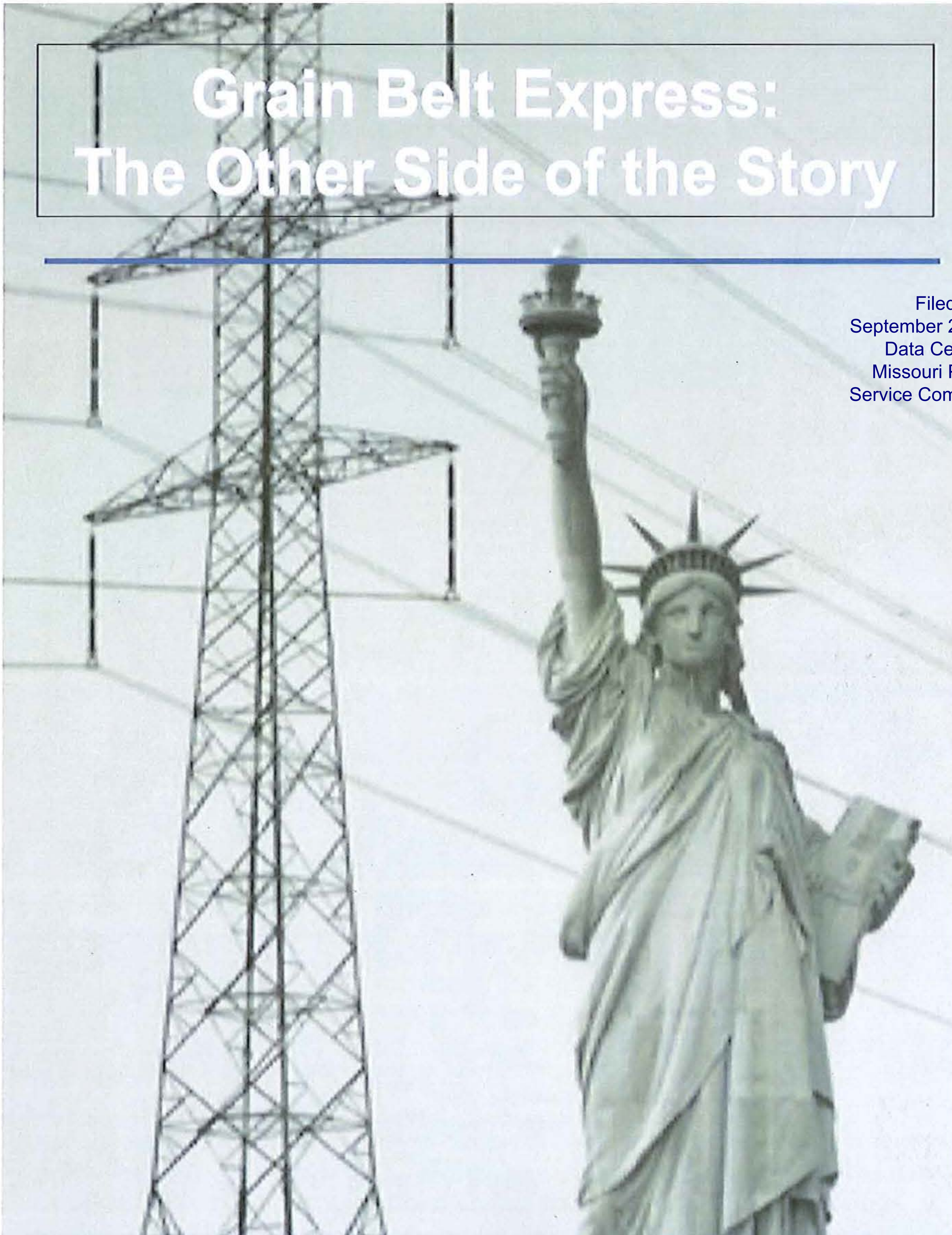
Grain Belt Express: The Other Side of the Story



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Missouri Public
Service Commission

Grain Belt Express: The Other Side of the Story

Exhibit No. 3
Date 9-4-14 Reporter
File No. EA-2014-0207
Hamilton, MO

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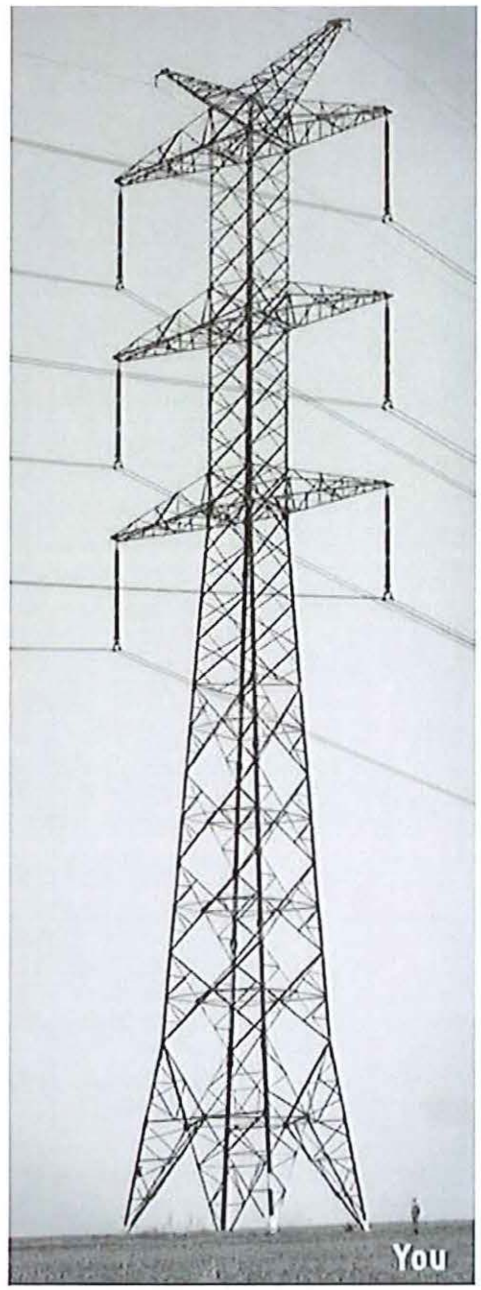

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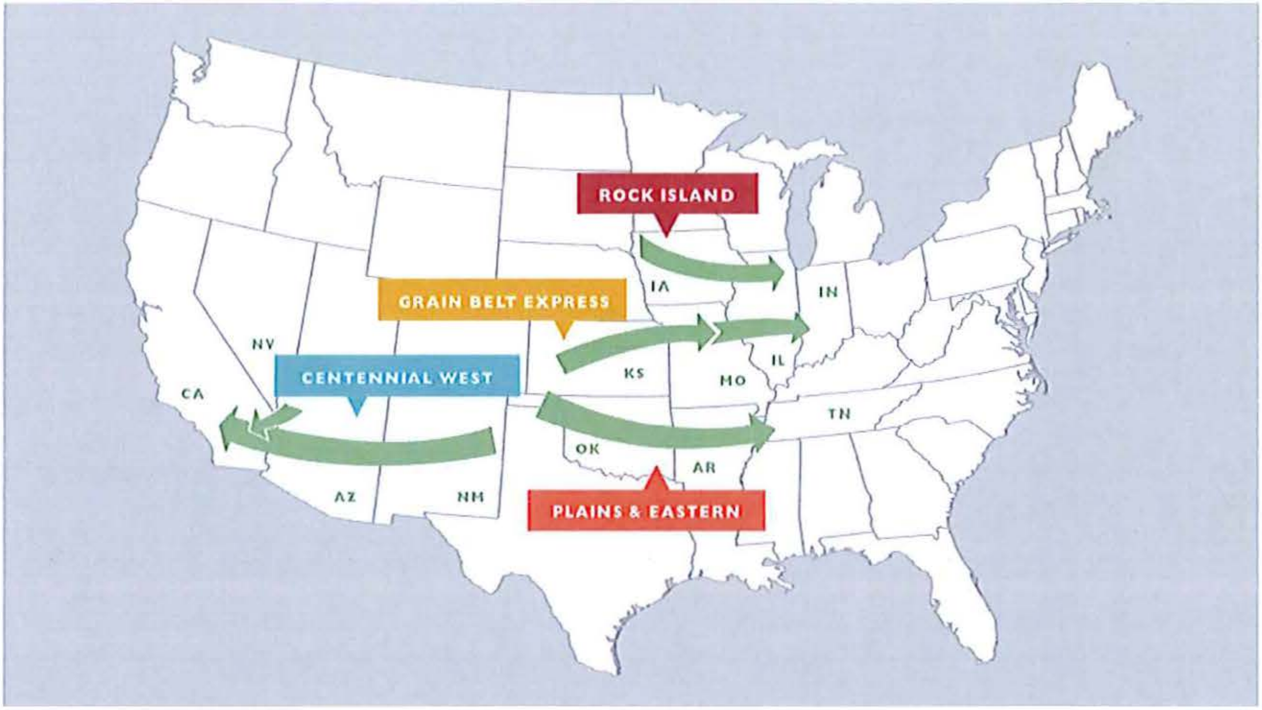
Who is Clean Line Energy?

- Clean Line Energy has spent much time and effort to present themselves to the public as appealing and "clean". There is, however, another side to Clean Line Energy that needs to be brought to light.
- Clean Line Energy does not have the kind of public support the company would like elected officials to believe it does. Eastern Governors have expressed disfavor for terrestrial wind sources and long distance transmission to meet renewable power needs in their states.
- Who will pay for Clean Line's "Merchant Transmission Line?" Grain Belt Express has only recently applied for a merchant's negotiated rate authority from FERC. However, the company told FERC it may be in the public interest to switch to a ratepayer financed rate structure in the future.
- This notebook is intended to show some of the tactics "Clean" Line Energy is using that are contrary to the image the company presents to the public. This compilation of information was assembled for reference by individuals using internet sources. Its purpose is to inform and examine "Grain Belt Express: The Other Side of the Story".

Clean Line Energy's Proposed Projects



Clean Line Energy map found at various places on the internet, including the company's ICC docket. At no time was there an indication of copyrights on any Clean Line Energy information, presentations, or slide shows found on the internet.

The copyrights of the material are owned by the authors or publishers indicated. Its availability here constitutes a "fair use" as provided for in section 107 of the U.S. Copyright Law as well as in similar "fair dealing" exceptions of the copyright laws of other nations, as part of individual's noncommercial effort to present the environmental, social, scientific, and economic issues of large-scale transmission development to a global audience seeking such information.

11 Eastern Governors Reject Midwest Wind Energy

- Back in 2010, the Green Power Express was proposed. This was similar to Clean Line Energy's Rock Island Clean Line and Grain Belt Express, but with several connections to the communities along the route.
- Eleven governors from Northeast and mid-Atlantic states wrote a letter to Senators Harry Reid and Mitch McConnell stating they do not want new transmission lines from the Midwest to bring wind energy to their states.
- These states want to develop their own renewable energy projects, rather than import wind energy from the Midwest.
- Clean Line Energy would have us believe there are no wind or other renewable energy sources in the eastern states.
- Clean Line Energy would like the public to believe that Midwest wind is the best and cheapest source for additional renewable energy for eastern states.
- http://media.washingtonpost.com/wp-srv/politics/documents/governor071210.pdf

Eastern Governors Reject New Transmission from Midwest

Massachusetts Rhode Island Connecticut Delaware Maine Maryland

New Hampshire New Jersey New York Vermont Virginia

July 12, 2010

The Honorable Harry Reid
Majority Leader
United States Senate
Washington D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington D.C. 20510

Dear Senator Reid and Senator McConnell:

We write to express our continued opposition to establishing and enacting new national transmission policy as encompassed in the American Clean Energy Leadership Act (S.1462). We believe it is important to reiterate our position on this critical issue in context of current discussions surrounding development of proposed energy legislation. It is not our intention to take a position on S.1462, but to express emphatically our concerns over the bill's transmission provisions and their adverse impact on a variety of important energy policy goals.

The build-out of the national transmission corridor implicit in S. 1462 is estimated to cost at least $160 billion, the majority of which would be paid for by East Coast states, costing our ratepayers hundreds of dollars per year. In its current form, this legislation would harm regional efforts to promote local renewable energy generation, require our ratepayers to bear an unfair economic burden, unnecessarily usurp states' current authority on resource planning and transmission line certification and siting, and hamper efforts to create clean energy jobs in our states.

Fundamentally, we fail to see the value in reorganizing existing state and federal markets and authorities. In our regions, we are currently on track to meet, and in some cases exceed, state or potential federal renewable energy standards well into the future. Therefore, federal integrated resource planning or siting preemption simply is not needed. Several of our states already have significant land-based wind projects installed or underway and have established aggressive wind development goals. Moreover, according to DOE's National Renewable Energy Laboratory, the offshore wind energy potential off the Atlantic coast is estimated to be 620,000 megawatts, enough generation to meet the region's total electricity demand.

The transmission approach in S. 1462 threatens to undermine the significant renewable energy potential along the East Coast by subsidizing distant terrestrial wind resources which would stifle economic recovery and growth in the East by destabilizing competitive electricity market structures and increasing energy prices in regulated markets. It would also give the Federal

Governors Reject Midwest Transmission

Energy Regulatory Commission (FERC) new resource planning authority, which would likely result in FERC imposing all transmission costs on ratepayers. In a deregulated market, generation facility owners and developers -- who stand to benefit the most from the construction of interstate transmission – should contribute their fair share of the transmission costs.

Importantly, the Eastern Interconnection Planning Organizations (EIPC and EISPC) have established a comprehensive national stakeholder review of whether and how renewable energy can be integrated into the electric grid in a reliable and cost efficient manner. Policy should be informed by the results of this effort to address technical feasibility and economic issues, rather than precede it.

We support a strong federal-regional-state partnership that advances cost-effective renewable energy resources and technologies, diversifies our energy supply through coordination and cooperation, decreases greenhouse gas emissions and reduces our dependence on foreign sources of energy. In our view, legislation to promote renewable energy resources on a fair, equitable, and efficient basis should be consistent with state policy incentives and, at a minimum:

- Strengthen and extend voluntary renewable energy incentives that are sufficient, simple, transparent, and technology neutral;

- Encourage FERC to support and facilitate robust planning within regional transmission organizations that provides and promotes local renewable resource integration and preserves local oversight and review;

- Support Interior Secretary Salazar's efforts to promote America's offshore wind industry by expediting the permitting of offshore wind projects, provide tax incentives to enable the industry to create clean energy jobs and become cost competitive, and assist regional efforts to build offshore wind infrastructure, including vessels and port facilities.

While our intent is not to express a position on the American Clean Energy and Security Act (H.R. 2454), the Transmission Planning Title (Subtitle F) describes a planning framework which maintains market competition in electricity markets, and encourages collaboration and coordination in cross regional transmission planning and integration in the eastern interconnection. Such a framework also provides sufficient incentives to develop needed transmission infrastructure without creating a framework for federal integrated resource planning or transmission subsidization.

Thank you for your attention to this critical issue.

Sincerely,

Governor Deval Patrick
Massachusetts

Governor Donald L. Carcieri
Rhode Island

Governors Reject Midwest Transmission

M. Jodi Rell

Governor M. Jodi Rell
Connecticut

John Baldacci

Governor John Baldacci
Maine

John H Lynch

Governor John H. Lynch
New Hampshire

David A. Paterson

Governor David A. Paterson
New York

Robert F. McDonnell

Governor Robert F. McDonnell
Virginia

Jack Markell

Governor Jack Markell
Delaware

Governor Martin O'Malley
Maryland

Governor Chris Christie
New Jersey

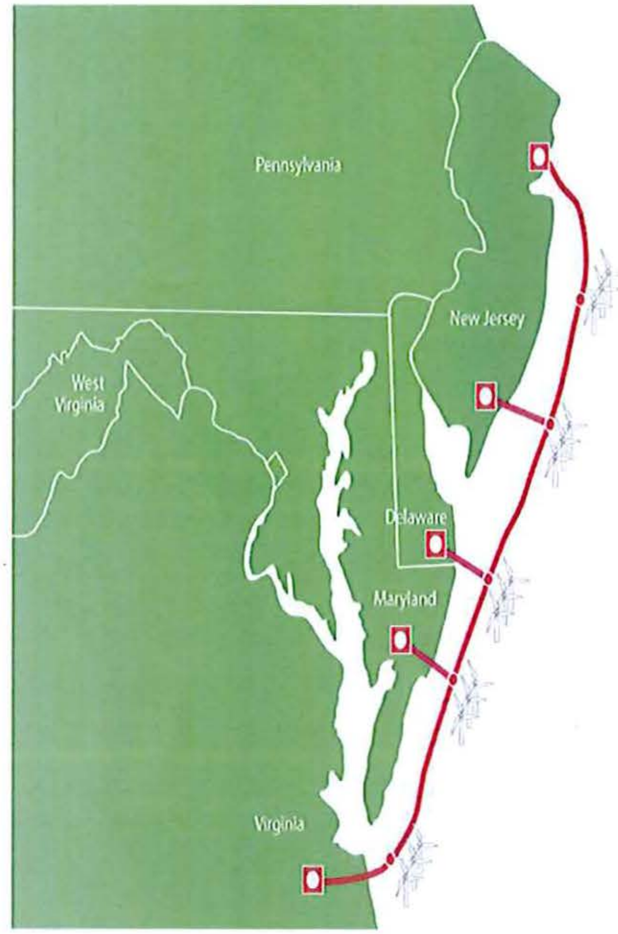
Governor James H. Douglas
Vermont

Key Quote from the Eastern Governors' Letter

"Fundamentally, we fail to see the value in reorganizing existing state and federal markets and authorities. In our regions, we are currently on track to meet, and in some cases exceed, state or potential federal renewable energy standards well into the future. Therefore, federal integrated resource planning or siting preemption simply is not needed. Several of our states already have significant land-based wind projects installed or underway and have established aggressive wind development goals. Moreover, according to DOE"s National Renewable Energy Laboratory, the offshore wind energy potential off the Atlantic coast is estimated to be 620,000 megawatts, enough generation to meet the region's total electricity demand."

East Coast Governors Prefer East Coast Solutions

1. There are east coast solutions to east coast energy challenges. Atlantic Wind Connection desires to build a High Voltage Direct Current (HVDC) powerline "backbone" in the Atlantic Ocean with multiple shore connections.
2. Lake Erie CleanPower Connector proposes a HVDC transmission link under Lake Erie to import renewables from Canada.
3. This creates solutions to east coast need without more land based transmission congestion.

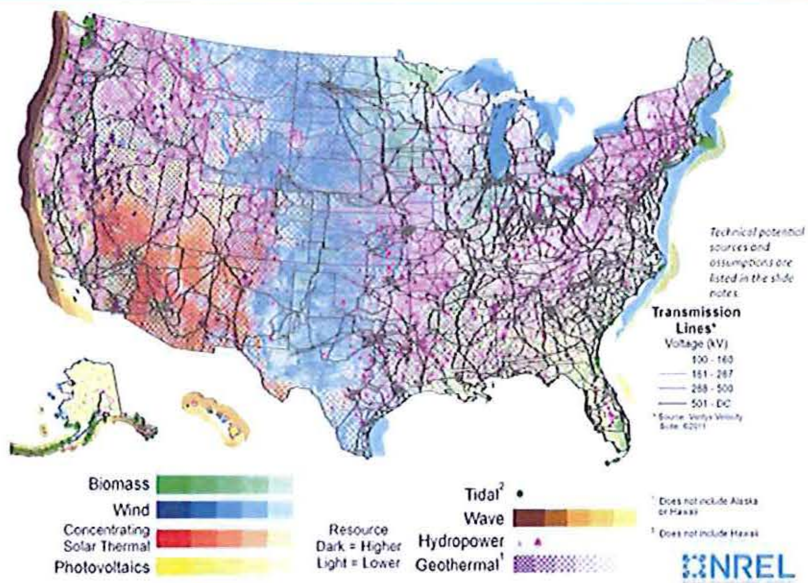


Atlantic Wind Connection proposed route.

http://atlanticwindconnection.com/
http://www.cleanpowerconnector.com/

East Coast Governors Prefer East Coast Solutions

U.S. Renewable Resources



•Clean Line Energy doesn't acknowledge that superior wind energy sources are located off shore on Lake Michigan and along the Atlantic Coast, or that both coasts are rich in renewable power sources. Clean Line prefers to focus on inferior land based wind in Midwestern states.

•It is costly and inefficient for Clean Line Energy to build a transmission line halfway across the nation when the best winds, and other untapped renewables, are right next to the population centers.

•Offshore wind is a viable solution for those states desiring more wind energy in their energy portfolios.

Clean Line Lacks Transparency

- As a new startup, Clean Line requests "transparency" and inclusion in regional transmission planning processes so they can be a part of the process. Yet Clean Line maintains a a total lack of transparency with landowners. Kansas landowners were late in finding out the proposed path of Grain Belt Express through their farms. Iowa farmers are just now becoming aware of the exact path of the Rock Island Clean Line through their state. Clean Line still hasn't determined a final path through Missouri and Illinois for the Grain Belt Express.

- If their project is based on transparency and inclusiveness, why won't Clean Line tell consumers how much this energy is going to cost? Why does Clean Line have all the company's financial information and owners investments sealed "Confidential & Proprietary" in its Rock Island Clean Line case before the Illinois Commerce Commission? Why is Clean Line claiming it is not asking customers to bear the cost of the project, when it has asked PJM to force customers to bear the cost of its private venture capital projects? When PJM rejected its ideas, Clean Line presented its ideas to FERC, and was rejected there also.

- Months after Clean Line Energy's original application to the Illinois Commerce Commission, intervenors in the RICL case say Clean Line is still having difficulty presenting its project to citizens in a truthful and transparent manner.

- Clean Line took advantage of Kansas' bifurcated permitting process to prevent affected landowners and local governments from meaningful participation in the case at the Kansas Corporation Commission. Grain Belt Express objected to the participation of affected landowners, local electric companies, and Marshall County in the case. These parties were not permitted to submit testimony or cross-examine Grain Belt Express witnesses. The only testimony allowed in the record was from Grain Belt Express experts and KCC staff.

Clean Line's Comments to FERC on Transmission Siting

According to Clean Line's filing at FERC:

•"First, the process must be more transparent and inclusive, especially regarding the inclusion of projects proposed by independent transmission companies on a merchant basis. Allowing the developers of such projects to participate in regional transmission planning and development on an appropriate basis – and specifying clearly the manner in which they will be included – will dramatically speed up the development of new transmission lines and minimize risks to transmission customers, who are not asked to bear the costs of the projects."

•"Second, the planning process must make specific provision for the expeditious consideration and inclusion of transmission projects that traverse multiple planning areas, which is often critical for high voltage direct current ("HVDC") transmission lines designed to bring renewable energy to distant loads."

http://www.cleanlineenergy.com/sites/cleanline/media/resources/
FERC_comments_Docket_No._AD09-8-000.pdf

Clean Line Energy and Negotiated Rate Authority

- A merchant transmission project must accept responsibility for its own costs to receive negotiated rate authority from FERC, under whose authority it may negotiate prices for use of its line by generators.
- Clean Line applied for negotiated rate authority for its GBE project on Nov. 15, 2013, but has not received FERC approval yet. GBE told FERC it would be responsible for the cost of its project. However, GBE has also told other regulators it "..*is not in a position to make an irrevocable commitment not to seek cost allocation*" [from ratepayers].
- The Kansas Corporation Commission conditioned the Grain Belt Express permit as follows:

  "The cost of the Project and any AC Collector System owned by Grain Belt Express will not be recovered through the SPP cost allocation process or from Kansas ratepayers."

  This allows Grain Belt Express to request ratepayer funding for other SPP upgrades made necessary by Grain Belt Express and to request cost allocation for the entire project from other regions. Other regions have not expressed any desire for this project, therefore they are unlikely to accept any cost responsibility.

Highlights and Direct Quotes from RICL's Negotiated Rate Authority FERC Order

- Commission precedent distinguishes merchant transmission projects from traditional public utilities in that the **developers of merchant projects assume all of the market risk** of a project and have **no captive customers** from which to recover the cost of the project.
- To approve negotiated rates for a transmission project, the Commission must find that the rates are just and reasonable. To do so, the Commission must determine that **the merchant transmission owner has assumed the full market risk for the cost of constructing** its proposed transmission project.
- Rock Island affirms that it will **assume the full market risk** of the Project and that it will have **no captive customers**.
- Rock Island meets the definition of a merchant transmission owner because it **assumes all market risk** associated with the Project and has **no captive customers**. Rock Island has agreed to **bear all the risk** that the Project will succeed or fail based on whether a market exists for its services. Rock Island also **has no ability to pass on any costs to captive ratepayers**.
- http://www.ferc.gov/EventCalendar/Files/20120522120254-ER12-365-000.pdf

Clean Line Later Asks for Captive Ratepayer Cost Allocation

- Only projects that provide ratepayer benefits can be regionally allocated to ratepayers.
- Clean Line Energy claims this is a "Merchant" Transmission project where **ALL** the costs of building the line will be paid by the company. **This is not exactly true.**
- Clean Line Energy has attempted to get regional cost allocation of merchant projects made a part of PJM's regional planning process.

- **This means Clean Line Energy wants the consumers to pay for their powerline.**

- Originally, Clean Line Energy claimed it should not be a part of PJM's long term planning because it was a "merchant" project, and therefore should not be accountable to prove a need for its project. Clean Line Energy now argues they are relevant to long term plans under FERC's Order No. 1000 and therefore should receive ratepayer funding.

- The Organization of PJM States opposed Clean Line Energy's proposal to allocate the costs of its project to PJM ratepayers.

Actual Quotes from Clean Line Energy's Request for PJM to allocate costs of merchant lines

- "That said, however, based upon the substantial benefits that would accrue to PJM customers through transmittal by Rock Island and Grain Belt of high-quality renewable resources from the Midwest ISO and SPP regions, under the appropriate circumstances, **either or both of the projects may qualify for, and seek allocation** to some degree. Therefore, these projects have substantial interest in the proposed cost allocation mechanisms. "
- "**To properly allocate costs commensurate with benefits engendered by HVDC projects like Rock Island and Grain Belt, Clean Line advocates that the PJM TOs adopt an approach to cost allocation akin to the Multi-Value Project approach implemented in the Midwest ISO.** This approach properly recognizes the substantial regional benefits created by considering the transmission build out necessary to accommodate the vast renewable resource potential that exists within the Midwestern region of the country. "
- "Clean Line supports the development of a methodology such as the aforementioned "AC surrogate" approach, in order to ensure that DC transmission lines, with their broad benefits in controllability and renewable resource integration, **can be qualified for cost allocation similar to AC lines.**"
- http://www.pjm.com/~/media/committees-groups/committees/toa-ac/20120905/20120905-clean-line-cost-allocation-comments-for-tos.ashx

Clean Line Energy Complains to FERC that PJM Rejected its Proposal

- PJM rejected Clean Line Energy's request to add Captive Ratepayer Cost Allocation for merchant projects to its planning process and Clean Line petitioned FERC to overrule the PJM decision.
- In Clean Line's appeal to FERC, the company claims:

  "Clean Line has achieved several key milestones in the development of its projects, including signing a Memorandum of Understanding with the Tennessee Valley Authority and obtaining certification as a transmission-only utility in both Kansas and Oklahoma. Two of the Clean Line's projects, the Rock Island Clean Line and the Plains & Eastern Clean Line, have obtained approval from the Commission to charge negotiated rates and enter into negotiated agreements with anchor-tenant customers.

  "The Commission also recognized that different regions of the country may have different practices in populating their regional transmission plans when considering projects that are cost allocated and those that are not."

Clean Line failed to tell FERC it is receiving mounting opposition from Missouri, Kansas, Illinois, Indiana, Iowa, Oklahoma, Arkansas residents, in addition to opposition to cost responsibility for its projects from regional transmission organizations. No one wants to pay for "clean" lines, and "states farther east" have no desire for Clean Line's energy.

http://elibrary.ferc.gov/idmws/common/OpenNat.asp?fileID=13128021

Who Opposed Clean Line's Appeal to FERC for Captive Ratepayer Cost Allocation for merchant projects?

- PJM, the Regional Transmission Authority for Northern Illinois and eastern states, opposed Clean Line's request
- The Illinois Commerce Commission opposed Clean Line's request
- The Organization of PJM States (the public utility boards and commissions from all the states within the PJM region) opposed Clean Line's request
- Ultimately FERC rejected Clean Line's request to force ratepayers to pay for privately owned merchant transmission speculation projects.
- However, Clean Line Energy requested and was granted a loophole in its Kansas approval for the Grain Belt Express to allow the potential for captive ratepayer cost allocation.
- Grain Belt Express told regulators that *a commitment* [to a merchant business model] *would be premature and would potentially go against the public interest. If regulations change in the future, an irrevocable commitment not to recover costs in a certain manner may compromise the ability of* [GBE] *to complete the Project.*
- While Grain Belt Express has been granted eminent domain authority in Kansas, Clean Line still has not notified Missouri, Indiana or Illinois landowners of the final project route.

Clean Line Energy **WANTS** Federal Eminent Domain Authority for its Projects

- Clean Line says they do not intend to use eminent domain.
- Representatives of Clean Line claim that they are not "currently" applying for eminent domain in individual states; however, they neglect to say that if Clean Line receives public utility status, the right to condemn property is granted.
- Clean Line doesn't tell the public they have applied to the U.S. Department of Energy for "Federal Siting Authority", a.k.a**. FEDERAL EMINENT DOMAIN.**
- If Clean Line fails to win states' approval, they want to use the eminent domain power of the federal government. Clean Line is actively pursuing this option for their Plains & Eastern Clean Line project, and has applied to use it for their Grain Belt Express project.
- Clean Line neglects to discuss this potential option to get their power line built in the public meetings.
- While Clean has a federal loophole for eminent domain, it is not known what Clean Line intends to do should states reject the Grain Belt Express Clean Line. Will Clean Line pursue federal eminent domain authority for that project as well?

Key Quotes from Clean Line's Letter to the DOE Advocating for Federal Siting Authority

- "Without federal siting authority, Clean Line is proceeding with state-by-state permitting and siting, often forced to utilize out-of-date, ill-fitting statues. Existing state statutes and regulations are often not designed for multi-state, or inter-regional projects like those being developed by Clean Line, and may prove insufficient to the task."
- "The federal government is uniquely positioned to take this same long-range view to help resolve issues of state-by-state balkanization. In short, DOE should think broadly about need and use existing federal siting authorities to help transmission developers navigate through the permitting process and overcome the challenges associated with incongruent development timelines in these states."
- "...requirements that local/state utility –customers be "served" by the project may inhibit siting of beneficial regional projects."

----Clean Line Energy Partners' Jayshree Desai

Clean Line's Letter Lobbying for Federal Siting Authority

CLEAN LINE
ENERGY PARTNERS

March 28, 2012

Lamont Jackson
Office of Electricity Delivery and Energy Reliability
Mail Code: OE-20, U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

Dear Mr. Jackson:

Clean Line Energy Partners LLC (Clean Line) appreciates the opportunity to address several of the issues in the Department of Energy's February 27, 2012 Request for Information. Clean Line is an independent developer of long-haul, high voltage, direct-current (HVDC) transmission lines and is not involved in resource development or generation. Clean Line focuses exclusively on connecting the best renewable energy resources in North America with electricity demand centers. All four of Clean Line's HVDC projects will facilitate the reliable delivery of power generated by renewable resources, and the development of these projects will support national efforts to significantly increase renewable electric generation capacity.[1] These projects will meet the needs of generators and utilities for new transmission capacity and enable the construction of thousands of megawatts of new, cost-effective renewable power. The addition of this generation capacity will create new jobs, stimulate domestic manufacturing, and reduce pollution and water consumption.

Despite continued progress, the challenges for interregional projects like those being developed by Clean Line are considerable. Each of Clean Line's four projects traverses distances greater than 500 miles and terminates in a state different from which it begins. Several of the projects travel through more than two states, and between different Regional Transmission Organizations. Without federal siting authority, Clean Line is proceeding with state-by-state permitting and siting, often forced to utilize out-of-date, ill-fitting statutes. Existing state statutes and regulations are often not designed for multi-state, or interregional projects like those being developed by Clean Line, and may prove insufficient to the task.

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[1] The four Clean Line projects in development are: Plains & Eastern Clean Line, Grain Belt Express Clean Line, Rock Island Clean Line (all in the Eastern Interconnection), and Centennial West Clean Line (in WECC).

Clean Line's Letter Lobbying for Federal Siting Authority

CLEAN LINE
ENERGY PARTNERS

For example, requirements that local/state utility-customers be "served" by the project may inhibit siting of beneficial regional projects.[2] Our Plains and Eastern Clean Line project experienced this directly in Arkansas. To quote the Arkansas PSC Order:

> [t]he Commission is not opposed to independent transmission construction and, in fact, strongly supports the improvement of the transmission system in this state as a means to lower energy costs for Arkansas ratepayers. As the Parties all acknowledge, the issue of certification of a transmission-only public utility is one of first impression in this State. Thus, the Commission's decision is based on that fact that it cannot grant public utility status to Clean Line based on the information about its current business plan and present lack of plans to serve customers in Arkansas. [APSC Docket 10-041-U, Order #9, p. 11]

The Texas legislature and the Texas Public Utility Commission took the long-range view of what was necessary to ensure adequate transmission for desired renewable development and as a result, hundreds of miles of transmission are currently under construction in the state. The federal government is uniquely positioned to take this same long-range view to help resolve issues of state-by-state balkanization. In short, DOE should think broadly about need and use existing federal siting authorities to help transmission developers navigate through the permitting process and overcome the challenges associated with incongruent development timelines in these states.

To what extent do the Incongruent Development Times hamper transmission and/or generation infrastructure development?
Although not entirely due to Incongruent Development times, issues related to interconnection and associated deliverability rights, as well as attendant studies within utilities and/or RTOs, create areas of difficulty. Most RTOs do not have merchant transmission interconnection processes that provide associated injection rights. As an example, the California ISO has a Transmission Planning Process (TPP), and a Generation Interconnection Process (GIP). The TPP does not result in deliverability rights as desired by some HVDC transmission project developers; the GIP requires

[2] Further complicating development of non-incumbent transmission projects is the fact that the need to "serve" customers may require a binding commitment from customers. However, customers are unlikely to commit to long-term service without certainty around permits.

Clean Line's Letter Lobbying for Federal Siting Authority

CLEAN LINE
ENERGY PARTNERS

identified and associated generators to apply. An HVDC project, like those being developed by Clean Line, is technically a major transmission infrastructure project, but requires study akin to that of a generator at the injection point in the delivery system. Such a project cannot realistically be built without anchor tenants, either generators or other shippers. However, due to the long lead times associated with transmission projects, interconnection studies often have to commence long before any specific generators are identified.

How is the financing for developing the attendant transmission influenced by its lengthy development time and by the Dissonant Development Times?
Clean Line relies on private capital to fund development of our transmission lines. Uncertainty surrounding timelines associated with development steps along the way prevent us from easily raising this capital. Private investors need certainty around timing of cash flow and will not take indefinite permitting risks. In general, the development times for projects of this magnitude range from 5 to 7 years, with an additional 3 years of Right of Way acquisition and construction. During the first few years, community outreach dominates the tasks to be performed, followed by extensive permitting and regulatory work, interconnection studies and agreements, corridor and routing study and outreach, initial engineering, EPC contracts, customer capacity contracts, and, finally, construction financing. At each step along the way, uncertainty abounds. Federal permits, like NEPA, introduce even more uncertainty into projects. The CEQ, DOE, and seven other federal agencies, through its Transmission Siting MOU and the 216H authority, should establish clear timelines for the different stages of review for each permit. The environmental impact statement should not take more than three years to complete and the Bureau of Indian Affairs should not be allowed to take more than six months to review a permit to cross Indian lands. DOE should review all of these processes and develop a milestone based schedule. With predictable and certain timelines for the permitting processes, time lags between transmission development and generation development could be reduced and more private investment could be attracted.

Sincerely,
/s/ Jayshree Desai
Executive Vice President
Clean Line Energy Partners LLC

1001 MCKINNEY, SUITE 700 HOUSTON, TX 77002 TEL 832.319.6310 FAX 832.319.6311

CLEANLINEENERGY.COM

Clean Line and Eminent Domain

- Make no mistake! Clean Line wants eminent domain power to take over 60,000 acres of land from private land owners across America for its four privately funded transmission lines.

- If Clean Line fails to obtain eminent domain power from the states, it is actively attempting to obtain it from the U.S. Department of Energy.

- If successful, this is 60,000 acres of eminent domain power that could be given to a handful of billionaires to take land from thousands of farmers and landowners across America for their own private profit.

- The organizations best suited to study and approve transmission lines such as Clean Line Energy's are the state public utility boards and commissions.

- Because Clean Line was denied public utility status by Arkansas, the company is pursuing federal eminent domain power under an as yet unused part of the 2005 Energy Policy Act, Section 1222.

- If successful, expect Clean Line to use this process for all of its transmission projects, in order to preempt state transmission permitting authority and take land for its own private use.

Section 1222
Third Party Finance
Energy Policy Act 2005

- Allows the U.S. Department of Energy to "participate" in privately developed transmission projects located in WAPA and SWPA federal power marketing agency territory.
- "Participation" allows the private transmission developer to pay the DOE to use the federal eminent domain authority of WAPA & SWPA to take private property and preempt state authority.
- Projects should be a part of a regional transmission expansion plan and necessary to meet increased electric demand. Projects should not duplicate existing or planned transmission projects.
- Section 1222 requires a federal environmental impact statement (EIS), which can take several years to complete.
- Clean Line has applied to use this authority to overrule a state permit denial of its Plains & Eastern Clean Line. EIS is currently in process. DOE has not yet decided to "participate" in that project.
- Clean Line has applied to use this authority for Grain Belt Express, but DOE has not yet acted on the application.
- Clean Line's projects do not qualify for Section 1222 as written.
- http://energy.gov/oe/section-1222-energy-policy-act-2005-42-usc-16421
- http://stoppathwv.com/1/post/2013/04/us-dept-of-energy-misuses-eminent-domain-authority-for-clean-lines-private-land-grab.html
- http://www.cleanlineenergy.com/sites/cleanline/media/resources/1222Application_GrainBeltExpress_September.pdf

Quotes from GBE's Sec. 1222 Application

- "Clean Line has done a substantial amount of work to advance the development of the Grain Belt Express Clean Line. The use of Section 1222 is both desirable and necessary because the Project crosses multiple states, involves areas served by more than one Transmission Organization, and has national significance and impact. For these reasons, the Project requires Federal participation for the development and permitting process."

- Second, because Southwestern can acquire property through the use of eminent domain, all Project participants can be assured that if necessary state and federal permits are obtained and there is customer demand for the transmission capacity, then the Project will be built. The regulatory and legal certainty allows developers of renewable projects, buyers of renewable energy, and the investment community to commit billions of dollars to fund the construction of both the Project and the accompanying renewable generation facilities. Without the certainty provided by Section 1222 or a similar statute with respect to right of way acquisition, there is real doubt that the cost-effective renewable energy from the Resource Area can be made available to MISO and PJM.

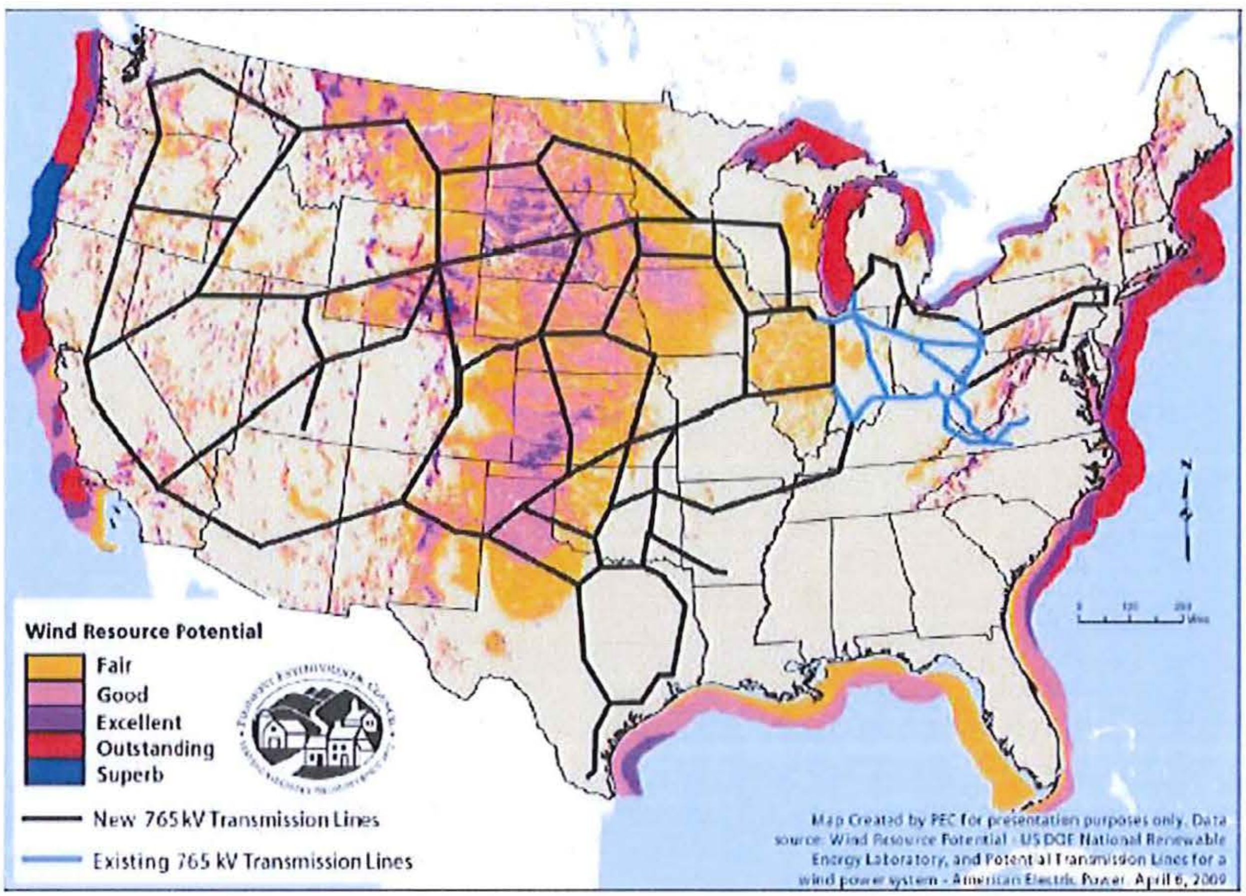
The Map

- "The Map" was made in 2006 as a projection of possible transmission additions to create a "national grid."
- "The Map" was originally created by AEP (American Electric Power) and was biased towards the extra high voltage 765 kV AC power lines AEP builds.
- "The Map" was supposedly created to show a need for more transmission to support wind energy.
- While "The Map" was originally a rough draft, it has been used by the National Renewable Energy Laboratory and is being loosely followed by different transmission development companies.
- When people say power lines like Clean Line's are for wind energy, remind them "The Map" also shows it to be used for coal energy.

The Map

AEP Conceptual Transmission Plan for Wind Energy

Map 1

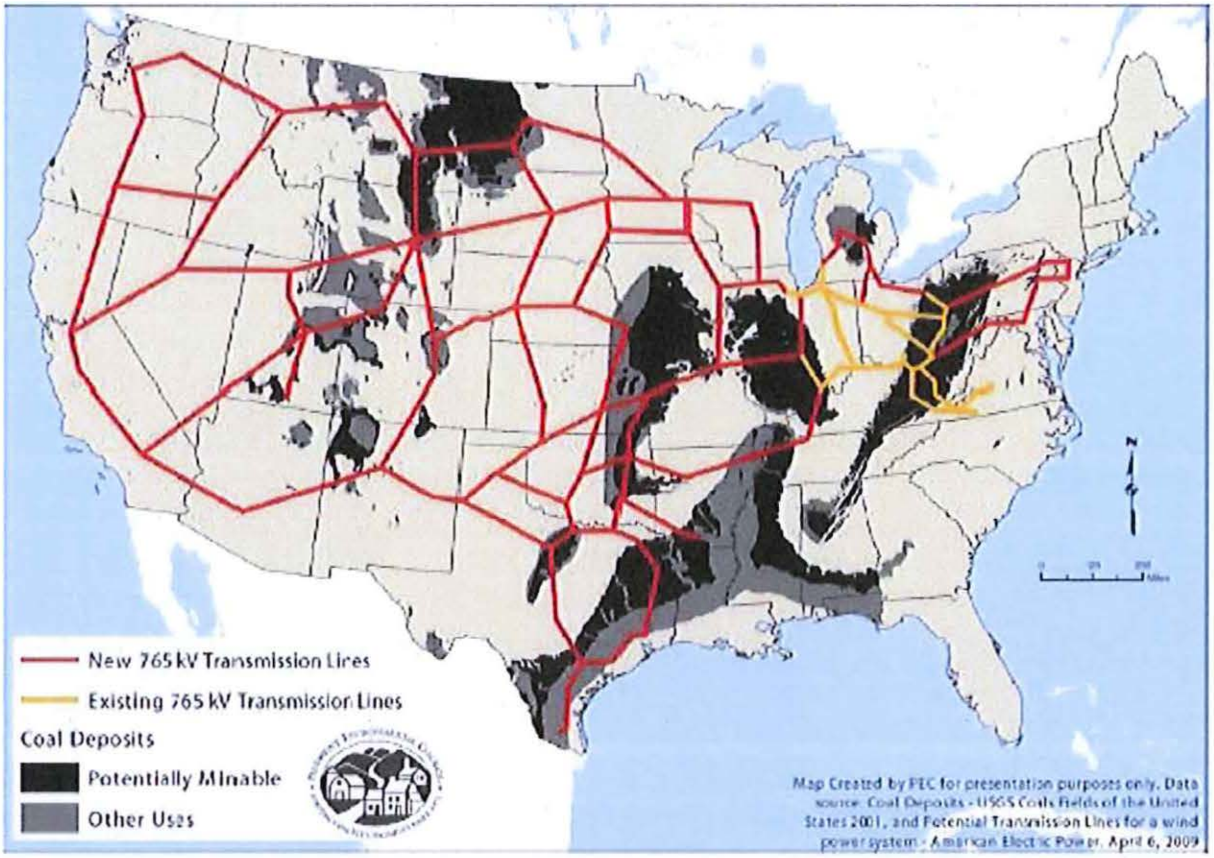


This map of proposed new transmission was supposedly for "clean" wind energy. FERC prohibits "clean" lines from discriminating between different energy sources, requiring it to offer service to all energy, such as wind, coal or other forms of "dirty" energy. There is no such thing as a "clean" transmission line!

The Map

Map 2

...or is it for Coal?



Are the proposed transmission lines for wind or coal energy? Note the point in Wyoming where five lines meet: This point also represents the biggest coal mine in America and two of the biggest coal power plants.

Are these proposed transmission lines really for wind energy?

Clean Line President Michael Skelly on Building Local Support

Clean Line President Michael Skelly recently shared his strategy for building local support for his projects so that affected landowners have no where to turn. Quote from Wyoming Infrastructure Authority Fall Board Meeting:

"We strongly believe there's nothing like shoe leather and one-on-one conversations to build support for your project, and we spend a huge amount of time and we try to make sure that we track all these conversations. We make sure that we are reporting any commitments that we make and we know exactly who we need to talk to and that ranges from early, early discussion with county commissioners.

***As soon as landowners hear about a project like this, they're going to call the elected officials they know and that's the county commissioner. So, we want to get in and talk to the county commissioner early on and tell them where we're coming from** and this is sort of our coming back to the view that these answers may not come from Washington. We're big into sort of ground up development to start at the as local level as you possibly can and then sort of work your way up to the state level and ultimately Washington..."*

http://www.youtube.com/watch?v=i7ddzqWlJFw

Who is Clean Line Energy Financier Michael Zilkha?

- Michael Zilkha is a very private individual with a vast family fortune.
- The Zillkhas are a very wealthy family. Estimated wealth is in the billions. Michael is listed in the top 100 on the Fortune 400 list of most wealthy Americans.
- Michael's financial managers have taken the family fortune and invested in oil drilling, then wind energy. Michael also was in the recording business for a while with "ZF Records."
- Zilkha Energy was the original name of his wind energy company. The name was changed to Horizon Wind Energy.
- Horizon Wind Energy was sold to Goldman Sachs for a huge profit.
- Goldman Sachs resold Horizon to another wind company from Spain, EDP Renewables.
- After Horizon was sold to EDP, the core of its management team, including President Michael Skelly, went back to work for Zilkha and Clean Line Energy was created to speculate in "clean" energy transmission.
- Attached is a copy of Horizon's "Good Neighbor" contract. It gives homeowners a payment in exchange for remaining silent about any detriments of living next door to one of the company's wind turbines.
- Horizon Wind Energy was also named in a complaint where it was alleged that wind energy companies conspire to divide up "territories" so they do not have to compete for land when bidding on wind farms. Wind farms are then bought and sold among the companies and their holding companies.
- Michael Zilkha's Horizon Wind Energy typically attempted to sign confidential "Good Neighbor Agreements" to silence disgruntled neighbors with cash.
- Horizon Wind Energy was also a party to an antitrust complaint
- http://illinoiswindwatch.com/wp-content/uploads/2011/06/NeighborAgreementZilkha_Neighbor_Easement_Agreement1.pdf
- http://www.cohoctonfree.com/updates/items/Antitrust4-25-07.pdf

Who are Clean Line's financiers Ziff Brothers?

- Politically connected billionaires from New York City
- Neil Wallack is Ziff Brothers' representative to Clean Line Energy. As President of ZBI Ventures, he is representing the company and family.
- ZBI Ventures (Ziff Bros.) is listed in permitting documents as "principal investment vehicle" and "majority owner of Clean Line Energy."
- ZBI Ventures is a private family investment firm
- ZBI Ventures include:
  - OGX, an offshore Brazilian oil company,
  - Athabasca Oil Sands Company, an Alberta oil sands developer
  - Several other private oil and gas investments in Oklahoma, Texas and Canada
  - RKI Exploration & Production
  - Ziff Brothers also own a substantial interest in African coal mines.

The Ziffs Take What They Want

- There are two instances where the Ziff family took plants from a conservation area and a park to create their own private artificial conservation area.
- In 1998 and 1999, the Ziff family requested permission to remove rocks from the 592 acre Walter G. Merritt Conservation Area for the family's "one-of-a-kind" 180 acre arboretum.
- As a county representative said, **"You destroy a natural setting to make an artificial one? Where is the sense in that?"**
- Initially the county was offered $15,000 from the family.
- Three years later the Conservation Area settled with the Ziff family for $1 million and a "gift" of $8.25 million.
- In 2008, it happened again. Three properties were "virtually strip mined" to provide native plants for the billionaire landowners. This was later called a "misunderstanding" and the contractor was blamed.

http://nynjctbotany.org/lgtofc/nymerritt.html

http://online.wsj.com/article/SB122627897974112315.html

http://www.mvgazette.com/news/2008/05/23/sheriffs-meadow-halts-all-native-plant-removal-foundation-property

http://www.miningweekly.com/article/mvela039s-african-global-capital-buys-stake-in-aflease-gold-2008-04-04

Grain Belt Express Kansas Siting Permit

- In arguing about the conditioning of its permit in Kansas, Grain Belt Express made some startling revelations.
- When KCC Staff suggested approval be conditioned upon Grain Belt Express acquiring approval from the States of Missouri, Illinois, and Indiana to construct the project, GBE argued: "… there is a possibility that approvals from all three states will not be necessary. Although receiving siting approvals from those states is the most likely scenario for the Project to move forward to construction and operation, transmission line siting regulations or policy could evolve at the state or federal level, or through multi-state siting collaboration, or Grain Belt Express could use other transmission siting authority currently in place for other states through which the transmission line crosses."
- When the Staff suggested that the permit be conditioned on GBE remaining a merchant transmission project, GBE objected, stating that the permit should instead state only that "the cost of the Project and any AC Collector System owned by Clean Line will not be recovered through the SPP cost allocation process or from Kansas ratepayers."
- These re-worded stipulations would allow GBE to preempt state siting and permitting authority in other states, and to seek allocation of project costs from ratepayers outside Kansas. It also does not exempt ratepayers from other regional upgrades caused by interconnection of GBE to the transmission system.

Testimony in Clean Line Illinois Permitting Case

Intervenors filing testimony in Clean Line's Illinois Rock Island Clean Line permitting process don't think much of the company's plans and resources:

- ".. this is a 'spec-like' project that RI may not even try to build." Testimony of ComEd/Naumann, p. 3
- "The Project is simply not developed enough for final regulatory evaluation." ComEd/Naumann, p. 2
- "RI seems to have run through all of the investor's money with no guarantee of more." ComEd/Lapson, p. 6
- "RI's financial resources are not currently sufficient to fund the construction... At best, the information provided regarding access to financing can only be described as 'aspirational.'" ComEd/Lapson p. 5
- "Listing the number of transmission projects that have successfully achieved financing... is tantamount to my listing the members of the violin section of the Chicago Symphony Orchestra as evidence that I will certainly become a member of the violin section of the orchestra if I follow the same regimen that they did. " ComED/Lapson, p. 12
- Electric rate "...savings are likely to be short-lived benefits... In effect, the supply side of the market will react towards reestablishing an expectation of making normal returns on investment." Testimony of ICC Staff/Zuraski p. 22
- "The cited increases in tax revenues at the state and local levels merely represent income transfers, at best... they do not represent a net increase in consumer welfare. Some portion of these tax revenues could even represent a net increase in costs..." ICC Staff/Zuraski, p. 15
- "I am skeptical of RICL's ability to efficiently manage and supervise the proposed project." ICC Staff/Rashid, p. 4
- "The direct testimony presented by RICL witnesses focuses only on certain alleged benefits of the project. RICL has not compared the benefits to the expected costs." ICC Staff/Zuraski p. 11

Quick Clean Line Facts

1. East coast Governors don't want wind energy from the Midwest because it undermines permanent jobs and renewable energy development in their own states.
2. There are East coast solutions to East coast problems.
3. Clean Line desires transparency and expeditious consideration only when it benefits the company. When dealing with landowners and local government officials, Clean Line prefers deceit, empty promises and limited direct communication.
4. Clean Line claims it is not applying for eminent domain AT THIS TIME, but if the company is granted state public utility status, the right of eminent domain is basically procedural.
5. Clean Line has been trying to set up a mechanism in PJM's planning process to cost allocate merchant transmission projects to ratepayers.
6. When Clean Line was denied a permit in Arkansas, it applied to the U.S. Dept. of Energy to use its federal eminent domain authority to preempt state authority and acquire land for its project.
7. Clean Line plans to use Section 1222 of the Energy Policy Act to preempt state authority and claim federal eminent domain to site its projects.
8. Clean Line says these power lines are for wind energy, but the lines will carry all forms of energy, including fossil fuel energy.
9. Clean Line's organizational chart is made up of multiple holding companies and shell companies, like a baby Enron.
10. **We do not need Clean Line Energy in our states and neither do "states farther east"!**

Other Proposed Transmission Projects

The types and approximate locations for the new transmission are shown in Figure 1-2.

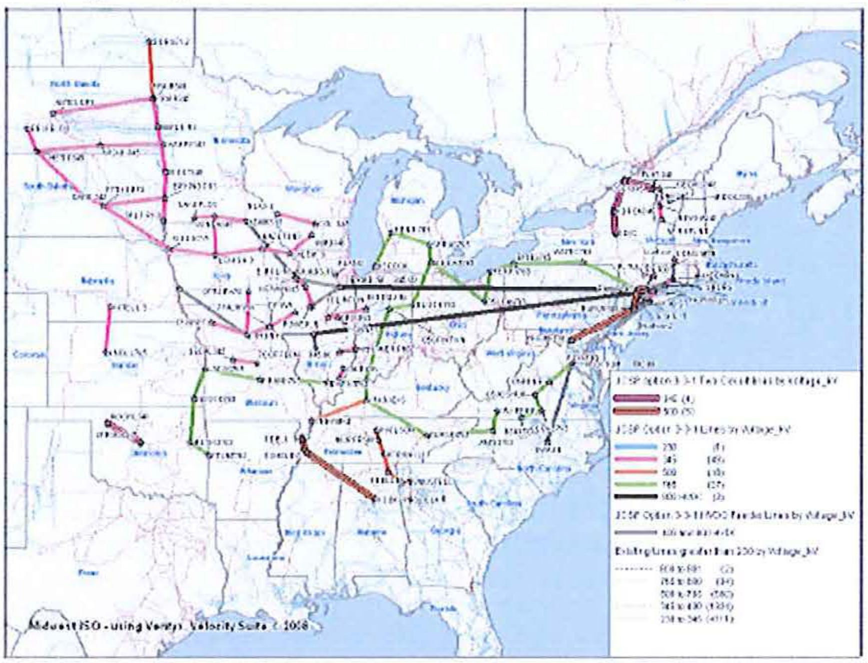
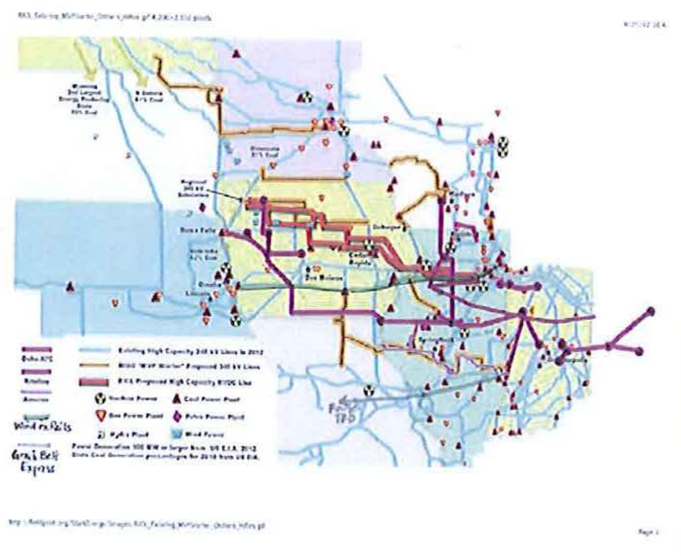
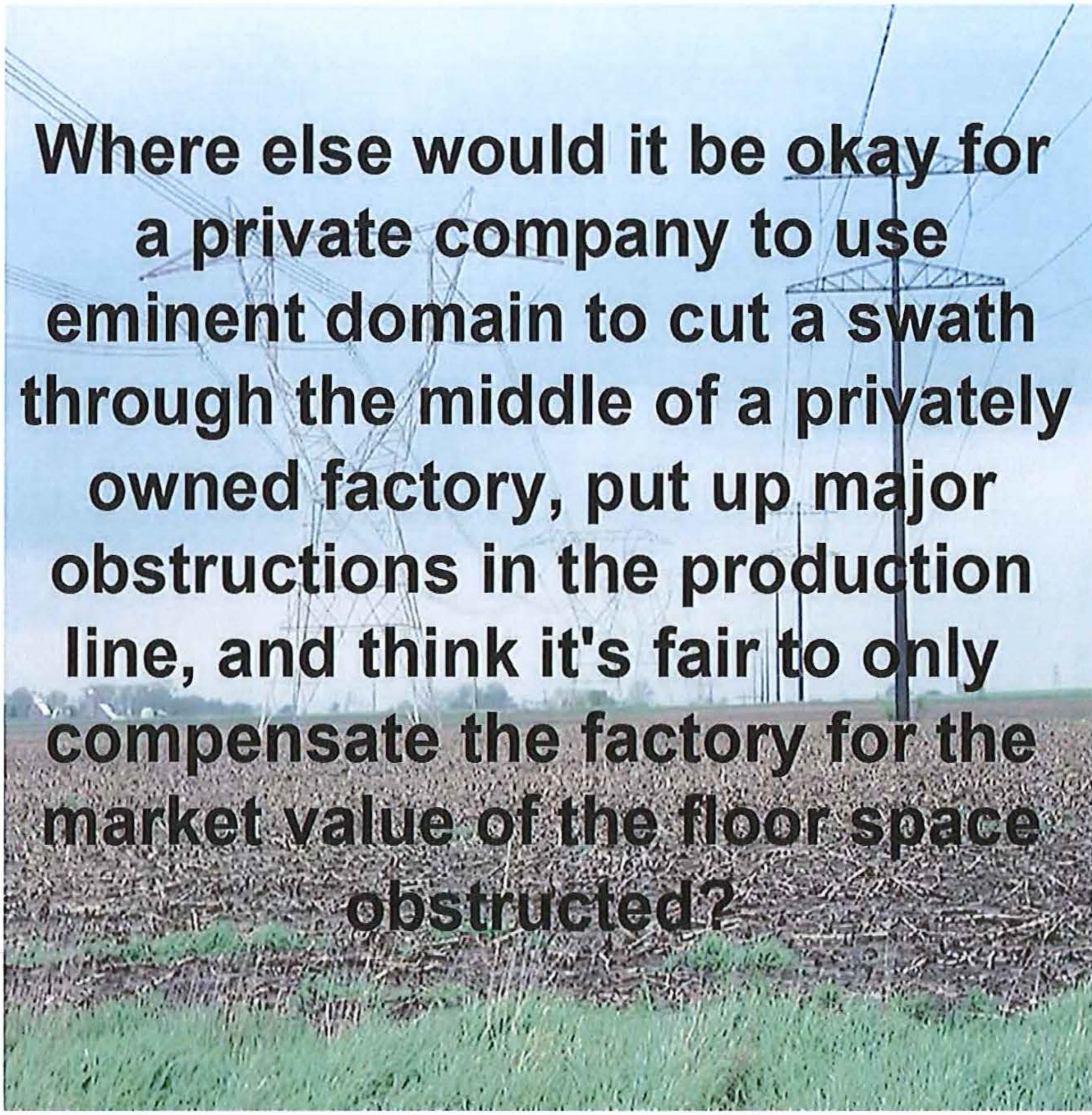


Figure 1-2: Reference Scenario Conceptual Transmission Overlay

Many new transmission projects have been proposed in the area, most of which are part of a regional plan financed by ratepayers, with guaranteed cost recovery in the event of abandonment. States should be studying all high voltage transmission proposals to decide what best serves its state population. Clean Line is not part of any regional plan.





This project was compiled by individual volunteers as a reference source. Information was largely obtained from basic internet searches.

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