

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

121 7th Place East, Suite 350
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In the Matter of Minnesota Power’s
Request for Extension to File
Its Next Resource Plan Address Wind, Solar
and Gas Resource Package

PUC Docket No. E015/RP-15-690

LPI COMMENT

The Large Power Intervenors (“LPI”), consisting of ArcelorMittal USA (Minorca Mine); Blandin Paper Company; Boise Paper, a Packaging Corporation of America company, formerly known as Boise, Inc.; Enbridge Energy, Limited Partnership; Hibbing Taconite Company; Mesabi Nugget Delaware, LLC; Sappi Cloquet, LLC; USG Interiors, LLC; United States Steel Corporation (Keetac and Minntac Mines); United Taconite, LLC; and Verso Corporation; submit the following comments with respect to Minnesota Power’s request for a one year extension of the deadline to file its next Integrated Resource Plan (“IRP”) and proposal to begin a contested case proceeding this year for consideration of a package of new resources.

I. INTRODUCTION

On July 18, 2016, the Minnesota Public Utilities Commission (the “Commission”) issued its Order Approving Resource Plan with Modifications in Minnesota Power’s 2016-2030 IRP (the “2016 IRP Order”). Pursuant to the 2016 IRP Order, the filing date for Minnesota Power’s (“MP”) next IRP is set for February 1, 2018. On June 8, 2017, by letter to the Commission (“the Letter”), MP requested an extension of at least one year to the February 1, 2018, deadline which would extend MP’s next IRP filing date to February 1, 2019. The premise for the extension request is MP’s announcement of its *EnergyForward* Resource Package (which it has yet to be finalized) consisting of possible acquisition of wind, solar and combined-cycle natural gas resources. Pursuant to this request, the outstanding question now before the Commission is two-fold: whether to extend the deadline and what procedural process should be used for MP’s proposed resource acquisition.

LPI appreciates MP's efforts to provide "an updated and balanced approach to delivering safe and reliable service at a reasonable cost to customers, while protecting and improving the region and state's quality of life through continued environmental stewardship."¹ However, LPI believes that none of the above goals necessitate an extension of the IRP deadline. MP's *EnergyForward* Resource Package and proposed contested case proceeding, as described, appear to amount to a miniature IRP proceeding. Ratepayers will pay the cost of investing in any of these resources and the cost of participating in the proceedings to review these proposals. Thus, LPI believes it is critical to establish procedures that are best suited for determining MP's needs, the most cost-efficient resources for meeting those needs, and allowing ratepayers and other parties to efficiently participate. MP has not provided a compelling explanation for why resources for which size, type and timing were squarely approved in the 2016 IRP Order (i.e. wind and solar) require reconsideration in a contested case, or why the size, type and timing of additional resource needs (i.e. MP's proposal for 250 MW of natural gas) should not be considered in the normal course as part of MP's next IRP pursuant to the original deadline. For reasons explained further below, LPI recommends that MP's extension request be denied and that the proposed new resources be reviewed individually or in the context of MP's next resource plan.

II. ANALYSIS

A. **The Commission should not grant MP's Request for Extension of the IRP deadline. An extension is neither warranted nor, in any way, is it beneficial to the final outcome of the IRP process.**

The Commission's direction in the 2016 IRP Order was clear and straightforward—MP is to file its updated IRP on February 1, 2018, and in it, MP ought to "include a full analysis of all alternatives, including **renewables, energy efficiency, distributed generation, and demand response**, for providing energy and capacity sufficient to meet its needs."² (emphasis added). In the Letter, MP suggests that it intends to provide analysis of alternatives in subsequent filing, but it does not explain why fragmentation of the IRP process, or extension of the IRP deadline, provides any benefit to the IRP review process.

¹ *Request of Minnesota Power for an Extension to File Its Next Integrated Resource Plan to Address Wind, Solar and Gas Resource Package*, Docket No. E01/RP-15-690, ("the Letter"), page 2 (June 8, 2017).

² 2016 IRP Order, Order 8, page 15.

In addition, nothing in the information provided by MP in its *EnergyForward* Resource Package indicates a need to extend the IRP process by any amount of time. Unlike its clear directives on wind and solar, the Commission merely indicated that it would not object to MP pursuing a competitive bidding process for combined cycle natural gas generation without any directive to procure the 250 MW of natural gas MP is proposing via a joint venture with Dairyland. In this regard, the Commission was explicit – MP could pursue competitive bidding but “*with no presumption* that any or all of the generation identified in that bidding process will be approved by the Commission.”³

Moreover, MP’s plans for a 250 MW combined-cycle natural gas power plant to come on line in the year 2025 are, at best, in their infancy. As stated in footnote 3 of the Letter, the Commission’s approval appears to be a condition precedent to MP’s plans to move forward with developing a combined-cycle natural gas facility in Superior, Wisconsin wherein MP’s affiliate would be part owner due to restrictions pursuant to Wisconsin law. Furthermore, internally, MP has yet to finalize the essential elements of a viable proposal for the combined-cycle plant. In footnote 4 of the Letter it states that “as of the date of this filing, the affiliated interest agreements between MP and [its affiliate] South Shore Energy, LLC (“SSE”) have not been finalized or executed.”⁴

MP has failed to present a sufficient basis for its request for an extension. Nothing presented in the Letter requesting a one-year extension to the IRP deadline establishes a need or even a substantive reason for the delay. To the contrary, an extension of at least one year, and a possible contested case proceeding, achieves the opposite intended effect – it dilutes and confuses the IRP process and unduly burdens the parties to these proceedings with an additional complex and unnecessary proceeding.

³ 2016 IRP Order, Order line 7, page 15 (emphasis added).

⁴ The Letter, page 2, footnote 4.

B. The process established by the Commission through the IRP review is clear - wind, solar and natural gas resources ought to be evaluated individually pursuant to the IRP deadline of February 1, 2018.

In the 2016 IRP Order, the Commission provided clear directions for MP's 2018 IRP and provided specific wind and solar procurement deadlines. As to wind, the Commission ordered that by the end of 2017, MP ought to initiate a competitive-bidding process to procure 100-300 MW of installed capacity. In regard to solar, MP was directed to acquire 11 MW of solar by 2016, 12 MW by 2020, and 10 MW by 2025. Given the Commission's specific instructions regarding wind and solar procurement, it is not clear what disputed issues of fact would justify consideration of those resources in a contested case rather than in proceedings similar to MP's other recent renewables acquisitions.

As to combined-cycle natural gas, the Commission provided the following direction in the 2016 IRP Order, point 7:

Minnesota Power may pursue an RFP to investigate the possible procurement of combined-cycle natural gas generation to meet its energy and capacity needs in the absence of Boswell Units 1 and 2 and Taconite Harbor Units 1 and 2, with no presumption that any or all of the generation identified in that bidding process will be approved by the Commission.⁵

The Letter quotes the 2016 IRP Order creatively, leaving out language that makes it clear that the Commission has not yet made any decision regarding appropriate replacement generation for Boswell Units 1 and 2 and Taconite Harbor Units 1 and 2.⁶ Rather, the Commission's direction to MP was to provide a robust analysis of a range of options in the next IRP. The "mini-IRP" proposed by MP in the Letter offers the opposite – focus on a narrow range of options without the benefit of the full context of an IRP proceeding.

While LPI does not doubt MP's expressed intent of the contemplated benefits of its *EnergyForward* Resource Package, it does not believe MP has justified upending the Commission's 2016 IRP Order and forgoing the analysis of alternatives to 250 MW of combined-cycle natural gas. MP has not offered any compelling reason (e.g. a notice of changed

⁵ 2016 IRP Order at 15.

⁶ The Letter at Footnote 1.

circumstances) explaining why it is necessary to deviate from the process established by the Commission in the 2016 IRP Order. Further, even if a contested case proceeding would be the appropriate process for the gas proposal, MP has not explained why it would be necessary to complicate that proceeding by incorporating its wind and solar proposals which, in contrast to the gas proposal, appear to be in line with the Commission's direction in the 2016 IRP Order.

C. Pursuant to the 2016 IRP Order, MP's efforts must focus on cost saving demand-response resources before MP should commit to the expense of building a 250 MW of combined-cycle natural gas.

In the 2016 IRP Order, unlike merely permitting MP to investigate a competitive bidding process for combined-cycle natural gas generation without any presumption of approval, the Commission specifically directed MP to “propose a demand-response competitive-bidding process within six months of the date of the order.”⁷ Referring in part to demand-response measures, the Commission stated that “[t]hese measures hold the potential to both promote state policy favoring energy savings and to benefit large customers competing in global markets.”⁸

On July 28, 2016, MP announced that it would “be seeking customer and utility scale demand response and onsite generation resources to be considered for optimizing within its power supply portfolio.”⁹ MP's notice did not specify the anticipated demand response capacity. On August 5, 2016, MP issued a Request for Proposal for “[u]p to 300 MW of Large Customer Demand Response Resources.”¹⁰ Unfortunately the terms offered by MP and the short timeframe provided for customers to provide very detailed proposals did not allow for meaningful participation by LPI members. As a result, LPI recently provided an alternative demand response proposal in MP's current rate case.¹¹ LPI's demand response proposal is an example of the options that should be part of the “full analysis of alternatives” required in the 2016 IRP Order. The contested case proceeding proposed by MP focused on three specific

⁷ 2016 IRP Order at 15.

⁸ 2016 IRP Order at page 13.

⁹ *In the Matter of Minnesota Power's Application for Approval of its 2015-2029 Resource Plan*, Docket No. E-015/RP-15-690, *Minnesota Power Press Release seeking a series of Request for Proposals* (July 28, 2016).

¹⁰ *Request for Proposals for Up to 300 MW of Large Customer Demand Response Resources issued by Minnesota Power* (August 5, 2016).

¹¹ *See In the Matter of the Application of Minnesota Power for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E-015/GR-16-664, *Direct Testimony of Robert R. Stephens on behalf of LPI* (May 31, 2017).

generation projects does not appear conducive to producing the full analysis of the broad range of options requested by the Commission. The Commission should allow LPI's demand response proposal to develop in MP's current rate case, prior to a narrow review of MP's 250 MW gas plant proposal, to be consistent with the 2016 IRP Order.

III. RECOMMENDATIONS

In summary, LPI makes the following recommendations and requests to the Commission:

- MP has not provided sufficient information to warrant granting an extension of the IRP deadline nor has it justified the need for a contested case proceeding with respect to its *EnergyForward* Resource Package.
- The 2016 IRP Order was clear regarding procurement of wind, solar and natural gas resources and established different standards for evaluation of each of these resources. Therefore, these resources should be evaluated individually in separate proceedings – in compliance filings for wind and solar and in the next IRP for natural gas.
- Pursuant to the 2016 IRP Order, MP is required to provide a full analysis of broad range of options for energy and capacity to replace retiring generation, including demand response. MP's next IRP (to be filed in 2018) is much better suited to fulfill this requirement than MP's proposed contested case proceeding in the summer of 2017, which would be focused on a narrow set of projects that deliberately excludes consideration of LPI's demand response proposal.
- For all of these reasons, the Commission should deny MP's Request for Extension of the IRP deadline and should instead re-affirm that MP's next IRP should be filed February 1, 2018.

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Respectfully submitted,

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