

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

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**POST-HEARING REPLY BRIEF OF INFINITY WIND POWER**

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Infinity Wind Power (Infinity), by and through counsel, hereby submits its post-hearing reply brief. This brief is responsive to Commission Staff (Staff), and certain mischaracterizations contained in the initial post-hearing briefs of Show Me Concerned Landowners (Show Me) and the Missouri Landowners Alliance (MLA).

In its Initial Brief filed on April, 7, 2017, Infinity addressed many of the issues raised by Staff Show Me and MLA, and will not belabor the record by restating the contents of its Initial Brief. Rather, Infinity offers limited response to the Staff, Show Me, and MLA briefs, and reasserts its support of Grain Belt Express' request for a line certificate of convenience and necessity (CCN). Failure to address a particular issue raised by the opponents of Grain Belt Express' Application is not to be construed as an agreement with or acquiescence to said issue.

**I. RESPONSE TO STAFF**

**A. *Staff's Analysis Regarding the Need for the Project is Deficient Because it Omits Key Evidence.***

1. Staff argues in its brief that "the evidence is not clear" that there is a need for the Grain Belt Express Project.<sup>1</sup>

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<sup>1</sup> Staff Initial Brief at 13.

Staff's entire analysis for its position on this factor centers around its opinion that the Missouri utilities obligated to comply with the requirements of the Missouri's Renewable Energy Standard (RES) requirements have either already met the requirements of §393.1020 *et seq.*, or they are positioned to do so.<sup>2</sup> Staff's analysis is devoid of any discussion with regard to the testimony of the Missouri Joint Municipal Electric Utility Commission (MJMEUC) indicating that not only do its member cities need the Project to assist in meeting their respective renewable energy goals,<sup>3</sup> but also because the Project will allow its member cities to save millions of dollars annually as a result of the Transmission Service Agreement (TSA) with Grain Belt Express and the Purchase Power Agreement (PPA) with Infinity.<sup>4</sup>

2. Staff's analysis also fails to note that large electric consumers have expressed a need for access to additional low-cost renewable energy options.<sup>5</sup>

3. Staff further fails to mention the existing transmission constraints within the RTOs,<sup>6</sup> even though it admits that, if built, the Grain Belt Express Project "will provide transmission capacity with access to generation located in western Kansas[.]"<sup>7</sup>

4. Staff's failure to even mention the significant testimony and evidence supporting the need for the Grain Belt Express Project calls into question the validity of its analysis. Because Staff's position is based upon on an incomplete analysis of the record evidence the Commission should not afford Staff's position any weight with regard to this Tartan factor.

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<sup>2</sup> Staff Initial Brief at 15-16.

<sup>3</sup> Tr. Vol. 16, Grotzinger at 1112-13; Rebuttal, Grotzinger at 9-10.

<sup>4</sup> Tr. Vol. 16, Grotzinger at 1098.

<sup>5</sup> Tr. Vol. 10, Skelly at 255-56; Rebuttal, Chriss at 3, 6-8; Rebuttal, Goggin at 15; Rebuttal, Langley at 5.

<sup>6</sup> Tr. Vol. 10, Skelly at 291; Tr. Vol. 14, Berry at 932-33.

<sup>7</sup> Staff Initial Brief at 14.

**B. *Staff's Economic Feasibility Analysis is Flawed***

5. Staff also states that it is unclear whether the Grain Belt Express Project is economically feasible.<sup>8</sup> Staff's discussion of this factor highlights its concern that certain RTO interconnection studies have not yet been completed, and that the result of those studies could show the need for costly upgrades within the RTO systems.<sup>9</sup> In addition to being speculative in nature, it is clear from Staff's discussion that it conducted its analysis of this factor in the same fashion as it would for a transmission project where the costs are being recovered by captive RTO ratepayers. However, such is not the case with Grain Belt Express' merchant line.

6. The costs associated with interconnections resulting from the Grain Belt Express Project will not flow through the RTO footprints. Rather, those costs will be borne by the investors and contracting parties of the Project.<sup>10</sup> As noted in its Initial Brief, Infinity believes that the Commission's analysis of this factor must differ from that traditionally employed when considering transmission projects that will be recovered from captive ratepayers.<sup>11</sup> As such, Staff's failure to make the distinction between the cost recovery of an RTO transmission project and a merchant line project when considering economic feasibility renders its analysis of this factor questionable.

**C. *Staff's Analysis Regarding the Public Interest is Based on Its Faulty Analyses with Regard to the Need and Economic Feasibility Factors and Should Be Disregarded***

7. Staff takes the position that Grain Belt Express has only met two of the five Tartan factors - that Grain Belt Express is qualified and has the financial ability to undertake the

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<sup>8</sup> Staff Initial Brief at 19.

<sup>9</sup> Staff Initial Brief at 19-23.

<sup>10</sup> Tr. Vol. 12, Kelly at 533-36.

<sup>11</sup> Infinity Initial Brief at 11-13.

project - and as such Staff cannot recommend a finding that the public interest factor has been met.<sup>12</sup>

8. Staff's analysis of this factor begins by noting that "[b]ecause of the...uncertainty surrounding the economic feasibility of the...project, it is not clear...that the Grain Belt Express project will promote the public interest."<sup>13</sup> However, because Staff's analyses with regard to the need for and economic feasibility of the Project are deficient and flawed, as noted above, Staff's ultimate conclusion with regard to the public interest is necessarily erroneous.<sup>14</sup>

9. Staff spends little time addressing the Public Interest factor. Beyond the items noted above the only other item Staff addressed with regard to public interest was safety. On that point Staff was supportive of Grain Belt Express and noted that "the Commission should not find that the project does not promote the public interest because of uncertainty of Grain Belt's emergency restoration plan."<sup>15</sup>

10. However, Staff's analysis of the Public Interest contains no mention of the evidence presented showing how the Project can promote the public interest by providing economic benefits to Missouri from the construction and operation of the Project,<sup>16</sup> or the environmental benefits that cities like St. Louis can derive from the Project.<sup>17</sup> Arguably Staff spent little time on this factor because it had already concluded, based on its erroneous analyses on the need and economic feasibility factors, that it would not recommend a finding in support of the Project.

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<sup>12</sup> Staff Initial Brief at 23-24.

<sup>13</sup> Staff Initial Brief at 24.

<sup>14</sup> Staff Initial Brief at 25.

<sup>15</sup> Staff Initial Brief at 25.

<sup>16</sup> Infinity Initial Brief at 9-10.

<sup>17</sup> Infinity Initial Brief at 10.

11. In summary with regard to Staff, its lack of inquiry with regard to the TSA and PPA,<sup>18</sup> and its lack of analysis of the record evidence in this case generally, as noted above, is disconcerting. As the entity tasked with supporting the Commission in meeting its statutory responsibilities, it should be incumbent upon Staff to present a balanced set of facts to the Commission for consideration. Unfortunately, that did not occur in this case. Because Staff's conclusions are based on incomplete and erroneous analyses, its conclusions must be afforded little weight by the Commission.

## **II. RESPONSE TO SHOW ME**

### **A. *Show Me's Contention that the Grain Belt Express Project will Result in Duplicative Service Ignores the Record Evidence.***

12. Show Me argues that "Grain Belt Express' service is a duplicative service to the existing electric utility facilities and RTO services in the state."<sup>19</sup> This statement is contrary to the testimony of Grain Belt Express, Infinity, Wind on the Wires and The Wind Coalition (WOW-TWC), Walmart, and the Missouri Joint Municipal Electric Utility Commission (MJMEUC).

13. Specifically, Grain Belt Express witnesses noted that large electric consuming companies have expressed a need for additional transmission to gain access to renewable energy, and that RTO projects become fully subscribed when placed into service.<sup>20</sup> Grain Belt Express' testimony is consistent with that of Mr. Chriss of Walmart,<sup>21</sup> Mr. Langley of Infinity,<sup>22</sup> and Mr. Goggin of WOW-TWC,<sup>23</sup> all of whom testified regarding the need for additional

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<sup>18</sup> Despite having the opportunity to do so, Staff offered no Surrebuttal testimony regarding the TSA and PPA, nor did it question Mr. Grotzinger or Mr. Langley at hearing with regard to the contracts.

<sup>19</sup> Show Me Initial Brief at 18.

<sup>20</sup> Tr. Vol. 10, Skelly at 225-26, 291.

<sup>21</sup> Rebuttal, Chriss at 6-10.

<sup>22</sup> Rebuttal, Langley at 4-5.

<sup>23</sup> Rebuttal, Goggin at 7-8, 30.

transmission due to inadequacies in the existing grid. Further, MJMEUC witness Mr. Grotzinger also testified that under the existing RTO transmission regime, MJMEUC has been unable to obtain the same type of power pricing as that afforded via the Grain Belt Project,<sup>24</sup> which is indicative of the fact that the service that Grain Belt Express Project offers is not duplicative of existing services. If the existing RTOs had sufficient transmission in place to accommodate the full development and delivery of low-cost wind power, then such opportunities would already exist.

***B. Show Me's Statement that the Grain Belt Express Project "will diminish the financial ability of the RTOs..."<sup>25</sup> Mischaracterizes the Testimony of Mr. Goggin.***

14. In arguing that the Grain Belt Express Project will result in duplicative service, Show Me states that "to the extent service is provided on the Grain Belt Express system, it will diminish the financial ability of the RTOs and their members to plan and construct upgrades to the electric transmission system." This statement is not only contradictory in and of itself,<sup>26</sup> but is also a distortion of the testimony cited by Show Me as support for its statement.

15. In support of its statement, Show me cites to the transcript where Mr. Goggin was cross-examined by Show Me's counsel. The relevant portion of the exchange is as follows:

LINTON: "Line 394, you state, 'A weak electric grid makes it possible for generation owners in constrained sections of the electric grid to exert market power and charge excessive prices.' Do you see that?"

GOGGIN: Yes, I do.

LINTON: I assume that's a bad thing?

Goggin: In general, higher prices are bad for consumers, yes.

LINTON: Okay. And who is responsible for designing the electric grid?"

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<sup>24</sup> Rebuttal Grotzinger at 4.

<sup>25</sup> Show Me Initial Brief, p. 18.

<sup>26</sup> On one hand Show Me argues that the Grain Belt Express project is not needed because its duplicative, but on the other hand argues that the Project could be used to such extent that it would cause financial harm to existing transmission within the RTO. These conflicting positions are irreconcilable.



GOGGIN: It's, in regions such as Missouri, it's the ISOs take the lead in planning transmission.

LINTON: And how do they get funds to build and enhance the electric grid?

GOGGIN: Those are collected from rate payer payments, basically loads or entities clock those through their bills and those are, you know, aggregated to the ISO and used to pay for those upgrades.

LINTON: So as customers use the system, whether that's generators or load-serving entities, the -- the loads pay for the use of the system via charges in the tariff?

GOGGIN: That's how it works in MISO, yes.

LINTON: Would you agree that's how it works in SPP as well?

GOGGIN: Yes, I would.

LINTON: Now, if transmission service is diverted from SPP and MISO to an HVDC line, that will be revenue that SPP, MISO, and their member transmission owners will lose; correct?

GOGGIN: I don't know that it would be diverted. You know, there are still -- I mean, I guess are you talking about revenue associated with future wind deployment?

LINTON: Right. If the wind generator connects to SPP and/or MISO and SPP and/or MISO have to upgrade the network to provide service to that service, to that request for transmission service, take that as one scenario. And as a -- an alternate scenario you take a transmission or a wind generator that generates in Kansas and provides that service via an HVDC line, the transmission revenue will go to the merchant provider of the HVDC line and not go to SPP or MISO. Correct?

GOGGIN: That would be true, but at the same time the ISO would not be incurring the cost of those AC system upgrades that would be necessary to facilitate those new projects and since, you know, their revenue is necessary and kept at the level to only recover the cost, it should have no net impact because both the cost and the revenue would not go up by the same amount.

LINTON: And I think what you said is that in not responding to that request, SPP and MISO would not incur the cost of building an upgrade on the system?

GOGGIN: That's correct.

LINTON: And not -- that would also not enhance the grid?

GOGGIN: The AC system. The DC system would be enhanced through the construction of the line."<sup>27</sup>

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<sup>27</sup> Tr. Vol. 16, Goggin at 1131-32.

Show Me's use of this exchange in support of its statement that the Grain Belt Express Project "will diminish the financial ability of the RTOs and their members to plan and construct upgrades to the electric transmission system" is confusing and contrary to the actual testimony, and shows a lack of understanding with regard to cost recovery within the RTO process.

16. In this exchange, Show Me presented Mr. Goggin with two alternative situations – one where "the wind generator connects to SPP and/or MISO and SPP and/or MISO have to upgrade the network to provide service[.]" and the other where "a transmission or a wind generator that generates in Kansas and provides that service via an HVDC line[.]" Under either scenario Mr. Goggin is clear that the RTO will not incur the costs of the upgrades, so it is unclear how the Grain Belt Express Project will negatively impact the RTOs as suggested by Show Me in its brief. Mr. Goggin's response is contrary to Show Me's assertion, but consistent with the testimony of Grain Belt Express witness, Ms. Kelly, who noted that costs associated with interconnection facilities are borne by the entity seeking interconnection.<sup>28</sup>

17. It would make no regulatory sense for the revenues associated with Grain Belt Express' Project to be paid into SPP or MISO under either alternative because doing so would result in a mismatch of costs to revenues. As noted by Mr. Goggin, there should be no net impact to the RTO because the RTO is not incurring the costs, and therefore, it should not receive the revenue associated with the service. Again, Show Me's reliance on the exchange noted above for an argument that the Grain Belt Express Project "will diminish the financial ability of the RTOs" is baseless.

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<sup>28</sup> Tr. Vol. 12, Kelly at 533-34.

18. With regard to the allegation that the Grain Belt Express Project will result in the RTOs inability to plan and construct upgrades - there is simply nothing in the exchange above to support such an assertion.

### **III. RESPONSE TO MLA**

#### ***A. MLA's Accusations that Wind Developers Presented False Information in Response to Grain Belt Express' 2013 Request for Information (RFI) is Unsupported by the Record, Offensive, and Inappropriate.***

19. In its brief, MLA makes unfounded accusations that wind developers provided false information in response to Grain Belt Express' 2013 RFI process. Specifically, MLA stated that "as a source for either the total cost of the wind generation or the underlying capacity factor of the responding developers, those RFI responses are inherently unreliable" and that "[t]he potential wind developers were free to respond without fear of penalty, financial or otherwise, for providing inaccurate information[.]"<sup>29</sup> MLA then argued that, "wind developers were told upfront that their responses would be used (among other things) to communicate the need for the proposed Grain Belt project to regulators" and that "[t]his virtually ensured inherently biased responses." While Infinity is sensitive to the fact that MLA is advocating its position, Infinity takes exception with having its reputation impugned by unfounded accusations of providing false information not only to Grain Belt Express, but essentially to the Commission itself, given the fact that Infinity was aware that the information it provided in response to the RFI would likely be provided to the Commission as evidence of the then existing state of the industry. There is absolutely no support in the record for MLA's accusations, and as such they should be disregarded by the Commission.

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<sup>29</sup> MLA Brief at 21.

20. Infinity notes that if MLA were truly interested in the current capacity factors being experienced, and the actual cost of wind development in Kansas, that it could have inquired of such when Mr. Langley was on the stand, yet it chose not to. Mr. Langley included in his testimony, *inter alia*, a news release regarding a recent Westar Energy project evidencing the declining costs in Kansas wind development, making the news release permissible material on which to cross-examine Mr. Langley, but MLA asked no questions regarding the project. The Commission should find it telling that MLA avoided discussions at hearing with wind experts regarding current capacity factors and build costs, and instead based its arguments against Grain Belt Express on stale and/or geographically generic data regarding these issues. By filling the record with stale and/or generic data MLA attempts to camouflage the truth, which is that the installed cost of wind energy facilities has fallen every year since 2009.<sup>30</sup>

21. Infinity also disagrees with MLA's assertion that Infinity's capability to produce enough wind power to effectuate a "monopoly on the sale of energy over the Grain Belt line," and its request for significant capacity from Grain Belt Express is "legitimate concern" in this matter.<sup>31</sup> First, MLA's comments in this regard ignore the fact that Infinity was but one company responding to Grain Belt Express' Request for Information (RFI) regarding wind development in western Kansas, which resulted in responses totaling more than 13,500 MW,<sup>32</sup> and but one company responding to Grain Belt Express' open solicitation for transmission service, with fourteen of the fifteen requests received coming from wind developers.<sup>33</sup> Meaning, Infinity is but one wind developer that has the capability and the interest in utilizing the Grain Belt Express Project. Further, MLA fails to mention that Infinity has yet to be awarded *any*

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<sup>30</sup> Rebuttal, Langley at 4.

<sup>31</sup> MLA Initial Brief at 57-58.

<sup>32</sup> Direct, Berry at 24-25.

<sup>33</sup> Application, p. 13, ¶ 32; Direct, Berry at 9-10; 24-25.

capacity on the Grain Belt Express Project.<sup>34</sup> Moreover, MLA fails to substantiate why a fully subscribed Grain Belt Express Project should raise a “legitimate concern” for the Commission.

#### IV. CONCLUSION

22. In conclusion, because Staff’s conclusions with regard to Need, Economic Feasibility, and the Public Interest are based on incomplete and erroneous analyses, its conclusions with regard to these factors must be afforded little weight by the Commission. Further, Show Me and MLA’s arguments, as noted above, are an attempt to distort and confuse the record, and should be recognized by the Commission as such.

23. The record evidence clearly demonstrates that Grain Belt Express has met the Commission’s Tartan factors and as such the Commission should grant the requested CCN.

Respectfully submitted,

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<sup>34</sup> Tr. Vol. 16, Langley at 1219.

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing *Reply Brief of Infinity Wind Power* was served upon the parties to this proceeding by email this 24<sup>th</sup> day of April 2017.

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