

The **Commission met on Wednesday, May 25, 2016**, with Chair Heydinger and Commissioners Lange, Lipschultz, Schuerger, and Tuma present.

The following matters came before the Commission:

ENERGY AGENDA

E-015/TL-14-21

In the Matter of the Application of Minnesota Power for a Route Permit for the Great Northern Transmission Line Project in Roseau, Lake of the Woods, Beltrami, Koochiching and Itasca Counties

This item was removed from the Commission's agenda.

IP-6687/CN-08-951

In the Matter of the Certificate of Need for the Flat Hill Windpark I Project in Clay County

IP-6687/TL-08-988

In the Matter of the Application for a Route Permit for the Flat Hill Windpark I, LLC 230 kV Transmission Line

IP-6677/WS-08-1134

In the Matter of the Large Wind Energy Conversion Site Permit for the Flat Hill Windpark I Project in Clay County

Commissioner Tuma moved to accept the surrender of Flat Hill's certificate of need, site permit and route permits.

The motion passed 5-0.

E-999/M-15-439

In the Matter of the 2015 Minnesota Biennial Transmission Projects Report

Commissioner Lipschultz moved to take the following actions:

1. Accept the 2015 Projects Report, not including the 2015 Biennial Distribution Grid Modernization Report filed separately by Northern States Power Company d/b/a Xcel Energy, which is subject to Commission determination in Docket No. E-002/M-15-962, *In the Matter of Xcel Energy's 2015 Biennial Distribution Grid Modernization Report*.
2. Encourage the Minnesota Department of Commerce (the Department) to collect the amount of mitigation costs included in future Certificate of Need proposals.
3. Grant a variance to the public participation requirements of Minn. R. 7848.0900 and no longer require a webinar presentation to be scheduled.

4. Require the Minnesota Transmission Owners (MTO) to file the 2017 Report with content similar to the 2015 Report.
5. Require MTO to include in the 2017 Report the requirements addressed in Minn. Stat. § 216B.2425, subd. 2(c)(3).

The motion passed 5–0.

E-002/M-15-962

In the Matter of Xcel Energy’s 2015 Biennial Distribution Grid Modernization Report

Chair Heydinger moved to take the following actions:

1. Do not define certification for a distribution project at this time.
2. Certify the Advanced Distribution-Management System (ADMS) project and find that the certification of this project does not imply any decision regarding recovery of the project’s costs. Any rider recovery of costs associated with a certified project should be determined in response to a utility petition for rider recovery of those costs under Minn. Stat. § 216B.16, subd. 7b.

The motion passed 5–0.

Chair Heydinger moved to deny certification of the Belle Plaine Battery Project without prejudice and allow Xcel Energy to file a separate report and certification request for the project prior to filing its next biennial report under Minn. Stat. § 216B.2425, subd. 2.

The motion passed 5–0.

Chair Heydinger moved to take the following actions:

1. Find that the 2015 Biennial Distribution Report is incomplete because it does not include a distribution system study as required under Minn. Stat. § 216B.2425, subd. 8.
2. Direct Xcel Energy to complete a distribution system study by December 1, 2016, for inclusion in the 2015 Biennial Distribution Report that –
 - includes the initial analysis of the hosting capacity of each feeder on Xcel Energy’s distribution system for small-scale distributed-generation resources, defined as resources that are 1 megawatt (MW) or less; and
 - identifies potential distribution upgrades necessary to support expected distributed-generation resource additions including, in aggregate, distributed-generation resources that are in Xcel Energy’s integrated resource plan filings and those that are active in Xcel Energy’s community solar garden process.

The motion passed 4–1. Commissioner Lipschultz voted against the motion.

E,G-999/CI-08-133

In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation Pursuant to Minn. Stat. § 216B.241 Subd. 2c

Commissioner Lipschultz moved to take the following actions:

1. Continue, with modifications, the financial incentive mechanism for sharing the savings from demand-side management (DSM).
2. Adopt the Department's proposal for the continuation of the shared savings financial incentive with the following provisions:
 - A. For electric utilities:
 - 1) Set a threshold of one percent of retail sales.
 - 2) For each energy savings achievement increase of 0.1 percent of retail sales, increase net benefits awarded by 0.75 percentage points until reaching the net benefits cap at energy savings achievements equal to 1.7 percent.
 - 3) At achievement levels of 1.7 percent and higher, provide an incentive equal to the net benefits cap times the net benefits.
 - B. For gas utilities:
 - 1) Set a threshold of 0.7 percent of retail sales.
 - 2) For each energy savings achievement increase of 0.1 percent of retail sales, increase the net benefits awarded by 0.75 percentage points until reaching the established cap at energy savings achievements equal to 1.2 percent.
 - 3) At achievement levels of 1.2 percent and higher, provide an incentive equal to the net benefits cap times the net benefits.
 - C. For all utilities, set the following net benefit caps:
 - 1) 13.5 percent in 2017
 - 2) 12.0 percent in 2018
 - 3) 10.0 percent in 2019
 - D. For all utilities, set the following percent of CIP expenditure caps:
 - 1) 40 percent in 2017
 - 2) 35 percent in 2018
 - 3) 30 percent in 2019

3. Include the following provisions from the present shared savings DSM financial incentive mechanism:
 - A. The CIP-Exempt Class shall not be allocated costs for the new shared savings incentive. Sales to the CIP-Exempt Class shall not be included in the calculation of utility energy savings goals.
 - B. If a utility elects not to include a third-party CIP project, the utility cannot change its election until the beginning of subsequent years.
 - C. If a utility elects to include a third-party project, the project's net benefits and savings will be included in the calculation of the incentive awarded. The energy savings will count toward the 1.5 percent savings goal.
 - D. The energy savings, cost, and benefits of modifications to non-third-party projects will be included in the calculation of a utility's DSM incentive.
 - E. The costs of any mandated, non-third-party projects (e.g., Next Generation Energy Act assessment, University of Minnesota Institute for Renewable Energy and the Environment costs) shall be excluded from the calculation of net benefits and energy savings achieved and incentive awarded.
 - F. Costs, energy savings, and energy production from Electric Utility Infrastructure Projects (EUIC), solar installation and biomethane purchases shall not be included in energy savings for DSM financial incentive purposes.
 - G. The new shared savings DSM incentive shall be in operation for 2017-2019.
4. Discontinue the annual February 1st compliance filing because a scale of net benefits will no longer be required since the Department's proposal sets percentages at certain savings thresholds and calibrates the mechanism to dollars per unit of energy.
5. Regarding future CIP evaluation report and review of the approved new shared savings mechanism:
 - A. The Department shall submit its next CIP and DSM Financial Incentive Mechanisms Evaluation Report no later than July 1, 2019, and
 - B. The Commission delegates to the Executive Secretary the ability to set the schedule for a process to approve any modifications to the Shared Savings DSM financial incentive mechanism for application to the 2020-2022 Triennial CIPs (which will be filed by June 1, 2019)

The motion passed 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: July 20, 2016

A handwritten signature in black ink that reads "Daniel P. Wolf". The signature is written in a cursive style with a large, prominent 'D' and 'W'.

Daniel P. Wolf, Executive Secretary