



Minnesota Center for Environmental Advocacy

The legal and scientific voice protecting and defending Minnesota's environment

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August 12, 2014

Dr. Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, MN 55101-2147

VIA ELECTRONIC FILING

*Re: In the Matter of Basin Electric Power Cooperative's Optional Integrated
Resource Plan Compliance
PUC Docket No. ET6125/RP-14-534*

Dear Dr. Haar,

In connection to the above-referenced matter enclosed are Comments filed on behalf of Minnesota Center for Environmental Advocacy. Also attached is the Affidavit of Service.

Sincerely,

/s/ Leigh Currie
Leigh Currie
Staff Attorney

Enclosures

cc: Attached Service list

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

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**In the Matter of Basin Electric Power
Cooperative's Optional Integrated
Resource Plan Compliance**

MPUC Docket No. ET6125/RP-14-534

**INITIAL COMMENTS ON BASIN ELECTRIC POWER COOPERATIVE'S OPTIONAL
INTEGRATED RESOURCE PLAN COMPLIANCE**

I. Introduction.

The Minnesota Center for Environmental Advocacy ("MCEA") submits these initial comments in response to Basin Electric Power Cooperative's ("Basin Electric") Integrated Resource Plan ("IRP") report filed June 26, 2014. The Minnesota Public Utilities Commission ("Commission") specifically asked for comments on "[w]hether legislation amending Minn. Stat. § 216B.2422, subd. 2c requires Basin to include information regarding progress on its system toward achieving the state greenhouse gas emission reduction goals established in Minn. Stat. § 216H.02," and "[a]ny other analyses or recommendations on the Basin filing."

As explained below, MCEA asserts that Basin Electric is statutorily required to comply with Minnesota Statute section 216B.2422, subdivision 2c. MCEA additionally provides comments on Basin Electric's assertion that it is not required to consider the environmental costs of electricity generation as required by Minnesota Statute section 216B.2422, subdivision 3. MCEA lastly asserts that, even if the Commission disagrees with MCEA's interpretation of the applicability these statutory requirements, the Commission has the discretion and authority to order Basin Electric to supply the same substantive information as required under these statutes

and that doing so will ensure that the Commission is furthering the identified policies of the Minnesota Legislature.

II. Basin Electric Is Required To Include Information Regarding Its Progress Toward Achieving Minnesota’s Greenhouse Gas Emission Reduction Goals In Its IRP Compliance Report.

Basin Electric did not include any discussion of Minnesota’s greenhouse gas emissions reduction goals¹ in its filing. The requirement to include such a discussion in all IRP filings is a recent addition to Minnesota law. In 2014, the legislature amended Minnesota Statutes § 216B.2422 by adding subdivision 2c, which states:

Each utility required to file a resource plan under subdivision 2 shall include in the filing a narrative identifying and describing the costs, opportunities, and technical barriers to the utility continuing to make progress on its system toward achieving the state greenhouse gas emission reduction goals established in section 216H.02, subdivision 1, and the technologies, alternatives, and steps the utility is considering to address those opportunities and barriers.

The requirement contained in Minnesota Statute section 216B.2422, subdivision 2c is specific to those utilities “required to file a resource plan under subdivision 2.” Basin Electric is one of the utilities required to file a resource plan under subdivision 2. Subdivision 2 states that “[a] utility shall file a resource plan with the commission,” and a “utility,” in turn, is defined as “an entity with the capability of generating 100,000 kilowatts or more of electric power and serving, either directly or indirectly, the needs of 10,000 retail customers in Minnesota.” Minn.

¹ Minnesota Statute section 216H.02, subdivision 1 establishes statewide goals for greenhouse gas emissions reduction:

It is the goal of the state to reduce statewide greenhouse gas emissions across all sectors producing those emissions to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050.

Stat. § 216B.2422, subd.1(b). Basin Electric meets this definition of utility and is therefore “required to file a resource plan under subdivision 2.” *See id.*, subd. 2c. The fact that Basin Electric elected to follow an alternative compliance path to meeting this requirement does not change the underlying requirement.

The alternative compliance path that Basin Electric elected to follow was created in 2012 when the legislature added subdivision 2b to Minn. Stat. § 216B.2422, which states that “[a] cooperative may, in lieu of filing a resource plan under subdivision 2, elect to file a report to the commission under this subdivision.” *Id.*, subd. 2b. Filing a report under subdivision 2b is an optional procedural route for complying with subdivision 2—it does not exempt Basin Electric from the substantive requirement of resource planning in Minnesota.

Accordingly, Basin Electric is “required to file a resource plan under subdivision 2” and therefore must comply with the requirement in the newly enacted subdivision 2c to include a narrative describing its path to making progress toward Minnesota’s greenhouse gas emissions reduction goals.

III. Basin Electric Cooperative Must Consider The Environmental Costs Of Electricity Generation In Its Resource Plan Report.

Basin Electric claims that it is not required to consider environmental costs because all of its generation sources (current and planned) are located outside of Minnesota. The Minnesota Legislature defined which “utilities” must participate in resource planning. Minn. Stat. § 216B.2422, subd. 1(b) defines a “utility” as “an entity with the capability of generating 100,000 kilowatts or more of electric power and serving, either directly or indirectly, the needs of 10,000 retail customers in Minnesota.” This definition includes Basin Electric and Basin Electric is therefore subject to the resource planning statute.

The Minnesota Legislature also determined, in 1993, that these utilities must use “a range of environmental costs associated with each method of electricity generation” “in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including resource plan and certificate of need proceedings.” Minn. Stat. § 216B.2422, subd. 3(a). There is no geographic limitation or distinction tied to this requirement. Based on the definition of utility, it only applies to those entities with a certain level of business tied to Minnesota, but that level of business brings those utilities within the jurisdiction of the Minnesota Public Utilities Commission and state law requires those utilities to consider environmental costs when making resource decisions that will affect Minnesota customers—regardless of where the generation sources are located.² Accordingly, as Basin Electric makes plans for future resources, it must consider the environmental costs associated with each method of electricity generation for those generation sources located within 200 miles of Minnesota when selecting resource options.

IV. The Commission Should Order Basin Electric To Comply With The Substantive Provisions Of Minnesota Statutes Section 216B.2422, Subdivisions 2c And 3(a) Even If Compliance Is Not Statutorily Required.

The statutory language discussed above supports MCEA’s position that Basin Electric must include a narrative discussing its progress in reducing greenhouse gas emissions and must consider the environmental costs of electricity generation when conducting resource planning. But even if the statutory language were not clear, it is within the Commission’s authority to order Basin Electric to include this type of information in its IRP report. There is certainly nothing in the statutory scheme that *prohibits* the Commission from requiring this information. The state

² In establishing a range of costs, the Commission determined that these costs would only need to be considered by utilities operating within 200 miles of Minnesota and that a value of \$0 should be used for utilities subject to the statute but operating beyond that range. *See* Docket No. E-999/CI-93-583, *Order Establishing Environmental Cost Values* (Jan. 3, 1997).

legislature has made it very clear that it is the policy of this state to prefer and support renewable energy generation and that the purpose of this state policy is to account for the health and environmental effects of fossil fuel combustion. By ordering Basin Electric to include this information, the Commission would be furthering this state policy and protecting the health of its citizens and environment.

V. Conclusion.

Minnesota has enacted laws that reflect our state's policies. Specifically, if utilities serve more than 10,000 retail customers in Minnesota, they must consider and discuss progress toward Minnesota's greenhouse gas emissions reduction goals and must consider the environmental costs of electricity generation when selecting the resources that will serve those customers. Basin Electric is subject to these laws despite its election to file an alternative form of an IRP.

MCEA appreciates the opportunity to comment on these matters and urges the Commission to require Basin Electric to provide this information in reply comments in this docket.

Dated: August 12, 2014

Respectfully submitted,

/s/ Leigh Currie
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STATE OF MINNESOTA
MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of Basin Electric Power
Cooperative's Optional Integrated Resource
Plan Compliance

AFFIDAVIT OF SERVICE

PUC Docket No. ET6125/RP-14-534


STATE OF MINNESOTA)
)ss.
COUNTY OF RAMSEY)

Leah Harms being duly sworn, says that on the 12th day of August, 2014 she served via U.S. mail and e-dockets the following:

- Comments filed on behalf of the Minnesota Center for Environmental Advocacy

on the following persons, in this action, by filing through e-dockets or mailing to them a copy thereof, enclosed in an envelope, postage prepaid, and by depositing the same in the post office at St. Paul, Minnesota, directed to said persons at the last known mailing address of said persons:

Attached Service List.

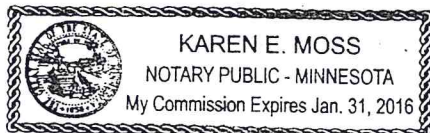


Leah Harms

Subscribed and sworn to before me
this 12th day of August, 2014



Karen Moss



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