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January 13, 2020

Mr. Ryan Barlow  
Acting Executive Secretary, General Counsel  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, MN 55101-2147

**Re: *In the Matter of an Investigation into Self-Commitment and Self-Scheduling of Large Baseload Generation Facilities***  
**Docket No. E-999/CI-19-704**

Dear Mr. Barlow:

The Office of the Attorney General—Residential Utilities Division (“OAG”) submits this letter in response to the Commission’s December 13, 2019 Notice of Comment Period on the process and scope of the Commission’s investigation into the self-commitment and self-scheduling of large baseload generation facilities.

The Commission opened this investigation after utility compliance filings in the 2017 and 2018 “AAA” dockets<sup>1</sup> showed that, for several months of the year, utilities ran coal-fired power plants when it would have been cheaper to simply purchase energy from the wholesale market. Although MISO, the regional transmission and energy-market operator, generally dispatches power plants economically, it also permits utilities to designate plants as “must run” and take whatever price the market offers for the energy generated, a practice known as “self-commitment.” As demonstrated by the utilities’ compliance filings, self-commitment not infrequently results in *uneconomic dispatch*—where a power plant’s operating costs exceed the revenues the utility earns from selling the plant’s energy into the market.

The Commission seeks comment on, among other issues, (1) whether there should be any additions or clarifications to the direction given in its November 13, 2019 order opening this investigation and (2) whether there are issues that should be addressed in addition to those specified in the November 13 order. For the reasons explained below, the Commission should

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<sup>1</sup> See *In the Matter of the Review of the 2017–2018 Annual Automatic Adjustment Reports*, Docket Nos. E-999/AA-18-373 and -17-492, COMPLIANCE FILINGS (May 8, 2019).

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ask participants to address the circumstances under which utilities should be required to make refunds to ratepayers due to uneconomic dispatch.

While a certain amount of uneconomic dispatch may be inevitable, at some level, the practice becomes so pervasive as to be imprudent. Utilities are not permitted to charge ratepayers for imprudently incurred costs,<sup>2</sup> yet the potentially imprudent costs of uneconomically dispatched power plants are reflected in both utilities' base rates and the riders through which they recover fuel and purchased energy costs. If any utility's dispatch practices are found to be imprudent or unreasonable as a result of this investigation, there will need to be a mechanism by which the imprudently incurred costs are returned to ratepayers. The Commission should take this opportunity to explore the circumstances under which uneconomic-dispatch-related costs should be refunded to ratepayers.

Accordingly, the Commission should require the utilities to address, and should request stakeholder input on: (1) the circumstances under which uneconomic dispatch is prudent or imprudent, (2) the methodology for computing ratepayer refunds for imprudent uneconomic dispatch, and (3) the appropriate mechanism(s) for making the refunds.

Sincerely,

s/ **Peter G. Scholtz**

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PETER G. SCHOLTZ

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<sup>2</sup> See Minn. Stat. § 216B.03 (requiring that every rate received by any public utility be just and reasonable).

AFFIDAVIT OF SERVICE

Re: *In the Matter of an Investigation into Self-Commitment and Self-Scheduling of Large Baseload Generation Facilities*  
Docket No. E-999/CI-19-704

STATE OF MINNESOTA    )  
  ) ss.  
COUNTY OF RAMSEY    )

I, JUDY SIGAL, hereby state that on January 13, 2020, I e-filed with eDockets a *Letter of the Office of the Attorney General—Residential Utilities Division* and served the same upon all parties listed on the attached service list by email, and/or United States Mail with postage prepaid, and deposited the same in a U.S. Post Office mail receptacle in the City of St. Paul, Minnesota.

*s/ Judy Sigal*  
\_\_\_\_\_  
Judy Sigal

Subscribed and sworn to before me  
This 13th day of January, 2020.

*s/ Patricia Jotblad*  
\_\_\_\_\_  
Notary Public

My Commission expires: January 31, 2020.

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	OFF_SL_19-704_Official
Alison C	Archer	aarcher@misoenergy.org	MISO	2985 Ames Crossing Rd Eagan, MN 55121	Electronic Service	No	OFF_SL_19-704_Official
Ryan	Barlow	ryan.barlow@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012114	Electronic Service	Yes	OFF_SL_19-704_Official
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-704_Official
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_19-704_Official
Bruce	Gerhardson	bgerhardson@otpco.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_19-704_Official
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Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_19-704_Official
Leann	Oehlerking Boes	lboes@mnpower.com	Minnesota Power	30 W Superior St Duluth, MN 55802	Electronic Service	No	OFF_SL_19-704_Official
Randy	Olson	rolson@dakotaelectric.com	Dakota Electric Association	4300 220th Street W. Farmington, MN 55024-9583	Electronic Service	No	OFF_SL_19-704_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Isabel	Ricker	ricker@fresh-energy.org	Fresh Energy	408 Saint Peter Street Suite 220 Saint Paul, MN 55102	Electronic Service	No	OFF_SL_19-704_Official
Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7  Minneapolis, MN 55401	Electronic Service	No	OFF_SL_19-704_Official
Stuart	Tommerdahl	stommerdahl@otpc.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_19-704_Official
Brian	Tulloh	btulloh@misoenergy.org	MISO	2985 Ames Crossing Rd  Eagan, MN 55121-2498	Electronic Service	No	OFF_SL_19-704_Official