



Missouri Public Service Commission

FILED

SEP 19 2017

Judge or Division: Sr. Regulatory Law Judge Michael Bushmann	Appellate Number:	Missouri Public Service Commission SEP 19 2017 9:46am MA (Date File Stamp)
Appellant: Missouri Landowners Alliance	Missouri Public Service Commission File Number: EA-2016-0358	
Respondent: Missouri Public Service Commission		

Notice of Appeal

Notice is given that Missouri Landowners Alliance appeals to the Missouri Court of Appeals Western Eastern Southern District.

September 19, 2017
Date Notice of Appeal Filed
(to be filled in by Secretary of Commission)

Paul A. Agathen
Signature of Attorney or Appellant

The notice of appeal shall include the appellant's application for rehearing, a copy of the reconciliation required by subsection 4 of section 386.420, a concise statement of the issues being appealed, a full and complete list of the parties to the commission proceeding, and any other information specified by the rules of the court. The appellant(s) must file the original and (2) two copies and pay the docket fee required by court rule to the Secretary of the Commission within the time specified by law. **Please make checks or money orders payable to the Missouri Court of Appeals.** At the same time, Appellant must serve a copy of the Notice of Appeal on attorneys of record of all parties other than appellant(s), and on all parties not represented by an attorney.

CASE INFORMATION

Appellant Name / Bar Number: Paul A. Agathen, Mo Bar No. 24756	Respondent's Attorney / Bar Number: Nathan Williams, Mo Bar No. 35512
Address: 485 Oak Field Ct. Washington, MO 63090	Address: Missouri Public Service Commission P.O. Box 360 Jefferson City, MO 65102
Telephone: 636-980-6403	Fax: N/A
Telephone: 573-751-8702	Fax: 573-751-9285
Date of Commission Decision: August 16, 2017	Date of Application for Rehearing Filed: August 25, 2017
Date Application for Rehearing Ruled On: September 19, 2017	

DIRECTIONS TO COMMISSION

A copy of the notice of appeal and the docket fee shall be mailed to the clerk of the appellate court. Unless otherwise ordered by the court of appeals, the commission shall, within thirty days of the filing of the notice of appeal, certify its record in the case to the court of appeals.

Certificate of Service

I certify that on September 19, 2017 (date), I served a copy of the notice of appeal on the following parties, at the following address(es), by the method of service indicated.
See attached service list, all served by electronic mail.

Paul A. Agathen
Appellant or Attorney for Appellant

MISSOURI PUBLIC SERVICE COMMISSION

August 16, 2017

File/Case No. EA-2016-0358

**Missouri Public Service
Commission**
Staff Counsel Department
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounsel@psc.mo.gov

Office of the Public Counsel
Hampton Williams
200 Madison Street, Suite 650
P.O. Box 2230
Jefferson City, MO 65102
opcservice@ded.mo.gov

Charles Henke
Paul A. Agathen
485 Oak Field Ct.
Washington, MO 63090
paa0408@aol.com

Consumers Council of Missouri
John B. Coffman
871 Tuxedo Blvd.
St. Louis, MO 63119-2044
john@johncoffman.net

Grain Belt Express Clean Line, LLC
Lisa A. Gilbreath
254 Commercial Street
Portland, ME 04111-0410
lgilbreath@pierceanwood.com

Grain Belt Express Clean Line, LLC
Jacqueline Whipple
4520 Main Street, Ste. 1100
Kansas City, MO 64111
jacqueline.whipple@dentons.com

Grain Belt Express Clean Line, LLC
Karl Zobrist
4520 Main Street, Suite 1100
Kansas City, MO 64111
karl.zobrist@dentons.com

IBEW Local Union 2
Sherie Hall
13205 MANCHESTER RD SUITE 210
St. Louis, MO 63131
saha@hammondshinners.com

IBEW Local Union 2
Emily Perez
13205 Manchester Rd. Suite 210
St. Louis, MO 63131
eperez@hammondshinners.com

IBEW Local Union No. 53
Sherie Hall
13205 MANCHESTER RD SUITE 210
St. Louis, MO 63131
saha@hammondshinners.com

IBEW Local Union No. 53
Emily Perez
13205 Manchester Rd. Suite 210
St. Louis, MO 63131
eperez@hammondshinners.com

Infinity Wind Power
Terri Pemberton
3321 SW 6th Ave
Topeka, KS 66606
terri@caferlaw.com

Matthew and Christina Reichert
Paul A. Agathen
485 Oak Field Ct.
Washington, MO 63090
paa0408@aol.com

Missouri AFL-CIO
James Faul
4399 Laclede Ave.,
St. Louis, MO 63108
jfaul@ghfllc.net

**Missouri Department of Economic
Development**
Brian T. Bear
301 W. High St., Room 680
P.O. Box 1766
Jefferson City, MO 65102
bbear.deenergycases@ded.mo.gov

Missouri Farm Bureau
Brent E. Haden
827 E Broadway
Columbia, MO 65201
brent@hadenlaw.com

**Missouri Industrial Energy
Consumers (MIEC)**
Lewis Mills
221 Bolivar Street, Suite 101
Jefferson City, MO 65101-1574
lewis.mills@bryancave.com

**Missouri Industrial Energy
Consumers (MIEC)**
Diana M. Vuyisteke
211 N. Broadway, Suite 3600
St. Louis, MO 63102
dmvuyisteke@bryancave.com

Missouri Joint Municipal Electric Utility Commission
Douglas Healy
3010 E. Battlefield, Suite A
Springfield, MO 65804
doug@healylawoffices.com

Missouri Joint Municipal Electric Utility Commission
Penny Speake
3010 E. Battlefield, Suite A
Springfield, MO 65804
penny@healylawoffices.com

Missouri Joint Municipal Electric Utility Commission
Peggy A Whipple
514 E. High Street, Suite A
Jefferson City, MO 65101
peggy@healylawoffices.com

Missouri Landowners Alliance
Paul A Agathen
485 Oak Field Ct.
Washington, MO 63090
paa0408@aol.com

Missouri Public Service Commission
Nathan Williams
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
nathan.williams@psc.mo.gov

Missouri Retailers Association
Diana M Vuylsteke
211 N. Broadway, Suite 3600
St. Louis, MO 63102
dmvuylsteke@bryancave.com

Natural Resources Defense Council
Henry B Robertson
319 N. Fourth St., Suite 800
St. Louis, MO 63102
hrobertson@greatriverslaw.org

R. Kenneth Hutchinson
Paul A Agathen
485 Oak Field Ct.
Washington, MO 63090
paa0408@aol.com

Randall Meyer
Paul A Agathen
485 Oak Field Ct.
Washington, MO 63090
paa0408@aol.com

Renew Missouri
Andrew J Linhares
409 Vandiver Dr
Building 5, Suite 205
Columbia, MO 65202
Andrew@renewmo.org

Robyn Henke
Paul A Agathen
485 Oak Field Ct.
Washington, MO 63090
paa0408@aol.com

Rockies Express Pipeline
Colly J Durley
111 S. Ninth St., Suite 200
P.O. Box 918
Columbia, MO 65205-0918
Durley@smithlewis.com

Rockies Express Pipeline
Sarah E Giboney
111 South Ninth Street, Suite 200
P.O. Box 918
Columbia, MO 65205-0918
giboney@smithlewis.com

Roseanne Meyer
Paul A Agathen
485 Oak Field Ct.
Washington, MO 63090
paa0408@aol.com

Show Me Concerned Landowners
David C Linton
314 Romaine Spring View
Fenton, MO 63026
JdLinton@reagan.com

Sierra Club
Henry B Robertson
319 N. Fourth St., Suite 800
St. Louis, MO 63102
hrobertson@greatriverslaw.org

The Wind Coalition
Sean Brady
PO Box 4072
Wheaton, IL 60189-4072
sbrady@windonthewires.org

The Wind Coalition
Deirdre K Himer
2603 Huntleigh Place
Jefferson City, MO 65109
dhimer@awea.org

Wal-Mart Stores, Inc.
David Woodsmall
807 Winston Court
Jefferson City, MO 65101
david.woodsmall@woodsmalllaw.com

Wind on the Wires
Sean Brady
PO Box 4072
Wheaton, IL 60189-4072
sbrady@windonthewires.org

Wind on the Wires
Deirdre K Himer
2603 Huntleigh Place
Jefferson City, MO 65109
dhimer@awea.org

Issues Expected to be Raised on Appeal

1. Whether the Missouri Public Service Commission (“PSC”) erred in receiving certain evidence into the record which was inadmissible under the terms of Section 536.070(11) RSMo.

2. Whether the PSC erred in denying access to certain material requested from Grain Belt Express Clean Line LLC (“Grain Belt”) in discovery.

3. Whether the PSC erred in denying access to certain material requested in discovery from Grain Belt and a second party on the ground that the material in question was protected from discovery under a Joint Prosecution and Defense Agreement signed by those two parties.

4. Whether the PSC erred in refusing to strike factual material incorporated by Grain Belt into its Reply Brief to the PSC when that material had not been offered or introduced into evidence.

5. Whether the Concurring Opinion of the four Commissioners constituted an unauthorized “advisory opinion.”

Brief Description of the Case.

On August 30, 2016, Grain Belt Express Clean Line LLC (“Grain Belt”) filed an Application with the Missouri Public Service Commission (“PSC”) for a Certificate of Convenience and Necessity (“CCN”) to build the Missouri portion of an electric transmission line which in total would run approximately 780 miles from Kansas to Indiana. The proposed route of the line would traverse eight counties across northern Missouri.

In March, 2017, the PSC held five days of evidentiary hearings at its offices in Jefferson City, dealing primarily with the issues of whether or not the proposed line met the PSC’s traditional criteria for issuance of a CCN for a transmission line.

On August 16, 2017, the PSC issued its Report and Order, in which it voted 5-0 to deny Grain Belt’s Application for the CCN. The decision was essentially based on the fact that Grain Belt had not secured the consent pursuant to Section 229.100 RSMo from all of the County Commissions in the eight Missouri counties which would be traversed by the proposed line. In reaching this decision, the PSC relied heavily on a recent opinion from the Western District of the Court of Appeals which also dealt with an application for a CCN for an electric transmission line: *In the Matter of the Application of Ameren Transmission Company of Illinois*, No. WD79883, (Mo. App. March 28, 2017), reh’g and transfer denied 4/27/2017; transfer denied by MO S.Ct. 6/27/2017.

In a Concurring Opinion, four of the five Commissioners stated, *inter alia*, that the proposed line did meet the traditional criteria for issuance of a CCN, and that they would have voted to approve Grain Belt’s Application but for the fact that Grain Belt had not secured the needed County Commission consents.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Grain Belt Express)
Clean Line LLC for a Certificate of Convenience and)
Necessity Authorizing it to Construct, Own, Operate,)
Control, Manage, and Maintain a High Voltage, Direct) Case No. EA-2016-0358
Current Transmission Line and an Associated Converter)
Station Providing an interconnection on the Maywood-)
Montgomery 345 kV Transmission Line)

APPLICATION FOR REHEARING OF
THE MISSOURI LANDOWNERS ALLIANCE, MATTHEW REICHERT,
CHRISTINA REICHERT, CHARLES HENKE, ROBYN HENKE, RANDALL
MEYER, ROSEANNE MEYER AND R. KENNETH HUTCHINSON

Come now the Missouri Landowners Alliance (MLA), Matthew Reichert, Christina Reichert, Charles Henke, Robyn Henke, Randall Meyer, Roseanne Meyer and R. Kenneth Hutchinson (collectively the “Applicants”) pursuant to Section 386.500 RSMo and 4 CSR 240-2.160, and for the reasons set forth below respectfully apply for rehearing of the Commission’s Report and Order which was issued in this proceeding on August 16, 2017.

The sole purpose of this Application is to preserve the issues discussed below in the event the Commission significantly revises its August 16 Report and Order, or an opposing party appeals that Report and Order and the case is remanded for further consideration by the Commission.¹ If neither of those events occur, then the Applicants intend to abandon the issues raised herein.

1. Evidence Inadmissible Under Section 536.070(11) RSMo.

¹ See *Coleman v. Meritt*, 324 S.W.3d 456, 461 (Mo App 2010) for a discussion of the “law of the case” doctrine.

On March 6, 2017, the MLA filed a Motion to Strike Certain Pre-filed Evidence on the Basis of Section 536.070(11). A copy of that Motion is attached hereto and incorporated herein.

Paragraphs 4 through 9 of that Motion identified certain evidence which the MLA argued should be stricken on the ground that it was inadmissible under the terms of that statute. The Commission thereafter denied the MLA's Motion to Strike, and at the evidentiary hearings overruled the MLA's objections to the admission of that evidence.

For the reasons set forth in the attached Motion to Strike, the Applicants contend that the evidence set forth in paragraphs 4 through 9 of the Motion to Strike should be deemed inadmissible under the terms of Section 536.070(11), and respectfully contend that the Commission erred in overruling the Motion to Strike and in denying the objections to receipt of the evidence at the evidentiary hearings. Accordingly, the Applicants ask that on rehearing the Commission reverse its rulings with respect to the admissibility of the evidence in question.

2. Material Requested from Grain Belt in data request number DB.40.

On November 30, 2016, the MLA filed a Motion in which it asked, among other things, that the Commission direct Grain Belt Express (Grain Belt) to produce unredacted copies of the responses which Grain Belt had received to its January, 2014 Request for Information (RFI). By Order of December 21, 2016, the Commission denied that Motion, and at the evidentiary hearings overruled the MLA's objections to receipt of prefiled testimony which relied on and referenced the responses to the RFI.

Due to the Commission's rulings on this subject, the Applicants had no means of verifying the accuracy of certain information provided in the RFI to Grain Belt. The

Applicants were therefore unable to fully develop rebuttal testimony and cross-examination with respect to the evidence from Mr. Berry which relied on and was derived from the responses to the RFI. Accordingly, the Applicants have been deprived of their right to due process of law, as guaranteed under Amendments V and XIV to the United States Constitution, and Article 1 Section 10 to the Missouri Constitution.

3. Material Requested from Grain Belt in data request number DB.41.

On November 30, 2016, the MLA filed a Motion in which it asked, among other things, that the Commission direct Grain Belt to produce the work papers and documents which supported the figure in Mr. Berry's pre-filed testimony of 2.0 cents per kWh flat for 25 years for the lowest-priced 4,000 MW of power, including the name of each wind farm included in that calculation. By order of December 21, 2016 the Commission denied that Motion, and at the evidentiary hearings overruled the MLA's objections to receipt of that portion of Mr. Berry's testimony which relied on and referenced the material sought in the data request.

Due to the Commission's rulings on this subject, the Applicants had no means of verifying the accuracy of Mr. Berry's testimony regarding the lowest-priced 4,000 MW which Grain Belt could transport on its proposed line. The Applicants were therefore unable to fully develop rebuttal testimony and cross-examination with respect to the issue of the lowest-priced power to be transported on the line. Accordingly, the Applicants have been deprived of their right to due process of law, as guaranteed under Amendments V and XIV to the United States Constitution, and Article 1 Section 10 to the Missouri Constitution.

4. Material Protected by the Joint Prosecution and Defense Agreement.

On January 30, 2017, the MLA filed a Motion to Compel, asking that Grain Belt and MJMEUC be ordered to answer certain data requests which the MLA had submitted to them. Both Grain Belt and MJMEUC had in effect refused to supply the requested material on the ground that it was immune from discovery under a “Joint Prosecution and Defense Agreement” signed on June 1, 2016 by Grain Belt and MJMEUC. (A copy of the document was attached as Exhibit 2 to the MLA’s Motion to Compel). On February 17, 2017, the Commission issued an Order denying the MLA’s Motion to Compel.

The MLA contends that at a minimum, it had a right to all material requested in the data requests which was generated prior to the signing of the Joint Prosecution and Defense Agreement. Prior to that date, there is no legitimate basis for finding a legal privilege for communications between Grain Belt and MJMEUC, beyond those protected by the traditional attorney-client privilege and traditional attorney work product. In order for the privileges to apply, the relation of attorney and client must have actually existed between the parties at the time that the communication was made. Such was not the case at least with respect to communications made prior to June 1, 2016. Accordingly, the denial of the MLA’s Motion to Compel with respect to those communications was unlawful and unreasonable, and acted to deny the MLA of its right to due process of law, as guaranteed under Amendments V and XIV to the United States Constitution, and Article 1 Section 10 to the Missouri Constitution.

5. Denial of Motion to Strike Certain Material in Grain Belt’s Reply Brief.

On April 27, 2017, the MLA filed a motion to strike the second and third paragraphs of page 26 of Grain Belt’s Post-hearing Reply Brief, and its Attachment A thereto. The material in question consisted of and made references to answers provided

by Mr. David Berry to data requests submitted to him by the MLA. In general, Grain Belt relied upon the material in question to support Mr. Berry's use of a 55% capacity factor for the wind farms, a critical element in his LCOE analysis for the Kansas wind generation.

However, the material in Grain Belt's brief was never even mentioned during the course of the five day evidentiary hearings, nor was it offered or received into the record as evidence. It was simply included in Grain Belt's Reply Brief in an effort to overcome an obvious weakness in their economic analysis of the proposed project.

The Commission denied the MLA's motion to strike the material in question at pages 14-15 of its August 16, 2017 Report and Order, finding that the issue was moot in light of its dismissal of Grain Belt's Application. However, if this case is ultimately remanded for a Commission decision on the merits, the material in question will now remain as a part of Grain Belt's Reply Brief. By law this material should have been stricken. It was unlawful and unreasonable for the Commission not to do so, and acted to deny the MLA of its right to due process of law, as guaranteed under Amendments V and XIV to the United States Constitution, and Article 1 Section 10 to the Missouri Constitution. *Meiners Company v. Clayton Greens Nursing Center*, 645 S.W.2d 722, 724 (Mo. App. 1983); *McGee v. City of Pine Lawn*, 405 S.W.3d 582, f.n.1 (Mo. App. 2013).

6. The Concurring Opinion.

The Report and Order of August 16, 2017, denied Grain Belt's Application for a CCN, and thus totally resolved the case, leaving no remaining disputes among the parties which needed to be addressed in order to finally dispose of the case. The Concurring

Opinion issued on that same date therefore had no practical effect whatsoever, nor did it provide any specific relief to any party to the case. It merely said that hypothetically, if we had to reach a decision on the merits of the *Tartan* criteria, which we do not, here is how we would have ruled. As such the Concurring Opinion amounts to a mere “advisory opinion”, which by law the Commission is not permitted to issue. *State ex rel. Laclede Gas Co. v. Pub. Serv. Comm’n of Mo.*, 392 S.W.3d 24, 38 (Mo. App. 2013). See also Order Directing Filing, Commission case no. EO-2013-0359, p. 2 (EFIS No. 2). Accordingly, the Applicants respectfully suggest that the Concurring Opinion issued on August 16, 2017 is unlawful and unreasonable, and should be withdrawn.

WHEREFORE, the Applicants respectfully request that the Commission make and enter its order granting rehearing of its Report and Order of August 16, 2017, and the concurring opinion issued that same date, with respect to each of the grounds set forth above.

Respectfully submitted,

/s/ Paul A. Agathen
Paul A. Agathen
Attorney for the Applicants
485 Oak Field Ct.
Washington, MO 63090
(636)980-6403
Paa0408@aol.com
MO Bar No. 24756

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing document was served by electronic mail upon counsel for all parties this 25th day of August, 2017.

/s/ Paul A. Agathen
Paul A. Agathen

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Grain Belt Express)
Clean Line LLC for a Certificate of Convenience and)
Necessity Authorizing it to Construct, Own, Operate,)
Control, Manage, and Maintain a High Voltage, Direct) Case No. EA-2016-0358
Current Transmission Line and an Associated Converter)
Station Providing an interconnection on the Maywood-)
Montgomery 345 kV Transmission Line)

**MOTION OF MISSOURI LANDOWNERS ALLIANCE TO STRIKE CERTAIN
PRE-FILED EVIDENCE ON THE BASIS OF SECTION 536.070(11) RSMo**

COMES NOW the Missouri Landowners Alliance (MLA) and respectfully asks the Commission to strike certain portions of the pre-filed testimony and Schedules in this case, as designated in paragraphs 4 through 9 below, on the ground that (with two exceptions) the evidence is inadmissible under the terms of § 536.070(11) RSMo. In support of this Motion, the MLA states as follows:

1. The statute which forms the basis for this Motion, § 536.070(11) RSMo, provides in relevant part as follows:

The results of statistical examinations or studies, or of ... compilations of figures ... or examination of many records, or of long or complicated accounts, or of a large number of figures, or involving the ascertainment of many related facts, shall be admissible as evidence of such results, if it shall appear that such examination, study, audit, compilation of figures, or survey was made by or under the supervision of a witness, who is present at the hearing, who testifies to the accuracy of such results, and who is subject to cross-examination, and if it shall further appear by evidence adduced that the witness making or under whose supervision such

examination, study, audit, compilation of figures, or survey was made was basically qualified to make it. All the circumstances relating to the making of such an examination, study, audit, compilation of figures or survey, including the nature and extent of the qualifications of the maker, may be shown to affect the weight of such evidence but such showing shall not affect its admissibility;

2. The above statutory provision is applicable to proceedings of this Commission. See *Big River Telephone Company v. Southwestern Bell Telephone Company*, 440 S.W.3d 503, 511 (Mo App 2014)

3. The evidence identified in paragraphs 4 through 9 below fails to meet the standards of admissibility set forth in § 536.070(11), *supra*, in either of two ways: (1) the evidence itself constitutes the “compilations of figures” or the “examination of many records or of long or complicated accounts”, or “of a large number of figures”, or involve “the ascertainment of many related facts”, and was not compiled by a witness to this case who is available for cross-examination; or (2) the evidence sought to be stricken is derived from evidence meeting the first of these two criteria. In the second situation, the evidence is analogous to the fruit of a poisonous tree.

4. Wind Speed Maps and Related Testimony of Mr. David Berry. Schedule DAB-4 to Mr. Berry’s direct testimony is a color-coded map of the United States, depicting wind speeds in different regions of the country. As indicated on the face of Schedule DAB-4, the map was prepared by a company named AWS Truepower.¹

¹ The box in the bottom-right corner states: “Source Wind resource estimates developed by AWS Truepower, LLC ...”

The process whereby AWS Truepower generates its wind maps is highly complex, using a wide array of data gathered from various sources. The process is described by Mr. Berry in a response to data request DB.43, which is attached to this motion as Exhibit A. As is apparent from that description, the wind map itself clearly falls within the parameters of Section 536.070(11).

Mr. Berry discusses the data depicted on the map, and the conclusions he draws from that data, at the following pages of his direct testimony: page 25, l. 17; page 25 line 21 to page 26 line 5; page 27 lines 9-12; page 32 lines 7-14; and page 41 lines 12-13.

Accordingly, the MLA asks that Mr. Berry's Schedule DAB-4 be stricken, as well as the testimony referred to in the preceding paragraph.

5. Footnote 1 to direct testimony of Mr. David Berry

In footnote 1 at page 6 of his direct testimony, Mr. Berry summarizes the results of a study conducted by the Brattle Group, and filed by Grain Belt on April 13, 2015 after the close of the hearings in the 2014 case as Supplemental Exhibit 14 with their "Response to Order Directing Filing of Additional Information", EFIS No. 508. As indicated in footnote 1 of Mr. Berry's testimony, the study addressed the variability introduced by integrating wind from the Kansas wind farms into the MISO system; the potential for additional reserve requirements from the addition of the Project into the MISO system; and the potential cost impact from the addition of the Project.

The study consists of 29 pages of highly technical, complex information and conclusions, written by five different individuals at the Brattle Group. The cover page and pages 9 and 10 from that study² are attached hereto as Exhibit B, and clearly demonstrate that the study falls within one or more of the parameters of Sec.

² Using the numbers from Supp Exh 14 at the lower left corner of the pages.

536.070(11). Accordingly, the MLA moves to strike footnote 1 to Mr. Berry's direct testimony.

6. Material from the rebuttal testimony of MJMEUC witness Mr. Grotzinger.

Schedule JG-2 to Mr. Grotzinger's rebuttal testimony is a lengthy document titled "Regional Market Report." The document is marked as "HC", and so without discussing the contents of the document, it was prepared by a firm named Leidos, Inc.³ The report was clearly prepared by someone other than Mr. Grotzinger, and based on the contents of the document is inadmissible under Section 536.070(11).⁴ Accordingly, the MLA moves to strike Schedule JG-2. The MLA also moves to strike page 3, lines 12-17 of Mr. Grotzinger's rebuttal testimony, where he addresses Schedule JG-2.

In addition, Schedule JG-6 to Mr. Grotzinger's rebuttal testimony consists of a list of seven alternative sources of power, the prices for which he compares to the prices provided for in MJMEUC's contracts with Grain Belt and Infinity Wind. As indicated in Mr. Grotzinger's response to data request JG.39, which is attached hereto as Exhibit C, all eight of the sources of power (including the Grain Belt alternative) incorporate assumptions about energy prices which were derived from Schedule JG-2, the Leidos report.⁵ Therefore, the cost data of the eight alternatives shown at Schedule JG-6 constitute the fruit of a poisonous tree (Schedule JG-2) and the analysis for all eight alternatives shown at Schedule JG-6 are therefore inadmissible and must be stricken.

Finally, the MLA moves to strike the testimony from Mr. Grotzinger which address the results and conclusions derived from Schedule JG-6; i.e, his rebuttal testimony from page 7 line 19 to page 8 line 6.

³ See cover page and unnumbered page 4 with a reference to the copyright of the report.

⁴ See, e.g., pages 2-16 to 2-25, and 3-6 to 3-32.

⁵ See also the notes at the bottom of Schedule JG-6 itself.

7. Material from the rebuttal testimony of Mr. Alan Spell. Mr. Spell was responsible for the compilation of the Economic Impact Study which was submitted as Schedule MOL-7 to Mr. Lawlor's direct testimony.⁶ Included as Schedule AES-2 to Mr. Spell's rebuttal is a copy of a lengthy, complex study which indicates on its cover page that it was compiled by Dr. David Loomis.⁷ The contents of the Loomis study clearly come within one or more of the parameters of Section 536.070(11). Accordingly, the MLA moves to strike Schedule AES-2, the Loomis study, on the ground that it is inadmissible under the provisions of that statute.

In addition, as Mr. Spell testifies, he used data from the Loomis study (AES-2) in compiling the results of the Economic Impact Study submitted as Schedule MOL-7.⁸ Accordingly, if Schedule AES-2 is not admissible, then the Economic Impact Study submitted as Schedule MOL-7 is also inadmissible, as fruit of a poisonous tree. Accordingly, the MLA moves to strike Mr. Lawlor's Schedule MOL-7 and the following portions of Mr. Spell's rebuttal testimony which address the Economic Impact Study submitted at Schedule MOL-7: page 2 line 13 to page 4 line 5; and page 7 lines 7 to 18.

In addition, the MLA moves to strike the following testimony which also quotes from and/or relies on the Economic Impact Study submitted as Schedule MOL-7:

The rebuttal testimony of Barbara A. Meisenheimer at page 9 lines 11-17;

the surrebuttal testimony of Mark Lawlor at page 2 lines 5-17;

the direct testimony of Mark Lawlor, p. 15 lines 4-13; and

⁶ See rebuttal testimony of Alan Spell, page 2 lines 9-10.

⁷ The study by Dr. Loomis is apparently not marked as Schedule AES-2, and in fact bears the Schedule number DLG-2 from the 2014 case. However, from Mr. Spell's rebuttal testimony, at page 6 lines 15-17, it is clear that his Schedule AES-2 is intended to be the Loomis study.

⁸ "Clean Line also provided Dr. Loomis's analysis, shown in Schedule AES-2, which was used to determine direct construction spending by detailed categories and by state." Rebuttal Testimony of Alan E. Spell, page 6 lines 15-17.

the direct testimony of Michael Skelly, p. 6 line 6; p. 17 lines 7-9; p. 31 lines 19-23.

8. Annual \$10 million dollar savings study. At page 3 lines 15-19 of his direct testimony, Mr. Lawlor in essence says that the Grain Belt contract will save MJMEUC members at least \$10 million annually compared to an existing contract for fossil fuel generation. However, as is evident from his responses to MLA data requests ML.2 and ML.49, which are set forth at Exhibit D hereto, Mr. Lawlor conducted no analysis himself to support that statement. Instead, as he indicates in the responses to the data requests, he was relying on information supposedly provided to him by MJMEUC.

The problem is, the testimony submitted by the two MJMEUC witnesses does not include any testimony or analysis which supports Mr. Lawlor's statement about the supposed savings from the Grain Belt contract compared to an existing fossil contract. Therefore, the statements from Mr. Lawlor regarding this supposed study lack any foundation, and are mere hearsay statements. Accordingly, on those two grounds the MLA moves to strike Mr. Lawlor's direct testimony at page 3 lines 15-19.⁹

In addition, the MLA moves to strike the rebuttal testimony of Barbara A. Meisenheimer at page 7 lines 9-10 which cites Mr. Lawlor's testimony regarding the \$10 million in savings to MJMEUC.

9. Portions of the Rebuttal Testimony and Schedules of Mr. Michael Goggin. Five of the Schedules included with the rebuttal testimony of Mr. Michael Goggin are inadmissible on their face under the terms of Section 536.070(11). Accordingly, the

⁹ Again, this objection is not based on Section 536.070(11), but is included herein to avoid duplicate Motions to Strike.

MLA moves to strike the following Schedules and his rebuttal testimony which addresses or relies on those Schedules:

Schedule MG-2, and page 5, lines 90-95; page 7 lines 130-139; and page 9 lines 178-182.

Schedule MG-3, and page 7 lines 143-147; page 24 lines 499-501; and page 25, lines 510-512.

Schedule MG-4, and page 8, lines 152-157.

Schedule MG-6, and page 22 line 461 to page 23 line 466.

Schedule MG-7, and page 26 lines 538-544.

In addition, there are numerous instances where Mr. Goggin relies in his rebuttal testimony on technical documents compiled by others, particularly in his footnotes. These documents would themselves be inadmissible under Section 536.070(11). Thus the rebuttal testimony relying on those documents should also be stricken, as fruit of the poisonous tree. While this is not a complete list of such instances, the MLA moves to strike the following rebuttal testimony from Mr. Groggin on that basis:

Page 4 lines 67-70, which rely on the material at footnote 4 (See Exhibit E).

Page 4 lines 76-81, which rely on the material at footnote 5 (See Exhibit F).

Page 13 lines 278-29, which rely on the material at footnote 13 (See Exhibit G).

Page 14 lines 289-94, which rely on the materials at footnotes 20-22 (See Exhibit H).

Page 14 line 295 to page 15 line 297, which rely on the materials at footnote 23 (See Exhibit I)

Page 20 lines 413-423, which rely on the materials at footnote 33 (See Exhibit J).

Page 24 lines 498-99, which rely on the material at footnote 47 (See Exhibit G).

Finally, the MLA moves to strike the following portions of Mr. Goggin's rebuttal testimony on the ground that it is inadmissible hearsay, without regard to Section 536.070(11): page 4 lines 84-86; page 14, line 295; page 16 lines 330-333; page 16 lines 335-336; page 20 lines 415-423; page 22 lines 451-456; page 23 lines 474-476; page 23 lines 478-479; and page 23 lines 483-485.¹⁰

10. Section 536.070(11) is a close, codified relative of the general rule against hearsay. And as the Commission will recall, in objecting earlier to certain of the exhibits offered at the local public hearings, Grain Belt made its position on hearsay evidence quite clear: "Hearsay to which another party objects is not admitted into evidence and is not considered competent and substantial evidence upon which the Commission can base its decision."¹¹ On this point, the MLA agrees with Grain Belt.

11. Some might believe that under appropriate circumstances, administrative agencies ought to have the ability to waive or relax the evidentiary restrictions of Section 536.070(11). The fact is, however, that the law gives them no such discretion. Instead, the plain language of the statute is unequivocal: if evidence does not meet the requirements of the statute, that evidence is without exception inadmissible. If one wishes to question the efficacy of this law, the place to do so is at the General Assembly.

12. Finally, the MLA should note that it filed a similar Motion to Strike in the 2014 case.¹² That motion was for the most part denied.¹³

¹⁰ The objection to the material in this paragraph is not based on Section 536.070(11), but is included in this Motion to avoid the filing of a separate Motion for this material alone.

¹¹ Reply of Grain Belt Express to the Responses of Missouri Landowners and Show-Me Concerned Landowners to Objections to Exhibits Offered at Local Public Hearings, January 3, 2017, par. 6 page 3.

¹² See Motion to Strike at EFIS No. 276 in Case No. EA-2014-0207.

¹³ See hearing transcript from November 10, 2014, Tr. 24-25, EFIS No. 321.

WHEREFORE, for the reasons set forth above, the MLA respectfully asks the Commission to strike the testimony and Schedules identified and cited in paragraphs 4 through 9 above.

Respectfully submitted,

Missouri Landowners Alliance

/s/ Paul A. Agathen

Paul A. Agathen
485 Oak Field Ct.
Washington, MO 63090
Paa0408@aol.com
(636)980-6403
MO Bar No. 24756
Attorney for
Missouri Landowners Alliance

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing Motion and the attached Exhibits were served upon the parties to this case by email this 6th day of March, 2017.

/s/ Paul A. Agathen
Paul A. Agathen
Attorney for the Missouri Landowners Alliance
Paa0408@aol.com
(636)980-6403

Exhibit A

DB.43 With reference to page 25 lines 18-25 of your testimony, please state whether the wind map at Schedule DAB-04 was compiled by AWS Truepower, and please briefly summarize the process by which that map was compiled.

RESPONSE: The wind map in Schedule DAB-04 was compiled by AWS Truepower and NREL. The map was created using AWS Truepower's MesoMap system.

The underlying model is MASS (Mesoscale Atmospheric Simulation System), a numerical weather model that has been developed over the past 20 years by Truewind Solutions partner MESO, Inc. MASS simulates the fundamental physics of the atmosphere including conservation of mass, momentum, and energy, as well as the moisture phases, and it contains a turbulent kinetic energy module that accounts for the effects of viscosity and thermal stability on wind shear. As a dynamical model, MASS simulates the evolution of atmospheric conditions in time steps as short as a few seconds. As this is computationally demanding and time consuming, MASS is coupled to a simpler but much faster program, WindMap, a mass - conserving wind flow model. Depending on the size and complexity of the region and requirements of the client, WindMap is used to improve the spatial resolution of the MASS simulations to account for the local effects of terrain and surface roughness variations. The wind map in Schedule DAB-04 was created with a spatial resolution of 2.5 km.

The MASS model uses a variety of online, global, geophysical and meteorological databases. The main meteorological inputs are reanalysis data, rawinsonde data, and land surface measurements. The MASS model itself determines the evolution of atmospheric conditions within the region based on the interactions among different elements in the atmosphere and between the atmosphere and the surface. The main geophysical inputs are elevation, land cover, vegetation greenness (normalized differential vegetation index, or NDVI), soil moisture, and sea - surface temperatures. The model translates both land cover and NDVI data into physical parameters such as surface roughness, albedo, and emissivity.

The MesoMap system creates a wind resource map in several steps. First, the MASS model simulates weather conditions over 366 days selected from a 15 - year period. The days are chosen through a stratified random sampling scheme so that each month and season is represented equally in the sample; only the year is randomized. Each simulation generates wind and other weather variables (including temperature, pressure, moisture, turbulent kinetic energy, and heat flux) in three dimensions throughout the model domain, and the information is stored at hourly intervals. When the runs are finished, the results are compiled into summary data files, which are then input into the WindMap program for the final mapping stage.

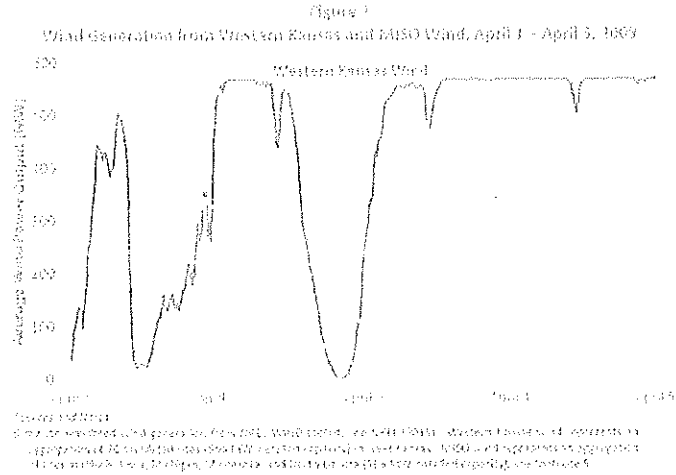
Wind Integration Analysis for the Grain Belt Express HVDC Line

CLEAN LINE
ENERGY PARTNERS

Judy Chong
Johannes Pfeifenberger
Philip Hanser
Roger Lueken
Will Gorman

THE **Brattle** GROUP
SUPP EXHIBIT 14 - Page 1 of 29





B. INTEGRATING WIND FROM WESTERN KANSAS WIND BECOMES LESS AUXILIARY SERVICE THAN ADDITIONAL WIND FROM MISO

Aggregating the output of many wind generators with diverse locations reduces the total variability of their generation output. Because wind generators in western Kansas are distant from the wind generators within the MISO footprint, the wind power delivered by the Project will be less correlated with existing aggregate MISO wind power than if new wind was developed inside the MISO footprint.

To estimate the correlation between the 5-minute changes in output between western Kansas wind and MISO's existing wind, we simulate adding approximately 100 MW of new wind generation from six locations: western Kansas and five sites in MISO that have high quality wind resources (Illinois, Iowa, Michigan, Minnesota, and North Dakota). This means that we

distributed new capacity as follows: respectively of the aggregate wind capacity in these states. Therefore Iowa, Illinois, Michigan, Minnesota, and North Dakota sites were assigned to contribute 200 MW, 34 MW, 68 MW, 144 MW, and 80 MW respectively. Clear Line anticipates that approximately 500 MW of installed wind capacity will subscribe to the Project to deliver to Missouri. The line losses on the Project are expected to reduce the amount of power delivered to MISO by about 5%. No less than the 500 MW of maximum generation capacity we used in the analysis. A maximum of 500 MW would be delivered to Missouri at any one time. However, we have ignored the line losses in our analysis since it is not expected to affect the results in any significant manner.

BEFORE THE MISSOURI
PUBLIC SERVICE COMMISSION

Response provided by: John Grotzinger
Title: Chief Operating Officer
Missouri Joint Municipal Electric Utility Commission
Company: MJMEUC
Address: 1808 Interstate 70 Dr. SW
Columbia, MO 65203
Company Response No.: JG.39
Date of Response: February 16, 2017

Question:

Near the bottom of your schedule JG-6 there are three assumptions regarding energy prices based on the leidos report. Please state for which of the 8 "source" options on that Schedule those assumptions were incorporated or used.

Response:

All 8 source options.



MLA's Data Request ML.2 to Mr. Lawlor: "... please provide a copy of all independent studies or analyses which you yourself conducted to support your statement that 'wind energy delivered to MJNEUC members through the Project will cost substantially less than other alternatives.'"

RESPONSE: "... In my testimony dated August 30, 2016, I respond to the question 'Has MJMEUC estimated the benefits it will receive from the 200 MW of Kansas-Missouri Service capacity?' My response points out MJMEUC estimated the benefits. I did not conduct the studies or analysis on behalf of MJMEUC."

MLA's Data Request ML.46 to Mr. Lawlor: "With reference to page 3 lines 15-19 of your direct testimony, please provide a copy of the work papers and all other documents which support the estimated \$10 million per year savings to MJMEUC member utilities."

RESPONSE: "See response to ML.2. I do not have work papers related to this calculation."



MARKET EFFECTS OF WIND PENETRATION IN ERCOT:

HOW WIND WILL CHANGE THE FUTURE OF ENERGY AND ANCILLARY SERVICE PRICES

By LCG Consulting, October 2016

EXECUTIVE SUMMARY

In recent years, the Electricity Reliability Council of Texas (ERCOT) Region has experienced a rapid expansion of wind generation capacity. Nevertheless, wind generation capacity in ERCOT is expected to further increase in the coming years with many new units expected to come online. The aim of this study is to provide insight into the expected impacts of further wind capacity expansion in the ERCOT market through market simulations with the UPLAN Network Power Model. LCG has developed three scenarios for the 2021 calendar year with differing wind capacity assumptions (15.8 GW, 22.9 GW, and 30 GW). With all other factors held constant, the modeling effort is able to isolate the impact that wind generation will have on energy and ancillary service prices in the ERCOT market.

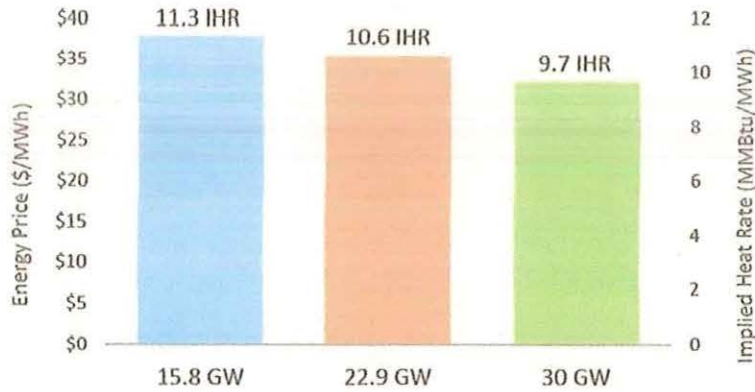
The first scenario includes only 15.8 GW of wind capacity, the amount of wind capacity installed as of the end of 2015. It is intended to serve simply as a point of reference, against which the higher wind scenarios may be compared, since the installed capacity in ERCOT as of the date of this study already exceeds 16.6 GW. The second scenario includes 22.9 GW of installed wind capacity – an addition of 7.1 GW. This scenario is intended to represent a conservative estimate of the likely wind capacity to be operational by 2021. For point of reference, development projects identified in ERCOT's August 2016 Generation Interconnection Status Report (GIS) as having executed an interconnection agreement, posted financial security, and scheduled to be operational by 2019 total 23.1 GW. Comparing this scenario to the 15.8 GW scenario can give us insight into how the market may be affected as we move from current installed capacity to a level more representative of ERCOT's current GIS reports. The third scenario increases installed wind capacity by an additional 7.1 GW to 30 GW, illustrating the impact on the market of further increases in wind capacity, that could be driven by lower costs, wind turbine technology improvements leading to higher capacity factors, federal legislative limitations on greenhouse gas emissions and/or additional or extended tax incentives, transmission upgrades, or other potential driving factors.

UPLAN simulation results indicate that with higher wind energy deployment, energy prices will be lower and ancillary service prices will be higher. In the 15.8 GW scenario, the annual average load-weighted energy price is \$36.30 with a load-weighted implied heat rate (IHR) of 11.3. In the 22.9 GW scenario, load-weighted energy price and IHR fall 6.5% to \$33.96 and 10.6, respectively. The 30 GW wind scenario projects a further decrease in the annual load-weighted average energy price to \$30.91, with an IHR of 9.7, which represents a 9.0% decrease relative to the 22.9 GW



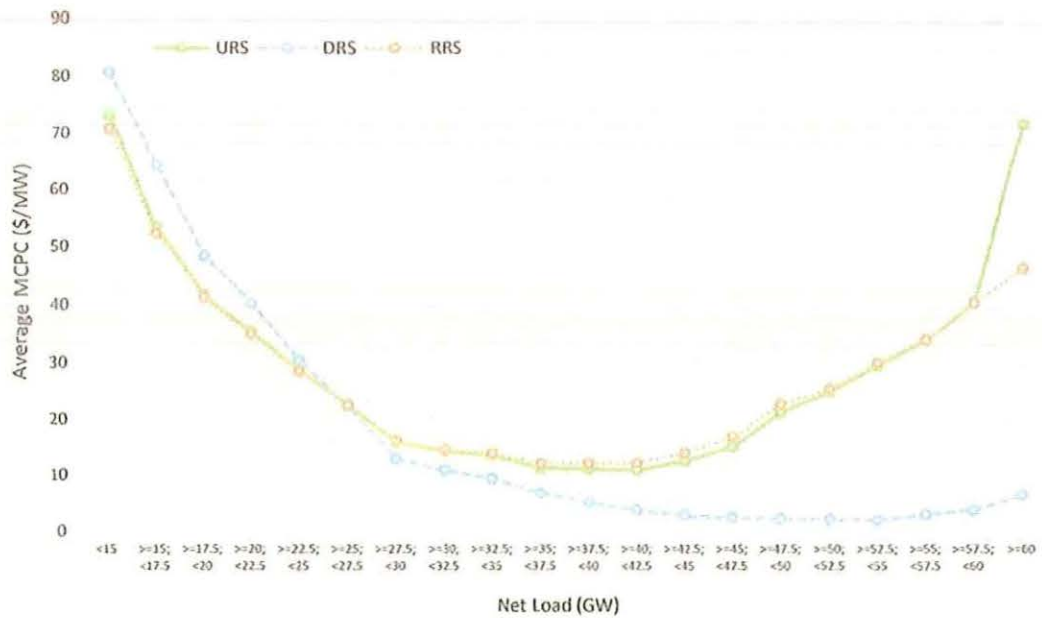
scenario. Figure ES.1 below shows annual average load-weighted system-wide energy price and implied heat rate by scenario.

Figure ES.1 – 2021 Annual Average Load-Weighted System-Wide Energy Price and Implied Heat Rate by Scenario



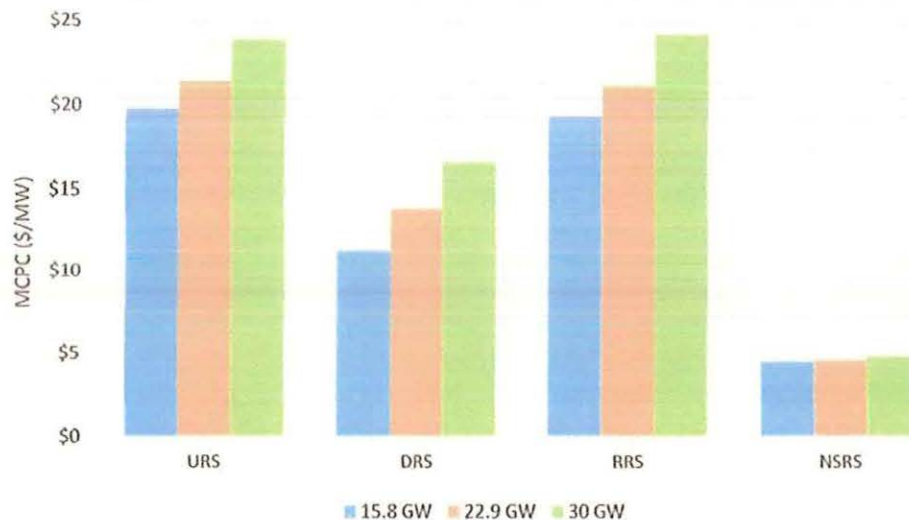
A relationship can be observed between levels of system-wide net load (defined as total customer demand less the energy provided by wind generation) and prices of ancillary service products, in particular, Regulation Up Service (URS), Regulation Down Service (DRS), and Responsive Reserve (RRS). Pictured below in Figure ES.2 are simulation results from the 22.9 GW wind scenario illustrating this relationship. As shown below, higher levels of net load have higher average prices of URS and RRS. In addition, at very low levels of system-wide net load, prices of URS and RRS are higher on average, as is the average price of DRS. In contrast, energy prices have a positive relationship with net load for all levels (higher when net load is higher and lower at low net load levels).

Figure ES.2 – 2021 Average Ancillary Service Prices by Net Load (22.9 GW Wind)



With higher levels of wind deployment, there is a greater occurrence of low net load hours. In UPLAN simulations this leads to increases in annual average ancillary service prices. Figure ES.3 below shows simulation results for average ancillary service prices for the three scenarios.

Figure ES.3 – 2021 Annual Average Ancillary Service Prices by Product



In the 2021 UPLAN simulations, the annual average Operating Reserve Demand Curve (ORDC) price adder is significantly higher than in the 2015 ERCOT market due to the expected increase in load with little thermal generation expansion. However, the ORDC price adder declines as wind generation increases across the modeled 2021 scenarios, as net load is reduced with greater wind generation.

It should be noted that this study assumes only capacity additions and retirements that are currently announced by the ERCOT ISO – with the exception of the variation in wind additions reflected by each scenario. Non-wind capacity expansion for purposes of this study includes those units that have a signed interconnection agreement and have posted financial security according to ERCOT’s August 2016 Generator Interconnection Status Report. Retirements are based on scheduled retirements announced by the ISO. Further retirements would impact the energy and ancillary service markets and we leave the analysis of these impacts to future studies.

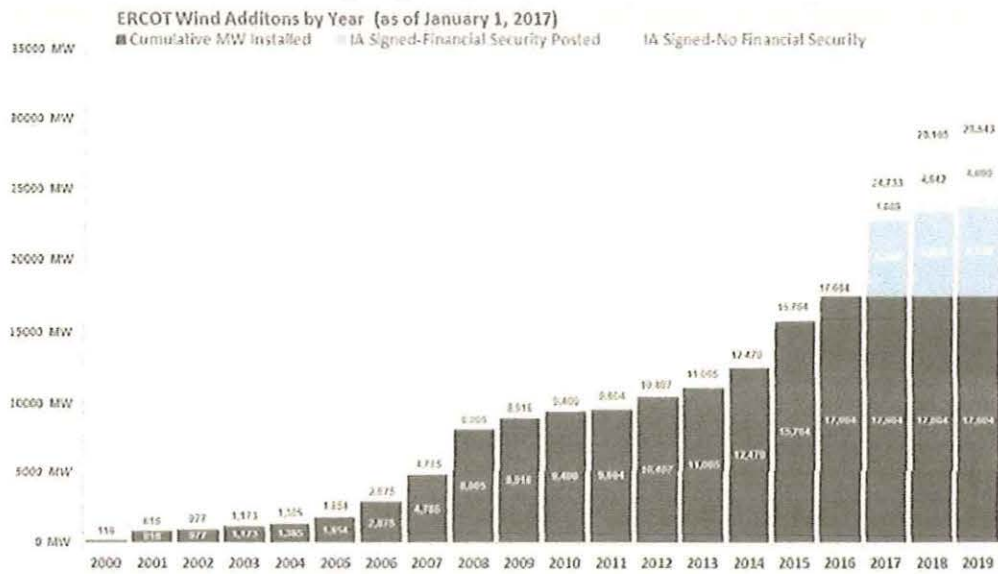


LCG CONSULTING
 4962 El Camino Real, Suite 112
 Los Altos, CA 94022
 Tel: 650-962-9670
 www.EnergyOnline.com
 Email: Info@energyonline.com

Grid Planning & Operations



Wind Generation – December 2016



Notes:

- The data presented here is based upon the latest information provided to ERCOT by resource owners and developers and can change without notice. Resources with December 2016 projected dates that have not received Commercial Operations Approval (COA) in 2017 are shown.
- Installed capacity is for the entire year. Resources that are reported to the facility during the reporting month and will begin operation in subsequent years total.
- Installed capacity is relative only to the facilities that are reported to ERCOT. There is generation that is not included in the data just reported to the ERCOT system.
- This chart reports annual planned units that are given Commercial Operations Approval throughout the calendar year. In contrast, ERCOT's capacity, Demand and Reserve (CDR) reports hours planned capacity projects to be commercially available on or before the start of the Summer and Winter Peak Load Seasons.
- Financial security posted for funding interconnection facilities does not include CREZ security deposits, which are refunded to the Interconnecting Entity when an IA is signed.

Footnote 13 + 47

DECEMBER 2016

LAZARD'S LEVELIZED COST OF ENERGY ANALYSIS—VERSION 10.0

LAZARD



Introduction

Lazard's Levelized Cost of Energy Analysis ("LCOE") addresses the following topics:

- Comparative "levelized cost of energy" analysis for various technologies on a \$/MWh basis, including sensitivities, as relevant, for U.S. federal tax subsidies, fuel costs, geography and cost of capital, among other factors
- Comparison of the implied cost of carbon abatement for various generation technologies
- Illustration of how the cost of various generation technologies compares against illustrative generation rates in a subset of the largest metropolitan areas of the U.S.
- Illustration of utility-scale and rooftop solar versus peaking generation technologies globally
- Illustration of how the costs of utility-scale and rooftop solar and wind vary across the U.S., based on illustrative regional resources
- Illustration of the declines in the levelized cost of energy for various generation technologies over the past several years
- Comparison of assumed capital costs on a \$/kW basis for various generation technologies
- Illustration of the impact of cost of capital on the levelized cost of energy for selected generation technologies
- Decomposition of the levelized cost of energy for various generation technologies by capital cost, fixed operations and maintenance expense, variable operations and maintenance expense, and fuel cost, as relevant
- Considerations regarding the usage characteristics and applicability of various generation technologies, taking into account factors such as location requirements/constraints, dispatch capability, land and water requirements and other contingencies
- Summary assumptions for the various generation technologies examined
- Summary of Lazard's approach to comparing the levelized cost of energy for various conventional and Alternative Energy generation technologies

Other factors would also have a potentially significant effect on the results contained herein, but have not been examined in the scope of this current analysis. These additional factors, among others, could include: capacity value vs. energy value; stranded costs related to distributed generation or otherwise; network upgrade, transmission or congestion costs or other integration-related costs; significant permitting or other development costs, unless otherwise noted; and costs of complying with various environmental regulations (e.g., carbon emissions offsets, emissions control systems). The analysis also does not address potential social and environmental externalities, including, for example, the social costs and rate consequences for those who cannot afford distribution generation solutions, as well as the long-term residual and societal consequences of various conventional generation technologies that are difficult to measure (e.g., nuclear waste disposal, environmental impacts, etc.)

While prior versions of this study have presented the LCOE inclusive of the U.S. Federal Investment Tax Credit and Production Tax Credit, Versions 6.0 – 10.0 present the LCOE on an unsubsidized basis, except as noted on the page titled "Levelized Cost of Energy—Sensitivity to U.S. Federal Tax Subsidies"

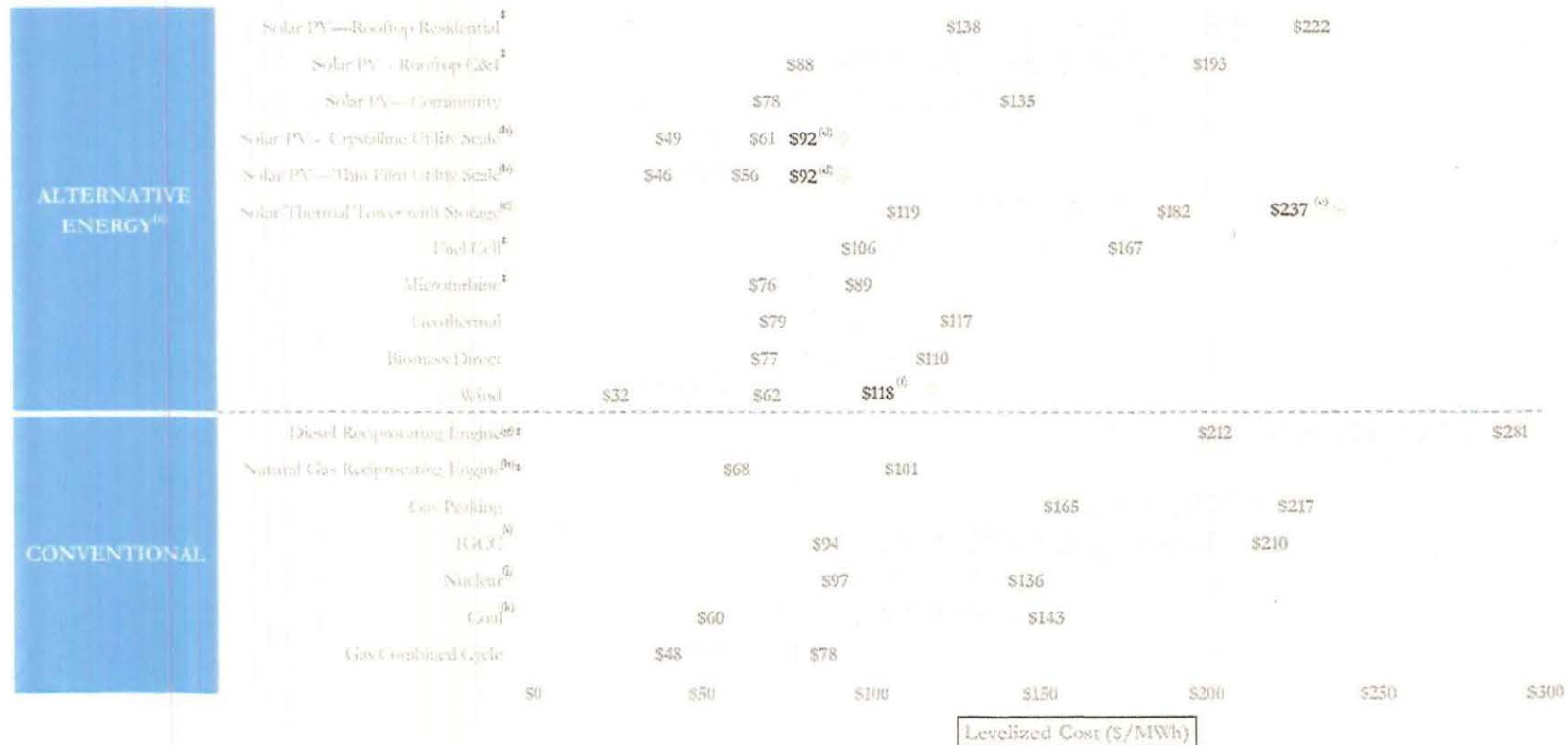
1 LAZARD Note: This study has been prepared by Lazard for general informational purposes only, and it is not intended to be, and should not be construed as, financial or other advice.

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Unsubsidized Levelized Cost of Energy Comparison

Certain Alternative Energy generation technologies are cost-competitive with conventional generation technologies under some scenarios; such observation does not take into account potential social and environmental externalities (e.g., social costs of distributed generation, environmental consequences of certain conventional generation technologies, etc.), reliability or intermittency-related considerations (e.g., transmission and back-up generation costs associated with certain Alternative Energy technologies)



Source: Lazard estimates.

Note: Here and throughout this presentation, unless otherwise indicated, analysis assumes 60% debt at 8% interest rate and 40% equity at 12% cost for conventional and Alternative Energy generation technologies. Reflects global, illustrative costs of capital, which may be significantly higher than OECD country costs of capital. See page 15 for additional details on cost of capital. Analysis does not reflect potential impact of recent draft rule to regulate carbon emissions under Section 111(d). See pages 18–20 for fuel costs for each technology. See following page for footnotes.

‡ Denotes distributed generation technology.

2 LAZARD

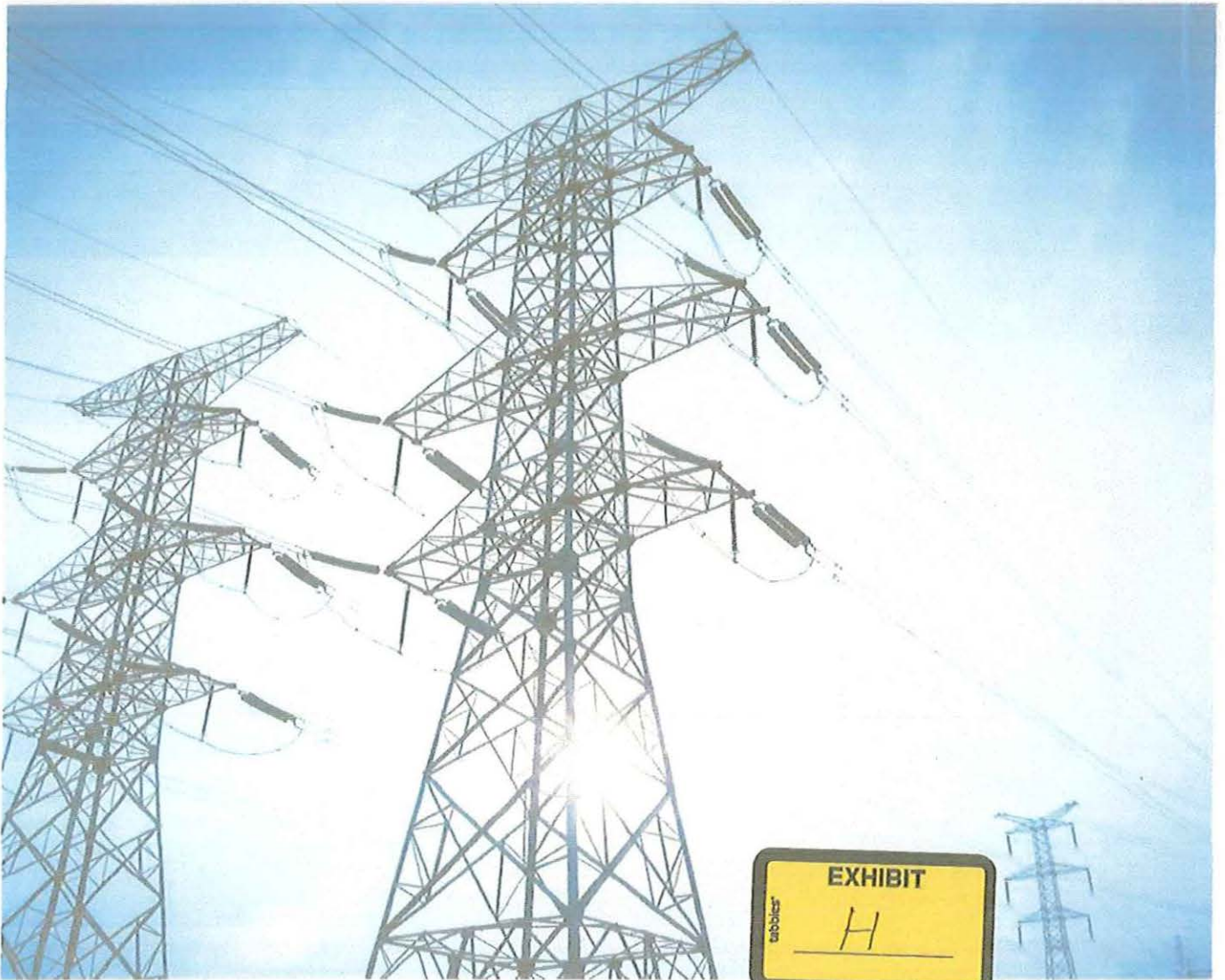
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Footnote 20, 21, 22
p. 97-98, 10, 11

MTEP16

MISO Transmission Expansion Plan



developed through the regional plan. MISO and PJM have identified a number of potential projects of this type and anticipate filing Joint Operating Agreement changes along with associated regional tariff revisions with FERC near the end of the fourth quarter of 2016.¹³ Along the seam with SPP, MISO has committed to a joint, multi-year study, similar to MISO's own overlay development efforts, which will address future interregional system planning needs stemming from a dramatically changing future energy landscape expected to impact both RTOs. MISO will also continue to work with the Southeastern Regional Planning (SERTP) sponsors to advance and mature interregional coordination provisions that were accepted by FERC in 2016.

Conclusion

MISO is proud of its independent, transparent and inclusive planning process that is well-positioned to study and address future regional transmission and policy-based needs. The valuable input and support from the stakeholder community allows MISO to create well-vetted, cost-effective and innovative solutions to provide reliable delivered energy at the least cost to consumers. MISO welcomes feedback and comments from stakeholders, regulators and interested parties on the evolving electricity system and implementation of MISO's strategic initiatives. For detailed information about MISO, MTEP16, renewable energy integration, cost allocation, and other planning efforts, go to www.misoenergy.org.

¹³ See Section 8.1 PJM Interregional study - IPSAC

Book 1 Transmission Planning Studies

2016

Chapter 2	MTEP16 Overview
Chapter 3	Historical MTEP Plan Status
Chapter 4	Reliability Analysis
Chapter 5	Economic Analysis

5.2 Futures Development

The MTEP16 generation expansion results created in 2015 cover both the North/Central and South regions. MISO completed this assessment of generation using the Electric Generation Expansion Analysis System (EGEAS) model in 2015. Using assumptions developed in coordination with the Planning Advisory Committee (PAC), MISO developed these models to identify the least-cost generation portfolios needed to meet the resource adequacy requirements of the system for each future scenario.

Detailed MTEP16 capacity expansion results are presented in Appendix E2³³.

Capacity Expansion Results

The study determined the aggregated, least-cost capacity expansions for each defined future scenario through the 2030 study year (Figure 5.2-1). This added capacity is required to maintain planning reliability targets for each region as well as identify other economic generation. This iteration of MTEP shows a long-term drive toward economically selected renewables in carbon cost futures and an increase in retirements and gas consumption. The reliability targets for MISO are defined in the Module E Resource Adequacy Assessment described in Book 2.

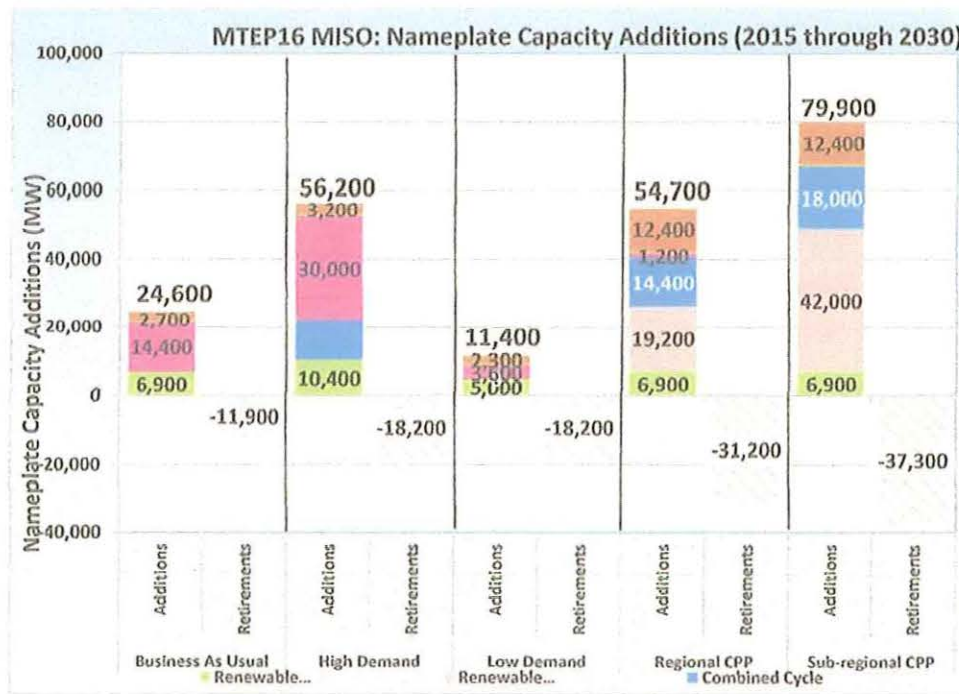


Figure 5.2-1: MISO nameplate capacity additions by future (2015-2030 EGEAS Model)³⁴

³³ Futures were developed prior to the stay of the clean power plan. Futures under development for MTEP 17 will reflect a broader range of portfolio changes not specifically tied to the Clean Power Plan.

The Business As Usual future projects 24.6 GW of additional capacity to maintain system reserves and replace retired capacity between 2015 and 2030. MISO, with advice from the PAC, models 12.6 GW of coal retirements as a minimum in all future scenarios³⁵ to represent the projected effects of EPA regulations, specifically, Mercury and Air Toxics Standards (MATS). The High Demand and Low Demand futures include additional age-related retirements of non-coal and non-nuclear resources. On top of the age-related and 12.6 GW of coal retirements, the Regional and Sub-Regional Clean Power Plan (CPP) futures include an additional 14 GW and 20 GW of coal retirements respectively. Future capacity expansions include demand response (DR) and energy efficiency (EE) programs, as well as natural gas combustion turbines, natural gas combined cycle units, wind and solar.

Futures Development

Scenario-based analysis provides the basis for developing economically feasible transmission plans for the future. A future scenario is a stakeholder-driven postulate of what could be. This determines the non-default model parameters (such as assumed values) driven by policy decisions and industry knowledge. With the increasingly interconnected nature of organizations and federal interests, forecasting a range of plausible futures greatly enhances the planning process for electric infrastructure. The futures development process provides information on the cost-effectiveness of environmental legislation, wind development, demand-side management programs, legislative actions or inactions and many other potential scenarios.

Future scenarios and their associated assumptions are developed with high levels of stakeholder involvement. As a part of compliance with the FERC Order 890 planning protocols, MISO-member stakeholders are encouraged to participate in PAC meetings to discuss transmission planning methodologies and results. Scenarios are regularly developed to reflect items such as shifts in energy policy, changing demand and energy growth projections, and/or changes in long-term projections of fuel prices. Previously, future scenario definitions were developed annually; however, several prior iterations of MTEP saw very similar futures with gas price and load growth variations year over year. Rather than continue to develop similar futures, MISO will implement a new futures process beginning with MTEP17³⁶. Under the new process, futures will be evaluated annually and a decision made with input from stakeholders as to whether futures need to be wholly redesigned or merely updated with current fuel and demand forecasts.

Five narratives describe the MTEP16 future scenarios and their key drivers:

- The baseline, or Business as Usual (BAU), future captures all current policies and trends in place at the time of futures development and assumes they continue, unchanged, throughout the duration of the study period. All applicable EPA regulations governing electric power generation, transmission and distribution are modeled. Demand and energy growth rates are modeled at a level equivalent to the 50/50 forecasts submitted into the Module E Capacity Tracking (MECT) tool. All current state-level Renewable Portfolio Standard (RPS) and Energy Efficiency Resource

³⁴ Due to coal plant retirements that have already occurred, only the additional amounts of modeled retirements are shown in the figure.

³⁵ MISO performed an EPA impact analysis study in 2011 in order to determine the potential of coal fleet retirements. The EPA analysis produced three levels of potential coal retirements: 3 GW, 12.6 GW and 23 GW. To capture these potential retirements in the scenario-based analysis, MISO analysts, in conjunction with the Planning Advisory Committee (PAC), chose to model a minimum of 12.6 GW of retirements in all futures, with the exception of 23 GW of retirements being modeled in the Environmental future.

³⁶ See September 9th PAC meeting materials process discussion:
<https://www.misoenergy.org/layouts/MISO/ECM/Redirect.aspx?ID=207650>

Policy Landscape Overview

The MISO generation fleet continues to evolve. Driven by both economics and environmental regulations, the MISO region as a whole is transitioning from a primarily coal-fueled fleet to a balance of coal, natural gas and renewables.

While the evolution of the fleet is generally accepted across the industry, the rate at which the transition will occur is uncertain. In the past 10 years, MISO has seen a significant increase in wind generation as well as coal retirements. Largely driven by compliance with the Mercury and Air Toxics Standards, which went into effect on April 16, 2015, approximately 10 GW of coal capacity in MISO has recently retired or converted fuel. Retired capacity has partially been replaced by natural gas and wind units; however, capacity additions have not kept pace with reductions. In the past five years, planning reserve margins⁴⁴ have dropped from 23 percent and above to 18 percent (Section 6.2).

Geographic diversity, policies (both existing and pending) as well as economics impact different areas of the footprint to different degrees. The MISO North and Central regions' fleet, which is primarily coal-based, continues to receive pressure from environmental regulations, competition from natural gas and age. Currently, the average age of the MISO North and Central regions' coal fleet is 40 years old. Analysis shows that coal plants typically retire at 65 years, meaning approximately 8 GW of currently unannounced coal retirements are expected in the next 15 years. That value could potentially triple depending on carbon regulations (Section 7.1).

The MISO North and Central Regions continue to see a large potential for increased wind on the system. As of June 2016, approximately 16 GW of wind currently operates in the MISO footprint and another 30 GW is currently in the Generator Interconnection Queue, 10 GW of the queued wind is in Iowa. MISO's South Region is primarily fueled by natural gas units so fuel prices, age, and demand and energy growth rates are the significant factors that affect the southern fleet. Approximately 12 GW of MISO South Region natural gas and oil units are at risk of age-related retirement within the next 15 years. While the current Generator Interconnection Queue indicates that most of the aging natural gas units will be replaced with newer natural gas units, it's also expected that demand-side resources as well as solar will play a greater role in the fleet into the future.

As MISO looks forward, it expects the trends towards a lower carbon fleet to be driven by potential carbon regulations, age, sustained low natural gas prices, declining construction costs of renewables and renewable tax credits. While currently the EPA's Clean Power Plan is stayed, multiple states and companies have stated they will continue to pursue carbon reductions. Should the Clean Power Plan or equivalent regulation become active, MISO's Clean Power Plan analysis shows that approximately 16 GW of additional coal capacity is at risk of retirement (Section 7.1). The replacement plan for retired capacity includes a combination of renewables, natural gas and demand-side technologies.

Even without carbon regulations, MISO expects economics to drive the continued trends towards more renewables. The capital cost for onshore wind is projected to decline annually by approximately 0.4 percent and by approximately 3 percent for PV solar units. In addition, the Production Tax Credit extension and Investment Tax Credit are projected to make renewables more economically competitive with thermal units (especially under scenarios where carbon reduction targets are assumed). To date,

⁴⁴ As a percentage of installed capacity



MISO's Analysis of EPA's Final Clean Power Plan Study Report

June 2016

MISO Policy & Economic Studies Department



indicating that the ERC-producing ability of Fermi 3 was a source of revenue for Michigan under rate-based compliance.

While results for Michigan were affected by this change, the rest of the system modeled was not shown to experience significant change. LMPs under both rate-based and mass-based compliance increased by 1%, on average. The CO₂ price in the rate-based model increased by 6% without Fermi 3, but the CO₂ price in the mass-based model remained constant.

4.3 Mid-Term Analysis

After applying a range of coal retirement levels under different requirements for CO₂ reduction (described in Section 3.1) to the EGEAS model used for MISO's Mid-Term analysis, total system costs are compared in Figure 28.

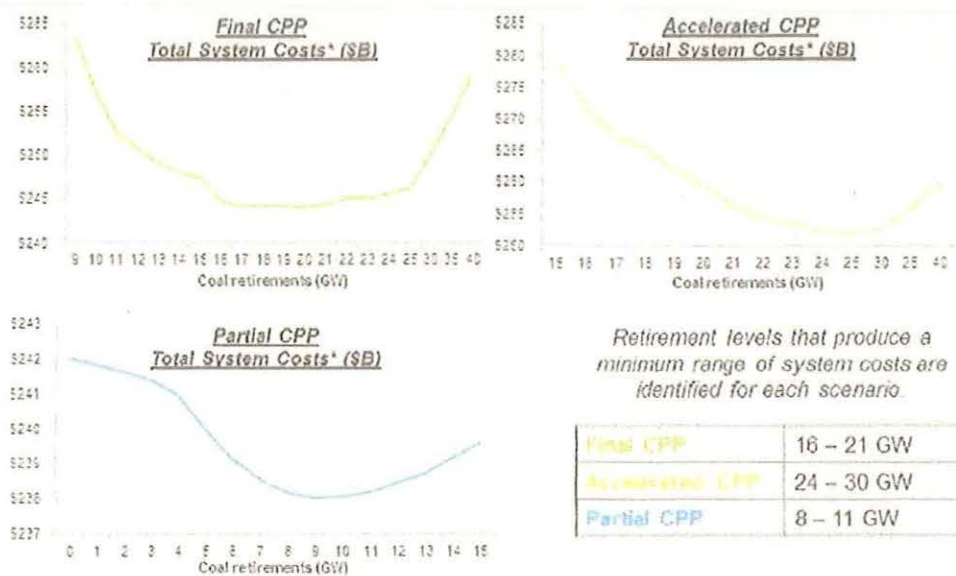


Figure 28 Total system costs per retirement level under various constraints

**Dollar figures are 2016 USD in billions and include capital and production costs.*

Total system costs were calculated as the sum of fixed O&M costs, variable O&M costs, fuel costs and capital costs. They were based on a 20-year Net Present Value (NPV) calculation using a 2.5% inflation rate. These costs were compared from one level of retirement to the next for each CO₂ constraint scenario. A range of retirement levels that produced the lowest total system costs were identified for each scenario (indicated by tan boxes in Figure 28). From each range, the lower bound was selected for each scenario to represent a conservative estimate for how much capacity may retire. Figure 29 demonstrates that these retirement levels did achieve the required emission reduction in each scenario. Retirements above these levels achieved emission reductions well beyond the required level, as well as increased total system costs.

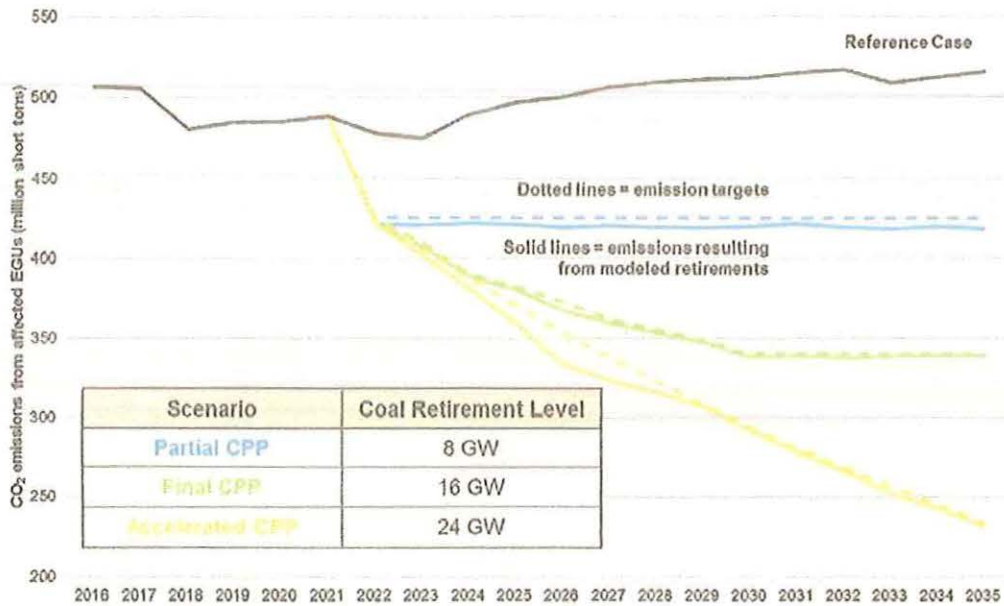


Figure 29 Emissions under various constraints with identified retirement levels

Using the EGEAS software, capacity expansion analysis was performed for each scenario under the coal retirement levels identified in Figure 29, along with the appropriate mass emission constraints. The resulting resources economically selected by the model are shown in Figure 30 (Solar PV – Econ and Wind – Econ). This figure also includes resources forced into each case to meet the capacity required by RPS mandates (Solar PV – RPS and Wind – RPS).

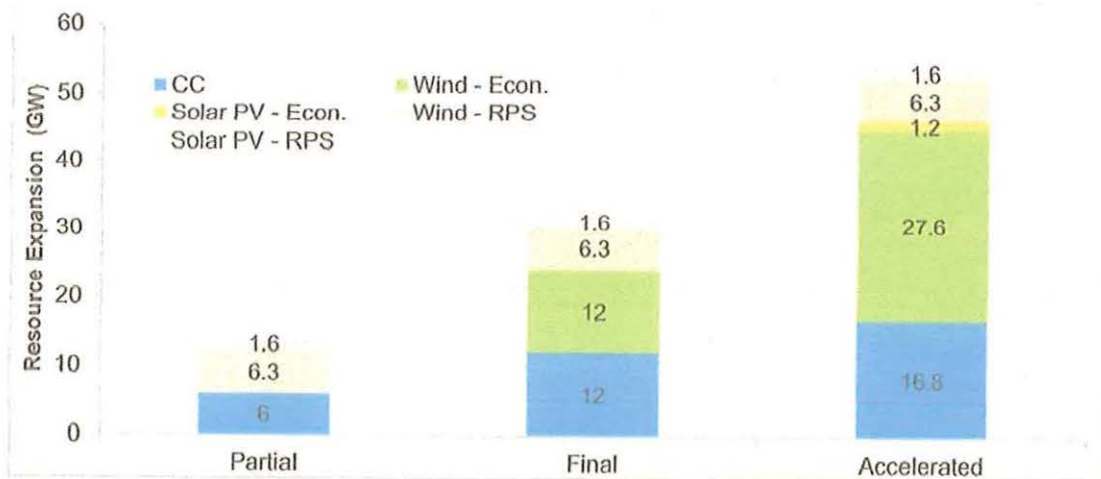
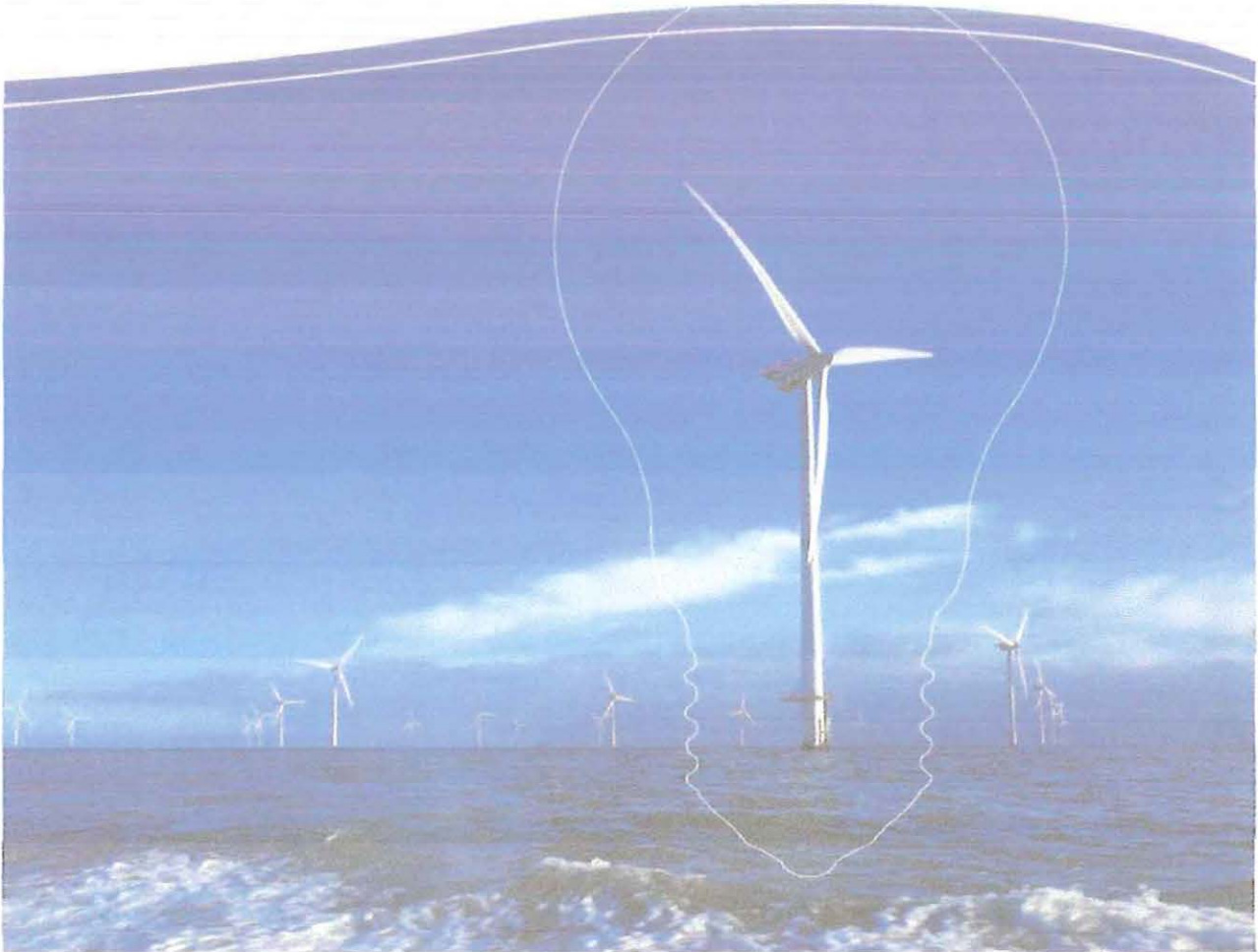


Figure 30 Economic unit selection and RPS mandated capacity



Wind Energy and Electricity Prices

Exploring the 'merit order effect'

A literature review by Pöyry for the European Wind Energy Association



(see Figure 4) and, consequently, wind power will have a strong impact, reducing the spot power price significantly (from Price A to Price B in Figure 4). But if there is plenty of wind-produced electricity during the night, when power demand is low and most power is produced on base load plants, we are at the flat part of the supply curve and consequently the impact of wind power on the spot price is low.

Impact of wind power on spot prices

Structural analyses are used to quantify the impact of wind power on power spot prices. A reference is fixed, corresponding to a situation with zero contribution from wind power in the power system. As more wind comes onto the system the effect is calculated at different levels. This is illustrated in the left-hand graph in Figure 5, where the shaded area between the two curves gives an approximate value of wind power in terms of lower spot power prices.

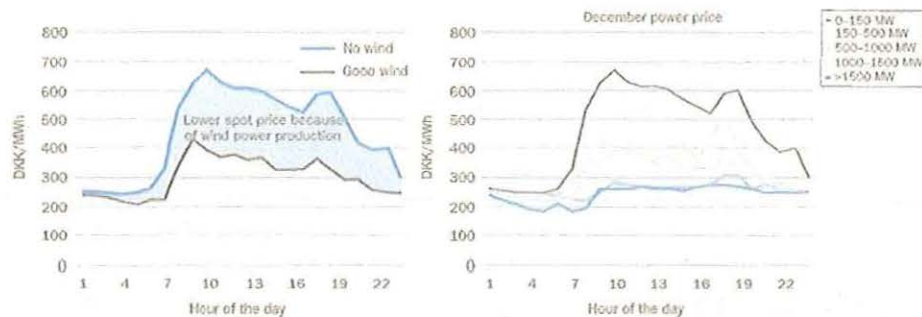
The right-hand graph in Figure 5 gives figures from the West Denmark area. Five levels of wind power production and the corresponding power prices are depicted for each hour of the day in December 2005. The reference is given by the '0-150 MW' curve,

which includes those hours of the month when the wind was not blowing. Therefore, this line on the graph provides approximate prices for an average day in December 2005, in a situation with zero contribution from wind power.

The other lines on the graph show increasing levels of wind power production; the 150-500 MW curve shows a situation with low wind, increasing to storm levels in the >1,500 MW curve. As shown, the higher the wind power production, the lower the spot power price. At very high levels of wind power production, the power price is reduced significantly during the day, but only falls slightly during the night. Thus, there is a significant impact on the power price, which might increase in the long term if even larger shares of wind power are fed into the system. Figure 5 is based on data from December 2005, but similar data is found for most other periods during 2004 and 2005, especially in autumn and winter, owing to the high production of wind power in these time periods.

Of course, 'noise' in the estimations does exist, as there is some overlap between curves for the different categories of wind power. Thus, a high amount of wind power does not always imply a lower spot price than low wind power production, indicating that significant statistical uncertainty exists. And of course, factors other than wind power production also influence

FIGURE 5 THE IMPACT OF WIND POWER ON THE SPOT POWER PRICE IN THE WEST DENMARK POWER SYSTEM IN DECEMBER 2005



Note: The calculation only shows how the production contribution from wind power influences power prices when the wind is blowing. The analysis cannot be used to answer the question 'What would the power price have been if wind power was not part of the energy system?'

Source: Riso DTU