

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
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Commissioner

In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for a Certificate of Need for Approximately 450MW of Incremental Capacity for the Black Dog Generating Plant Repowering Project

ISSUE DATE: November 21, 2012

DOCKET NO. E-002/CN-11-184

DOCKET NO. E-002/CN-12-1240

In the Matter of the Petition by Northern States Power Company d/b/a Xcel Energy to Initiate a Competitive Resource Acquisition Process

ORDER CLOSING DOCKET,
ESTABLISHING NEW DOCKET, AND
SCHEDULE FOR COMPETITIVE
RESOURCE ACQUISITION PROCESS

PROCEDURAL HISTORY

On March 15, 2011, Northern States Power Company d/b/a Xcel Energy (Xcel or the Company) filed a petition for a Certificate of Need for its Black Dog Generating Plant Repowering Project. At the time the Company anticipated the project would provide resources needed to address a projected generation deficit starting in 2014.

On August 19, 2011, after Calpine Corporation (Calpine) petitioned to intervene in the Black Dog certificate of need proceeding with an alternative proposal, the Commission determined it could not resolve all questions regarding the prudence of the Xcel and Calpine proposals. The Commission referred the Black Dog certificate of need proceeding to the Office of Administrative Hearings (OAH) for contested case proceedings.

On December 7, 2011, Xcel moved in the OAH proceeding to have the matter certified to the Commission for consideration of the Company's desire to withdraw its certificate of need application. Calpine and the Minnesota Department of Commerce (the Department) opposed the Motion. Xcel also requested that the Commission close the site and route permit application docket.

On May 30, 2012, Administrative Law Judge Richard C. Luis certified to the Commission Xcel's motion to withdraw its certificate of need application.

The Commission initiated a comment period and received comments from the Department, Xcel, and Calpine.

On October 25, 2012, the Commission heard oral arguments on the Company's requests to withdraw its Black Dog Project certificate of need and site and route permit applications, along

with Xcel's 2011 – 2025 Integrated Resource Plan.¹ The Commission requested that the parties file revised proposals for Commission action, and Xcel, Calpine, and the Department did so.

On November 1, 2012, the Commission met to deliberate.

FINDINGS AND CONCLUSIONS

I. Background

At issue is whether Xcel should be permitted to withdraw its application for a certificate of need for its Black Dog Generating Plant repowering project.

This matter comes before the Commission having been certified by the Administrative Law Judge presiding over contested case proceedings initiated by Commission order.² Because the matters are closely interrelated, the Commission considers Xcel's withdrawal request in conjunction with the Company's related request in the Black Dog site and route permit application docket (E-002/CN-11-307), Xcel's 2011 – 2025 Integrated Resource Plan (E-002/RP-10-825), and its request to discontinue its plan to increase generating capacity at its Prairie Island Nuclear Plant (E-002/CN-08-509) (the related dockets).

By the time the Commission met to deliberate the issues in these dockets, the parties acknowledged that developments in the related dockets suggested that the size, type, and timing of Xcel's capacity needs should be revisited. These developments include updated demand forecasts, costs of alternative resource options, and Xcel's disinclination to continue the Prairie Island power uprate project.

Additional modeling to be filed and commented upon in the resource plan docket may justify revising the size, type, and timing of Xcel's resource need. In a separate order in the resource plan docket, the Commission will defer action on the Company's resource plan and establish a schedule for further developing Xcel's five-year action plan. The Commission anticipates determining Xcel's resource need in February 2013.³

The changed circumstance of Xcel's anticipated resource need leaves Xcel's and Calpine's proposals in Docket No. E-002/CN-11-184 in need of revision. Accordingly, the parties offered a number of procedural suggestions to facilitate addressing Xcel's need, once it is established in the resource plan docket. The suggestions were refined and revised after the initial meeting at which the Commission heard oral arguments on the related dockets.

II. Positions of the Parties

The revised suggestions of the parties reflect agreement that once the size, type, and timing of Xcel's resource need is determined, the need should be addressed through a competitive resource acquisition process. The Department and Calpine initially recommended revising the scope of

¹ *In the Matter of Xcel Energy's 2011 – 2025 Integrated Resource Plan*, Docket No. E-002/RP-10-825.

² Notice and Order for Hearing (August 19, 2011).

³ A more detailed schedule will be established by separate order in Docket No. E-002/RP-10-825.

Docket No. E-002/CN-11-184 to accommodate that process. During Commission deliberations, the Department stated it viewed opening a new docket as a workable alternative.

Additionally, Calpine requests that the Commission establish certain details of the competitive resource acquisition process. Calpine recommends that the Commission request that the Department act as an independent evaluator of the anticipated resource proposals, a recommendation that the Department is amenable to. Calpine also recommends that the Commission establish an approach for protecting trade secret information. Xcel contends that no independent evaluator is necessary, and recommends that the Commission take no action on the trade secret issue.

III. Commission Action

In order to identify Xcel’s resource need, solicit and evaluate project proposals, and ultimately have those projects online and meeting identified need, time is of the essence. The Commission will order a competitive resource acquisition process be undertaken in a new docket (E-002/CN-12-1240) with a schedule that overlaps the schedule for developing Xcel’s five-year action plan as ordered in the resource planning docket. This schedule will facilitate the process of securing needed generation resources in a timely fashion.

The schedule is as follows (bolded items indicate filing deadlines):

Deadline	Action
December 2012 – January 2013	Xcel to file Notice Plan for Certificate of Need
February 2013	Commission finding concerning Xcel’s resource need in resource planning docket (E-002/RP-10-825).
March 18, 2013	Xcel and other interested competitors’ resource proposals to meet identified need shall be filed in Docket No. E-002/CN-12-1240.
April 2013	Commission determines completeness of proposals, refers matter to OAH if warranted.
September – October 2013	ALJ Report, if referred to OAH.
October – November 2013	Commission decision on competitive resource acquisition process.

Xcel will be required to begin the process by filing a notice plan for the competitive resource acquisition process no later than January 31, 2013, and earlier if possible. Because size, type, and timing of the required resources will not have yet been established, they should not be specified in the notice.

After the Commission has determined Xcel's resource need in the resource planning docket, which is anticipated to occur in February, 2013, Xcel, Calpine, and other parties interested in participating must file proposals to meet the identified need by March 18, 2013, in the new competitive resource acquisition docket (E-002/CN-12-1240). The Commission will then consider the proposals and make its final determination no later than November 2013.

At this time, the Commission will not establish details of the competitive resource acquisition process such as whether to request the Department to act as an independent evaluator, or establish a particular approach to protect trade secret information. It is premature to act on these issues, and the parties may resolve any outstanding concerns about the treatment of trade secret information without need for Commission action.

ORDER

1. Docket No. E-002/CN-11-184 is hereby closed.
2. Docket No. E-002/CN-12-1240, *In the Matter of the Petition by Northern States Power Company d/b/a Xcel Energy to Initiate a Competitive Resource Acquisition Process*, is established to address the resource needs to be identified in Xcel's Integrated Resource Plan (Docket No. E-002/RP-10-825), with administrative notice taken of the filings in Docket No. E-002/CN-11-184.
3. No later than January 31, 2013, Xcel shall file in Docket No. E-002/CN-12-1240 a notice plan for a competitive resource acquisition process.
4. No later than March 18, 2013, resource proposals from interested parties shall be filed in Docket No. E-002/CN-12-1240.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary



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