

January 21, 2014

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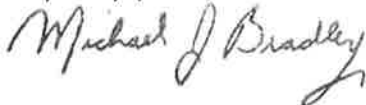
Dr. Burl W. Haar
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Re: In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for
Approval of Competitive Resource Acquisition Proposal and Certificate of Need
Docket No. ET-002/CN-12-1240

Dear Mr. Haar:

Enclosed for e-Filing, please find Great River Energy Exceptions to the ALJ Report in the above-referenced docket. Also Enclosed is a Certificate of Service.

Very truly yours,



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cc: Parties of Record
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STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
David Boyd
J. Dennis O'Brien
Betsy Wergin
Nancy Lange

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Petition of Northern
States Power Company d/b/a Xcel Energy
for Approval of Competitive Resource
Acquisition Proposal and Certificate of
Need

MPUC Docket No.:
E002/CN-12-1240

GREAT RIVER ENERGY EXCEPTIONS TO THE ALJ REPORT

Great River Energy (“GRE”) appreciates the thorough and thoughtful consideration Administrative Law Judge (“ALJ”) Eric Lipman provided in review of the information in this proceeding and his Findings of Fact, Conclusions of Law and Recommendation. GRE supports Judge Lipman’s recommendation to select the “scalable alternatives” offered by GRE and Geronimo to meet Xcel Energy’s needs between 2016 and 2019.¹ As the ALJ states in his Memorandum: “In the near term, these proposals offer competitively-priced energy generation; at firm prices; the fewest new environmental impacts; and significant protections against the imposition of project cancellation costs.”² Great River Energy only takes exception to the ALJ’s recommendation that GRE’s capacity credit offering supplement Geronimo’s offering.

¹ ALJ Memorandum at p. 47.

² *Id.*

Instead, GRE's capacity credit offering should be selected first and supplemented, if needed, by Geronimo's offer (or other alternative selected by the Commission).

As the ALJ found, GRE's proposal to sell up to 200 MW of capacity credits for periods ranging from one to three years is fully scalable to meet Xcel Energy's changing capacity needs.³ The price per MW is fixed. The capacity relied upon to support the capacity credits already exists. Consequently, there is no new permitting needed; there are no incremental transmission interconnection costs; there are no incremental environmental impacts, and there would be no cancellation costs.⁴ Additionally, using GRE's lower cost capacity credits benefits both Xcel Energy ratepayers and GRE's members through efficient use of existing capacity at a reasonable price.

GRE's proposal should be selected ahead of Geronimo's proposal because GRE's capacity credits are less costly than Geronimo's combined capacity and energy proposal.⁵ ALJ Finding 257 states that on a per MWh basis, a solar unit is also the lowest cost standalone resource. The cost per MWh (the cost of energy) is not, however, the appropriate test in this proceeding. As noted in ALJ Findings 7 and 8, the Commission identified Xcel Energy's need as a range of 150 MW in 2017, potentially increasing to 500 MW by 2019. The Commission identified Xcel Energy's need for capacity, not energy. No party has asserted that GRE's capacity credit proposal should not be selected because it does not include an energy component. The appropriate test, therefore, is evaluation of the cost of capacity, on a per MW basis.

³ *See id.*

⁴ *See id.*

⁵ See Ex. 64, Selander Rebuttal at p. 3.

The ALJ supports selection of Geronimo's proposal in part because: "it makes sense to buy the resources we are certain to need."⁶ This finding overlooks the fact that GRE's resources already exist. There is no need to create new resources to meet up to 200 MW of Xcel Energy's needs.

GRE has capacity above what is required to serve its load in the time frame under consideration in this proceeding. Consequently, GRE is able to dedicate capacity for use by Xcel Energy, in the form of MISO Planning Resource Zone credits, to meet Xcel Energy's MISO capacity requirements.

Using GRE's lower cost capacity credits benefits both Xcel Energy ratepayers and GRE and its members. In its 2012 Integrated Resource Plan proceeding, Docket No. ET2/RP-12-1114, GRE came under criticism by an intervenor because of surplus capacity on its system. In that proceeding, GRE noted that it is pursuing bilateral capacity sales opportunities to take advantage of the current capacity length in its portfolio. GRE's proposal in this proceeding is one of the actions being taken by GRE to optimize its portfolio through bilateral sales.

The ALJ's Conclusions 12 to 14 identify the benefits of the Geronimo proposal from an environmental standpoint. Those conclusions are accurate and appropriate when comparing Geronimo to the other proposals, but do not support a preference for Geronimo over GRE's proposal. GRE's and Geronimo's equal footing from an environmental impact perspective is reflected in the ALJ's Conclusion 11 which, states in part: "... selection of GRE's proposal will provide benefits to society in a manner

⁶ Memorandum at p. 47.

compatible with the natural and socioeconomic environments, including public health.” See also the ALJ Memorandum, which identifies both the GRE and Geronimo proposals as having “the fewest new environmental impacts.”⁷

Therefore, GRE respectfully requests that Conclusions 11 through 17, and Recommendations 19 and 21 be modified to select GRE’s proposal as the most appropriate resource for up to 200 MW of Xcel Energy’s capacity requirement. If additional capacity is needed, that need should be met by Geronimo’s proposal (or other resource selected by the Commission). As modified, Conclusions 11 through 17 would be replaced with the following (with changes shown in legislative format):

Conclusions of Law

11. If added capacity is needed beyond 200 MW, selection of GRE’s proposal to meet the first 200 MW, supplemented by Geronimo’s proposal for up to an additional 71 MW, will provide benefits to society, in a manner compatible with protecting the natural and socioeconomic environments, including public health.

12. Selection of Geronimo’s proposal to supplement GRE’s proposal is in accord with Minnesota’s preference for new facilities with low-emission, renewable and distributed generation.

13. Among the proposals in this proceeding, GRE’s and Geronimo’s solutions represents the lowest risks of non-compliance with state and federal policies, rules, and regulations.

⁷ ALJ Memorandum at 47.

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Attorneys on Behalf of Great River Energy

CERTIFICATE OF SERVICE

In the Matter of the Petition of Northern States
Power Company d/b/a Xcel Energy for
Approval of Competitive Resource Acquisition
Proposal and Certificate of Need

MPUC Docket No.: ET-002/CN-12-1240

Karen E. Berg certifies that on the 21st day of January, 2014, she filed a true and correct copy of **Great River Energy Exceptions to the ALJ Report**, by positing it on www.edockets.state.mn.us. Said document was also served via U.S. Mail and e-mail as designated on the Official Service List on file with the Minnesota Public Utilities Commission and attached hereto.

/s/ Karen E. Berg

Karen E. Berg

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