



January 13, 2020

Ryan Barlow
Acting Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: Comments of the Sierra Club
Docket No. E999/CI-19-704

Dear Mr. Barlow:

Attached are the Comments of the Sierra Club in the following matter:

An Investigation into Self-Commitment and Self-Scheduling of Large Baseload
Generation Facilities

The Commission issued a Notice of Comment Period on December 13, 2019 requesting parties file comments on certain topics. The Sierra Club responds to the issues identified by the Minnesota Public Utilities Commission (Commission). The Sierra Club is available to answer any questions that the Commission may have in response to our comments below.

Sincerely,

/s/ Laurie Williams
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Comments of the Sierra Club

Docket No. E999/CI-19-704

Sierra Club offers the following comments on each of the Topics Open for Comment identified in the Commission's December 13, 2019 Notice Of Comment Period.

- I. *Regarding the scope of this investigation, should there be any additions or clarifications to the direction given by the Commission in ordering paragraphs 8, 9, and 10 of the November 13, 2019 Order (AA-18-373)?*

Yes. Sierra Club requests the following clarifications or additions to ordering paragraphs 8 and 10.

Ordering paragraph 8 states:

8. Minnesota Power, Otter Tail, and Xcel shall submit an annual compliance filing analyzing the potential options for seasonal dispatch generally, and potential options and strategies for utilizing “economic” commitments for specific coal-fired generating plants. The utilities shall include a specific explanation of barriers or limitations to each of these potential options, including but not limited to technical limits of the units and contract requirements (shared ownership, steam offtake contracts, minimum fuel supply requirements, (shared ownership, steam offtake contracts, minimum fuel supply requirements, etc.) as relevant, on March 1, 2020, and each year thereafter.

In addition to the requirement that utilities “include a specific explanation of barriers or limitations to” the potential options for seasonal dispatch and economic commitment, Sierra Club recommends that utilities also be required to provide the potential action or actions they could take to address or mitigate each barrier identified. For example, if a utility were to identify that long-term fuel contracts are a barrier to economic dispatch, they should be required to identify possible solutions to that issue, such as assessment of long-term contracts before the Commission, assessing the fixed component of fuel cost as liquidated damages only, or ensuring that new minimum-take contracts do not require the Companies to burn coal in excess of economic conditions. This will assist the Commission and interested parties in assessing the feasibility of addressing the identified barriers and help develop a path forward, rather than placing the burden of doing so on intervenors/commenters.

Ordering paragraphs 9 and 10 state:

9. The Commission will open an investigation in a separate docket and require Minnesota Power, Otter Tail, and Xcel to report their future self-commitment and self-scheduling analyses using a consistent methodology by including fuel cost and variable O&M costs, matching the offer curve submitted to MISO energy markets.

10. In the investigation docket, Minnesota Power, Otter Tail, and Xcel shall provide stakeholders with the underlying data (work papers) used to complete their analyses, in a live Excel spread sheet, including, at a minimum, the data points listed below for each generating unit, with the understanding that this may include protected data.

Sierra Club requests that the Commission clarify the time period that the data provided by the utility will cover. Sierra Club recommends that the Commission clarify that the March 1, 2020 filing should include information covering the last 5 years of operation (January 1, 2015 to December 31, 2019). Shorter timeframes (such as those requested by the utilities) can make it difficult to assess the true economic impact of the utilities' scheduling practices, particularly in light of different energy market prices across years. For example, Sierra Club has found that low market price conditions in 2015-2017 exacerbated poor dispatch practice, while improved market prices in 2018 attenuated poor practice. At a minimum, utilities should provide three years' data; 18 months' data is insufficient to properly study this issue. In Missouri's recent investigation of dispatch practice (docket EW-2019-0370), the Public Service Commission required utilities to provide information from mid-2016 through mid-2019.

Sierra Club further requests that the Commission require the utilities to provide an annual breakdown of operations and maintenance costs allocated to variable O&M and fixed O&M - i.e., categorize the costs associated with each.

II. *Are there issues that should be addressed in this investigation in addition to those specified in the November 13, 2019 Order (AA-18-373)? What issues should be addressed in the annual March 1 seasonal dispatch / strategic economic commitment compliance filings?*

To the extent that utilities claim that either long-term fuel contracts or the steam requirements of large customers require the utilities to operate steam units out of merit order, the Commission should require utilities to provide information that would allow the Commission to assess whether these contracts are in the best interests of the utilities or cause cost shifting to retail customers.

III. *What is the appropriate timeline for comments and reply comments in this investigation?*

Sierra Club requests that the initial comment deadline be set for no sooner than June 1, 2020. An April 1, 2020 deadline, as proposed by the Department, would not offer sufficient time to review, analyze, and comment on the utilities' reports. Parties will also be resource-constrained during this timeframe as a result of Xcel's IRP filing on April 1. We believe that June 1 would provide adequate time to review the filings and offer meaningful comments.

IV. *Are there other issues or concerns related to this matter?*

No. Sierra Club appreciates the Commission's attention to this important issue, and appreciates the opportunity to offer these comments.

CERTIFICATE OF SERVICE

I, Laurie Williams, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

Sierra Club Comments

Docket No. E999/CI-19-704

Dated this 13th day of January 2020

/s/ Laurie Williams

Service List Member Information

Electronic Service Member(s)

Last Name	First Name	Email	Company Name	Delivery Method	View Trade Secret
Anderson	Christopher	canderson@allete.com	Minnesota Power	Electronic Service	No
Archer	Alison C	aarcher@misoenergy.org	MISO	Electronic Service	No
Barlow	Ryan	ryan.barlow@state.mn.us	Public Utilities Commission	Electronic Service	Yes
Commerce Attorneys	Generic Notice	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	Electronic Service	Yes
Ferguson	Sharon	sharon.ferguson@state.mn.us	Department of Commerce	Electronic Service	No
Gerhardson	Bruce	bgerhardson@otpc.com	Otter Tail Power Company	Electronic Service	No
Gleckner	Allen	gleckner@fresh-energy.org	Fresh Energy	Electronic Service	No
Larson	Douglas	dlarson@dakotaelectric.com	Dakota Electric Association	Electronic Service	No
Oehlerking Boes	Leann	lboes@mnpower.com	Minnesota Power	Electronic Service	No
Olson	Randy	rolson@dakotaelectric.com	Dakota Electric Association	Electronic Service	No
Residential Utilities Division	Generic Notice	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	Electronic Service	Yes
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Sweet	Lynnette	Regulatory.records@xcelenergy.com	Xcel Energy	Electronic Service	No
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Tulloh	Brian	btulloh@misoenergy.org	MISO	Electronic Service	No