

April 1, 2020

Will Seuffert, Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, MN 55101

**RE: CENTER FOR ENERGY AND ENVIRONMENT’S COMMENTS IN THE MATTER OF PETITION OF NORTHERN STATES POWER COMPANY FOR APPROVAL OF A PLAN TO OFFER GENERATING RESOURCES INTO THE MISO MARKET ON A SEASONAL BASIS**  
**DOCKET No. E002/M-19-809**

Dear Mr. Seuffert:

Center for Energy and Environment (“CEE”) appreciates the opportunity to provide Comments in response to the Minnesota Public Utilities Commission’s (“Commission”) January 10, 2020 Notice of Comment in the Matter of the December 20, 2019 Petition of Northern States Power Company (“Xcel Energy”) for Approval of a Plan to Offer Generating Resources into the MISO Market on a Seasonal Basis (“Petition”).

In the Petition, Xcel Energy proposed to suspend normal operations at the Allen S. King Generating Station (“King”) during the non-peak seasons as soon as March 2020 and to suspend normal operations for Unit 2 of the Sherburne County Generating Station (“Sherco 2”) during the non-peak seasons beginning in September 2020. During these seasonal suspension periods, the company would operate the facilities only if required for reliability.<sup>1</sup> Additionally, the company requests the opportunity to true-up 2020 fuel costs that differ from their currently approved 2020 fuel forecast in Docket No. E002/AA-19-293 to reflect the changes in operations.<sup>2</sup> In the Petition, the company commits to providing additional analysis of the impacts of the changes in operation on an annual basis so that the company’s unit commitment plan can be evaluated and, if needed, modified to ensure that it upholds the public interest.

Operating King and Sherco 2 on a seasonal basis is expected to reduce Xcel Energy’s overall carbon dioxide emissions as well as criteria pollutant emissions. It is also expected to result in lower costs passed on to customers from reduced operations and maintenance costs and capital expenditures. The company states in the Petition that the proposed changes in operations for King and Sherco 2 will not result in a reduction of employees.

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<sup>1</sup> Page 1 of the Petition

<sup>2</sup> Page 2 of the Petition

CEE commends Xcel Energy for proposing to operate King and Sherco 2 on a seasonal basis going forward and we recommend that the Commission approve the company's Petition and allow Xcel Energy to begin operating those power plants on a seasonal basis as soon as feasible. CEE views this Petition as an innovative effort by Xcel Energy to make operational adjustments to optimize the company's changing energy mix. We believe these types of utility efforts will be increasingly important to support Minnesota's transition to a cleaner energy supply.

We recognize that this Petition presents some uncertainty. To our knowledge, this is the first time a Minnesota electric utility will operate a baseload, coal-fired power plant on a seasonal basis. We appreciate Xcel Energy's commitment to provide ongoing analysis on an annual basis on the impacts of these changes to operations so that the Commission can ensure that the new unit commitment plan is aligned with the public interest. We hope that this additional analysis will also provide insights and lessons that may be useful for other electric utilities as they explore opportunities to operate their own fleets to optimize a changing generation mix as well. We request that included as a part of that analysis, Xcel Energy quantify and provide discussion of how seasonal operation of King and Sherco 2 affects the company's marginal energy costs. We expect that seasonal operation of King and Sherco 2 will provide greater downward flexibility for the company's operating thermal resources, placing them on the margin in more hours of the year than otherwise. This could affect the company's marginal energy costs and, thus, the company's avoided marginal energy costs for energy efficiency and other distributed energy resources.

CEE believes that Xcel Energy's request to true-up their currently approved 2020 fuel forecast in their March 1, 2021 fuel forecast true-up report is reasonable. We believe that as long as the Commission determines that the company has acted prudently to manage costs, the Commission should allow Xcel Energy to recover additional fuel costs associated with the seasonal operation of King and Sherco 2. Similarly, we believe that if these changes in operations result in reducing the expected fuel costs for 2020, Xcel Energy's customers should receive the benefit of that reduction through a true-up adjustment.

#### Center for Energy and Environment's Recommendations

In conclusion, CEE recommends that the Commission:

1. Approve Xcel Energy's Petition and allow the company to begin seasonal operations at King and Sherco 2 as soon as is feasible;
2. Allow the company to restart the units if necessary for reliability reasons or other critical reasons;
3. Require the company to provide an analysis of the impacts of these changes to operations, including quantifying and providing discussion of how seasonal operation of King and Sherco 2 affects the company's marginal energy costs, on an annual basis; and
4. Allow Xcel Energy to true-up its 2020 fuel costs as a part of its March 1, 2021 fuel forecast true-up report.

CEE appreciates the opportunity to provide input on this docket and thanks the Commission for its consideration of our remarks. Please contact me at [apartridge@mncee.org](mailto:apartridge@mncee.org) with any questions.

Sincerely,

/s/

Audrey Partridge  
Regulatory Policy Manager

**AFFIDAVIT OF SERVICE**

**DOCKET NO. E002/M-19-809**

I, Audrey Partridge, herby certify that on this 1<sup>st</sup> day of April 2020, I served *Center for Energy and Environment's Comments in the Matter of the Petition of Northern States Power Company for Approval of a Plan to Offer Generating Resources into the MISO Market on a Seasonal Basis* in Docket No. E002/M-19-809 on the following persons on the attached Service Lists by:

XX placing such filing in envelopes, properly addressed, and depositing the same in the Post Office at the City of Minneapolis, for delivery by the United States Post Office as directed by said envelopes.

XX electronic filing

/s/ Audrey Partridge  
Audrey Partridge

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Aafedt	daafedt@winthrop.com	Winthrop & Weinstine, P.A.	Suite 3500, 225 South Sixth Street  Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_19-809_Official List
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022191	Electronic Service	No	OFF_SL_19-809_Official List
Alison C	Archer	aarcher@misoenergy.org	MISO	2985 Ames Crossing Rd  Eagan, MN 55121	Electronic Service	No	OFF_SL_19-809_Official List
Mara	Ascheman	mara.k.ascheman@xcelenergy.com	Xcel Energy	414 Nicollet Mall Fl 5  Minneapolis, MN 55401	Electronic Service	No	OFF_SL_19-809_Official List
Gail	Baranko	gail.baranko@xcelenergy.com	Xcel Energy	414 Nicollet Mall 7th Floor  Minneapolis, MN 55401	Electronic Service	No	OFF_SL_19-809_Official List
James J.	Bertrand	james.bertrand@stinson.com	STINSON LLP	50 S 6th St Ste 2600  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-809_Official List
James	Canaday	james.canaday@ag.state.mn.us	Office of the Attorney General-RUD	Suite 1400 445 Minnesota St. St. Paul, MN 55101	Electronic Service	No	OFF_SL_19-809_Official List
John	Coffman	john@johncoffman.net	AARP	871 Tuxedo Blvd.  St. Louis, MO 63119-2044	Electronic Service	No	OFF_SL_19-809_Official List
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-809_Official List
Riley	Conlin	riley.conlin@stoel.com	Stoel Rives LLP	33 S. 6th Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-809_Official List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
George	Crocker	gwillc@nawo.org	North American Water Office	PO Box 174  Lake Elmo, MN 55042	Electronic Service	No	OFF_SL_19-809_Official List
James	Denniston	james.r.denniston@xcelenergy.com	Xcel Energy Services, Inc.	414 Nicollet Mall, Fifth Floor  Minneapolis, MN 55401	Electronic Service	No	OFF_SL_19-809_Official List
Rebecca	Eilers	rebecca.d.eilers@xcelenergy.com	Xcel Energy	414 Nicollet Mall - 401 7th Floor  Minneapolis, MN 55401	Electronic Service	No	OFF_SL_19-809_Official List
John	Farrell	jfarrell@ilsr.org	Institute for Local Self-Reliance	2720 E. 22nd St Institute for Local Self-Reliance Minneapolis, MN 55406	Electronic Service	No	OFF_SL_19-809_Official List
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_19-809_Official List
Edward	Garvey	edward.garvey@AESLconsulting.com	AESL Consulting	32 Lawton St  Saint Paul, MN 55102-2617	Electronic Service	No	OFF_SL_19-809_Official List
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St  Saint Paul, MN 55102	Electronic Service	No	OFF_SL_19-809_Official List
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_19-809_Official List
Allen	Gleckner	gleckner@fresh-energy.org	Fresh Energy	408 St. Peter Street Ste 220 Saint Paul, Minnesota 55102	Electronic Service	No	OFF_SL_19-809_Official List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Janet	Gonzalez	Janet.gonzalez@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	No	OFF_SL_19-809_Official List
Michael	Hoppe	il23@mtn.org	Local Union 23, I.B.E.W.	932 Payne Avenue  St. Paul, MN 55130	Electronic Service	No	OFF_SL_19-809_Official List
Alan	Jenkins	aj@jenkinsatlaw.com	Jenkins at Law	2950 Yellowtail Ave.  Marathon, FL 33050	Electronic Service	No	OFF_SL_19-809_Official List
Linda	Jensen	linda.s.jensen@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota Street  St. Paul, MN 551012134	Electronic Service	No	OFF_SL_19-809_Official List
Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-809_Official List
Sarah	Johnson Phillips	sarah.phillips@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-809_Official List
Mark J.	Kaufman	mkaufman@ibewlocal949.org	IBEW Local Union 949	12908 Nicollet Avenue South  Burnsville, MN 55337	Electronic Service	No	OFF_SL_19-809_Official List
Thomas	Koehler	TGK@IBEW160.org	Local Union #160, IBEW	2909 Anthony Ln  St Anthony Village, MN 55418-3238	Electronic Service	No	OFF_SL_19-809_Official List
Michael	Krikava	mkrikava@taftlaw.com	TAFT Stettinius & Hollister, LLP	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-809_Official List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W  Farmington, MN 55024	Electronic Service	No	OFF_SL_19-809_Official List
Peder	Larson	plarson@larkinhoffman.com	Larkin Hoffman Daly & Lindgren, Ltd.	8300 Norman Center Drive Suite 1000 Bloomington, MN 55437	Electronic Service	No	OFF_SL_19-809_Official List
Ryan	Long	ryan.j.long@xcelenergy.com	Xcel Energy	414 Nicollet Mall 401 8th Floor Minneapolis, MN 55401	Electronic Service	No	OFF_SL_19-809_Official List
Kavita	Maini	kmairi@wi.rr.com	KM Energy Consulting, LLC	961 N Lost Woods Rd  Oconomowoc, WI 53066	Electronic Service	No	OFF_SL_19-809_Official List
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E  St. Paul, MN 55106	Electronic Service	No	OFF_SL_19-809_Official List
Mary	Martinka	mary.a.martinka@xcelenergy.com	Xcel Energy Inc	414 Nicollet Mall 7th Floor Minneapolis, MN 55401	Electronic Service	No	OFF_SL_19-809_Official List
Brian	Meloy	brian.meloy@stinson.com	STINSON LLP	50 S 6th St Ste 2600  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-809_Official List
Joseph	Meyer	joseph.meyer@ag.state.mn.us	Office of the Attorney General-RUD	Bremer Tower, Suite 1400 445 Minnesota Street St Paul, MN 55101-2131	Electronic Service	No	OFF_SL_19-809_Official List
Stacy	Miller	stacy.miller@minneapolismn.gov	City of Minneapolis	350 S. 5th Street Room M 301 Minneapolis, MN 55415	Electronic Service	No	OFF_SL_19-809_Official List
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	No	OFF_SL_19-809_Official List



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-809_Official List
David	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency	220 South Sixth Street Suite 1300 Minneapolis, Minnesota 55402	Electronic Service	No	OFF_SL_19-809_Official List
Leann	Oehlerking Boes	lboes@mnpower.com	Minnesota Power	30 W Superior St  Duluth, MN 55802	Electronic Service	No	OFF_SL_19-809_Official List
Randy	Olson	rolson@dakotaelectric.com	Dakota Electric Association	4300 220th Street W.  Farmington, MN 55024-9583	Electronic Service	No	OFF_SL_19-809_Official List
Carol A.	Overland	overland@legalectric.org	Legalelectric - Overland Law Office	1110 West Avenue  Red Wing, MN 55066	Electronic Service	No	OFF_SL_19-809_Official List
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_19-809_Official List
Kevin	Reuther	kreuther@mncenter.org	MN Center for Environmental Advocacy	26 E Exchange St, Ste 206  St. Paul, MN 551011667	Electronic Service	No	OFF_SL_19-809_Official List
Isabel	Ricker	ricker@fresh-energy.org	Fresh Energy	408 Saint Peter Street Suite 220 Saint Paul, MN 55102	Electronic Service	No	OFF_SL_19-809_Official List
Amanda	Rome	amanda.rome@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 5  Minneapolis, MN 55401	Electronic Service	No	OFF_SL_19-809_Official List
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750  St. Paul, MN 55101	Electronic Service	No	OFF_SL_19-809_Official List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350  Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-809_Official List
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	7400 Lyndale Ave S Ste 190  Richfield, MN 55423	Electronic Service	Yes	OFF_SL_19-809_Official List
Ken	Smith	ken.smith@districtenergy.com	District Energy St. Paul Inc.	76 W Kellogg Blvd  St. Paul, MN 55102	Electronic Service	No	OFF_SL_19-809_Official List
Byron E.	Starns	byron.starns@stinson.com	STINSON LLP	50 S 6th St Ste 2600  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-809_Official List
James M	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	200 S 6th St Ste 470  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-809_Official List
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_19-809_Official List
Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7  Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_19-809_Official List
Stuart	Tommerdahl	stommerdahl@otpc.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_19-809_Official List
Brian	Tulloh	btulloh@misoenergy.org	MISO	2985 Ames Crossing Rd  Eagan, MN 55121-2498	Electronic Service	No	OFF_SL_19-809_Official List

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Thomas	Tynes	jjazynka@energyfreedomcoalition.com	Energy Freedom Coalition of America	101 Constitution Ave NW Ste 525 East  Washington, DC 20001	Electronic Service	No	OFF_SL_19-809_Official List
Lisa	Veith	lisa.veith@ci.stpaul.mn.us	City of St. Paul	400 City Hall and Courthouse 15 West Kellogg Blvd. St. Paul, MN 55102	Electronic Service	No	OFF_SL_19-809_Official List
Scott M.	Wilensky	scott.wilensky@xcelenergy.com	Xcel Energy	7th Floor 414 Nicollet Mall Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_19-809_Official List
Samantha	Williams	swilliams@nrdc.org	Natural Resources Defense Council	20 N. Wacker Drive Ste 1600 Chicago, IL 60606	Electronic Service	No	OFF_SL_19-809_Official List
Joseph	Windler	jwindler@winthrop.com	Winthrop & Weinstine	225 South Sixth Street, Suite 3500  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-809_Official List
Patrick	Zomer	Patrick.Zomer@lawmoss.com	Moss & Barnett a Professional Association	150 S. 5th Street, #1200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_19-809_Official List