



33 South Sixth Street, Suite 4200
Minneapolis, MN 55402
T. 612.373.8800
F. 612.373.8881
www.stoel.com

ANDREW P. MORATZKA
D. (612) 373-8822
apmoratzka@stoel.com

September 22, 2017

VIA E-FILING

Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place Street, Suite 350
St. Paul, MN 55101

**Re: In the Matter of Establishing an Updated Estimate of the Costs of Future Carbon Dioxide Regulation on Electricity Generation under Minn. Stat. § 216H.06
PUC Docket No. E999/CI-07-1199, PUC Docket No. E999/DI-17-53**

Dear Mr. Wolf:

Attached for filing in connection with the above-mentioned docket, please find Minnesota Large Industrial Group Comment. Also attached is a Certificate of Service.

Very truly yours,

Stoel Rives LLP

/s/ Andrew P. Moratzka

Andrew P. Moratzka

APM:kap
Attachment

cc: Service List

CERTIFICATE OF SERVICE

I, Kathy Prestidge, hereby certify that I have this day, 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 filing, electronic mail, courier, interoffice mail or by depositing the same enveloped with postage paid in the United States Mail at Minneapolis, Minnesota.

Minnesota Large Industrial Group Comment

**In the Matter of Establishing an Updated Estimate of the Costs of Future Carbon Dioxide Regulation on Electricity Generation under Minn. Stat. § 216H.06
PUC Docket No. E999/CI-07-1199, PUC Docket No. E999/DI-17-53**

Dated this 22nd day of September, 2017.

/s/ Kathy Prestidge

Kathy Prestidge

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	OFF_SL_7-1199_1
Jon	Brekke	jbrekke@grenergy.com	Great River Energy	12300 Elm Creek Boulevard Maple Grove, MN 553694718	Electronic Service	No	OFF_SL_7-1199_1
Christina	Brusven	cbrusven@fredlaw.com	Fredrikson Byron	200 S 6th St Ste 4000 Minneapolis, MN 554021425	Electronic Service	No	OFF_SL_7-1199_1
Carl	Cronin	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_7-1199_1
Leigh	Currie	lcurrie@mncenter.org	Minnesota Center for Environmental Advocacy	26 E. Exchange St., Suite 206 St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_7-1199_1
Stacy	Dahl	sdahl@minnkota.com	Minnkota Power Cooperative, Inc.	1822 Mill Road PO Box 13200 Grand Forks, ND 58208-3200	Electronic Service	No	OFF_SL_7-1199_1
David	Dahlberg	davedahlberg@nweco.com	Northwestern Wisconsin Electric Company	P.O. Box 9 104 South Pine Street Grantsburg, WI 548400009	Electronic Service	No	OFF_SL_7-1199_1
Curt	Dieren	curt.dieren@dgr.com	L&O Power Cooperative	1302 S Union St Rock Rapids, IA 51246	Electronic Service	No	OFF_SL_7-1199_1
Ian	Dobson	Residential.Utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_7-1199_1
Brian	Draxten	bhdraxten@otpc.com	Otter Tail Power Company	P.O. Box 496 215 South Cascade Street Fergus Falls, MN 565380498	Electronic Service	No	OFF_SL_7-1199_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	Yes	OFF_SL_7-1199_1
Karlene	Fine	kfine@nd.gov	Industrial Commission of North Dakota	14th Floor 600 E. Boulevard Avenue, Dept. 405 Bismarck, ND 58505	Electronic Service	No	OFF_SL_7-1199_1
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St Saint Paul, MN 55102	Electronic Service	No	OFF_SL_7-1199_1
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_7-1199_1
Todd J.	Guerrero	todd.guerrero@kutakrock.com	Kutak Rock LLP	Suite 1750 220 South Sixth Street Minneapolis, MN 554021425	Electronic Service	No	OFF_SL_7-1199_1
Kimberly	Hellwig	kimberly.hellwig@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_7-1199_1
Casey	Jacobson	cjacobson@bepc.com	Basin Electric Power Cooperative	1717 East Interstate Avenue Bismarck, ND 58501	Electronic Service	No	OFF_SL_7-1199_1
Joel	Larson	jl Larson@minnkota.com	Minnkota Power Cooperative, Inc.	1822 Mill Road Grand Forks, ND 58203	Electronic Service	No	OFF_SL_7-1199_1
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_7-1199_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Dalene	Monsebrotten	dalene@mncable.net	Northern Municipal Power Agency	123 2nd St W Thief River Falls, MN 56701	Electronic Service	No	OFF_SL_7-1199_1
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_7-1199_1
Peter	Nelson	peter.nelson@americanexperiment.org	Center of the American Experiment	8441 Wayzata Boulevard Suite 350 Golden Valley, MN 55426	Electronic Service	No	OFF_SL_7-1199_1
David	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency	220 South Sixth Street Suite 1300 Minneapolis, Minnesota 55402	Electronic Service	No	OFF_SL_7-1199_1
Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company	200 1st Street SE PO Box 351 Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_7-1199_1
Steven	Nyhus	swnyhus@flaherty-hood.com	Flaherty & Hood PA	525 Park St Ste 470 Saint Paul, MN 55103	Electronic Service	No	OFF_SL_7-1199_1
Russell	Olson	rolson@hcpd.com	Heartland Consumers Power District	PO Box 248 Madison, SD 570420248	Electronic Service	No	OFF_SL_7-1199_1
Mary Beth	Peranteau	mperanteau@wheelerlaw.com	Wheeler Van Sickle & Anderson SC	44 E. Mifflin Street, 10th Floor Madison, WI 53703	Electronic Service	No	OFF_SL_7-1199_1
Craig	Rustad	crustad@minnkota.com	Minnkota Power	1822 Mill Road PO Box 13200 Grand Forks, ND 582083200	Electronic Service	No	OFF_SL_7-1199_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Robert K.	Sahr	bsahr@eastriver.coop	East River Electric Power Cooperative	P.O. Box 227 Madison, SD 57042	Electronic Service	No	OFF_SL_7-1199_1
Christopher	Schoenherr	cp.schoenherr@smmpa.org	SMMPA	500 First Ave SW Rochester, MN 55902-3303	Electronic Service	No	OFF_SL_7-1199_1
Mrg	Simon	mrgsimon@mrenergy.com	Missouri River Energy Services	3724 W. Avera Drive P.O. Box 88920 Sioux Falls, SD 571098920	Electronic Service	No	OFF_SL_7-1199_1
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_7-1199_1
David	Thornton	J.David.Thornton@state.mn.us	MN Pollution Control Agency	520 Lafayette Road St. Paul, MN 55101	Electronic Service	No	OFF_SL_7-1199_1
Pat	Treseler	pat.jcplaw@comcast.net	Paulson Law Office LTD	4445 W 77th Street Suite 224 Edina, MN 55435	Electronic Service	No	OFF_SL_7-1199_1
Cam	Winton	cwinton@mnychamber.com	Minnesota Chamber of Commerce	400 Robert Street North Suite 1500 St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_7-1199_1
Robyn	Woeste	robynwoeste@alliantenergy.com	Interstate Power and Light Company	200 First St SE Cedar Rapids, IA 52401	Electronic Service	No	OFF_SL_7-1199_1
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	OFF_SL_7-1199_1

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	OFF_SL_17-53_17-53
Ian	Dobson	Residential.Utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	No	OFF_SL_17-53_17-53
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_17-53_17-53
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	OFF_SL_17-53_17-53

FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION

121 Seventh Place East, Suite 350
St. Paul, Minnesota 55101-2147

In the Matter of Establishing an Updated
Estimate of the Costs of Future Carbon
Dioxide Regulation on Electricity Generation
under Minn. Stat. § 216H.06

PUC Docket No. E-999/CI-07-1199
PUC Docket No. E-999/DI-17-53

MINNESOTA LARGE INDUSTRIAL GROUP COMMENT

I. INTRODUCTION

On February August 22, 2017, the Minnesota Pollution Control Agency (“MPCA”) and the Minnesota Department of Commerce, Division of Energy Resources (“DOC”, together with the MPCA, the “Agencies”) issued a request for comments (the “Request”) on the range of cost estimates for the future cost of carbon dioxide (“CO₂”) regulation on electricity generation. The Request seeks comments on the following topics:

1. What approaches could be used within the next few months to develop updated regulatory cost value ranges for CO₂ emissions?
2. What is a reasonable date (year) in which utilities can be expected to incur regulatory CO₂ emission costs?
3. Is there a basis for the Minnesota Public Utilities Commission (“Commission”) to re-assess its decision to apply only the regulatory cost value or the externality value, but not both, to emissions in a given planning year?
4. If there is a basis for the Commission to re-assess how the regulatory cost value and the externality value ranges are applied, what options should the Commission consider?

The Minnesota Large Industrial Group (“MLIG”) has been an active participant in the preceding docket, Commission Docket No. E-999/CI-07-1199, as well as the related docket on environmental cost values, Commission Docket No. E-999/CI-14-643. MLIG is an *ad hoc* consortium of large industrial customers in Minnesota spanning multiple utilities that together consume more than 6 billion kWh of electricity and pay in excess of \$350 million for electricity each year. The companies comprising MLIG are: ArcelorMittal USA (Minorca Mine); Blandin Paper Company; Boise Paper, a Packaging Corporation of America company, formerly known as Boise, Inc.; Enbridge Energy, Limited Partnership; Gerdau Ameristeel US Inc. (St. Paul facility); Hibbing Taconite Company; Mesabi Nugget Delaware, LLC; Sappi Cloquet, LLC; United States Steel Corporation (Keetac and Minntac Mine); United Taconite, LLC; USG Interiors, LLC (Cloquet and Red Wing facilities); and Verso Corporation. MLIG respectfully requests that the Agencies and Commission refrain from requiring parties to expend additional resources to develop updated regulatory cost value ranges for CO₂ emissions and an updated timeframe to expect those potential costs, because the answer to the 3rd question in the Request is “no.”

II. COMMENT

Per the request of the Department, the Center for Energy and Economic Development, the Environmental Intervenors (comprised of Fresh Energy, the Isaak Walton League of America - Midwest Office, Minnesota Center for Environmental Advocacy, and the Union of Concerned Scientists), and the Municipal Group (Central Minnesota Municipal Power Agency, Heartland Consumers Power District, and Missouri River Energy Services), the Commission previously determined that it would not apply the externalities values established under section 216B.2422 of the Minnesota Statutes in addition to the values established under section 216H.06 of the Minnesota Statutes.¹ In its December 2007 Order, the Commission stated:

CEED, the Department, the Environmental Intervenors and the Municipal Group asked the Commission to clarify that whatever estimates of CO₂ regulation costs the Commission may adopt in this docket would not apply in addition to the existing estimates of CO₂ externality costs.

¹ *In the Matter of Establishing an Estimate of the Costs of Future Carbon Dioxide Regulation on Electricity Generation Under Minnesota Statutes § 216H.06*, Commission Docket No. E-999/CI-07-1199, ORDER ESTABLISHING ESTIMATE OF FUTURE CARBON DIOXIDE REGULATION COSTS, at 4 (December 21, 2007) (“December 2007 Order”).

The Commission finds merit in this clarification. While the calculation of externality values under § 216B.2422 is not directly comparable to the estimate of regulatory costs under § 216H.06, *they both reflect steps to account for the burdens that CO₂ emissions impose on third parties. When a utility calculates the cost of emitting another ton of CO₂ in any given year, therefore, it would be inappropriate to use both the CO₂ externality value and the CO₂ regulatory cost estimate. But utilities should continue to apply the Commission's CO₂ externality values otherwise.*²

Despite the December 2007 Order, MLIG expressed concern in a comment filed on June 26, 2014, regarding the potential combination of applying both the environmental cost values for CO₂ emissions and the regulatory cost values for CO₂ emissions to resource planning. MLIG noted that if such combination were to occur, “the price/ton for CO₂ emissions by 2019 could be in excess of \$75/ton. MLIG does not believe it would be prudent or fair to accept such a high value without further discussion and analysis in a contested case proceeding.”³ In briefing papers, Commission Staff rebutted MLIG’s concerns, claiming that the Commission has already determined that only one (but not both) values would be applied, citing the December 2007 Order.⁴ The Commission ultimately did not address the issue as requested by MLIG. And as the Agencies note in the Request, “on July 27, 2017, the Commission decided to significantly increase CO₂ environmental cost values.”⁵ For the Agencies to now assert, before the written order reflecting that decision has even been issued, that the issue of double-application of costs associated with CO₂ emissions should be revisited outside of a contested case setting is disappointing. There is simply no basis to revisit the Commission’s decision in the December 2007 Order.

Furthermore, the Agencies note in the Request that “the electricity generation sector appears to be on track” to meet the State greenhouse gas reduction goals.⁶ Indeed, according to

² December 2007 Order at 3.

³ *In the Matter of the Investigation into Environmental and Socioeconomic Costs Under Minn. Stat. §216B.2422, subd. 3*, Commission Docket No. E-999/CI-00-1636, MLIG COMMENT, at 9 (June 26, 2004).

⁴ *In the Matter of the Investigation into Environmental and Socioeconomic Costs Under Minn. Stat. §216B.2422, subd. 3*, Commission Docket No. E-999/CI-00-1636, *In the Matter of the Further Investigation into Environmental and Socioeconomic Costs Under Minn. Stat. §216B.2422 subd. 3*, Commission Docket No. E-999/CI-14-643, STAFF BRIEFING PAPERS, at 15 (September 4, 2014).

⁵ The Request, pg. 4.

⁶ The Request, pg. 3.

the MPCA, CO₂ emissions from the electric sector decreased by approximately 17% over the 2005 to 2014 timeframe.⁷ To ignore this “on track” progress and nonetheless request stakeholders in the electric sector to expend significant resources in the near future updating the regulatory cost of CO₂ emissions is inappropriate. Nor is it prudent given the Agencies’ concession that the Supreme Court stayed application of the Clean Power Plan and President Trump issued an executive order rescinding the Clean Power Plan.⁸ Although discussions may continue regarding a Clean Power Plan replacement, jumping in front of this process in an attempt to update values for CO₂ emissions that should not be additive to environmental costs is an inappropriate use of stakeholder resources.

III. CONCLUSION

In light of the Commission’s prior decisions (on both combination of regulatory and environmental costs associated with CO₂ emissions and updated environmental costs), and the electric sector’s significant progress made to date in reducing CO₂ emissions, MLIG respectfully requests the Commission take the following action:

1. Defer re-evaluation of the current values for regulatory costs associated with CO₂ emissions for at least one year;
2. Postpone application of the currently established regulatory costs associated with CO₂ emissions until 2035, which would be outside a utility planning period for integrated resource plans filed within the next two years, but would allow application of the newly established environmental costs associated with CO₂ emissions;
3. Not re-assess the decision to apply only the regulatory cost value or the externality value, but not both, to emissions in a given planning year; and
4. Re-evaluate these decisions on an annual basis, consistent with section 216H.06 of the Minnesota Statutes, to make appropriate modifications to account for developments at the federal level.

⁷ <https://www.pca.state.mn.us/greenhouse-gas-emissions-data>

⁸ The Report, pg. 3.

Dated: September 22, 2017

Respectfully submitted,

STOEL RIVES LLP

/s/ Andrew P. Moratzka

Andrew P. Moratzka

33 South Sixth Street, Suite 4200

Minneapolis, MN 55402

Tele: 612-373-8822

Fax: 612-373-8881

ATTORNEYS FOR MINNESOTA LARGE
INDUSTRIAL GROUP

94123036.3 0064592-00005