



**Minneapolis**  
City of Lakes

**Office of the  
City Coordinator**

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May 9, 2014

–Via Electronic Filing–

Dr. Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7th Place East, Suite 350  
St. Paul, Minnesota 55101

Re: COMMENTS RE: INVESTIGATION OF EXTERNALITY VALUES FOR USE IN  
RESOURCE DECISIONS DOCKET NO. E-999/CI-00-1636

Dear Dr. Haar:

Thank you for the opportunity to supply comments to the Department of Commerce and the Minnesota Pollution Control Agency to address the scope of the externalities investigation and the possible role of an expert. Minneapolis staff attended the informative April 24 stakeholder meeting.

Background: On November 1, 2013 the City of Minneapolis submitted comments supporting the motion to update externality values for use in resource decisions.

This is consistent with the City's recently adopted a Climate Action Plan (Plan) for the purpose of meeting our climate protection goals. The Plan includes very aggressive goals for energy efficiency, renewable energy deployment, and other strategies to clean our energy supply. Engaging our energy utilities and state government are key strategies identified in the Plan. Xcel Energy recently committed in writing to helping the City achieve these goals. This includes a commitment to reduce citywide greenhouse gas emissions 15% by 2015, 30% by 2025 and 80% by 2050. These goals are consistent with those adopted by the State Legislature in the Next Generation Energy Act of 2007.

Electricity consumption in the city accounts for over 42 percent of greenhouse gases attributable to Minneapolis. Greenhouse gas emissions within the City of Minneapolis geographic area have declined by over 12 percent between 2006 and 2010. Nearly 40 percent of this reduction is due to increasingly cleaner electricity provided by Xcel, from increased use of natural gas and wind power. However, when Xcel Energy's greenhouse gas intensity increased by 4 percent in 2011, greenhouse gas emissions in Minneapolis rose by 5 percent that year, despite the fact that less electricity was consumed in the city. Thus, improvements made locally in the energy efficiency of our city's buildings can easily be overwhelmed by even small changes in the greenhouse gas intensity of electricity delivered by Xcel.

Updating these externality values will help the city and state respond to global climate change. It will also make significant improvements to our air quality, and protect public health by reducing asthma and other respiratory ailments.



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### Scope and Process Comments to the Stakeholder Input Questions

1. The City of Minneapolis supports the proposed criteria as presented by the Agencies on April 24 (cost, time to complete, complexity, credibility, specific to Minnesota, need for outside contractor, and updateability). Regulatory costs, if any, incurred by the utilities should not be included. The current model is not credible and not sufficient to meet the purposes of statute. We believe it is possible to balance credibility with cost, time, and complexity constraints.
2. The City of Minneapolis supports Process Scenario A (full photochemical model) assuming a reasonable time period or Process Scenario B (reduced-form model) since as presented it provides credibility within a reasonable cost and time period. Scenario C does not meet the credibility standards necessary to meet the statute.
3. As defined in our May 9, 2013 letter, the City of Minneapolis supports limiting the scope to updating the environmental costs of pollutants. As stated above, regulatory costs should not be included since these are born by the utility. We are interested in seeing that the socio economic costs (much of which the City as a whole pays either directly or indirectly) of the remaining emissions that are emitted are adequately factored into damages caused by emissions produced by power plants.
4. The City of Minneapolis urges the Commission to use the federal government's Social Cost of Carbon value since it was updated in 2013 and has already been deemed credible by the Minnesota Pollution Control Agency and others. This would also meet the cost, time, and complexity constraints as outlined in item #1. After reviewing the various scenarios, the City supports Scenario E – additional values besides carbon dioxide. Scenario E also meets our criteria related to limited cost, time and complexity.
5. The existing scope meets the externalities statute and should not be re-opened for discussion.

### Role of Expert Comments

The City of Minneapolis supports the role of an outside contractor and their team if need be, and to assess the appropriate public utilities for this cost. As a government agency, the City of Minneapolis is familiar with the benefits of hiring technical experts as an effective tool in the development of strong government policy and programming. Selection criteria should include demonstrated expertise in similar projects of size and scope, along with meeting other Agency's deliverables.

Thank you again for this opportunity. Please contact Gayle Prest, City of Minneapolis Sustainability Director at [gayle.prest@minneapolismn.gov](mailto:gayle.prest@minneapolismn.gov) or 612.673.2931 if you have any questions regarding this filing.

Sincerely,



Paul Aasen,  
City Coordinator

## CERTIFICATE OF SERVICE

I, Gregory Sautter, hereby certify that I have this day, caused to be served a true and correct copy of the following documents to all persons at the addresses indicated below or on the attached list by electronic filings, electronic mail, courier, interoffice mail or by depositing the same enveloped with postage paid in the United States mail at Minneapolis, Minnesota.

*Re: COMMENTS RE: INVESTIGATION OF EXTERNALITY VA LUES  
FOR USE INRESOURCE DECISIONS  
DOCKET Nos. E-999/CI-00-1636*

Dated this 9<sup>th</sup> Day of May, 2014.

s/GregoryPSautter  
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