

**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-2016-0358

**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 October 19, 2016 Order Setting Procedural Schedule and Other Procedural Requirements, files this Position Statement.

**I. Statement of the Case**

The Grain Belt Express Clean Line Project (“Project”) is an approximately 780-mile, overhead, multi-terminal ±600 kilovolt (“kV”) high-voltage, direct current transmission line (“HVDC Line”) and associated facilities that will collect over 4,000 megawatts (“MW”) of low-cost, wind-generated power in western Kansas. The Project will deliver 500 MW of that power into Missouri and 3,500 MW into Illinois, Indiana, and states farther east. The Project will result in 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 resource with the large and growing market for cost-effective, renewable energy in Missouri and other states in the region.

The Company 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 HVDC Line will cross the Mississippi River into Illinois.

The Company also proposes to construct a converter station and associated AC interconnecting facilities in Ralls County. The Missouri converter station will have bi-directional functionality, allowing Missouri utilities the opportunity to sell up to 500 MW of excess power into the energy markets operated by PJM. The additional revenue from these off-system sales can be used to reduce the cost of electricity for the end-use customers of these Missouri utilities.

The Project will interconnect with the Ameren Missouri system in Ralls County along the Maywood-Montgomery 345 kV AC transmission line, which connects the Maywood 345 kV substation in Marion County with the Montgomery 345 kV substation in Montgomery County. This connection will be made via a single 345 kV circuit line from the converter station to a new AC switching station tapping the Maywood-Montgomery transmission line. The Missouri portion of the HVDC Line, the converter station in Ralls County, and the associated AC transmission and interconnection facilities are referred to herein as the “Missouri Facilities.”

Grain Belt Express estimates that the total cost of the Project will be approximately \$2.35 billion,<sup>1</sup> with \$525 million<sup>2</sup> of this estimate attributable to the portion of the Project to be located in Missouri. Grain Best Express will pay for the costs of the development, construction and operation of the Project, and will recover these costs by selling transmission service to wind generators and load-serving entities that use the line.

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<sup>1</sup> This figure does not include the cost of network upgrades required to interconnect the Project to the electric transmission grid, which is estimated to be \$550 million.

<sup>2</sup> This figure does not include the cost of network upgrades required to interconnect the Project to the transmission grid in Missouri, which is estimated to be \$21 million.

Missouri ratepayers will bear no risks related to the construction of the Project. This is because Grain Belt Express will employ a participant-funded or “shipper pays” model under which the cost to construct the Project will not be borne by load-serving entities or their ratepayers through the cost allocation processes of SPP, MISO, or PJM.

Grain Belt Express filed an application (“Application”) for a line certificate of convenience and necessity pursuant to Section 393.170.1<sup>3</sup> on August 30, 2016, 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) for good cause shown.

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

*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?*

The Commission has the power to authorize the construction of electric plant, including transmission lines, 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. 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).

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<sup>3</sup> All statutory references are to the Missouri Revised Statutes (2000), as amended, unless otherwise noted.

Grain Belt Express is seeking a “line” CCN under Section 393.170.1. Accordingly, it is not required to obtain any franchise from any governmental body. The necessity of a municipal franchise only applies to the grant of an “area” CCN under 393.170.2. Id. In contrast, 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.

Because Section 393.170 does not require municipal approval for the line certificate sought here, it does not require that Section 229.100 county “assents” be obtained prior to the issuance of a line certificate. The Commission has the authority, which it traditionally exercises, to grant a CCN conditioned upon the applicant obtaining county assents for county road crossings.

Further, the Company does not believe that the Missouri legislature intended to grant each county commission a preemptive veto power over the Commission’s clear statutory charge in determining if an infrastructure projects is necessary or convenient for the public service. This would be the practical effect of requiring Section 229.100 county assents prior to the issuance of a CCN by the Commission. While the “assent of the county commission” is required under Section 229.100, as well as the Commission’s regulation requiring evidence of the approval of affected governmental bodies at 4 CSR 240-3.105(1)(D), Section 393.170.1 addressing line certificate CCN requirements does *not* require municipal approval. Accordingly, failure to obtain all Section 229.100 consents does not preclude the Commission from granting a CCN conditioned upon producing them in the future. See Lawlor Surrebuttal at 1.

To the contrary, the Commission may “impose such condition or conditions as it may deem reasonable and necessary.” See Section 393.170.3. All 4 CSR 240-3.105(1)(D)

governmental consents required for the construction and operation of the Project in Missouri will be provided once they have been received per 4 CSR 240-3.105(2). See Application at ¶ 75.

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

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: (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 must have the financial ability to provide the service; and (5) The applicant must be qualified to provide the proposed service. See 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).

The Project meets each of these criteria and is, therefore, necessary or convenient for the public service.

**1. Need for the Service**

The Project will deliver low-cost wind generation from western Kansas, which has high wind speeds and plentiful sites for wind development, allowing load-serving entities and buyers in Missouri and elsewhere will be able to purchase this low-cost, renewable energy. 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. And Missouri ratepayers will bear no risk related to its construction.

There is a demonstrated need for the service provided by the Company. Grain Belt Express has entered into a 225 MW Transmission Service Agreement, dated June 2, 2016, with the Missouri Joint Municipal Electric Utility Commission (“MJMEUC”). MJMEUC has 67 members who serve approximately 347,000 retail customers and have a combined peak load of over 2,600 MW.

Of MJMEUC’s total 225 MW transmission service, 200 MW is for service from Kansas to Missouri. In addition, MJMEUC has agreed to purchase 25 MW of capacity (with the option to purchase another 25 MW) for service from Missouri into PJM. The Transmission Service Agreement will reduce costs for MJMEUC customers by saving its members \$10 million annually. Moreover, in January 2017 MJMEUC entered into a Power Purchase Agreement (“PPA”) with Infinity Wind’s 300 MW Iron Star Wind Project, LLC, which will be located proximate to Grain Belt Express’s Kansas converter station. These agreements will broaden MJMEUC’s resource mix, and enable cost-effective compliance with present and future federal environmental regulations, as well as allow MJMEUC to earn additional revenue from excess generation.

The Project also gives Missouri utilities access the low-cost wind power. Access to this wind power provides Missouri utilities an economic and clean power supply. Accessing this low-cost wind power may be used to meet the requirements of Missouri’s Renewable Energy Standard (“RES”) and the renewable portfolio standard (“RPS”) requirements of other states served by the MISO and the PJM energy markets.

Approximately 9 million megawatt hours (“MWh”) per year of renewable electricity will be needed by 2021 for Missouri’s investor-owned utilities to meet their RES requirements. The access to wind power provided by the Project will help to fulfill the objectives and requirements

of the RES. Because the Project can supply Missouri with 2.2-2.6 million MWh per year of renewable energy, and is capable of delivering 500 MW of power to the grid in Missouri at any one time, it will meet the needs of other municipal and cooperative utilities that are not subject to Missouri's RES requirements.

The Project also responds to the needs expressed by major commercial and industrial businesses that have adopted clean energy policies and supply targets. Other states in the MISO and PJM regions also need access to low-cost renewable wind generation to fulfill their RPS requirements. Similar to Missouri's RES, RPS mandates and goals in these other states have been adopted as a result of public demand for cleaner sources of energy. Low-cost wind generation will fulfill these requirements in an economical and efficient manner. The Project will also fulfill the needs being created by the national trend toward renewable energy and a more diversified mix of energy resources.

The Project is designed to transmit renewable wind power to the converter stations in Missouri and eastern Illinois, unimpeded by the congestion that characterizes the A/C grid between existing wind resources and the central region of MISO, including Missouri. Additionally, the Missouri converter station will have bi-directional functionality, allowing Missouri utilities the opportunity to sell up to 500 MW of their excess power in the PJM energy markets.

During the first quarter of 2015, Grain Belt Express initiated an open solicitation process for customers to subscribe for capacity on the Project, pursuant to FERC requirements. To date, eleven shippers submitted 3,524 MW of requests for capacity to the Project's 500 MW delivery point in Missouri, or more than six times the available capacity of that point. The results of this open solicitation demonstrate a strong need for the new service that the Project will provide.

See Berry Direct at 34-44; Skelly Direct at 13-15; Kelly Direct at 21-28; Wilcox Direct at 4; Berry Surrebuttal at 34-37; Grotzinger Rebuttal at 6 & Sched. 4; Grotzinger Surrebuttal at 4-8.

## **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 and renewable wind energy, and enables cost-effective compliance with both the RES in Missouri and state and federal environmental regulations. Given the Company's Transmission Service Agreement with MJMEUC, and MJMEUC's PPA with Infinity Wind, the benefits to Missouri utility customers are clear. These public benefits have been recognized by the Illinois Commerce Commission, the Kansas Corporation Commission, and the Indiana Regulatory Utility Commission, which have each granted regulatory approval for the Project.

The Company has offered greater landowner protections in this case with its Missouri Landowner Protocol. This program of protections includes (a) the establishment of a Code of Conduct for employees, as well as right-of-way acquisition agents; (b) a compensation package that includes payments relating to the easement, to the structures that will be constructed on the easement, and to agricultural impacts caused by construction; (c) updating land values with regional market studies; (d) an agriculture impact mitigation protocol; (e) an opportunity for landowners to choose binding arbitration under American Arbitration Association rules, in lieu of formal eminent domain proceedings in court; and (f) the establishment of a decommissioning fund.

The Project will further enhance the reliability of the electric transmission network in Missouri and will address the current lack of interregional transmission in the area. Furthermore, the Project will bring great economic benefits to Missouri. Construction of the Project

accomplishes each and every one of these public interest benefits with no cost or risk to Missouri ratepayers, as Grain Belt Express is a participant-funded, “shipper pays” transmission line.

The Project offers low-cost Kansas wind energy to customers in Missouri, as well as others in the MISO and PJM energy markets, which is not available today because of the lack of transmission infrastructure. The Project will reduce wholesale electricity prices and the cost to serve load in Missouri and neighboring states which, in turn, can be passed on to customers. For example, MJMEUC’s agreement to purchase 200 MW of transmission service from Kansas to Missouri is expected to save its members \$10 million annually.

So too does the Project provide load-serving entities with a cost-effective way to meet Missouri’s RES requirements, current and potential federal and state emissions mandates, as well as the growing consumer demand for renewables. By delivering over 18 million MWh of clean energy each year, the Project will decrease reliance on fossil-fueled power plants, which will reduce emissions of carbon dioxide, sulfur dioxide, nitrogen oxides and mercury, as well as decrease the use of water to cool thermal power plants. The Project will meet the needs of municipal and cooperative utilities that are not subject to Missouri’s RES requirements, and respond to requests by major commercial and industrial businesses that have adopted clean energy supply targets.

The Project’s interconnection with Ameren’s Maywood-Montgomery 345 kV transmission line will enhance the reliability of the electric transmission network in Missouri by connecting geographically diverse parts of the electric grid and by providing a new source of electricity for Missouri. And as an interregional project, it addresses the current lack of interregional transmission development between SPP, MISO and PJM. The Project would be the first major interregional transmission project to connect low-cost renewable energy in SPP with

load centers in MISO and PJM, in support of the reliability and economic goals of FERC Order 1000. The Project would accomplish this without Missouri or other utility ratepayers bearing any of the construction or operational expenses through RTO cost allocation.

The Project also will bring significant economic benefits to Missouri, creating over 1,500 jobs in Missouri during the construction phase, with an estimated \$246 million in new personal income and \$476 million in new gross domestic product. During its first year of operation, the Project will support over 90 jobs, which is expected to produce \$17.9 million in new personal income and \$9.1 million in new gross domestic product. Thereafter, the Project is expected to support as many as 28 permanent jobs in Missouri, with \$2.6 million in new personal income and \$4.2 million in new gross domestic product. Most of the major suppliers for the Project are headquartered in or operate manufacturing plants in Missouri. When completed, the Project's Missouri Facilities will provide an additional source of new property tax revenues to the political subdivisions where the facilities are located. The estimated increase in annual property taxes for the eight counties that the Project will cross is \$7.2 million. These additional taxes will benefit school districts, fire districts, public libraries, and health and ambulance services.

Finally, all of the benefits of the Project's service will be made available to the public without broadly charging transmission costs to load-serving entities or their customers. Grain Belt Express is a participant-funded, "shipper pays" transmission line whose services will be provided to the wholesale energy market at freely negotiated rates. Only the users of the HVDC Line will pay for the costs of the Project. It is this free-market model which provides Missouri customers the benefits of the Project without bearing the risk of socialized costs.

See Berry Direct at 34-45; Skelly Direct at 16-18, 28-31; Lawlor Direct at 15-17; Kelly Direct at 28-29, 32-35; Pfeiffer Direct at 6-8; Shiflett Direct at 12-13; Tregnago Direct at 3-4; Galli Direct

at 14-27; Berry Surrebuttal at 34-37; Lawlor Surrebuttal at 2-4; Kelly Surrebuttal at 7-10; Tregnago Surrebuttal at 2-10; Lanz Rebuttal at 4-13; Spell Rebuttal at 3.

### **3. Economic Feasibility**

Grain Belt Express and its investors will assume all of the financial risk of the Project, including any cost overruns. Once the Project reaches the point of beginning construction, it will be financed at the project level against the strength of its future, contracted revenues.

The HVDC technology of the Grain Belt Express Project is the most cost-effective and efficient way to move large amounts of renewable energy over a long distance. High capacity factor wind generation from western Kansas is the cheapest form of renewable energy in the United States, and the Project's delivered energy cost to Missouri and neighboring states, including the cost of transmission, will be cheaper than alternatives to meet the demand for both renewable and non-renewable energy.

The response to the Company's 2015 open solicitation process indicated a substantial interest by potential customers to subscribe for capacity on the Project. Because the Project will build a bridge between untapped, low-cost wind resources in western Kansas and the demand for renewable energy in Missouri and other states in the region, it is economically feasible. And because the business model of Grain Belt Express shifts the risk entirely away from rate-payers and onto Grain Belt Express investors, the economic feasibility factor from the Tartan case should be understood in this context, as the Commission did in its Order in In re Tartan Energy Co., L.C., Case No. GA-94-127, at 18 (September 16, 1994). Accordingly, the Project provides load-serving entities with low-cost and renewable power, with Missouri ratepayers bearing no risks related to its construction.

See Berry Direct at 23-34; Skelly Direct at 15-16; Galli Direct at 26; Kelly Direct at 29-32; Berry Surrebuttal at 2-33; Kelly Surrebuttal at 3-7.

#### **4. Financial Resources**

The current development efforts of the Project are being financed by equity investors GridAmerica, ZAM Ventures and Bluescape. In order to finance the Project over the longer term, the Company will rely on revenue from contracts with transmission service customers like MJMEUC who purchase capacity on the HVDC Line. Project finance is a viable financing mechanism that is commonly used for electric generation projects, natural gas pipelines and other electric transmission projects.

In the Company's 2014 CCN Case, the Staff of the Commission recommended the following financing conditions: Grain Belt Express will not install transmission facilities on easement property until (1) it has obtained commitments for funds in an amount equal to or greater than the Project costs, and (2) the contracted transmission service revenue is sufficient to service the debt financing of the Project, taking into account any planned refinancing of debt. The Company accepted these conditions in the 2014 Case, and will accept them in this proceeding should the Commission grant the pending Application.

See Berry Direct at 11-23; Skelly Direct at 16; Hartshorne Direct at 7-8; Berry Surrebuttal at 37-39.

#### **5. Qualifications**

The management team of Grain Belt Express has extensive experience developing, constructing and operating a variety of energy infrastructure projects. The Company will also rely on the substantial expertise of its principal strategic investor GridAmerica and its affiliates, which comprise one of the largest investor-owned utilities and most experienced transmission

operators in the world. The Kansas Corporation Commission, the Indiana Utility Regulatory Commission, and the Illinois Commerce Commission have each affirmed the Company's qualifications to construct, finance, and operate the Project.

See Berry Direct at 3, 11-23; Skelly Direct at 16, 19-23, 25-28; Hartshorne Direct at 8-9.

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

Grain Belt Express will agree to a set of conditions similar to those negotiated in the 2014 Case, with appropriate updates given the advancements in the Project. See Berry Direct at 45:16-20. So too does the Company accept Staff's recommended financing conditions raised in its Rebuttal Report, as well as the large majority of other conditions proposed by Staff. See Berry Surrebuttal at 2-4, 38-42; Lawlor Surrebuttal at 5-7. The Company's response to each of Staff's recommendations is summarized in Berry Surrebuttal Schedule DAB-9. The Company and Staff have been engaged in ongoing discussions over the appropriate conditions in this case.

***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)?***

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 at ¶¶ 76-79.

Dated: March 13, 2017

Respectfully submitted,

/s/ Karl Zobrist

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**ATTORNEYS FOR GRAIN BELT EXPRESS  
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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was served upon all parties of record in this case on this 13th day of March 2017.

/s/ Karl Zobrist  
Attorney for Grain Belt Express Clean Line LLC