

Reply Comments In the Matter of Xcel Energy's 2020-2040 Integrated Resource Plan

**PUC Docket Number(s):
E002/RP-19-368**

LIUNA previously expressed support for Xcel's Integrated Resource Plan, and we continue to believe that approval of the utility's original proposal, including construction and operation of a Combined Cycle (CC) gas plant at the Sherco site, would serve the public's interest in affordable, reliable, and increasingly clean power delivered through a system that maximizes economic benefits for Minnesota workers and communities. We nonetheless appreciate Xcel's desire to address stakeholder concerns and willingness to think creatively about options for accelerating the pace of decarbonization without sacrificing reliability or economic well being.

In the utility's Alternative Plan, Xcel has clearly thought outside the box and delivered a proposal that could benefit customers and the public as a whole through rapid decarbonization of energy supply, a partial fix for transmission bottlenecks, and acceleration of beneficial clean energy development in areas of Southwest Minnesota where such activity is threatened by lack of transmission. It is clear why Xcel's new plan appeals to many stakeholders, including environmental advocates and the clean energy industry, even if the plan is less popular among residents of central Minnesota who were counting on legislatively-authorized construction and operation of the Sherco CC to mitigate losses associated with impending coal unit retirements.

In reply comments filed in June, we focused on system reliability and mitigation of economic harms associated with the energy transition as the key factors Commissioners should consider when evaluating a plan that already leaned heavily into climate goals. Xcel's new plan doubles down on climate with an even more aggressive plan to decarbonize by replacing the Sherco CC with a combination of new renewables and peaking resources, including two proposed greenfield CT plants.

While the new plan deserves serious consideration, we believe that the Commission must maintain an even sharper focus on reliability and economic impacts to ensure that decarbonization is not accelerated at the expense of customers or workers. If the Commission pursues Xcel's Alternative Plan, we would recommend the following:

The Commission should approve Xcel's plan to reuse existing interconnection rights, including construction of a Gen-tie line to facilitate development of renewable resources.

The most exciting aspect of Xcel's new plan is the opportunity to repurpose existing interconnection resources to support development of renewable energy resources both at the Sherco site and along the proposed Gen-tie line to resource-rich Southwest Minnesota. As the Commission knows, LIUNA members fought hard for labor standards and local content in

renewable energy construction, and we were frustrated several years ago when, just as our efforts were bearing fruit, the industry hit a transmission congestion wall resulting in the shelving of numerous projects.

While developers and utilities have managed to find workarounds, including shared interconnections with peaker plants, transmission remains a major constraint, and Xcel's Gen-tie offers a way forward as we wait for significant new transmission investment. We believe that Xcel has made a strong case for building the Gen-tie as the backbone for a power supply system that utilizes the Sherco interconnection.

The Commission should err on the side of reliability and certainty when considering Xcel's proposal to build and refurbish CT plants to meet peak and blackstart needs.

Removal of the Sherco CC from the IRP leaves the system even more vulnerable to the ups and downs of both variable renewable generation and increasingly volatile energy markets. Xcel's proposal to construct CTs in Fargo and Lyon County will provide some assurance that the system will continue to function in extreme weather conditions when renewable generation often drops at the same time that market prices spike. While some have proposed battery storage as a solution, recent experiences in California and elsewhere have shown that batteries technology is not yet sufficiently reliable to serve as a replacement for a CT. While we hope to see the technology improve, it is clearly better for customers and the climate to build enough backup resources to avoid outages or reliance on diesel generators that are far dirtier than a CT.

The Commission should take opportunities in and outside of Xcel's Integrated Resource Plan to mitigate the significant socioeconomic harm caused by the loss of the Sherco gas plant.

A decision to forego construction of a combined-cycle gas plant on the Sherco site will have significant consequences for area members of LIUNA and fellow building trades, utility workers, and surrounding communities that have helped to keep the lights on for generations. The plant was expected to create 400 to 500 construction jobs and additional operations jobs that would have provided middle-class wages, health and retirement benefits for local families, helping to offset the loss of 300 permanent operations and maintenance jobs and 150-200 jobs for skilled trades among other impacts associated with the retirement of coal units at Sherco.

The Minnesota Legislature recognized the economic significance of power plants to the region and the need to mitigate the impact of coal unit retirements when members voted overwhelmingly in 2017 to authorize Xcel to build the facility. Governor Mark Dayton and then-Lieutenant Governor Tina Smith explicitly recognized the critical importance of these jobs and local economic impacts when the bill was signed after being approved by large and bipartisan majorities in both chambers. As the St. Cloud Times reported at the time:

"This project is of critical importance for Becker and its surrounding area," Dayton said. "It requires an immediate certainty that the (Public Utilities Commission) review process cannot provide. It will support good jobs, as Xcel transitions from coal to cleaner natural gas."

"As Xcel Energy transitions to the next generation of energy production at its Becker facilities, I strongly support the construction of a natural gas plant to replace the old coal plants," said Lt. Gov. Tina Smith. "This bipartisan solution provides certainty for the Becker community and protects important, well-paying jobs. Converting from coal to natural gas will improve air quality and improve public health, as well as reduce carbon emissions."

The legislature did not direct the Commission to require Xcel to build a combined cycle gas plant at the Sherco if the utility concluded that a different combination of resources could achieve the same ends. Nonetheless, we believe that the Commission should recognize in the legislature's action a state policy that explicitly favors resource decisions designed to mitigate the impact of the Sherco coal unit retirements on area workers and communities.

No single resource has been proposed by Xcel or any other party that would replicate the socioeconomic impact of the proposed gas plant, but the Commission is considering several resource decisions that could, collectively, help to limit the negative impact of canceling the project.

First, the Commission can limit economic damage to workers and the region by approving the extension of the Monticello nuclear plant, which supports nearly 500 high-quality area jobs and employs 150 tradesmen and tradeswomen annually. Retirement of the Monticello plant on the heels of remaining Sherco retirements could profoundly and negatively impact area residents, including many LIUNA members, as detailed in comments filed by the Monticello Labor Coalition. Extending the operating life of Monticello could help to mitigate the impacts of impending retirement, providing ongoing work opportunities for utility workers and construction trades, while retirement of Monticello would exacerbate the pain of losing the gas plant.

Second, the Commission can replace jobs and economic losses associated with the loss of the gas plant by supporting renewable energy investment in the area, beginning with Xcel's proposed Sherco Solar project. Renewable energy projects do not provide ongoing employment and economic benefits comparable to coal and nuclear or even gas plants, since wind and solar facilities require minimal maintenance and support activities. But Sherco Solar has the potential to provide hundreds of front-end construction jobs and career opportunities in addition to lease revenues for local landowners.

Third, the Commission can help to replace jobs and economic losses associated with loss of the gas plant by approving Xcel's plan to build new CT plants and refurbish existing plants in order to ensure that the utility can back up variable generation from renewables, achieve a blackstart, and meet peak demand under a wide range of demand and generation circumstances. In addition to their flexibility and ramping capabilities, peaking plants provide job opportunities similar to those created by the proposed combined cycle plants, including jobs for skilled boilermakers, pipefitters, and others crafts for whom wind, solar and battery storage provide few if any job opportunities.

The greenfield CT plants proposed by Xcel would be located in Fargo and Lyon County, so they would not have the same local job benefits as the Sherco CC. But the proposed greenfield CTs

and upgrades to existing CTs would create job opportunities statewide for skilled workers who are facing a loss of work due to Sherco and other plant retirements.

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Respectfully Submitted,
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