

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Rock Island Clean Line LLC

)

Docket No. ER12-365-000

**ROCK ISLAND CLEAN LINE LLC'S ANSWER TO COMMENTS OF
INTERSTATE POWER AND LIGHT COMPANY**

Pursuant to Rule 213 of the Federal Energy Regulatory Commission's ("FERC") Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2011), Rock Island Clean Line LLC ("Rock Island" or "Applicant") respectfully submits this Answer to the Motion to Intervene and Comments of Interstate Power and Light Company ("IPL Comments"). Many issues raised in the IPL Comments are not relevant to the decision to be made by FERC in this filing and, therefore, Rock Island is only responding to those issues that may be relevant to this proceeding.¹ Rock Island requests that the Commission authorize it to sell its transmission services at negotiated rates and allocate up to 75% of its capacity on a pre-subscribed basis.

I. INTRODUCTION

In its Application filed with FERC on November 8, 2011, Rock Island only seeks authorization to charge negotiated rates for transmission capacity for the Rock Island Clean line high voltage direct current transmission project (the "Project") and additional relief specifically related to that request. Rock Island is not seeking, nor is there a current intention to seek, cost

¹ Rule 213(a)(2) of the Commission's regulations normally prohibits responses to a protest; a similar prohibition does not exist for comments. Even if the Commission were to treat this response as an answer to a protest, the Commission should permit Rock Island's response. The Commission has made it clear that it will waive this rule and allow responses when they ensure a complete and accurate record in the case. See, e.g., *Delmarva Power & Light Co.*, 93 FERC ¶ 61,098 at 61,259 (2000); *Northern Natural Gas Co.*, 91 FERC ¶ 61,212 at 61,767 n.10 (2000). The Commission also will waive application of this rule when an answer will assist the Commission in addressing the issues raised. See, e.g., *Carolina Power & Light Co.*, 93 FERC ¶ 61,032 at 61,068 (2000); *Int'l Transmission Co.*, 92 FERC ¶ 61,276 at 61,912-13 (2000). Rock Island's answer will both ensure that a complete accurate record for decision exists in the case and will assist the Commission in addressing the issues raised in IPL's comments.

allocation for this Project; the Project is an inter-regional transmission project and, while operational control of the Project will be handed over to an RTO, Rock Island is not seeking to allocate the costs of the Project either on a load-ratio-share or on a cost-causation basis to the class of load-serving entities taking service under the Open Access Transmission Tariff (“OATT”) in that RTO. Instead, Rock Island seeks to recover its costs through a rate schedule in the RTO’s OATT specific to the Project. Customers who have agreed contractually to purchase transmission capacity on the Project will have the obligation to pay for service under the discrete RTO rate schedule. This approach would ensure that Rock Island rely on contractual commitments to recover the costs of Rock Island’s investment. Rock Island’s request within the filing is that the Commission provide it authority to commit up to 75% of its capacity in the form of pre-subscribed transmission service agreements and to negotiate rates with customers.

II. ROCK ISLAND DOES NOT HAVE TO PARTICIPATE IN AN RTO PLANNING PROCESS AND HAS APPROPRIATELY ADVANCED THE INTERCONNECTION ISSUES RELATED TO THE PROJECT

IPL’s claim that Rock Island should participate in proper Regional Transmission Organization (“RTO”) planning procedures is misplaced. FERC specifically addressed this issue in Order No. 1000:

Although merchant transmission developers must provide information in the regional transmission planning process as discussed herein, to be clear, we emphasize that the transmission facilities proposed by a merchant transmission developer are not subject to the evaluation and selection processes that apply to transmission facilities for which regional cost allocation is sought, as a merchant transmission developer is not seeking to be selected in the regional transmission plan for purposes of cost allocation. However, nothing in this Final Rule prevents a merchant transmission developer from voluntarily participating in the regional transmission planning process...even if it is not seeking regional cost allocation for its proposed transmission project.²

² *Transmission Planning and Cost Allocation by Transmission Owning and Operating Utilities*, Order No. 1000, 136 FERC ¶ 61,051 (2010) at ¶ 165

As a merchant transmission developer, Rock Island is under no obligation to submit itself to the RTO evaluation and selection process. Merchant developers are required to provide sufficient data and project detail to the RTO to determine that the project meets reliability criteria pursuant to Section 215 of the Federal Power Act, and Rock Island has been and continues to provide the information required by PJM and MISO.

Rock Island is taking affirmative steps with the proper planning authorities. Rock Island has spent almost two years working to advance the technical aspects of the Project and has made progress in the interconnection process for the terminals at both ends of the line. At the eastern end of the Project, Rock Island has had a merchant transmission interconnection queue position pending with the regional transmission operator PJM for almost two years. Engineering studies are currently underway pursuant to this request. In addition, in an effort to expedite the study of the desired interconnection and have more fully developed cost estimates, Rock Island recently acquired three queue positions (S57, S58, and U3-026), which originate in June 2007 and October 2008. Feasibility and system impact studies for these newly acquired queue positions have been completed and facilities studies are underway.

At the western end of the Project, Rock Island began discussions with MISO in February of 2010 regarding necessary studies to ensure that electric reliability is maintained. Rock Island expects that the Project will be studied in the 2012 MISO Transmission Expansion Plan (“MTEP 2012”) under a “no harm study.” The Project is not in an interconnection queue within MISO because no such queue exists in MISO for a project of this nature; therefore, certain stages of the MISO planning process may not be applicable to this Project. Interconnection studies that have progressed within PJM will require coordination with MISO and these discussions will ultimately lead to the “no harm study.”

Any impact that Rock Island will impose on either the MISO or PJM regional system will be determined and the costs, if any, of ameliorating any negative impact will be assessed, in connection with the interconnection study processes and the execution of a interconnection service agreements.

III. CONCLUSION

For the reasons set forth above, the Commission should disregard the arguments of IPL set forth in its Intervention. Rock Island Clean Line LLC requests that the Commission grant its Application for Authorization to Sell Transmission Services at Negotiated Rates and for Related Relief.

Respectfully submitted,

/s/ Kathryn L. Patton

Kathryn L. Patton
Vice President and General Counsel
Clean Line Energy Partners LLC
1001 McKinney Street, Suite 700
Houston, TX 77002
832.319.6330
kpatton@cleanlineenergy.com

Stephen Angle
Damien R. Lyster
Vinson & Elkins LLP
2200 Pennsylvania Ave., NW
Suite 500 West
Washington, DC 20037
202.639.6565
sangle@velaw.com
dlyster@velaw.com

December 14, 2011

CERTIFICATE OF SERVICE

Pursuant to Rule 2010 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission, 18 C.F.R. § 385.2010 (2011), I hereby certify that I have this day served the foregoing documents upon each person designated on the official service list compiled by the Secretary of the Federal Energy Regulatory Commission in this proceeding.

Dated at Washington, D.C. this 14th day of December, 2011.

/s/ Damien R. Lyster
Damien R. Lyster