



January 15, 2020

VIA ELECTRONIC FILING

Ryan Barlow, Acting Executive Secretary

Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

Re: Docket E015/M-19-684 In the Matter of the Distribution System Planning for Minnesota Power

Dear Mr. Barlow,

Clean Energy Economy Minnesota (CEEM) respectfully submits these comments on Integrated Distribution System Planning for Minnesota Power. Our mission at CEEM is to provide educational leadership, collaboration, and policy analysis that accelerates clean energy market growth and smart energy policies. We work to support and expand clean energy jobs and the economic opportunities provided by clean, reliable, and affordable energy on behalf of all Minnesotans.

Please feel free to contact us with any questions that you may have. We hope that the comments below provide you with useful insights.

Regards,

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State of Minnesota
Before the
Minnesota Public Utilities Commission

In the Matter of the Distribution System Planning
for Minnesota Power

Dockets E015/CI-18-254
E015/M-19-684

COMMENTS

Introduction

Clean Energy Economy Minnesota (CEEM) appreciates the opportunity to provide these comments in response to the Minnesota Public Utilities Commission’s (hereafter PUC or Commission) Notice of Comment Period on Minnesota Power’s (MP) Integrated Distribution Plan (IDP) filed November 1, 2019.

CEEM is an industry-led 501(c)(3) nonprofit representing the business case for clean energy in Minnesota. CEEM provides a unified voice for clean energy business across the state. Our mission is to provide educational leadership, collaboration, and policy analysis that accelerates clean energy market growth and smart energy policies CEEM works to support and expand clean energy jobs and the economic opportunities provided by clean, reliable, and affordable energy on behalf of all Minnesotans. We are focused on sharing the stories and perspectives of clean energy businesses and employees, and are committed to working across industries and political divides to support a prosperous economy for Minnesotans.

CEEM is fueled by support of our member businesses, partners, and individuals working across Minnesota’s sustainable energy economy. CEEM’s members and partners represent a wide array of businesses providing and seeking energy solutions, and across energy technologies and business models. CEEM staff has significant experience in participating in regulatory reform, grid modernization, and “utility of the future” discussions and regulatory proceedings as well as educating state utility regulatory professionals across the country.

Background

The Minnesota PUC is viewed as a national leader in distribution planning. The Commission identified objectives, and considered the capabilities of clean energy technologies in meeting those objectives. We commend the Commission’s efforts in continuing to create comprehensive and coordinated IDP processes for Minnesota’s regulated utilities. We are encouraged by this leadership, guided by sound principles and planning objectives, including to:

- Maintain and enhance the safety, security, reliability, and resilience of the electricity grid, at fair and reasonable costs, consistent with the state’s energy policies;
- Enable greater customer engagement, empowerment, and options for energy services;
- Move toward the creation of efficient, cost-effective, accessible grid platforms for new products, new services, and opportunities for adoption of new distributed technologies; and,

- Ensure optimized utilization of electricity grid assets and resources to minimize total system costs.
- Provide the Commission with the information necessary to understand short-term and long-term distribution system plans, the costs and benefits of specific investments, and a comprehensive analysis of ratepayer cost and value.¹

The Commission’s February 20, 2019 Order outlined filing requirements for MP’s IDP. Those requirements include baseline distribution system and financial data, preliminary hosting capacity data, distributed energy resource scenario analysis, long-term distribution system modernization and infrastructure investment plan, and a non-wires (non-traditional) alternatives analysis.² On October 2, 2019 MP held a stakeholder meeting, prior to the November 1, 2019 filing of the IDP to obtain input from the public. CEEM attended the stakeholder workshop and participated by providing feedback. On November 1, 2019, MP filed the 2019 IDP. On November 15, 2019, the Commission issued a Notice of Comment Period, identifying topics open for comment.

Distribution system planning will continue to evolve as changes in policy, markets, and technologies influence the design of modern grids across Minnesota. CEEM believes utility customers will benefit from this evolution, including increasing customer enrollment in utility programs designed to meet a variety of customer objectives, and adoption of distributed energy resources.³ Minnesota continues to lead discussions about system evolutions and changes, establishing nation-leading regulatory practices, from discussions of Grid Modernization (2015-16) and the development of filing new requirements for IDP processes for the state’s regulated utilities. We commend the Commission and stakeholders for their collective efforts, and CEEM greatly appreciates the opportunity to participate in this proceeding.

Comments and Review of Minnesota Power’s Inaugural IDP

In its Notice of Comment Period, the Commission offered the following topic(s) open for comment:

- Should the Commission accept or reject Minnesota Power’s Integrated Distribution Plan (IDP)?
- Does the IDP filed by Minnesota Power achieve the planning objectives outlined in the filing requirements approved in the Commission’s February 20, 2019 Order?
- What IDP filing requirements provide the most value to the process and why?
- Are there filing requirements that are not informative and/or should be deleted or modified, and why?
- Are there other issues or concerns related to this matter?

Should the Commission accept or reject Minnesota Power’s Integrated Distribution Plan?

We believe the Commission should approve MP’s IDP while clarifying what approval means in the context of related Commission decisions/proceedings. We believe the Commission could help to clarify what approval of an IDP means in terms of impacts on and connections with those other proceedings. Should stakeholders be considering what relation utility IDPs have or will have to more formal dockets,

¹ MN PUC ORDER APPROVING INTEGRATED DISTRIBUTION PLANNING FILING REQUIREMENTS FOR XCEL ENERGY (August 30, 2018), Docket. No. E-002/CI-18-251

² MN PUC ORDER ADOPTING INTEGRATED DISTRIBUTION-PLAN FILING REQUIREMENTS (February 20, 2019), Docket. No. E-015/CI-18-254

³ We define DER broadly to include energy efficiency, demand response, distributed generation of all types, energy storage, electric vehicles and microgrids.

such as rate cases, certification requests, and other processes? This is a concern CEEM raised in previous IDP discussion.⁴ In Michigan, for example, the Public Service Commission used distribution system plans to gather additional input from regulated utilities, consider how plans can inform ratemaking and other regulatory processes, and to consider the role of performance-based metrics.⁵

Stakeholders, utilities, and the Commission are in a unique position with inaugural IDP filings to create a learning process. For example, the Commission may choose to provide guidance to MP and stakeholders on expectations for desired changes and/or expected improvements for future IDP filings. CEEM offers some of our perspective on future improvements within these comments.

In total, CEEM believes MP's IDP filing, combined with the company's strong efforts to engage with stakeholders before and after the filing, represent a good effort. We recommend that the Commission approve the IDP and utilize the outputs from the plans to inform related Commission processes and proceedings.⁶ We suggest that the plan approvals should not constitute any formal finding of prudence, nor any pre-approval commitment.⁷ We appreciate the time, effort, and professionalism that MP's employees gave to the IDP, and their filing does a great deal to facilitate comprehensive, coordinated, and transparent planning.

Does the IDP filed by Minnesota Power achieve the planning objectives outlined in the filing requirements approved in the Commission's February 20, 2019 Order?

CEEM believes that MP's IDP sufficiently covers the planning objectives set forth in the Commission's February 20, 2019 Order. Required information is presented, including baseline distribution system information, hosting capacity data, distributed energy resource scenario analysis, long-term investment plan, and non-wires alternative analysis. CEEM also recognizes that MP's distribution system is unique, and that only 10% of gross load is residential.

CEEM commends MP for putting forth an initial view of their distribution systems, and providing the stakeholder community with perspective on how the company plans to meet system needs. We appreciate the broad array of issues put forth in the new filing requirements, and the limited experience in developing the IDP across stakeholder groups.

CEEM also believes the filing could be improved in many areas. First, we believe customer opportunities exist in the short-term, and we encourage MP to provide more detailed information about customer insights. The description of the customer focused systems notes a variety of investments driven from MP's customers' desires for diverse products and services, communications, and engagement

⁴ Comments of Clean Energy Economy Minnesota to Minnesota PUC - Docket E002/CI-18-251 In the Matter of the Distribution System Planning for Xcel Energy – February 20, 2019 at pg. 3 ([LINK](#))

⁵ 9 Michigan Public Service Commission. Order of April 18, 2018 Case No. U-18383 – In the matter on the Commission's own motion to implement the provisions of Sections 173 and 183(1) of 2016 PA 342, and Section 6a(14) of 2016 PA 341.1 ([LINK](#))

⁶ For example, as noted in Minnesota Power's IDP filing requirements, this effort should directly connect with other planning, including integrated resource plans and planned modifications to existing process to improve coordination and integration between the two plans

⁷ Pre-approval of an action, such as "approving" a distribution system plan, assumes the appropriateness of costs may be determined later. This embeds risk that approval of plans implies spending, in some cases. Regulatory approval should be thoughtfully crafted and clear. See Hempling, S., & Strauss, S. H. (2008). Pre-Approval Commitments: When and under What Conditions Should Regulators Commit Ratepayer Dollars to Utility-Proposed Capital Projects.

opportunities. At page 11, MP notes a strategy to continue MyAccount upgrades and expand deployments to enhance customer experiences. We note MP's long experience (including that noted in the filing itself), but also note that consumer tools are readily available and deployed in similar territories across the US. We believe the Commission and stakeholders could benefit from greater detail on specific opportunities for distribution system investments which enable customer options including demand response and energy conservation (including both technology options and targeted usage insights). MP notes a significant amount of customer surveys from JD Power and Rapp, and we encourage future filings to provide more specific insights on learnings from those surveys that may drive enhanced customer experiences.

CEEM believes that enabling customers' experiences should be part of IDP short-term objectives, with clear plans to enable or develop customer programs. System plans should reflect a commitment to prioritizing customer benefits in initial and early investments. Use of customer energy data directly advances customer engagement and choice. Access should be timely, actionable, and enable the customers to self-manage or engage third-parties to meet their energy usage objectives. Many utilities have ensured energy data is shared with authorization in line with responsible data practices and within appropriate technical requirements.

Second, DER adoption forecasts will and must become more refined. This statement applies to all utilities filing IDPs, and we understand that methodologies to forecast DER adoption are still being developed. The presentation of the DER Scenario estimates in both the narrative and Appendix D of the filing provide some limited detail on which to judge whether assumptions are appropriate in a broader context of technology adoption. MP used internally-developed projections of DERs, including distributed solar and electric vehicle adoptions. For scenarios of distributed solar adoption, recent trends in actual installs were used. To provide greater context, MP may consider adding information from industry trends or similarly situated utility grids (to the extent applicable).

Third, non-wires alternatives (NWA) deserve more examination in future filings. While we appreciate NWA may be a new frontier, MP falls short of providing a means of facilitating how it may develop NWA considerations, or how they may seek guidance on how to gain more experience. MP notes that many case studies for NWA come from high load growth and identification of upgrades. MP contrasts the approach in case studies within their territory, which is experiencing population declines/stagnation. MP then notes that it does not have sufficient experience with NWA to provide much information, while noting factors they may consider. We expect that future IDPs will provide a more refined view of NWA conceptualization and potential application to MP systems.

Fourth, the cost-benefit framework is lacking in the inaugural filing. We believe cost-benefit analysis plays a critical role in transparent IDP discussions and decision-making. MP's filing provides limited information with respect to cost-benefit thinking or explicit analysis. The high-level description provides a helpful starting point. Future plans should provide stakeholders and the Commission with more explicit information on cost-benefit conceptualization, methodologies and/or calculations.

Lastly, we encourage MP to provide more detail for its vision in future filings. The themes of people, resilience, and innovation are a good starting place. This filing represents a solid foundation and initial evaluation. We look forward to MP refining its vision in future IDP proceedings.

What IDP filing requirements provide the most value to the process and why?

For CEEM and member companies, the Long-Term Distribution System Modernization and Infrastructure Investment Plan provides the most opportunity to provide productive commentary. The potential pilots discussed (beginning pg. 37). We look to see utilities, including MP, evolve their use of baseline information while envisioning a path that connects that to the Commission's objectives for planning for a modern grid.

In a broad sense, CEEM thinks that IDPs should improve discussion of costs and benefits of potential system designs and associated investments. Further, the Commission, the Department of Commerce, and stakeholders can work with utilities to provide cost-benefit quantification and analysis related to important policy outcomes. Also, other states and industry players are considering cost-benefit frameworks. For example, E4TheFuture, published the National Standard Practice Manual (NSPM)⁸ in 2017, which provides a framework to evaluate energy efficiency resources. A National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources is expected in 2020.⁹ Further, the National Association of Regulatory Utility Commissioners and National Association of State Energy Officers formed a task force to develop new approaches to better align planning processes in 2018.¹⁰ This and similar efforts are working to provide guidance for state regulators and policymakers to develop and implement tests that are consistent with sound principles, while providing flexibility to ensure appropriate application to each state's distinct needs and interests.

We encourage the Commission to continue to refine expectations related to NWA assessment for future IDPs. CEEM believes the non-wires alternatives discussion warrants examination across all utilities. The proliferation of DERS across the US is providing new options for grid operators to replace infrastructure. NWAs are often chosen to replace or defer replacement of upgrades. The definitions of NWAs vary, as do regulators' expectations of utilities related to NWAs. Noting what may be ambiguity in what assessment of NWAs means, we encourage stakeholders and the Commission to monitor trends and continue to refine NWA approaches. For example, Navigant Research has a Non-Wires Alternatives Tracker which follows projects across the US.¹¹

Are there filing requirements that are not informative and/or should be deleted or modified, and why?

CEEM believes this question will be answered as stakeholders gain further experience with IDP processes. We believe the filing requirements will warrant review and revision, but feel that subsequent experience is needed before suggesting removal of any filing requirements.

⁸ National Energy Efficiency Screening Project (NESP) (2017). The National Standard Practice Manual for Assessing Cost-Effectiveness of Energy Efficiency Resources.

<https://nationalefficiencyscreening.org/national-standard-practice-manual/>

⁹ Project overview from December 2019 currently available -

<https://nationalefficiencyscreening.org/wp-content/uploads/2019/06/NSPM-for-DERS.pdf>

¹⁰ NARUC and NASEO Establish New Joint Task Force on Comprehensive Electricity Planning (November 13, 2018).

<https://www.naruc.org/about-naruc/press-releases/naruc-and-naseo-establish-new-joint-task-force-on-comprehensive-electricity-planning/>

¹¹ Navigant Research (2019) Non-Wires Alternatives Tracker 3Q19.

<https://www.navigantresearch.com/reports/non-wires-alternatives-tracker-3q19> Accessed 1/9/2020

Are there other issues or concerns related to this matter?

To this end, we encourage the Commission to consider not only compliance with filing requirements, but other outcomes of IDP processes. In particular, there are opportunities to highlight where clean energy delivers significant public benefits, to focus on customer empowerment alongside operational expertise, and to create communities of practice around a modern grid.

We believe it is important to prioritize efforts to identify where clean energy delivers the most public benefits. Planning for a future includes concerns for equitable deployment of energy infrastructure. Performing hosting capacity analysis and DER forecasts should also identify potential deployment scenarios that would deliver benefits to disadvantaged, vulnerable and low-income communities. The clean energy transition should create opportunities across the state and across territories of regulated public utilities.

We believe it is vital to focus simultaneously on customer opportunities and operational excellence. While we agree with a gradual approach to grid modernization, we must consider if and when direct customer empowerment is prioritized in system planning.

We also encourage the Commission to use the IDP process to create communities of practice. It is vital that the stakeholder community, the Commission, and utilities all learn with and from each other as IDP evolves. The IDP can help serve as a basis for stakeholders to cooperate outside of formal processes. The IDP can help facilitate value creation for customers and system operators alike.

CONCLUSION

We applaud the Commission for beginning the important discussion with Minnesota's utilities and stakeholders through the IDP process. We are encouraged by MP's first IDP filing, and by their efforts to engage a broad set of stakeholders. We thank the Commission and staff for their continued hard work to make system planning more transparent. Minnesota's electricity grids deliver essential services to the businesses and citizens of the state. The distribution system infrastructure that delivers electricity will continue to change to adapt to trends related to technology changes, public policy objectives, and market activity.