

January 26, 2022

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Sierra Club and DSP Preferred Decision Options and Suggested Edits to January 22
Joint Decision Options, Xcel IRP
Docket No. E002/RP-19-368

Per the Commission's request at the January 25, 2022 hearing, Sierra Club and the Distributed Solar Parties (Vote Solar, the Institute for Local Self Reliance, Cooperative Energy Futures, and the Environmental Law & Policy Center) are providing a summary of our preferred decision options, as well as suggested edits to the joint decision options.

Sierra Club and DSP support the following decision options from Minnesota Public Utilities Commission Staff's *Briefing Papers*:

Preferred Decision Options

- A. Resource Plan Preferences
 - A.1(d) (do not approve Lyons and Fargo CTs)
 - A.26 (approve coal retirements)
 - A.27 (disapprove need for Sherco CC)
 - A.29 (approve Clean Energy for All plan)
 - A.30 (approve energy efficiency)
 - A.31 (approve need for distributed solar and require Xcel to propose programs to incentivize DG at identified levels)
 - A.31 as amended by joint decision option filed January 26, 2022 by DSPs, Sierra Club, and City of Minneapolis (adding interim target)
 - A.32 (do not approve Monticello extension) [Note: DSPs have no position on this]
- B. Resource Acquisition

We support the resource acquisition processes put forward by CUB and the OAG (B.4 and B.11)
- C. Blackstart
 - C.1 and 1.a (CUB addition filed January 26, 2022)
- D. Next IRP
 - D.1 (timing of next IRP)
 - D.3(a) (DSP decision option filed January 24, 2022 on distributed solar modeling)
 - D.16 (HERC incinerator)

D.18 (Prairie Island Indian Community Request)
D.22 (do not place limitations on intervenors in IRPs)

E. Miscellaneous

E1-12, particularly E.3 (equity considerations and integrating IDP and IRP).

Proposed amendments to Xcel's joint decision options

If the Commission moves in the direction of the January 12, 2022 joint decision options, we offer the following suggested edits to bring them more in line with our preferred options (which are identified above). The joint decision options do not include a finding of need for the same quantities of replacement resources as we identified are needed in A.29, seeking approval of the Clean Energy for All Plan, nor do they address our recommendation for a new docket to incentivize DG (A.31 as amended), nor do they address the equity recommendations. We would therefore hope the Commission would adopt those decision options even if it moves forward with the January 12 joint decision options.

A. *Resource Plan Preferences*

1. Approve the following elements of Xcel's Alternate Plan as detailed in Xcel's June 25, 2021 Reply Comments, ~~including but not limited to the following elements:~~
 - a. Approve plan to retire Allen S. King plant in 2028 and Sherco Unit 3 in 2030 with instructions that Xcel should evaluate whether those units should be retired earlier in its next IRP;
 - b. Approve Xcel ownership of Sherco and King gen-tie lines plus renewable resources added on the lines up to the Company's current interconnection rights, provided that Xcel uses a robust competitive bidding process as identified in B.4 (CUB) and B.11 (OAG); and
 - c. ~~Approve plan to continue pursuing a 10-year extension for the Monticello Nuclear plant;~~ [Note: DSPs have no position on this]
 - d. But not including specific approval of the Lyon County Combustion Turbine (CT) and Fargo CT. [Support].
2. Find that it is more likely than not that there will be a need for approximately 800 MW of generic firm dispatchable resources between 2027 and 2029, ~~some of which could be located in North Dakota,~~ and requires that the Company conduct a technology-neutral all-source RFP using the methodology recommended by the OAG (decision option B.11) that allows portfolios of demand-side, include renewable resources and storage of any duration as potential options to meet any portion of this need in any applicable resource acquisition proceeding. Any Company construction of "generic firm dispatchable" resources without specific Commission pre-approval will bear a presumption of imprudence, and the statutory renewable preference at Minn. Stat. 216B.2422, Subd. 4, will apply to all proposals to meet this need. In addition,

- a. any assessment of the contribution of resources to the need for firm dispatchable resources shall be based on a Loss Of Load Probabilitybased Effective Load Carrying Capability analysis, and
- b. For each of the resources or portfolio of resources, Xcel shall add up the grid value streams including capacity, energy, reactive and voltage support, and ability to absorb curtailed renewables and otherwise support renewable interconnection (including resulting emissions benefits), and shall select the resource or resource portfolio that provides the greatest value net of cost.

Rationale: As discussed at the January 25, 2022 hearing, we do not believe a finding of a need for 800 MW of “firm dispatchable” resources in 2027-29 is supported by the record and is concerned that the utility will use it to justify moving forward with its proposed CT additions outside of a Minnesota Commission process. As such, we continue to oppose inclusion of this decision option. We offer these edits to mitigate our substantial concerns with this direction. Our preferred decision options continue to be A.29-31, which provide energy, capacity, and other attributes at lower cost. Specifically, our EnCompass modeling added 380 MW of battery storage in 2027-2029 which, combined with our other plan additions (480 MW of wind in 2026, 960 MW wind in 2027-2029, 450 MW utility scale solar in 2027, and 2500 MW of distributed solar by 2029), met Xcel’s system needs.

B. Resource Acquisition

1. Require that Xcel consider and pursue opportunities to deploy renewable resources and storage technologies, ~~and resources powered by hydrogen or clean fuel alternatives~~ on a schedule faster than in its Alternate Plan, if such deployment would be cost-effective, maintain reliability, and aid in achieving compliance with decarbonization policies and provided that Xcel uses the competitive bidding process from B.11 and without a presumption of Xcel ownership.

Rationale: Sierra Club modeling found that it is economic to add battery storage between 2027-2029, as well as approximately 1,400 MW of wind and 450 MW of utility-scale solar in this timeframe. Hydrogen and clean fuel alternatives were not analyzed as resource options in this IRP and we ask the Commission not to approve Xcel moving forward with those resources on an expedited basis outside the IRP process. They can be considered at a future date when more robust cost information is available.

C. Blackstart

1. Review Xcel’s future blackstart needs in a future planning meeting or set of planning meetings.
 1. a.(CUB addition): Require that any resource proposal for meeting blackstart needs be made in the next IRP, where the full value and services of new generating units – including its capacity, energy, blackstart, stability, or other values – can be evaluated in the context of the broader resource plan.

D. Next IRP

1. Require Xcel to submit its next IRP by June 30, 2023. [\[Support.\]](#)
3. Require Xcel to work with stakeholders to [include](#) ~~develop~~ a modeling construct [for distribution connected solar that reflects on the utility cost to incentivize incremental behind-the-meter distributed generation as a supply resource](#) ~~that enables identification of economic distributed solar additions~~ as part of the Company's next resource plan. Require that Xcel include improved load flexibility and demand response modeling methodologies going forward and in its next resource plan. (Xcel et al) [\[DSP amendment decision option 3a filed January 24, 2022.\]](#)
14. Require that Xcel's next IRP include a deeper analysis of storage options, including making solar-battery hybrids a [selectable](#) resource option [in all optimized runs](#), and also a deeper analysis of the role of hydrogen and clean fuel alternatives in Xcel's resource mix.

Rationale: On page 29-30 of Sierra Club's Initial Comments, we explain how Xcel failed to allow EnCompass to optimize plans with hybrid solar-storage as a selectable option. Our edit [here](#) is intended to prevent Xcel from repeating this modeling error in its next IRP.

We look forward to continued discussion at the January 27, 2022 hearing.

Sincerely,
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CERTIFICATE OF SERVICE

I, Laurie Williams, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing.

Letter re. Sierra Club and DSP Preferred Decision Options and Suggested Edits to January 22
Joint Decision Options, Xcel IRP

Docket No. E002/RP-19-368

Dated this 26th day of January 2022

/s/Laurie Williams