

Staff Briefing Papers

Meeting Date October 3, 2019 Agenda Item: 3A

Company All Electric Utilities Subject to Minnesota Statute
 §216B.1691

Docket No. E-999/M-19-12
 E-999/PR-02-1240

In the Matter of Commission Consideration and Determination of Compliance
with Renewable Energy Standards for Year 2018
In the Matter of the Green Pricing Verification Filing Process

Issue 1. What action should the Commission take on the RES plans filed by electric
 utilities for compliance year 2018?

Staff Kelly Martone kelly.martone@state.mn.us 651-201-2245

Relevant Documents

Date

Department of Commerce, Division of Energy Resources, Comments	June 20, 2019
Northwestern Wisconsin Electric, Compliance Report	June 18, 2019
Xcel Energy, Compliance Report	June 3, 2019
Minnesota Power, Compliance Report	June 3, 2019
Minnesota Municipal Power Agency, Compliance Report	May 31, 2019
Great River Energy, Compliance Report	May 30, 2019
Central Minnesota Municipal Power Agency, Compliance Report	May 30, 2019

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

 **Relevant Documents**

	Date
East River Electric Power Cooperative, Inc., Compliance Report	May 29, 2019
Basin Electric Power Cooperative, Compliance Report	May 29, 2019
Minnkota Power Cooperative & Northern Municipal Power Agency, Compliance Report	May 28, 2019
L & O Power Cooperative, Compliance Report	May 28, 2019
Missouri River Energy Services, Compliance Report	May 21, 2019
Southern Minnesota Energy Cooperative, Compliance Report	May 6, 2019
Dairyland Power Cooperative, Compliance Report	May 3, 2019
Otter Tail Power Company, Compliance Report	May 3, 2019
Southern Municipal Power Agency, Compliance Report	April 30, 2019
Heartland Consumers Power District, Compliance Report	April 29, 2019

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I. Statement of the Issue

What action should the Commission take on the RES plans filed by electric utilities for compliance year 2018?

II. Background

The state’s Renewable Energy Standard set out under Minn. Stat. §216B.1691, subd. 2 requires utilities other than Xcel Energy to obtain at least 17 percent of their Minnesota 2018 retail sales from renewable energy sources. Minn. Stat. §216B.1691, subd. 2 (b) requires Xcel Energy to obtain 25 percent of its 2018 retail sales from renewable energy sources.

Sixteen utilities filed compliance reports between April 29 and June 18, 2019:

- Northwestern Wisconsin Electric
- Xcel Energy d/b/a Northern States Power
- Minnesota Power
- Minnesota Municipal Power Agency
- Great River Energy
- Central Minnesota Municipal Power Agency
- East River Electric Power Cooperative, Inc.
- Basin Electric Power Cooperative
- Minnkota Power Cooperative & Northern Municipal Power Agency
- L & O Power Cooperative
- Missouri River Energy Services
- Southern Minnesota Energy Cooperative
- Dairyland Power Cooperative
- Otter Tail Power Company
- Southern Municipal Power Agency
- Heartland Consumers Power District

On June 20, 2019, the Department of Commerce, Division of Energy Resources filed comments summarizing their review of the compliance reports and found all utilities in compliance with the 2018 RES.

III. Comments and Compliance Reports

Attached to the Department's June 20, 2019 comments is a table summarizing the RES requirements and reported renewable energy credit (REC) retirements found in the compliance reports. Please see below that all utilities are found in compliance.

2018 RES Compliance

Utility	2018 MN Retail Sales MWhs	RES Req. %	RES Req. MWhs	RECs Retired
Basin	905,764	17%	153,980	153,980
CMMPA	355,193	17%	60,383	60,383
Dairyland Power	784,002	17%	133,280	133,281
East River Electric	573,747	17%	97,537	97,575
GRE*	11,018,236	17%	1,873,100	1,873,105
Heartland	573,747	17%	97,537	97,575
L&O Power Coop	296,548	17%	50,413	50,414
Minnesota Power	9,789,332	17%	1,664,186	1,664,187
Minnkota	1,583,160	17%	269,137	269,137
MMPA	1,588,504	17%	270,046	270,046
Missouri River Energy Services	1,730,075	17%	294,113	294,113
NW Wisconsin**		17%	-	
Otter Tail Power	2,688,771	17%	457,091	457,091
SMEC	867,140	17%	147,414	147,418
SMMPA	2,933,788	17%	498,744	498,745
Xcel	<u>30,442,386</u>	<u>25%</u>	<u>7,610,597</u>	<u>7,610,597</u>
Total	66,130,393	20.7%	13,677,558	13,677,647

**NW Wisconsin serves approximately 90 Minnesota customers with 2018 sales of 618 MWhs.

The Company retired 24,175 RECs or 14.48% of its 3-year average Wisconsin retail sales of 166,952 MWhs.

In their compliance report, Xcel Energy expressed the “need for innovation and the creation of a new approach” as their system transitions to more renewable energy and encountering customers who are seeking more clarity on how to measure Xcel’s renewable energy toward their own goals.¹ Xcel found a solution working with customers and stakeholders including the Minnesota Sustainable Growth Coalition to create a methodology “that

¹ Xcel Energy, Compliance Report at 2 (June 3, 2019).

clarifies the percentage of our system energy delivered to customers that is renewable.”² This Certified Renewable Percentage (CRP) will be provided beginning in 2019 (based on data from program year 2018):³

we will retire sufficient RECs on behalf of all our retail customers such that the total RECs retired annually reflects the portion of delivered energy that is renewable. This will allow all retail customers to claim the percentage of renewable energy on the system as the starting point towards their sustainability goals. Additionally, for customers who choose to go above our current and planned system 2 renewable percentage, the Company will continue to offer incremental voluntary renewable options, such as Renewable*Connect.

Using data from 2018, the CRP is 26.5%. Xcel noted that any calculation and associated REC retirements will be subject to third party verification, with their final confirmation in the coming months. The CRP is publicly available on the Company’s website.⁴

The Company provided the ten page methodology in their filing as Attachment B and below is the written formula found on page 1 of the attachment.

The formula for calculating the Certified Renewable Percentage in Minnesota is:

Certified Renewable Percentage (Minnesota) =

$$\frac{\text{Total RE generation attributable to MN (MWh) – Trade margin adjustment – (REC sales + Windsource® RECs + Renewable*Connect RECs + Wholesale REC transfers) + Purchased RECs}}{\text{Total MN retail sales (MWh) – (Windsource® sales + Renewable*Connect sales) + (Solar*Rewards generation)}}$$

Finally, this is a voluntary report by Xcel. Xcel reserved the right to make modifications or reporting changes in the future should new policies in renewable energy generation or other circumstances impact Xcel’s ability to offer the CRP or stop providing the CRP altogether.

Minnesota Power noted that as of July 1, 2019 Brainerd Public Utilities will no longer be a Minnesota Power wholesale customer and, instead, be served by AEP Energy Services Inc.⁵

² *Id.*

³ *Id.*

⁴ The CRP is currently posted on Xcel’s website under Energy Portfolio > Renewable Energy > Certified Renewable Percentage:
https://www.xcelenergy.com/energy_portfolio/renewable_energy/certified_renewable_percentage

⁵ Minnesota Power, Renewable Energy Certificate Retirement Report Cover Letter at 1 (June 3, 2019).

Consequently, Minnesota Power will not file a compliance report on behalf of Brainerd Public Utilities. Staff discusses this more below.

All other cover letters and compliance reports were reviewed and found to be in compliance.

IV. Staff Analysis

Almost 13.7 million RECs were retired for 2018 RES compliance.

Staff agrees that Xcel's CRP would be helpful to customers and supports the proposal. The information will be valuable to many of their customers. Staff notes the CRP was a proposed metric under the Environmental Performance outcome in the Performance Based Ratemaking docket (17-401). The Department recommended it in reply comments, but parties did not have the opportunity to comment and the Commission selected other metrics for the initial step.

As noted earlier, Minnesota Power informed the Commission of the recent wholesale provider change to Brainerd Public Utilities. After July 1, 2019, AEP Energy Services, Inc. will be providing wholesale power to Brainerd Public Utilities. Minnesota Power suggested that "the Commission may wish to provide guidance on applicability of the Renewable Energy Standard under Minnesota Statute Section 216B.1691 to new wholesale sellers to municipal utilities previously reported in compliance with Commission Order."⁶ Staff will issue a notice and comment period in the appropriate docket that includes representatives from both Brainerd Public Utilities and AEP Energy Services, Inc. asking the Department and other stakeholders to weigh in on the issue of wholesale power providers and municipal utilities subject to the RES.

V. Decision Options

- I. *Compliance with the 2018 Renewable Energy Standard*
 - A. Find that the utilities enumerated above and subject to Minnesota Statute §216B.1691 have complied with the 2018 standards of 17% percent of annual retail sales (25% for Xcel) OR
 - B. Make some other finding.

⁶ Minnesota Power, Renewable Energy Certificate Retirement Report Cover Letter at 1 (June 3, 2019).