

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben  
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Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of the 2020–2034 Upper  
Midwest Integrated Resource Plan of  
Northern States Power Company d/b/a Xcel  
Energy

ISSUE DATE: November 12, 2019

DOCKET NO. E-002/RP-19-368

ORDER SUSPENDING PROCEDURAL  
SCHEDULE AND REQUIRING  
ADDITIONAL FILINGS

**PROCEDURAL HISTORY**

On July 1, 2019, Northern States Power Company d/b/a Xcel Energy (Xcel) filed a new resource plan under Minn. Stat. § 216B.2422 and Minn. R. 7843.0400 covering the period 2020–2034. Xcel developed its plan with the aid of a computer model.

On July 3, 2019, the Commission issued a notice inviting comments on Xcel’s resource plan by November 8, 2019, and reply comments by January 8, 2020.

By October 7, 2019, the Commission had received comments from members of the public, as well as from –

- the City of Minneapolis and
- Minnesota Department of Commerce (the Department)

On October 8, 2019, Xcel filed comments stating its intention to file a revised resource plan by December 8 in response to changed circumstances and issues raised by the Department, including the following changes, among others:

- Modeling of the Mankato Energy Center as a purchased power agreement rather than as a company-owned asset;<sup>1</sup>
- The reduction in size of Xcel's Crowned Ridge wind project from 600 megawatts (MW) to 400 MW;<sup>2</sup>
- Changes in its proposal to acquire the Mower and Longroad wind repowering projects;<sup>3</sup> and
- Updates to wind and solar accredited capacity assumptions, solar profile assumptions, hourly price shapes, and other modeling issues.

Xcel also proposed addressing the merits of using a different computer model for evaluating its resource plan, and submitting an analysis of its resource plan using this new model in April 2020.

On October 10, 2019, the Commission's staff filed briefing papers addressing the issues raised in the record to that date.

By October 16, 2019, the Commission had received additional comments from members of the public, as well as from –

- the Citizens Utility Board of Minnesota (CUB);
- the Institute for Local Self-Reliance, the Sierra Club, and Vote Solar;
- the Clean Grid Alliance, Fresh Energy, Minnesota Center for Environmental Advocacy, and the Union of Concerned Scientists (the Clean Energy Organizations, or CEOs); and
- Flint Hills Resources, LP, Gerdau Ameristeel US Inc., Unimin Corporation, and USG Interiors LLC (the Xcel Large Industrial customers, or XLI).

Each of these four commenters asked the Commission to suspend the procedural schedule—although CUB and XLI each expressed reservations about allowing Xcel to use this delay to introduce a new computer model into the docket.

On October 17, 2019, the Commission met to consider the matter.

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<sup>1</sup> See *In the Matter of Xcel Energy's Petition for Approval of the Acquisition of the Mankato Energy Center*, Docket No. IP-6949, E-002/AI-18-702.

<sup>2</sup> See *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of the Acquisition of the Mower County Wind Facility*, Docket No. E-002/PA-19-553.

<sup>3</sup> See *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of the Acquisition of the Community Wind North Facilities and the Jeffers Wind Facility*, Docket No. E-002/PA-18-777; Docket No. E-002/PA-19-553, *supra*.

## **FINDINGS AND CONCLUSIONS**

### **I. Summary of Commission Action**

The Commission will suspend the current procedural schedule in this docket, and direct Xcel to file supplemental information and modeling addressing many of the topics raised by the commenters. The Commission will also delegate to its Executive Secretary the task of establishing a new procedural schedule.

### **II. Commission Action**

Given the extent of revisions proposed by Xcel, and the comments received, the Commission finds it no longer appropriate to seek additional comments on Xcel's original resource plan filing in this docket. Accordingly, the Commission will suspend the current procedural schedule, and delegate to its Executive Secretary the task of setting the new procedural schedule.

This new schedule will not direct Xcel to make a filing by December 8 focused on responding to the Department's concerns. Rather, the Commission will direct Xcel to make a more comprehensive filing according to the new schedule, but before July 1, 2020. The Commission will not specify the computer model Xcel should use, but will require the utility to address, at a minimum, the following topics.

First, Minn. Stat. § 216B.1691 directs electric utilities to seek to acquire specified amounts of energy from renewable sources using an eligible energy technology (the "Renewable Energy Standard," or RES)<sup>4</sup>—including a specified amount of energy from solar-powered generators (the Solar Energy Standard, or SES)<sup>5</sup>—and to report on how compliance with the statute affects rates.<sup>6</sup> While Xcel provided such a report, it is not clear that Xcel fully complied with the Commission's instructions for calculating the rate impact.<sup>7</sup> Consequently the Commission will direct Xcel to file a revised rate impact report that responds to the issues identified in the staff briefing papers, including the following:

- Analyzing costs from the year following the last year included in a rate impact report, and for the following 15 years.
- Including data from all generators using eligible energy technologies, even if Xcel did not expressly acquire them for the purpose of complying with the RES or SES.

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<sup>4</sup> Minn. Stat. § 216B.1691.

<sup>5</sup> Minn. Stat. § 216B.1691, subd. 2f.

<sup>6</sup> Minn. Stat. § 216B.1691, subd. 2e.

<sup>7</sup> *In the Matter of Utility Renewable Energy Cost Impact Reports Required by Minnesota Statutes Section 216B.1691, Subd. 2e*, Docket No. E-999/CI-11-852, Order Establishing Uniform Reporting System for Estimating Rate Impact of Minn. Stat. § 216B.1691 (January 6, 2015).

- Including an estimate of avoided emissions costs.
- Clarifying Xcel's method for calculating rate impacts.
- Revising and/or clarifying its levelized cost of RES generation and SES generation.

This revised rate impact report will replace the rate impact report included in Xcel's initial filing.

Second, the preferred plan set forth in Xcel's filing includes the construction of a natural gas-powered combined cycle plant in Becker, Minnesota in the mid-2020s (the Sherburne County Combined Cycle Generating Unit, or Sherco CC). Xcel proposes to build a plant capable of generating approximately 800 MW, but provides insufficient support for building a plant of that size. Consequently the Commission will direct Xcel to provide additional modeling exploring a range of sizes for the proposed Sherco CC.

Third, the Commission would like to see additional consideration of generators powered by renewable sources of energy combined with technology for storing energy. Renewable generators plus storage is a versatile combination. Given the potential benefits to be derived from combining renewable generators and storage technology, the Commission will direct Xcel to more thoroughly evaluate this combination in its revised resource plan filing.

The Commission will so order.

### **ORDER**

1. The procedural schedule established in the Commission's July 3, 2019 Notice of Comment Period is suspended.
2. Northern States Power Company d/b/a Xcel Energy shall file supplemental information and modeling, including the following:
  - A. A replacement Renewable Energy Standard Rate Impact Report revised in accordance with Minn. Stat. § 216B.1691, subd. 2, and Commission order, and that responds to the issues identified in the staff briefing papers, including –
    - 1) Analyzing costs from the year following the last year included in a rate impact report, and for the following 15 years,
    - 2) Including data from all generators using eligible energy technologies, even if Xcel did not expressly acquire them to comply with the Renewable Energy Standard or Solar Energy Standard,
    - 3) Including an estimate of avoided emissions costs,
    - 4) Clarifying Xcel's method for calculating rate impacts, and

- 5) Revising and/or clarifying its levelized cost of RES generation and SES generation.
- B. Further modeling of Xcel's proposed new Sherburne County combined-cycle generator assuming a range of sizes.
- C. Consideration of storage technology combined with generators powered by renewable sources of energy.
- 3. The Commission delegates to its Executive Secretary to schedule –
  - A. The date (before July 1, 2020) for Xcel to provide supplemental information and modeling, and
  - B. The date for parties to file comments on Xcel's filing.
- 4. This order shall become effective immediately.

BY ORDER OF THE COMMISSION

Daniel P. Wolf  
Executive Secretary



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