

February 18, 2015

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

RE: **Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. ET6,ET6132/RP-14-526

Dear Mr. Wolf:

Attached are the Reply Comments of the Minnesota Department of Commerce (Department) concerning Minnkota Power Cooperative, Inc. and Northern Municipal Power Agency's (the Joint System) progress towards meeting Minnesota's greenhouse gas reduction goal, as specified in Minnesota Statutes section 216H.02. As shown in the Joint System's response to DOC IR No. 3, the Joint System projects that its carbon dioxide (CO<sub>2</sub>) emissions will be 12 percent lower than 2005 CO<sub>2</sub> emission levels in 2015 and almost 17 percent lower than 2005 CO<sub>2</sub> emission levels in 2025. Minnesota Statutes 216H.02 states:

It is the goal of the state to reduce statewide greenhouse gas emissions across all sectors producing those emissions to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050.

Thus, Minnkota is not currently on track to meet the State's greenhouse gas reduction goal.

The Department is convening a group on February 26, 2015 to see if parties can reach a consensus on a consistent method for measuring progress towards the State's greenhouse gas reduction goal. The Department will present the results of this meeting to the Minnesota Public Utilities Commission (Commission) in a future filing.

The Department is available to answer any questions that the Commission may have.

Sincerely,

/s/ CHRISTOPHER T. DAVIS  
Rates Analyst

CTD/lt  
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

REPLY COMMENTS OF THE  
MINNESOTA DEPARTMENT OF COMMERCE  
DIVISION OF ENERGY RESOURCES

DOCKET No. ET6,ET6132/RP-14-526

I. INTRODUCTION

In 2013, the Minnesota Legislature passed amendments to Minnesota Statutes §216B.2422, subd. 4. The newly amended legislation now states (new language underlined):

The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated that a renewable energy facility is not in the public interest. The public interest determination must include whether the resource plan helps the utility achieve the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, or the solar energy standard under section 216B.1691, subdivision 2f.

On August 5, 2013, the Commission issued a Notice of Information in Future Resource Plan Filings (Commission's Letter). The Commission Letter states, in part:

**PLEASE TAKE NOTICE** that the Commission expects utilities to include in their resource plans filed after August 1, 2013 an explanation how the resource plan helps the utility achieve the greenhouse gas reduction goals, renewable energy standard, and solar energy standard as listed in the above-referenced legislation. Parties should also be prepared to discuss the matter in comments.

Minnkota did not include the explanation on how its resource plan helps the utility achieve the greenhouse gas reduction goals, so on September 15, 2014 the Department sent DOC IR No. 3. DOC IR No. 3 and Minnkota's response is provided as Attachment 1.

Table 1 below shows the Joint System's estimate of its 2005 CO<sub>2</sub> emissions, projected CO<sub>2</sub> emissions from 2014-2025, and the Joint System's change in CO<sub>2</sub> emissions as compared to 2005 emissions.

**Table 1: Joint System's Progress Towards Meeting Minnesota's Greenhouse Gas Reduction Goal**

Year	2005 CO <sub>2</sub> Emissions, Tons	Projected CO <sub>2</sub> Emissions, Tons	Percent reduction of CO <sub>2</sub> from 2005
2014	2,204,417.21	2,050,096	-7.0%
2015		1,933,650	-12.3%
2016		1,951,161	-11.5%
2017		1,859,694	-15.6%
2018		1,881,736	-14.6%
2019		1,898,229	-13.9%
2020		1,846,405	-16.2%
2021		1,868,240	-15.3%
2022		1,895,993	-14.0%
2023		1,917,299	-13.0%
2024		1,939,057	-12.0%
2025		1,837,145	-16.7%

In its response, the Joint System notes that between 2005 and 2014 it added 357 MW of wind resources to meet Minnesota and North Dakota's renewable energy standards. The Joint System states that these wind resources account for Minnkota's CO<sub>2</sub> reductions. Subdivision 1 of Minnesota Statutes 216H.02 states the following:

It is the goal of the state to reduce statewide greenhouse gas emissions across all sectors producing those emissions to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050. The levels shall be reviewed based on the climate change action plan study.

The Joint System's calculations indicate that its 2015 CO<sub>2</sub> emissions will be 12 percent lower than 2005 emission levels, and its 2025 emissions will be 17 percent less than its 2005 emission levels. Thus, although the Joint System has made resource choices that have resulted in significantly lower CO<sub>2</sub> emissions, Minnkota and the Northern Municipal Power Association are not on a trajectory that will enable them to meet the State's greenhouse gas reduction goal.

On February 26, 2015, the Department is hosting a meeting to see if parties can come to a consensus on how Minnesota's electric utilities can provide consistent and the most up-to-date estimates of both historical and future greenhouse gas emissions. After the meeting, the Department will make a recommendation to the Commission requesting approval of a consistent methodology for all utilities. Once the Commission approves a specific CO<sub>2</sub>, the Commission could then request utilities to update their calculations within a reasonable period.

/lt

## **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  
Reply Comments**

**Docket No. ET6,ET6132/RP-14-526**

Dated this **18<sup>th</sup>** day of **February 2015**

**/s/Sharon Ferguson**

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