

November 2, 2021

Via Electronic Filing

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place E., Suite 350
St. Paul, MN 55101

**RE: Modeling Software Costs and Utility Integrated Resource Plans
(Dockets E-002/RP-19-368, E-015/RP-21-33, E-017/RP-21-339)**

The Institute for Local Self-Reliance and Vote Solar respectfully submit this request for Commission consideration of intervenor modeling costs in utility resource plan dockets.

Resource plan modeling provides valuable information and a crucial foundation to regulatory review of electric utilities. It allows utilities and stakeholders, including Commission members and staff and intervenors, to test possible combinations of resource deployment and retirements to determine which scenarios best meet the goals of the resource planning process. With a robust variety of modeling runs considering energy sources, scale, costs, and timing, interested parties are able to identify the lowest cost and cleanest electricity plans that would minimize expenses, risks, and uncertainties for ratepayers.

Modeling is often the heart of an integrated resource plan and the primary analysis supporting its conclusions. Therefore, it is critical that the Commission and intervenors be able to evaluate a utility's modeling with the same access and data the utility had in creating it. If modeling inputs and scenarios are poorly designed and unable to be reviewed by intervenors, then the results will not be representative of the possible futures that may unfold, creating a danger of selecting a resource plan that does not align with cost and risk preferences and leading to bad outcomes for customers. In short, affordable and transparent access to modeling software means better outcomes for the state's electricity customers, and a lack of transparency is the surest way to subvert public review of utilities' resource plans.

However, licenses for accessing this kind of modeling software can be prohibitively expensive, with fees potentially running in the tens or hundreds of thousands of dollars for a single proceeding.¹ Unequal access to modeling software jeopardizes the lowest cost and lowest polluting outcomes. Historically, intervening organizations have paid higher fees for software, such as Strategist or EnCompass, often with time-limited access. These organizations, typically nonprofits, have to find funds from public donations and other sources of philanthropy, whereas utilities can use funds from captive customers.

¹ *Comments of South Carolina Coastal Conservation League, In the Matter of Filing Requirements for Integrated Resource Plans Under Act 62*, Docket No. 2019-226-E, at 6, available at <https://dms.psc.sc.gov/Attachments/Matter/57e549b5-45f4-4a74-8458-9651314db821>.

The disparity in modeling access is especially problematic because an investor-owned utility has a conflict of shareholder and customer interests in its resource planning. If shareholders are rewarded by larger capital expenditures, the utility can model its resource plans in ways that suggest greater capital expenditures are also the least cost. For example, it can leave out model runs that reduce the size of or eliminate new power plants, while inflating the costs of competing resources, such as energy efficiency or customer-sited solar. Transparent access to modeling serves the public interest by operating as a check against potential utility bias in the modeling, and subsequent resource plan.

The global pandemic has exacerbated this inequality even as it has disrupted typical regulatory review, with proceedings held over video connections, as well as the efforts of state employees, utility staff, and intervenors in similarly disrupted work environments. In particular, the uncertain timelines for resource plans make intervenor modeling challenging, with questions such as:

- If we can only afford a single license for modeling software, when should it be purchased to provide adequate time for review but also the most recent data?
- What happens if the Commission or utility submits supplementary information during or after our modeling license period?
- How many groups must share model licensing costs (and compensation for modeling experts) so that it is affordable?

Public utility commissions are increasingly recognizing that it serves the public interest to make modeling software more accessible to stakeholders by providing free software licenses. In Michigan, the Public Utility Commission recently approved a settlement agreement between the Indiana Michigan Power Company and intervenors regarding the utility's integrated resource plan.² Finding it in the public interest, the settlement requires the utility to provide free licenses for the modeling tool it used to intervenors and Commission staff, as well as access to training materials and technical support, for the purpose of reviewing the integrated resource plan.³ The utility will also make the input files for modeling available to the parties and provide an overview of how the information in those files was developed.⁴

Testimony in those proceedings emphasized that the modeling process and results will be more robust and lead to better long term resource planning if utilities make their models as accessible and transparent as possible by ensuring intervenors have equal access to such programs.⁵ The ability to license the models at a reasonable cost if a license is not otherwise provided by the utility is a key ingredient in making those models transparent and ensuring that the utility is not the only entity capable of using the modeling software.⁶

² *Order Approving Settlement Agreement, In the Matter of the Application of Indiana Michigan Power Company for Approval of its Integrated Resource Plan*, Case No. U-20591, at 5, available at <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t000000E3oyxAAB>.

³ *Id.*

⁴ *Id.*

⁵ *Direct Testimony of Anna Sommer on Behalf of Sierra Club, In the Matter of the Application of Indiana Michigan Power Company for Approval of its Integrated Resource Plan*, Case No. U-20591, at 12, available at <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t0000009ifu9AAA>.

⁶ *Id.* at 12-13.

Similarly, the South Carolina Public Service Commission, citing the prohibitively expensive cost of a license for the currently used model, ordered Dominion Energy to negotiate a discounted, project-based licensing fee that permits interested intervenors the ability to perform their own modeling runs in the same software package as Dominion, which would absorb the cost of these licensing fees.⁷ The Commission also ordered Dominion to make available, without the need for a data request, the modeling inputs, including settings, and outputs, assumptions, any post-processing spreadsheets, and the model manual.⁸

The Commission relied on testimony emphasizing that improving the transparency of these models by making them more accessible, readable, and digestible would help the Commission ascertain and determine the most reasonable and prudent resource plan.⁹ Improved transparency would be served by requiring Dominion to provide no or low-cost options to intervenors who want to perform their own modeling runs, which would not only assist the parties in better understanding Dominion's assumptions and methodology, but would also result in a better product and allow stakeholders and the Commission to have greater confidence in Dominion's plans.¹⁰

As the public utility commissions in Michigan and South Carolina have done, the Minnesota Public Utilities Commission should establish an expectation that non-utility parties will receive free access to modeling software licenses so that they can fully vet the resource planning scenarios being presented for decision. Minnesota's resource planning statute supports a finding that it would be in the public interest for utilities to provide free access to modeling licenses in integrated resource plans.¹¹ "As with any ratepayer-funded utility investment or expense, ratepayers and regulators deserve and require entire transparency in order to be able to evaluate the prudence and effectiveness of the investment."¹² A robust stakeholder process involving transparent access to modeling software better ensures that the resulting resource plan benefits from a full array of perspectives and areas of expertise. Requiring utilities to pay a few thousand dollars to cover modeling costs for intervenors can save electric customers millions of dollars in the end by finding the most cost-effective resource plans.

ILSR and Vote Solar respectfully request that the Public Utilities Commission order public utilities subject to the Commission's resource planning requirements to acquire EnCompass modeling licenses for intervening organizations in resource plan dockets, beginning with Minnesota Power. We further request the Commission consider requiring utilities to provide, without a data request, modeling inputs, including settings, and outputs, assumptions, any post-processing spreadsheets, and the model manual.

⁷ *Order Rejecting Dominion's Integrated Resource Plan, In the Matter of South Carolina Energy Freedom Act Proceeding Related to S.C. Code Ann. Section 58-37-40 and Integrated Resource Plans for Dominion Energy South Carolina*, Docket No. 2019-226-E, at 92, available at <https://dms.psc.sc.gov/Attachments/Order/a4b59f43-e545-43bd-9f35-a846b7602c39>.

⁸ *Id.*

⁹ *Direct Testimony of Anna Sommer on Behalf of Southern Alliance for Clean Energy and South Carolina Coastal Conservation League*, Docket No. 2019-226-E, at 24, available at <https://dms.psc.sc.gov/Attachments/Matter/fa6007c7-67a5-4e63-b923-064b1f16b551>.

¹⁰ *Id.* at 25.

¹¹ See Minn. Stat. 216B.2422 Subd. 2.

¹² *Id.*

Sincerely,

/s/

John Farrell, Institute for Local Self-Reliance

2720 E. 22nd St.

Minneapolis, MN 55406

jfarrell@ilsr.org | 612-808-0888

/s/

Will Kenworthy | Regulatory Director, Midwest

Vote Solar

will@votesolar.org | 704.241.4394