

The Commission met on **Thursday, February 4, 2016**, with Chair Heydinger and Commissioners Lange, Lipschultz, Schuerger, and Tuma present.

The following matters were taken up by the Commission:

ENERGY AGENDA

G-008/M-15-912

In the Matter of the Petition of CenterPoint Energy for Approval of an Extension of Rule Variances to Minnesota Rules to Recover the Costs of Certain Natural Gas Financial Instruments Through the Purchased Gas Adjustment Clause

Commissioner Lipschultz moved to take the following actions:

1. Find that CenterPoint's variance extension request complies with the requirements set forth in Minnesota Rules 7825.3200;
2. Extend the variance to Minnesota Rules parts 7825.2400, 7825.2500, and 7825.2700 for a four-year period ending June 30, 2020, for the reasons set forth in the Department's analysis;
3. Allow the variance to apply to all Commission-approved financial positions that CenterPoint enters into through June 30, 2020;
4. Require an annual limit on hedging volumes of 26 Bcf;
5. Require an overall limit on hedging volumes of 65 Bcf;
6. Allow multi-year hedging contracts of up to 60 months in duration with annual limits on volumes for years beyond 2020–21 of 13 Bcf;
7. Require an annual limit on net option premiums of \$6.5 million, excluding premiums or reservation fees paid for daily call gas;
8. Not allow recovery of interest costs thru the PGA;
9. Continue to allow CenterPoint to engage in put options in combination with call options to form a collar, but deny the Company's use of put options for any other reasons without specific Commission approval;
10. Require CenterPoint to report data and follow the reporting requirements as detailed in Section II of CenterPoint's Petition;
11. Require CenterPoint to include, in future variance requests, a ratepayer benefit analysis similar to what the Company provided in its response to informal Department discovery in this docket;

12. Require CenterPoint to file, as compliance in this docket, a copy of its hedging plan each year once the plan has been approved for use by Company management; and
13. Require CenterPoint to provide, on an annual basis, any and all input data, output data, and results associated with any statistical analyses (e.g., Monte Carlo simulation) used in the determination of its annual hedging strategy and risk analyses.

The motion passed 5–0.

G-008/M-15-644

In the Matter of CenterPoint Energy’s Request for Changes in Demand Units

Commissioner Lipschultz moved to take the following actions:

1. Approve CenterPoint’s proposed level of demand entitlements as amended by its October 30, 2015 and November 30, 2015 Supplemental Filings effective November 1, 2015; and
2. Approve the design-day level proposed by CenterPoint.
3. Require CenterPoint to allocate
 - a. all of the Northern Natural Gas FDD fixed storage costs associated with the annual capacity (amount) of gas that can be stored to commodity costs; and
 - b. all of the Northern Natural Gas FDD fixed storage costs associated with the maximum daily quantity that can be withdrawn (peak day deliverability) like supplier reservation fees, with 75% allocated to demand costs (assigned to firm customers only) and 25% allocated to commodity costs (assigned to firm and interruptible customers).
4. Require CenterPoint to
 - a. treat 50% of the BP fixed storage costs as associated with annual capacity and allocate that amount to commodity costs; and
 - b. treat 50% of the BP fixed storage costs as associated with MDQ and allocate that amount 75% to demand costs and 25% to commodity costs.

The motion passed 5–0.

G-002/M-15-727

In the Matter of a Petition by Northern States Power Company (Xcel) for Approval of Changes in Contract Demand Entitlements

Commissioner Lipschultz moved to take the following actions:

1. Approve Xcel's proposed level of demand entitlements as amended by its October 30, 2015 Supplemental Filing; and
2. Allow Xcel to recover associated demand costs through the monthly Purchased Gas Adjustment effective November 1, 2015.

The motion passed 5–0.

IP-6941/GS-14-1052

In the Matter of the Application of Marshall Solar, LLC for a Site Permit for the Marshall Solar Energy Project and Associated Facilities in Lyon County

Commissioner Lipschultz moved to extend the time limit for deciding this case under Minn. Stat. § 216E.04, subd. 7, and ask the parties and participants in this proceeding to submit legal briefs by February 18, 2016, addressing the following issues:

1. Should Minn. R. 7850.4400, subp. 4, including the consideration of feasible and prudent alternatives, be limited to the Applicant and its proposal to connect to the Lyon County substation?
2. What is the range of feasible and prudent alternatives that must be evaluated, and what legal standard(s) should be applied to the evaluation?
3. Does Marshall Solar have the burden to demonstrate that other responses to Xcel's Solar Request for Proposals are not feasible and prudent alternatives to this Project?
4. If it does not, must the Commission take the other Request for Proposal responses into account?
5. How should the rule be applied in light of the statement made in the Commission's March 24, 2015 Order Approving Solar Portfolio that

[T]he Commission clarifies that neither its approval of the PPAs [power purchase agreements] nor the finding that the projects are exempted from the certificate-of-need requirements relieves the project developers of their obligation to obtain the necessary permits, approvals, or other required authorizations from the Commission or other governmental units. A large electric generating plant with a capacity greater than 50 MW must obtain a site permit from the Commission under Minnesota Statutes Chapter 216E.¹

¹ *In the Matter of Xcel Energy's Petition for Approval of a Solar Portfolio to Meet Initial Solar Energy Standard*, Docket No. E-002/M-14-162, Order Approving Solar Portfolio at p. 9, (March 24, 2015).

6. In considering a variance, what significance, if any, is there that the rule was promulgated prior to development of large renewable generation, including solar generation facilities, and the enactment of the renewable energy standards?
7. Is variance of the rule appropriate if the Department of Agriculture finds that the Agricultural Impact Mitigation Plan will sufficiently protect the affected prime farmland and is consistent with applicable statutes?
8. What is the statutory basis for the prime farmland rule? In addressing this question, the parties are not limited to addressing the questions listed above, but should make their best legal argument for their position as to whether there is a reasonable and prudent alternative in this case, and to provide the legal basis for that position.

The motion passed 5–0.

There being no further business, the meeting was concluded.

APPROVED BY THE COMMISSION: March 23, 2016



Daniel P. Wolf, Executive Secretary