



414 Nicollet Mall
Minneapolis, Minnesota 55401-1993

June 30, 2014

—Via Electronic Filing—

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

RE: COMMENTS
MULTI-STATE TRACKING AND TRADING SYSTEM FOR RENEWABLE ENERGY
CREDITS
DOCKET NO. E999/CI-04-1616

Dear Dr. Haar:

Northern States Power Company, doing business as Xcel Energy, submits these Comments in response to the NOTICE OF COMMENT PERIOD ON REC ELIGIBILITY issued by the Minnesota Public Utilities Commission on May 28, 2014.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list.

Please contact me at 612-330-7529 or Paul.Lehman@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

/s/

PAUL J LEHMAN
MANAGER, REGULATORY COMPLIANCE AND FILINGS

Enclosures
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

| | |
|-------------------------|--------------|
| Beverly Jones Heydinger | Chair |
| David C. Boyd | Commissioner |
| Nancy Lange | Commissioner |
| Dan Lipschultz | Commissioner |
| Betsy Wergin | Commissioner |

IN THE MATTER OF A COMMISSION
INVESTIGATION INTO A MULTI-STATE
TRACKING AND TRADING SYSTEM FOR
RENEWABLE ENERGY CREDITS

DOCKET NO. E999/CI-04-1616

COMMENTS

OVERVIEW

Northern States Power Company, doing business as Xcel Energy, submits these Comments in response to the NOTICE OF COMMENT PERIOD ON REC ELIGIBILITY issued by the Minnesota Public Utilities Commission on May 28, 2014. Below we address the questions posed by the PUC in its Notice.

COMMENTS

A. M-RETS' decision to allow the importing of Michigan RECs

Minn. Stat. § 216B.1691, Subd. 4(c) requires the Commission to facilitate the trading of renewable energy crediting between states. Xcel Energy supports the revision to M-RETS policy to allow for the import of Michigan RECs from the Michigan Renewable Energy Certification System (MIRECS) as the Company believes that the regional REC registries should work together to facilitate a national REC market which will encourage additional development of renewable resources in Minnesota.

B. Whether the Commission should determine that wind and solar RECs imported from the Michigan tracking system are eligible for Minnesota RES compliance if 1 MWh equals one Renewable Energy Certificate

Xcel Energy believes that all RECs from resources that meet the definition of eligible energy technology for the Minnesota renewable energy objectives (REO/RES) in Minn. Stat. § 216B.1691 should be eligible for Minnesota RES compliance, even if the resource is located outside of the M-RETS footprint.

Under Michigan law, one renewable energy credit applies to each megawatt hour of electricity generated from the renewable energy system. (MCL 460.1039.) But, this same Michigan law provides for “incentive RECs” (or bonus RECs) to be created in MIRECS for circumstances such as solar energy, on-peak energy of non-wind resources and energy generation from resources constructed using equipment made in Michigan, in addition to the RECs created for renewable generation. For example, 2 RECs apply in Michigan for each megawatt hour of electricity produced from solar power. (MCL 460.1039 (2)(a).) These Michigan incentive RECs should be rebundled with the RECs created from the generation so that the RECs available in M-RETS match one to one with the generation from the eligible resource and the incentive RECs are no longer available in MIRECS for compliance or transaction. Under this approach, only 1 REC would apply to 1 megawatt of solar energy produced in Michigan but recorded in M-RETS.

C. Whether the Commission should state that other types of RECs from the Michigan tracking system, such as hydroelectric and biomass RECs, would need specific approval from the Commission prior to a Minnesota utility retiring them for Minnesota RES compliance.

The Commission currently allows for self-designation of the Minnesota RES eligibility by the M-RETS account holder for resources located within the M-RETS footprint. Specific Commission approval is not required except for resources that use technology based on fuel combustion (Minn. Stat. § 216B.1691, subd. 5). Therefore, the Company suggests that the same policy be used for imported RECs from MIRECS and allow for self-designation by the M-RETS account holder as Minnesota RES eligible resources, with additional approval required for technology based on fuel combustion.

CONCLUSION

We appreciate the opportunity to respond to the questions posed by the PUC in its Notice and look forward to a continued discussion on the matter of Michigan RECs.

Dated: June 30, 2014

Northern States Power Company

Respectfully submitted by:

/s/

PAUL J LEHMAN
MANAGER, REGULATORY COMPLIANCE AND FILINGS

CERTIFICATE OF SERVICE

I, Theresa Sarafolean, hereby certify that I have this day served copies of the foregoing document or a summary thereof on the attached list of persons.

xx by depositing a true and correct copy or summary thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota; or

xx via electronic filing

Docket No. E999/CI-04-1616

Dated this 30th day of June 2014

/s/

Theresa Sarafolean

| 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_4-1616_1 |
| Julia | Anderson | Julia.Anderson@ag.state.mn.us | Office of the Attorney General-DOC | 1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134 | Electronic Service | Yes | OFF_SL_4-1616_1 |
| William A. | Blazar | bblazar@mnchamber.com | Minnesota Chamber Of Commerce | Suite 1500 400 Robert Street North St. Paul, MN 55101 | Electronic Service | No | OFF_SL_4-1616_1 |
| Michael | Bradley | mike.bradley@lawmoss.com | Moss & Barnett | Suite 4800 90 S 7th St Minneapolis, MN 55402-4129 | Electronic Service | No | OFF_SL_4-1616_1 |
| Jon | Brekke | jbrekke@greenergy.com | Great River Energy | 12300 Elm Creek Boulevard Maple Grove, MN 553694718 | Electronic Service | No | OFF_SL_4-1616_1 |
| Mark B. | Bring | mbring@otpc.com | Otter Tail Power Company | 215 South Cascade Street PO Box 496 Fergus Falls, MN 565380496 | Electronic Service | No | OFF_SL_4-1616_1 |
| Christina | Brusven | cbrusven@fredlaw.com | Fredrikson & Byron, P.A. | 200 S 6th St Ste 4000 Minneapolis, MN 554021425 | Electronic Service | No | OFF_SL_4-1616_1 |
| Tammie | Carino | tcarino@GREnergy.com | Great River Energy | 12300 Elm Creek Blvd. Maple Grove, MN 55369-4718 | Electronic Service | No | OFF_SL_4-1616_1 |
| Douglas M. | Carnival | | McGrann Shea Anderson Carnival | Straugn & Lamb 800 Nicollet Mall, Suite 2600 Minneapolis, MN 554027035 | Paper Service | No | OFF_SL_4-1616_1 |
| Kenneth A. | Colburn | kcolburn@symbioticstrategies.com | Symbiotic Strategies, LLC | 26 Winton Road Meredith, NH 32535413 | Electronic Service | No | OFF_SL_4-1616_1 |
| | | | | | | | |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|----------------|------------------------------|---|--|--------------------|-------------------|-------------------|
| George | Crocker | gwillc@nawo.org | North American Water Office | PO Box 174 Lake Elmo, MN 55042 | Electronic Service | No | OFF_SL_4-1616_1 |
| Mark F. | Dahlberg | markdahlberg@nweco.com | Northwestern Wisconsin Electric Company | P.O. Box 9 104 South Pine Street Grantsburg, WI 548400009 | Electronic Service | No | OFF_SL_4-1616_1 |
| Curt | Dieren | cdieren@dgrnet.com | L&O Power Cooperative | 1302 South Union Street PO Box 511 Rock Rapids, IA 51246 | Electronic Service | No | OFF_SL_4-1616_1 |
| Ian | Dobson | ian.dobson@ag.state.mn.us | Office of the Attorney General-RUD | Antitrust and Utilities Division 445 Minnesota Street, BRM Tower St. Paul, MN 55101 | Electronic Service | No | OFF_SL_4-1616_1 |
| Mike | Eggl | megg1@bepc.com | Basin Electric Power Cooperative | 1717 East Interstate Avenue Bismarck, ND 58503 | Electronic Service | No | OFF_SL_4-1616_1 |
| Kristen | Eide Tollefson | HealingSystems@earthlink.net | R-CURE | P O Box 129 Frontenac, MN 55026 | Paper Service | No | OFF_SL_4-1616_1 |
| Pam | Fergen | | Hennepin County Government Center CAO | A2000 300 S. Sixth Street Minneapolis, MN 55487 | Paper Service | No | OFF_SL_4-1616_1 |
| Sharon | Ferguson | sharon.ferguson@state.mn.us | Department of Commerce | 85 7th Place E Ste 500 Saint Paul, MN 551012198 | Electronic Service | Yes | OFF_SL_4-1616_1 |
| Gary | Garbe | Gary.Garbe@avantenergy.com | Minnesota Municipal Power Agency | 220 South Sixth Street Suite 1300 Minneapolis, MN 55402 | Electronic Service | No | OFF_SL_4-1616_1 |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|------------|------------------------------------|---|---|--------------------|-------------------|-------------------|
| Edward | Garvey | garveyed@aol.com | Residence | 32 Lawton St Saint Paul, MN 55102 | Paper Service | No | OFF_SL_4-1616_1 |
| Darrell | Gerber | | Clean Water Action Alliance of Minnesota | 308 Hennepin Ave. E. Minneapolis, MN 55414 | Paper Service | No | OFF_SL_4-1616_1 |
| Elizabeth | Goodpaster | bgoodpaster@mncenter.org | MN Center for Environmental Advocacy | Suite 206 26 East Exchange Street St. Paul, MN 551011667 | Electronic Service | No | OFF_SL_4-1616_1 |
| Bryan | Gower | N/A | APX, Inc. | 224 Airport Parkway Suite 600 San Jose, CA 95110 | Paper Service | No | OFF_SL_4-1616_1 |
| Pete | Grills | N/A | Citizen User | 5414 Ashurst Street Indianapolis, IN 46220 | Paper Service | No | OFF_SL_4-1616_1 |
| Burl W. | Haar | burl.haar@state.mn.us | Public Utilities Commission | Suite 350 121 7th Place East St. Paul, MN 551012147 | Electronic Service | Yes | OFF_SL_4-1616_1 |
| Tony | Hainault | anthony.hainault@co.hennepin.mn.us | Hennepin County DES | 701 4th Ave S Ste 700 Minneapolis, MN 55415-1842 | Electronic Service | No | OFF_SL_4-1616_1 |
| Bill | Heaney | billheaney@billheaney.com | IBEW Minnesota State Council | 940 44th Ave NE Unite 21067 Columbia Hts, MN 55421-3099 | Electronic Service | No | OFF_SL_4-1616_1 |
| John | Helmrs | helmrs.john@co.olmsted.mn.us | Olmsted County Waste to Energy | 2122 Campus Drive SE Rochester, MN 55904-4744 | Electronic Service | No | OFF_SL_4-1616_1 |
| Annete | Henkel | mui@mnutilityinvestors.org | Minnesota Utility Investors | 413 Wacouta Street #230 St.Paul, MN 55101 | Electronic Service | No | OFF_SL_4-1616_1 |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|-------------|--------------------------------|---|--|--------------------|-------------------|-------------------|
| Jessy | Hennesy | jessy.hennesy@avantenergy.com | Avant Energy | 220 S. Sixth St. Ste 1300 Minneapolis, Minnesota 55402 | Electronic Service | No | OFF_SL_4-1616_1 |
| Ashley | Houston | | | 120 Fairway Rd Chestnut Hill, MA 24671850 | Paper Service | No | OFF_SL_4-1616_1 |
| Lori | Hoyum | lhoyum@mnpower.com | Minnesota Power | 30 West Superior Street Duluth, MN 55802 | Electronic Service | No | OFF_SL_4-1616_1 |
| Casey | Jacobson | cjacobson@bepc.com | Basin Electric Power Cooperative | 1717 East Interstate Avenue Bismarck, ND 58501 | Electronic Service | No | OFF_SL_4-1616_1 |
| Eric | Jensen | ejensen@iwla.org | Izaak Walton League of America | Suite 202 1619 Dayton Avenue St. Paul, MN 55104 | Electronic Service | No | OFF_SL_4-1616_1 |
| Paula | Johnson | paulajohnson@alliantenergy.com | Alliant Energy-Interstate Power and Light Company | P.O. Box 351 200 First Street, SE Cedar Rapids, IA 524060351 | Electronic Service | No | OFF_SL_4-1616_1 |
| Larry | Johnston | lw.johnston@smmpa.org | SMMPA | 500 1st Ave SW Rochester, MN 55902-3303 | Electronic Service | No | OFF_SL_4-1616_1 |
| Nate | Jones | njones@hcpd.com | Heartland Consumers Power | PO Box 248 Madison, SD 57042 | Electronic Service | No | OFF_SL_4-1616_1 |
| Julie | Ketchum | N/A | Waste Management | 20520 Keokuk Ave Lakeville, MN 55044 | Paper Service | No | OFF_SL_4-1616_1 |
| John | Knofczynski | | Heartland Consumers Power District | PO Box 248 203 W. Center Street Madison, SD 570420248 | Paper Service | No | OFF_SL_4-1616_1 |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|--------------|-------------|---------------------------|---------------------------------------|--|--------------------|-------------------|-------------------|
| Heidi | Konynenbelt | hkynonenbelt@otpc.com | Otter Tail Power Company | 215 S. Cascade Street, PO Box 496 Fergus Falls, MN 565380496 | Electronic Service | No | OFF_SL_4-1616_1 |
| Deborah Fohr | Levchak | dlevchak@bepc.com | Basin Electric Power Cooperative | 1717 East Interstate Avenue Bismarck, ND 585030564 | Electronic Service | No | OFF_SL_4-1616_1 |
| John | Lindell | agorud.ecf@ag.state.mn.us | Office of the Attorney General-RUD | 1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130 | Electronic Service | Yes | OFF_SL_4-1616_1 |
| Mark | Lindquist | N/A | The Minnesota Project | 57107 422nd St New Ulm, MN 56073-4321 | Paper Service | No | OFF_SL_4-1616_1 |
| Harvey | McMahon | hmcMahon@otpc.com | Otter Tail Power Company | 215 South Cascade Street Fergus Falls, MN 56537 | Electronic Service | No | OFF_SL_4-1616_1 |
| Dave | McNary | N/A | Hennepin County DES | 701 Fourth Avenue South suite 700 Minneapolis, MN 55415-1842 | Paper Service | No | OFF_SL_4-1616_1 |
| John | McWilliams | jmm@dairy.net | Dairyland Power Cooperative | 3200 East Ave SPO Box 817 La Crosse, WI 54601-7227 | Electronic Service | No | OFF_SL_4-1616_1 |
| Valerie | Means | valerie.means@lawmoss.com | Moss & Barnett | Suite 4800 90 South Seventh Street Minneapolis, MN 55402 | Electronic Service | No | OFF_SL_4-1616_1 |
| Stacy | Miller | stacy.miller@state.mn.us | Department of Commerce | State Energy Office 85 7th Place East, Suite 500 St. Paul, MN 55101 | Electronic Service | No | OFF_SL_4-1616_1 |

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|------------|-----------|------------------------------------|------------------------------------|--|--------------------|-------------------|-------------------|
| David | Moeller | dmoeller@allete.com | Minnesota Power | 30 W Superior St Duluth, MN 558022093 | Electronic Service | No | OFF_SL_4-1616_1 |
| Andrew | Moratzka | apmoratzka@stoel.com | Stoel Rives LLP | 33 South Sixth Street Suite 4200 Minneapolis, MN 55402 | Electronic Service | No | OFF_SL_4-1616_1 |
| David W. | Niles | david.niles@avantenergy.com | Minnesota Municipal Power Agency | Suite 300 200 South Sixth Street Minneapolis, MN 55402 | Electronic Service | No | OFF_SL_4-1616_1 |
| Russell | Olson | N/A | Heartland Consumers Power District | PO Box 248 Madison, SD 570420248 | Paper Service | No | OFF_SL_4-1616_1 |
| Thomas L. | Osteraas | bademailthomasosteraas@leonard.com | Excelsior Energy | 150 South 5th Street Suite 2300 Minneapolis, MN 55402 | Paper Service | No | OFF_SL_4-1616_1 |
| Gerad | Paul | gpaul@minnkota.com | Minnkota Power Cooperative | 1822 Mill Road Grand Forks, ND 58208-3200 | Electronic Service | No | OFF_SL_4-1616_1 |
| Mary Beth | Peranteau | mperanteau@wheelerlaw.com | Wheeler Van Sickle & Anderson SC | Suite 801 25 West Main Street Madison, WI 537033398 | Electronic Service | No | OFF_SL_4-1616_1 |
| William | Pickrell | | North American Hydro | PO Box 167 116 State Street Neshkoro, WI 54941 | Paper Service | No | OFF_SL_4-1616_1 |
| Julie | Pierce | jpierce@mnpower.com | Minnesota Power | 30 W Superior St Duluth, MN 558022093 | Electronic Service | No | OFF_SL_4-1616_1 |
| John C. | Reinhardt | | Laura A. Reinhardt | 3552 26Th Avenue South Minneapolis, MN 55406 | Paper Service | No | OFF_SL_4-1616_1 |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|----------------|------------------------------|---|---|--------------------|-------------------|-------------------|
| Kevin | Reuther | kreuther@mncenter.org | MN Center for Environmental Advocacy | 26 E Exchange St, Ste 206 St. Paul, MN 551011667 | Electronic Service | No | OFF_SL_4-1616_1 |
| Craig | Rustad | crustad@minnkota.com | Minnkota Power | 1822 Mill Road PO Box 13200 Grand Forks, ND 582083200 | Electronic Service | No | OFF_SL_4-1616_1 |
| Robert K. | Sahr | bsahr@eastriver.coop | East River Electric Power Cooperative | P.O. Box 227 Madison, SD 57042 | Electronic Service | No | OFF_SL_4-1616_1 |
| Raymond | Sand | rms@dairynet.com | Dairyland Power Cooperative | P.O. Box 8173200 East Avenue South LaCrosse, WI 546020817 | Electronic Service | No | OFF_SL_4-1616_1 |
| Richard | Savelkoul | rsavelkoul@martinsquires.com | Martin & Squires, P.A. | 332 Minnesota Street Ste W2750 St. Paul, MN 55101 | Electronic Service | No | OFF_SL_4-1616_1 |
| Matthew J. | Schuerger P.E. | mjsreg@earthlink.net | Energy Systems Consulting Services, LLC | PO Box 16129 St. Paul, MN 55116 | Electronic Service | No | OFF_SL_4-1616_1 |
| Dean | Sedgwick | N/A | Itasca Power Company | PO Box 457 Bigfork, MN 56628-0457 | Paper Service | No | OFF_SL_4-1616_1 |
| Mrg | Simon | mrgsimon@mrenergy.com | Missouri River Energy Services | 3724 W. Avera Drive P.O. Box 88920 Sioux Falls, SD 571098920 | Electronic Service | No | OFF_SL_4-1616_1 |
| Beth H. | Soholt | bsoholt@windonthewires.org | Wind on the Wires | 570 Asbury Street Suite 201 St. Paul, MN 55104 | Electronic Service | No | OFF_SL_4-1616_1 |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|------------|-----------------------------------|--|---|--------------------|-------------------|-------------------|
| Randy | Synsteliën | rsynsteliën@otpc.com | Otter Tail Power Company | 215 S Cascade St Fergus Falls, MN 56537 | Electronic Service | No | OFF_SL_4-1616_1 |
| SaGonna | Thompson | Regulatory.Records@xcelenergy.com | Xcel Energy | 414 Nicollet Mall FL 7 Minneapolis, MN 554011993 | Electronic Service | No | OFF_SL_4-1616_1 |
| Steve | Thompson | | Central Minnesota Municipal Power Agency | 459 S Grove St Blue Earth, MN 56013-2629 | Paper Service | No | OFF_SL_4-1616_1 |
| David | Thornton | J.David.Thornton@state.mn.us | MN Pollution Control Agency | 520 Lafayette Road St. Paul, MN 55101 | Electronic Service | No | OFF_SL_4-1616_1 |
| Pat | Treseler | pat.jcplaw@comcast.net | Paulson Law Office LTD | Suite 325 7301 Ohms Lane Edina, MN 55439 | Electronic Service | No | OFF_SL_4-1616_1 |
| Darryl | Tveitbakk | | Northern Municipal Power Agency | 123 Second Street West Thief River Falls, MN 56701 | Paper Service | No | OFF_SL_4-1616_1 |
| Roger | Warehime | warehimer@owatonnautilities.com | Owatonna Public Utilities | 208 South WalnutPO Box 800 Owatonna, MN 55060 | Electronic Service | No | OFF_SL_4-1616_1 |
| Carol | Westergard | cwestergard@otpc.com | Otter Tail Power Company | 215 S Cascade St Fergus Falls, MN 56537 | Electronic Service | No | OFF_SL_4-1616_1 |
| Paul | White | paul.white@prcwind.com | Project Resources Corp./Tamarac Line LLC/Ridgewind | 618 2nd Ave SE Minneapolis, MN 55414 | Electronic Service | No | OFF_SL_4-1616_1 |
| Robyn | Woeste | robynwoeste@alliantenergy.com | Interstate Power and Light Company | 200 First St SE Cedar Rapids, IA 52401 | Electronic Service | No | OFF_SL_4-1616_1 |

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|-----------|-------------------------|--------------------------------|---|--------------------|-------------------|-------------------|
| Thomas J. | Zaremba | TZaremba@wheelerlaw.com | WHEELER, VAN SICKLE & ANDERSON | Suite 801 25 West Main Street Madison, WI 537033398 | Electronic Service | No | OFF_SL_4-1616_1 |