

**STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION**

**In the Matter of the Application of ITC
Midwest LLC for a Certificate of Need
for the Minnesota-Iowa 345 kV
Transmission Line Project in Jackson,
Martin, and Faribault Counties**

PUC Docket No. ET6675/CN-12-1053

OAH Docket No. 60-2500-30782

RESPONSE BRIEF

OF

**WIND ON THE WIRES, FRESH ENERGY, IZAAK WALTON LEAGUE – MIDWEST OFFICE,
AND MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY**

AUGUST 8, 2014

I. INTRODUCTION

Wind on the Wires, Fresh Energy, Izaak Walton League – Midwest Office, and Minnesota Center for Environmental Advocacy (“Clean Energy Intervenors” or “CEI”) offer this response to the Minnesota Department of Commerce, Division of Energy Resources’ (“Department”) and Citizen Energy Task Force/No CapX2020’s (“CETF”) initial briefs. CEI continues to support ITC Midwest LLC’s (“ITC”) petition for a certificate of need (“CON”) for a Minnesota-Iowa 345 kilovolt (“kV”) transmission project (the “Project”).

II. REPLY TO DEPARTMENT OF COMMERCE

In its analysis of alternatives under Minnesota Rule 7849.0120(B), the Department suggested through testimony that the 161 kV Rebuild Alternative (from Fox Lake to Rutland to Winnebago) could be a viable alternative to the Project. In its Initial Brief, however, the Department explained that the record does not support a finding that this alternative would be reasonable. (Department’s Initial Brief (“IB”) at 30.) The Department based its conclusion on the fact that one wind farm (the Odell wind farm) has a generation interconnection agreement that requires a 345 kV line; therefore, the Department concludes that the 345 kV line is needed. (Department’s IB at 29-30). While CEI agrees with the Department that the application for the Project should not be denied, we would like to clarify that there is a much greater need for the Project to be a 345 kV line in the near future than simply one pending wind farm. There are wind projects under construction, wind projects approved for interconnection with MISO’s transmission grid but not yet under construction, and future wind projects that would require a 345 kV line. Without this Project, these wind developments would either not be built or would be

required to operate at less than full output. The 161 kV Rebuild Alternative would fail to reliably convey current and future wind energy resources in southern Minnesota and regionally.

A. 161 kV Rebuild Alternative Is Not A Reasonable Alternative To The Proposed Project Because It Fails To Reliably Convey Current And Future Wind Energy Resources In Southern Minnesota.

One of the purposes of the Project is to resolve the current transmission constraints on the system in southern Minnesota. “These constraints limit the amount of energy that can be reliably transmitted on the existing 161 kV transmission system, resulting in frequent curtailment of existing wind resources.” (ITC Ex. 22 at 5:19-21) This is an immediate need that cannot be resolved by rebuilding the existing 161 kV infrastructure.

There are 1,525 MW of wind projects installed and operating in Buffalo Ridge. (CEI Ex. 302 at 7:175-76.) Power flow in that area is constrained by the 161 kV lines. Although there are Special Protection Systems (“SPS;” also referred to as a System Protection Scheme by some witnesses) on the Lakefield—Lakefield Junction line that allow certain generators to operate without causing thermal overloads or voltage instability, wind power is still often curtailed or suffers congestion. (CEI Ex. 302 at 6:128-32; *see also* ITC Ex. 22 at 8:20-9:18.) Moreover, the SPSs reduce system reliability. Installing the Project will eliminate the need for the SPSs and eliminate constraints in the area. (ITC Ex. 22 at 8:20-24.)

Because the area is already constrained, very little, if any, new wind capacity can be built. The area is effectively capped at the amount of wind capacity currently installed and there are over 4,300 MW of generation with Generation Interconnection Agreements contingent on the Project being built. (CEI Ex. 302 at 7:177-78.) Both CEI’s and MISO’s witnesses discuss the volume of wind projects developing in southwest Minnesota that require a 345 kV line. MISO specifically identifies Minnesota as having 1,052 MW of wind generation in the MISO interconnection queue. (MISO Ex. 402 at 6:99-100.) Existing and new wind generation in the

area will continue to experience curtailment if anything less than a 345 kV line is installed, and any future development will grind to a halt.

B. 161 kV Rebuild Alternative Is Not A Reasonable Alternative To The Proposed Project Because It Fails To Meet The Energy Supply Needs Of The Neighboring States And The MISO Region.

Another stated purpose of the Project is to meet a regional need. “The Project is also designed to facilitate longer term regional compliance with State public policy mandates and goals pertaining to renewable energy by providing an additional outlet for new renewable generation in southwest Minnesota and northern Iowa.” (ITC Ex. 22 at 5:24-6:3.) MISO evaluated the renewable energy needs of its states and determined that the Project “is essential to ensuring that Minnesota’s [Renewable Energy Standard] as well as the [Renewable Portfolio Standard] requirements of all of the MISO states can be met.” (MISO Ex. 400 at 33:643-44.) MISO’s analysis reveals that the Project is needed for Minnesota to meet its renewable energy standard. (MISO Ex. 400 (with Errata) at 19:370-20:381.) In particular, Xcel Energy is in need of 750 MW of wind capacity to meet its renewable energy standard and without this line Xcel will come up short in its compliance. (MISO Ex. 402 at 4:73-74, 5:87-88.) In addition, CEI witness Goggin forecasted that three nearby states would need between 5,700 and 8,000 MW of wind generating capacity to meet their ultimate requirements. (CEI Ex. 301 Exhibit A at 1.1; and CEI Ex. 304 at 3:54-58). For Minnesota to contribute to that need a 345 kV line is needed.

The 161 kV Rebuild Alternative would not be able to meet the future regional needs expressed by ITC; it would only be a temporary, local solution. This is evident from the fact that the 161 kV Rebuild Alternative does not entirely remove the current transmission constraints in the area, but just moves them a little further east. Although the 161 kV Rebuild Alternative would provide a higher MVA than the current line, (ITC Ex. 22 at 22:2-13), it would allow for less than 500 MW of generation (ITC Ex. 22 at 11:4-9). MISO’s Multi-Value Portfolio (“MVP”)

analysis had forecasted that the transmission upgrades in southern Minnesota would allow for the development of up to 2,325 MW of wind generation that would be used to meet the regional renewable energy needs of MISO states. (CEI Ex. 304 at 3:50-53.) Although the 161 kV Rebuild provides some additional capacity to move electricity locally, it lacks the capacity to allow wind generation in the MISO queue to be built in southern Minnesota and used to meet renewable energy requirements in states such as Wisconsin, Illinois and Missouri. (ITC Ex. 22 at 11:9-13). In contrast, the 345 kV line would allow for up to 2,500 MW of transfer capability during the summer peak (ITC Ex. 22 at 8:4-13). Thus, the 161 kV Rebuild is not a reasonable alternative to the 345 kV project proposed by ITC.

III. REPLY TO CITIZENS ENERGY TASK FORCE

A. Minnesota Public Policy Mandates And Goals Pertaining To Renewable Energy Do Mandate Outlets For New Renewable Generation.

In its Initial Brief, CETF argues that the Project is not really an MVP line because it also allows coal to use the line. More specifically, CETF argues that Minnesota does not mandate that renewable energy be exported (CETF IB at 24, 27), and that exporting wind to Illinois “could have a detrimental impact on wind development in Illinois . . . which would be near load” (CETF IB at 28). The evidence in the case overwhelmingly explains the purpose of the MVP lines—they were developed to allow sufficient renewable energy get to market so that states with renewable energy standards/renewable portfolio standards can meet their goals, targets or requirements. (MISO Ex. 400 at 17:319-21:396 and 32:633-33:646; CEI Ex. 300 at 17:387-19:427 and 35:848-36:865; CEI Ex. 304 at 3:33-4:53 and 8:198-206.) None of the transmission planning related to MVPs or MVP #3 accounted for the movement of coal, and building a separate system that only conveys electricity from certain sources is not realistic.

B. The Region Will Benefit From Increased Export of Minnesota Wind.

While Minnesota does not mandate that renewable energy be exported it does require the CON process to evaluate regional impacts. *See* Minn. Stat. § 216B.243(3)(3). Minnesota recently expressed its support for the export of Minnesota wind energy when it approved HF 2834, the Energy Omnibus bill. This bill exempts wind energy facilities from Commission's review and approval if that facilities energy is intended to be sold to a utility outside of Minnesota. 2014 Minn. Sess. Law 254, § 13.

CETF raises concerns about the impact of the line on Illinois's wind development. Illinois procures its renewable energy through a competitive procurement. 20 ILCS 5/16-111.5(d)-(f). That process allows energy producers from Illinois, Wisconsin, Indiana, Michigan, Kentucky, Missouri and Iowa to submit bids in response to a request for proposal and the Illinois Power Agency ("IPA") selects the lowest bids. 20 ILCS 3855/1-75(c)(3). If the IPA cannot procure a sufficient amount of renewable energy from those states to meet the target at prices below a set benchmark price, then the Illinois Power Agency can evaluate bids from renewable energy resources in any other location within the 48 continental states. *Id.* Thus, Illinois would always be selecting the lowest cost electricity from renewable energy resources. To the extent that a wind energy facility in Minnesota can produce electricity at a cost below that which would be produced from a facility within Illinois, that Minnesota wind facility could have the opportunity to sell into Illinois and Illinois ratepayers benefit by receiving electricity at the lowest market prices available.

IV. CONCLUSION

CEI respectfully recommends that the Commission make the findings in Rule 7849.0120 and grant ITC's CON.

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Respectfully submitted,

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