

Clean Line Transmission Projects:

No Benefits to Electric Consumers in Our Region!

Clean Line Energy Partners plans to build two major electric transmission lines – one from the Oklahoma Panhandle to the Memphis, TN area and the other from western Kansas through Missouri to points east – to transport wind energy from the Plains states over great distances to the eastern and southeastern U.S. Unlike typical electric transmission lines, which transmit high-voltage alternating current (HVAC), the Clean Line projects will utilize high-voltage direct current (HVDC) electricity.

The choice of an HVDC line has significance for electric consumers in Oklahoma, Kansas, Texas, Arkansas and Missouri. HVAC and HVDC transmission systems are not directly compatible. DC electricity from the Clean Line projects will have to be converted to AC current before it can be injected into the existing electric grid. DC/AC conversion stations are expensive to build, and require significant upgrades to the existing HVAC system, making it economically infeasible to make multiple interconnections with the HVAC grid. Result: the proposed Clean Line projects will likely be a one-way pipeline transmitting wind energy from west Texas, Oklahoma and Kansas to far reaches of the country. The projects will fly over the entire Midwest – about 700 to 800 miles for each Clean Line project – without connecting to or benefiting any electric consumers in between.

So What Has This Got to Do with Hydropower?

Southwestern Power Administration (SWPA) is an agency of the U.S. Department of Energy that markets the hydroelectricity generated at 24 Corps of Engineers dams to rural electric cooperatives, municipally owned electric utilities and public power agencies in Oklahoma, Missouri, Arkansas, Kansas, Texas and Louisiana. A provision (Section 1222) of a law passed by Congress seven years ago (Energy Policy Act of 2005) authorizes SWPA to assist other entities – including for-profit private corporations such as Clean Line Partners – in constructing transmission lines that would improve the electric transmission grid. The 2005 law says that the costs of building and operating these transmission lines – including the costs incurred by SWPA in assisting in their construction – will be paid by revenues generated from the sale of the transmission service and capacity from the projects.

But there's a hitch. The Flood Control Act of 1944 says that SWPA will recover all of its costs of constructing, operating and maintaining its transmission and marketing systems from the rates it charges its wholesale hydropower customers for energy and capacity. If – *and it's a BIG if* – the Clean Line projects are successfully built and heavily subscribed by electric utilities far to our east and south, the projects might pay for themselves without impacting SWPA's hydropower customers and their retail electric consumers.

What if there's a problem – or problems? What if the projects never get completed? What if the projects are completed, but there are not enough wholesale power customers for the wind energy to pay for the projects? What if there are huge cost overruns – beyond the ability of Clean Line Partners to pay? What if there are legal judgments or other liabilities that exceed Clean Line's financial abilities? What if Clean Line goes bankrupt?

If, for whatever of many reasons, revenues from the projects are insufficient to pay for construction and operations, SWPA could be left holding the bag. Nothing in the 2005 legislation authorizing SWPA to participate in projects such as these overrides the obligations of SWPA's wholesale power customers to repay all SWPA costs as directed by the Flood Control Act of 1944.

Who pays in such an event? *The wholesale hydropower customers of SWPA, and the more than 8 million people in six states who ultimately get the hydropower!* And the irony is that the two Clean Line projects would not benefit SWPA's customers, because of the nature of HVDC transmission lines and their routing to move wind power from the west of the region to the east of the region. Nor would it benefit any retail electric consumers in the footprint of the Southwest Power Pool, that covers all or portions of Arkansas, Missouri, Kansas, Oklahoma and Texas. It is the stated policy of the Obama Administration that transmission investments should improve the interconnectivity of the grid. Because of its HVDC nature, the Clean Line projects are the opposite of the stated federal policy.

SPRA's Position

- SWPA's original authority to construct transmission facilities is limited by Section 5 of the Flood Control Act of 1944 to "only such ... facilities as may be necessary in order to make the energy and power generated at ... [Corps] projects available" to its wholesale customers. SPRA is concerned about extending SWPA's authority to construct transmission facilities beyond this original mandate.
- If Section 1222 of the Energy Policy Act of 2005 is invoked, SWPA's hydropower customers should be held harmless by the United States from any liabilities, costs/ and or expenses, financial or legal, stemming from the purchase of right-of-way, ownership, operation, construction, maintenance or otherwise of any facilities constructed under the authority of Section 1222.
- SWPA's customers should have the right to inspect any agreements between the Department of Energy, SWPA and/or any third party involving implementation of Section 1222 to ensure to their satisfaction that the indemnification of preference customers satisfies the requirements stated above.
- New electric transmission lines – regardless of who builds them – should fill a demonstrated need and should strengthen and support the existing AC bulk power transmission system.
- While new transmission projects may enhance the ability to send electric energy from one area over long distances to another area, they should also provide benefits to electric consumers along their routes and promote interconnection of the grid in which they are located.
- Any agreement to provide assistance as authorized by Section 1222 should comply in full and in all aspects with the authorizing legislation of the Energy Policy Act of 2005 and all provisions of applicable Federal Register Notices prior to execution of any agreements between DOE, SWPA and/or a third party calling upon DOE or SWPA to exercise federal powers of eminent domain to acquire rights-of-way for the proposed project(s).