



414 Nicollet Mall
Minneapolis, MN 55401

January 13, 2020

—Via Electronic Filing—

Ryan Barlow
Acting Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: COMMENTS
COMMISSION INVESTIGATION INTO SELF-COMMITMENT AND SELF-
SCHEDULING OF LARGE BASELOAD GENERATION FACILITIES
DOCKET NO. E999/CI-19-704

Dear Mr. Barlow:

Enclosed for filing are the Comments of Northern States Power Company, doing business as Xcel Energy, submitted in response to the Minnesota Public Utilities Commission's Notice of Comment Period in the above-noted docket.

We have electronically filed this document with the Commission, and copies have been served on the parties on the attached service list.

Please contact Rebecca Eilers at rebecca.d.eilers@xcelenergy.com / 612-330-5570 or me at christopher.j.shaw@xcelenergy.com / 612- 330-7974 if you have any questions regarding this filing.

SINCERELY,

/s/

CHRISTOPHER SHAW
MANAGER, REGULATORY POLICY

Enclosures
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
John A. Tuma	Commissioner

IN THE MATTER OF A COMMISSION
INVESTIGATION INTO SELF-
COMMITMENT AND SELF-SCHEDULING
OF LARGE BASELOAD GENERATION
FACILITIES

DOCKET NO. E999/CI-19-704

COMMENTS

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits these Comments in response to the Commission's December 13, 2019 Notice of Comment Period in the above-noted docket. In these Comments, we address the Commission's questions regarding the process and scope of the Commission's investigation into self-commitment and self-scheduling activities of Xcel Energy, Minnesota Power, and Otter Tail Power Company.

The Company appreciates the Commission's desire to explore these issues in this investigation docket. We note that we have recently filed a Petition in Docket No. E002/M-19-809 proposing a Unit Commitment Plan for two of our baseload coal units. We expect the information discussed in that proceeding will inform the analysis we provide in this investigation docket.

COMMENTS

Below we discuss points of clarification regarding ordering paragraphs 8, 9, and 10 of the Commission's November 13, 2019 Order in Docket No. E999/AA-18-373, which opened this investigation docket. Ordering paragraph 8 requires electric utilities 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. The utilities shall include a specific explanation of barriers or limitations to each of these potential options, including but not limited to technical limits of the units and contract requirements (shared ownership, steam offtake contracts, minimum fuel supply requirements, (shared ownership, steam offtake contracts, minimum fuel supply requirements, etc.) as relevant, on March 1, 2020, and each year thereafter.

We note that we provided the analysis required by ordering paragraph 8 in our December 20, 2019 Petition in Docket No. E002/M-19-809, which proposed a Unit Commitment Plan for the Allen S. King Plant and Sherco Unit 2. Because that analysis is still current, and it aligns with our 2020 fuel forecast recently approved in Docket No. E002/AA-19-293, we intend to provide the same analysis in the March 1, 2020 annual compliance filing in this investigation docket. We anticipate using this same analysis methodology in future annual compliance filings. In addition, as discussed in the Unit Commitment Plan Petition, the Company will provide in future March 1 annual reports in this investigation docket additional analysis of the impacts of our Unit Commitment Plan, including an analysis of the hours King or Sherco 2 would have been committed if offered into the MISO day-ahead market.

Ordering paragraph 9 states,

The Commission will open an investigation in a separate docket and require Minnesota Power, Otter Tail, and Xcel to report their future self-commitment and self-scheduling analyses using a consistent methodology by including fuel cost and variable O&M costs, matching the offer curve submitted to MISO energy markets.

We initially provided data required by ordering paragraph 9 in our May 9, 2019 compliance filing as required by the February 7, 2019 Order in Docket Nos. E999/AA-17-492 and E999/AA-18-373.¹ The May 9, 2019 compliance filing provided an analysis of AAA reporting periods FYE 2017 and FYE 2018. We will provide this data for subsequent reporting periods in future compliance filings in this investigation docket consistent with the methodology used in the May 9 compliance filing. To clarify, our previously provided data included fuel cost and variable O&M costs matching the offer curves submitted to the MISO energy markets.²

Ordering paragraph 5 of the February 7 Order in the AAA dockets also requires utilities to provide this data in future AAA reports:

In future AAA Reports, Minnesota Power, Otter Tail Power, and Xcel shall each provide a complete analysis and discussion of the consequences of self-commitment and self-scheduling of

¹ Ordering paragraph 4 states, “Within 90 days, Minnesota Power, Otter Tail Power, and Xcel shall each make a compliance filing containing an initial analysis of the consequences of self-commitment and self-scheduling of their generators, including the annual difference between production costs and corresponding prevailing market prices for both FYE17 and FYE18.”

² We note that in their September 23, 2019 Comments in response to our May 9 compliance filing, Fresh Energy misunderstood that our analysis included fuel cost and variable O&M. Attachment A of our May 9 filing included fuel cost and variable O&M under the heading “Sum of As-Offered Production Costs.”

their generators, including the annual difference between production costs and corresponding prevailing market prices.

The Company would like to clarify whether the information required in ordering paragraph 9 of the November 13, 2019 Order should also be filed in future AAA Reports, which are now due annually on March 1. It is our understanding that the investigation docket was opened in order to discuss all self-commitment and self-scheduling related issues in one record, and thus we would recommend filing this information in the investigation docket only. To comply with the ordering paragraph 5 of the February 7 Order, the AAA Report could simply reference the data included in the March 1 investigation docket annual report.

Ordering paragraph 10 requires the utilities to provide an extensive list of data points for each generating unit used to complete the self-scheduling and self-commitment analysis. The Company would like to clarify that the data provided in compliance with this order point should be only for the must-run units as provided in our May 9 compliance report. We confined our analysis to the baseload coal and nuclear units because these units comprise a large part of Xcel's MISO settlement and are the bulk of our strategic self-commit decisions. We believe it does not make sense to expand the scope of this inquiry to all units.

The last point of clarification we seek is regarding the reporting time period, which is not indicated in the Order. We note that the MISO planning year is June through May. However, the annual filing is due on March 1, so we believe it makes sense to provide the data on a calendar year basis for the year that has most recently concluded. An added benefit to a calendar year reporting time period is that the data provided will match the data presented in the Company's FERC Form 1.

At this time, the Company does not have any additional concerns or issues relating to the process and procedure of this investigation docket.

CONCLUSION

We appreciate the opportunity to provide comments and requests for clarification regarding the process and scope of the Commission's investigation into self-commitment and self-scheduling activities of Xcel Energy, Minnesota Power, and Otter Tail Power Company.

Dated: January 13, 2020

Northern States Power Company

CERTIFICATE OF SERVICE

I, Jim Erickson, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

DOCKET No. E999/CI-19-704

Dated this 13th day of January 2020

/s/

Jim Erickson
Regulatory Administrator

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