

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            )  
Current Transmission Line and an Associated Converter            )  
Station Providing an interconnection on the Maywood-            )  
Montgomery 345 kV Transmission Line                                )  
Case No. EA-2014-0207

POSITION STATEMENT OF GRAIN BELT EXPRESS CLEAN LINE LLC

Grain Belt Express Clean Line LLC ("Grain Belt Express" or "Company"), pursuant to the Missouri Public Service Commission's June 18, 2014 Order Setting Procedural Schedule and Other Procedural Requirements, files this Position Statement.

**I. Statement of the Case**

The Grain Belt Express Project ("Project") is an approximately 750-mile, overhead, multi-terminal ±600 kilovolt ("kV") high-voltage, direct current transmission line ("HVDC Line") and associated facilities that will deliver up to 500 megawatts ("MW") of low-cost, wind-generated power from western Kansas into Missouri, and up to 3,500 MW to load and population centers in Illinois, Indiana and states farther east. The Project will facilitate the construction of thousands of MWs of new wind generation facilities in Kansas by connecting that state's abundant, high capacity factor and affordable wind resources with the large and growing market for renewable energy in Missouri and other states.

Grain Belt Express proposes to construct in Missouri the approximately 206-mile portion of the HVDC Line on a route that crosses the Missouri River south of St. Joseph and continues across the state in an easterly direction to south of Hannibal in Ralls County, where the line will cross the Mississippi River into Illinois. The Company proposes to construct a converter station and associated AC interconnecting facilities in Ralls County that will facilitate the delivery of up

to 500 MW of low-cost wind power to the grid for utilities and their customers in Missouri and nearby states (collectively, with the HVDC line, "Missouri Facilities"). Thus, Grain Belt Express filed an application ("Application") for a line certificate of convenience and necessity ("CCN") pursuant to Section 393.170.1<sup>1</sup> on March 26, 2014, authorizing it to construct, own, operate, control, manage and maintain the Missouri Facilities.

In its Application, the Company also requested that the Commission waive the reporting and filing requirements of 4 CSR 240-3.145, 4 CSR 240-3.165, 4 CSR 240-3.175 and 4 CSR 240-3.190(1), (2) and (3)(A)-(D).

The Commission has the power to authorize the construction of electric plant in Missouri that is "necessary or convenient for the public service." See Section 393.170.3. Pursuant to Section 393.170, the Commission may grant an applicant a "line" CCN under subsection 1 or an "area" CCN under subsection 2.<sup>2</sup> Grain Belt Express is seeking a "line" CCN under Section 393.170.1.

## **II. Statement of Position on the Issues**

*1. Does the evidence establish that the high-voltage direct current transmission line and converter station for which Grain Belt Express Clean Line LLC is seeking a certificate of convenience and necessity are necessary or convenient for the public service?*

The Commission has stated that it will apply five criteria in CCN cases to determine whether the proposed service is necessary or convenient for the public service<sup>3</sup>: (1) There must be a need for the service the applicant proposes to provide; (2) The proposed service must be in the public interest; (3) The applicant's proposal must be economically feasible; (4) The applicant

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<sup>1</sup> All statutory references are to the Missouri Revised Statutes (2000), as amended, unless otherwise noted.

<sup>2</sup> See StopAquila.org v. Aquila, Inc., 180 S.W.3d 24, 32-34 (Mo. App. W.D. 2005).

<sup>3</sup> In re Tartan Energy Co., No. GA-94-127, Order Granting Certificate of Convenience and Necessity (Sept. 16, 1994); In re Entergy Arkansas, Inc., No. EA-2012-0321, Order Granting Certificate of Convenience and Necessity at 2 (July 11, 2012).

must have the financial ability to provide the service; and (5) The applicant must be qualified to provide the proposed service. The Project meets each of these standards and is, therefore, necessary or convenient for the public service.

**1. Need for the Service**

There is a demonstrated need for the service provided by Grain Belt Express. The open access transmission service offered by the Company is necessary to meet the requirements of Section 393.1020, the Missouri Renewable Energy Standard ("RES"), as well as the renewable portfolio standard ("RPS") requirements of the other states served by the Midcontinent Independent System Operator, Inc. ("MISO") and PJM Interconnection, LLC ("PJM") regional transmission organizations ("RTOs").

Approximately 12-15 million megawatt hours ("MWh") of renewable energy will be needed annually by 2021 for Missouri's utilities to meet their RES requirements. The Project can provide Missouri with 2.2-2.6 million MWh per year of such renewable energy, and will be capable of delivering up to 500 MW of power to the grid in Missouri.

The Project will deliver low-cost wind generation from western Kansas, which has high wind speeds and plentiful sites for wind development. Load-serving entities and buyers in Missouri and elsewhere will be able to purchase such low-cost, renewable energy compared with other more expensive sources of generation. As a result, the Project will offer customers in Missouri, as well as in other MISO states and in PJM the ability to access low-cost Kansas wind energy that is not available to them today because of a lack of transmission infrastructure and constraints on the existing grid.

The Project will also meet resource adequacy needs generated by current and proposed federal and state environmental regulations, including EPA's Clean Power Plan proposed under Section 111(d) of the Clean Air Act.

See Berry Direct at 3-4, 11-22, 27-28; Moland Direct at 10-11; Cleveland Surrebuttal at 3-7; Berry Surrebuttal at 4-6.

## **2. Public Interest**

The service to be provided by Grain Belt Express is in the public interest of Missouri and the surrounding region. The Project will offer any customer participating in MISO and PJM access to low-cost wind energy, which today cannot be readily accessed by buyers in these power pools. See Berry Direct at 4, 6, 9-10; Skelly Direct at 16-17. The Project enables cost-effective compliance with RES and RPS goals in Missouri and other states in the MISO and PJM region. See Berry Direct at 4, 11-18, 22-26; Skelly Direct at 5; Berry Surrebuttal at 6-7, 14-15, 70-71.

The Project reduces wholesale electricity prices in Missouri and throughout MISO and PJM. See Berry Direct at 4, 29-33; Skelly Direct at 15-17; Cleveland Surrebuttal at 3; Berry Surrebuttal at 6-8. Lower renewable energy compliance costs and lower wholesale electric prices will both result in decreased costs to end-use electric customers. See Berry Direct at 4, 29-33; Skelly Direct at 5; Berry Surrebuttal at 6-8.

By delivering over 18 million megawatt-hours ("MWh") of clean energy to Missouri, Illinois, Indiana, and other MISO and PJM states, the Project will reduce the need to generate electricity from fossil-fueled power plants and therefore will reduce carbon dioxide, sulfur dioxide, nitrous oxide and mercury emissions as well as water usage. See Berry Direct at 4, 34-35; Moland Direct at 10-11; Skelly Direct at 6; Cleveland Surrebuttal at 5-6. The Project allows

Missouri to access affordable clean energy as increasing environmental regulation drives increased costs for and additional retirements of coal plants. See Berry Direct at 4, 6, 14, 29, 35; Skelly Direct at 4-5.

By enabling new generation sources and providing a major link between three major RTOs in the Eastern Interconnection, the Project will improve electric reliability and reduce seams issues between regions. See Berry Direct at 4, 29, 35-36; Galli Direct at 8-16; Skelly Direct at 5; Zavadil Direct at 8-9; Zavadil Surrebuttal at 2-4.

The Project will contribute to economic development in Missouri and in the broader region by providing state and local tax revenue; construction, manufacturing and operations jobs; and additional business for Missouri companies. See Berry Direct at 4, 29, 36-37; Loomis Direct at 3-6; Skelly Direct at 5-6; Galli Direct at 17-19; Lawlor Direct at 8-10; Loomis Surrebuttal at 1-6; Berry Surrebuttal at 6.

All of these benefits will be provided to the public without any socialization of transmission costs to ratepayers since only users of the line will be charged for the costs of the Project. See Berry Direct at 4, 7-8, 29-30; Skelly Direct at 6, 12-13; Berry Additional Direct at 1-2; Berry Surrebuttal at 3-4.

While the Missouri Farm Bureau, Missouri Landowners Alliance, Randall and Roseanne Meyer, Matthew and Christina Reichert, and Show Me Concerned Landowners have submitted testimony relating to public policy questions regarding the use of eminent domain, as well as property value and compensation issues related to the use of eminent domain, such evidence is irrelevant to the Commission's determination of public convenience or necessity. See § 536.070(8); In re Tartan Energy Co., No. GA-94-127, Order Granting Certificate of Convenience and Necessity (1994); In re Entergy Arkansas, Inc., No. EA-2012-0321, Order Granting

Certificate of Convenience and Necessity at 2 (2012). See also Grain Belt Express Motion in Limine Regarding the Issue of Eminent Domain (filed Oct. 31, 2014).

### **3. Economic Feasibility**

The Project is economically feasible. HVDC technology is the most cost-effective way to move large amounts of renewable energy over a long distance. High capacity factor wind energy sourced from western Kansas is today the cheapest form of renewable energy in the Midwest and is fully competitive with the cost of generating electricity from fossil-fueled power plants. Therefore, the Project will be cheaper than alternatives for meeting RPS requirements and the general demand by consumers for clean energy, and on the basis of these economics, the Project can attract the necessary transmission customers. See Berry Direct at 5, 21, 13-18, 24-25, 29-30; Galli Direct at 5-7; Blazewicz Surrebuttal at 6-8; Berry Surrebuttal at 18-51.

The Levelized Cost of Energy analysis prepared by the Company demonstrates that the Project's goal of transporting wind-generated power from western Kansas to Missouri and states farther east is the most economical method for load-serving entities to meet their renewable energy requirements. Moreover, there is substantial interest by developers to build wind generation in Kansas. Because it will build a bridge between untapped, low-cost wind resources in western Kansas and the demand for renewable energy in Missouri and other states, the Project is economically feasible.

### **4. Financial Resources**

Grain Belt Express can successfully finance the Project. The Company will rely on specific revenue contracts with shippers or transmission service customers in order to support the financing of the Project. The financing mechanism known as project finance is well known and commonly used for electric generation projects, natural gas pipelines, and electric transmission

projects. The management of Grain Belt Express and its investors both have substantial experience in project finance and know how to develop the Project to meet the requirements of the capital markets.

The Company is supported by two major equity investors affiliated with National Grid plc, one of the world's largest public utilities, and with ZBI Ventures, LLC, a large private investment firm. See Berry Direct at 5, 37-52; Blazewicz Surrebuttal at 8-9; Berry Surrebuttal at 60-63.

## **5. Qualifications**

Grain Belt Express is qualified to provide the service it is offering. The management team of the Company has extensive experience developing, constructing and operating a variety of transmission and other energy infrastructure projects.

The Kansas Corporation Commission and the Indiana Utility Regulatory Commission have both affirmed the Company's qualifications to construct and operate the Project. Grain Belt Express will also be able to rely upon the substantial expertise of its principal strategic investor National Grid plc and its affiliate National Grid USA, both of which have significant experience in the construction and operation of transmission lines. See Berry Direct at 5, 50-53; Skelly Direct at 8-10, 13-15; Blazewicz Surrebuttal at 3-5, 9; Berry Surrebuttal at 68-69.

**2. *If the Commission grants the CCN, what conditions, if any, should the Commission impose?***

### **A. Staff Conditions**

A summary of the conditions proposed by Staff and the Company's position on or modifications to those conditions -- as of the time that Grain Belt Express filed surrebuttal testimony -- is attached to the surrebuttal of Grain Belt Express witness David Berry as Schedule

DAB-14. See Berry Surrebuttal at 51-59; Lawlor Surrebuttal at 10-14, 19; Galli Surrebuttal at 2-9.

**B. Rockies Express Pipeline Recommendations**

On behalf of Rockies Express Pipeline LLC, Robert F. Allen proposed nine recommendations or conditions in his Rebuttal Testimony. In surrebuttal, Grain Belt Express accepted three of the recommendations, explained that five recommendations could be accepted contingent upon future studies and collaboration, and rejected one recommendation. See Galli Surrebuttal at 10-14; Gaul Surrebuttal at 1-4.

**C. 229.100 Consent Condition**

Because Grain Belt Express is seeking a "line" CCN under Section 393.170.1, it is not required to obtain any franchise from any governmental body.

Pursuant to Section 393.170, the Commission may grant an applicant a "line" CCN under subsection 1 to construct "electric plant," or it may grant an "area" CCN under subsection 2 to serve a territory.<sup>4</sup> The necessity of municipal franchise only applies to the grant of an "area" CCN under 393.170.2.<sup>5</sup> So, while the provision of the statute addressing area CCNs requires a franchise to serve residents and businesses, the provision of the statute addressing line CCNs is silent on municipal approval. This is further evidenced by the Commission's regulations, which recognize the distinction between a "consent" and a "franchise." See 4 CSR 240-3.105(1)(D)1.

Grain Belt Express has obtained several county commission consents and will complete the approval process with other county commissions under Section 229.100 in order to erect poles through, on, under, or across the public roads or highways of the counties where the Project is to be located.

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<sup>4</sup> See StopAquila.org v. Aquila, Inc., 180 S.W.3d 24, 32-34 (Mo. App. W.D. 2005); State ex rel. Harline v. PSC, 343 S.W.2d 177, 182-85 (Mo. App. W.D. 1960).

<sup>5</sup> Id.



All 4 CSR 240-3.105(1)(D) governmental consents required for the construction and operation of the Project in Missouri will be provided, or the Company will provide an affidavit that such consents have been acquired once they have been received per 4 CSR 240-3.105(2). See Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity at ¶ 39.

Because the statute addressing CCN requirements -- Section 393.170 -- does not require municipal consent for the line certificate sought here, any lack of Section 229.100 county consents does not prevent the Commission from granting a CCN conditioned upon the provision of such approvals once they have been received. The Commission may "impose such condition or conditions as it may deem reasonable and necessary." See Section 393.170.3.

**3. *If the Commission grants the CCN, should the Commission exempt Grain Belt Express from complying with the reporting requirements of Commission rules 4 CSR 240-3.145, 4 CSR 240-3.165, 4 CSR 240-3.175, and 3.190(1), (2) and (3)(A)-(D)?***

Yes. Because the Missouri Facilities will not provide retail service to end-use customers and will not be rate-regulated by the Commission, good cause exists to waive these requirements, and no public utility will be affected by their waiver. See Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity at ¶¶ 40-41.

Dated: November 7, 2014

