

STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

In the Matter of Minnesota Power's
Application for Approval of its
2015-2029 Resource Plan

PUC Docket No. E015/RP-15-690

CLEAN ENERGY ORGANIZATIONS' COMMENTS

On Behalf Of

Fresh Energy

Minnesota Center for Environmental Advocacy

Sierra Club

Wind on the Wires

June 30, 2017

Comments of Clean Energy Organizations on Minnesota Power’s Request for Extension to File Its Next Resource Plan to Address Wind, Solar, and Gas Resource Package

The Clean Energy Organizations, consisting of Fresh Energy, Minnesota Center for Environmental Advocacy, Sierra Club, and Wind on the Wires, offer these comments in response to the Public Utilities Commission’s Notice Seeking Comment on Procedure and Schedule issued June 13, 2017. The Clean Energy Organizations urge the Commission to reject Minnesota Power’s (“the Company’s”) requested extension and proposed procedure. Instead, the Commission should consider Minnesota Power’s proposed construction of a natural gas combined cycle unit alongside other alternatives that may satisfy any identified need and Minnesota Power can, in the interim, proceed with compliance filings related to the wind and solar power purchase agreements (“PPAs”), as required by the Commission’s previous Order.

I. The Commission Should Reject Minnesota Power’s Extension Request and Retain the Current Filing Date of February 1, 2018 for Its Next Integrated Resource Plan.

Minnesota Power suggests that “[d]elaying the next IRP filing until after the outcome of this process will provide stakeholders and the Commission time to evaluate the *EnergyForward* Resource package fully.”¹ This reasoning presupposes that resource additions must be preapproved before filing a resource plan, when in fact the opposite is true. The size, type, and timing of any resource additions should not be predetermined before an IRP is filed; rather, the IRP process must include a full evaluation of resource alternatives capable of meeting Minnesota Power’s specific need, and determine the size, type, and timing of any proposed additions. The upcoming resource plan is the proper forum to consider the size, type, and timing of the resources that could replace Minnesota Power’s current and future retiring units. Here, the wind and solar additions were already ordered in the last resource plan while the proposed natural gas unit was not. Delaying the filing date frustrates, rather than effectuates, the addition of already approved wind and solar resources, and undermines the Commission’s ability to fully evaluate any need for, or alternatives to, gas resources.

With respect to the natural gas unit, Minnesota Power asserts that it was “directed” by the Commission’s Order in its last resource plan to “pursue an RFP to investigate the possible procurement of combined-cycle natural gas generation to meet its energy and capacity needs in the absence of Boswell 1 and 2 and Taconite Harbor Units 1 and 2.”² This misstates the Commission’s Order and mischaracterizes the context in which the Commission’s order point was made. First, the order point referenced by Minnesota Power does not *direct* Minnesota Power to pursue an RFP, but rather stated that Minnesota Power *may* pursue such action, “with

¹ *Request of Minnesota Power for an Extension to File Its Next Integrated Resource Plan to Address Wind, Solar, and Gas Resource Package*, 3, Docket No. E015/RP-15-690 (June 8, 2017) [Hereinafter “June 8 Letter”].

² *Id.* at 1, n. 1.

no presumption that any or all of the generation identified in that bidding process will be approved by the Commission.”³ Second, the context for this order point was that Minnesota Power had prematurely issued an RFP for a natural gas plant before the Commission had an opportunity to consider the need for the plant or any alternatives.⁴ Parties objecting to this process, including the Clean Energy Organizations, asked the Commission to order Minnesota Power to rescind the RFP. The Commission declined to do so, but made it clear that it was not endorsing such a path.

Instead, the Commission made clear that Minnesota Power was required to consider a full suite of resource options in its next resource plan to meet any new energy and/or capacity needs. The next order point states, in its entirety, that “Minnesota Power’s next resource plan shall include a full analysis of alternatives, including renewables, energy efficiency, distributed generation, and demand response, for providing energy and capacity sufficient to meet its needs.”⁵ Parties have therefore been expecting to analyze resource options to replace Minnesota Power’s retiring coal units in the next resource plan, and such a proceeding is the proper venue to do so.

Lastly, the Commission carefully considers the scheduling of utility resource plans in order to stagger them and avoid overloading staff and stakeholders with concurrent resource plans. As the Commission is well aware, February 1, 2019 is the current filing deadline for Xcel Energy’s next resource plan. A delay of Minnesota Power’s resource plan by one year would create simultaneous filings by two of the three investor-owned utilities in Minnesota. Any delay would create a ripple effect impacting multiple resource plan deadlines for multiple utilities, and would unnecessarily impair the ability of the Commission, the Department of Commerce, stakeholders, and the public to fully evaluate those plans. This result is unwarranted by Minnesota Power’s situation and should be avoided unless absolutely necessary.

II. A Contested Case as Suggested by Minnesota Power is Neither Reasonable Nor Necessary.

A contested case as suggested by Minnesota Power is neither reasonable nor necessary. Minnesota Power states that it “will make a regulatory filing seeking required approvals of [its] package during the summer.”⁶ Minnesota Power proposes to request a contested case to analyze its proposed wind PPA, its proposed solar PPA, and its proposed partial ownership of a NGCC plant in Superior, Wisconsin.⁷ But a contested case is not required for approval of the wind and solar PPAs, and it is not clear that a contested case stemming from an affiliate approval filing is the proper procedure to consider the proposed NGCC unit.

³ *Order Approving Resource Plan with Modifications*, 15, Order Point 7, Docket No. E015/RP-15-690 (July 18, 2016) [Hereinafter “2015 Resource Plan Order”].

⁴ *Id.* at 8–9.

⁵ *Id.* at 15, Order Point 8.

⁶ June 8 Letter at 1.

⁷ *Id.* at 3.

Resource planning is specifically designed to consider which alternatives can meet identified energy and capacity needs, are in the public interest, and control costs. In contrast, a filing to approve the creation of an affiliate does not contain the same statutory or regulatory guidelines within which the Commission must consider these choices. Affiliate creation is governed by Minn. Stat. § 216B.48, subd. 3. This subdivision states that the Commission “shall approve the contract . . . only if it clearly appears and is established upon investigation that it is reasonable and consistent with the public interest.” In contrast to the resource planning statute, there is no guidance specifically prescribing: required considerations as part of the public interest determination, consideration of environmental costs, preference for renewable resources, parameters relative to meeting new energy demands with renewable resources, requirements related to forecasting, and consideration of long-range emission reduction planning, among others.⁸ Instead, the investigation related to approval of an affiliate focuses entirely on the cost to the affiliated interest of rendering services to the public utility.⁹ In addition to the risk of a narrow analysis resulting in harm to the public interest, analyzing a proposed resource addition under this statutory framework would hamper the Clean Energy Organizations’ ability to advocate for our organizations’ public interest missions.

In addition to the statutory protections, the Commission’s Order in Minnesota Power’s last resource plan contained direction to the utility regarding alternatives that must be considered alongside any proposed new resource additions.¹⁰ If the Commission were to order Minnesota Power to incorporate the statutory requirements in section 216B.2422 and the considerations from the last resource plan Order into a contested case proceeding for its affiliate approval—essentially combining the next IRP and affiliate approval into a contested case—the Clean Energy Organizations would not be opposed to a contested case as the chosen procedure. We strongly oppose, however, considering the proposed natural gas plant only through the affiliate-approval process and, as discussed below, including the wind and solar additions in any contested case.

III. The Wind, Solar, and Natural Gas Proposals Should Be Considered Separately.

Regardless of whether the need for a gas plant is considered through an IRP or through a contested case, there is no need to package the wind and solar PPAs with the proposed gas plant for consideration by the Commission. The wind and solar resources were modeled and analyzed in Minnesota Power’s last resource plan. The Commission has already made a decision that these resources are in the public interest and compliment Minnesota Power’s system without compromising reliability. Minnesota Power’s statement to the contrary in its press release is unfounded. Minnesota Power asserted in its press release that “[n]atural gas is an essential component of the resource package to be filed with regulators. Without this plant, Minnesota Power would be reliant on fluctuating wholesale market prices when sun and wind resources

⁸ See Minn. Stat. § 216B.2422, subsd. 2, 2a, 2c, 3, and 4.

⁹ Minn. Stat. § 216B.48, subd. 3.

¹⁰ See, e.g., 2015 Resource Plan Order at 15, Order Points 8, 13, 14.

aren't available, increasing overall costs in the long run."¹¹ This misleading statement undermines the resource planning process that occurred and the Commission's Order culminating that process, and it does not have a basis in any record before the Commission.

The Commission specifically ordered Minnesota Power to "acquire solar units of 11 MW by 2016, 12 MW by 2020, and 10 MW by 2025 to meet its SES obligations."¹² Minnesota Power did not assert that this could not be accomplished on its system absent a 250 MW NGCC unit, nor did any modeling suggest that this addition would require undue reliance on the wholesale market. The Commission also ordered Minnesota Power to "initiate a competitive-bidding process to procure 100-300 MW of installed wind capacity" by the end of 2017.¹³ Both the proposed solar and the proposed wind components of Minnesota Power's "package" generally meet these parameters. The slight variations from what was ordered could be addressed and approved by the Commission, as necessary, through a compliance filing. There is no need for a lengthy, resource-intensive contested case to approve these resources that were already thoroughly vetted in Minnesota Power's last resource plan.

IV. Conclusion

Although the Clean Energy Organizations appreciate the renewable energy additions proposed by Minnesota Power in compliance with the last resource plan, we disagree with the requested extension for filing its next resource plan and disagree that a contested case as proposed by Minnesota Power is reasonable or necessary.

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Respectfully submitted,

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¹¹ June 8 Letter at 6 (attached press release dated June 7, 2017).

¹² 2015 Resource Plan Order at 15, Order Point 10.

¹³ *Id.* at Order Point 9.