

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.<sup>1</sup> 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federal siting authority, Clean Line is proceeding with state-by-state permitting and siting, often forced to utilize out-of-date, ill-fitting statutes.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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<sup>1</sup> 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).

For example, requirements that local/state utility-customers be “served” by the project may inhibit siting of beneficial regional projects.<sup>2</sup> 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

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<sup>2</sup> 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.

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