

NOTICE OF COMMENT PERIOD

Issued: December 13, 2019

In the Matter of an Investigation into Self-Commitment and Self-Scheduling of Large Baseload Generation Facilities

PUC Docket Number(s): E-999/CI-19-704

Comment Period: Initial comment period closes January 13, 2020 at 4:30pm
Reply comment period closes January 28, 2020 at 4:30pm

Comments received after the close of the comment period may or may not be considered by the Commission.

Issue: Process and scope of the Commission's investigation into self-commitment and self-scheduling activities of Minnesota Power, Otter Tail Power Company (Otter Tail), and Northern States Power Company d/b/a Xcel Energy, Incorporated - Electric Utility (Xcel Energy).

Topic(s) Open for Comment:

- Regarding the scope of this investigation, should there be any additions or clarifications to the direction given by the Commission in ordering paragraphs 8, 9, and 10 of the November 13, 2019 Order (AA-18-373)?
- Are there issues that should be addressed in this investigation in addition to those specified in the November 13, 2019 Order (AA-18-373)? What issues should be addressed in the annual March 1 seasonal dispatch / strategic economic commitment compliance filings?
- What is the appropriate timeline for comments and reply comments in this investigation?
- Are there other issues or concerns related to this matter?

Background: The Midcontinent Independent System Operator (MISO) markets identify the supply of electric generation available throughout the MISO regions, and the anticipated (and, in the real-time market, the actual) demand for electricity in each area, selecting generators for dispatch in a manner designed to minimize overall costs to the system while meeting reliability requirements. MISO unit commitment is the process that determines which generators (and other resources) will operate to meet the upcoming need for electricity. MISO scheduling and dispatch sets the hourly output for each committed resource, using simultaneously co-optimized Security Constrained Unit

Commitment and Security Constrained Economic Dispatch to clear and dispatch the energy and reserve markets.

A participating generation owner can specify the operating parameters including production cost of its generator, and MISO will refrain from dispatching the resource until market prices meet or exceed that level, again, subject to reliability requirements. However, under some circumstances a participant will prefer to commit its generator to be available for MISO dispatch (self-commit), and unilaterally set the generator's output level (self-schedule), accepting whatever market price results rather than awaiting economic dispatch by MISO.

Renewable sources of generation have the advantage of incurring no fuel costs, which tends to reduce their operating costs and make them attractive options for MISO dispatch. However, self-committed and self-scheduled generators may displace these resources – even if, at a given moment, the renewable resource had lower operating costs.

In its February 7, 2019 ORDER ACCEPTING 2016-2017 REPORTS AND SETTING ADDITIONAL REQUIREMENTS,¹ the Commission directed Minnesota Power, Otter Tail Power, and Xcel Energy to make compliance filings containing initial analysis of the impacts of self-committing and self-scheduling their generators, including the annual difference between production costs and corresponding prevailing market prices. In response to information requests from parties, the utilities also provided hourly and monthly data.

At the Commission's October 10, 2019, electric Annual Automatic Adjustment (AAA) agenda meeting,² the parties requested, and the Commission agreed, that the issues surrounding self-commitment and self-scheduling be moved to a separate docket to provide a more focused forum for these issues. Thus, the Commission opened an investigation in this docket to require Minnesota Power, Otter Tail, and Xcel Energy to report their future self-commitment and self-scheduling analyses using a consistent methodology by including fuel cost and variable Operations and Maintenance (O&M) costs.

In its November 13, 2019 ORDER ACCEPTING 2017-2018 ELECTRIC REPORTS AND SETTING ADDITIONAL REQUIREMENTS (November 13, 2019 Order),³ the Commission:

8. Directed Minnesota Power, Otter Tail, and Xcel Energy to submit “an annual compliance filing analyzing the potential options for seasonal dispatch generally, and potential options and strategies for utilizing “economic” commitments for specific coal-fired generating plants. The utilities shall include a specific explanation of barriers or limitations to each of

¹ In the Matter of the Review of the 2016-2017 Annual Automatic Adjustment Reports for All Electric Utilities, Docket No. E-999/AA-17-492, and In the Matter of the Review of the 2017-2018 Annual Automatic Adjustment Reports for All Electric Utilities, Docket No. E-999/AA-18-373

² In the Matter of the Review of the 2017-2018 Annual Automatic Adjustment Report for All Electric Utilities, Docket No. E-999/AA-18-373

³ *Id.*

these potential options, including but not limited to technical limits of the units and contract requirements (shared ownership, steam offtake contracts, minimum fuel supply requirements, (shared ownership, steam offtake contracts, minimum fuel supply requirements, etc.) as relevant, on March 1, 2020, and each year thereafter.”

9. The Commission opened the investigation in this docket and required Minnesota Power, Otter Tail, and Xcel Energy to report their future self-commitment and self-scheduling analyses. The Commission ordered the utilities to use a consistent methodology by including fuel cost and variable O&M costs, matching the offer curve submitted to MISO energy markets.

10. Directed Minnesota Power, Otter Tail Power, and Xcel Energy to provide stakeholders the underlying data used to complete their analyses, in a live Excel spreadsheet, including, at a minimum, the data points listed below for each generating unit, with the understanding that this may include protected data.

Hourly data for all units:

- a) Date and hour
- b) Commit status (Null / Economic / Emergency / Must Run / Outage / Not Participating)
- c) Dispatch Status for Energy (Null / Economic / Self Schedule)
- d) Cleared MW
- e) Day ahead locational marginal price at unit node
- f) Real time MW adjustment
- g) Real time locational marginal price at unit node
- h) Day ahead dispatch minimum
- i) Real time dispatch minimum
- j) Fuel cost (\$/MWh)
- k) Variable operations and maintenance costs (\$/MWh)
- l) Day ahead locational marginal price representative of utility load zone
- m) Real time locational marginal price representative of utility load zone
- n) Whether Day Ahead Cleared = Day Ahead Dispatch Minimum (0 or 1)
- o) Actual production in MWh (for all 8,760 hours of the year)
- p) Day ahead MISO payment
- q) Real time MISO payment
- r) Net MISO energy payment
- s) Production costs ((J+K) * O)
- t) Net cost or benefit (R-S)

Monthly or annual data for all units:

- u) Revenue from ancillary services (monthly)
- v) Fixed operations and maintenance costs (preferably monthly) or reasonable estimates in approximation thereof
- w) Capital revenue requirements (annual) or reasonable estimates in approximation thereof
- x) Average heat rate at economic minimum
- y) Average heat rate at economic maximum

Filing Requirements: Utilities, telecommunications carriers, official parties, and state agencies are **required** to file documents using the Commission's electronic filing system (eFiling). All parties, participants and interested persons are encouraged to use eFiling: mn.gov/puc, select *Comment*, and follow the prompts.

Submit Public Comments: Visit mn.gov/puc, select the Comment button on the main menu to connect to the Public Comment page.

Persons without internet access may send comments by U.S. mail to: Consumer Affairs Office, Minnesota Public Utilities Commission, 121 7th Place East, Suite 350, St. Paul, MN 55101-2147. Please include the Commission's docket number in all communications.

Full Case Record: See all documents filed in this docket via the Commission's website at mn.gov/puc, select *Search eDockets*, enter the year (19) and the docket number (704), and select *Search*.

Subscribe to receive email notification when new documents are filed in this docket at mn.gov/puc, select *Comment*, or click [HERE](#) and follow the prompts.

Questions about this docket or Commission process and procedure? Contact Commission staff, Robert Manning, at robert.manning@state.mn.us or 651-201-2197; or Jason Bonnett, at jason.bonnett@state.mn.us or 651-201-2235.

Change your mailing preferences: Email docketing.puc@state.mn.us or call Leesa Norton at 651-201-2246.

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