

April 1, 2020

William Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, MN 55101

RE: Docket No. E-002/M-19-809 Xcel Energy Petition for Approval of a Plan to Offer Generating Resources into the MISO Market on a Seasonal Basis

Dear Mr. Seuffert:

The City of Minneapolis (“Minneapolis”) thanks the Commission for the opportunity to provide comments on Xcel Energy’s (“Xcel” or “the Company”) petition to offer two of its remaining coal plants into the MISO market seasonally (“Petition”).

Minneapolis appreciates that since 2019, the Company has offered coal facilities with an economic commit status, as opposed to self-commit, as much as possible¹ and that the Company filed the Petition voluntarily.

Minneapolis participates in this proceeding to support the transition to a clean, reliable, and affordable energy system for the benefit of our residents and businesses. We believe this Petition and the related Self-Commitment and Self-Scheduling docket² create opportunities to identify how current and planned practices combine to optimize generation assets that lead to lower total system costs and increased renewable energy.

Commission Questions

- 1. Is Xcel’s plan to offer these generators on the MISO market economic and in the public interest?*

Xcel’s Petition proposes to operate two of its remaining coal units seasonally and under certain economic dispatch conditions during peak seasons.

Minneapolis generally supports Xcel’s Unit Commitment Plan because it will result in:

- Significant customer cost savings of \$10’s of millions
- Significant criteria pollution and greenhouse gas reductions
- A fairer wholesale electricity market

¹ [Xcel Annual Report](#) Re: Commission Investigation into Self-Commitment and Self-scheduling of Large Baseload Generation Facilities. DOCKET NO. E999/CI-19-704. Feb 28, 2020. p.3.

² DOCKET NO. E999/CI-19-704. Commission Investigation into Self-Commitment and Self-scheduling of Large Baseload Generation Facilities.

Minneapolis supports Xcel's proposed reporting plan³ with a request that the Company include a more granular analysis of the actual cost savings by category (O&M, energy, labor, etc.) under their Unit Commitment Plan. We recommend rather than annual aggregation, the reporting be done by month for the ease of stakeholder analysis.

Minneapolis is especially encouraged that Xcel plans to "look for opportunities to expand seasonal operations to include other generation facilities or longer periods when units are idled."⁴ This will support economically efficient outcomes with additional customer savings and pollution reduction benefits.

Within the Petition, Xcel notes an operational challenge for some of its generation assets as follows:

*MISO's Security Constrained Unit Commit (SCUC) model is currently limited to a single day commitment period. The Company has consistently advocated for the development and implementation of a multi-day commitment, and discussions with MISO are ongoing. With a multi-day commitment mechanism, the Company's coal generators could be economically committed based on MISO's forecast of load and resources over a multi-day period with full consideration of unit parameters, such as minimum run times, extended startup time, and minimum down time. The current single-day commitment model does not adequately assess these cycle times, and market outcomes may not fully optimize commitments of these resources.*⁵

Minneapolis understands that this may be outside the issue at hand, but since it was raised we note concern that the suggested changes to MISO's model may have the consequence of increasing fossil-based generation, resulting in increases in emissions and costs to customers.

2. How does Xcel's plan relate to the self-commitment and self-scheduling of large baseload generation facilities investigation in Docket No. E-999/CI-19-704?

Minneapolis views the Petition as a practical application that complements the intent behind the Commission investigation (Docket 19-704.) We believe that lessons learned from Xcel's proposed Unit Commitment Plan can be applicable to other electric utilities' operations for the benefit of all Minnesota customers.

3. Is Xcel's request for preapproval to true-up 2020 fuel costs that differ from its initial 2020 fuel forecast as approved in Docket No. E-002/AA-19-293 reasonable?

Xcel states that it does not anticipate a change in revenue under the Unit Commitment Plan, and that if the plan is approved, the Company would reflect the actual fuel clause impacts in the fuel clause true-up.⁶

Xcel requested that "instead of implementing any changes to the 2020 fuel forecast, we propose to examine the impacts, report the findings to the Commission, and true-up for actual fuel costs when we file the March 1, 2021 fuel forecast true-up report."⁷

City of Minneapolis asks that the forecast be adjusted as soon as practical to offer customers financial relief.

³ [Xcel Petition](#). p. 13. Dec 20, 2020.

⁴ *id.* p. 6.

⁵ *id.* p.8

⁶ *id.* p.4.

⁷ *id.* p. 11

We note that when reduced costs are not immediately reflected in bills, the financial burden associated with overpayment is borne by the customer. We are especially sensitive that our unexpected change in economic circumstances since the Petition was filed will impact all customers in all classes financially.

Further, the longer the true-up departs from the expected savings, the less likely that the customers who overpaid will benefit from refunds due them (i.e. due to relocation, businesses closings, lease expiration, death, etc.).

Summary Recommendations

In summary, City of Minneapolis is pleased to support Xcel's petition and recommends Commission approval with the following modifications.

Reporting

Minneapolis supports Xcel's proposed reporting plan⁸ with a request that the Company include a more granular analysis of the actual cost savings by category (O&M, energy, labor, etc.) under their Unit Commitment Plan. We recommend reporting by month for ease of stakeholder analysis.

True-Up

City of Minneapolis asks that the forecast be adjusted as soon as practical to offer customers financial relief.

The City of Minneapolis appreciates the opportunity to review and offer input on the Company's Petition. Thank you for your consideration of these comments.

Sincerely,



Mr. Kim W. Havey, LEED AP, AICP
Division of Sustainability

⁸ [Xcel Petition](#). p. 13. Dec 20, 2020.

Service List Member Information

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