

Business

# Long Slog to Build Power Lines May Imperil Obama's Carbon Cuts

Jim Snyder and Mark Drajem

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A seven-year quest to connect windmills in Kansas to customers as far away as Virginia highlights a challenge facing the Obama administration's plan to use renewable energy to cut carbon emissions: getting transmission lines built to carry the electricity.

Clean Line Energy Partners' 780-mile Grain Belt Express, proposed in 2008, has already been reviewed by regulators in four states. Even if everything goes as planned, it will be four more years before electricity starts flowing.

It's one of almost 200 high-voltage power line projects that have been proposed, some of which may be needed for President Barack Obama to meet his goal of beefing up renewable energy. But an approval process that can take 10 years means many won't even be in operation before the administration's proposed plan to cut power-plant emissions goes into effect.

"Everybody is pushing to come up with the lowest cost solution," says Michael Skelly, Clean Line's president. To do that, "we have to change how we do transmission. All the entities involved have to move much more quickly," he

said.

It's a dilemma because wind blows hardest in the interior plains and transmission lines are needed to connect with populous cities to the west and east that need the power.

Debate over the regulations to curb harmful greenhouse-gas emissions has intensified as Obama's Environmental Protection Agency readies a final version this summer. The plan proposed last year lets states replace coal-fired generation with power from natural gas, wind or solar.

### **Coal Shutdowns**

An analysis by the U.S. Energy Information Administration said the rule will erase about 90 gigawatts of coal-fired power by 2020, or almost a third of current capacity from the plants. Their replacements may be at new sites -- from windy Kansas fields to acres of solar panels in Arizona -- and require changes in distribution, or dispatch.

“The challenge is a complete new dispatch pattern, and do we have the transmission setup to deal with that?” Gerry Cauley, the president of the North American Electric Reliability Corporation, said in Washington this month. Getting new lines approved can take seven to 10 years, he said.

Utilities will boost spending to about \$20 billion a year in each of the next three years for upgrading, replacing or building new lines as they integrate new natural-gas plants into the distribution network, the Edison Electric Institute estimates. That spending is about double the level of the previous decade. The group said in March that more than 170 transmission projects are planned over the next decade.

## **Compliance Challenge**

A non-profit group called WIRES that represents transmission companies like Clean Line and utilities including American Electric Power Co., told the EPA in comments that a proposed 2020 deadline to cut 25 percent of emissions won't be met without a change in how power lines are built.

Even with more time, a rapid build-out of distribution lines will be "very difficult," and a potential challenge to compliance with EPA rules, Federal Energy Regulatory Commission member Philip Moeller, a Republican appointee, said at a May 14 meeting.

"EPA is now considering the 4.3 million comments we received during the public-comment period," EPA spokeswoman Liz Purchia said in an e-mail. "This important input is giving the agency the opportunity to address a wide range of issues, including issues concerning transmission infrastructure."

Malcolm Woolf, senior vice president at Advanced Energy Economy, a group representing companies that support the EPA plans, said he didn't think the EPA plan would require construction of a larger number of transmission projects.

"But it is essential that this transmission continue to be developed to bring renewable energy resources to the population centers that need them," he said.

## **FERC Role**

The regulation of transmission lines has been a source of tension in part because both state and federal agencies have oversight. The FERC in Washington sets interstate transmission prices while states approve routes within their borders. Proposals often run into not-in-my-backyard concerns.

In 2005, Congress sought to give the FERC a larger role by letting it step in and approve certain projects when a state took too long to make a decision.

But two court decisions gutted the federal government's authority. A 2009 ruling said FERC's intervention after a year exceeded its power. A decision in 2011 challenged the Energy Department's authority to choose the transmission corridors where FERC would have more authority in siting projects.

In a bid to reclaim some authority, FERC issued Order 1000 that let grid operators judge proposals for transmission lines in part on how they help meet public-policy goals, such as state clean-energy mandates.

### **Congressional Action**

In addition, Alaska Republican Senator Lisa Murkowski, chairman of the Energy and Natural Resources Committee, is considering a bill to speed federal approval of those projects for the omnibus energy bill she is pushing. Her measure would create a "transmission ombudsperson" to help push projects.

Michael Goggin, senior director for research at the American Wind Energy Association, says the EPA rules shouldn't erode reliability, given options states have to meet targets. But stringing more wires can help states cut costs by connecting jurisdictions with limited wind-energy resources with states that have plentiful breezes, he said.

The Grain Belt line would connect to a 4,000-megawatt yet-to-be-built wind farm outside of Dodge City, Kansas, and extend to Indiana, where it would link up with a regional grid that serves Pennsylvania, Maryland and Virginia.

### **Four States**

To win approval, Clean Line executives have to convince the regulatory commissions in four states its in the benefit of their consumers. Two of them, Missouri and Illinois, have yet to rule. Kansas and Indiana have approved the route.

Up to 500 megawatts would go to Missouri, enough for about 200,000 homes, according to the company. That would help the state meet clean-energy goals, according to regulatory filings.

Staff at the Missouri public service commission said Clean Line hadn't shown it would provide the lowest cost renewable energy to help meet the mandate. It recommended the commission reject the plan in a December analysis.

The company provided a lengthy rebuttal. Skelly said he was confident that the project would be approved.

In addition to jobs and tax revenue, one new selling point is the delivery of clean energy and how it can help the states it crosses reduce carbon dioxide from coal plants.

A briefing the company uses to promote the line and three other projects promotes how much carbon reductions from coal use could be cut with the addition of clean wind power.

“The biggest challenge in renewable energy is good infrastructure,” Skelly said.

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