transmission Service Agreements (“TSA”) and Large Generator Interconnection agreements (“LGIA”) between WI and three wind projects totaling 497 MW. Below is a brief summary of these anchor customer agreements.

Transmission Customer	Beginning Date of Service	Term (years)	Contract Capacity	Contract Rate (\$/MW-month)
Broadview Energy JN, LLC	January 1, 2017	25	167 MW	\$2,292
Broadview Energy KW, LLC	January 1, 2017	25	130 MW	\$2,292
Grady Wind Energy Center, LLC	April 1, 2018	25	200 MW	\$2,292

Interconnection Agreement with PNM

WI has executed a Transmission Construction and Interconnection Agreement with PNM to interconnect up to 750 MW at the Blackwater substation. If total transmission service reservations on the WI from anchor customers and selected Open Season participants exceed 750 MW, WI will submit to PNM on behalf of its transmission customers a request to increase the interconnected capacity. Additional studies by PNM or eventual upgrades on their system to interconnect more than 750 MW may entail additional costs for prospective transmission customers of WI.

¹ FERC, *Order Accepting Agreements Subject to Condition, Granting Application for Authorization to Sell Transmission Services at Negotiated Rates Subject to Condition, and Granting in Part and Denying in Part Request for Waivers*, Docket ER15-2647, December 10, 2015. <http://elibrary.ferc.gov/idmws/file_list.asp?document_id=14407421>

² FERC, *Letter order accepting Tres Amigas, LLC's et al 12/30/15 filing of revisions to the Transmission Service Agreements (TSAs) and Large Generator Interconnection Agreements with Broadview Energy JN, LLC*, Docket ER15-2647, February 9, 2015. <http://elibrary.ferc.gov/idmws/file_list.asp?document_id=14427600>

Section 2: Overview of Open Season Process

As part of its September 11, 2015, initial filing with FERC, WI committed to holding an Open Season process to allocate remaining transmission capacity (up to 603 MW) to interested transmission customers at the same rates, terms, and conditions as reflected in the existing anchor customer agreements.

2.1 Open Season Process

On October 3, 2016, WI launches their Open Season to allocate up to 603 MW of remaining transmission capacity on the 1,100 MW WI transmission line. London Economics International LLC (“LEI”) has been retained as Independent Examiner to assist in the design and administration of the Open Season, audit the results of the Open Season, and file a report with FERC attesting to the process. Specifically, LEI will provide supporting information to FERC regarding the conduct of the Open Season process and the absence of any undue discrimination or undue preference, taking into consideration the Commission's existing four-factor analysis used to evaluate requests for negotiated rate authority for transmission service.³

WI is offering to any interested party the same rates, terms, and conditions as reflected in the anchor customers TSAs and LGIAs.⁴ Additionally, WI will file with FERC shortly after launch of the Open Season an OATT that is substantially based on FERC’s pro forma OATT. The complete OATT document will be available on the Open Season website at the same time the filing is made.

As part of the Open Season process, any interested party may submit a binding Transmission Service Request (“TSR”) to request between 50 MW and 603 MW of transmission service rights on the WI transmission line. The deadline to submit a TSR is November 11, 2016 at 5:00 pm Mountain time. Applications must be sent to the following email:

WesternInterconnect-os@londoneconomics.com

Submission documents will be treated as confidential by LEI, Tres Amigas LLC (“TA”) and WI. It is not necessary to execute a Non-Disclosure Agreement (“NDA”) before submitting TSR documents. However, if a party wishes to execute one, TA and WI will accommodate that request. An NDA template is available in the “Documents” section of the Open Season website; the deadline to submit an NDA request via email at WesternInterconnect-os@londoneconomics.com is November 4, 2016.

³ The four factors are: (1) the justness and reasonableness of rates; (2) the potential for undue discrimination; (3) the potential for undue preference, including affiliate preference; and (4) regional reliability and operational efficiency requirements.

⁴ All documents related to the WI’s Open Season process can be accessed via the Open Season website at <www.WesternInterconnect-os.com>

LEI, TA and WI will evaluate all submissions to ensure they meet pre-established minimum eligibility criteria. Submissions which are deemed not to meet these minimum criteria will be discarded from further evaluation and consideration for transmission service under this Open Season.

The minimum eligibility criteria for obtaining transmission service on the WI in this Open Season are:

- applicant must meet the Eligible Customer criteria as defined in Section 1.11 of the WI OATT;
- applicant must agree to all TSA and LGIA rates, terms and conditions;
 - applicant further agrees to terms and conditions set forth in the OATT insofar as they are not covered under the TSA or LGIA terms & conditions;
- applicant must request a minimum of 50 MW and a maximum of 603 MW of transmission service rights on the WI;
- applicant agrees that the start of transmission service can be no later than 18 months following execution of TSA and LGIA with WI; and
- applicant must be deemed creditworthy pursuant to provisions in Attachment L to the OATT.

Furthermore, as part of their submission, applicants must:

- understand and agree to rules of the Open Season process as detailed in this document; and
- understand and agree that their application might be subject to interconnection studies by WI or PNM, and as a result, the applicant might incur additional costs for these studies or eventual upgrades either on WI's or PNM's transmission systems.

Failure to comply with any future deadline related to funding interconnection studies or system upgrades will result in termination of the application for transmission service on the WI.

In the event that the total amount of transmission service requests meeting the minimum eligibility criteria exceeds available transmission capacity on the WI (603 MW), the following criteria (shown in order of importance) will be used to rank eligible requests:

1. project viability, to be assessed using the following criteria:
 - a. proof of site control; and
 - b. possession of a credit-worthy and commercially reasonable Power Purchase Agreement for the purchase of power delivered through the WI transmission line.
2. amount of transmission capacity requested (in descending order);
3. creditworthiness & financial strength.

All conforming Transmission Service Requests, up to the line's remaining available capacity (603 MW), will be accepted in order of ranking. An applicant whose requested transmission capacity is truncated (i.e. full acceptance would cause the line to be oversubscribed) will have the option to withdraw. Any remaining request in excess of 603 MW will be rejected.

WI will notify applicants whether their application for transmission rights was selected starting November 21, 2016. Depending on the total amount and nature of conforming Transmission Service Requests, WI will also notify selected applicants whether there is a need for additional interconnections studies, which might entail additional costs that the potential transmission customers must fund. In case additional studies are needed, an agreement between WI and the potential transmission customers for funding of such studies must be signed; all transmission customers thus selected will contribute financially to additional studies and eventual system upgrades according to their pro-rata share of transmission capacity awarded as part of the Open Season process.

Selected applicants must **execute the TSA and LGIA agreements no later than 30 calendar days** following the date where:

- applicant is notified by WI that its Transmission Service Request was accepted, in the case where no additional interconnection studies are required; or
- the conclusion of any required additional interconnection study, and agreement by the applicant to fund necessary transmission system upgrades identified on WI or PNM's system (if any).

Failure to comply with this deadline will result in termination of the application for transmission service on the WI pursuant to this Open Season.

At the conclusion of the Open Season process, LEI will file a report with FERC attesting to the process. Names and amount of transmission service for selected parties will be included in the filing. Additional information from non-selected parties, if any, will be aggregated and anonymized in the filing.

2.2 Open Season Schedule

The Open Season launches on October 3, 2016. LEI and WI will hold a virtual information session on October 19, 2016, at 1:00 pm Mountain time. We encourage interested parties to participate by registering through the Open Season website. The information session will provide an overview of the WI project and the Open Season process. Both LEI and WI personnel will be available to answer questions at the end of the session.

It is not necessary to complete a Non-Disclosure Agreement in order to participate in the information session, but participants must register through the Open Season website at least one business day in advance of the session.



One business day prior to the session, registered participants will receive via email a link to access the virtual meeting.

Binding Transmission Service Requests are due on or before November 11, 2016 at 5:00 pm Mountain time.

Description	Date
Launch of Open Season	October 3, 2016
Virtual information session	October 19, 2016 <i>1:00 pm Mountain time</i>
Deadline to submit an NDA, if desired	November 4, 2016 <i>5:00 pm Mountain time</i>
Deadline to submit a Transmission Service Request	November 11, 2016 <i>5:00 pm Mountain time</i>
Review of TSR submissions	November 14 - 18, 2016
Notification to participants of whether application is selected	November 21 - 25, 2016
Submit Section 205 filing to FERC	January 11, 2017

During the week beginning November 14, 2016, LEI will review the Transmission Service Request documents received during the submission window. As part of the evaluation process, LEI will ensure that submissions meet the minimum eligibility criteria and, if the total of conforming submissions exceeds available capacity on the line (603 MW), LEI will rank submissions following the ranking criteria described in Section 2.2 above. LEI will then provide a list of selected transmission service requests to WI for authorization. Finally, LEI will notify applicants whether their application for transmission rights was selected starting November 21, 2016.

2.3 Open Season Communications

Throughout the duration of the Open Season, LEI will maintain the website up to date with the latest information. The Open Season website can be accessed at www.WesternInterconnect-os.com

Latest versions of legal and other documents related to the WI Open Season, and other pertinent information (such as press releases and presentation materials), will be available on



the website. It is not necessary to execute a non-disclosure agreement to access the website or any Open Season document.

Furthermore, all parties are encouraged to attend the virtual information sessions to be held on October 19, 2016 at 1:00 pm Mountain time. Registration information for this session is available on the website.

Throughout the duration of the Open Season, any party will be able to ask questions either by accessing online form in the “Contact Us” section of the website, or by sending an email to WesternInterconnect-os@londoneconomics.com

All answers to questions related to the WI project or the Open Season process will be published on the website. Potential transmission customers should not contact Tres Amigas and/or Pattern directly.



Section 3: Description of Parties

Western Interconnect LLC

Western Interconnect LLC was formed by Tres Amigas LLC and Pattern Energy Group LP to develop, finance, construct, own and operate the Western Interconnect transmission line.

Tres Amigas LLC

Tres Amigas LLC is focused on providing the first common interconnection of America's three power grids to help the country achieve its renewable energy goals and facilitate the smooth, reliable and efficient transfer of power from region to region.

The company was incorporated in 2009 and is headquartered in Albuquerque, New Mexico. Tres Amigas' senior management includes:

- Phillip G. Harris – Chief Executive Officer
- Russell Stidolph – Chief Financial Officer

Tres Amigas is a portfolio company of AltEnergy, LLC, which is a private equity firm focused on identifying and developing early-stage opportunities in the power and energy sectors. Other portfolio companies of AltEnergy include Viridity Energy and Eos Energy Storage. More information on AltEnergy and its portfolio companies can be found at www.altenergyllc.com.

For more information about the company, please visit www.tresamigasllc.com.

Pattern Energy Group LP

Pattern Energy is an independent power company listed on The NASDAQ Global Select Market and Toronto Stock Exchange. The company specializes in wind, solar, and transmission projects in the United States, Canada, Mexico, Chile, and Japan.

The management team has worked together for 10 years and possesses more than 20 years of experience on average in the energy industry. Pattern have developed, financed and managed more than \$12 billion of infrastructure assets, including more than 4,500 MW of wind power projects and facilities. The Pattern Energy team is driven by a creative entrepreneurial spirit which is sustained by years of experience.

For more information about the company, please visit www.patternenergy.com.

London Economics International LLC

London Economics International LLC is a global economic, financial, and strategic advisory professional services firm specializing in energy, water, and infrastructure. The firm combines detailed understanding of specific network and commodity industries, such as transmission and distribution, electricity generation, with sophisticated analysis and a suite of proprietary



quantitative models that together produce reliable and comprehensible results. LEI's array of clients extends from the private sector to market and government institutions.

LEI has been engaged as the Independent Examiner for the WI's Open Season process. For more information, please visit www.londoneconomics.com.