



May 6, 2020

Mr. Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: *Approval of the Acquisition of the Mower County Wind Facility*
Docket No. E002/PA-19-553

Dear Mr. Seuffert,

The BlueGreen Alliance submits this letter in response to the Supplemental Comments of the Minnesota Department of Commerce, Division of Energy Resources filed on April 8, 2020. We urge the Commission to approve Xcel Energy's petition for approval of the acquisition of the Mower County Wind Facility.

The BlueGreen Alliance is a national coalition that unites America's largest labor unions and environmental organizations to solve today's environmental challenges in ways that create and maintain quality jobs and build a stronger, fairer economy. Our partnership is firm in the belief that Americans don't have to choose between a good job and a clean environment – we can and must have both.

We write specifically to respond to three assertions made in the Department's Supplemental Comments. First, the Department argues that the on-shore wind Production Tax Credit is likely to continue to be extended, decreasing the value of the acquisition to Minnesota ratepayers. Second, the Department argues that the value of the site's existing transmission access must be discounted, because an unregulated purchase option "could provide the Commission with some leverage for acquiring the transmission access for ratepayers at some time in the future."¹ Lastly, the Department argues that the societal benefits stemming from the use of union labor should not be considered, because "the use of union labor doesn't appear to be tied to the" regulated purchase option.²

BGA believes that the Department's stance in this docket ignores important context that is relevant to the Commission's decision. On these three key points, the Department bases its recommendation to this Commission on what *could* happen, rather than what *is* happening,

¹ Minn. Dep't of Commerce, *Public Supplemental Comments of the Minnesota Department of Commerce, Division of Energy Resources*, Docket No. E002/PA-19-553, April 8, 2020, at p. 5.

² *Id.* at 6.

shutting its eyes to the larger context in which this docket arose. This country, along with every other country on the planet, is in the midst of a tectonic shift in how we power the electricity grid. So far, the U.S. and other countries have achieved modest success in reducing greenhouse gas emissions from the power sector, but meeting global carbon reductions targets will require a great deal more progress. The globe has deployed significant megawatts of on-shore wind and solar generation, but “clean energy growth is only just keeping up with total energy growth, including new fossil fuel generation growth.”³ Today, despite decades of renewable energy deployment, over 70% of global electricity generation is from non-renewable sources.

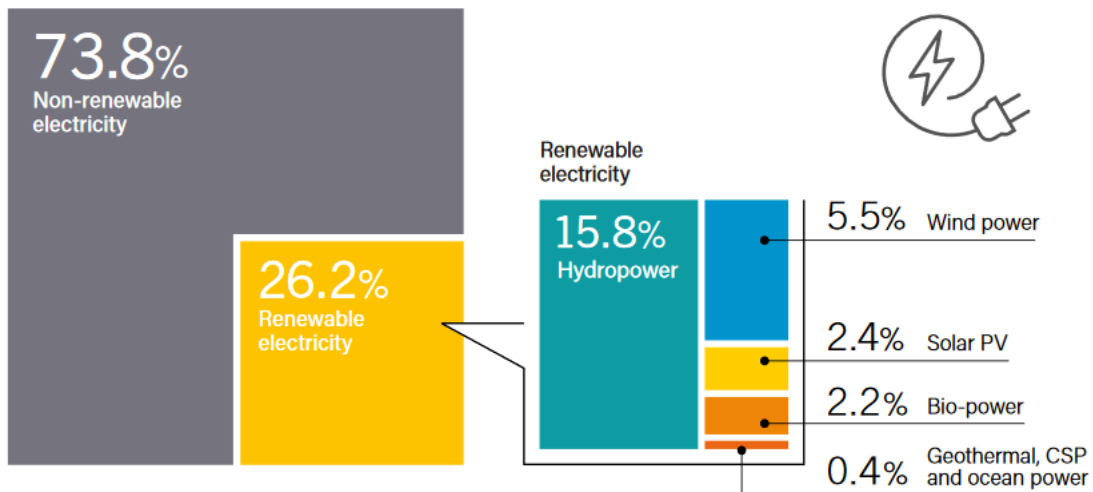


Figure 1, Estimated Renewable Energy Share of Global Electricity Production, End-2018⁴

Accelerating carbon reductions in the power sector will require addressing many of the headwinds faced by clean energy. Among the most significant of those headwinds is the fact that many local communities simply do not see clean energy as a source of local jobs. BGA’s research in the Midwest found that union members in particular do not see clean energy jobs as a solution “because they felt that these jobs typically replaced better power sector jobs and were often not in the same geographic area.”⁵ These headwinds were also observed in CEE’s recent Host Communities Study. Workers affected by the closure of fossil fuel plants remarked that in the past, affected workers “had options to move people to other sites,” but now they “don’t have that anymore.”⁶ Other affected workers noted that even with utility-scale renewable energy projects,

³ The Aspen Institute, *Decarbonizing the Electricity Sector & Beyond: A Report from the 2019 Aspen Winter Energy Roundtable*, at p. 4, available at <https://assets.aspeninstitute.org/content/uploads/2019/07/2019-Energy-REPORT.2.pdf>.

⁴ REN21, *Renewables 2019 Global Status Report*, 2019, at p. 41, available at https://www.ren21.net/wp-content/uploads/2019/05/gsr_2019_full_report_en.pdf.

⁵ BlueGreen Alliance, *Working Class People on Jobs and the Environment* (2018), available at <https://www.bluegreenalliance.org/wp-content/uploads/2018/05/Working-Class-People-on-Jobs-and-the-Environment.pdf>.

⁶ A. Partridge & B. Steigauf, Center for Energy and Environment, *Minnesota’s Power Plant Communities: An Uncertain Future*, Feb. 2020, at p. 63.

“the vast majority of what’s being built is being done by nonunion companies using low-wage scales. The contractors are from down south or out west, so all the dollars leave the state.”⁷ Others were even more blunt: “[t]he idea of green jobs is a lie.”⁸

These observations are borne out in dockets before this Commission. The Mankato Building Trades noted in Docket 18-179 that while “the proposed [wind] project can benefit both our members and the public at large by creating and sustaining high-quality construction and maintenance jobs . . . we also recognize that those benefits may only be realized if [the developers] are willing to make local hiring a priority.”⁹ Unfortunately, local workers accounted for only a third of the total hours for that project, according to compliance filings.¹⁰

In contrast, the Mower County Wind Facility is expected to utilize a much higher number of local, union workers. But importantly, this was not an assured or inevitable outcome. BGA has no reason to believe that this repower project would have employed a largely local construction force had it not been for the efforts of Xcel Energy to prioritize local, union labor. The Department’s analysis unfortunately ignores the Company’s contribution to the success of this project’s contracting process for local communities and workers. And just as importantly, if the Commission follows the Department’s recommendation to deny the regulated acquisition, BGA believes that the commitment to local, union labor for future wind projects will be fleeting. Because support for good, union jobs is so critical to success in our state’s larger transition from fossil fuel electricity generation to clean energy generation, BGA believes that denial of the acquisition is inconsistent with state renewable energy goals. In short, we believe that the Department’s approach in this docket – to assume that commitments to the use of union labor will continue in any context – will jeopardize the speed and scale of the clean energy revolution by disincentivizing the creation of good paying, family-sustaining jobs. We urge the Commission not to follow that approach.

The Department unfortunately take a similar approach in its analysis of the likelihood of extension to the wind PTC, arguing that the PTC is likely to be extended in the future, and therefore ratepayers will benefit by delaying investments in renewable energy to secure future economic advantages. Although it is of course true that the PTC has been extended in the past, in politics, history is a poor and misleading guide, and we do not believe that prudent investments in good, union jobs in clean energy *now* should be sacrificed in the hopes of achieving greater investments in the future. This is particularly true now, amidst a context in which state and federal budgets will be strained in the extreme as a result of the COVID-19 virus. Already, the federal Congress has passed trillions in economic recovery spending, with key decisionmakers threatening to block clean energy policies such as the PTC.¹¹ Extension of the PTC is clearly

⁷ *Id.* at 71.

⁸ *Id.* at 72.

⁹ Mankato Building Trades, *Comments on Proposed Lake Benton II Repower*, Docket No. IP-6903/WS-18-179, Oct. 22, 2018, at p. 1.

¹⁰ Lake Benton Power Partners II, LLC, *Compliance Filing – Section 6.1 – Quarterly Labor Statistics Report (Q3 2019)*, Docket No. IP-6903/WS-18-179, Nov. 14, 2019, at Attachment 1.

¹¹ J. Brady, *Climate Change Push Fuels Split on Coronavirus Stimulus*, NPR, March 24, 2020, available at <https://www.npr.org/2020/03/24/820268157/climate-change-push-fuels-split-on-coronavirus-stimulus>.

uncertain, and we do not believe that resource investment decisions should be based on the assumption that the extension will pass. Delaying investments in clean energy in the forlorn hopes that greater advantages will obtain in the future is again an approach that ignores important underlying circumstances. And it is an approach that is inconsistent with the state's renewable energy goals.

This unwillingness to consider the larger context is unfortunately endemic to the Department's analysis. In noting that the value of the transmission rights should be discounted because an unregulated subsidiary could in the future convey those rights to the Company, the Department appears immune to the possibility that an unregulated subsidiary would behave as a free market participant driven primarily, if not entirely, by short-term concerns around maximizing profits. A free market owner of the transmission rights would be free to sell the facility and its transmission rights to a third party at any time, putting the value of those rights forever outside the reach of Minnesota's ratepayers. We urge the Commission not to follow the Department's recommendations in this regard.

BGA is confident that regulated ownership of this wind facility would benefit local communities and workers, and establish an important precedent for future projects. The Company's commitment to using local, union labor has already secured those benefits for project construction, but that commitment should not be taken for granted or assumed to be inevitable. The acquisition will ensure that transmission access remains available for future projects, and ensure that future modifications or decommissioning of the facility will use largely local, union labor. Should the acquisition be denied, those future jobs will be at the whim of market forces alone. For these reasons, we urge the Commission to approve the petition for acquisition.

Sincerely,



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Cc: E-service List