

Hello,

I am Jim Hunter, the Director of the Utility Department of the International Brotherhood of Electrical Workers (“IBEW”). The IBEW has over 725,000 members with over 220,000 working directly in the utility industry in the U.S. and Canada. The IBEW believes that we need to accept the fact that renewable resources are intermittent by nature. Base load power plants have provided the stability to the grid that we have all come to expect. We now are seeing both coal and nuclear base load plants closing due to either environmental reasons or market prices that make them uneconomical to operate. The closings are not because of a national strategy to provide reliable power and are not done with the foresight of keeping costs to consumers low; they are purely economic decisions from an asset owner’s perspective. I have testified several times in front of the Senate Energy Committee on reliability and have stressed the need for base load plants. We need to remember that with deregulation the obligation to serve the customer was given up and replaced with the market. The IBEW builds wind and solar projects, and we understand their importance. Large wind farms in areas where the wind is consistent will provide a good mix to our existing grid, but they require transmission lines.

The current situation involving the closure of a large number of plants means we will rely more on a robust transmission system over the next 20 years. The issue with transmission is siting and planning. We see the internal process within the RTO’s for planning working adequately for the most part. The problem comes when a merchant transmission company wants to build a line across RTO’s. Cost allocations between RTO’s is an issue that needs to be resolved. The IBEW would suggest a joint DOE and FERC committee to look at the issue and make some recommendations.

Renewables need to be built where the renewable assets are most abundant. Coupling multiple sources of wind over large areas will provide stability. That means we need to build transmission lines to get that power from the source to the load centers. Our systems were designed by the power companies to transport their generation to their customers; we now want to use that system as if it were a national highway. Generation and transmission are integral to each

other and must be coordinated at a national level. The IBEW has long held that a legislative fix is needed.

I want to talk a little about a success story with the Clean Line project. First and most importantly, it is being built with highly trained professionals from the IBEW. In many states, the PUC rules allow merchant transmission companies to be considered utilities; some do not. Where the merchant is not a utility, it does not have eminent domain status. DOE, using its authority under section 1222 of the Energy Policy Act of 2005, is helping move the Clean Line project forward. DOE will actually own the project's facilities in Arkansas. Clean Line will own the electric capacity. What is important here is not that the project will be built with DOE exerting its condemnation authority but that the backstop from DOE will enhance the ability to negotiate with land owners. This is the first time section 1222 has been used, and we applaud DOE for using it. Let's be clear: there are several safeguards in the Participation Agreement. I have attached a summary of the agreement. As you can see, there are several hurdles that Clean Line must first accomplish before they can get DOE involvement in real estate acquisition. Our electric system has been the most reliable in the world. We have benefited from our diverse mix of fuel types and large power plants. As we move away from central power generation, a national energy policy will be essential.

Thank you for the opportunity to speak.

Jim Hunter
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Plains & Eastern Clean Line Transmission Project Participation Agreement Overview

Introduction

On March 25, 2016, the Department of Energy (“DOE”) and certain subsidiaries of Clean Line Energy Partners LLC (collectively, “Clean Line”) entered into a Participation Agreement with respect to DOE’s participation in the Plains & Eastern Clean Line transmission project in Oklahoma and Arkansas.

Ownership of Facilities

Clean Line will own 100% of the project’s facilities located in Oklahoma.

Clean Line will own 100% of the project’s facilities located in Tennessee.

DOE will own 100% of the project’s facilities located in Arkansas.

Rights to Electrical Capacity

Clean Line owns 100% of the project’s electrical capacity. Clean Line has the right to market, use and sell transmission services relating to such electrical capacity pursuant to transmission services agreements (“TSAs”) and other specified contractual arrangements.

Real Estate Acquisition

Generally: Clean Line has primary responsibility for acquiring all project real estate rights, and the acquisition of such real estate rights is at the sole cost and expense of Clean Line.

DOE Voluntary Acquisition: In the event Clean Line is unable to acquire real estate rights in Oklahoma or Arkansas despite using its commercially reasonable efforts, DOE will conduct voluntary right-of-way acquisition with respect to such parcels. Prior to DOE’s obligation to do so, Clean Line must satisfy certain conditions precedent, including the following:

- Execution of 1,500 MW of TSAs
- Delivery of equity commitments sufficient to fund DOE's acquisition costs
- Execution of purchase options for converter station real estate rights
- Completion of certain studies and agreements with SPP, MISO and TVA
- Completion of certain design, engineering and management activities
- Execution of an insurance agreement with DOE

DOE Condemnation: In the event that DOE is unable to acquire any such real estate rights in Oklahoma or Arkansas voluntarily, DOE is obligated to assist with the acquisition of such real estate rights by way of condemnation. Prior to its obligation to do so, Clean Line must satisfy certain conditions precedent, including the following:

- Execution of 2,000 MW of TSAs
- Obtaining financing sufficient to fund such activities and demonstrate project viability
- All converter station real estate rights are in effect
- Completion of material interconnection studies
- Initiation of joint discussions with SPP, MISO and TVA to address inter-balancing area coordination and operational issues
- Insurance agreement is in full force and effect

Rights to DOE-Acquired Real Property: While the DOE may acquire real estate rights in either Oklahoma or Arkansas, and will maintain title to any DOE-acquired real estate rights, Clean Line will have contract rights to enter into and use DOE-acquired real property for purposes of carrying out the project.

Development, Construction & Operation

Clean Line has sole responsibility for the management of the project and the administration of all project contracts. This applies with respect to facilities owned by DOE as well as those owned by Clean Line. Clean Line must perform the development, design, engineering, construction, operation and maintenance of the project in accordance with applicable law and prudent utility practices.

Further, Clean Line must retain contractors that are qualified, experienced and capable in the performance of the portion of the construction, operation or maintenance of the project being performed by such contractor. Clean Line will bear sole responsibility to pay all fees, expenses and taxes under all project contracts.

Prior to the issuance by Clean Line of a notice to proceed under any material construction contract, Clean Line must satisfy certain conditions precedent in addition to those previously described, including the following:

- Financing arrangements in place
- Insurance is in full force and effect
- Execution of interconnection agreements and material O&M agreements

Renewable Energy

Clean Line must use commercially reasonable efforts to use at least 75% of the project's transmission capacity for the transmission of renewable energy resources.

Participation Amount

From and after project completion, Clean Line will pay DOE 2% of the gross revenues received by Clean Line from the sale of transmission service in connection with the project. DOE will use these amounts to offset the costs of federal hydropower infrastructure or for other authorized purposes.



IBEW

DOE QER Meeting in Des Moines Iowa

JIM HUNTER
Director
IBEW Utility Department



International Brotherhood of Electrical Workers

We represent over 725,000 member in the U.S.
and Canada

220,000 are working directly in the utility
industry

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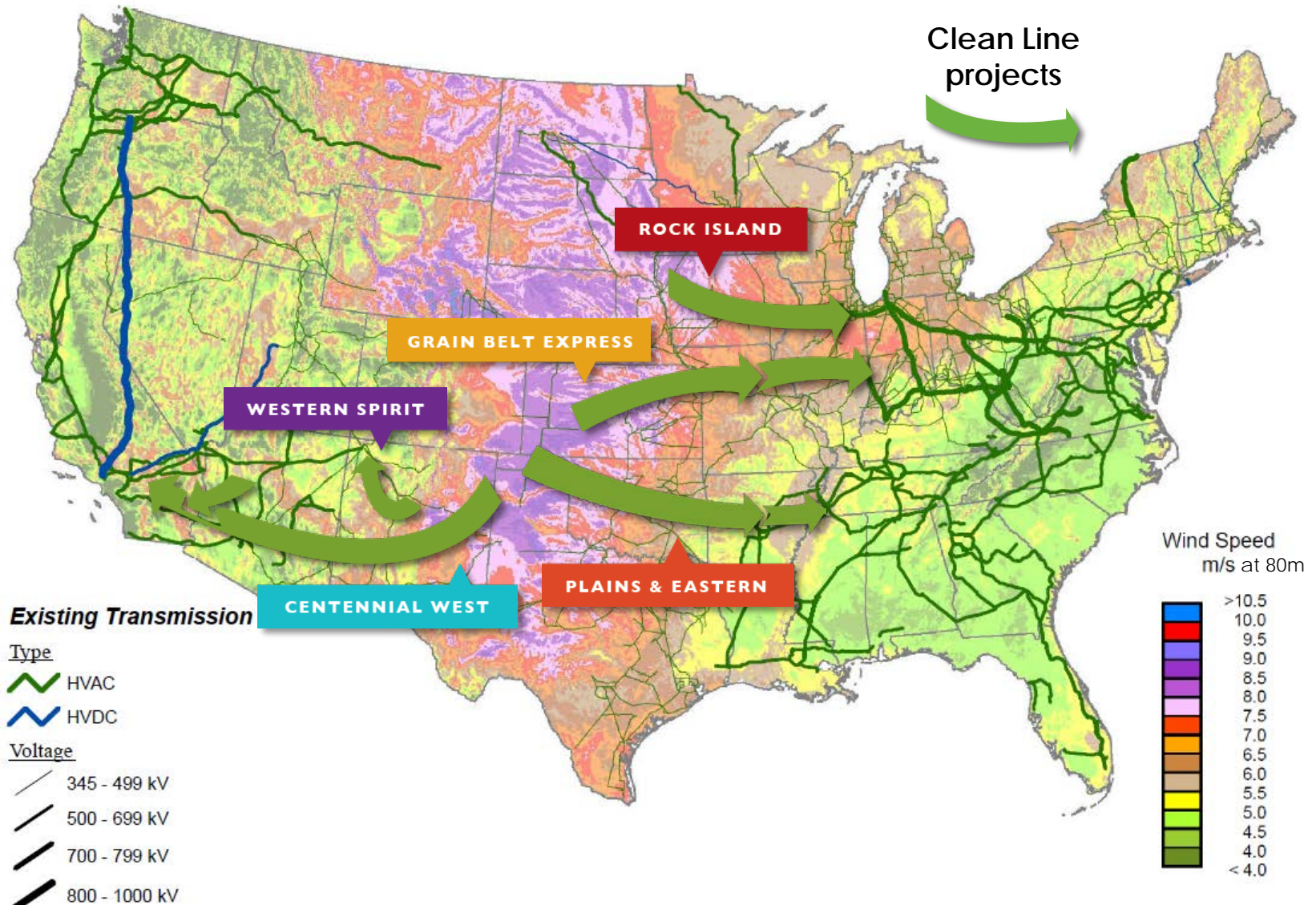
FULL COMMITTEE HEARING: Keeping the lights on — Are we doing enough to ensure the reliability and security of the US electric grid?

SD-366 Senate Dirksen Building 09:30 AM

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Clean Line's projects connect the lowest-cost wind resources to major demand centers





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