

STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair  
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DOCKET NO. E999/M-17-377

**IN THE MATTER OF THE MINNESOTA  
TRANSMISSION OWNERS 2017 BIENNIAL  
TRANSMISSION PROJECTS REPORT**

**REPLY COMMENTS  
OF THE MINNESOTA  
TRANSMISSION OWNERS**

**INTRODUCTION**

On November 1, 2017, the Minnesota Transmission Owners (MTO) submitted the 2017 Minnesota Biennial Transmission Projects Report to the Minnesota Public Utilities Commission. In accordance with PUC rules (Minnesota Rules part 7848.1800), on November 9, 2017, the PUC issued a Notice that comments on the completeness of the Report were due by November 20, 2017, that initial comments on the merits of the Report were due by January 15, 2018, and that Reply Comments were due by March 1, 2018.

On November 14, 2017, the Department of Commerce, Division of Energy Resources (DOC), filed comments on the completeness of the Report. The DOC recommended that the Report should be found complete upon submission of a portion of the North American Electric Reliability Corporation's (NERC) 2016 Long-Term Reliability Assessment. The MTO submitted the Midwest Reliability Organization's (MRO) load and capability report found in the 2016 NERC Long-Term Reliability Assessment on November 21, 2017. In addition, on January 3, 2018, the MTO submitted the MRO load and capability report found in the NERC 2017 Long-Term Reliability Assessment.

A second comment was filed by Ms. Kristen Eide-Tollefson on behalf of Communities United for Responsible Energy (CURE) on November 21, 2017. Ms. Eide-Tollefson suggested that the Commission should develop a new mechanism for encouraging public participation in development of grid modernization and distributed energy resources. Ms. Eide-Tollefson did not raise any specific concerns about the completeness of the Biennial Report.

The same two commenters – the Department of Commerce and CURE – filed substantive comments on the Biennial Report by the January 15, 2018, deadline. The Minnesota Transmission Owners provide the following Reply Comments to the issues raised by the Department and CURE.

## **REPLY COMMENTS**

### **DEPARTMENT OF COMMERCE**

The Department filed its comments on the merits of the Biennial Report on January 2, 2018, and discussed a number of matters related to the Report, including the status of various projects, transmission for renewables, solar energy, and mitigation costs. Importantly, the Department stated that it “recommends that the Commission accept the Report” and “recommends approval with reporting requirements” in future rate request proceedings for new energy facilities. We discuss below two specific issues raised by the Department.

#### **1. Corridor Upgrade Project**

The Department requested that the MTO discuss in its Reply Comments “the current status of the Corridor Upgrade Project, its schedule, and whether further discussion of the project would be useful in the next 2019 Biennial Transmission Report.” This is the only specific project for which the Department asked for additional information.

The Corridor Upgrade Project was an upgrade of the 230 kV line between Hazel Creek Substation near Granite Falls, Minnesota, and the Blue Lake Substation near Shakopee, Minnesota, to a double circuit 345 kV system. The Tracking Number initially assigned was 2011-WC-N4. At the direction of the Public Utilities Commission, Xcel Energy reported specifically on the Corridor Upgrade Project in a separate section of the 2011 Report (section 8.5), the 2013 Report (section 8.7), and the 2015 Report (section 8.7). Since Xcel Energy reported in 2015 “that the project is presently not under development and is still not expected to be needed until well after 2018,” no information about the project was included in the 2017 Report.

In response to the Department’s request for an update on the Corridor Project, Xcel Energy can state that it currently has no plans to upgrade the existing 230 kV line from Hazel Creek to Blue Lake to 345 kV. The transmission system has changed significantly since the original study was performed and the study results are no longer valid since the transmission system has developed differently than what was assumed in the original study. A restudy at a minimum would be needed if a project driver was identified. Transmission for supporting new generation is now studied through the MISO Generation Interconnection process, in which Xcel Energy participates along with other utilities and stakeholders in those studies. Consequently, no further discussion of the Corridor Upgrade Project is required in the 2019 Biennial Report.

#### **2. Mitigation Costs**

The Department also requested that the Commission require Otter Tail Power Company, Minnesota Power, and Xcel Energy – the investor-owned utilities – to provide the following information in future rate requests to recover the costs of new energy facilities:

- a summary of all mitigation measures that have been added at any step in the permitting process,

- the general reason for the mitigation measure, including whether the measure was requested or required,
- the entity requesting or requiring the mitigation, and
- the cost of the mitigation measure.

Xcel Energy, Otter Tail Power Company, and Minnesota Power continue to respond, as they have for several rounds of biennial reports, that they have no objection to providing such information in future rate recovery requests for new energy facilities. Consistent with its past responses, however, the utilities also continue to maintain that it would be inappropriate for the Public Utilities Commission to order submission of such information in the Biennial Report docket. On June 7, 2016, the Commission actually issued a second order, an Erratum Notice, clarifying that it was not ordering, in the biennial report docket, the rate-regulated utilities to provide that information.

## **COMMUNITIES UNITED FOR RESPONSIBLE ENERGY**

Ms. Kristen Eide-Tollefson submitted comments regarding the 2017 Biennial Report on November 21, 2017, on behalf of CURE, and followed those up with additional comments on January 15, 2018. While Ms. Eide-Tollefson did suggest that the Commission reconsider the variances it has issued since the 2009 Report to not require the MTO to hold public meetings in each of the six transmission planning zones in the state, she stated that CURE's intent was to encourage the Commission and the utilities to consider ways to involve the public in broader planning activities involving both transmission and distributed generation. As stated in her November 21 comment letter, at pages 2-3:

Our interest is not in trying to get the MTO's to conform to the specific rules, but to suggest that due to the multiple goals and opportunities during this time of transformation of grid modernization and expanding participation in grid resources (DER, conservation, solar etc.) the commission must provide a platform for development of a participation plan – that would serve the purposes of the statute, rule, and the Commission's own order.

We discuss Ms. Eide-Tollefson's points below.

### **1. Transmission Planning Zone Public Meetings.**

The Public Utilities Commission adopted rules in 2003 for the preparation of the biennial reports, Minnesota Rules ch. 7848, which included a provision requiring the utilities to hold at least one and perhaps two public meetings every year in each of the six transmission planning zones across the State. Minnesota Rules part 7848.0900. The MTO complied with this provision from 2003 through 2007. On May 30, 2008, as part of its Order Approving the 2007 Biennial Report, the Commission granted a variance from that requirement because very few people, and sometimes nobody, attended the meetings. After a couple years holding webinars in lieu of the public meetings, in 2014 the Commission also granted a variance from the requirement to hold the webinars due to poor attendance. See Order of May 12, 2014, Accepting the 2013 Biennial Report

and Granting Variance. The variance was granted again on May 27, 2016, in the Commission's Order Accepting the 2015 Biennial Report, which included specific findings why the variance was appropriate. Ms. Eide-Tollefson has now suggested that the Commission consider reinstituting these public meetings.

The MTO believes that there is no evidence supporting the idea that public meetings in at least six locations across the state to talk generally about transmission planning would be any better attended in 2018 than they were ten years ago. Prior to Ms. Eide-Tollefson's comments, the MTO had not received any complaints about the lack of these public meetings. The MTO believes renewal of the public meeting obligation would be an expensive, time-consuming, and ultimately ineffective approach to garnering increased public participation. The MTO opposes this idea and urges the Commission to continue the variance from this obligation. The reasons described in the May 27, 2016 Order granting the variance are still applicable.

As an important reminder, there are other opportunities for public input and education on transmission issues and projects besides annual zonal meetings. The Midcontinent Independent System Operator's (MISO) annual MTEP planning process is open to the public, and the MTO utilities are active participants in this process. The MTO utilities also frequently meet with local officials and the general public as projects are being developed to resolve specific transmission issues. It has been the consistent experience of the MTO utilities that the public is not interested in transmission planning in a general sense, but rather elects to get involved in meetings with utilities only when specific projects and possible routes are identified in their area. In section 4.4 of the 2017 Biennial Report, the utilities identified examples of specific projects where the utility arranged specific opportunities for local government and area residents to learn about and weigh in on proposed projects.

The MTO will continue to seek opportunities to engage the public in ongoing transmission projects and will continue to report on these specific opportunities in future biennial reports. There is no need to require any more of the MTO than has been required for the past several biennial reports.

## **2. Integrated Planning for Transmission and Distribution**

Beyond her call for the renewal of annual public meetings across the state on Biennial Transmission Projects Reports, Ms. Eide-Tollefson also suggested a broader form of utility planning. This broader utility planning would not only consider transmission needs but would also include planning for a modernized grid and distributed generation, and would afford the public opportunities to be involved in the planning process. The MTO is willing to explore this suggestion with the Commission and Department staffs and with other interested stakeholders, but it would be inappropriate to order the MTO to implement certain measures in Docket No. E999/M-17-377 or in future biennial reports.

In responding to Ms. Eide-Tollefson's request, it is important to keep several points in mind. First, it would be a mistake to say that this type of integrated planning is not presently occurring. In fact, Ms. Eide-Tollefson recognizes on page 6 of her comments that Minnesota has had significant accomplishments in this area and is a "featured leader" in Grid Modernization. In June of 2015, the Commission opened a docket and created a task force involving various stakeholders to look

into Grid Modernization. PUC Docket No. E999/CI-15-556. That matter is still ongoing, with a PUC planning meeting as recently as January 23, 2018.

Furthermore, the MTO utilities already engage in a planning process that considers a broad range of options, including distributed generation and other non-transmission solutions. Within each utility, transmission planners work closely with their counterparts in distribution planning and resource planning to evaluate a variety of appropriate alternatives for a given inadequacy. The focus historically has always been to seek the least cost plan while addressing the reliability needs of the customer. As technologies continue to mature, new and different alternatives can and will be considered in the transmission planning process to determine if they can address long-term reliability issues as effectively and efficiently as traditional solutions.

The primary focus of the Biennial Transmission Projects Report is transmission planning; therefore, the projects and alternatives identified are primarily transmission. While the MTO utilities continue to consider a variety of alternatives, including distributed generation alternatives where reasonable, it is important to note that distributed generation is not a reasonable alternative to every issue the MTO utilities encounter. Some inadequacies can only effectively be addressed by transmission projects. For example, several projects identified in the 2017 Biennial Report for the Northwest zone are necessary to serve the needs of large industrial loads. *See* Tracking Numbers 2015-NW-N8, 2017-NW-N2, 2017-NW-N3, 2015-NW-N4, and 2017-NE-N16, N17, N18, and N19. These large industrial loads typically consist of large electric motors that require high service reliability and a strong transmission source to provide sufficient motor starting capability.

Another example of a situation where transmission is typically the most appropriate solution is where issues have been identified relating to the repurposing, idling, or retirement of local baseload generators. For example, the North Shore Loop is an area along Lake Superior in the Northeast zone where a number of baseload generating plants are being or have been shut down. The North Shore Loop and associated issues are described in the 2017 Biennial Report in section 5.3 at pages 24-26. Included as Attachment A to these Reply Comments is a diagram that shows the approximate locations of the local baseload generators and the upgrades caused by shutting them down, illustrating the widespread impact of these types of changes on the transmission system. *See* Tracking Numbers 2017-NE-N2, N7, N8, N9, N15, and N17. Similarly, the retirement of the two smaller Boswell units near Grand Rapids in the Northeast zone causes issues that are most appropriately addressed by a new transmission solution. *See* Tracking Number 2017-NE-N13. When baseload generators such as those in the North Shore Loop and the Grand Rapids area can no longer be relied upon to provide constant power delivery, voltage support, and other grid services to the local transmission system, transmission-level solutions are required to replace those grid services and ensure that the reliability of the system is not degraded. Inadequacies such as these cannot effectively be addressed with Distributed Energy Resources (DER).

In addition to the Biennial Report docket, there are other dockets before the Commission where some of the issues raised by Ms. Eide-Tollefson are addressed. The Grid Modernization Report submitted by Xcel Energy is one such docket. PUC Docket No. E002/M-17-776. Xcel Energy's Distribution System/Hosting Capacity Report is another. PUC Docket No. E002/M-17-777. In fact, Ms. Eide-Tollefson references both of these reports in her comment letter.

Ms. Eide-Tollefson would like to see additional efforts undertaken to involve the public in planning activities by Minnesota utilities. The MTO has no objection to participation by any groups or organizations that wish to be advised of such planning activities. In fact, the public currently has the opportunity to be involved in ongoing planning activities related to all of the projects identified in the Biennial Report through MISO's annual MTEP planning process, which all of the MTO utilities actively participate in. MISO regularly holds open public meetings to review project submittals, modeling assumptions, various types of study results, and inadequacies identified by these studies. MISO also regularly solicits feedback on a broad range of topics, including potential transmission inadequacies and solutions.

In addition to the existing forums at MISO and the numerous open dockets with the Commission, the MTO is willing to meet with any group or organization that would like information about a utility's ongoing planning activities. It would not be appropriate, however, for the Commission to impose in this docket any specific requirements on the MTO to go out and solicit more public input on a global level when it has only been CURE requesting such opportunity for input.

## **CONCLUSION**

The 2017 Minnesota Biennial Transmission Projects Report is a comprehensive report of anticipated future transmission needs. In addition, the RES utilities have prepared an up-to-date analysis of future needs to meet Renewable Energy Standard milestones. The Minnesota Transmission Owners has provided the information requested by the Department of Commerce in its letter of November 14, 2017, relating to the completeness of the Report. The MTO has also provided a response to the information that the Department requested in its comment letter of January 2, 2018. The Commission should find the Report complete and meets the requirements of Minn. Stat. § 216B.2425.

The Minnesota Transmission Owners has also responded to the comments of Ms. Eide-Tollefson. The Commission should not reinstitute the requirement to hold public meetings in the six transmission planning zones around the state. The reasons supporting the variance that the Commission has granted in the past for not requiring the public meetings are still valid. The Commission should continue to grant the variance.

The Minnesota Transmission Owners respectfully request that the Commission take action and issue an order regarding the 2017 Biennial Report that includes the following.

1. Find that the 2017 Biennial Report meets the requirements of Minn. Stat. § 216B.2425 and accept the report.
2. Find that since no party has requested certification for any of the projects listed in the reports, it is unnecessary to certify, certify as modified, or deny certification of any projects.
3. Extend the variance from Minnesota Rules part 7848.0900 that it has granted for the past several reports to relieve the utilities of the obligation to hold public meetings in each transmission

planning zone. And further, determine that the MTO shall not be required to hold a webinar on the 2019 Biennial Report.

4. Direct the Transmission Owners to include content similar to the 2017 Report in the 2019 Report.

Dated: March 1, 2018

Minnesota Transmission Owners

# North Shore Loop Transmission Upgrades

