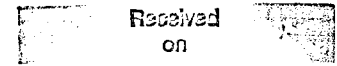


**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**



JUL 15 2013

by
State Corporation Commission
of Kansas

**In the Matter of the Application of Grain)
Belt Express Clean Line LLC for a Siting)
Permit for the Construction of a High)
Voltage Direct Current Transmission Line in)
Ford, Hodgeman, Edwards, Pawnee, Barton,)
Russell, Osborne, Mitchell, Cloud,)
Washington, Marshall, Nemaha, Brown,)
and Doniphan Counties Pursuant to)
K.S.A.66-1,177, *et seq.*)**

Docket No. 13-GBEE-803-MIS

DIRECT TESTIMONY OF

MICHAEL PETER SKELLY

ON BEHALF OF

GRAIN BELT EXPRESS CLEAN LINE LLC

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1 *Certain capitalized terms in this testimony have the meaning set forth in the Glossary included*
2 *as Exhibit C to the Application.*

3

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

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

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

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

12 A. The mission of Clean Line and its subsidiaries, including Grain Belt Express, is to
13 develop, construct, and operate high voltage transmission lines to connect the best
14 renewable energy resources, particularly wind generation resources located in the
15 country’s best wind regions, to load and population centers in other regions of the
16 country, and to do so in the most cost effective way possible. Clean Line’s objective is to
17 develop, build, and operate transmission lines to facilitate the development of renewable
18 energy projects, particularly wind generation projects, that otherwise would not get built.

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

20 A. Grain Belt Express¹ is seeking a Transmission Line Siting Permit from the Kansas
21 Corporation Commission (“Commission”), pursuant to K.S.A. 66-1,177, allowing us to

¹ In the Kansas certification docket for Grain Belt Express Clean Line LLC entitled *In the Matter of the Application of Grain Belt Express Clean Line LLC for a Limited Certificate of Public Convenience to Transact the Business of a Public Utility in the State of Kansas*, Docket No. 11-GBEE-624-COC (“624 Docket”), Grain Belt

1 build the Grain Belt Express Clean Line project (“Grain Belt Express Project” or
2 “Project”), which will run from near the Spearville 345 kV substation in Ford County
3 Kansas to a location at or near Ameren’s Palmyra Tap 345 kV substation in Missouri and
4 then to Indiana Michigan Power Company’s Sullivan 765 kV substation in Indiana. The
5 Commission has previously granted to Grain Belt Express a Transmission Only
6 Certificate to operate as a public utility in Kansas, which allowed the Company to move
7 forward with its plans to develop, construct, and operate the Grain Belt Express Project.
8 For the past three years, Grain Belt Express has been working on the Project and is now
9 ready to establish the route in Kansas. The purpose of my testimony is to provide an
10 overview of the Application, some background on the Project and the Company, and to
11 explain how the Grain Belt Express Project is consistent with Kansas policy that supports
12 and promotes wind development and private investment.

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

14 A. I received a Bachelor of Arts in Economics from the University of Notre Dame and
15 subsequently served in the United States Peace Corps in Central America. After my
16 service in the Peace Corps, I obtained a Masters of Business Administration from
17 Harvard Business School. I have been in the renewable energy business for over 20
18 years. I developed thermal, hydroelectric, biomass, and wind energy projects in Central
19 America with Energia Global. I then joined Horizon Wind Energy (“Horizon”), which
20 was subsequently renamed EDP Renewables North America, and led the development of

Express Clean Line LLC was referred to in shorthand as “Clean Line”, whereas in this Application it is referred to in shorthand as “Grain Belt Express”.

1 that company from a two-person company to one of the leading wind energy companies
2 in the U.S. In 2008, I was named Wind Industry Person of the Year.

3 I have significant experience in evaluating and developing wind energy resources.
4 I have traveled to nearly every state in the U.S. to evaluate the potential to build wind
5 farms, and have led the development of more than 2,000 megawatts ("MW") of wind
6 energy projects that were ultimately constructed. During my tenure at Horizon, the
7 company developed and saw the completion of more than a dozen wind energy projects
8 and created a development portfolio of more than 10,000 MW in over a dozen states.
9 Several members of our management team at Clean Line also came from Horizon, where
10 we worked together to help develop and construct various projects, including 925 MW of
11 wind projects in the three-state region of Oklahoma, Texas, and Kansas; 322 MW of
12 wind projects in New York, which spearheaded a growing interest in wind energy
13 throughout the northeastern U.S.; over 300 MW of wind projects in Oregon; 200 MW of
14 wind projects in Minnesota; 400 MW of wind projects in Illinois; 299 MW of wind
15 projects in Washington state; 54 MW of wind projects in Pennsylvania; and 380 MW of
16 wind projects in Iowa. We also owned and operated 24 MW of wind projects in Costa
17 Rica through the Tierras Morenas Wind Farm.

18 In the course of developing those projects, our management team worked with
19 business leaders, legislators, and other government officials in the various states and
20 conducted extensive public outreach efforts to educate landowners and other stakeholders
21 about wind farm development. Our work in developing and building wind energy
22 projects has given me, and several members of Clean Line management team who were

1 former Horizon employees, extensive project development experience that has assisted us
2 greatly as we developed the Grain Belt Express Project.

3 **Q. Have you previously testified before regulatory commissions?**

4 A. Yes, I have provided testimony in proceedings before the state regulatory commissions of
5 Arkansas, New York, Illinois, Indiana, Oklahoma and Wisconsin, concerning the
6 development of wind farms or transmission projects. I testified before the Kansas
7 Corporation Commission in Grain Belt Express' certification proceeding in the 624
8 Docket.

9 **Q. In addition to your prepared direct testimony, are you presenting any exhibits?**

10 A. Yes. I am presenting **Exhibit MPS-1**, which is a map showing the Proposed Route of the
11 Grain Belt Express Project in Kansas.

12 **II. OVERVIEW OF THE APPLICATION**

13 **Q. What is your understanding of the analysis to be conducted by the Commission in
14 this proceeding?**

15 A. I understand that the Commission must perform two analyses when evaluating a siting
16 application under K.S.A. 66-1,177. First, the Commission must evaluate the necessity for
17 the line proposed to be built. Second, the Commission must evaluate the reasonableness
18 of the proposed route.

19 **Q. Has the Commission already performed an evaluation of the necessity for the Grain
20 Belt Express Project?**

21 A. Yes, that analysis was conducted by the Commission in the 624 Docket.

22 **Q. Could you please review the Commission's findings in the 624 Docket regarding the
23 necessity for the Grain Belt Express Project?**

1 A. Yes. In the 624 Order, the Commission found that “there are significant and substantial
2 economic benefits that the project will provide to Kansas” (624 Order, ¶36). The
3 Commission evaluated the Project under its public convenience standards, and in support
4 of granting certification to Grain Belt Express, made the following affirmative findings
5 regarding the necessity for the Grain Belt Express Project:

6 (1) The type of service to be performed by Grain Belt Express is not being provided
7 by any other Kansas utility, and the export of abundant Kansas wind is in the
8 public’s interest. (624 Order, ¶42.)

9 (2) Long-distance, multi-state transmission projects like Grain Belt Express will
10 promote the development of wind generation in Kansas, providing benefits to
11 Kansas and elsewhere. It is in the public interest to help connect Kansas wind
12 energy to larger markets, generate more jobs and greater revenues to local
13 jurisdictions, and strengthen Kansas’ reputation as an attractive place to do
14 business. (624 Order, ¶50.)

15 (3) The Grain Belt Express Project will promote economic development and provide
16 benefits to local communities – construction of wind farms, construction and
17 maintenance jobs, and growth of turbine and related manufacturing employment.
18 (624 Order, ¶51.)

19 (4) The Project will generate tax revenues for state and local governments in Kansas,
20 and landowners will benefit from royalties. (624 Order, ¶52.)

21 (5) The Project promotes Kansas wind energy and introduces diversity in the
22 transmission line system with its HVDC lines and AC Collector System. (624
23 Order, ¶53.)

1 (6) The Project facilitates the export of wind energy from Kansas, a service not
2 provided by another utility, and it will benefit wholesale competition and will not
3 have any negative impact on Kansas customers or public utility shareholders. The
4 Project helps to avoid the construction of, and reduce usage of existing, carbon-
5 based fuel generation, which reduces emissions of carbon dioxide, nitrogen oxides
6 and sulfur dioxide, and reduces water consumption used to cool thermal power
7 plants. (624 Order, ¶57.)

8 (7) The HVDC technology allows for better control when variable wind generation is
9 injected into the grid and results in lower line losses. (624 Order, ¶65.)

10 (8) The Project will provide significant economic benefits and opportunities in the
11 state. (624 Order, ¶66.)

12 Many of these benefits were discussed in my testimony presented in the 624 Docket. To
13 avoid repeating that testimony in detail, I hereby incorporate portions of it herein as part
14 of the record of this proceeding.² The testimony filed in this docket by Company witness
15 Mr. David Berry addresses the evidence and the Commission's findings from the 624
16 Docket on the issue of the necessity for the line in more detail.

17 **Q. Has any of this evidence you are incorporating changed since that time?**

18 A. A few updates are necessary. First, my testimony in the 624 Docket states that the Grain
19 Belt Express will deliver approximately 15 million MWhs of electricity to the MISO
20 market. Because of the modification to the eastern end of the line adopted subsequent to
21 the 624 Docket, this power will now be delivered to the PJM market also.

² Testimony from the 624 Docket of Michael Skelly, Direct, p. 5, line 3–p. 9, line 10; p. 19, line 9–p.22, line 16; p.28, line 12–p. 36, line 7; Rebuttal, p.1, line 8–p.3, line 3.

1 Second, the estimated cost of the Grain Belt Express Project at the time of the 624
2 Docket was \$1.7 billion, with approximately \$896 million of that to be spent in Kansas.
3 The updated estimates as of today are \$2.2 billion and \$900 million, respectively.

4 Third, I provided information in my testimony in the 624 Docket about the
5 economic benefits anticipated as a result of the Grain Belt Express Project. Some of that
6 data has been updated, as set forth in the direct testimony of Mr. Dave Berry in this case.

7 Fourth, I provided information in my testimony in the 624 Docket regarding the
8 environmental benefits of the Project in the form of reduced emissions from power
9 plants. My colleague David Berry presents an updated estimate of pollution reductions in
10 his direct testimony in this case.

11 Finally, since the conclusion of the 624 Docket, Clean Line has become affiliated
12 with National Grid, one of the largest investor-owned utility companies in the world,
13 which has extensive experience building, owning and operating transmission networks in
14 the United States and the United Kingdom. While National Grid owns some generation,
15 as stated later in my testimony, National Grid does not own electric generation facilities
16 or serve customers in the areas in which Grain Belt Express will be in operation or in the
17 Resource Area.

18 **Q. How did the Commission evaluate the costs of the Project in its 624 Order?**

19 A. The Grain Belt Express Project is a merchant transmission line that will be paid for by
20 those who purchase capacity on the line, which are either load serving entities purchasing
21 wind power or wind generators in Kansas seeking access to markets. The Commission
22 found that the Project should not have any impact on Kansas ratepayers, as its costs will
23 not be included in transmission rates paid by Kansas consumers. As such, the

1 Commission found that granting Grain Belt Express a certificate of public convenience
2 allowed Kansas to both receive benefits and to provide benefits to other areas of the
3 country at no cost to Kansas ratepayers.³

4 **Q. What about the second part of the analysis – the reasonableness of the proposed**
5 **route?**

6 A. The 624 Order stated,

7 The Commission finds that by granting the certificate of public convenience and
8 necessity, Clean Line will be permitted to develop its plans to improve the
9 transmission system in Kansas as well as aid in the development of Kansas' wind
10 resources, which allows a new entrant into the business of electric transmission
11 with a primary focus on electric transmission. *This action by the Commission*
12 *does not pre-judge approval of the actual siting of the Project, as that process*
13 *would occur as part of a specific site application, pursuant to K.S.A. 66-1,177 et*
14 *seq., and related proceedings which concern the proposed line's operating*
15 *characteristics, physical properties and location. (624 Order, ¶64.) (Emphasis*
16 *added.)*

17
18 Thus, the Commission made clear that the reasonableness of the proposed route would be
19 considered in a siting application docket under K.S.A. 66-1,177. In this Application,
20 Grain Belt Express seeks a siting permit authorizing it to construct approximately 370
21 miles of the approximately 750-mile HVDC transmission line that continues to Missouri,
22 Illinois, and Indiana ("DC Line"), a converter station in Ford County, Kansas, and
23 facilities to interconnect the converter station with SPP.

24 **Q. Please identify the other witnesses who are submitting direct testimony on behalf of**
25 **Grain Belt Express.**

26 A. Mr. Mark Lawlor, Director of Development, who is responsible for managing the siting
27 process, permitting efforts, public outreach, environmental considerations, and schedule
28 for the development of the Grain Belt Express Project, will provide a full discussion of

³ 624 Order, ¶44-46, ¶48.

1 the public outreach activities conducted by Grain Belt Express in routing the DC Line,
2 and he will respond to some of the public concerns that have been expressed so far. Mr.
3 Lawlor will also explain the notice provided to landowners, the Company's approach to
4 right-of-way issues, and negotiations with landowners.

5 Dr. Wayne Galli, Executive Vice President – Transmission and Technical
6 Services for Clean Line, will describe the physical and operating characteristics of the
7 line, will update the Commission regarding construction contracts and activities and will
8 address certain public comments received so far regarding concerns and suggestions for
9 the construction of the line. Dr. Galli will also discuss the Company's interactions with
10 the relevant Regional Transmission Organizations ("RTO"), Southwest Power Pool
11 ("SPP"), Midcontinent Independent System Operator, Inc. ("MISO"), and PJM
12 Interconnection, LLC ("PJM").

13 Mr. David Berry, Executive Vice President – Strategy and Finance, will provide
14 an overview of the facts upon which the Commission based its finding in the 624 Docket
15 that the proposed Project was in the public interest, and he will provide any necessary
16 updates to those facts as a result of activities and information gained since the conclusion
17 of the 624 Docket. Mr. Berry will also update the Commission on the Company's
18 financial capabilities and resources, including Clean Line's sources of capital for
19 development and construction of the Project. He will also address some of the public's
20 concerns expressed about the line.

21 Mr. Tim Gaul, Associate Vice President of Energy Services with The Louis
22 Berger Group, will present the Routing Report developed by the Routing Team and will

1 explain the basis for the selection of the Proposed Route for the Grain Belt Express
2 Project.

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

4
5 **Q. Could you please provide some background information about Clean Line, the**
6 **Grain Belt Express Project, and the Company's activities leading up to this**
7 **Application?**

8 A. Yes. As stated above, the business objective for Clean Line is to develop, build, and
9 operate transmission lines to facilitate the development of renewable energy projects,
10 particularly wind generation projects, that otherwise would not get built. The Grain Belt
11 Express Project will be an approximately 750-mile-long⁴, multi-terminal ± 600 kV HVDC
12 transmission line capable of delivering a total of 3,500 MW of power to consumers in
13 Missouri, Illinois, Indiana, and states farther east through interconnections with MISO
14 and PJM. Approximately 370 miles of the DC Line will be located in Kansas. I have
15 attached to my testimony as **Exhibit MPS-1** a map showing the proposed route of the DC
16 Line in Kansas. The Project also will include gathering lines, which will be a series of
17 high voltage alternating current ("AC") lines that will deliver energy from particular wind
18 farms to the Grain Belt Express converter station near Spearville ("AC Collector
19 System").⁵ The primary objective of the Grain Belt Express Project is to bring electricity
20 produced by wind generation facilities in wind-rich areas of western Kansas to electricity
21 markets east of Kansas.

⁴ The power will be transmitted approximately 550 miles to Palmyra Tap and then another approximately 200 miles to the Sullivan substation.

⁵ The AC Collector System is a necessary part of the overall Grain Belt Express Project, but it is not part of the siting application in this docket.

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

3 A. Yes. Clean Line and its subsidiaries are presently developing three other HVDC
4 transmission projects and one AC transmission project that will connect wind generation
5 resources in other wind-rich areas of the U.S. to other load and population centers where
6 a demand exists for electricity from renewable resources. Those other lines and the status
7 of those projects are as follows:

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

- 1 • Power Network New Mexico LLC, another subsidiary of Clean Line, is
2 developing the Western Spirit Clean Line, an approximately 200-mile
3 transmission line that will deliver up to 1,500 MW of electricity from east-central
4 New Mexico to the Albuquerque area and to load centers farther west.

5 **Q. What development activities on the Grain Belt Express Project has the Company**
6 **been engaged in since the granting of its Certificate by the Kansas Commission in**
7 **December of 2011?**

8 A. Much of the development activities since December of 2011 have centered on route
9 development in Kansas and the other Project states, public and agency outreach, and
10 utility certification in Indiana. As described in Tim Gaul's testimony and the Kansas
11 Routing Report, significant time and effort have been dedicated to identifying the
12 Proposed Route. This has involved hundreds of individual and group meetings with the
13 public, state and federal agencies, non-governmental organizations, elected officials,
14 local businesses and other stakeholders. Please see Mark Lawlor's testimony for a full
15 discussion of the public outreach activities. In addition, Grain Belt Express filed a
16 Petition to be recognized as a public utility in Indiana with the Indiana Utility Regulatory
17 Commission ("IURC") on November 2, 2012. On, May 22, 2013 the IURC granted
18 Grain Belt Express' Petition. In addition to these activities, Grain Belt Express continues
19 route development in the other Project states, public outreach activities, and pursuit of all
20 necessary permits to construct the Grain Belt Express Project

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

22 A. Grain Belt Express will offer transmission service through an open access transmission
23 tariff ("OATT") that will be filed with and subject to the jurisdiction of the Federal

1 Energy Regulatory Commission (“FERC”). Grain Belt Express expects that its
2 customers will consist principally of (i) wind energy producers located in the wind-rich
3 region of Kansas at the western end of the Grain Belt Express Project, and (ii) buyers of
4 electricity – particularly buyers seeking to purchase electricity generated from renewable
5 resources – located in Missouri, Illinois, Indiana, and states farther east. The purchasing
6 side customers are expected to be principally wholesale buyers, such as utilities and
7 competitive retail electricity suppliers, brokers, and marketers. The purchasing side
8 customers could also include retail purchasers of electricity seeking to buy unbundled
9 transmission service.

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

11 A. Because Grain Belt Express will be engaged in the provision of interstate transmission
12 services, its rates will be subject to the jurisdiction of the FERC. We expect to request
13 negotiated rate authority from FERC.

14 **IV. KANSAS POLICY SUPPORTING THE DEVELOPMENT OF WIND ENERGY**
15 **RESOURCES AND PRIVATE INVESTMENT IN INFRASTRUCTURE**
16

17 **Q. Does Kansas have any stated policy supporting wind development in the State?**

18 A. Yes. Kansas has a long record of supporting wind development. As with the oil and gas
19 sector, Kansas policy makers have recognized that the state has an abundant energy
20 source in wind. Accordingly, there have been a number of policies supporting
21 development of this industry. In 2001, the Kansas legislature, in order to drive
22 investment in the state, passed a law providing property tax exemption for renewable
23 energy projects including wind (K.S.A. 79-201). In 2005, the legislature created the
24 Kansas Electric Transmission Authority with the intent to ensure reliable operation of the
25 electrical transmission system, diversify and expand the Kansas economy and facilitate

1 consumption of Kansas energy through improvements in the state's electric transmission
2 infrastructure (K.S.A. 74-99d01, *et seq.*). In 2009, the legislature adopted the Renewable
3 Energy Standards Act, establishing a renewable portfolio standard (“RPS”), which directs
4 Kansas utilities to secure 20% of electricity from renewable sources by 2020 (K.S.A. 66-
5 1256).

6 In addition, multiple administrations have made development of this abundant
7 resource a policy priority. Most recently Governor Brownback explained “Kansans have
8 a proud history of meeting the needs of the world. We export wheat to feed the hungry
9 and will now be exporting our latest crop – clean, reliable and affordable wind energy –
10 to power the needs of our nation.”⁶ Governor Brownback has recognized the significant
11 need for transmission projects like the Grain Belt Express to facilitate the export of wind
12 energy in order to grow the Kansas economy. “The renewable energy sector of the
13 Kansas economy cannot reach its full potential without increased transmission
14 capacity. Wind energy can’t be moved in rail cars or through a pipeline, it can only be
15 delivered via high voltage wires and large scale transmission projects. I want Kansas to
16 be known as the ‘Renewable State.’”⁷

17 As a result of these policy positions Kansas has begun to see the benefits wind
18 energy can bring to the state through both wind farms and manufacturing jobs. The
19 Kansas Department of Commerce has been successful in recruiting manufacturing jobs to
20 the state by promoting the state’s wind energy policies throughout the world. Companies

⁶ BP Wind Energy will Build Wind Farm in South Central Kansas,
<http://governor.ks.gov/frontpagenews/2011/10/04/bp-wind-energy-will-build-wind-farm-in-south-central-kansas>.

⁷ Governor Brownback Encourages Investment in Wind Energy Infrastructure,
<http://governor.ks.gov/frontpagenews/2011/08/16/governor-brownback-encourages-investment-in-wind-energy-infrastructure>

1 like Siemens, Jupiter Group, Prysiam Group, Schuff Steel and Wurth Supply Service
2 have all recently moved to Kansas to supply the growing wind energy business. The state
3 has also invested in the wind sector through its educational institutions. Cloud County
4 Community College started a Wind Energy Technician program to train students on
5 maintenance of wind turbines. The Kansas Wind Applications Center at Kansas State
6 University provides technical training to engineering students. The National Institute for
7 Aviation Research at Wichita State University is engaged in research on wind turbine
8 blade technology. The Electric Power and Transmission Program at Dodge City
9 Community College trains linemen for the construction and maintenance of transmission
10 lines.

11 **Q. Why is the development of new transmission infrastructure such as the Grain Belt**
12 **Express Project important to the continued development of wind generation**
13 **resources?**

14 A. As I explained in my testimony in the 624 Docket, the construction of new transmission
15 will drive wind generation development for two reasons. First, the existing transmission
16 system in windy areas has reached or is nearing maximum capacity. Second, many of the
17 best regions of the U.S. for locating new wind generation facilities – the areas that are
18 richest in wind resources and have the most energetic wind⁸ – are located far from load
19 and population centers with greater demand for electricity in general and renewable
20 energy in particular. Such wind-rich regions include the Great Plains from western Texas
21 and Oklahoma north through western Kansas and on up to the Dakotas. Transmission

⁸ By areas with the “most energetic” wind, I mean areas with the highest average annual wind speeds at the heights above ground at which a wind energy turbine hub would be positioned, typically at 80 meters.

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

3 To lift the renewable energy industry to the next level, a massive investment in
4 transmission infrastructure is a necessity, especially investment in facilities that will
5 provide the ability to move renewable energy over long distances and across several
6 utility footprints. As a former developer of wind energy projects, I can say with
7 confidence that developers of wind generation projects will not invest capital in the
8 construction of additional wind generation facilities in Kansas without reasonable
9 assurances of adequate transmission capacity and infrastructure to deliver their output to
10 areas of high demand. If we want wind generation facilities to be developed in the
11 nation's best wind resource areas, in order to meet the growing demand for electricity in
12 general and for electricity from renewable sources in particular, we will first have to
13 construct inter-regional transmission facilities that can deliver the output of these
14 generating facilities to load and population centers. That is what the Grain Belt Express
15 Project will do.

16 **Q. Are there benefits from the development of new, long distance transmission**
17 **infrastructure by independent transmission-only companies such as Grain Belt**
18 **Express?**

19 **A.** Yes. As I noted in the 624 Docket, neither Clean Line, Grain Belt Express, nor any other
20 Clean Line subsidiary have any ownership interest in generation facilities or in
21 companies developing, owning, or operating generating facilities. While many electric
22 industry participants, including the incumbent utilities, have important roles to play in the
23 expansion and strengthening of the transmission infrastructure that is needed in this

1 country, we are focused on transmission as our only line of business. Therefore, there is
2 and will be no internal competition among the Clean Line companies for capital and other
3 resources for any purposes other than construction, maintenance and operation of
4 transmission facilities. Clean Line and its operating subsidiaries, such as Grain Belt
5 Express, are dedicating their capital and their management attention solely to investment
6 in transmission facilities to increase access to low-cost renewable generation resources
7 and to improve and maintain reliability.

8 **Q. Did this independence change as a result of the recent investment in Clean Line by**
9 **National Grid?**

10 A. No. On November 6, 2012, National Grid USA, through its wholly owned subsidiary
11 GridAmerica Holdings Inc., agreed to become an additional equity investor in Clean
12 Line. This investment by National Grid USA will allow Clean Line to advance the
13 development of its five transmission lines, including the Grain Belt Express Project.
14 Notice of the investment by National Grid USA was filed with the Commission on
15 November 27, 2012. Grain Belt Express witness Dave Berry discusses the investment by
16 National Grid in more detail in his testimony.

17 National Grid does not own electric generation or transmission facilities or serve
18 customers in the areas in which Grain Belt Express will be in operation or in the
19 Resource Area. Therefore, there will be no conflicts between Grain Belt Express' goals
20 and objectives and the needs of its customers and those of National Grid USA in the
21 operation of the Grain Belt Express Project.

22 **Q. Has the Grain Belt Express Project expanded in any other ways since the**
23 **Commission issued the 624 Order in December 2011?**

1 A. Yes. The Project's route has been extended about 200 miles, across Illinois to the
2 Sullivan substation near the Indiana-Illinois border. The Project will now deliver power
3 to the PJM footprint, in addition to the MISO footprint. Grain Belt Express witness Mark
4 Lawlor discusses these changes in more detail in his testimony.

5 **Q. Please explain how the commercial structure for the Grain Belt Express Project**
6 **further the stated policies of Kansas?**

7 A. The Project's DC technology allows a shipper-pays, or merchant, commercial
8 structure. Accordingly, the Project does not place cost recovery risk on Kansas
9 consumers. The Project will result in private investment to improve the state's
10 infrastructure and to find the most efficient means to link energy supply to demand.

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

12 A. Yes, it does.

VERIFICATION

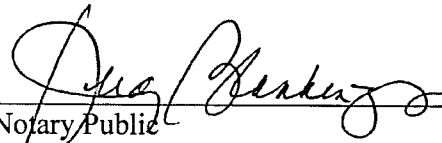
STATE OF TEXAS)
)
COUNTY OF HARRIS)

The undersigned, Michael Skelly, upon oath first duly sworn, states that he is the Chief Executive Officer of Clean Line Energy Partners LLC, that he has reviewed the foregoing Testimony, that he is familiar with the contents thereof, and that the statements contained therein are true and correct to the best of his knowledge and belief.



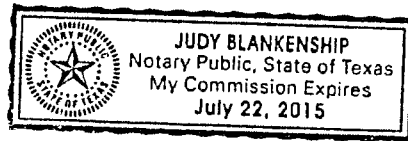
Michael Skelly
Chief Executive Officer
Clean Line Energy Partners LLC

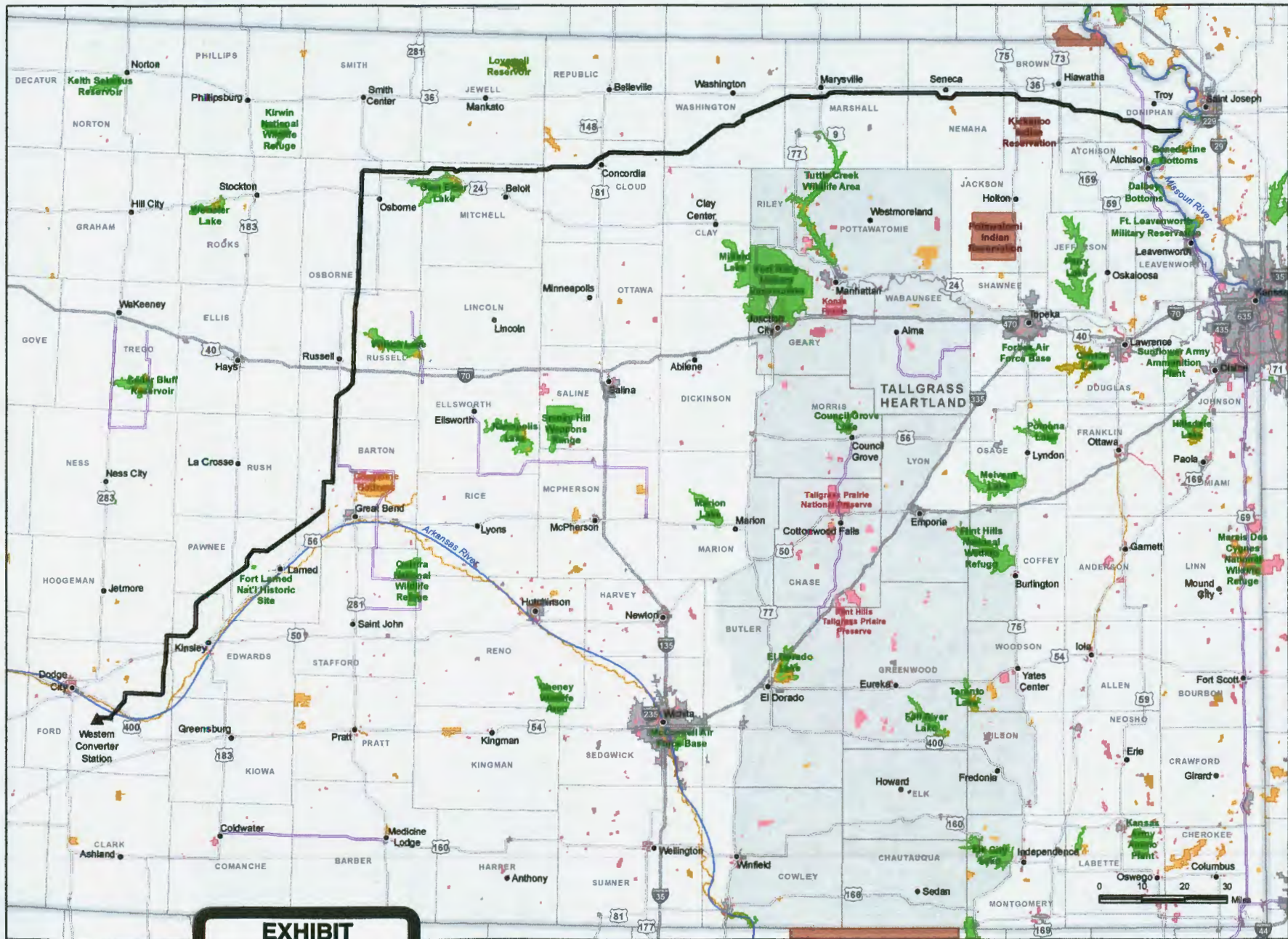
Subscribed and sworn to before me this 10th day of July, 2013.



Notary Public

My appointment expires: July 22, 2015





Proposed Route in Kansas

- Legend**
- City
 - ▲ Converter Station Site
 - Proposed Route
 - Scenic Byway
 - Urban Area
 - Conservation Land**
 - Local/Private
 - State
 - Tribal
 - Federal



GRAIN BELT EXPRESS
CLEAR 1998

Source: ESRI, NPS, USGS, USACE, USFWS, USDA-NRCS, KDWP, KS DASC, KS Biological Survey, The Nature Conservancy

Coordinate System: North America
Equidistant Conic
Projection: Equidistant Conic
Datum: North American 1983

MPS-1

EXHIBIT
MPS-1