

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

Beverly Jones Heydinger	Chair
Nancy Lange	Vice Chair
Dan Lipschultz	Commissioner
Matt Schuerger	Commissioner
John Tuma	Commissioner

In the Matter of the Petition of Minnesota) Docket No. ET6133/CIP-16-748
Municipal Power Agency for Exemption)
from the Conservation Improvement Program)
Investment and Expenditure Requirement)
Pursuant to Minn. Stat. Sec. 216B.241,)
Sub. 1a(b))

**REQUEST TO RESCIND THE DEPARTMENT OF COMMERCE ORDER
DENYING CIP EXEMPTION**

Pursuant to Minn. Stat. § 216B.241, subd. 1a(e) and Minnesota Rules Part 7840, Minnesota Municipal Power Agency (MMPA) respectfully petitions the Minnesota Public Utilities Commission (PUC or Commission) to rescind the Commissioner of the Minnesota Department of Commerce's (Commissioner and DOC, respectively) December 30, 2016 Order Denying the MMPA Petition to Exempt CenterPoint Energy (CenterPoint) from the Conservation Improvement Program's (CIP) investment and expenditure requirements under Minn. Stat. § 216B.241, subd. 1a(a) with respect to retail natural gas revenues attributable to MMPA's Shakopee Energy Park (SEP or Facility). MMPA respectfully requests that the Commission find that CenterPoint is exempt from the CIP investment and expenditure requirements under Minn. Stat. § 216B.241.

subd. 1a(a) with respect to retail revenues attributable to MMPA's SEP natural gas purchases, effective January 1, 2017.

I. BACKGROUND

MMPA is a municipal power agency and political subdivision of the State of Minnesota engaged in the generation and transmission of electrical power and energy to twelve municipally-owned member utilities. MMPA currently serves the Minnesota municipal utilities in Anoka, Arlington, Brownton, Buffalo, Chaska, East Grand Forks, Le Sueur, North St. Paul, Olivia, Shakopee, and Winthrop. MMPA will begin serving the Minnesota municipal utility in Elk River in 2018.

MMPA has constructed Shakopee Energy Park, an electric generation facility with a capacity of 46.7 megawatts, located in Shakopee, Minnesota. The Facility uses natural gas as its primary fuel source, supplied by CenterPoint at retail rates. Under its current Tariff, CenterPoint applies Conservation Improvement Program charges, which include a Base Charge and an Adjustment (collectively CIP Charges) for all non-exempt customers. MMPA should not be required to pay these CIP Charges because MMPA's members contribute to the Conservation Improvement Program and the Facility qualifies for an exemption.

II. STATUTORY BACKGROUND

Minn. Stat. § 216B.241, subd. 1a(a), requires that "[e]ach public utility shall spend and invest for energy conservation improvements ... [a certain percentage] of its gross operating revenues from service provided in the state." However, Minn. Stat. § 216B.241, subd. 1a(b), affords a limited exemption from the CIP investment and expenditure requirements of Minn. Stat. § 216B.241, subd. 1a(a), from retail revenues attributable to certain large customer facilities. Specifically, Minn. Stat. § 216B.241, subd. 1a(b) provides that "[t]he owner of a large customer facility may petition the commissioner to exempt both electric and gas utilities serving the large customer facility from the investment and expenditure requirements of paragraph (a) with respect to retail revenues attributable to the large customer facility." Under Minn. Stat. § 216B.241, subd. 1(i)(2) a "large customer facility" is defined to include "all buildings, structures,

equipment, and installations at a single site that collectively . . . consume not less than 500 million cubic feet of natural gas annually.”

A petition under Minn. Stat. § 216B.241, subd. 1a(b), “must include a discussion of the competitive or economic pressures facing the owner of the [large customer] facility and the efforts taken by the owner to identify, evaluate, and implement energy conservation and efficiency improvements.” The petition “must be approved,” unless the owner of the large customer facility has failed “to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements.”¹

Pursuant to Minn. Stat. § 216B.241, subd. 1a(e), the “owner of a large customer facility may appeal a decision of the [C]ommissioner under [Minn. Stat. § 216B.241, subd. 1a(b)] to the [C]ommission . . .” The statute further provides that “[i]n reviewing a decision of the commissioner under [Minn. Stat. § 216B.241, subd. 1a(b)], the commission shall rescind the decision if it finds that the required investments or spending will: (1) not result in cost-effective energy conservation improvements; or (2) otherwise not be in the public interest.”²

III. PROCEDURAL BACKGROUND

A. CIP Exemption Petition

On September 9, 2016, MMPA petitioned the Commissioner, under Minn. Stat. § 216B.241, subd. 1a(b) to exempt CenterPoint from the CIP investment and expenditure requirements with respect to retail natural gas revenues attributable to MMPA’s SEP electric generating station (CIP Exemption Petition).

As required by Minn. Stat. § 216B.241, subd. 1a(b), MMPA’s CIP Exemption Petition included (1) evidence that the SEP generation station met the definition of a large customer facility due to the generator’s natural gas consumption, (2) a discussion of the extensive efforts undertaken by MMPA to identify, evaluate, and implement energy conservation and efficiency improvements at SEP, and (3) a discussion of competitive and economic pressures faced by MMPA in the highly competitive MISO electric energy

¹ MINN. STAT. § 216B.241 subd. 1a(b).

² MINN. STAT. § 216B.241 subd. 1a(e).

market, at least in part due to mandated CIP charges. With respect to energy conservation and efficiency improvement measures, the CIP Exemption Petition stressed the significant economic incentives that motivated MMPA to select a generation system and design SEP with an emphasis on energy efficiency and conservation, with a goal of implementing all feasible conservation measures to remain competitive in the Midwest-wide MISO electric energy marketplace in which MMPA must compete.

B. Order

On December 30, 2016, the Commissioner issued the order not approving the CIP Exemption Petition (Order). The Commissioner concluded that because SEP was not expected to be in service until March, 2017, that SEP would “not qualify as a Large Customer Facility until MMPA can show actual annual consumption that exceeds 500 million cubic feet of natural gas.”

The Commissioner noted that there were no comments filed in response to the CIP Exemption Petition. The Commissioner made no findings regarding MMPA’s filed information regarding its efforts to identify, evaluate and implement conservation and efficiency improvements.

IV. REQUEST TO RESCIND THE ORDER

A. The Facility Qualifies as a Large Customer Facility

A large customer facility is defined as “all buildings, structures, equipment, and installations at a single site that collectively . . . consume not less than 500 million cubic feet of natural gas annually.”³ Calculations in Appendix B of the CIP Exemption Petition demonstrate that the Facility is projected to consume over [Trade Secret Data Begins Trade Secret Data Ends] of natural gas annually. This value exceeds the statutory requirement of 500 million cubic feet by [Trade Secret Data Begins Trade Secret Data Ends]. Based on projected consumption, the Facility qualifies as a Large Customer Facility.

³ MINN. STAT. § 216B.241 subd. 1(i).

B. MMPA Faces Economic and Competitive Pressures

The electric utility business is highly competitive, reinforced by federal energy policy that aims to maintain a maximum level of competition, consistent with public interest.⁴ The majority of MMPA's competition stems from other electric utilities, specifically large-scale investor owned utilities or cooperatives. MMPA's competitors have larger facilities, demands, and resources. Incremental costs, such as the CIP Charges, have a disparate impact on smaller utilities like MMPA.

MMPA dispatches its generation assets in the Midcontinent Independent System Operator (MISO) wholesale electricity markets. The MISO wholesale markets are economically efficient because MISO provides equal access to the transmission system and matches supply and demand of electricity at the lowest cost. MMPA competes with power producers across the MISO footprint in the wholesale markets to generate cost-effective electricity.

MMPA faces strong competitive pressures from large-scale utilities and operates in economically efficient wholesale electricity markets. MMPA is forced to selectively invest in very efficient and innovative generation projects in order to provide cost-competitive power and energy.

C. Energy Efficiency and Conservation Projects

MMPA selected the generation system and designed the Facility with an emphasis on energy efficiency and conservation. MMPA selected a system that generates and distributes electricity close to MMPA's electrical load and off-sets the need to purchase electricity through the wholesale electrical marketplace. With these attributes, MMPA can operate the Facility very efficiently by responding to local electrical needs, wholesale market pricing signals, and fuel conditions.

The Facility uses natural gas as its primary fuel source. Natural gas, when burned, produces fewer air emissions than other fossil fuels. The Facility's five Wartsila reciprocating natural gas-fired electrical generating units (engines and accompanying generators) are accompanied by five post-combustion catalytic controls (selective

⁴ *Otter Tail Power Co. v. United States*, 410 U.S. 366, at 374.

catalytic reduction and catalytic oxidation). MMPA will vent the exhaust gases generated at the Facility through this emission control equipment to the five stacks constructed adjacent to the main engine hall. The design also includes a liquefied natural gas storage tank and vaporizer to serve as a backup fuel source. The Facility provides a reliable source of electricity through extraordinary weather or market conditions, cleaner than other fossil fuels.

MMPA designed a system that not only generates electricity efficiently, but also recycles and stores excess system heat. The Facility will capture waste heat that is typically sent to radiators through a closed loop system, and store it in the form of hot water in an outdoor aboveground storage tank. MMPA plans to use this stored heat for the Facility's heating needs. This system also has the capability to heat and cool other buildings with additional upgrades. MMPA plans to market this capability to third parties.

Many characteristics of the Facility demonstrate the importance of energy efficiency and conservation. MMPA carefully selected an efficient generation system that provides clean and reliable electricity to its members, enables responsive and economic operation, and incorporates novel recycling concepts for current and future programs. Because the Facility design already incorporates the necessary investments in conservation and energy efficiency, MMPA will not seek to avail the Facility of CenterPoint's Conservation Improvement Programs in the future.

D. MMPA Already Exceeds CIP Spending Requirements

The Facility should be exempt from the CIP Charges because MMPA's member municipal utilities already comply with, and exceed, the CIP spending requirements of Minn. Stat. § 216B.241. MMPA's member municipal utilities spent \$2.17 million in CIP expenditures during 2014 and budgeted \$2.75 million in CIP expenditures for 2016, equivalent to 1.52 percent and 1.80 percent of their gross operating revenues from electricity sales, respectively.⁵ These actual and budgeted expenditures surpass the statutory requirement for municipalities to spend and invest 1.5 percent of their gross

⁵ See Appendix A of the CIP Exemption Filing.

operating revenues from electricity sales on energy conservation improvements.⁶ If the Facility is not exempted, MMPA faces higher spending requirements than other Minnesota electric utilities.

MMPA's electric generation would be disadvantaged and less competitive without a Facility exemption. The CIP Charges would increase fuel costs by \$0.2971 per dekatherm of natural gas consumed. The effect of the CIP Charges would be a 10% increase in fuel costs based on current natural gas prices.⁷ Increased fuel costs adversely affect MMPA's competitive position by constraining Facility dispatch and increasing the electric rates paid by MMPA member retail customers.

CIP Charges applied to the Facility would cause MMPA customers to pay incremental CIP costs each year. Based on historical data, the Facility would have consumed, on average, [Trade Secret Data Begins Trade Secret Data Ends] of natural gas annually.⁸ Without an exemption, the \$0.2971 per dekatherm CIP Charges, as applied to this annual average, would have increased MMPA member annual CIP costs by [Trade Secret Data Begins Trade Secret Data Ends].

MMPA's members already exceed the CIP spending requirements. The CIP Charges would cause MMPA to expend incremental CIP costs as compared with other Minnesota utilities. These costs disadvantage MMPA's competitive position and increase electric rates to MMPA member retail customers. Subjecting MMPA member retail customers to CIP charges that exceed the CIP charges paid by other electric utilities in the state is not in the public interest and is inconsistent with good public policy. These reasons alone justify an exemption from the CIP Charges.

E. The Commissioner's Denial Will Cause MMPA to Pay CIP Charges until 2019

MMPA filed its petition in a timely manner so as to achieve an exemption for 2017. MMPA has provided the DOC with Wartsila performance data that clearly shows that the fuel consumption of SEP is projected to be [Trade Secret Data Begins

⁶ MINN. STAT. § 216B.241 subd. 1b(b)(1).

⁷ See the CIP Exemption Filing.

⁸ See Appendix B of the CIP Exemption Filing.

Trade Secret Data Ends] the statutory requirement. SEP is now expected to be in service by March of 2017. Requiring MMPA to wait to file until it has actual annual consumption would mean that MMPA would wait until perhaps March of 2018 to have 12 months of actual consumption and then wait until January 1, 2019 before the exemption would be applied. This result is particularly onerous given the fact that MMPA has carefully selected an efficient generation system that provides clean and reliable electricity to its members, enables responsive and economic operation, and incorporates novel recycling concepts for present and future programs. Moreover, when exempt, MMPA will be precluded by statute from receiving payments from CenterPoint's Conservation Improvement Programs.

Making MMPA pay CenterPoint for CIP after SEP is in service from March of 2017 until January of 2019 would impose incremental CIP costs on MMPA member customers at a time when they are already exceeding their CIP statutory spending requirements, resulting in CIP obligations for MMPA member customers above that required of any other Minnesota utility customers. This is certainly not in the public interest, unnecessarily burdens MMPA member customers, and places MMPA at a competitive disadvantage vis-à-vis other electric utilities in the MISO footprint with whom MMPA must compete.

V. CONCLUSION

MMPA respectfully requests the Commission to rescind the Commissioner's Denial and allow CenterPoint to exempt SEP natural gas revenues from CenterPoint's investment and expenditure requirements under Minn. Stat. § 216B.241. SEP is clearly a Large Customer Facility, MMPA faces economic and competitive pressures, the SEP facility is energy efficient and employs innovative energy conservation measures, MMPA member customers already exceed their CIP spending requirements, and the Commissioner's denial would cause MMPA to pay CIP costs until 2019. MMPA would be competitively disadvantaged if the CIP exemption is not granted and its members will pay the price, clearly a result that is not in the public interest.

Dated: January 16, 2017

Respectfully submitted,

Avant Energy, Inc.
Agent for MMPA

/s/ James D. Larson
James D. Larson



220 South Sixth Street
Suite 1300
Minneapolis, MN 55402

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FAX 612.349.6108
WEB AVANTENERGY.COM

September 9, 2016

VIA E-Filing
Mike Rothman
Commissioner
Minnesota Department of Commerce
85 Seventh Place East, Suite 500
Saint Paul, Minnesota 55101

**Re: In the Matter of a Petition for Exemption by Minnesota Municipal Power
Agency from Conservation Improvement Program Charges
Docket No. _____**

Dear Commissioner Rothman:

Minnesota Municipal Power Agency respectfully submits the following:

- 1) Public Version of a Petition for Exemption
- 2) Non-Public Version of a Petition for Exemption
- 3) Certificate of Service

We have served a copy of the Petition on all parties on the attached service list.

Please contact me at (612) 349-6868 if you require any additional information.

Very truly yours,

Avant Energy, Inc.
Agent for MMPA

/s/ Kelsey Dillon
Kelsey Dillon

Enclosures
cc: Service List

CERTIFICATE OF SERVICE

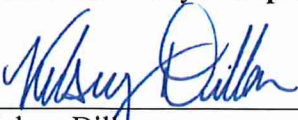
STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

I, Kelsey Dillon, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota.

Minnesota Municipal Power Agency Petition for Exemption

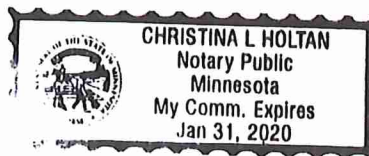
Docket No. _____

Dated this 9th day of September 2016



Kelsey Dillon

Christina L. Holtan
9/9/16



**STATE OF MINNESOTA
DEPARTMENT OF COMMERCE**

In the Matter of a Petition for Exemption by
Minnesota Municipal Power Agency from
Conservation Improvement Charges

Docket No. _____

PETITION FOR EXEMPTION

Minnesota Municipal Power Agency (MMPA), on behalf of its electric generation facility Shakopee Energy Park, respectfully submits this Petition for Exemption from CenterPoint Energy's (CenterPoint) Conservation Improvement Program (CIP) investment and expenditure requirements pursuant to Minn. Stat. §216B.241.

MMPA should not be required to pay CenterPoint natural gas CIP charges for two main reasons. First, MMPA and its members already exceed CIP spending requirements. Second, Shakopee Energy Park qualifies for the CIP exemption under Minn. Stat. §216B.241 subd. 1a(b). Following the background information section, these two arguments are discussed in turn.

I. BACKGROUND

MMPA is a municipal power agency and political subdivision of the State of Minnesota engaged in the generation and transmission of electrical power and energy to twelve municipally-owned member utilities. MMPA currently serves the Minnesota municipal utilities in Anoka, Arlington, Brownston, Buffalo, Chaska, East Grand Forks, Le Sueur, North St. Paul, Olivia, Shakopee, and Winthrop. MMPA will begin serving the Minnesota municipal utility in Elk River in 2018.

MMPA is constructing Shakopee Energy Park (Facility), an electric generation facility with a capacity of 46.7 megawatts, located in Shakopee, Minnesota. The Facility

will use natural gas as its primary fuel source, supplied by CenterPoint at retail rates. Under its current Tariff, CenterPoint applies Conservation Improvement Program charges, which include a Base Charge and an Adjustment (collectively CIP Charges) for all non-exempt customers. MMPA should not be required to pay these CIP Charges because MMPA's members contribute to the Conservation Improvement Program and the Facility qualifies for an exemption.

II. MMPA ALREADY EXCEEDS CIP SPENDING REQUIREMENTS

The Facility should be exempt from the CIP Charges because MMPA's member municipal utilities already comply with, and exceed, the CIP spending requirements of Minn. Stat. §216B.241. MMPA's member municipal utilities spent \$2.17 million in CIP expenditures during 2014 and budgeted \$2.75 million in CIP expenditures for 2016, equivalent to 1.52 percent and 1.80 percent of their gross operating revenues from electricity sales, respectively.¹ These actual and budgeted expenditures surpass the statutory requirement for municipalities to spend and invest 1.5 percent of their gross operating revenues from electricity sales on energy conservation improvements.² If the Facility is not exempted, MMPA faces higher spending requirements than other Minnesota electric utilities.

MMPA's electric generation would be disadvantaged and less competitive without a Facility exemption. The CIP Charges would increase fuel costs by \$0.2971 per dekatherm of natural gas consumed. The effect of the CIP Charges would be a 10% increase in fuel costs based on current natural gas prices.³ Increased fuel costs adversely affect MMPA's competitive position by constraining Facility dispatch and increasing the electric rates paid by MMPA member retail customers.

CIP Charges applied to the Facility would cause MMPA customers to pay incremental CIP costs each year. Based on historical data, the Facility would have

¹ See Appendix A, Tables A-1 and A-2, for itemized lists of these expenditures.

² MINN. STAT. § 216B.241 subd. 1b(b)(1).

³ CenterPoint Energy's City Gate, Sales Service Large Volume Interruptible Weighted Average Cost of Gas (WACOG) for June 2016 was \$2.5274 per dekatherm; conservatively assume a delivery charge of \$0.325 per dekatherm; fuel cost increase = $(\$0.2971) / (\$2.5274 + \$0.325) = 10.4\%$.

consumed, on average, [Trade Secret Data Begins Trade Secret Data Ends] of natural gas annually.⁴ Without an exemption, the \$0.2971 per dekatherm CIP Charges, as applied to this annual average, would have increased MMPA member annual CIP costs by [Trade Secret Data Begins Trade Secret Data Ends].

MMPA's members already exceed the CIP spending requirements. The CIP Charges would cause MMPA to expend incremental CIP costs as compared with other Minnesota utilities. These costs disadvantage MMPA's competitive position and increase electric rates to MMPA member retail customers. These reasons alone justify an exemption from the CIP Charges. However, the Facility also qualifies for an exemption under Minnesota Statute.

III. THE FACILITY QUALIFIES FOR THE EXEMPTION UNDER STATUTE

The Facility qualifies for an exemption from the CIP Charges under Minn. Stat. §216B.241 subd. 1a(b). The relevant statutory language reads as follows:

The owner of a large customer facility may petition the commissioner to exempt both electric and gas utilities serving the large customer facility from the investment and expenditure requirements of paragraph (a) with respect to retail revenues attributable to the large customer facility. The filing must include a discussion of the competitive or economic pressures facing the owner of the facility and the efforts taken by the owner to identify, evaluate, and implement energy conservation and efficiency improvements.⁵

A discussion follows demonstrating the Facility qualifies as a large customer facility, MMPA faces economic and competitive pressures, and energy efficiency and conservation were considered in the design of the Facility.

A. The Facility Qualifies as a Large Customer Facility

A large customer facility is defined as "all buildings, structures, equipment, and installations at a single site that collectively . . . consume not less than 500 million cubic feet of natural gas annually."⁶ Calculations in Appendix B demonstrate that the Facility is

⁴ See Appendix B.

⁵ MINN. STAT. § 216B.241 subd. 1a(b).

⁶ MINN. STAT. § 216B.241 subd. 1(i).

projected to consume over [Trade Secret Data Begins Trade Secret Data Ends] of natural gas annually. This value exceeds the statutory requirement of 500 million cubic feet by [Trade Secret Data Begins Trade Secret Data Ends]. Based on projected consumption, the Facility qualifies as a Large Customer Facility.

B. MMPA Faces Economic and Competitive Pressures

The electric utility business is highly competitive, reinforced by federal energy policy that aims to maintain a maximum level of competition, consistent with public interest.⁷ The majority of MMPA's competition stems from other electric utilities, specifically large-scale investor owner utilities or cooperatives. MMPA's competitors have larger facilities, demands, and resources. Incremental costs, such as the CIP Charges, have a disparate impact on smaller utilities like MMPA.

MMPA dispatches its generation assets in the Midcontinent Independent System Operator (MISO) wholesale electricity markets. The MISO wholesale markets are economically efficient because MISO provides equal access to the transmission system and matches supply and demand of electricity at the lowest cost. MMPA competes with power producers across the MISO footprint in the wholesale markets to generate cost-effective electricity.

MMPA faces strong competitive pressures from large-scale utilities and operates in economically efficient wholesale electricity markets. MMPA is forced to selectively invest in very efficient and innovative generation projects in order to provide cost-competitive power and energy.

C. Energy Efficiency and Conservation Projects

MMPA selected the generation system and designed the Facility with an emphasis on energy efficiency and conservation. MMPA selected a system that generates and distributes electricity close to MMPA's electrical load and off-sets the need to purchase electricity through the wholesale electrical marketplace. With these attributes, MMPA

⁷ *Otter Tail Power Co. v. United States*, 410 U.S. 366, at 374.

can operate the Facility very efficiently by responding to local electrical needs, wholesale market pricing signals, and fuel conditions.

The Facility uses natural gas as its primary fuel source. Natural gas, when burned, emits less air emission than other fossil fuels. The Facility's five Wartsila reciprocating natural gas-fired electrical generating units (engines and accompanying generators) are accompanied by five post-combustion catalytic controls (selective catalytic reduction and catalytic oxidation). MMPA will vent the exhaust gases generated at the Facility through this emission control equipment to the five stacks constructed adjacent to the main engine hall. The design also includes a liquefied natural gas storage tank and vaporizer to serve as a backup fuel source. The Facility provides a reliable source of electricity through extraordinary weather or market conditions, cleaner than other fossil fuels.

MMPA designed a system that not only generates electricity efficiently, but also recycles and stores excess system heat. The Facility will capture waste heat that is typically sent to radiators through a closed loop system, and store it in the form of hot water in an outdoor aboveground storage tank. MMPA plans to use this stored heat for the Facility's heating needs. This system also has the capability to heat and cool other buildings with additional upgrades. MMPA plans to market this capability to third parties.

Many characteristics of the Facility demonstrate the importance of energy efficiency and conservation. MMPA carefully selected an efficient generation system that provides clean and reliable electricity to its members, enables responsive and economic operation, and incorporates novel recycling concepts for current and future programs. Because the Facility design already incorporates the necessary investments in conservation and energy efficiency, MMPA will not seek to avail the Facility of CenterPoint's Conservation Improvement Programs in the future.

IV. CONCLUSION

MMPA's member municipal utilities already exceed the statutory Conservation Improvement Program spending requirements. MMPA would be competitively disadvantaged if this Petition is not granted, and MMPA's customers would pay the price.

MMPA should also be granted an exemption because the Facility qualifies under statute. Shakopee Energy Park is a large customer facility, operating against highly efficient wholesale electricity markets and many types of competitors, and was designed with an eye toward energy efficiency and conservation.

MMPA respectfully requests this Petition for Exemption from Conservation Improvement Program charges be granted.

Dated: September 9, 2016

Respectfully submitted,

Avant Energy, Inc.
Agent for MMPA

/s/ Kelsey Dillon
Kelsey Dillon

APPENDIX A

Table A-1: Itemized List of MMPA Member 2014 Actual CIP Expenditures

Member Organization	Total CIP	Total CIP (% of GOR)
Anoka	\$ 381,794	1.57 %
Arlington	\$ 26,906	1.60 %
Brownton	\$ 1,576	0.36 %
Buffalo	\$ 200,686	1.75 %
Chaska	\$ 493,945	1.53 %
East Grand Forks	\$ 333,315	2.40 %
Le Sueur	\$ 93,141	1.18 %
North St. Paul	\$ 128,827	1.52 %
Olivia	\$ 31,740	1.46 %
Shakopee	\$ 447,145	1.16 %
Winthrop	\$ 30,021	1.92 %
TOTAL	\$ 2,169,096	1.52 %

Table A-2: Itemized List of MMPA Member 2016 Budgeted CIP Expenditures

Member Organization	Total CIP	Total CIP (% of GOR)
Anoka	\$ 500,000	1.90 %
Arlington	\$ 26,328	1.50 %
Brownton	\$ 7,410	1.65 %
Buffalo	\$ 179,829	1.50 %
Chaska	\$ 563,775	1.60 %
East Grand Forks	\$ 330,721	2.40 %
Le Sueur	\$ 124,605	1.50 %
North St. Paul	\$ 129,998	1.50 %
Olivia	\$ 40,140	1.50 %
Shakopee	\$ 825,650	2.00 %
Winthrop	\$ 25,845	1.50 %
TOTAL	\$ 2,754,301	1.80 %

NON-PUBLIC DOCUMENT
CONTAINS TRADE SECRET DATA

APPENDIX B

[Trade Secret Data Begins

Trade Secret Data Ends]



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WEB AVANTENERGY.COM

December 8, 2016

VIA E-Filing
Mike Rothman
Commissioner
Minnesota Department of Commerce
85 Seventh Place East, Suite 500
Saint Paul, Minnesota 55101

**Re: In the Matter of a Petition for Exemption by Minnesota Municipal Power
Agency from Conservation Improvement Program Charges
Docket No. ET6133/CIP-16-748
Response to Department of Commerce (DOC) Information Request #1**

Dear Commissioner Rothman:

Minnesota Municipal Power Agency (MMPA) respectfully submits the following:

- 1) Public Version of MMPA's response to the DOC Information Request #1
- 2) Non-Public Version of MMPA's response to the DOC Information Request #1
- 3) Statement Justifying Identification of Data as Trade Secret
- 4) Certificate of Service

We have served a copy of the Petition on all parties on the attached service list.

Please contact me at (612) 349-6868 if you require any additional information.

Very truly yours,

Avant Energy, Inc.
Agent for MMPA

/s/ Kelsey Dillon
Kelsey Dillon

Enclosures
cc: Service List

STATEMENT JUSTIFYING IDENTIFICATION OF DATA AS
TRADE SECRET

Pursuant to the Minnesota Public Utilities Commission's Revised Procedures for Handling Trade Secret and Privileged Data, data September 1, 1999 and Minn. Rule 7829.0500, information designated by Minnesota Municipal Power Agency (MMPA) as "Trade Secret" in the Non-Public version of this filing meets the definition in Minn. Stat. §13.37 subd. 1(b).

Under Minn. Stat. §13.37 subd. 1(b) "Trade secret information" is defined as

government data, including a formula, pattern, compilation, program, device, method, technique or process (1) that was supplied by the affected individual or organization, (2) that is the subject of efforts by the individual or organization that are reasonable under the circumstances to maintain its secrecy, and (3) that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use.

The information designated as "Trade Secret" in the Non-Public version of this filing was supplied by MMPA, the affected organization. MMPA makes significant efforts to maintain the secrecy of certain strategic planning, resource, and other operational information. Such information is protected by MMPA as confidential and is not available to others outside the agency. This information is economically valuable to MMPA and its customers in the form of a competitive advantage for resource planning, development and operations. Should MMPA's competitors gain access to this information, which is not generally known or ascertainable by proper means, MMPA's competitors would erode this competitive advantage, causing MMPA and its customers to suffer.

CERTIFICATE OF SERVICE

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

I, Kelsey Dillon, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota.

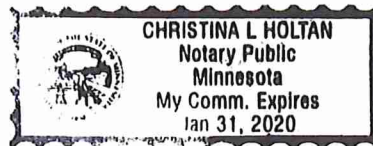
**Minnesota Municipal Power Agency Response to Department of Commerce
Information Request #1**

Docket No. ET6133/CIP-16-748

Dated this 8th day of **December 2016**



Kelsey Dillon



Christina L. Holtan 12/8/16

State of Minnesota
DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

Utility Information Request

Docket Number: ET6133/CIP-16-748

Date of Request: November 28, 2016

Requested From: Kelsey Dillon,
Avant Energy, Inc.

Response Due: December 8, 2016

Analyst Requesting Information: Mark M. Garofano

Type of Inquiry: ☐.....Financial ☐.....Rate of Return ☐.....Rate Design
 ☐.....Engineering ☐.....Forecasting ☐.....Conservation
 ☐.....Cost of Service ☒.....CIP ☐.....Other:

If you feel your responses are trade secret or privileged, please indicate this on your response.

Request No.	
1	<p>Reference: Shakopee Energy Park CIP-exemption petition</p> <p>Subject: Recent energy conservation and efficiency projects</p> <p>For each natural gas conservation project summarized in Section C, please provide:</p> <ul style="list-style-type: none">Estimated annual natural gas energy consumption of the pre-existing and installed equipment, in MCF, <p><u>MMPA Response:</u></p> <p>The estimated annual natural gas energy consumption of the pre-existing equipment is zero because this is a new facility. The estimated annual natural gas energy consumption of the installed equipment is expected to be [Trade Secret Data Begins</p> <p>Trade Secret Data Ends].</p>

Response by: Kelsey Dillon

List sources of information:

Title: Vice President

Department: Development

Telephone: (612) 349-6868

- Estimated annual natural gas costs of the pre-existing and installed equipment,

MMPA Response:

The estimated annual natural gas costs of the pre-existing equipment are zero because this is a new facility. The estimated annual natural gas costs of the installed equipment are expected to be [Trade Secret Data Begins

Trade Secret Data Ends].

- Descriptions and manufacturer product specifications or datasheets of the pre-existing and installed equipment indicating primary parameters affecting natural gas consumption such as capacity, part and full load efficiency,

MMPA Response:

No manufacturer product specifications of the pre-existing equipment are included because this is a new facility. The Facility includes five Wartsila reciprocating natural gas-fired electrical generating units (engines and accompanying generators). Specifications for a typical Wartsila engine are included in Exhibit 1.

- Descriptions and manufacturer product specifications or datasheets of less efficient, lower priced equipment that could have been installed to meet production requirements in lieu of the more efficient installed equipment, and

MMPA Response:

The planning and development of the Facility included an in-depth investigation of competing power generation technologies. More information about this process can be found in MMPA's latest Integrated Resource Plan, initially filed with the Minnesota Public Utilities Commission in 2013 (Docket No. ET6133/RP-13-1165). One example of a competing technology is a simple cycle natural gas turbine. This technology is typically less expensive than reciprocating engines, but often has a higher heat rate (measure of natural gas conversion into electrical power). Exhibit 1 includes a standard specification for a GE LM6000 gas turbine.

Response by: Kelsey Dillon

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- Calculations, workpapers, engineering studies, measurement and verification data, or other analysis demonstrating the estimated annual natural gas energy savings.

MMPA Response:

As mentioned above, the planning and development of the Facility included an in-depth investigation of competing power generation technologies. More information about this process can be found in MMPA's latest Integrated Resource Plan, initially filed with the Minnesota Public Utilities Commission in 2013 (Docket No. ET6133/RP-13-1165).

An example comparison of technologies would be the Wartsila engines used in the Facility and a GE LM6000 gas turbine (see Exhibit 1 for specifications). Representative power generation lower value heating (LVH) rates for the Wartsila engines and the GE LM6000 gas turbines are [Trade Secret Data Begins Trade Secret Data Ends], respectively. Insertion of the GE LM6000 turbine into the Facility would likely result in a [Trade Secret Data Begins Trade Secret Data Ends] increase in natural gas consumption. This increase, when applied to the volume and cost values above, represents [Trade Secret Data Begins Trade Secret Data Ends].

Response by: Kelsey Dillon

List sources of information:

Title: Vice President

Department: Development

Telephone: (612) 349-6868

PUBLIC DOCUMENT
TRADE SECRET DATA HAS BEEN EXCISED

EXHIBIT 1

[Trade Secret Data Begins

PUBLIC DOCUMENT
TRADE SECRET DATA HAS BEEN EXCISED

EXHIBIT 1 (CONT'D)

Trade Secret Data Ends]

PUBLIC DOCUMENT**DECISION
BEFORE THE COMMISSIONER OF THE
MINNESOTA DEPARTMENT OF COMMERCE**

In the Matter of the Petition of
Minnesota Municipal Power Agency for
an Exemption from Gas Conservation
Improvement Program Charges

Issue Date: December 30, 2016

Docket Nos. ET6133/CIP-16-748

PROCEDURAL HISTORY

On September 9, 2016, Minnesota Municipal Power Agency (the Company) filed a petition for exemption of CenterPoint Energy (CPE) from Conservation Improvement Program (CIP) investment and expenditure requirements under Minn. Stat. §216B.241 with respect to retail revenues attributable to its Shakopee Energy Park facility (Petition).

On October 17, 2016, Minnesota Department of Commerce, Division of Energy Resources Staff (Staff) issued a Notice of Completion signifying that the Petitioner had provided the information necessary to support its petition.

STATUTORY BACKGROUND

Minn. Stat. §216B.241 subd. 1a(b) allows the owner of a Large Customer Facility to petition the Commissioner to exempt the electric and gas utilities serving the Large Customer Facility from CIP investment and expenditure requirements with respect to retail revenues attributable to the Large Customer Facility. The filing must include a discussion of the competitive or economic pressures facing the owner of the facility and the efforts taken by the owner to identify, evaluate, and implement energy conservation and efficiency improvements.

Minn. Stat. §216B.241, subd. 1(i) defines a Large Customer Facility as:

all buildings, structures, equipment, and installations at a single site that collectively (1) impose a peak electrical demand on an electric utility's system of not less than 20,000 kilowatts, measured in the same way as the utility that serves the customer facility measures electrical demand for billing purposes or (2) consume not less than 500 million cubic feet of natural gas annually. In calculating peak electrical demand, a

large customer facility may include demand offset by on-site cogeneration facilities and, if engaged in mineral extraction, may aggregate peak energy demand from the large customer facility's mining and processing operations.

According to Minn. Stat. §216B.241 subd. 1a(b), a filing submitted on or before October 1 of any year is to be approved within 90 days and become effective January 1 of the year following the filing, unless the Commissioner finds that the owner of the Large Customer Facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements.

The exemption may be limited to the qualifying utility if the Commissioner finds that the owner of the Large Customer Facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements with respect to the non-qualifying utility.

DEPUTY COMMISSIONER'S DECISION-MAKING APPROACH

When making decisions regarding CIP exemption proposals submitted under Minn. Stat. §216B.241 subd. 1a (b), the Deputy Commissioner considers a variety of factors, including:

- The petitioner's qualification as a Large Customer Facility;
- The efforts of the petitioner to identify, evaluate and implement energy conservation and efficiency improvements; and
- Comments by interested parties.

DEPUTY COMMISSIONER FINDINGS

A. QUALIFICATION AS A LARGE CUSTOMER FACILITY

As described above, Minn. Stat. §216B.241 subd. 1(i) defines a Large Customer Facility as "all buildings, structure, equipment, and installations at a single site that collectively impose a peak electrical demand on an electric utility's system of not less than 20,000 kilowatts (kW) or consumes not less than 500 million cubic feet of natural gas annually."

According to the Petitioner, the structures and equipment of the facility are expected to have annual natural gas usage **[TRADE SECRET DATA HAS BEEN EXCISED]**. However, the facility is not expected to be in service until March 2017. Therefore, the Deputy Commissioner concludes that the Petitioner's facility does not qualify as a Large Customer Facility until it can show actual annual consumption that exceeds 500 million cubic feet of natural gas.

B. COMMENTS BY INTERESTED PARTIES

The Deputy Commissioner carefully considers comments on CIP exemption petitions submitted by interested parties. However, there were no comments filed in response to this Petition.

DECISION

The Deputy Commissioner does not approve Minnesota Municipal Power Agency's proposed exemption for CenterPoint Energy from CIP investment and expenditure requirements under Minn. Stat. §216B.241 with respect to retail revenues attributable to Shakopee Energy Park because the Company did not demonstrate that it qualifies as a Large Customer Facility.

BY ORDER OF THE DEPUTY COMMISSIONER

A handwritten signature in black ink, appearing to read 'William Grant', is positioned above the printed name.

William Grant
Deputy Commissioner
Minnesota Department of Commerce,
Division of Energy Resources

WG/ja

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Decision**

Docket No. ET6133/CIP-16-748

Dated this **29th** day of **December 2016**

/s/Sharon Ferguson