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May 8, 2014

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

**RE: Comments of Great River Energy on Utility Renewable Energy Cost Impacts Reports Required by Minnesota Statutes Section 216B.1691, Subd.2e, Docket No. E999/CI-11-852**

Dear Dr. Haar,

On April 18, 2014, the Minnesota Public Utilities Commission ("Commission") issued a Notice Of Supplemental Comment Period On Cost Impact Reports ("Notice") in the following matter:  
**Utility Renewable Energy Cost Impact Reports Required by Minnesota Statutes Section 216B.1691, Subd.2e.**

Great River Energy ("GRE") provides these comments in response to the Commission's Notice.

GRE's comments focus on the two proposed renewable energy cost impact report templates presented in the Commission's April 18, 2014 Notice. Template 1 is the Commission Staff's adaptation of Xcel Energy's ("Xcel") December 20, 2013 filing. Template 2 is the Commission Staff's adaptation of the Department of Commerce, Division of Energy Resources ("Department") DOC-DER's December 20, 2013 filing. We are not offering a new template proposal. We generally support Template 1 with recommendations in a few areas. We also provide comments on the time period the reports cover.

GRE believes the breakout of capacity and accredited capacity associated with the Renewable Energy Standards ("RES") in Template 1 Rows A and B is appropriate, as these two figures can be quite different for wind generation. Template 1 provides a reasonable amount of detail on the costs and avoided costs associated with incorporating renewable energy into a utility's system, Rows D through S. We believe the calculation of a percent rate impact of RES identified in Template 1 Row W, and energy associated with RES as a percentage of total sales, Row Y, are useful and appropriate.

We support the cost components in Template 1 Rows D through K, with a caution, however, that not all these costs are easy to measure. We recommend that utilities be allowed some flexibility to include each cost in the template to the best of their ability, that is, that estimates be allowed, as long as they are so noted. For example, we have not identified the indirect costs of baseload cycling caused by intermittent resources, Template 1 Row F, or additional ancillary

services costs, Template 1 Row F. As better information becomes available over time, these costs should become more firm.

We also note that some of the costs are not from publicly available sources. Specifically, payments under Power Purchase Agreements associated with utility owned renewable energy projects in Template 1, Row D are Trade Secret information, and must be treated as such.

Template 2 provides the benefit of simplicity. However, in our review of Template 2, we do not see where the template results in an ultimate rate impact, but rather calculates the difference in the cost of renewable energy and a hypothetical generation alternative. A difference between the costs of two resources is not the same as a rate impact.

GRE requests that as utilities prepare and develop the RES rate impact report under whatever final methodology or template is chosen, the Commission be willing to consider requested changes or amendments to the methodology in the event that some of the inputs are just not workable, not feasible, or not available.

Finally, GRE would like to comment on the timing under consideration in the renewable energy cost impact report. The first report under the statute in 2011 reflected 2010 costs. Our understanding was that this first report was meant to establish a baseline for future RES cost impact reports. We recommend the reports look forward from the last reported year. Future year cost impacts to meet the RES are part of the Integrated Resource Plan process. If a least cost resource plan does not meet Minnesota's renewable energy mandate, the costs of meeting the RES will be reflected in the difference between the least cost resource plan and a plan that meets Minnesota's renewable energy mandate.

GRE appreciates the opportunity to provide these comments. If there are any questions related to these comments feel free to contact me via email at [lrossmccalib@greenergy.com](mailto:lrossmccalib@greenergy.com) or by phone at (763) 445-6103.

Sincerely,

A handwritten signature in cursive script that reads "Lauren Ross McCalib".

Manager, Resource Planning and Regulatory Affairs  
GREAT RIVER ENERGY

**CERTIFICATE OF SERVICE**

**RE: In the Matter of Utility Renewable Energy Cost Impacts Reports Required by  
Minnesota Statutes Section 216B.1691. Subd.2e,  
Docket No. E999/CI-11-852**

I, Donna Boe, hereby certify that I have this day served a copy of the following, or a summary thereof, on Dr. Burl W. Haar and Sharon Ferguson by e-filing and to all other persons on the service list by electronic or by first class mail.

**Great River Energy  
Comments on Cost Impact Reports**

Dated this 8<sup>th</sup> day of May 2014.

/s/ DONNA BOE  
Donna Boe  
Executive Assistant  
Great River Energy  
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Maple Grove, MN 55369  
(763) 445-5000