

**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) Case No. EA-2016-0358
Voltage, Direct Current Transmission Line)
and an Associated Converter Station)
Providing an Interconnection on the)
Maywood-Montgomery 345 kV)
Transmission Line.)

**MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION'S
INITIAL POST-HEARING BRIEF**

The Missouri Joint Municipal Electric Utility Commission (“MJMEUC”) respectfully requests this Commission grant Grain Belt Express Clean Line, LLC (“Grain Belt”) the Certificate of Convenience and Necessity (“CCN”) that it has requested, not only for the benefit of Grain Belt, but also for the public benefit that MJMEUC and its 347,000 retail customers in the state of Missouri represent. After multiple hearings in front of this Commission, the evidence is overwhelming that Grain Belt has met its evidentiary burden and satisfied all five of the *Tartan* factors.¹ That conclusion was reached previously by this Commission when applying the *Tartan* factors in this matter.² The most recent hearing reinforces that decision, and the Commission, in reliance on the full record developed in this case, and bolstered by recent case law, should reach that conclusion once again.³ To avoid unnecessary duplicative briefing, MJMEUC would also incorporate the facts and arguments referenced in its prior two post-hearing briefs in this case as part of this brief.

¹ *In re Tartan Energy*, 3 Mo.P.S.C.3d 173, Case No. GA-94-127, 1994 WL 762882, 1994 Mo. PSC LEXIS 26 (September 16, 1994).

² *Concurring Opinion*, 2017 Mo. PSC LEXIS 430 (Mo. P.S.C. August 16, 2017).

³ *Grain Belt Express Clean Line, LLC v. Pub. Serv. Comm'n*, 555 S.W.3d 469 (Mo. 2018).

I. The CCN for the Transmission Line and Converter Station is Necessary and Convenient for the Public Service.

This Commission has the “power to grant the permission and approval” for the line certificate sought by Grain Belt “whenever it shall after due hearing determine that such construction or such exercise of the right, privilege or franchise is *necessary or convenient for the public service*.”⁴ To make the determination of whether or not the Grain Belt project is necessary or convenient for the public service, this Commission has “traditionally applied five criteria, commonly known as the *Tartan* factors, which are as follows:

- a) There must be a need for the service;
- b) The applicant must be qualified to provide the proposed service;
- c) The applicant must have the financial ability to provide the service;
- d) The applicant’s proposal must be economically feasible; and
- e) The service must promote the public interest.”⁵

This brief will address the new evidence as it relates to each of those factors before reaching a conclusion based on the evidence and law of this case taken in its totality.

A. Need for the Service.

As this Commission has previously held, “the term ‘necessity’ does not mean ‘essential’ or ‘absolutely indispensable,’ but that an additional service would be an improvement justifying its cost.”⁶ In this case, the hundreds of thousands of customers of MJMEUC members would benefit from the construction of the transmission line. As the evidence shows, MJMEUC entities and members have contracted for 136 megawatts of capacity on the Grain Belt transmission line,

⁴ §393.170.3 Revised Statutes of Missouri (Emphasis added); See also *Grain Belt Express Clean Line, LLC v. Pub. Serv. Comm’n*, 555 S.W.3d 469 (Mo. 2018).

⁵ *In re Tartan Energy*, 3 Mo.P.S.C.3d 173, Case No. GA-94-127, 1994 WL 762882, 1994 Mo. PSC LEXIS 26 (September 16, 1994).

⁶ *Id* at 19.

and a corresponding 136 megawatts of generation if Grain Belt is constructed.⁷ The Missouri Public Energy Pool committee (“MoPEP”) is using their allotment, along with additional resources, to replace a soon to expire 100 MW purchase power agreement sourced from Illinois coal plants. The advantages of this replacement continue to grow, particularly in light of the amended transmission service agreement between MJMEUC and Grain Belt, and still conservatively will exceed \$11 million annually in savings when compared to other SPP renewable resources and approximately \$9.5 million annually in savings when compared to other MISO⁸ renewable resources, both inside and outside the state of Missouri.⁹

The cities of Centralia, Columbia, Kirkwood, and Hannibal expect to save approximately \$4 million dollars annually in transmission costs versus traditional transmission service from SPP to MISO.¹⁰ As shown in John Grotzinger’s Schedule JG-12, the combination of the pricing of the Grain Belt transmission project and the high capacity, low cost wind in Kansas provides a long-term renewable option to Missouri cities that is not available through any other existing or planned resource in either MISO or SPP. If those cities were to attempt to bring the low cost, high capacity wind resources of southwestern Kansas to Missouri through the MISO-SPP

⁷ Transcript, March 23, 2017, page 980, line 21 to page 981, line 15; Page 984, lines 16 to 24; Page 995, line 1 to Page 997, line 2 (“Tr. 980:21 – 981:15; 984:16-24; 995:1 – 997:2”); Exhibit 478 MoPEP; Exhibit 479 Kirkwood and Hannibal; Tr. 1003:20 – 1005:21; Exhibit 480, Supplemental Direct Testimony and Exhibits of John Grotzinger; Exhibit 878, Supplemental Direct Testimony of Matt Riley, p. 2, ln. 20 – p.3, ln. 2.

⁸ In this brief, SPP refers to the Southwest Power Pool, Inc., MISO refers to the Midcontinent Independent System Operator, Inc., and PJM refers to the PJM Interconnection, LLC.

⁹ See Exhibit 480, p. 3, ln. 3-7; Schedule JG-12.

¹⁰ Assuming that MJMEUC only contracted 135 MW (to keep Schedule JG-10 consistent with Schedule JG-3, instead of the actual current commitment of 136 MW), the savings calculation from JG-10 is as follows:

135MW * \$14,004 (1,167 MW/month * 12) =	1,890,540	Actual Cost of Grain Belt
135 MW @ \$6 congestion =	<u>10,058,580</u>	Actual Cost of SPP-MISO
	8,168,040	Grain Belt Savings
<u>75 MW (Columbia, Kirkwood, Hannibal)</u>		
135 MW	<u>=.5555%</u>	
	\$4,537,346	Expected Annual Transmission Savings for Columbia, Kirkwood and Hannibal

transmission system, the cost would be much higher. And as has been often discussed in this case, the wind resources in southwestern Kansas are superior in both capacity factor and cost when compared to alternatives in MISO.¹¹ The high capacity factor of the Grain Belt project requires significantly less additional resources, including fossil fuel generation, to provide the energy and capacity requirements of the MJMEUC members than other renewable alternatives.¹²

Additionally, the demand for renewable energy within both MJMEUC cities and energy pools continues to grow.¹³ This need by residential, commercial and industrial customers is most economically met by the Grain Belt transmission project being constructed.

As has been previously demonstrated in this case, wind resources within MISO, due to non-favorable transmission congestion issues, cannot be used to serve that need on the same cost basis as Grain Belt.¹⁴ Indeed, as testified to by John Grotzinger in the most recent hearing, the pricing in MISO for energy and capacity is far higher than the price agreed to between Grain Belt, Iron Star Wind Project (“Iron Star”) and MJMEUC, particularly when considered against the long-term cost-capped contracts with Grain Belt and Iron Star.¹⁵ Even traditional generation resources within MISO cannot approach the level of cost of the Grain Belt project.¹⁶ Both Sho-Me and the Missouri Landowner’s Association conceded that the project was the lowest cost renewable resource available to the MJMEUC members, including the MoPEP committee.¹⁷

¹¹ See Exhibit 480, Surrebuttal Testimony of John Grotzinger, Schedule JG-12, which shows the price and transmission cost of competing sources, none of which approach the ‘all-in’ cost of the Grain Belt project delivered into MISO.

¹² *Id.* The second line of Schedule JG-12 illustrates the large difference in MWh expected to be generated and transported via the Grain Belt/Iron Star project versus other alternatives. Only other SPP wind resources approach these generation estimates, but at a significantly higher transmission cost.

¹³ Tr. 2131:25 – 2134:11; 2136:5 – 11.

¹⁴ Exhibit 480, Surrebuttal Testimony of John Grotzinger, p. 4, ln. 19 – p. 5, ln. 23; p. 7, ln. 16 – p. 8, ln. 2.

¹⁵ Exhibit 480, Surrebuttal Testimony of John Grotzinger, Schedule JG-12; Tr. 2135:3- 2136:4.

¹⁶ *Id.*; See also Schedule JG-13, which shows the current Illinois Power Marketing contract ‘all-in’ price with MoPEP to be \$52.77/MWh.

¹⁷ Tr. 1457:7 – 23; Tr. 1476:12 – 18; Tr. 1465:15 – 1466:1; Tr. 1554:8 – 19; Tr. 1557:17 – 1558:5; Tr. 1566:6 – 1567:21.

As previously noted by the Commission, the elected representatives of these cities and the MoPEP committee have reviewed the environmental, financial and social benefits of these contractual arrangements, and approved them.¹⁸ The testimony of John Grotzinger referenced the non-quantified benefits considered by those same members with regards to having diversified generation resources, including a potential carbon tax, to which fossil fuel generation is exposed.¹⁹

MJMEUC's thirty-five MoPEP cities, in addition to Centralia, Columbia, Kirkwood, and Hannibal, are in the best position to assess their needs, and they have decided they need the service that will be provided by Grain Belt.

B. Qualified to Provide the Service.

The Staff Supplemental Rebuttal Report found that both Grain Belt and Invenergy Transmission, LLC and its affiliates (“Invenergy”,) are qualified to own, operate, control, and manage the Grain Belt project, and based upon the conditions in Exhibits 205 and 206, such operating and management is reasonable.²⁰ The testimony of Kris Zadlo from Invenergy, as North America's largest independent, privately held renewable energy provider that develops, owns, and operates renewable resources across the globe, upon acquisition of the project, has the ability to both build and operate the Grain Belt project.²¹

C. Financial Ability to Provide the Service.

The Staff Rebuttal Report concluded previously that Grain Belt had the financial ability to complete the project, and the Staff Supplemental Rebuttal Report concluded that the proposed transaction with Invenergy will provide a vehicle with more financial ability to construct the

¹⁸ *Concurring Opinion*, 2017 Mo. PSC LEXIS 430 (Mo. P.S.C. August 16, 2017).

¹⁹ Tr. 1112:2 – 8; Tr. 2136:5 – 11.

²⁰ See Exhibit 208, Supplemental Rebuttal Staff Report.

²¹ See Exhibit 145, Direct Supplemental Testimony and Exhibits of Kris Zadlo.

project. Invenergy has been shown to be financially stronger than Grain Belt, and Andrea Hoffman's testimony demonstrated that Invenergy has the financial ability to both develop and construct the project.²²

Additionally, the testimony of Matt Riley showed that the Iron Star's new owner, ENGIE North America, Inc., is owned by one of the largest utilities in the world, and has more than sufficient resources to construct the Iron Star project.²³ No evidence to the contrary was submitted at the supplemental hearing.

D. Economic Feasibility.

The economic feasibility of the Grain Belt project is demonstrated through the strong demand for renewable energy, both within MISO and SPP, as well as by MJMEUC, and the continued increases in pricing for transporting energy and capacity from SPP to MISO, and the non-existent ability to move Kansas wind directly from SPP to MISO to PJM.²⁴ From the testimony of John Grotzinger in both the prior and supplemental hearing, the evidence of increased transmission pricing from SPP to MISO continues to show that not only is the Grain Belt project competitive with traditional SPP to MISO transmission charges, but that the non-discounted FERC Grain Belt rate is less than the cost of moving energy from SPP to MISO.²⁵ This is also significant when viewed in light of the testimony of John Grotzinger who showed in his Schedule JG-12 that the cost for comparable renewable resources in MISO, including Missouri, would exceed the Grain Belt transmission rate and Iron Star generation cost, both on a per megawatt basis, and even more so when replacement energy to make up for lower Missouri capacity factors are included in the analysis of renewable resource options. David Berry also

²² See Exhibit 208, Supplemental Rebuttal Staff Report; See Exhibit 146, Direct Supplemental Testimony and Exhibits of Andrea Hoffman; Tr. 2009:15 – 19, 2011:19 – 24.

²³ See Exhibit 878, Direct Supplemental Testimony of Matt Riley.

²⁴ Tr. 2136:5 – 11; Tr. 1105:4 – 1108:5; Exhibit 480, Schedule JG-10.

²⁵ *Id.*

testified that the analysis still supports the Grain Belt project versus a combination of Missouri wind and combined cycle projects as the lowest cost alternative.²⁶ It is also important to note that while the average market price exceeds non-dispatchable renewables, the renewable contracts that MJMEUC has agreed to with Grain Belt and Iron Star both give MJMEUC the added benefit of being long-term, and with minimal inflation attached to those agreements, providing a long-term solution for MJMEUC needs.²⁷

As previously discussed by this Commission, the PJM economic feasibility analysis is still sound, as well as the demand evidenced in Grain Belt's open-solicitation. Nothing in the supplemental testimony of David Berry changed on these issues, or on the issue of the levelized cost of energy and energy production cost studies performed for the prior hearing.²⁸

E. Public Interest.

The public interest is served by granting the requested CCN to Grain Belt due to the significant savings achieved for MJMEUC's customers, and the retail customers that they serve. There has been no evidence to the contrary on this point presented in the supplemental evidence, and, as previously admitted to by both Sho-Me and the Missouri Landowner's Association, the arrangement between MJMEUC and Grain Belt and Iron Star is in the best interest of the hundreds of thousands of retail ratepayers whose energy supply is procured by MJMEUC.²⁹

The public interest is also served on other fronts in this case, including, but not limited to the increased tax base in the counties along the path, the wages earned during construction of the project, the material bought from Missouri companies, and the lowering of wholesale RTO transaction costs. The more difficult to quantify, but necessary to recognize, public interest is

²⁶ Tr. 1956:21 – 1957:9.

²⁷ Tr. 2135:3 – 7.

²⁸ See Exhibit 142, Supplemental Direct Testimony of David Berry; Tr. 1956:21–1959:21.

²⁹ Tr. 1457:7 – 23; Tr. 1476:12 – 18; Tr. 1465:15 – 1466:1; Tr. 1554:8 – 19; Tr. 1557:17 – 1558:5; Tr. 1566:6 – 1567:21.

also served in an increased reliance on renewable resources, which results in lower emissions, greater fuel diversification, and the avoidance of both present and future emission standards which can be significant in cost, not only to MJMEUC customers, but to others dependent on wholesale market pricing.

II. The Missouri Supreme Court has Clarified any Misconceptions as to the Commission's Authority to Issue a Transmission Line CCN to Grain Belt.

Given the recent *Grain Belt Express* decision by the Missouri Supreme Court regarding this Commission's authority to issue a line CCN, MJMEUC respectfully submits that this Commission may lawfully authorize Grain Belt's CCN without any approval required by any other governmental body, and without or with conditions that are deemed reasonable and necessary.³⁰ Aside from supporting the conditions agreed to between Grain Belt and other parties, MJMEUC takes no further position on this issue.

Conclusion

Given the evidentiary record in this case and the clarification of law afforded by the *Grain Belt Express* decision by the Missouri Supreme Court, the evidence overwhelmingly favors this Commission issuing a CCN to Grain Belt. On behalf of its 70 Missouri municipal members and its advisory member, Citizens Electric Corporation, and their combined 347,000 retail customers, MJMEUC respectfully requests that this Commission find that the Grain Belt project is necessary and convenient for the public service and issue to Grain Belt the requested Certificate of Convenience and Necessity.

³⁰ *Grain Belt Express Clean Line, LLC v. Pub. Serv. Comm'n*, 555 S.W.3d 469 (Mo. 2018).

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing Missouri Joint Municipal Electric Utility Commission's Initial Post-Hearing Brief was served by electronically filing with EFIS and emailing a copy to the following interested persons on this 9th day of January, 2019:

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