

February 15, 2022

Via Electronic Filing

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
Saint Paul, MN 55101-2147

Re: *In the Matter of Xcel Energy's Petition for Approval of a Power Purchase Agreement between Northern States Power Company and St. Paul Cogeneration, LLC, Docket No. E002/M-21-590*

Reply Comments of St. Paul Cogeneration, LLC

Dear Mr. Seuffert:

Pursuant to Minn. R. 7929.3000, Subp. 4, St. Paul Cogeneration, LLC ("SPC") respectfully submits these brief reply comments in support of Northern States Power Company d/b/a/ Xcel Energy's ("Xcel") February 14, 2022 Request for Reconsideration of the Commission's January 24, 2022 Order Approving Power Purchase Agreement, Authorizing Cost Recovery, and Setting Additional Requirements ("Order") issued in the above-referenced docket.

Like Xcel, SPC supports the Commission's approval of the Power Purchase Agreement between SPC and Xcel for the sale of energy and capacity from SPC's cogeneration facility. The Commission's Order reflects a thoughtful review of the merits of the PPA and the benefits Xcel customers and the State of Minnesota derive from a continuation of the PPA. SPC is concerned, however, that one aspect of the Order could unintentionally undermine the Commission's approval of the PPA. In particular, in its Order the Commission determined that Xcel could only recover the Minnesota jurisdictional amount of PPA purchased-energy costs, net of any matching revenues, through its Fuel Clause Rider. While SPC is loath to weigh into the debate regarding jurisdictional cost allocation, in the present case, a condition precedent to Xcel's obligations under the PPA is that it has received authorization to recover all costs incurred under the PPA. To the extent that Xcel is not authorized to recover costs incurred under the PPA from its retail customers, Xcel may seek to terminate the PPA and all the benefits of the PPA that are appropriately recognized in the Commission's Order may not be realized.

Given the unique benefits the PPA provides to Minnesota – as recognized by the Commission in its Order – SPC urges the Commission to consider the alternative cost-recovery approach proposed by Xcel in its Reconsideration Request. SPC believes that there is a sufficient

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record developed upon which the Commission can conclude that Xcel's proposed approach reasonably allocates the costs of the PPA to the respective beneficiaries in the jurisdictions in which Xcel operates.

Additionally, SPC provides the following as an update to Commission on activity that has occurred since the December 16, 2021 hearing on this matter. As proposed by the Commission, work has begun to identify alternatives to reduce the cost of electricity generated by SPC. Over the past 6 weeks, SPC has had multiple meetings with the Minnesota Pollution Control Agency and the Partnership on Waste and Energy concerning the sources of waste wood used by SPC, identifying stakeholders to participate in a working group to examine alternatives (*e.g.*, tipping fees) to reduce the cost of electricity generated by SPC, and to quantify the public benefit provided by SPC. SPC anticipates this work will continue to progress over the next several months and as the work advances, SPC will provide periodic voluntary updates in this Docket and to the Minnesota Legislature.

SPC appreciates the opportunity to provide these brief comments and respectfully requests that the Commission grant Xcel's Reconsideration Request. Thank you for your attention to this Filing. Please do not hesitate to contact me with any questions or concerns.

Sincerely,

Stinson LLP

/s/ Brian M. Meloy

Brian M. Meloy

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

*In the Matter of Xcel Energy's Petition for
Approval of a Power Purchase Agreement
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Docket No. E002/M-21-590

CERTIFICATE OF SERVICE

The undersigned hereby certifies that true and correct copies of **St. Paul Cogeneration's Reply**

Comments were electronically served upon the following:

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Dated this 15th day of February, 2022

/s/ Joshua M. Feit

Joshua M. Feit