



STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

FILED
December 5, 2014
Data Center
Missouri Public
Service Commission

Rock Island Clean Line LLC)
)
Petition for an Order granting Rock Island)
Clean Line a Certificate of Public Convenience)
and Necessity pursuant to Section 8-406 of the)
Public Utilities Act as a Transmission Public)
Utility and to Construct, Operate and Maintain)
an Electric Transmission Line and Authorizing)
and Directing Rock Island Clean Line pursuant)
to Section 8-503 of the Public Utilities Act to)
Construct an Electric Transmission Line.)

Docket No. 12-0560

REBUTTAL TESTIMONY OF

DAVID BERRY

ON BEHALF OF

ROCK ISLAND CLEAN LINE LLC

ROCK ISLAND EXHIBIT 10.14

*** PUBLIC VERSION ***

August 20, 2013

Exhibit No. 330
Date 11-11-14 Reporter XF
File No. EA-2014-0207

1382 testimony, ComEd witness Mr. Naumann confirms the limited nature of PJM's review,⁶²
1383 which is virtually identical to how PJM studies and incorporates generators into the
1384 RTEP. Because PJM provides a comprehensive set of price signals to generators through
1385 LMPs and capacity auctions, the market participant, not PJM, decides on the basis of
1386 these prices whether the project in question is economic. The statement by Mr. Naumann
1387 and Dr. Gray⁶³ that PJM's RTEP has not established the need for the Project is true but is
1388 irrelevant since PJM did not and will not study this need.

1389 **Q. Has PJM proposed a set of projects to allow for region-wide RPS compliance?**

1390 **A.** No, PJM has not proposed such a set of projects. In its compliance filing to FERC Order
1391 1000, PJM made clear it would not propose such projects. Rather, it would leave the
1392 matter to individual states. If states want to sponsor a transmission upgrade as a "Public
1393 Policy Project" and pay for the cost, they are free to do so. But they are not required to,
1394 and PJM does not intend to allocate broadly the costs of RPS compliance. As the
1395 Commission knows well, PJM's prior efforts to allocate transmission costs more broadly
1396 across its service territory have been fraught with complication and legal challenges.⁶⁴
1397 Further, as PJM notes in its FERC Order 1000 Compliance Filing, the fact that not all of
1398 the PJM states have RPS requirements creates further barriers to broad cost allocation in
1399 support of renewable energy policy goals.⁶⁵

1400 **Q. Absent a comprehensive plan to meet RPS in the PJM region, what role do**
1401 **merchant transmission lines like the Rock Island Project play?**

⁶² ComEd Exhibit 1.0 REV: lines 297-303, 321-330

⁶³ ComEd Exhibit 1.0 REV: lines 901-903; ILA Exhibit 7.0, pp. 6-7.

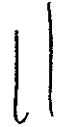
⁶⁴ See *Illinois Commerce Commission v. FERC*, 576 F.3d 470 (7th Cir. 2009).

⁶⁵ PJM Order 1000 Compliance Filing. Available at <http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13096032>; see especially pp. 47-48 (last accessed on August 12, 2013).

1402 A. In the absence of a regional or interregional planning effort to assure cost-effective RPS
1403 compliance, there are, in my view, three possible outcomes. First, states may voluntarily
1404 pay for transmission lines. I consider this unlikely, as this voluntary approach suffers
1405 from the notorious free-rider problem. The public benefits from adequate transmission
1406 infrastructure, but no single beneficiary wants to pay for it, and certainly no one wants to
1407 pay for it if other beneficiaries do not also pay. At this time, no state-backed Public
1408 Policy projects are under construction or approved for construction by PJM.

1409 Second, states may fail to meet their RPS, or meet them in uneconomic ways by
1410 using small, local wind and rooftop solar, which require fewer transmission upgrades.
1411 This obviously is not good for consumers, since they will pay more for energy and RECs.

1412 The third possibility, which I consider the most likely and beneficial, is that
1413 merchant transmission lines proceed in PJM that enable the most cost-effective
1414 renewable energy. I believe this outcome is considerably more likely than voluntary
1415 public policy projects, which suffer from the free-rider problem and a difficult
1416 coordination across multiple ratemaking jurisdictions. Further, merchant transmission
1417 lines are considerably more cost-effective than paying more for more expensive
1418 renewable resources, or failing to meet RPS requirements, resulting in the maximum
1419 price caps being reached. The need for merchant transmission lines is especially pressing
1420 given the lack of a comprehensive regional planning effort in PJM to meet state RPS in a
1421 cost-effective way.

1422 Q. Has MISO approved any transmission lines to facilitate RPS compliance? 

1423 A. Yes. Unlike PJM, MISO's Transmission Expansion Plan ("MTEP") includes a series of
1424 transmission upgrades to enable more renewable energy to meet RPS requirements. The
1425 MISO MVP Projects, or multi-value projects, as referenced in the testimony of ILA

1426 witness Dr. Gray, are a group of seventeen 345 kV alternating current transmission
1427 projects approved for construction by the MISO board of directors.

1428 **Q. What goal do the MVP Projects achieve with respect to RPS compliance?**

1429 A. As stated in the MISO report approving the MVP Projects, the initial seventeen MVP
1430 projects are dimensioned to support compliance with RPS goals in the service territories
1431 of transmission owners. The MVP projects were analyzed and approved on the
1432 assumption that wind projects will be built in the areas to be served by the MVP projects.
1433 As such, MISO's calculation of the Illinois RPS demand includes only the portion
1434 attributable to Ameren's service territory, not the portion serviced by ComEd's
1435 transmission system.⁶⁶ The rationale for the MISO MVP projects does not include
1436 providing renewable energy to Northern Illinois or the PJM transmission system.

1437 **Q. Are the Rock Island Project and the MISO MVP Projects actually "alternatives" as**
1438 **claimed by Dr. Gray?**

1439 A. No, the Rock Island Project and the MISO MVP Projects cannot be considered
1440 alternatives because they have different objectives and will accomplish different things.
1441 Attached as Rock Island Exhibit 10.25 is a map of the MVP Projects (taken from the
1442 MISO web page cited in Dr. Gray's testimony), which clearly demonstrates that the
1443 MISO MVP projects do not provide for delivering additional renewable energy to
1444 Northern Illinois and the PJM grid, let alone from the Rock Island Resource Area to
1445 Northern Illinois.

1446 The MISO MVP Projects enable 41 million MWh of new renewable energy for
1447 meeting RPS goals in the MISO footprint.⁶⁷ The Rock Island Project's primary purpose,

⁶⁶ Multi Value Project Analysis Report, p 18. Available at <https://www.misoenergy.org/Library/Repository/Study/Candidate%20MVP%20Analysis/MVP%20Portfolio%20Analysis%20Full%20Report.pdf> (last accessed August 9, 2013).

⁶⁷ *Id.*, p 48.