

**STATE OF MINNESOTA  
THE PUBLIC UTILITIES COMMISSION**

In the Matter of Minnesota Power’s 2015  
Integrated Resource Plan

**Docket No. E015/RP-15-690**

In the Matter of Minnesota Power’s Petition  
for Approval of the *EnergyForward*  
Resource Package

**Docket No. E015/M-17-568**

Minnesota Power’s 2016 Rate Case

**Docket No. E015/GR-16-664**

**COMMENT OF FRESH ENERGY, CLEAN GRID ALLIANCE, SIERRA CLUB,  
AND MINNESOTA CENTER FOR ENVIRONMENTAL ADVOCACY  
IN OPPOSITION TO  
MINNESOTA POWER’S REQUEST TO EXTEND DEADLINE FOR FILING ITS  
INTEGRATED RESOURCE PLAN**

Fresh Energy, Sierra Club, Clean Grid Alliance, and Minnesota Center for Environmental Advocacy (“MCEA”), together known as the Clean Energy Organizations (collectively, “CEOs”) oppose Minnesota Power’s request to again extend the time for filing its next Integrated Resource Plan (“IRP”). Minnesota Power has not established that complying with the October 1, 2020 IRP filing date would cause an “excessive burden” on the utility or others, nor has Minnesota Power shown that granting the extension would not harm the public interest. *See* Minn. R. 7829.3200.

**BACKGROUND**

Minnesota Power last filed an IRP on September 1, 2015.<sup>1</sup> As part of its Order of July 16, 2016, approving Minnesota Power’s IRP with modifications, the Commission required Minnesota Power to file its next IRP by February 1, 2018.<sup>2</sup> Minnesota Power did not submit a 2018 IRP proposal. Instead Minnesota Power petitioned for approval of its “*EnergyForward* Resource Package” and, by letter dated June 8, 2017, requested a delay of its next scheduled IRP by at least

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<sup>1</sup> Docket No. E-015/RP-15-690.

<sup>2</sup> *Id.*

one year.<sup>3</sup> This suite of new generation, including a new, approximately \$700 million combined-cycle gas plant (“NTEC”) in Superior, WI, was intended by Minnesota Power to “fulfill certain needs identified in its [last] resource plan.”<sup>4</sup> It was not a new IRP. Concurrent with its order referring the gas plant portion of Minnesota Power’s proposal to a contested hearing, the Commission granted a twenty-month extension of time, allowing the utility to file its next IRP by October 1, 2019.

Minnesota Power did not file a new IRP by October 1, 2019. As part of its January 24, 2019 Order in the NTEC docket, E-015/AI-17-568, (the “NTEC Order”) the Commission again extended by one year the time for Minnesota Power to submit a new IRP. By setting a date of October 1, 2020, the Commission reasoned that the additional time would be sufficient for Minnesota Power to consult with stakeholders regarding modeling, and to develop:

- a “baseload retirement analysis” focused on Boswell 3 and 4, and
- a “securitization plan that could be used to mitigate potential ratepayer impacts associated with any early retirement of one or both of the Boswell 3 and 4 facilities.”<sup>5</sup>

#### **I. REPEATED DELAYS IN DEVELOPING AN INTEGRATED RESOURCE PLAN ARE CONTRARY TO THE PUBLIC INTEREST**

The IRP statute and associated regulations require Minnesota Power to file a new IRP every two years.<sup>6</sup> IRPs include a forecast of demand for electricity over the next 15 years; a utility’s plan for managing that demand through generation, conservation, and demand response; and its reasons

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<sup>3</sup> *Id.*

<sup>4</sup> Order Referring Gas Plant for Contested Case Proceedings, Sept. 19, 2017, *In the Matter of Minnesota Power’s 2016-2030 Integrated Resource Plan*, Docket No. E-015/RP-15-690.

<sup>5</sup> Order Approving Affiliated Interest Agreements With Conditions, January 24, 2019, *In the Matter of Minnesota Power’s Petition for Approval of the EnergyForward Resource Package*, Docket E-015/AI-17-568 (noting that the twelve month extension to October 1, 2020 “will give the Company sufficient time” to complete the work needed to file a new IRP) (emphasis added).

<sup>6</sup> Minn. Stat. § 216B.2422; Min. R. 7843.03.00

for proposing a certain mix of resources.<sup>7</sup> However, an IRP determination is not merely a numerical calculation determining the cheapest resource. The IRP proceeding requires the utility to “consider important public policy considerations when making resource decisions, such as the environmental and socioeconomic effect of different energy-generation resources.”<sup>8</sup> And, as part of that analysis, a utility must include in every IRP an explanation of how it is attempting to limit greenhouse gas emissions, any technical barriers it is encountering, and a plan to overcome those barriers.<sup>9</sup>

Minnesota Power has not submitted an IRP and supporting information since 2015. While a six-month delay may seem inconsequential, granting this most recent extension motion would mean Minnesota Power will have delayed its 2018 IRP by over three years.

## **II. MINNESOTA POWER HAS NOT MET THE REQUIREMENTS FOR A VARIANCE**

The Commission may grant a variance and extend the time for Minnesota Power to file its next IRP if “enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule; granting the variance would not adversely affect the public interest; and granting the variance would not conflict with standards imposed by law.”<sup>10</sup>

### **A. Minnesota Power Has Not Established An Excessive Burden.**

Minnesota Power presents several justifications in support of its request for an additional delay of six months. Minnesota Power’s stated reasons do not constitute an excessive burden on Minnesota Power. Minnesota Power has been aware of the specific requirements for this upcoming

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<sup>7</sup> Minn. Stat. § 216B.2422.

<sup>8</sup> Order Accepting Resource Plan and Modifying Certain Requirements, May 20, 2020, *In the Matter of Minnkota Power Cooperative, Inc. and Northern Municipal Power Agency's 2019 Resource Plan*, ET-6132/RP-19-416 (Minnkota IRP Order)

<sup>9</sup> Minn. Stat. § 216B.2422, subd. 2c.

<sup>10</sup> Minn. R. 7829.3200; *see also* Minnkota IRP Order.

IRP since the October 29, 2018 hearing in the NTEC docket, which resulted in the January 24, 2019 Order finalizing the current deadline.<sup>11</sup> While transitioning to remote work, and the other related difficulties of the current Covid-19 pandemic have somewhat slowed the pace of all PUC dockets and related work, Minnesota Power has not provided any detail on why its legal and technical staff has not continued to work on the necessary modeling, analysis and review during the 21-month period leading up to the previously scheduled October 2020 filing date, especially as Minnesota Power's rate case has been withdrawn.

For similar reasons, Minnesota Power's arguments regarding the uncertain economic outlook of the paper mills and the taconite mines do not support another extension. Such uncertainty will not be resolved in six months. Further, Minnesota Power is equipped to discuss the uncertainty inherent in a 15-year, forward-looking load forecast. In fact, uncertainty surrounding Minnesota Power's load forecast is an important reason for retaining the October 2020 filing date: the Commission and stakeholders need to understand the impact reduced load would have on Minnesota Power's resource needs as early as possible, in order to navigate how to best position the region for economic recovery as we emerge from the pandemic.

Minnesota Power notes that its staff is continuing to learn and refine the new modelling program, EnCompass. While CEOs agree using a new modeling platform has its challenges, new software challenges alone are not sufficient justification for another six month delay.

Finally, Minnesota Power notes that it has cancelled all in-person stakeholder meetings since the Governor issued the Stay At Home Order earlier in the Spring of 2020. Despite this, the stakeholder groups continue to meet via video conference, and Minnesota Power has had the benefit of several large stakeholder meetings in the Twin Cities and in Northern Minnesota, prior

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<sup>11</sup> See NTEC Order at 29.

to the pandemic. As a result of these meetings, it appears that the stakeholders' main issues and concerns have been well-established and well-understood by Minnesota Power. CEOs remain willing to continue to engage with Minnesota Power remotely on any relevant issue, including modeling assumptions and sensitivities.<sup>12</sup>

**B. Granting An Extension Is Not In the Public Interest.**

**1. Timely IRPs are in the public interest.**

The filing of Minnesota Power's next IRP is of keen public interest in the region and statewide. CEOs expect to review Minnesota Power's proposal for the future of the Boswell coal-fired units, and to fully review the modeling and calculations that support the Company's preferred plan. Many utilities<sup>13</sup> across the Midwest and elsewhere have decided to (or have been ordered to) set retirement dates for aging coal-fired power plants, and instead have chosen to invest in energy efficiency, wind, solar, and storage. These resource choices are saving ratepayers money and drastically reducing the harm to the climate caused by generating and delivering power. Decreases in electricity demand appear to be only further undermining coal plant economics,<sup>14</sup> cutting in favor of review sooner rather than later, so that customers are not experiencing unnecessary losses from continued operation of uneconomic plants. Delaying this assessment is not in the public's best interest.

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<sup>12</sup> In fact, several CEO representatives met with Minnesota Power modeling staff and others on May 28, 2020 for a modeling presentation and discussion on EnCompass. In certain ways, video conferences are more convenient for stakeholders, as travel time is eliminated.

<sup>13</sup> See, e.g. Vectren's June 15, 2020 announcement (available at: <https://www.vectren.com/assets/downloads/planning/irp/Vectren%20Stakeholder%20Meeting%204%20PDF.pdf> ("Preferred portfolio replaces 730 MWs of coal with approximately 700-1,000 MWs of Solar & Solar + Storage, 300 MWs of Wind, 460 MWs of gas Combustion Turbines (CT) and 30 MWs of Demand Response (DR).")

<sup>14</sup> See, e.g., Coal Suffers as Coronavirus Saps Power Demand, *The Wall Street Journal*, April 23, 2020.

**2. Delaying consideration of changes to how Boswell Units 3 & 4 are committed in the wholesale market is not in the public interest.**

Minnesota Power has proposed to provide an “interim report” in December 2020 on “the operating requirements and impacts of utilizing economic dispatch at each Boswell unit given impacts of the COVID-19 pandemic on the grid and MISO energy market.” This proposal seeks to substantially delay the Company’s already required reporting on potential implementation of seasonal and economic dispatch at the Boswell plant. CEOs strongly object to Minnesota Power’s attempt to avoid compliance with the Commission’s current investigation into coal plant dispatch in Docket No. CI-19-704 by proposing to file an “interim report” that may or may not fulfill the utility’s obligations in that docket.

In its November 13, 2019 Order in Docket E-999/AA-18-373, the Commission directed Minnesota Power, Otter Tail Power Company, 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,” and identified the data the utilities must analyze to comply with this requirement. The first filing was due on March 1, 2020.<sup>15</sup>

The Commission provided the utilities nearly five months from the hearing<sup>16</sup> and four months from its November 13, 2019 Order to provide “potential options for seasonal dispatch generally, and potential options and strategies for utilizing “economic” commitments for specific coal-fired generating plants.”<sup>17</sup> Despite ample time, and rather than complying with the

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<sup>15</sup> Order Accepting 2017-2018 Electric Reports and Setting Additional Requirements, November 13, 2019, *In the Matter of an Investigation into Self-Commitment and Self-Scheduling of Large Baseload Generation Facilities*, Docket E-999/AA-18-373.

<sup>16</sup> The Commission’s agenda meeting resulting in this order was held on October 10, 2019.

<sup>17</sup> Order Accepting 2017-2018 Electric Reports and Setting Additional Requirements, November 13, 2019, *In the Matter of an Investigation into Self-Commitment and Self-Scheduling of Large Baseload Generation Facilities*, Docket E-999/AA-18-373

Commission's order, Minnesota Power responded in its March 2, 2020 filing that it would only be providing the required analysis in its IRP, as opposed to in the Commission's investigation docket dedicated to this specific issue:

Minnesota Power has initiated an investigation into the alternative for economic dispatch to determine the potential operating conditions that exist at each Boswell unit and to identify potential solutions. At this time, it is too early in the investigative phase to report on conditions and potential solutions with any certainty. Minnesota Power will continue to consider this topic in its Integrated Resource Plan which will be filed on October 1, 2020, and next year's Self-Commitment filing.<sup>18</sup>

In an attempt to seek any of the findings from Minnesota Power's "investigative phase", Sierra Club and the Department of Commerce issued multiple IRs, to which Minnesota Power was non-responsive. For example, when asked to identify the minimum downtime, time required to come online, and minimum time online for Boswell Units 3 and 4, MP responded that "it is currently investigating what these parameters need to be for economic dispatch in the MISO market..."<sup>19</sup> And when asked for costs incurred each time a unit shuts down and restarts, the Company responded that "it is too early in the investigative phase to report on specific costs or impacts to margins with any certainty, other than start-up costs..."<sup>20</sup> And finally, when asked whether MP has "conducted any analysis of whether to switch its units to seasonal operations, or of the feasibility of doing so," the Company responded, again, that

Minnesota Power is currently in the process of evaluating seasonal dispatch and economic dispatch to determine the potential operating conditions that exist at each Boswell unit. At this time, it is too early in the evaluation to report on conditions and potential solutions with any certainty."<sup>21</sup>

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<sup>18</sup> Annual Compliance Filing, March 2, 2020, *In the Matter of an Investigation into Self-Commitment and Self-Scheduling of Large Baseload Generation Facilities*, Docket CI-19-704, at 6.

<sup>19</sup> Sierra Club Public Version of Initial Comments, June 8, 2020, *In the Matter of an Investigation into Self-Commitment and Self-Scheduling of Large Baseload Generation Facilities*, Docket CI-19-704, at 8.

<sup>20</sup> *Id.*

<sup>21</sup> *Id.* at 9.

CEOs strongly oppose Minnesota Power's attempt to avoid compliance and action in the Commission's on-going Investigation into Self-Commitment and Self-Scheduling of Large Baseload Generation Facilities (Docket CI-19-704) by attempting to delay this analysis and discussion until its IRP. The Commission opened its coal plant dispatch investigation because of the opportunity to save customers millions of dollars, while also significantly reducing emissions. Xcel has already changed its operating practices for two of its units, and Otter Tail Power has changed its operating practices for the Big Stone plant. All of these changes are expected to result in significant savings to customers. Further delaying analysis, discussion, and potential action on Minnesota Power's coal plant dispatch will further delay these savings and emission reduction opportunities. Therefore, regardless of the Commission's action on MP's IRP extension request, the Commission should take no action on MP's request to also delay the analysis for which it is already in non-compliance, and should continue to handle this issue in the Commission's investigation docket (CI-19-704).

**3. Delaying filing of Minnesota Power's securitization report is not in the public interest.**

In addition to its request to delay the IRP and the analysis of economic dispatch for the Boswell Units, Minnesota Power seeks to delay the pending securitization report, which was first ordered by the Commission in the Company's 2016 rate case (Docket No. E-015/GR-16-664). Minnesota Power asserts that it cannot complete the securitization report, which the Commission ordered Minnesota Power to include in its October 2020 IRP filing, because the report is dependent on the "outcomes of the IRP." As a result of the company's position, a delay of the IRP will also result in a delay of the securitization report. Such additional delay will postpone the report until after the filing period for the 2021 legislative session. Because securitization requires enabling legislation, missing an entire legislative session is a significant consequence of delay. Therefore,



if the Commission decides to grant an extension for the IRP, CEOs recommend that the Commission still require the securitization report to be filed on October 1, 2020.

### **CONCLUSION**

CEOs respectfully request that the Commission deny Minnesota Power's request for another extension of time to file its 2018 IRP. The Company has not established an excessive burden and further delay is not in the public interest. CEOs also recommend that the Commission take no action on Minnesota Power's request to also delay the coal plant dispatch analysis already required in Docket No. CI-19-704. Finally, CEOs recommend that the Commission not grant an extension for Minnesota Power's securitization plan.

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Respectfully submitted,

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