

August 16, 2017

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, MN 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket Nos. E015/RP-15-690 and E015/AI-17-568

Dear Mr. Wolf:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (the Department) in the following matters:

Request of Minnesota Power for an Extension to File Its Next Integrated Resource Plan to Address Wind, Solar, and Gas Resource Package  
and  
Petition for Approval of the *EnergyForward* Resource Package and Compliance Filing

The Petitioner is:

David R. Moeller  
Senior Attorney  
Minnesota Power  
30 West Superior Street  
Duluth, MN 55802-2191

The Department recommends that the Minnesota Public Utilities Commission (Commission) **approve the extension request and address MP's petition using a comment process.** The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ STEVE RAKOW  
Analyst Coordinator

SR/lt  
Attachment



## Before the Minnesota Public Utilities Commission

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### Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket Nos. E015/RP-15-690 and E015/AI-17-568

#### I. INTRODUCTION

Minnesota Power (MP or the Company) submitted an instant integrated resource plan (IRP) on September 1, 2015.

On November 4, 2015, MP supplemented its initial filing with additional information to fully comply with Point 12 of the Minnesota Public Utilities Commission's (Commission) November 12, 2013 Order on the Company's previous IRP, Docket No. E015/RP-13-53.

On November 9, 2015, the Minnesota Department of Commerce, Division of Energy Resources (Department) submitted a letter concluding that, with the supplemental information, MP's 2015 IRP should be considered complete.

On January 4, 2016, the Department, the Clean Energy Organizations<sup>1</sup> and the Large Power Intervenors<sup>2</sup> submitted comments.

On March 4, the following parties filed reply comments:

- Department;
- Clean Energy Organizations;
- Large Power Intervenors; and
- MP.

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<sup>1</sup> Clean Energy Organizations consists of Fresh Energy; the Izaak Walton League of America – Midwest Office; Wind on the Wires; Sierra Club; and the Minnesota Center for Environmental Advocacy.

<sup>2</sup> The Large Power Intervenors consist 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; PolyMet Mining, Inc.; Sappi Cloquet, LLC; USG Interiors, LLC; United States Steel Corporation (Keewatin Taconite and Minntac Mine); United Taconite, LLC; and Verso Corporation.

On July 18, 2016, the Commission issued its *Order Approving Resource Plan with Modifications* (Order). Among other things, the Order required MP to file the Company's next IRP on February 1, 2018.

On June 8, 2017, MP filed the Company's *Request of Minnesota Power for an Extension to File Its Next Integrated Resource Plan to Address Wind, Solar, and Gas Resource Package* (Petition).

The Petition requested:

the Commission approve an extension for Minnesota Power's filing of its next IRP. The Company proposes a delay of at least one year to approximately February 2019 or even longer as dictated by the Commission's overall schedule and workload, to allow adequate time for the Commission and interested parties to review and act upon the Company's proposed resource package by autumn 2018, with a few extra months to allow the Company to incorporate the Commission's decisions into the next IRP and complete the necessary analysis for a more robust filing.

On June 13, 2017, the Commission issued its *Notice Seeking Comment on Procedural Schedule* (First Notice). The First Notice stated that topics open for comment include:

- Should the Commission grant MP's extension request? Is the proposed extension of at least one year reasonable, or should the Commission consider an alternative date?
- Is MP's proposed process reasonable? Do the parties have sufficient information at this time regarding MP's *EnergyForward* Resource Package (Package) to determine whether an IRP extension or a contested case is necessary?
- Given that MP's *EnergyForward* Resource Package includes several types of resources, is it necessary to evaluate the entire package at once, or should the wind, solar, and natural gas resources be evaluated individually as part of separate proceedings?
- Any other related issues or concerns.

On June 30, 2017, comments on the topics listed in the First Notice were filed by:

- Department;
- Clean Energy Organizations; and
- Large Power Intervenors.

On July 12, 2017, reply comments were filed by MP.

On July 28, 2017, MP filed the Company's *Petition for Approval of the EnergyForward Resource Package and Compliance Filing* (EnergyForward Petition) in Docket Nos. E015/RP-15-690 and E015/AI-17-568.

On August 3, 2017, the Commission issued its *Notice for Procedural Comments (Second Notice)*. The Second Notice stated that "If MP and parties want to supplement their procedural comments already filed in response to the Commission's June 13, 2017 Notice now that the EnergyForward petition has been filed, they may do so by August 16, 2017."

Below are the Department's supplemental procedural comments.

## **II. DEPARTMENT ANALYSIS**

### **A. SHOULD THE COMMISSION GRANT MP'S EXTENSION REQUEST?**

The Department's June 30, 2017 comments in Docket No. E015/RP-15-690 addressed three issues. The first issue was should the Commission grant MP's extension request to the resource plan (IRP) filing date. The Department recommended that the Commission approve an October 1, 2019 filing date for MP's next IRP. The Department's recommendation has not changed.

### **B. IS MP'S PROPOSED PROCESS REASONABLE?**

The second issue addressed by the Department's June 30, 2017 comments was did MP propose a reasonable process. MP's proposal was an IRP extension and a contested case. The Department recommended that the Commission approve an IRP extension. Regarding a contested case, the Department's comments concluded that:

the Department does not understand in what circumstances a contested case would be required to analyze a purchased power agreement (PPA) with a 10 MW solar generation facility. Such proposals are typically addressed using the standard comment process. Unless there are extremely unusual circumstances surrounding MP's proposal, the Department concludes that there is no reason to change this approach.

Also, the Department does not understand in what circumstances a contested case would be required to analyze a PPA with a 250

MW wind generation facility. Such proposals are typically addressed using the standard comment process as well.

Thus, the only element of MP's Package that, in normal circumstances, might be addressed through a contested case is the combined-cycle natural gas power plant. The Department does not have sufficient information at this time regarding MP's proposed combined-cycle natural gas power plant to determine whether a contested case is warranted. However, it is not clear that the benefits of a contested case would be greater than the costs unless there are highly disputed facts or legal issues where an ALJ's legal expertise may be of sufficient value to outweigh the added costs.

Upon review of MP's *EnergyForward* Petition, the Department concludes that there is no evidence of highly disputed facts or legal issues where an ALJ's legal expertise may be of sufficient value to outweigh the added costs imposed by a contested case. Therefore, the Department concludes that that a contested case is not warranted.

*C. EVALUATE PROJECTS IN ONE PROCEEDING OR SEPARATE PROCEEDINGS?*

The third issue addressed by the Department's June 30, 2017 comments was the necessity of evaluating the entire package at once, or individually as part of separate proceedings. The Department recommended that the elements of the package be evaluated individually as part of separate proceedings because that is the standard approach for resource acquisition.<sup>3</sup> The Department's overall conclusion has not changed at this time. However, given that MP has included all three projects in a single filing and has included a comprehensive, resource plan-like analysis, the logical approach would be to issue a single notice of comments on MP's proposal. The Department notes that MP's proposed due dates of December 22, 2017 for direct testimony, February 9, 2018 for rebuttal testimony, and March 2, 2018 for surrebuttal testimony would be reasonable dates for comments, reply comments, and supplemental comments. Similarly, due to the integrated nature of the *EnergyForward* Petition, if the Commission determines that a contested case is warranted, then all three projects should be addressed in the contested case.

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<sup>3</sup> Analyzing all three elements of the MP's *EnergyForward* Petition in one process would be a variation on the use of an all-source bidding process. In the past all-source bidding processes have not produced acceptable results. See the Commission's May 31, 2006 *Order Establishing Resource Acquisition Process, Establishing Bidding Process Under Minn. Stat. § 216B.2422, Subd. 5, and Requiring Compliance Filing* in Docket No. E002/RP-04-1752 for further details regarding the problems encountered with acquiring and reviewing multiple types of resources within a single docket.

### **III. DEPARTMENT RECOMMENDATION**

The Department recommends that the Commission:

- approve an October 1, 2019 filing date for MP's next IRP;
- not employ a contested case procedure; and
- evaluate the elements of the package individually, but issue a single notice of comments on MP's proposal, perhaps using MP's proposed due dates of December 22, 2017, February 9, 2018, and March 2, 2018.

/lt

## **CERTIFICATE OF SERVICE**

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce  
Comments**

**Docket No. E015/RP-15-690 and E015/AI-17-568**

**Dated this 16<sup>th</sup> day of August 2017**

**/s/Sharon Ferguson**

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