

To: Daniel P. Wolf, Executive Secretary
Minnesota Public Utilities Commission
121 7th PI E #350, St Paul, MN 55101

November 21, 2017

Public Comment regarding:

Docket E999/M-17-377 Minnesota Biennial Transmission Project Report

Docket E002/M-17-776 Xcel's 2017 Biennial Grid Modernization Report

Docket 002/M-17-777 Xcel's Distribution System Hosting Capacity Report

Dear Mr. Wolf,

Communities United for Responsible Energy (CURE) has participated in the Commission's energy planning dockets since the mid 1990s. We were involved in legislation and Commission rulemaking for the Transmission planning report. I sat on the committee, and on the rulemaking public participation subcommittee that helped to design the public participation requirements to address the context and spirit of the statutory requirement under 216B.2425 subd. 2C.4.

This participation was the direct outcome of having our communities in Goodhue County targeted for the nation's first offsite Independent Spent Fuel Storage Installation (ISFSI) for waste from Prairie Island (1995-97). Along with the rest of Minnesota, we have been seeking ways ever since to become more responsible and more directly involved in our own energy needs as communities and as a state.

We have been involved in multiple transmission, certification (CON) and integrated resource planning proceedings. We have consistently advocated for community based energy initiatives; public stakeholder participation in planning, need and permitting proceedings; distribution system access for regional and local renewable energy projects; and the consideration of all DER as resources in least-cost renewable portfolios. We have attended a very large number of committee meetings, hearings, public meetings, and PUC proceedings over the last 20 years.

This initial comment is principally directed to the question of completeness of the Biennial Transmission Projects Report in the Commissions November 9, 2017 Notice of Comment Period, cited as follows:

- "Is the Biennial Transmission Projects Report (Report) complete (that is, does it contain the required information as set out in MN Rule 7848.1300)?"
- Are there questions or concerns regarding the representations made in the Report?
- Are there other issues or concerns related to this matter?

...Beginning with the 2015 Biennial Transmission Projects Report, Xcel Energy is required to file a biennial Grid Modernization Report and a Hosting Capacity Report. The Commission will solicit comments on Xcel's Distribution Grid Modernization Report and Hosting Capacity Report in two separate dockets; No. E002/M-17-776 and E002/M-17-777, respectively."

Public Meeting Requirements:

From our initial participation in legislation and rulemaking, I have followed the implementation of the biennial Transmission Report and its public participation requirements throughout its full 15 years. A number of us participated in the meetings, and commented both appreciatively and critically on the process in PPSA hearings and other contexts.

The devolution of the public participation requirements appear to have met their nadir in the 2017 plan where the Commission, at the continued advocacy of the MTO's for abbreviation of the requirements , no longer even requires webinars. The MTOs direct interested members of the public and other stakeholders to the MISO meetings and proceedings for information on opportunity for involvement. This is a major threshold for even the most intrepid of system planning followers. Removing participation to the MISO footprint level serves neither the purposes nor the opportunities of State Transmission and Distribution Planning.

http://www.minnelectrans.com/documents/2017_Biennial_Report/html/Ch_4_Public_Participation.htm

The summary purpose of this comment is:

- To trace the devolution of the public participation requirement and to assert that the report is incomplete, and the planning process undermined by this devolution;
- To appreciate the enormous progress made in the last 15 years;
- To establish that the State Transmission and Distribution Plan requirements of statute and the implementation of state policy – as it has evolved toward grid modernization, renewables and opportunity for DG – is incomplete and cannot fulfill its promise and purpose without a vital, well designed public meeting process
- Finally we assert that the requirements that have been added since 2001, reflecting these policy and planning goals – specifically the Distribution Modernization Report and Distribution System Hosting Capacity Report under **216B.2425** -- need to be reintegrated into a statewide integrated transmission and distribution planning process in order to facilitate access and the active involvement and investment of all stakeholders. A parallel process to the resource IRP.

Our purpose: Our interest is not in trying to get the MTO's to conform to the specific rules, but to suggest that due to the multiple goals and opportunities during this time of transformation of grid modernization and expanding participation in grid resources (DER, conservation, solar etc) the commission must provide a platform for development of a participation plan -- that would serve the purposes of the statute, rule, and the Commission's own orders (chart below).

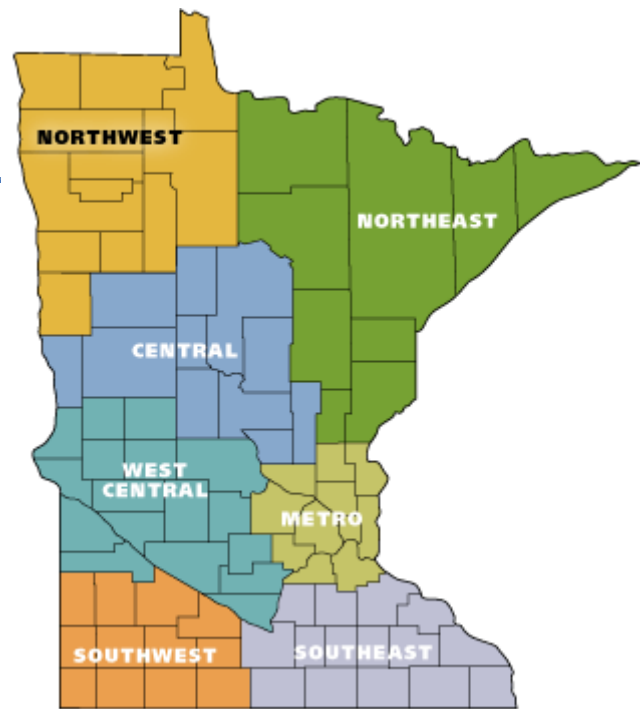
216B.2425 - STATE TRANSMISSION AND DISTRIBUTION PLAN. In 2017 we are in a very different situation, with grid modernization and participation in energy development projects across the state. The process not only needs, but requires coordination at the sub-regional state level. Most stakeholders agree that to accomplish policy goals, we need to invest in grid modernization to facilitate a two-way exchange and the participation of a whole new set of investors, from top down and bottom up. We are moving from regionalization to relocalization, to encompass economic, social and environmental energy, security challenges and opportunities, including microgrids, and green jobs.

Recommendation: Redesign Zonal Public Meetings: This is a time to redesign and to realign zonal public meetings with initiatives around the state. This opportunity is significantly enhanced by the alignment of the MTO zonal planning map with the state’s Clean Energy Resource Team’s statewide organizing zones. The pending Hosting Capacity Study and Distribution Grid Modernization have everything to do with facilitating statewide development and benefits.

MTO ZONE MAP



CERTS ZONE MAP



For explanation of CERTS regions: <https://www.cleanenergyresourceteams.org/regions>

As this is only the first round of comments, I will briefly track the zonal meeting requirement history, with the primary goal of filling in an important missing piece of this history – which is the 2006 stakeholder meeting held in the Birch Room, which marks the downward spiral of the requirement.

I hope that other stakeholders might join in this conversation. And that the Commission will consider the importance of integrating its transmission and distribution planning dockets so that they are more easily accessible to public, stakeholder, community, and others investing and participating in resource planning and grid modernization.

Most sincerely yours,

Kristen Eide-Tollefson for CURE Communities United for Responsible Energy
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Incomplete representation of public process history:

The 2009 Transmission report tells the MTO's story of how this devolution proceeded:

4.1 Opportunities for Public Input

http://www.minnelectrans.com/documents/2009_Biennial_Report/html/Ch_4_Public_Participation.htm

Annual Zonal Meetings

The Public Utilities Commission has established certain procedures that utilities must follow to advise local governmental officials and the general public about planning activities and possible new high voltage transmission lines. These procedures involve the holding of a public meeting in each Transmission Planning Zone at least once per year. Minn. Rules part 7848.0900. The utilities must announce the public meetings by mailing notice to certain local and state and tribal officials and to certain individuals and by publishing notice in local and statewide newspapers. Minn. Rules part 7848.1000. The utilities are also required to prepare a summary of each planning meeting that is held. Minn. Rules part 7848.1100.

The utilities did hold transmission planning meetings in each of the six transmission planning zones in the state every year from 2004 to 2007. Summaries of these meetings were provided in the biennial reports that were submitted. It is generally agreed that these public meetings were not well attended by local officials or the general public. As part of its decision accepting the 2007 Biennial Report, the Public Utilities Commission granted the utilities a variance from the requirement in the rules to hold annual public meetings in each transmission planning zone in the biennial period 2008-2009.

The Commission directed its staff to solicit ideas on how to better involve the public in transmission planning. On June 12, 2008, the Commission issued a Notice of Comment Period and announced that it would accept comments on how the PUC rules might be changed to enhance public participation. Only a few comments were submitted and no specific procedures have been developed as a result of the notice and comment exercise for involving the public in transmission planning

Despite producing the most accessible and informing of the state transmission reports, (2005) and the most well designed zonal meetings (2006), after the first round 1/2 of meetings, the MTO's were already advocating changes to the requirements:

To be clear, the utilities are not suggesting that public meetings be abolished or that the public not be afforded an opportunity to become informed and participate; we are suggesting that the present system is not working to encourage the public to participate, and new mechanisms must be tried. The utilities suggest that as part of the process of reviewing this Transmission Projects Report, the Commission solicit ideas from interested parties on how the system might be improved.

http://www.minnelectrans.com/documents/2005_Biennial_Report/2005_Minnesota_Biennial_Report.pdf

2006 Meeting with Commission Staff: Though not included in the 2009 summary above, such a meeting was held by PUC Staff in the Birch Room of the Commission's offices in 2006, following the MTO's request. I was there. Stakeholders representing a variety of interests packed the room. The interest

was generated in part by the recent CBED legislation and pending initiatives that would culminate in the 2007 Next Generation Act, the first Dispersed Generation Study, and the (legislatively mandated) statewide “Local Energy Initiatives” meetings, as documented on the Clean Energy Resource Teams website: <https://www.cleanenergyresourceteams.org/events/special/local-energy-initiatives>

It was perhaps the most disappointing of meetings. As the stakeholders gathered and offered support and assistance to the MTOs for planning, advertising and hosting their meetings, there was only one agenda on the table. The MTO’s attorney was there to make sure the public zonal meetings were not going to be required going forward. The context for this agenda was CAP-X. One of the purposes of the zonal meetings was to gather information about alternative strategies for fulfilling transmission needs. But with the passage of 2005 legislation, and from the perspective of the momentum behind the MTO’s CAP-X initiative, the meetings were counter-productive. Immediately after this meeting, the MTO’s meeting strategy was shifted to the CAP-X public open houses in 2007.

Ongoing positive outcomes include the alignment of state transmission planning track numbers with MISO, and the continued updating of the MTO’s excellent website. The Commission orders track the evolution of planning and policy goals for transmission and distribution. Statutes cited are included below.

Biennial Report	PUC Docket Number	PUC Order
2017	E999/M-17-377	
2015	E999/M-15-439	May 27, 2016, Errata June 7, 2016
2013	E999/M-13-402	May 12, 2014
2011	E999/M-11-445	May 18, 2012
2009	E999/M-09-602	May 28, 2010
2007	E999/M-07-1028	May 30, 2008
2005	E999/TL-05-1739	May 31, 2006
2003	E999/TL-03-1752	June 24, 2004
2001	E999/TL-01-961	August 29, 2002

RENEWABLE ENERGY INITIATIVES

- 216B.2421 DEFINITION OF LARGE ENERGY FACILITY.
- 216B.2422 RESOURCE PLANNING; RENEWABLE ENERGY.
- 216B.2423 WIND POWER MANDATE.
- 216B.2424 BIOMASS POWER MANDATE.
- 216B.2425 STATE TRANSMISSION AND DISTRIBUTION PLAN.
- 216B.2426 **OPPORTUNITIES FOR DISTRIBUTED GENERATION.**

216B.2425 STATE TRANSMISSION AND DISTRIBUTION PLAN.

Subdivision 1.List.

The commission shall maintain a list of certified high-voltage transmission line projects.

Subd. 2.List development; transmission projects report.

(a) By November 1 of each odd-numbered year, a transmission projects report must be submitted to the commission by each utility, organization, or company that:

(1) is a public utility, a municipal utility, a cooperative electric association, the generation and transmission organization that serves each utility or association, or a transmission company; and

(2) owns or operates electric transmission lines in Minnesota, except a company or organization that owns a transmission line that serves a single customer or interconnects a single generating facility.

(b) The report may be submitted jointly or individually to the commission.

(c) The report must:

(1) list specific present and reasonably foreseeable future inadequacies in the transmission system in Minnesota;

(2) identify alternative means of addressing each inadequacy listed;

(3) identify general economic, environmental, and social issues associated with each alternative; and

(4) provide a summary of public input related to the list of inadequacies and the role of local government officials and other interested persons in assisting to develop the list and analyze alternatives.

(d) To meet the requirements of this subdivision, reporting parties may rely on available information and analysis developed by a regional transmission organization or any subgroup of a regional transmission organization and may develop and include additional information as necessary.

(e) In addition to providing the information required under this subdivision, a utility operating under a multiyear rate plan approved by the commission under section 216B.16, subdivision 19, shall identify in its report investments that it considers necessary to modernize the transmission and distribution system by enhancing reliability, improving security against cyber and physical threats, and by increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

Subd. 3.Commission approval.

By June 1 of each even-numbered year, the commission shall adopt a state transmission project list and shall certify, certify as modified, or deny certification of the transmission and

distribution projects proposed under subdivision 2. The commission may only certify a project that is a high-voltage transmission line as defined in section 216B.2421, subdivision 2, that the commission finds is:

(1) necessary to maintain or enhance the reliability of electric service to Minnesota consumers;

(2) needed, applying the criteria in section 216B.243, subdivision 3; and

(3) in the public interest, taking into account electric energy system needs and economic, environmental, and social interests affected by the project.

Subd. 4. List; effect.

Certification of a project as a priority electric transmission project satisfies section 216B.243. A certified project on which construction has not begun more than six years after being placed on the list, must be reapproved by the commission.

Subd. 5. Transmission inventory.

The Department of Commerce shall create, maintain, and update annually an inventory of transmission lines in the state.

Subd. 6. Exclusion.

This section does not apply to any transmission line proposal that has been approved by, or was pending before, a local unit of government, the Environmental Quality Board, or the Public Utilities Commission on August 1, 2001.

Subd. 7. Transmission needed to support renewable resources.

(a) Each entity subject to this section shall determine necessary transmission upgrades to support development of renewable energy resources required to meet objectives under section 216B.1691 and shall include those upgrades in its report under subdivision 2.

(b) MS 2008 [Expired]

Subd. 8. Distribution study for distributed generation.

Each entity subject to this section that is operating under a multiyear rate plan approved under section 216B.16, subdivision 19, shall conduct a distribution study to identify interconnection points on its distribution system for small-scale distributed generation resources and shall identify necessary distribution upgrades to support the continued development of distributed generation resources, and shall include the study in its report required under subdivision 2.

History:

2001 c 212 art 7 s 30; 2002 c 379 art 1 s 56; 1Sp2003 c 11 art 2 s 8; 2005 c 97 art 1 s 7; art 2 s 3,7; 2011 c 97 s 22; 1Sp2015 c 1 art 3 s 22

216B.2426 OPPORTUNITIES FOR DISTRIBUTED GENERATION.

The commission shall ensure that opportunities for the installation of distributed generation, as that term is defined in section 216B.169, subdivision 1, paragraph (c), are considered in any proceeding under section 216B.2422, 216B.2425, or 216B.243.

History:

2005 c 97 art 8 s 1

216B.16 RATE CHANGE; PROCEDURE; HEARING.

Subd. 7b. Transmission cost adjustment.

(a) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:

(1) new transmission facilities that have been separately filed and reviewed and approved by the commission under section 216B.243 or new transmission or distribution facilities that are certified as a priority project or deemed to be a priority transmission project under section 216B.2425;

(2) new transmission facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, to the extent approval is required by the laws of that state, and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system; and

(3) charges incurred by a utility under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system.

(b) Upon filing by a public utility or utilities providing transmission service, the commission may approve, reject, or modify, after notice and comment, a tariff that:

(1) allows the utility to recover on a timely basis the costs net of revenues of facilities approved under section 216B.243 or certified or deemed to be certified under section 216B.2425 or exempt from the requirements of section 216B.243;

(2) allows the utility to recover charges incurred under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system. These charges must be reduced or offset by revenues received by the utility and by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset;

(3) allows the utility to recover on a timely basis the costs net of revenues of facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system;

(4) allows the utility to recover costs associated with distribution planning required under section 216B.2425;

(5) allows the utility to recover costs associated with investments in distribution facilities to modernize the utility's grid that have been certified by the commission under section 216B.2425;

(6) allows a return on investment at the level approved in the utility's last general rate case, unless a different return is found to be consistent with the public interest;

(7) provides a current return on construction work in progress, provided that recovery from Minnesota retail customers for the allowance for funds used during construction is not sought through any other mechanism;

(8) allows for recovery of other expenses if shown to promote a least-cost project option or is otherwise in the public interest;

(9) allocates project costs appropriately between wholesale and retail customers;

(10) provides a mechanism for recovery above cost, if necessary to improve the overall economics of the project or projects or is otherwise in the public interest; and

(11) terminates recovery once costs have been fully recovered or have otherwise been reflected in the utility's general rates.

(c) A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved in paragraph (b). In its filing, the public utility shall provide:

(1) a description of and context for the facilities included for recovery;

(2) a schedule for implementation of applicable projects;

(3) the utility's costs for these projects;

(4) a description of the utility's efforts to ensure the lowest costs to ratepayers for the project; and

(5) calculations to establish that the rate adjustment is consistent with the terms of the tariff established in paragraph (b).

(d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in paragraph (b), the commission shall approve the annual rate adjustments provided that, after notice and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest feasible and prudent cost to ratepayers.