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Express Clean Line LLC
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MISSOURI PUBLIC SERVICE COMMISSION

Case No. EA-2014-0207

DIRECT TESTIMONY OF

MICHAEL P. SKELLY

ON BEHALF OF

GRAIN BELT EXPRESS CLEAN LINE LLC

March 26, 2014

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1 **I. INTRODUCTION AND PURPOSE OF TESTIMONY**

2 **Q. Please state your name, present position and business address.**

3 A. My name is Michael P. Skelly. I am the President and Chief Executive Officer of Clean
4 Line Energy Partners LLC (“Clean Line”), and the President of Grain Belt Express Clean
5 Line LLC (“Grain Belt Express” or “Company”), the Applicant in this proceeding. Clean
6 Line is the ultimate parent company of Grain Belt Express. My business address is 1001
7 McKinney Street, Suite 700, Houston, Texas 77002.

8 **Q. Please describe your education and professional background.**

9 A. I received a Bachelor of Arts in Economics from the University of Notre Dame and
10 subsequently served in the United States Peace Corps in Central America. After my
11 service in the Peace Corps, I obtained a Masters of Business Administration from
12 Harvard Business School. I have been in the renewable energy business for over 20
13 years. I developed thermal, hydroelectric, biomass, and wind energy projects in Central
14 America with Energia Global. I then joined Horizon Wind Energy (“Horizon”), which
15 was subsequently renamed EDP Renewables North America, and led the development of
16 that company from a two-person company to one of the leading wind energy companies
17 in the U.S. In 2008, I was named Wind Industry Person of the Year.

18 I have significant experience in evaluating and developing wind energy resources.
19 I have traveled to nearly every state in the U.S. to evaluate the potential to build wind
20 farms and have led the development of more than 2,000 megawatts (“MW”) of wind
21 energy projects that were ultimately constructed. During my tenure at Horizon, the
22 company developed and saw the completion of more than a dozen wind energy projects
23 and created a development portfolio of more than 10,000 MW in over a dozen states.
24 Several members of our management team at Clean Line also came from Horizon, where

1 we worked together to help develop and construct various projects, including 925 MW of
2 wind projects in the three-state region of Oklahoma, Texas, and Kansas; 322 MW of
3 wind projects in New York, which spearheaded a growing interest in wind energy
4 throughout the northeastern U.S.; over 300 MW of wind projects in Oregon; 200 MW of
5 wind projects in Minnesota; 400 MW of wind projects in Illinois; 299 MW of wind
6 projects in Washington state; 54 MW of wind projects in Pennsylvania; and 380 MW of
7 wind projects in Iowa. Horizon also owned and operated 24 MW of wind projects in
8 Costa Rica through the Tierras Morenas Wind Farm.

9 This work in developing and building wind energy projects has given me, and
10 several members of Clean Line management team who are former Horizon employees,
11 extensive project development experience that has assisted us greatly as we develop the
12 Grain Belt Express Clean Line Project (“Grain Belt Express Project” or “Project”)
13 described in the Application and in further detail below.

14 **Q. Have you previously testified before any regulatory commissions?**

15 A. Yes, I have provided testimony in proceedings before the state regulatory commissions of
16 Arkansas, New York, Illinois, Indiana and Wisconsin, concerning the development of
17 wind farms or transmission projects. I testified before the Kansas Corporation
18 Commission (“KCC”) in the Company’s certification proceeding in the Docket No. 11-
19 GBEE-624-COC, where the KCC granted to Grain Belt Express a Transmission Only
20 Certificate to operate as a public utility in Kansas. I also served as a witness for the
21 Company in KCC Docket No. 13-GBEE-803-MIS, where the KCC granted a siting
22 permit for the Kansas portion of the Grain Belt Express Project. I testified before the
23 Indiana Utility Regulatory Commission (“IURC”) in the Company’s certification

1 proceeding in the Cause No. 44264, where the IURC granted to Grain Belt Express a
2 certificate to operate as a public utility in Indiana.

3 **Q. What is the business of Clean Line and Grain Belt Express?**

4 A. The mission of Clean Line and its subsidiaries, including Grain Belt Express, is to
5 develop, construct, and operate long distance transmission lines to connect renewable
6 energy resources, particularly wind generation resources located in the country's best
7 wind regions, to load and population centers in other regions of the country, and to do so
8 in the most cost-effective way possible. Clean Line's objective is to develop, build, and
9 operate transmission lines to facilitate the development of renewable energy projects,
10 particularly wind generation projects.

11 **Q. What is Grain Belt Express?**

12 A. Grain Belt Express is a limited liability company organized under the laws of the State of
13 Indiana. Copies of its certificate of formation and its authorization to do business in
14 Missouri as a foreign-chartered limited liability company are attached as Exhibit 1 to the
15 Company's Application. Grain Belt Express is a wholly owned subsidiary of Grain Belt
16 Express Holding LLC, a Delaware limited liability company, which is a wholly owned
17 subsidiary of Clean Line.

18 **Q. What is the purpose of your testimony in this proceeding?**

19 A. The purpose of my testimony is to support the Application of Grain Belt Express, which
20 is seeking a certificate of convenience and necessity ("CCN") under Section 393.170.1¹
21 authorizing it to construct in Missouri approximately 206 miles of the approximately 750-
22 mile, high voltage direct current ("HVDC") transmission line ("HVDC Line") of the

¹ All statutory references are to the Missouri Revised Statutes (2000), as amended.

1 Project that will traverse the states of Kansas, Missouri, Illinois, and Indiana, including
2 an associated converter station in Ralls County, Missouri, that will interconnect with the
3 Ameren Missouri transmission line connecting the Maywood and Montgomery 345 kV
4 substations. This converter station and associated AC interconnecting facilities together
5 with the HVDC Line located in this state comprise the “Missouri Facilities.” The
6 transmission line will be located in the Missouri counties of Buchanan, Clinton,
7 Caldwell, Carroll, Chariton, Randolph, Monroe and Ralls. I will provide an overview of
8 the Application, background on the Project and the Clean Line management team, and
9 will explain why the Missouri Facilities are necessary or convenient for the public
10 service.

11 **II. OVERVIEW OF THE APPLICATION**

12 **Q. What is the standard that the Commission should apply in this proceeding?**

13 A. It is my understanding that the Commission will approve the Application if it determines
14 under Section 393.170 that the Project is necessary or convenient for the public service.

15 **Q. Are the Grain Belt Express Missouri Facilities necessary or convenient for the**
16 **public interest?**

17 A. Yes, they are necessary or convenient for the public service and the Application should
18 be approved.

19 The Missouri Facilities are an integral and essential part of the multi-state Grain
20 Belt Express Project that will provide for the development of wind-generated power
21 projects in Kansas and for the delivery of that power to markets in Missouri, Illinois,
22 Indiana, and states farther east. There are substantial local benefits that will be made
23 possible by the Project. By having a converter station interconnected to the Ameren
24 Missouri system, customers of Missouri electric utilities will have access to low-cost

1 wind energy from western Kansas. This interconnection will enhance the reliability of
2 the electric transmission grid in Missouri by making available another source of electric
3 power supply. Further, the Project will promote competition in the supply of
4 transmission service and power generation. More generally, the Project enhances the
5 opportunity for Missouri electric utilities and electric utilities in states farther east to
6 access reliable, affordable electric energy, the generation of which is not based on the
7 combustion of coal or natural gas.

8 Company witness David A. Berry discusses the five criteria that the Commission
9 uses to determine whether a project is necessary or convenient for the public service in
10 his direct testimony.

11 **Q. What economic benefits will Missouri receive from the Grain Belt Express Project?**

12 A. There are significant economic benefits for Missouri associated with the Project. The
13 construction of the Project will create an estimated 1,315 jobs in Missouri during the
14 construction phase and will support as many as 70 permanent jobs. The Company is
15 working with Missouri businesses to obtain products, equipment, and services that will be
16 used to construct the Project. Grain Belt Express has formed partnerships with Missouri
17 manufacturers, including ABB Inc., Hubbell Power Systems, Inc., and General Cable
18 Industries, Inc. in order to utilize products made in Missouri and to support
19 manufacturing jobs in the state. Company witnesses Wayne Galli (Executive Vice
20 President – Transmission & Technical Services) and Mark Lawlor (Director of
21 Development) discuss these relationships in greater detail in their direct testimony.
22 Moreover, after construction, the Missouri Facilities will provide a continuing source of

1 property tax revenues to the political subdivisions where the facilities are located,
2 funding schools, public improvements, and other community services.

3 **Q. Will electricity customers in Missouri pay for the Grain Belt Express Project?**

4 A. No. Electricity customers in Missouri will not bear any costs of the construction of the
5 Project. These costs will be borne by the investors in Clean Line and the transmission
6 customers. None of the Project's costs will be recovered through the cost allocation
7 process of any regional transmission organization ("RTO") approved by the Federal
8 Energy Regulatory Commission ("FERC").

9 **Q. Are there environmental benefits associated with the Project?**

10 A. Yes. The Project will promote the public convenience and necessity by reducing
11 emissions of carbon dioxide, sulfur dioxide, nitrogen oxide, particulates and organic
12 compounds, reducing waste by-products, and reducing water usage, as compared to the
13 production of comparable amounts of electricity from fossil-fueled generation. Company
14 witnesses David Berry and Gary Moland discuss these environmental benefits in greater
15 detail in their direct testimony.

16 **Q. Please identify the witnesses who are submitting direct testimony on behalf of Grain
17 Belt Express.**

18 A. The Company's witnesses and the primary topics addressed in their testimony are as
19 follows:

Witness	Primary Testimony Topics
<p>Michael P. Skelly President and CEO of Clean Line; President of Grain Belt Express</p>	<ul style="list-style-type: none"> • Overview of the case-in-chief, including overview of relief requested from the Commission • Ownership, organizational structures, and business objectives of Clean Line Energy and Grain Belt Express • Technical, managerial and financial capability of Clean Line Energy and Grain Belt Express
<p>David A. Berry Clean Line Executive Vice President – Strategy and Finance</p>	<ul style="list-style-type: none"> • Need for the Grain Belt Express Project • Benefits of the Project • Economic feasibility and financing plan for the Project
<p>Wayne Galli Clean Line Executive Vice President – Transmission and Technical Services</p>	<ul style="list-style-type: none"> • Physical and operating characteristics of the Grain Belt Express Project • Construction contracts and activities • Interactions with RTOs • Benefits of using high voltage direct current technology
<p>Mark O. Lawlor Director of Development for Grain Belt Express</p>	<ul style="list-style-type: none"> • Project description • Public outreach efforts and notice to landowners • Approach to negotiations and right-of-way acquisition with landowners
<p>Timothy B. Gaul Associate Vice President of Energy Services, Louis Berger Group, Inc.</p>	<ul style="list-style-type: none"> • Route determination process • Basis for selecting the Proposed Route • Summary of known electric and telephone lines, railroad tracks, and underground facilities
<p>David G. Loomis Principle, Strategic Economic Research, LLC and Professor of Economics, Illinois State University</p>	<ul style="list-style-type: none"> • Economic impact of the Project on the Missouri economy • Economic impact of the wind farms that the Project will enable to be built
<p>Gary Moland Director of Power Markets & Transmission Analysis, DNV GL</p>	<ul style="list-style-type: none"> • Economic and environmental impacts of the Project
<p>Robert M. Zavadil Executive Vice President, EnerNex, LLC</p>	<ul style="list-style-type: none"> • Reliability benefits of the Project • Loss of Load Expectation study

1 **III. CLEAN LINE AND THE GRAIN BELT EXPRESS PROJECT**

2 **Q. Why has Clean Line proposed the Grain Belt Express Project?**

3 A. Clean Line’s mission is to develop, build, and operate transmission lines to facilitate the
4 development of renewable energy projects, particularly wind generation projects, that
5 otherwise would not be built. As part of this goal, Clean Line is developing several
6 projects, including the Grain Belt Express Project. This Project will be a 750-mile-long,
7 multi-terminal ± 600 kV HVDC transmission line capable of delivering up to 500 MW of
8 power to wholesale electricity purchasers in Missouri and up to 3,500 MW of power to
9 Illinois, Indiana, and states farther east through interconnections with MISO and PJM,
10 respectively. Approximately 206 miles of the HVDC Line will be located in Missouri.
11 The primary objective of the Project is to bring electricity produced by wind generation
12 facilities in wind-rich areas of western Kansas to electricity markets in Missouri, Illinois,
13 Indiana, and states farther east.

14 **Q. What is the cost to build the Grain Line Express Project?**

15 A. The Company estimates the total Project cost will be approximately \$2.2 billion, with the
16 Missouri Facilities projected to cost \$500 million. Company witness David Berry will
17 address the ability of Clean Line to finance the development and completion of the
18 Project.

19 **Q. Who are the owners of Clean Line?**

20 A. Clean Line’s owners are GridAmerica Holdings Inc., a subsidiary of National Grid USA
21 (“National Grid”); Clean Line Investor Corp., a subsidiary of ZAM Ventures, L.P.
22 (“ZAM Ventures”); Michael Zilkha; and Clean Line Investment LLC. In the United
23 States, National Grid USA’s regulated subsidiaries deliver electricity to approximately
24 3.4 million customers in New York, Massachusetts and Rhode Island. Through these

1 subsidiaries, National Grid jointly owns and operates over 8,600 miles of high voltage
2 transmission, 100 miles of underground cable and 522 substations.

3 National Grid USA is a wholly owned U.S. subsidiary of National Grid plc, a
4 major multinational company whose principal activities are owning and operating
5 regulated networks for the transmission and distribution of electricity and natural gas.
6 National Grid plc is based in the United Kingdom and is one of the largest investor-
7 owned energy companies in the world with \$75 billion in assets and over \$22 billion in
8 annual revenues.

9 ZAM Ventures is one of the principal investment vehicles for ZBI Ventures, LLC
10 (“ZBI Ventures”), which focuses on long-term investments in the energy sector. ZBI
11 Ventures has invested in several private conventional and unconventional oil and gas
12 investments in the United States, Canada and elsewhere in the world, and has made
13 several investments in alternative energy companies.

14 Michael Zilkha and his family have a proven track record of making successful
15 and productive investments in the energy industry, including being the primary investor
16 in Horizon during its early growth. Clean Line Investment LLC is a vehicle for service
17 providers and employees to invest in Clean Line, and is a small, minority shareholder in
18 Clean Line.

19 **Q. Does Clean Line have other projects underway in the United States in addition to**
20 **the Grain Belt Express Project?**

21 A. Yes. Clean Line and its subsidiaries are presently developing three other HVDC
22 transmission projects and one AC transmission project that will connect wind generation
23 resources in other wind-rich areas of the U.S. to other load and population centers where

1 a demand exists for electricity from renewable resources. Those other projects are as
2 follows:

- 3 • Plains and Eastern Clean Line LLC and Plains and Eastern Clean Line Oklahoma
4 LLC, subsidiaries of Clean Line, are developing the Plains & Eastern Clean Line
5 project, a 720-mile HVDC transmission project that will deliver up to 3,500 MW
6 of wind generated power from resources in western Oklahoma, western Kansas,
7 and the northern panhandle of Texas to areas with demand for renewable energy
8 in the Tennessee Valley Authority, Arkansas, and the southeastern U.S.
- 9 • Centennial West Clean Line LLC, another subsidiary of Clean Line, is developing
10 the Centennial West Clean Line transmission project, a 900-mile HVDC
11 transmission project that will deliver up to 3,500 MW of electric power from New
12 Mexico and Arizona to communities in California and other areas in the West that
13 have a strong demand for clean, reliable energy.
- 14 • Rock Island Clean Line LLC, another subsidiary of Clean Line, is developing the
15 Rock Island Clean Line transmission project, a 500-mile HVDC transmission line
16 that will deliver up to 3,500 MW of electricity generated by the wind resources of
17 northwest Iowa and surrounding regions to communities in Illinois and other
18 states to the East.
- 19 • Western Spirit Clean Line LLC, another subsidiary of Clean Line, is developing
20 the Western Spirit Clean Line, an approximately 200-mile AC transmission line
21 that will deliver up to 1,500 MW of wind power from east-central New Mexico to
22 the Albuquerque area and to load centers farther west.

1 **Q. What development activities has Grain Belt Express engaged in prior to filing the**
2 **Application?**

3 A. Much of the Company's development activities to date have centered on route
4 development and regulatory permitting in Kansas, Missouri, Illinois and Indiana, and
5 extensive outreach to landowners, state and local governments, businesses, agencies, and
6 the general public. On November 2, 2012, Grain Belt Express filed a Petition to be
7 recognized as a public utility in Indiana with the IURC, which it granted on May 22,
8 2013. On March 7, 2011, Grain Belt Express filed a Petition for a limited certificate of
9 public convenience to transact the business of a public utility in Kansas. On December 7,
10 2011, the KCC granted that petition. Further, on July 15, 2013, Grain Belt Express filed
11 a Petition for a siting permit to construct the Kansas portion of the Grain Belt Express
12 Project with the KCC, which it granted on November 7, 2013. Grain Belt Express has
13 begun purchasing transmission easements from landowners along the Kansas route.

14 Grain Belt Express now seeks approval from this Commission to construct and
15 operate the Project along the route proposed in northern Missouri. As described in
16 Timothy Gaul's direct testimony and in the Missouri Route Selection Study (attached as
17 Schedule TBG-1 to his testimony), significant time and effort have been dedicated to
18 identifying the Proposed Route. This has involved hundreds of individual and group
19 meetings with community leaders, landowners, state and federal agencies, non-
20 governmental organizations, elected officials, and other stakeholders. Grain Belt Express
21 continues route development in Illinois in advance of seeking public utility and siting
22 approvals from the Illinois Commerce Commission.

1 Throughout the course of developing the Project, our team has conducted
2 extensive outreach to business leaders, legislators, county and municipal government
3 officials and landowners throughout the four-state project area in order to educate
4 stakeholders about the need for transmission to facilitate wind farm development and
5 delivery of wind power to geographically distant markets, and about the Grain Belt
6 Express Project, specifically. Company witness Mark Lawlor addresses the nature and
7 scope of those public outreach activities in Missouri in his direct testimony.

8 **Q. What services will Grain Belt Express provide?**

9 A. Grain Belt Express will offer transmission service through an open access transmission
10 tariff that will be filed with and subject to the jurisdiction of the FERC. Grain Belt
11 Express expects that its customers will consist principally of (i) wind energy producers
12 located in the wind-rich region of western Kansas at the western end of the Grain Belt
13 Express Project, and (ii) wholesale buyers of electricity who seek to purchase electricity
14 generated from renewable resources. These wholesale buyers are expected to be utilities
15 that serve retail load and competitive retail electricity suppliers, brokers, and marketers.
16 Such buyers could include retail purchasers of electricity seeking to buy unbundled
17 transmission service.

18 **Q. How will the services of Grain Belt Express be priced?**

19 A. Because Grain Belt Express will be engaged in the provision of interstate transmission
20 services, its rates will be subject to FERC's jurisdiction.

21 **Q. Will the Company be rate-regulated by the Commission?**

22 A. No. Neither the Project nor its Missouri Facilities will provide service to end-use
23 customers or provide retail service in this state, and the Project will not be rate-regulated

1 by the Commission. Accordingly, Grain Belt Express requests that the Commission limit
2 its authority over the Company and grant waivers from certain reporting requirements
3 under the Commission's regulations, as set forth in the Application.

4 **Q. Is Grain Belt Express capable of efficiently managing and supervising the**
5 **construction process for the Grain Belt Express Project?**

6 **A.** Yes. There are four reasons that support the finding of such capability: (1) Clean Line
7 and Grain Belt Express have a plan in place to establish an effective construction
8 management organization and are implementing the plan; (2) Grain Belt Express has
9 engaged experienced contractors to carry out the tasks associated with constructing the
10 Project and placing it into operation; (3) Grain Belt Express will enter into contracts with
11 its contractors that will provide for effective project controls and oversight mechanisms
12 from the project owners' perspective; and (4) Members of Clean Line's management
13 team and other employees, as well as one of Clean Line's principal investors, have
14 experience in developing construction management organizations and overseeing the
15 construction of large projects in the electric utility industry. Information on the
16 experience of members of the management team and other employees is provided in
17 **Schedule MPS-1.**

18 Additionally, our management team consults regularly with the construction
19 management team of our investor, National Grid. For example, we have consulted
20 extensively with the team at National Grid that implemented the BassLink HVDC
21 transmission project between Australia and Tasmania and the BritNed HVDC
22 transmission project between the United Kingdom and the Netherlands. National Grid's
23 construction management team provides support to Clean Line and its project companies

1 on HVDC contracting and project management. Clean Line also has a direct line of
2 communication with National Grid’s global procurement team, who can provide
3 benchmark pricing and procurement assistance on structures, conductors and labor costs.
4 National Grid has made and has committed that it will continue to make its construction
5 management resources available to aid Clean Line and its project companies whenever
6 necessary. This is one of the synergies provided by National Grid’s investment in Clean
7 Line

8 **Q. Have any other regulatory commissions found that Clean Line and its project**
9 **companies are capable of managing the construction of a transmission line?**

10 A. Yes. The Oklahoma Corporation Commission in its Order of October 28, 2011 in Cause
11 No. PUD 201000075 granted Plains and Eastern Clean Line LLC electric transmission-
12 only public utility status in Oklahoma, affirming the Administrative Law Judge’s
13 recommendation on page 2 of Exhibit A to its Order that “Clean Line possesses the
14 financial, managerial and technical experience to build, own and operate transmission in
15 Oklahoma.”

16 The KCC in its Order of December 7, 2011 in Docket No. 11-GBEE-624-COC
17 granted Grain Belt Express Clean Line LLC a limited certificate of public convenience to
18 transact business as a public utility in Kansas, finding at page 25 that “there is sufficient
19 competent evidence demonstrating” that the Company “has the managerial, financial, and
20 technical experience to construct, operate and maintain the line.”

21 The IURC in its Order of May 22, 2013 in Cause No. 44264 granted Grain Belt
22 Express the authority to operate as a transmission-only public utility in Indiana, finding at
23 pages 18-19 that the Company “submitted extensive evidence of its technical,

1 managerial, and financial capability to construct, own, and operate the Project.
2 Specifically, Mr. Skelly and Dr. [Wayne] Galli testified in detail about the Petitioner
3 team's background, experience, and expertise in the energy sector, project development,
4 electricity transmission, and financing. Mr. [David] Berry also testified about Petitioner's
5 and its parent company's financial expertise, backing and investors. Accordingly, we find
6 that Petitioner has the necessary technical, managerial, and financial capability to
7 construct, own, and operate the Project.”

8 **IV. PUBLIC POLICY SUPPORTING THE DEVELOPMENT OF RENEWABLE**
9 **ENERGY RESOURCES AND PRIVATE INVESTMENT IN INFRASTRUCTURE**

10 **Q. Does Missouri have any stated policy supporting the development of wind energy**
11 **resources?**

12 A. Yes. Missouri’s public policy is to support the use of affordable renewable energy or the
13 associated credits in an electric utility’s generation portfolio, as evidenced by the passage
14 in 2008 of the Renewable Energy Standard Act, Sections 393.1020 – 393.1050. The
15 effect of this Act is to foster the development of affordable renewable energy, which the
16 Grain Belt Express Project provides by bringing wind power from western Kansas to
17 Missouri.

18 Additionally, the Division of Energy of the Missouri Department of Economic
19 Development states that it “works to advance the use and adoption of clean renewable
20 energy technologies across the state to protect, preserve and enhance Missouri's natural,
21 cultural and energy resources.”² This, too, evidences a state policy favoring the
22 development and use of wind-generated power.

² <http://ded.mo.gov/division-of-energy/renewables/renewable-energy> (last visited Mar. 20, 2014)

1 **Q. Does the Grain Belt Express Project enhance Missouri’s ability to meet the**
2 **standards set by federal environmental policy?**

3 A. Yes. Recent and expected federal regulatory policies are intended to address
4 environmental concerns associated with power plant emissions and to foster national
5 energy independence, both of which inherently support the use of domestic renewable
6 energy sources. Adding more renewable power to the energy supply mix will reduce or
7 inhibit the growth of these emissions and their by-products, resulting in cleaner air and
8 less disposable waste. Further, under Section 393.1030.1 Missouri’s Renewable Energy
9 Standard requires electric utilities by 2021 to generate or purchase 15% of the electricity
10 they sell from renewable energy resources. As discussed in detail in the direct testimony
11 of Company witness David Berry, utilizing the energy provided by the Grain Belt
12 Express Project will give Missouri the ability to comply with current and future
13 regulations that may be imposed, as well as to meet the growth in demand for electricity
14 from renewable resources.

15 **Q. How does the development of new transmission infrastructure such as the Grain**
16 **Belt Express Project serve the interests of the general public?**

17 A. The construction of new transmission will drive the development of wind generation
18 resources. This will come about for two reasons. First, the existing transmission system
19 in windy areas has reached or is nearing maximum capacity. Second, many of the best
20 regions in the U.S. for locating new wind generation facilities – the areas that are richest
21 in wind resources and have the highest wind speeds – are located far from load and
22 population centers. Such wind-rich regions include the Great Plains from western Texas
23 and Oklahoma north through western Kansas up to the Dakotas. Transmission facilities

1 dedicated to transporting the electricity produced in these regions hundreds of miles to
2 load and population centers farther east are limited or non-existent.

3 To take advantage of these resources, investment in transmission infrastructure to
4 move affordable wind energy over long distances and across many utility footprints as
5 efficiently as possible is essential. As an experienced developer of wind energy projects,
6 I can say with confidence that developers of wind generation projects will not invest
7 capital in the construction of additional wind generation facilities in Kansas without
8 reasonable assurance of adequate transmission capacity and infrastructure to deliver their
9 output to areas of high demand. If we want wind generation facilities to be developed in
10 the nation's best wind resource areas to meet the growing demand for electricity from
11 renewable sources, we must first construct interregional transmission facilities that can
12 deliver the output of these generating facilities to load and population centers. That is
13 what the Grain Belt Express Project will do.

14 Missouri citizens will be able to participate in the benefits of the Project because
15 it will deliver affordable, wind-generated energy to the grid in Missouri at a delivery
16 point in Ralls County, where the Company plans to locate a converter station and
17 interconnect the Project to the Ameren Missouri system. Missourians will receive this
18 benefit without an increase in retail rates because Grain Belt Express will bear all of the
19 financial risk for the Project. As I noted previously, this additional interconnection will
20 also enhance the reliability of the electric transmission network in Missouri by making
21 available another source of electric power supply, and will promote competition in the
22 supply of generation and transmission service.

1 **Q. Are there other benefits from the development of new, long distance transmission**
2 **infrastructure by independent transmission-only companies such as Grain Belt**
3 **Express?**

4 A. Yes. Neither Clean Line, Grain Belt Express, nor any other Clean Line subsidiary have
5 any ownership interest in generation facilities or in companies developing, owning, or
6 operating generating facilities. While many electric industry participants, including the
7 incumbent utilities, have important roles to play in the expansion and strengthening of the
8 transmission infrastructure that is needed in this country, we are focused on transmission
9 as our only line of business. Therefore, the Company's capital will not be deployed for
10 any purposes other than construction, maintenance and operation of transmission
11 facilities. Clean Line and its operating subsidiaries, such as Grain Belt Express, are
12 dedicating their capital and their management attention solely to invest in transmission
13 facilities that increase access to low-cost renewable generation resources and that
14 improve and maintain reliability.

15 **Q. Please summarize your direct testimony.**

16 A. The Grain Belt Express Project will result in private investment to improve Missouri's
17 electric transmission infrastructure and will provide the most efficient means to link
18 affordable renewable energy supply to demand in Missouri, Illinois, Indiana and other
19 states. It will create jobs before, during and after construction and will, through property
20 taxes assessed on the Project's improvements, contribute to the support of local schools,
21 roads and services in the counties in which the Missouri Facilities are located. Because
22 the Project serves wind generators and wholesale purchasers, the Project's costs will be
23 recovered solely from its transmission customers and investors, and will not be recovered

1 through the cost allocation process of SPP, MISO or PJM. Grain Belt Express has the
2 managerial and financial capabilities to develop the Project and to bring it successfully
3 into operation. For these reasons, I believe the Grain Belt Express Project is necessary or
4 useful for the public service, and the Application should be approved.

5 **Q. Does this conclude your prepared direct testimony?**

6 A. Yes, it does.

