

**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 Trans-)
mission Line and an Associated Converter Station)
Providing an Interconnection on the Maywood-)
Montgomery 345kV Transmission Line.)

Case No. EA-2016-0358

RENEW MISSOURI'S REMAND BRIEF

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TABLE OF CONTENTS

<u>Introduction</u>	1
<u>Issues</u>	2
<i><u>Issue 1.</u></i>	2
<i>Does the evidence establish that the Commission may lawfully issue to Grain Belt Express Clean Line LLC ("Grain Belt") the certificate of convenience and necessity ("CCN") it is seeking for the high-voltage direct current transmission line and converter station with an associated AC switching station and other AC interconnecting facilities?</i>	
<i><u>Issue 2.</u></i>	2
<i>Does the evidence establish that the high-voltage direct current transmission line and converter station for which Grain Belt is seeking a CCN are "necessary or convenient for the public service" within the meaning of that phrase in section 393.170, RSMo.?</i>	
<i><u>Issue 3.</u></i>	6
<i>If the Commission grants the CCN, what conditions, if any, should the Commission impose?</i>	
<i><u>Issue 4.</u></i>	6
<i>If the Commission grants the CCN, should the Commission exempt Grain Belt 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)?</i>	
<u>Conclusion</u>	6

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COMES NOW Renew Missouri Advocates (“Renew Missouri”) and offers the following

Remand Brief:

Introduction

1. In August 2017, this Commission denied Grain Belt Express Clean Line LLC (“Grain Belt”) a Certificate of Convenience and Necessity (“CCN”) on the belief it did not have legal authority to approve the CCN. Four Commissioners issued a concurring opinion recognizing “the evidence showed that the GBE project is ‘necessary or convenient for the public service.’”¹ Grain Belt appealed the Commission’s legal decision.

2. In July 2018, the Missouri Supreme Court issued a unanimous opinion reversing the Commission’s order denying Grain Belt’s application for a line CCN and remanding the case for the Commission to determine whether Grain Belt’s proposed project is necessary or convenient for the public service.²

3. A remand hearing was held on December 18-19, 2018 to receive evidence of any material changes to the application. The evidence received during the remand hearing demonstrates that the case for Grain Belt’s project has grown stronger. This transmission line project is a major

¹ Doc. No. 606, *Concurring Opinion of Commissioners Hall, Kenney, Rupp, and Coleman in the Report and Order*, p. 2.

² Grain Belt Express Clean Line, LLC v. PSC, No. SC 96993 (Mo. *banc* 2018).

infrastructure expansion that will bring economic, market, policy, and environmental benefits to Missouri and the surrounding region.³ Furthermore, by installing a converter station in Missouri, the project will allow electric purchasers to access some of the lowest cost energy in the country.⁴ These considerations continue to support a finding that the project is “necessary or convenient for the public service.”

Issues

Issue 1. Does the evidence establish that the Commission may lawfully issue to Grain Belt Express Clean Line LLC (“Grain Belt”) the certificate of convenience and necessity (“CCN”) it is seeking for the high-voltage direct current transmission line and converter station with an associated AC switching station and other AC interconnecting facilities?

4. Yes. The Commission may lawfully issue a CCN to Grain Belt.⁵ Section 393.170.1 of the Revised Missouri Statutes (“RSMo”) grants the Commission the authority to issue a “line” CCN to construct electrical plants. Here, Grain Belt seeks to construct a high-voltage, direct current (“HVDC”) interstate electric transmission line with approximately 206 miles located in Missouri.⁶ In addition, Grain Belt proposes to construct a converter station and associated AC interconnecting facilities in Ralls County, Missouri.⁷ Together these projects will help deliver low-cost wind energy that will benefit Missouri customers.

5. The Missouri Supreme Court remanded this case so that the Commission can determine if the project is necessary or convenient for the public service. As will be discussed below, applying the Commission’s traditional criteria when considering an application for a CCN the evidence shows this project is necessary or convenient for the public service and should be approved.

Issue 2. Does the evidence establish that the high-voltage direct current transmission line and converter station for which Grain Belt is seeking a CCN are “necessary or

³ Ex. 142, p. 1.

⁴ *Id* at 2.

⁵ Section 393.170 RSMo; Grain Belt Express Clean Line, LLC v. PSC, No. SC 96993 (Mo. *banc* 2018).

⁶ Ex. 141, p.1.

⁷ *Id*.

convenient for the public service” within the meaning of that phrase in section 393.170, RSMo.?

6. The Commission may grant an electrical corporation a CCN after determining that the construction and operation are either “necessary or convenient for the public service.”⁸ When evaluating applications, the Commission has traditionally considered five factors:

- 1) There must be a need for the service;
- 2) The applicant must be qualified to provide the proposed service;
- 3) The applicant must have the financial ability to provide the service;
- 4) The applicant’s proposal must be economically feasible; and
- 5) The service must promote the public interest.⁹

7. In the *Concurring Opinion of Commissioners Hall, Kenney, Rupp, and Coleman in the Report and Order*, four Commissioners explained their belief that Grain Belt’s application satisfied these factors.¹⁰ Because no party disputed Grain Belt’s financial ability or qualifications in the prior hearing, the concurring opinion discussed only need, economic feasibility, and public interest. The evidence received in the remand hearing shows that all five factors are met.

8. Previously, four Commissioners found Grain Belt satisfied this “need”: “[t]he GBE project is needed primarily because of the benefits to the members of the Missouri Joint Municipal Electric Utility Commission (“MJMEUC”) and their hundreds of thousands of customers, who had committed to purchase at least 100 MW of wind power utilizing transmission service purchased from GBE.”¹¹ On remand, the evidence shows the project’s benefits to customers have increased because MJMEUC is now able to purchase a second tranche of 100 MW for 30% less under an amended transmission service agreement.¹² Furthermore, this reduced price will help meet

⁸ Section 393.170.3 RSMo.

⁹ *In re Tartan Energy Company*, 3 Mo.P.S.C. 173, 177 (1994).

¹⁰ Doc. No. 606, p. 2

¹¹ *Id* at pp. 2-3.

¹² Ex. 480, pp. 1-2.

increased customer desire for renewable energy to meet commercial sustainability goals which has increased since the prior hearing.¹³ To illustrate the growing commercial desire and need for renewable energy, Mr. Berry testified that, in 2018 alone, commercial and industrial customers bought 5,000 MW of wind power.¹⁴ The need for this project exists and has only continued to grow.

9. Similarly, the economic feasibility of the project has also improved since the prior hearing. The concurring opinion stated: “[t]he GBE project is economically feasible because it links customers in Missouri who desire to purchase low-cost wind power from western Kansas with wind generation companies like Infinity Wind who propose to supply that energy, all under a business model under which GBE assumed the financial risk of building and operating the transmission line.”¹⁵ Grain Belt continues to offer a model that shifts risk away from ratepayers in Missouri. Now, the levelized cost of wind is lower and the capacity factors of wind have increased.¹⁶ These lower energy production costs, if the line is built, would translate to lower rates for Missouri ratepayers in the MISO footprint.¹⁷ Therefore, the economic feasibility of this project remains positive and continues to improve.

10. In the prior hearing, the Commission’s Staff (“Staff”) Report concluded that Grain Belt was financially capable to construct the project based on the proposed financing plan and Staff’s understanding of the financial qualifications of the investors providing capital to Grain Belt through Clean Line.¹⁸ The evidence during the remand hearing shows that the financial ability to provide the service has improved. The Applicant has a new owner (“Invenergy”) and Staff determined the ability to finance the start-up equity capital and financial ability to complete the

¹³ Tr. Vol. 24, p. 2131, 2136.

¹⁴ Tr. Vol. 22, p. 1962.

¹⁵ Doc. No. 606, p. 4.

¹⁶ Tr. Vol. 22, pp. 1957-1958.

¹⁷ Tr. Vol. 22, p. 1959.

¹⁸ Ex. 213, p. 6.

project is better than before.¹⁹ Staff now concludes that, with conditions, Grain Belt still has the financial ability required for a CCN.²⁰ At the hearing, Mr. Murray testified that “... with Invenergy, actually their financials are much -- you know, much healthier than Clean Line's...” because Invenergy has stronger assets and revenues than Clean Line.²¹ The involvement of Invenergy in Grain Belt has strengthened the financial qualifications of the applicant to complete the project.

11. Invenergy’s involvement also bolsters Grain Belt’s operational qualifications. Staff’s review found that “Invenergy has expertise in project development, permitting, transmission, interconnection, energy marketing, finance, engineering, project construction, operations and maintenance, and has developed more than 20,000 MW of large-scale wind, solar, natural gas and energy storage facilities.”²² In addition, Invenergy brings a veteran team of energy professions who bring decades of experience to this project.²³ The applicant possesses the operational and technical qualifications to develop and manage this transmission project.

12. When the Commission began using the five factors to evaluate CCNs in the *Tartan* case it stated that the public interest determination “is in essence a conclusory finding as there is no specific definition of what constitutes the public interest. Generally speaking, positive findings with respect to the other four standards will in most instances support a finding that an application for a certificate of convenience and necessity will promote the public interest.”²⁴ Here, the evidence supports positive findings for all factors.

¹⁹ Ex. 213, p. 3.

²⁰ Ex. 213, p. 11.

²¹ Tr. Vol. 24, p. 2096.

²² Ex. 213, pp. 5-6.

²³ Ex. 145, pp. 9-10.

²⁴ *In re Tartan Energy Company*, 3 Mo.P.S.C. 173, 189 (1994).

13. Although the primary benefit of this project is the ability to deliver low-cost, renewable wind energy to Missouri and beyond, this project has many other benefits. The project will create construction jobs and support permanent jobs for maintenance and operations thereafter.²⁵ The added property tax revenues to the political subdivisions where the facilities are located will benefit school districts, fire districts, and other services for Missourians. The low-cost wind energy transmitted along the line can displace fossil-fueled generation and reduce emissions.²⁶ All together, the numerous benefits resulting from this project advance the public interest and support a finding that the project is “necessary or convenient for the public service.”

Issue 3. If the Commission grants the CCN, what conditions, if any, should the Commission impose?

14. The Commission should impose the conditions set forth in Staff’s Exhibits 205 and 206.

Issue 4. If the Commission grants the CCN, should the Commission exempt Grain Belt 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)?

15. Renew Missouri supports variances from these rule provisions.

Conclusion

16. The Commission would have granted Grain Belt a CCN in 2017 but for the perceived legal impediment regarding county assents. This summer, the Missouri Supreme Court removed any impediment and made clear the Commission could issue a CCN if it determined Grain Belt’s proposed project is necessary or convenient for the public service. The updates provided on remand show Grain Belt’s application continues to be necessary and convenient for the public service. The Commission should grant the requested CCN so that Missouri has a chance to benefit from low-cost, reliable energy with positive environmental impacts.

WHEREFORE, Renew Missouri submits its *Remand Brief*.

²⁵ Ex. 525, p. 9.

²⁶ Tr. Vol. 14, pp. 757-758.

Respectfully Submitted,

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all counsel of record this 9th day of January 2019:

/s/ Tim Opitz
