

June 30, 2017

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. E015/RP-15-690

Dear Mr. Wolf:

Attached are the Comments of the Minnesota Department of Commerce, Division of Energy Resources (the Department) in the following matter:

Request of Minnesota Power for an Extension to File Its Next Integrated Resource Plan to Address Wind, Solar, and Gas Resource Package.

The Petitioner is:

David R. Moeller  
Senior Attorney  
Minnesota Power  
30 West Superior Street  
Duluth, MN 55802-2191

The Department recommends that the Commission **approve the extension request**. The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ STEVE RAKOW  
Analyst Coordinator

SR/lt  
Attachment

## Before the Minnesota Public Utilities Commission

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### Comments of the Minnesota Department of Commerce Division of Energy Resources

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

#### **I. INTRODUCTION**

Minnesota Power (MP or the Company) submitted an integrated resource plan (IRP) on September 1, 2015.

On November 4, 2015, MP supplemented its initial filing with additional information to fully comply with Point 12 of the Minnesota Public Utilities Commission's (Commission) November 12, 2013 Order on the Company's previous IRP, Docket No. E015/RP-13-53.

On November 9, 2015, the Department submitted a letter concluding that, with the supplemental information, MP's 2015 IRP should be considered complete.

On January 4, 2016, the Minnesota Department of Commerce, Division of Energy Resources (the Department), the Clean Energy Organizations<sup>1</sup> and the Large Power Intervenors<sup>2</sup> submitted comments.

On March 4, 2016, the following parties filed reply comments:

- Department;
- Clean Energy Organizations;
- Large Power Intervenors; and
- MP.

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<sup>1</sup> Clean Energy Organizations consists of Fresh Energy; the Izaak Walton League of America – Midwest Office; Wind on the Wires; Sierra Club; and the Minnesota Center for Environmental Advocacy.

<sup>2</sup> The Large Power Intervenors consist of ArcelorMittal USA (Minorca Mine); Blandin Paper Company; Boise Paper, a Packaging Corporation of America company, formerly known as Boise, Inc.; Enbridge Energy, Limited Partnership; Hibbing Taconite Company; Mesabi Nugget Delaware, LLC; PolyMet Mining, Inc.; Sappi Cloquet, LLC; USG Interiors, LLC; United States Steel Corporation (Keewatin Taconite and Minntac Mine); United Taconite, LLC; and Verso Corporation.

On July 18, 2016, the Commission issued its *Order Approving Resource Plan with Modifications* (Order). Among other things, the Order required MP to file the Company's next IRP on February 1, 2018.

On June 8, 2017, MP filed the Company's *Request of Minnesota Power for an Extension to File Its Next Integrated Resource Plan to Address Wind, Solar, and Gas Resource Package* (Petition).

The Petition requested that:

...the Commission approve an extension for Minnesota Power's filing of its next IRP. The Company proposes a delay of at least one year to approximately February 2019 or even longer as dictated by the Commission's overall schedule and workload, to allow adequate time for the Commission and interested parties to review and act upon the Company's proposed resource package by autumn 2018, with a few extra months to allow the Company to incorporate the Commission's decisions into the next IRP and complete the necessary analysis for a more robust filing.

On June 13, 2017, the Commission issued its *Notice Seeking Comment on Procedural Schedule* (Notice). The Notice stated that topics open for comment include:

- Should the Commission grant MP's extension request? Is the proposed extension of at least one year reasonable, or should the Commission consider an alternative date?
- Is MP's proposed process reasonable? Do the parties have sufficient information at this time regarding MP's *EnergyForward* Resource Package<sup>3</sup> (Package) to determine whether an IRP extension or a contested case is necessary?
- Given that MP's Package includes several types of resources, is it necessary to evaluate the entire package at once, or should the wind, solar, and natural gas resources be evaluated individually as part of separate proceedings?
- Any other related issues or concerns.

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<sup>3</sup> According to the Petition MP's *EnergyForward* Resource Package will have three main components:

- 250 MW of wind generation located in southwestern Minnesota to be in service by 2020 pursuant to a power purchase agreement (PPA) with Tenaska;
- 10 MW of solar generation located near Royalton, Minnesota to be in service by 2019 pursuant to a PPA with Cypress Creek Renewables; and
- partnering with Dairyland Power Cooperative to build a combined-cycle natural gas power plant in Superior, Wisconsin, to be in service by 2025 of which approximately 250 MW will come from the jointly owned facility to be owned by an affiliate and dedicated to MP.

Below are the Department's comments on the issues listed in the Notice.

## II. DEPARTMENT ANALYSIS

### A. *SHOULD THE COMMISSION GRANT MP'S EXTENSION REQUEST?*

As indicated above, the Notice states that topics open for comment include:

Should the Commission grant MP's extension request? Is the proposed extension of at least one year reasonable, or should the Commission consider an alternative date?

In the Petition the Company proposes a delay of at least one year to approximately February 2019 or even longer as dictated by the Commission's overall schedule and workload. MP explains this because "addressing the package prior to the next IRP filing provides more clarity and specificity regarding the Company's plans to meet customer needs, and will allow the Company to incorporate this action plan arising out of the July 2016 IRP Order into the Company's plans before moving forward with the next IRP."

MP's next IRP is due February 1, 2018. If MP were to submit an IRP in February 2018 the Company would likely assume in that filing that the proposed Package is approved by the Commission. Other parties would then have to either accept that position or explore the consequences of alternatives. This approach would lead to analysis of MP's proposed Package in two dockets; MP's IRP and the filing the Company will make to comply with Minnesota Statutes §§ 216B.48, subd. 3 and 216B.50 subd 1. In addition, the Commission has already determined the size, type, and timing of MP's resource needs in the Order and the Package is MP's attempt to acquire the resources in the Order. Therefore, the Department agrees with MP that a delay in filing the IRP is advisable. The current schedule for IRPs, excluding MP, is shown in Table 1 below.

**Table 1: Current IRP Schedule<sup>4</sup>**

Utility	Next IRP Due
Great River Energy	open docket
SMMPA	01-Dec-17
Interstate Power	01-Feb-18
MMPA	01-Aug-18
Xcel Energy	01-Feb-19
Otter Tail Power	03-Jun-19
Minnkota Power	01-Jul-19
Missouri River Energy	01-Jul-21

Table 1 indicates that if a February 1, 2019 filing date were pursued, the Department (and potentially other interested parties) would require two separate IRP teams to analyze two IRPs at the same time; presumably the two teams would then proceed to analyze the two IRPs due in summer 2019. The alternative is to delay MP's IRP until fall of 2019, after comments and reply comments on Xcel Energy's IRP are complete and comments on Otter Tail Power's and Minnkota Power's IRPs are complete or nearly complete. After considering these alternatives, the Department recommends that the Commission approve an October 1, 2019 filing date for MP's next IRP.

**B. IS MP'S PROPOSED PROCESS REASONABLE?**

The Notice states that topics open for comment include:

Is MP's proposed process reasonable? Do the parties have sufficient information at this time regarding MP's *EnergyForward* Resource Package to determine whether an IRP extension or a contested case is necessary?

This topic is in response to MP's request that the Commission issue a notice requesting comments on MP's proposed procedural process for the Package. Regarding process, the Petition states:

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<sup>4</sup> Table 1 assumes the Commission grants the extension requests of Minnesota Municipal Power Agency (MMPA) in Docket No. ET6133/RP-17-468 and Interstate Power and Light Company (Interstate Power) in Docket No. E001/RP-17-374.

Due to the importance of the requested approvals as well as the important issues raised, Minnesota Power will be requesting referral of the *EnergyForward* Resource Package filing to the Office of Administrative Hearings for a contested case to allow for full consideration of the important resource planning and generation need considerations that will be fundamental to evaluating the Company's Petition. The Company will be proposing a schedule that provides adequate time for robust analysis and thoughtful decision making, with a proposed Commission decision in autumn of 2018 to accommodate contractual deadlines, federal tax credit utilization for the wind and solar projects, and to provide enough time to conduct thorough review.

First, as discussed above, the Department has sufficient information at this time regarding MP's Package to determine whether an IRP extension is necessary. The Department concluded that an IRP extension was necessary.

Second, regarding a contested case for the Package, while no formal decision is required at this time, the Department does not understand in what circumstances a contested case would be required to analyze a purchased power agreement (PPA) with a 10 MW solar generation facility. Such proposals are typically addressed using the standard comment process.<sup>5</sup> Unless there are extremely unusual circumstances surrounding MP's proposal, the Department concludes that there is no reason to change this approach.

Also, the Department does not understand in what circumstances a contested case would be required to analyze a PPA with a 250 MW wind generation facility. Such proposals are typically addressed using the standard comment process as well.<sup>6</sup>

Thus, the only element of MP's Package that, in normal circumstances, might be addressed through a contested case is the combined-cycle natural gas power plant. The Department does not have sufficient information at this time regarding MP's proposed combined-cycle natural gas power plant to determine whether a contested case is warranted. However, it is not clear that the benefits of a contested case would be greater than the costs unless there are highly disputed facts or legal issues where an ALJ's legal expertise may be of sufficient value to outweigh the added costs.

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<sup>5</sup> For examples of the process used for recent petitions for approval of PPAs with solar facilities, see Docket Nos. E015/M-15-773 (MP's Camp Ripley project) and E002/M-14-162 (Xcel Energy's Solar Energy Standard projects).

<sup>6</sup> For examples of the process used for recent petitions for approval of PPAs with wind facilities, see Docket Nos. E002/M-16-777 (Xcel Energy's 1,550 MW wind package), IP6961/CN-16-215 (Blazing Star Wind Farm, LLC), and E015/M-13-907 (MP's Bison 4 project).

In summary, the Department recommends that the Commission not make a determination at this time regarding the process to be used for a future filing. Instead, the Department recommends that the process be determined once the initial filing is made. However, it is not clear to the Department that a contested case is warranted for any of the elements of MP's Package.

*C. EVALUATE PROJECTS IN ONE PROCEEDING OR SEPARATE PROCEEDINGS?*

The Notice states that topics open for comment include:

Given that MP's *EnergyForward* Resource Package includes several types of resources, is it necessary to evaluate the entire package at once, or should the wind, solar, and natural gas resources be evaluated individually as part of separate proceedings?

The individual elements of MP's Package have already been analyzed as a whole in MP's most recent IRP proceeding (Docket No. E015/RP-15-690). MP's Package is the Company's response to the Commission's size, type, and timing determinations. In essence, the size, type, and timing of MP's resource needs have been established; the issue at hand is what project best addresses the need identified in the Commission's Order. Therefore, the Department recommends that the elements of the package be evaluated individually as part of separate proceedings because that is the standard approach for resource acquisition.

If the Commission desires to reanalyze the need that one component of MP's package is intended to fulfill, then the Department recommends that all of the elements be re-analyzed simultaneously; most likely as part of a combined IRP and resource acquisition proceeding. This approach is necessary because changes in resources can have unanticipated effects on other resources. If, for example, the need for a combined cycle plant changes due to the results of a re-analysis, that might trigger changes in the need for wind. An example of a combined IRP-resource acquisition proceeding can be found in Minnesota Municipal Power Agencies proposal in Docket No. ET6133/RP-17-468.

**III. DEPARTMENT RECOMMENDATION**

The Department recommends that the Commission approve an October 1, 2019 filing date for MP's next IRP. The Department also recommends that the Commission not make a determination at this time regarding the process to be used for a future resource acquisition filing(s). However, the Department recommends that each element of MP's Package be analyzed separately.

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## **CERTIFICATE OF SERVICE**

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce  
Comments**

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

**Dated this 30<sup>th</sup> day of June 2017**

**/s/Sharon Ferguson**



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_15-690_Official
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022191	Electronic Service	Yes	OFF_SL_15-690_Official
William A.	Blazar	bblazar@mnchamber.com	Minnesota Chamber Of Commerce	Suite 1500 400 Robert Street North St. Paul, MN 55101	Electronic Service	No	OFF_SL_15-690_Official
Jon	Brekke	jbrekke@grenergy.com	Great River Energy	12300 Elm Creek Boulevard  Maple Grove, MN 553694718	Electronic Service	No	OFF_SL_15-690_Official
Christina	Brusven	cbrusven@fredlaw.com	Fredrikson Byron	200 S 6th St Ste 4000  Minneapolis, MN 554021425	Electronic Service	No	OFF_SL_15-690_Official
Leigh	Currie	lcurrie@mncenter.org	Minnesota Center for Environmental Advocacy	26 E. Exchange St., Suite 206  St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_15-690_Official
Ian	Dobson	Residential.Utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_15-690_Official
Emma	Fazio	emma.fazio@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-690_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_15-690_Official
Dave	Frederickson	Dave.Frederickson@state.mn.us	MN Department of Agriculture	625 North Robert Street  St. Paul, MN 551552538	Electronic Service	No	OFF_SL_15-690_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Edward	Garvey	garveyed@aol.com	Residence	32 Lawton St  Saint Paul, MN 55102	Electronic Service	No	OFF_SL_15-690_Official
Barbara	Gervais	toftemn@boreal.org	Town of Tofte	P O Box 2293 7240 Tofte Park Road Tofte, MN 55615	Electronic Service	No	OFF_SL_15-690_Official
Janice	Hall	N/A	Cook County Board of Commissioners	411 W 2nd St Court House Grand Marais, MN 55604-2307	Paper Service	No	OFF_SL_15-690_Official
Lori	Hoyum	lhoyum@mnpower.com	Minnesota Power	30 West Superior Street  Duluth, MN 55802	Electronic Service	Yes	OFF_SL_15-690_Official
Sarah	Johnson Phillips	sjphillips@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-690_Official
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-690_Official
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E  St. Paul, MN 55106	Electronic Service	No	OFF_SL_15-690_Official
Daryl	Maxwell	dmaxwell@hydro.mb.ca	Manitoba Hydro	360 Portage Ave FL 16 PO Box 815, Station Main Winnipeg, Manitoba R3C 2P4  Canada	Electronic Service	No	OFF_SL_15-690_Official
Marion Ann	McKeever	N/A	Satellites Country Inn	9436 W Hwy 61  Schroeder, MN 55613	Paper Service	No	OFF_SL_15-690_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Herbert	Minke	hminke@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 55802	Electronic Service	Yes	OFF_SL_15-690_Official
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	Yes	OFF_SL_15-690_Official
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_15-690_Official
David	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency	220 South Sixth Street Suite 1300 Minneapolis, Minnesota 55402	Electronic Service	No	OFF_SL_15-690_Official
Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company	200 1st Street SE PO Box 351  Cedar Rapids, IA 524060351	Electronic Service	No	OFF_SL_15-690_Official
Britt	See Benes	britt@ci.aurora.mn.us	City of Aurora	16 W 2nd Ave N PO Box 160 Aurora, MN 55705	Electronic Service	No	OFF_SL_15-690_Official
John Linc	Stine	john.stine@state.mn.us	MN Pollution Control Agency	520 Lafayette Rd  Saint Paul, MN 55155	Electronic Service	No	OFF_SL_15-690_Official
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_15-690_Official
Cam	Winton	cwinton@mncchamber.com	Minnesota Chamber of Commerce	400 Robert Street North Suite 1500 St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_15-690_Official
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_15-690_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Charles	Zelle	charlie.zelle@state.mn.us	Department of Transportation	MN Dept of Transportation 395 John Ireland Blvd St. Paul, MN 55155	Electronic Service	No	OFF_SL_15-690_Official