

October 18, 2013

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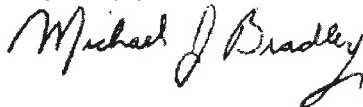
Dr. Burl W. Haar
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Re: In the Matter of the Petition of Northern States Power Company To Initiate a
Competitive Resource Acquisition Process
Docket No. ET-002/CN-12-1240

Dear Mr. Haar:

Enclosed for e-Filing, please find the Rebuttal Testimony of Mr. Stan Selander on behalf of Great River Energy in the above-referenced docket. Also Enclosed is a Certificate of Service.

Very truly yours,



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MJB/keb
cc: Parties of Record

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BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS
100 Washington Square, Suite 1700
Minneapolis, Minnesota 55401

FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION
121 Seventh Place E, Suite 350
St. Paul, Minnesota 55101

In the Matter of the Petition of)
Northern States Power Company)
To Initiate a Competitive Resource)
Acquisition Process)

OAH Docket No. 8-2500-30760

MPUC Docket No. ET-002/CN-12-1240

REBUTTAL TESTIMONY OF

Mr. Stan Selander
On Behalf of
Great River Energy

October 18, 2013

1 **REBUTTAL TESTIMONY OF MR. STAN SELANDER**

2 **Q. Please state your name and your business address.**

3 A. My name is Stan Selander. I work for Great River Energy (“GRE”) at 12300 Elm Creek
4 Boulevard, Maple Grove, Minnesota, 55369-4718.

5
6 **Q. Did you previously provide testimony in this proceeding?**

7 A. Yes. I provided Direct Testimony explaining GRE’s proposal to meet a portion of Xcel
8 Energy’s needs by providing two alternative levels of capacity during a three year period:
9 2016/2017; 2017/2018 and or 2018/2019 (based on MISO planning years, which run June-
10 May).

11
12 **Q. What is the purpose of your Rebuttal Testimony?**

13 A. My Rebuttal Testimony responds to Xcel Energy’s analysis, which ranks GRE’s proposal as
14 third, based on the cost of our proposal for three full years’ of capacity. I will clarify that
15 GRE’s proposal: (1) meets Xcel Energy’s stated need for flexibility because GRE’s offer, at
16 Xcel Energy’s option, is for one, two or three years; (2) qualifies as one of the two least-cost
17 resource combination alternatives identified by Xcel Energy if the first year of GRE’s
18 proposal is not selected by Xcel Energy; and (3) as the Department of Commerce ’s
19 (“Department”) Environmental Report finds, does not have any negative environmental
20 impacts. I will also respond to the MCEA assertion that externality costs should be assigned
21 to GRE’s proposal.

22
23 **Q. Has Xcel Energy requested other parties to be flexible and negotiate the start dates of
24 their proposals?**

25 A. Yes. In his Direct Testimony, Xcel Energy witness, Mr. Wishart, indicated that Xcel
26 Energy would like additional flexibility from the Calpine and Invenergy proposals, and
27 requested that those parties negotiate the commercial operation date of their proposed
28 projects. While Mr. Wishart’s Direct Testimony is silent with regard to any similar request
29 related to GRE’s proposal, GRE did not intend its offer to be an all or nothing offer and is
30 amenable to Xcel Energy taking two years of the proposal or even a single year of the

1 proposal if either option would better fit Xcel Energy's needs. If a shorter term better fits
2 Xcel Energy's needs, the proposal should perform better in the economic/modeling analysis
3 as well.
4

5 **Q: Would this flexibility provide Xcel Energy additional value?**

6 A: Yes. There would be at least two benefits. First, the flexibility to adjust how many years or
7 how much capacity Xcel Energy obtains from GRE would address the uncertainty identified
8 by Xcel Energy with respect to prospective changes in its MISO reserve margin standards.
9 Specifically, Mr. Wishart stated on page 2 of his Direct Testimony that "changes in MISO's
10 reserve margin standards may reduce [Xcel Energy's] need [for capacity]" from 307 MW
11 "to only 26 MW by 2019." The flexibility in GRE's proposal would allow Xcel Energy to
12 adjust the timing and amount of capacity obtained from GRE to reflect possible downward
13 changes in Xcel Energy's need for capacity. Second, the flexibility to exclude the first or
14 even the second year of the three-year capacity credits offered by GRE would further reduce
15 the cost of GRE's proposal.
16

17 **Q: What would be the cost impact of Xcel Energy choosing the latter two years of GRE's**
18 **proposal?**

19 A. If Xcel Energy were to accept GRE's offer to take only the latter two years of GRE's
20 proposal, then the resource combination identified as Plan 3 in Table 5 on page 26 of Mr.
21 Wishart's testimony would be one of the two least-cost options. Table 5 identifies the top
22 20 resource combinations ranked from the least cost alternative (Plan 1) to highest cost
23 alternative (Plan 20) based on the Present Value of Social Costs ("PVSC"). GRE's
24 proposal, when evaluated as a three-year package, appears as part of Plan 3, which combines
25 GRE's proposal with Red River Valley 1 and Black Dog 6. The PVSC for Plan 3 is
26 approximately \$2.2M higher than the PVSC of Plan 1. The cost of the first year of GRE's
27 proposal is approximately \$2.2M, which is equal to the \$2.2 million cost-differential
28 between Plan 1 and Plan 3. Therefore, if the first year of GRE's proposal were excluded, as
29 offered by GRE, the PVSC of Plan 3 would be essentially equal to the PVSC for Plan 1,
30 making Plan 3 one of the two least cost alternatives.
31

1 **Q: Are there any negative environmental impacts associated with GRE's proposal?**

2 A: No. As a capacity credit, there would be no additional construction or generation associated
3 with GRE's proposal and, therefore, no environmental impact. The Department's
4 Environmental Report confirms this point. Specifically, the Department found the
5 following as to GRE's proposal:

- 6
- 7 • There would be no changes in how fuel is delivered to GRE's existing resource portfolio.
8 (page 14)
- 9
- 10 • There are no known impacts associated with fuel delivery to be mitigated from the
11 Distributed Solar or Capacity Credit proposals. (page 15)
- 12
- 13 • No facility would be constructed and water usage and discharges would continue across
14 GRE's resource portfolio. (page 20)
- 15
- 16 • No water discharge is associated with GRE's Capacity Credit Proposal, as it does not
17 entail construction of any new facilities. (page 20)
- 18
- 19 • Because no facility would be constructed whether or not GRE's capacity credit proposal
20 is selected, there would be no soil compaction or erosion as a result. (page 24)
- 21
- 22 • GRE's capacity credit proposal would not entail any construction and no land use
23 changes would result. (page 24)
- 24
- 25 • There are no health or safety impacts associated with to GRE's Capacity Credit proposal.
26 (page 29)
- 27
- 28 • There would be no . . . economic impacts regardless of whether GRE's Capacity Credit
29 proposal is selected. (page 32)
- 30
- 31 • There would be no traffic impacts regardless of whether or not the Capacity Credit
32 proposal is selected. (page 34)
- 33
- 34 • The solar and capacity credit proposals would not produce any criteria pollutants. (page
35 35)
- 36
- 37 • There will be no criteria pollutants or carbon dioxide emitted if GRE's capacity credit
38 proposal is selected. (page 38)
- 39
- 40 • There would be no emissions of HAPS or VOCs resulting from selection of either the
41 Distributed Solar Facilities or Capacity Credit proposals. (page 39)
- 42

- 1 • Under the GRE proposal, there would be no waste generated through construction and no
2 change to waste generated from GRE's existing plants. (page 42)
3
4 • The Capacity Credit proposal is not anticipated to have wildlife impacts, as it would not
5 result in any changes to GRE's existing resource portfolio. There would be no impact to
6 wildlife if facilities are not constructed as part of this proceeding. (page 43)
7
8 • There would be no vegetation impacts associated with GRE's capacity credit proposal, as
9 no new facilities would be constructed. (page 46)
10
11 • There would be no impacts to rare and unique natural resources associated with the
12 GRE's capacity credit proposal. (page 48)
13
14 • There would be no impacts to water resources associated with the GRE's capacity credit
15 proposal. (page 50)
16
17 • There would be no noise impacts associated with the GRE's capacity credit proposal.
18 (page 53)
19
20 • No fuel use is associated with this proposal, as it does not entail construction of any new
21 facilities. (page 55)
22
23 • No new electric transmission facilities are associated with this proposal, as it does not
24 entail construction of any new facilities.
25
26 • There would be no health and safety impacts associated with this proposal, as it does not
27 entail construction of any new facilities. (page 57)
28
29 • There would be no economic impacts associated with this proposal, as it does not entail
30 construction of any new facilities. (page 58)
31
32 • There would be no air quality impacts associated with this proposal, as it does not entail
33 construction of any new facilities.
34
35 • There would be no solid or hazardous waste associated with this proposal, as it does not
36 entail construction of any new facilities.
37
38 • There would be no wetland impacts associated with this proposal, as it does not entail
39 construction of any new facilities.
40

41 **Q.: Please respond to the MCEA's assertion that environmental emission costs should be**
42 **assigned to the GRE proposal?**

43 A: First, as recognized on page 38 of the Department's Environmental Report, "[t]here will be
44 no criteria pollutants or carbon dioxide emitted if GRE's capacity credit proposal is

1 selected.” Second, the Commission Order cited by the MCEA to supports its contention that
2 emission costs should be assigned to GRE’s proposal involved Xcel Energy’s purchase of
3 “output” from an existing facility, not the purchase of capacity credits. The purchase of
4 output required generation to produce that output and therefore the assignment of externality
5 costs. In contrast, the purchase of capacity requires no generation. In addition, as ordered
6 by the Commission in GRE’s just completed Integrated Resource Plan, GRE’s next resource
7 plan will apply the Commission approved cost of externalities and carbon dioxide
8 regulations to GRE’s existing generation.¹ Including those externalities in GRE’s next IRP
9 and also as part of the cost of GRE’s proposal in this proceeding would double-count those
10 externalities costs.

11
12 Xcel Energy’s purchase of the capacity credits offered in GRE’s proposal will not increase
13 the amount of energy produced by GRE’s generation capacity and therefore will not
14 increase those externality costs.

15
16 **Q. Does this complete your testimony?**

17 A. Yes.

18

¹ *In the Matter of Great River Energy’s 2012 Integrated Resource Plan*, ORDER REJECTING PLAN AND SETTING FUTURE FILING REQUIREMENTS, September 26, 2013, Ordering Point 3 D.

CERTIFICATE OF SERVICE

In the Matter of the Petition of Northern States
Power Company To Initiate a Competitive
Resource Acquisition Process

MPUC Docket No.: ET-002/CN-12-1240

Karen E. Berg certifies that on the 18th day of October, 2013, she filed a true and correct copy of the **Rebuttal Testimony of Mr. Stan Selander**, by positing it on www.edockets.state.mn.us. Said document was also served via U.S. Mail and e-mail as designated on the Official Service List on file with the Minnesota Public Utilities Commission and attached hereto.

/s/ Karen E. Berg _____
Karen E. Berg

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