

February 29, 2016

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

Re: 2015 Minnesota Biennial Transmission Projects Report  
MPUC Docket No. E999-M-15-439

Dear Mr. Wolf:

Enclosed for filing are the Reply Comments of the Minnesota Transmission Owners. These Reply Comments respond to the comments of the Department of Commerce, Division of Energy Resources, submitted to the Commission on February 4, 2016.

We have served a copy of the Reply Comments to those on the attached service list.

Thank you very much.

Sincerely,

*/s/ Alan R. Mitchell*

Alan R. Mitchell  
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**STATE OF MINNESOTA  
BEFORE THE  
PUBLIC UTILITIES COMMISSION**

Beverley Jones Heydinger  
Nancy Lange  
Dan Lipschultz  
John Tuma  
Matt Schuerger

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

**DOCKET NO. E999-M-15-439**

**IN THE MATTER OF THE  
MINNESOTA TRANSMISSION OWNERS  
2015 MINNESOTA BIENNIAL  
TRANSMISSION PROJECTS REPORT**

**REPLY COMMENTS  
OF MINNESOTA  
TRANSMISSION OWNERS**

**INTRODUCTION**

On October 30, 2015, the Minnesota Transmission Owners (“MTO”) submitted the 2015 Minnesota Biennial Transmission Projects Report to the Minnesota Public Utilities Commission. The Minnesota Department of Commerce, Division of Energy Resources, filed initial comments regarding the completeness of the Report on November 20, 2015, requesting that the MTO submit a portion of the North American Electric Corporation’s (NERC) 2014 Long-Term Reliability Assessment. In response, the MTO submitted the appropriate portion of both the 2014 and 2015 NERC Reports into the record. The Department recommended that with submission of the NERC material, the Biennial Report would be complete.

In accordance with PUC rules, Minn. Rules part 7848.1800, subp. 5, substantive comments on the 2015 Biennial Report were due by January 15, 2016. Only one set of comments was filed on the 2015 Report, and those comments were filed by the Department of Commerce, Division of Energy Resources. The Department raised a few comments about the information in the Biennial Report, but did recommend that the Public Utilities Commission approve the 2015 Biennial Report.

The MTO agrees that the Commission should approve the 2015 Biennial Report and has only a few brief comments to make in response to the Department’s comments.

## **REPLY COMMENTS**

### **A. The Department's Variance Request.**

The Department was late in filing its comments on the Biennial Report. The rule requires the comments to be filed by January 15 following submission of the report; the Department filed its comments on February 4 and requested a variance from the deadline in the rules. The MTO has no objection to the late filing of the Department's comments, and if a variance is necessary, the MTO does not object to the granting of the variance.

### **B. Transmission Issues**

The Department raised a couple of questions about the transmission inadequacies reported in the 2015 Biennial Report in Information Requests served on the MTO in January 2016.

Information Request No. 1 asked the MTO to identify those transmission needs where the historical demand for power has been greater than the supply capability available after a single contingency. The MTO identified in its response several projects by Tracking Number where the historical demand had been greater. The Department reviewed the information provided and concluded in its February 4 comments that the reasons for these deficiencies were beyond the control of the MTO and that the MTO was responding to these situations promptly. Nothing further is required regarding this issue.

In Information Request No. 2, the Department asked the MTO to identify those transmission projects that will or might require a certificate of need. In responding to this Information Request, the MTO realized that it had mistakenly failed to identify in the Biennial Report two projects for which a certificate of need would be required. Those projects are Tracking Number 2007-NW-N3 (the Winger-Thief River Falls 230 kV Line) and Tracking Number 2015-NW-N1 (the Clearbrook West 115 kV Project). Both projects are joint efforts of Otter Tail Power Company and Minnkota Power Cooperative in the Northwest Zone. With the correction of this oversight, the MTO has now identified those projects that will or might require a certificate of need and the Department concluded at page 5 of its comments that it "has no concerns with any of these projects or their estimated CN filing dates."

### **C. Transmission for Renewables**

Chapter 8 of the 2015 Biennial Report contains the utilities' analysis of transmission needs to meet upcoming state renewable energy standards. The RES discussion shows that those utilities subject to the Minnesota renewable energy standards have sufficient renewable energy to meet the standards through 2025. The Department concluded in its comments, at page 6, that "It appears that significant additional transmission investment is not required in the near future." The MTO believes that nothing further regarding a RES analysis is required as part of the 2015 Biennial Report.

The Department also commented on the fact that the schedule for the Corridor Upgrade Project, which the MTO addressed in the 2013 Biennial Report, has been pushed out beyond 2018. The Department stated that it agrees that immediate action regarding the Corridor Upgrade Project is not necessary at this time. Again, nothing further is required as part of the 2015 Biennial Report.

#### **D. Solar Energy Standard**

Minnesota has a solar energy standard, Minn. Stat. § 216B.1691, subd. 2f, and public utilities subject to the standard are required to report to the Commission by July 1 each year. Those utilities have done so for the past two years in dockets E999/M-14-321 and E999/M-15-462. The MTO provided a brief summary in the 2015 Biennial Report of the utilities' progress in meeting the standard, and more detail can be found in the July 14 reports. Nothing further about compliance with the solar standards is required to be included in the biennial report. Utilities subject to the solar standard will file a more detailed report by the July 1, 2016, deadline.

#### **E. Renewable Energy Integration Study**

The Department summarized in its comments the requirement that the utilities study the reliability and cost implications of increasing the renewable energy stands to 40% by the year 2030. The MTO is uncertain why the Department included this matter in its comments on the 2015 Biennial Report and it is not necessary for the Commission to address the report in this docket.

#### **F. Mitigation Costs**

Beginning with the 2011 Biennial Report, and again with the 2013 Biennial Report, the Department of Commerce has used the biennial report docket to urge the Commission to direct the investor-owned utilities to address mitigation costs of transmission projects in various proceedings, whether biennial report dockets, certificate of need proceedings, or rate recovery requests. The Department has registered the exact same comment again this year with the 2015 Biennial Report.

The MTO has consistently responded that the utilities do not object to the Commission considering whether mitigation measures were voluntary in future transmission rider cost recovery filings and general rate cases, but it was not appropriate to establish such requirements in the biennial report docket. The Commission has agreed with this approach in the past by encouraging the department to collect mitigation cost information in future certificate of need proceedings and should do so again this year.

#### **G. Grid Modernization Report**

In May 2015 a new law went into effect that requires a utility operating under an approved multiyear rate plan to “conduct a distribution study to identify interconnection points on its distribution system for small-scale distributed generation resources and shall identify necessary

distribution upgrades to support the continued development of distributed generation resources, and shall include the study” in the biennial report. Minn. Stat. § 216B.2425, subd. 2(e) and 8. The only utility to which this provision applies is Xcel Energy, and Xcel Energy included a Grid Modernization Report with the submission of the 2015 Biennial Report.

The Public Utilities Commission has assigned a separate docket number to Xcel Energy’s Grid Modernization Report. Docket No. E002/M-15-962. In addition, the Commission has opened a separate docket called the Grid Modernization Docket (Docket No. E999/CI-15-556). A number of the MTO utilities are active participants in the Grid Modernization Docket.

The Department of Commerce has prepared comments about this new statute and what should be required of the MTO utilities regarding distribution issues and has filed those comments in both the biennial report docket (E999/M-15-439) and the Xcel Energy Grid Modernization Report docket (E002/M-15-962). The biennial report docket is not the correct place to file those comments and address the issues raised by the Department. That discussion should take place in either the docket on Xcel Energy’s Grid Modernization Report (E002/M-15-962) or the general docket on grid modernization (E999/CI-15-556).

### **CONCLUSION**

The Minnesota Transmission Owners have provided the information requested by the Department of Commerce, Division of Energy Resources. The 2015 Minnesota Biennial Transmission Projects Report is a comprehensive report of anticipated future transmission needs. In addition, the RES utilities have prepared an up-to-date analysis of future needs to meet Renewable Energy Standard milestones.

The Minnesota Transmission Owners respectfully request that the Commission take action and issue an order regarding the 2015 Biennial Report that includes the following.

1. Find that the 2015 Biennial Report meets the requirements of Minn. Stat. § 216B.2425 and accept the report.
2. Find that since no party has requested certification for any of the projects listed in the reports, it is unnecessary to certify, certify as modified, or deny certification of any projects.
3. Extend the variance from Minn. Rules part 7848.0900 that it has granted for the past several reports to relieve the utilities of the obligation to hold public meetings in each transmission planning zone. And further, determine that the MTO shall not be required to hold a webinar on the 2017 Biennial Report.
4. Find that any utility operating under an approved multiyear rate plan shall submit a Grid Modernization Report in the 2017 Biennial Report.

5. Direct the Transmission Owners to include content similar to the 2015 report in the 2017 Report.

Dated: February 29, 2016

Respectfully submitted,

/s/ Alan R. Mitchell

Alan R. Mitchell

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Attorneys for the

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**AFFIDAVIT OF SERVICE**

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**IN THE MATTER OF THE  
MINNESOTA TRANSMISSION OWNERS  
2015 MINNESOTA BIENNIAL  
TRANSMISSION PROJECTS REPORT**

DOCKET NO. E999-M-15-439

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STATE OF MINNESOTA    )  
                                      ) SS.  
COUNTY OF HENNEPIN    )

Mary Ann S. Monahan, of the City of Minneapolis, the County of Hennepin, State of Minnesota, being duly sworn on oath, deposes and states that on the 29th day of February, 2016, she e-filed with the Minnesota Public Utilities Commission the following:

1. Reply Comments of Minnesota Transmission Owners; and,
2. Affidavit of Service.

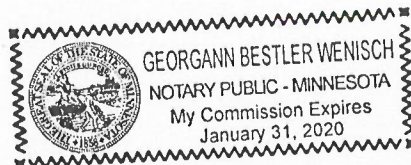
A copy has also been served in accordance with the attached service list of record.

*Mary Ann S. Monahan*

\_\_\_\_\_  
Mary Ann S. Monahan

Subscribed and sworn to before me  
this 29th day of February, 2016

*Georgann Bestler Wenisch*  
\_\_\_\_\_  
Notary Public



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