



FREQUENTLY ASKED QUESTIONS

SOO Green HVDC Link

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Revision History

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1 List of acronyms

ATCR	Application for Transmission Capacity Rights
CA	Confidentiality Agreement
EOI	Expression of Interest
FERC	Federal Energy Regulatory Commission
FPA	Federal Power Act
FTCPA	Firm Transmission Capacity Purchase Agreement
GATS	Generation Attribute Tracking System
HVDC	High Voltage Direct Current
IE	Independent Evaluator
IM	Information Memorandum
LEI	London Economics International LLC
OS	Open Solicitation
PA	Precedent Agreement
REC	Renewable Energy Credit
RPS	Renewable Portfolio Standard
RTO	Regional Transmission Organization
Shippers	Transmission Capacity Right Subscribers
SOO Green	SOO Green HVDC Link ProjectCo, LLC

2 Open Solicitation Questions

2.1 *What is the SOO Green HVDC Link?*

SOO Green HVDC Link ProjectCo, LLC (“SOO Green”) is developing a 350-mile 2,100 MW, 525 kV underground high-voltage direct current (“HVDC”) transmission line running along existing rail corridors from Iowa to Illinois (“SOO Green HVDC Link” or the “Project”).

The SOO Green HVDC Link will utilize modern grid technology to build the first link in a US Clean Energy Superhighway.

By connecting two of the largest electricity markets in the United States, the Mid-Continent Independent System Operator, Inc. (MISO) and the PJM Interconnection, L.L.C. (PJM), the SOO Green HVDC Link will provide direct access to new products and services for renewable energy buyers seeking affordable, low-carbon electricity, and a needed transmission path for Suppliers to deliver low-cost Midwestern wind and solar generation to market.

The SOO Green HVDC Link route will run underground along existing railroad rights-of-way under license for use by SOO Green from Canadian Pacific and OmniTRAX.

2.2 *Who owns the SOO Green HVDC Link?*

The SOO Green HVDC Link Project is owned by Copenhagen Infrastructure Partners, Jingoli Power, and Siemens Energy. The Project will be funded entirely through private investments, not ratepayers or government entities.

2.3 *Who is developing the SOO Green Project?*

Direct Connect Development Company (“Direct Connect”) is the Minneapolis-based transmission development company responsible for developing the SOO Green HVDC Link. Direct Connect is pioneering a new approach to transmission development, installing underground HVDC transmission along rail rights of way to streamline project siting and permitting, deliver remote renewable generation efficiently to new customers, reduce visual and environmental impacts, and improve the reliability and resiliency of the grid.

2.4 *What is the timing for development and construction of the SOO Green HVDC Link?*

SOO Green anticipates a two-year development phase and a three-year construction phase, finishing in 2024. In total, SOO Green will invest \$2.5 billion to build the Project, which will

help spur economic growth during construction and operations, and help support the continued growth of the renewable energy industry.

2.5 *What value will the SOO Green HVDC Link create for Project participants?*

For transmission capacity right subscribers (“Shippers”), the SOO Green HVDC Link creates long term value by linking the MISO market’s low-cost and abundant renewable generation with the premium high-demand PJM market. Shippers will capture the arbitrage value in the spreads of energy, Renewable Energy Credit (“REC”) and capacity prices between the two markets. This arbitrage value has been substantiated by a market study performed for SOO Green by Guidehouse in October 2019. The market study will be made available to registered participants expressing interest in subscribing for transmission capacity rights on the SOO Green HVDC Link.

Shippers may backstop their capacity subscription on SOO Green, and further enhance value from the Project with long term offtake contracts for unique products and services enabled by SOO Green.

For Generators, the SOO Green HVDC Link will provide a much-needed transmission path to market, relieving congestion in Western MISO, enabling renewable energy projects otherwise challenged by high transmission costs and grid interconnection delays, and creating commercial opportunities to sell energy and RECs to customers in PJM.

For load customers or other buyers, SOO Green provides direct access to a portfolio of large-scale, low-cost renewable energy delivered to a strong point on the grid, creating a one-stop shop to procure superior off-site renewable energy products and services.

2.6 *Do RECs from generation delivered to PJM via the SOO Green HVDC Link qualify as PJM RECs?*

Yes, RECs from renewable energy generated in MISO and delivered by SOO Green will qualify as PJM RECs. Generators external to PJM must register with PJM’s Generation Attribute Tracking System (“GATS”) and report generation to GATS in accordance with GATS procedures. For the purposes of RECs intended for State Renewable Portfolio Standard (“RPS”) compliance, the use of MISO RECs may be limited according to individual State RPS program requirements. Generators seeking to offer RECs into PJM must register with GATS and discontinue registration with MRETS.

2.7 *Will SOO Green or its Shippers or Participants be able to participate in PJM Base Residual Market? If so, how?*

SOO Green is currently seeking capacity resource status in the PJM capacity market through PJM's formal stakeholder process and expects to complete this process by early 2021.

Acquiring capacity resource status will enable Shippers or Suppliers to participate in PJM's Base Residual Market.

2.8 *What is SOO Green's Interconnection Study Status in MISO and PJM?*

In MISO, SOO Green is in the feasibility study phase of the Merchant Transmission Interconnection process with Queue # H106.

In PJM SOO Green is in the System Impact Study phase of the Generator Interconnection Study process with Queue #AS1-200.

2.9 *What is the purpose of the SOO Green Open Solicitation?*

The purpose of the Open Solicitation ("OS") is to allocate transmission capacity rights from the SOO Green HVDC Link in a transparent and non-discriminatory manner. The process will also provide a unique opportunity for generators in MISO (Suppliers), utilities and end-users in PJM (Buyers), and prospective subscribers of SOO Green's transmission capacity rights (Shippers) to meet and make commercial arrangements for the purchase and sale of capacity, energy, and renewable energy credits. The OS process will offer a new way for energy buyers to secure affordable renewable energy and will allow Shippers to backstop their capacity subscriptions with long-term offtake made possible by the SOO Green HVDC Link.

2.10 *Who is administering the open solicitation?*

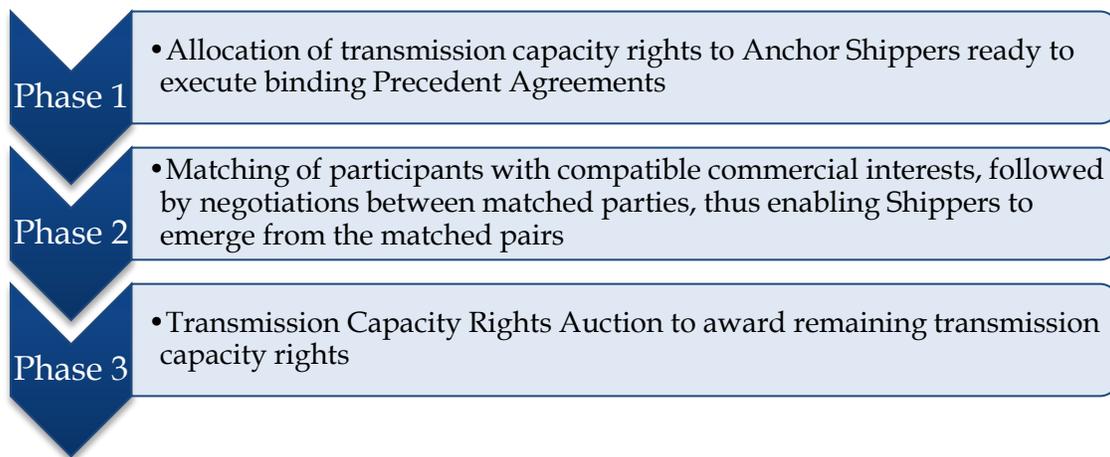
SOO Green has retained London Economics International, LLC ("LEI") to act as the Independent Evaluator ("IE") and administer the entire OS process in compliance with the Federal Energy Regulatory Commission ("FERC") policy guidelines. These duties include ensuring: i) that all participants receive access to the same information; ii) that the evaluation is consistent with criteria provided in notice material; and, iii) that the overall process is fair, transparent and non-discriminatory. At the conclusion of the Open Solicitation, the Independent Evaluator will submit a report as part of SOO Green's compliance filing to FERC, demonstrating the process satisfied FERC guidance with respect to transparency, and was undertaken in a non-discriminatory and non-preferential manner.

2.11 Who is eligible to participate in the open solicitation?

The OS invites participation from not only potential transmission capacity subscribers, but also from power marketers, aggregators, generation owners, wholesale and retail electricity providers, load customers, or any other party willing to offer or purchase generation transmitted over the SOO Green HVDC Link.

2.12 What will the process be for the Open Solicitation?

The OS is designed as a three-phase process to both allocate transmission capacity rights over the SOO Green HVDC Link and facilitate long-term commercial arrangements between various participating parties.



In the Phase 1 Anchor Shipper Allocation SOO Green will first allocate transmission capacity rights to Anchor Shippers.

In Phase 2 (the Matching phase), the Independent Evaluator will match Buyers, Suppliers and prospective Shippers based on expressed interests, capabilities and characteristics of their supply and demand. Parties emerging from the matching phase of the OS and wishing to subscribe capacity from the SOO Green HVDC link may participate in the Phase 3 Transmission Capacity Rights Auction process.

The Phase 3 Transmission Capacity Rights Auction will be structured as a “pay-as-bid” auction, with offers starting at a reserve price. Participants will be asked to submit sealed bids and winners will be expected to enter into a binding Precedent Agreement.

2.13 *How do I participate in the Open Solicitation?*

Interested parties can visit the OS website to register, at which point they will receive access to a restricted section of the website. The restricted section contains confidential Project information and OS materials, including an Information Memorandum with detailed project information and rules for the allocation of firm transmission capacity rights, a pro-forma Precedent Agreement, and various forms to participate in the process.

Registered participants will then submit forms to express their interest in purchasing transmission capacity rights or selling and purchasing products and services delivered over the SOO Green HVDC Link.

2.14 *Are there certain thresholds that must be met to participate in the OS? If so, how were those decided?*

Shippers seeking transmission capacity rights as part of the Phase 1 Anchor Shipper Allocation or the Phase 3 Transmission Capacity Rights Auction must meet the published minimum eligibility criteria for quantity of transmission capacity rights sought, term of service and creditworthiness. These criteria are detailed in the Information Memorandum. Shippers allocated capacity rights in Phase 1 or Phase 3 must execute a binding Precedent Agreement leading to a long-term Firm Transmission Capacity Purchase Agreement (“FTCPA”).

For the Matching process, Buyers and Suppliers must also meet certain published minimum eligibility criteria in terms of volume of energy sought or offered, and a minimum term for the commercial arrangements. These criteria are detailed in the Information Memorandum.

2.15 *What is an Anchor Shipper?*

An Anchor Shipper is an entity with an expressed interest and capability to subscribe a significant tranche of transmission capacity rights on the SOO Green HVDC Link. Anchor Shippers will subscribe for transmission capacity rights during the Phase 1 Anchor Shipper Allocation phase of the SOO Green Open Solicitation.

2.16 *What advantages do Anchor Shippers enjoy?*

The Open Solicitation is designed such that Anchor Shippers subscribing for transmission capacity rights during the Phase 1 Anchor Shipper Allocation will receive the lowest pricing for SOO Green HVDC Link transmission capacity rights. Also, Anchor Shippers will have an opportunity to negotiate the binding Precedent Agreement setting forth key terms for long-term firm transmission capacity purchases.

2.17 How will the matching process work?

After the Phase 1 Anchor Shipper Allocation, the OS will proceed to a voluntary matching process where Suppliers and Buyers will be “matched” with Anchor Shippers and given an opportunity to negotiate any desired commercial arrangements, after which remaining transmission capacity rights will be allocated during the Phase 3 Transmission Capacity Rights Auction.

Matching will be based on the information submitted by interested parties, specifically the type, quantity and term of products they are looking to buy, sell or transport on the SOO Green HVDC Link. Interested parties will submit a Matching Form to state their preferences and London Economics will use an algorithm to determine “fit” between parties based on their Matching Forms.

2.18 Can marketers and aggregators participate in the voluntary matching process?

Marketers, aggregators, or any entity looking to contract with either/both Suppliers or Buyers prior to subscribing SOO Green transmission capacity rights can participate in the voluntary matching process. Parties can do so by completing the Matching Expression of Interest document and indicating an interest to contract with both Suppliers and Buyers.

2.19 What if a company does not want to participate in the matching process?

The Phase 2 Matching process is voluntary and not a requirement to being awarded transmission capacity rights on the SOO Green HVDC Link. Shippers ready to enter into a Precedent Agreement are encouraged to participate in the Phase 1 Anchor Shipper Allocation rather than wait for the Phase 3 Transmission Capacity Rights Auction.

2.20 How do the processes for the Phase 1 Anchor Shipper Allocation and Phase 3 Transmission Capacity Rights Auction differ?

The Phase 1 Anchor Shipper Allocation is a bilateral process between Anchor Shippers ready to move forward with capacity subscription from the Project, and SOO Green.

The Phase 3 Transmission Capacity Rights Auction follows a matching phase intended to identify long-term contracting opportunities among OS participants, which will help backstop capacity subscriptions on the line. In Phase 3, transmission capacity rights will be awarded via a competitive auction. Following both Phase 1 and Phase 3, the prospective shippers who are awarded transmission capacity rights will be expected to enter into a binding Precedent Agreement.

2.21 *What are the general terms of the Precedent Agreement?*

The Precedent Agreement commits the parties to enter into a Firm Transmission Capacity Purchase Agreement (“FTCPA”) as soon as practical after the effective date of the agreement. Upon execution of the Precedent Agreement, a shipper will pay a non-refundable deposit, and post credit support in the form of cash, a letter of credit, or a corporate guarantee. The shipper’s required credit support amount escalates upon the Project achieving development milestones.

2.22 *What is the relationship between the Precedent Agreement and the FTCPA?*

The FTCPA is the long-term agreement that will govern the relationship between SOO Green HVDC Link and the Customer. For example, it will set forth how SOO Green will construct, own, and maintain the transmission facilities, and the customer will purchase the transmission capacity rights. The terms and conditions shall comport with the term sheet attached to and made part of the Precedent Agreement.

3 **General Project Questions**

3.1 *What is the proposed length and capacity of the SOO Green HVDC Link?*

The SOO Green HVDC Link Project is a 2,100 MW, 350-mile, 525 KV HVDC transmission line running from Iowa to Illinois.

3.2 *What does the SOO Green name signify?*

SOO Green gets its name from the Soo Line Railroad, the primary United States railroad subsidiary of our partner, Canadian Pacific.

3.3 *What is the experience of the development company leadership?*

The Direct Connect team collectively possesses more than 150 years of experience in the power generation and electric transmission sectors. Direct Connect’s team has extensive experience in the legal, technical, regulatory, and commercial aspects of power generation and transmission development, construction and operations, having collectively developed more than \$10 billion of power generation projects now operating in the United States.

3.4 Are there other projects that the development team is working on?

The SOO Green HVDC Link is a first-of-its-kind project in the United States, and Direct Connect is intensely focused on its success. However, our unique development model is replicable, and we believe that the Project will set the standard for how transmission lines are developed in the United States. Direct Connect intends to develop additional HVDC projects toward building a reliable and resilient U.S. Clean Energy Superhighway, to create a more efficient electricity market and connect abundant renewable energy resources with buyers seeking affordable clean energy.

3.5 What is the need for the Project?

The United States has vast renewable energy resources. However, our nation's power grid is limited in its ability to connect the best renewable generating sites with cities and areas of high electricity demand. Transmission constraints slow investment in new renewable generation and prevent affordable clean power from reaching customers. Using today's advanced HVDC technology, we can build a reliable, resilient, and affordable U.S. Clean Energy Superhighway to unlock renewable energy development and connect these resources to high-demand markets. The SOO Green HVDC Link will connect the midwestern energy market (operated by MISO, the Midcontinent Independent System Operator) to the eastern market (operated by PJM Interconnection), creating the first link in a new national HVDC transmission network.

SOO Green's innovative approach to siting and building new transmission offers a superior execution model for transmission development, will modernize the grid, and provide access to high quality resources to meet growing demand for large-scale renewable energy.

3.6 How was the Project location selected?

The Project's location was selected primarily to tap into optimal locations on the MISO and PJM transmission systems. Connecting near Mason City, Iowa allows the SOO Green HVDC Link Project to pull generation from the entire upper Midwest, which possesses some of the best wind generation resources in the world. Connecting near Chicago allows the SOO Green HVDC Link to deliver to a robust point on PJM's grid, and provide direct access to large-scale low-cost renewable energy to the growing utility and non-utility customer base east of the Mississippi.

3.7 Will there be expansion phases associated with the SOO Green HVDC Link?

Once the transmission line is in place and operating there are no expansion plans for the Project.

3.8 *What will the total cost be for the SOO Green HVDC Link?*

The total investment for the Project is approximately \$2.5 billion.

4 Construction

4.1 *What is the proposed length, diameter, and voltage of the SOO Green HVDC Link?*

The SOO Green HVDC Link Project is a 2,100 MW, 350-mile, 525 KV HVDC transmission line running from Iowa to Illinois. The Project will use two 5-inch diameter, 525 KV rubber-based XLPE cables in a 2 ½ foot wide x 5-foot-deep trench.

4.2 *When will construction begin for the SOO Green HVDC Link?*

Start of construction for the SOO Green HVDC Link is planned for early 2022.

4.3 *Are there other transmission lines like this one?*

Above-ground, underground, and underwater HVDC transmission systems are in use all over the world, and the technology is well understood. However, there have been no underground HVDC transmission lines built along a U.S. railway to date. Installing the Project underground and using existing railroads avoids environmental, visual and landowner impacts to reduce risk and accelerate Project execution. SOO Green can set the standard for future HVDC installations in the U.S.

4.4 *Why DC instead of AC?*

There are many reasons why Direct Current (“DC”) is superior to Alternating Current (“AC”) for the SOO Green HVDC Link. Modern DC technology is self-contained, efficient, and safe. Underground HVDC cable systems do not radiate fluctuating electromagnetic fields that could impact railroad-signaling equipment. Additionally, Modern VSC conversion technology is extremely fast, is much easier to control than AC lines, and provides tremendous support to the existing grid. Finally, DC technology can transmit power over long distances more efficiently than traditional AC technology.

5 Jobs

5.1 *How many jobs will the SOO Green HVDC Link create?*

The Project will bring new permanent and temporary jobs to Iowa and Illinois. The SOO Green HVDC Link Project will create 12,000 jobs over the Project construction period and 75 jobs during operation.

6 Regulatory Process

6.1 *Will the SOO Green HVDC Link Project be seeking authorization from local, state, or federal permitting agencies?*

SOO Green must obtain environmental permits from the United States Army Corps of Engineers, the United States Fish and Wildlife Service, the United States Environmental Protection Agency, the Illinois Department of Natural Resources, the Iowa Department of Natural Resources, and various local jurisdictions.

6.2 *Are there any other regulatory or governmental approval required?*

SOO Green must obtain approval from the Federal Energy Regulatory Commission (“FERC”) to own and operate transmission facilities in the United States, and to sell transmission capacity rights under market-based rates. The Project will also obtain franchise agreements from the Iowa Utilities Board and local Iowa jurisdictions, and obtain the right to interconnect to the transmission systems and operate in both affected Regional Transmission Organizations (“RTO”), MISO and PJM.

Once the Project is operating, operational control will be transferred to an RTO and the Project will be operated in accordance with the terms and conditions of its FERC-approved Open Access Transmission Tariff.

6.3 *Has SOO Green already started the process to obtain local permitting?*

Yes. The SOO Green team will be working with local communities and agencies over the next several months.