

Docket No.: 12-0560
Meeting Date: 11-13-14
Deadline: None

MEMORANDUM

TO: The Commission
FROM: Larry Jones, Administrative Law Judge
DATE: October 31, 2014
SUBJECT: Rock Island Clean Line LLC (“Rock Island”)

Petition for an Order granting Rock Island Clean Line LLC a Certificate of Public Convenience and Necessity [“Certificate”] pursuant to Section 8-406 of the Public Utilities Act (“Act”) as a Transmission Public Utility and to Construct, Operate and Maintain an Electric Transmission Line and Authorizing and Directing Rock Island Rock Island pursuant to Section 8-503 of the Public Utilities Act to Construct an Electric Transmission Line.

STATUS: Briefs on exceptions (“BOEs”) were filed on September 4, 2014. Reply briefs on exceptions (“RBOEs”) were filed on September 18, 2014.

RECOMMENDATIONS: Entry of the attached post-exceptions order granting a Certificate to Rock island, subject to conditions.

This matter was held at the September 30, 2014 Regular Open Meeting and is being resubmitted for the October 13, 2014 Regular Open Meeting. No changes to the order have been made. The memorandum is also unchanged, except that references to oral argument requests have been removed.

The transmission line planned by Rock Island would be approximately 500 miles long. It would originate at a converter station in O’Brien County, Iowa, “traverse Iowa” for 379 miles, cross the Mississippi River near Princeton, Iowa, and then enter Illinois south of Cordova, Illinois.

From there, the line would extend for approximately 121 miles in Illinois to the Collins Substation in Grundy County. In this proceeding, Rock Island is seeking a Certificate for the Illinois portion of the line. The Iowa portion would require approval from the Iowa Utilities Board.

The primary purpose of the 500-mile line is to connect potential wind generation facilities in northwest Iowa and nearby areas in South Dakota, Nebraska, and Minnesota (“Resource Area”) with electricity markets in northeast Illinois and elsewhere in the PJM grid. Rock Island believes such wind farms would be planned and built in the “wind rich” Resource Area if the proposed transmission line were available.

Except as noted below, the transmission line would be a direct current (“DC”) line. The DC portion of the proposed transmission line would originate at an AC-to-DC converter station in O’Brien County in Iowa. It would terminate in Illinois at a DC-to-AC converter station located approximately four miles north of the Collins Substation. From the converter station, a four-mile AC segment, consisting of two parallel 345 kilovolt (“kV”) AC lines, would connect to Commonwealth Edison Company’s (“ComEd”) existing 765 kV AC transmission system at or near the Collins substation.

The nominal voltage of the DC transmission line would be ± 600 kV direct current. It is described as the first DC transmission line proposed in Illinois.

Rock Island characterizes the line as a “merchant project.” The merchant nature of the project presents many “chicken-egg” challenges in the assessment of the issues in the case.

Because the line is a merchant project, Rock Island claims it will recover its costs of construction and operation solely through the revenues it receives from the specific transmission customers that purchase capacity and take transmission service on the Project. Some parties dispute this assertion.

The Federal Energy Regulatory Commission (“FERC”) approved Rock Island’s proposal to pre-subscribe “up to” 75 percent of transmission capacity to anchor customers. The FERC also approved Rock Island’s request to sell the remaining 25 percent of the capacity using an open-season auction. The FERC denied Rock Island’s request to apply a preference, in its open season, for energy from renewable resources.

The proposed transmission line is opposed by the Illinois Landowners Alliance; the Illinois Agricultural Association; some individual landowners; and ComEd.

It is supported by Wind on the Wires; the International Brotherhood of Electrical Workers, AFL-CIO; the Environmental Law & Policy Center; and the National Resources Defense Council.

Status of Proceeding

A proposed order was issued. BOEs and RBOEs have been filed. The Commission Staff did not file a BOE.

A post-exceptions order is attached; all additions and other changes are shown in track-change format.

Except for some clarifications, the post-exceptions order contains the same conclusions as were set forth in the proposed order.

The attached post-exceptions order, like the proposed order, would find that the proposed line “will promote the development of an effectively competitive electricity market that operates efficiently, is equitable to all customers, and is the least cost means of satisfying those objectives,” which is the second alternative test in Section 8-406(b)(1) of the Act.

The attached order, like the proposed order, would grant a Certificate to Rock Island, subject to a financial condition proposed by Staff. The condition provides in part that “Rock Island will not install transmission facilities for the ... Project on easement property until such time as Rock Island has obtained commitments for funds in a total amount equal to or greater than the total project cost.” The condition also requires Rock Island to submit certain documents “to allow the Commission to verify its compliance with this condition.” Rock Island accepts the condition as proposed by Staff, but does not agree with the verification mechanism included in the proposed order.

The attached order, like the proposed order, would not grant Rock Island’s request for relief under Section 8-503 at this time.

In this proceeding, Rock Island is not requesting an order under Section 8-509 of the Act which would allow it to seek eminent domain relief before the courts.

There is no deadline in this proceeding.