

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
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In the Matter of the Review of the 2017–2018
Annual Automatic Adjustment Report for All
Electric Utilities

ISSUE DATE: May 4, 2020

DOCKET NO. E-999/AA-18-373

In the Matter of an Investigation into Self-
Commitment and Self-Scheduling of Large
Baseload Generation Facilities

DOCKET NO. E-999/CI-19-704

ORDER CLARIFYING FILING
REQUIREMENTS AND SCHEDULE

PROCEDURAL HISTORY

On November 13, 2019, the Commission issued an order directing Minnesota Power, Northern States Power Company d/b/a Xcel Energy (Xcel), and Otter Tail Power Company (Otter Tail Power) to do the following:¹

- File annual reports analyzing potential options for dispatching certain generators during certain seasons and not others, and strategies for using “economic” commitments for specific coal-fired generating plants.
- Report their future self-commitment and self-scheduling analyses calculated according to a Commission-prescribed method.
- Provide stakeholders with a live Excel spread sheet containing the data used to complete their analyses.

On January 13, 2020, the Commission received comments from –

- The City of Minneapolis,
- Fresh Energy,
- The Minnesota Department of Commerce (the Department),
- The Minnesota Office of Attorney General,

¹ *In the Matter of the Review of the 2017–2018 Annual Automatic Adjustment Report for All Electric Utilities*, Docket No. E-999/AA-18-373, Order Accepting 2017–2018 Electric Reports and Setting Additional Requirements (November 13, 2019).

- Minnesota Power,
- Otter Tail Power,
- The Sierra Club, and
- Xcel.

On January 28, 2020, the Commission received reply comments from –

- Minnesota Power,
- Otter Tail Power, and
- Xcel.

On February 27, 2020, the matter came before the Commission.

FINDINGS AND CONCLUSIONS

I. Introduction

Midcontinent Independent System Operator, Inc. (MISO) operates the regional transmission grid and the wholesale markets for energy. MISO’s energy market identifies the supply of electric generation available throughout the MISO regions and the anticipated (and, in real time, the actual) demand for electricity in each area, selecting generators for dispatch in a manner designed to minimize overall costs to the system while meeting reliability requirements.

MISO unit commitment is the process that determines which generators (and other resources) will operate to meet the upcoming need. MISO scheduling and dispatch sets the hourly output for each committed resource, using simultaneously co-optimized Security Constrained Unit Commitment and Security Constrained Economic Dispatch to clear and dispatch the energy and reserve markets.

A market participant—that is, anyone registered for participation in MISO markets—can specify the production cost of its generator, and MISO will refrain from dispatching the resource until market prices meet or exceed that level, again, subject to reliability requirements. But under some circumstances a participant will prefer to commit its generator to be available for MISO dispatch (“self-commit”), and unilaterally set the generator’s output level (“self-schedule”), accepting whatever market price results.

Seasonal dispatch—the suspension of normal operations of a generating plant during uneconomic periods except if needed for reliability—is one potential option for mitigating the ratepayer impacts that can result from self-committing or self-scheduling a generator

The Commission initially directed Minnesota Power, Otter Tail Power, and Xcel to file a report on their self-committing and self-scheduling practices,² and subsequently directed them to make additional filings as follows:

8. [S]ubmit an annual compliance filing analyzing the potential options for seasonal dispatch generally, and potential options and strategies for utilizing “economic” commitments for specific coal-fired generating plants. The utilities shall include a specific explanation of barriers or limitations to each of these potential options, including but not limited to technical limits of the units and contract requirements (shared ownership, steam offtake contracts, minimum fuel supply requirements, etc.) as relevant
9. [R]eport their future self-commitment and self-scheduling analyses using a consistent methodology by including fuel cost and variable O&M costs, matching the offer curve submitted to MISO energy markets.
10. [P]rovide stakeholders with the underlying data (work papers) used to complete their analyses, in a live Excel spreadsheet³

II. Procedural Comments

Several parties requested clarification of the period to be covered by the first report.

Fresh Energy and the Sierra Club requested that the initial data filing cover a five-year period from January 1, 2015, to December 31, 2019. But the utilities questioned the value of analyzing older data for making prospective policy. Xcel argued that data from 2015 would have little relevance for guiding current decisions, given the changes in the electricity market. Likewise, Minnesota Power emphasized that changes in its physical plant have significantly altered its operations, rendering older data obsolete. Minnesota Power noted that since 2015, it has retired its Taconite Harbor Energy Center and Boswell Units 1 and 2, and converted Laskin Energy Center from a baseload coal-powered plant to a gas-powered plant.

Instead, the utilities proposed a shorter period. Minnesota Power and Otter Tail Power suggested that providing data for July 1, 2018, to December 31, 2019, would be appropriate for the first filing, as the information requested in Docket No. E-999/AA-18-373 covered the period July 1, 2017 to June 30, 2018. Xcel recommended analyzing data from a single calendar year. Each

² *In the Matter of the Review of the 2016–2017 Annual Automatic Adjustment Reports for All Electric Utilities*, Docket No. E-999/AA-17-492, and *In the Matter of the Review of the 2017–2018 Annual Automatic Adjustment Reports for All Electric Utilities*, Docket No. E-999/AA-18-373, Order Accepting 2016–2017 Reports and Setting Additional Requirements (February 7, 2019).

³ Docket No. E-999/AA-18-373, Order Accepting 2017-2018 Electric Reports and Setting Additional Requirements (November 13, 2019).

utility noted that they had already provided data from July 2016 to June 2018 in other dockets, so adding July 2018 to December 2019 would provide parties with data covering three-and-a-half years.

Parties also proposed various changes to the schedule for comments and reply comments. In particular, the Department requested extending the deadline for comments—with Fresh Energy, Minnesota Power, and the Sierra Club specifically proposing a comment date of June 1, 2020.

III. Commission Action

The Commission agrees with the utilities that five years of data are unnecessary for the purpose of analyzing contemporary resource offers in the MISO markets.

Rather, the Commission is persuaded that 18 months of data should suffice for the first filing. Rate-regulated gas and electric utilities may automatically adjust their rates between general rate cases to reflect fluctuations in energy-related costs, but must then account for these changes in an annual filing.⁴ Because the Commission has authorized changes to this process, switching the reporting period from a July–June to a calendar year, the Commission has directed the utilities to make a one-time filing covering a period of 18 months—from July 2018 to December 2019—rather than 12.⁵ The Commission will direct the utilities to use this same period as the basis for their filings in the current dockets. This data, combined with previously filed data, will provide interested parties with three-and-a-half years of data for analysis. Thereafter, utilities may file one year’s worth of data annually.

The Commission will grant the request of various parties to establish June 1, 2020, as the date for comments on the utilities’ filings. And the Commission will delegate to its Executive Secretary to establish additional procedures, vary deadlines, and set comment periods as appropriate.

ORDER

1. The Commission revises and clarifies its November 13, 2019 order as follows:
 - A. The first annual filing should cover the period from July 2018 to December 2019; each subsequent filing will cover a calendar year.
 - B. Initial comments are due June 1, 2020.

⁴ See Minn. Stat. § 216B.16, subd. 7; Minn. R. 7825.2390–.2920.

⁵ *In the Matter of an Investigation into the Appropriateness of Continuing to Permit Electric Energy Cost Adjustments*, Docket No. E-999/CI-03-802, Order Revising Implementation Date, Establishing Procedural Requirements, and Varying Rule (December 12, 2018) at 7.

- C. For the remainder of this investigation, the Commission delegates authority to its Executive Secretary to establish additional procedures, vary deadlines, and set comment periods.
2. This order shall become effective immediately.

BY ORDER OF THE COMMISSION



Will Seuffert
Executive Secretary



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