

**BEFORE THE MINNESOTA OFFICE OF ADMINISTRATIVE HEARINGS
600 North Robert Street
St. Paul, Minnesota 55101**

**FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION
121 Seventh Place East, Suite 350
St. Paul, Minnesota 55101-2147**

In the Matter of the Application of Xcel)	
Energy and ITC Midwest LLC for a Certificate)	Docket No. E002, ET6675/
of Need and a Route Permit Application for)	CN-17-184
the Huntley-Wilmarth 345 kV Transmission)	
Line Project)	

**POST-HEARING BRIEF
BY
THE MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC.**

I. INTRODUCTION

The Midcontinent Independent System Operator, Inc. (“MISO”) supports approval of the transmission project by ITC Midwest LLC (“ITC Midwest”) and Northern States Power Company (Minnesota) (“Xcel Energy,” together with ITC Midwest, “Applicants”), referred to in the Application as the Huntley-Wilmarth 345 Kilovolt Transmission Project (the “Project”). The evidentiary hearing conducted on February 11, 2019 provided record support for approval of the Application of ITC Midwest and Xcel Energy that seeks a Certificate of Need for the Project under Minnesota Statute §216B.243.¹ That statute applies to a “large energy facility,”² and the

¹ Expert testimony supporting the need for the Project was presented by ITC Midwest, Xcel Energy, the Department of Commerce – Division of Energy Resources (“DOC-DER”), the Clean Energy Organizations (“Clean Energy”), and MISO.

² Minn. Stat. § 216B.2421, Subd. 2(2) (“any high-voltage transmission line with a capacity of 200 kilovolts or more with greater than 1,500 feet in length”).

Project meets that definition because it includes approximately 50 miles of 345 kV facilities between Huntley and Wilmarth substations in Minnesota.³

MISO is a regional transmission organization (“RTO”), under the supervision of the Federal Energy Regulatory Commission (“FERC”) and other federal authorities, that (among other matters) is responsible for ensuring that the regional transmission system is reliably planned to provide for existing and expected use of that system.⁴ MISO performs collaborative planning functions for the transmission system with its member transmission owners and other stakeholders while independently assessing regional transmission needs.⁵

MISO’s planning functions, in particular a Market Congestion Planning Study (“MCPS”), identified the Project as an important transmission upgrade. The Project will deal with both transmission congestion and long-term opportunities to enhance the efficiency of the electric market.⁶

II. REQUIREMENTS FOR A CERTIFICATE OF NEED AND OVERVIEW

The Application for the Project satisfies the requirements of Minnesota Statute § 216B.243 for a Certificate of Need, and an order should be issued that determines the existence of need for the facilities and authorizes the construction of the proposed high voltage transmission facilities. The technical information filing requirements were satisfied through testimony and exhibits sponsored by multiple witnesses for the Applicants as well as the contents

³ See e.g., XC-6 (Certificate of Need Filing Summary), Doc. No.=20181-139028-01; DER-5 at 3 (Rakow Direct), Doc. No.=201811-147664-04.

⁴ MISO’s functions and general description is the subject of testimony by Zheng Zhou, MISO’s Manager of Economic Studies. MISO-1 at 1-2 (Zhou Direct), Doc. No.=20189-146240-01.

⁵ *Id.* at 2, 5, 17.

⁶ *Id.* at 9.

of the Application that was filed with the Minnesota Public Utilities Commission. The Applicants also satisfied the notice requirements and informational meeting requirements.

Applicants have demonstrated, based upon its Application and the evidentiary record, that the Project is needed and addresses multiple elements stated in Minn. Stat. § 216B.243 for the evaluation of need. As more fully delineated below regarding the overall need for the proposed facilities, the record demonstrates that the Project is necessary to provide adequate, reliable, and efficient transmission service, supports important policy objectives, is the least-cost means of satisfying these needs, and promotes the development of an effectively competitive electricity market that operates efficiently.

III. PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

MISO supports the Project, but does not submit a “Statement of Facts and Conclusions of Law” along with this Post-Hearing Brief. The Commission should issue an order finding the need for the Project, and authorize construction of the Project in the timeframe proposed by the Applicants.

MISO may submit substitute findings of fact and conclusions of law along with a response brief.

IV. NEED FOR THE PROPOSED FACILITIES

The entire Project is needed to provide the state of Minnesota and the region with the benefit of the Market Efficiency Project (“MEP”) that was approved by MISO.⁷ The Commission should find a strong record according to the evaluation elements stated in Minn. Stat. § 216B.243, Subd. 3. As summarized above, the need for a Project was partly determined through a deliberate, collaborative stakeholder process, which included the design and planning of transmission projects through a structured planning process. Following the identification of candidate projects showing potential in MISO’s process, MISO conducted analyses for robustness of the Project.⁸

In the Robustness Analysis phase, all Project Candidates are analyzed to ensure that the study assumptions, such as the generation siting assumptions for future generation without signed Generation Interconnection Agreements and age-related retirement assumptions, have no significant impact on the benefits delivered by the transmission plan. Further, a reliability analysis is performed to ensure that any reliability harm caused by the transmission plan is addressed. Using this approach, optimal economic transmission upgrades (best-fit solutions) are identified to address market congestion Sensitivity analyses are also performed as part of the robustness analysis on an as-needed basis, and include, among other factors, consideration of: (i) variations in amount, type, and location of future generation supplies as dictated by future scenarios developed with stakeholder input and guidance; (ii) alternative transmission proposals; (iii) impacts of variations in load growth; and (iv) effects of demand response resources on transmission benefits.

The Project includes new 345 kV and associated transmission facilities that traversed the MISO planning process and were approved by the MISO Board as part of the MISO Transmission

⁷ MISO-1 at 17-21 (Zhou Direct), Doc. No.=20189-146240-01. The MEP type is discussed in DOC-DER testimony. DER-1 at 6 (Johnson Direct), Doc. No.=201811-147664-02.

⁸ MISO-1 at 14-15 (Zhou Direct), Doc. No.=20189-146240-01.

Expansion Plan (“MTEP”).⁹ Board approval certifies that the facilities “meet[] the transmission needs of all stakeholders, subject to any required approval by federal or state regulatory authorities.”¹⁰

Minn. Stat. § 216B.243, Subd. 3(3) addresses the “relationship of the proposed line to regional energy needs.” The MISO planning process involved the regional identification of candidate transmission projects, identification of alternatives, and completion of reliability analyses of all identified projects and alternatives, stakeholder vetting, and multiple regional studies that considered options and alternatives to designing and structuring needed transmission facilities.¹¹ MISO witness Zhou testified that MISO’s MTEP included the Project as part of planning focused on providing for the “security of the transmission system” and to “accommodate load growth and/or changes in load and load growth patterns, as well as changes in generation and generation dispatch patterns. . . .”¹² The Project addresses a top need “identified in the North Central Region”¹³ during MISO’s Market Congestion Planning Study process conducted and described in MISO’s 2016 MTEP Report.¹⁴ Congestion, as Applicant witness Siebenaler explains, is a condition where “there is insufficient transmission capacity to deliver all of the lowest cost power to customers. . . .”¹⁵ In the end, the “MISO staff recommend

⁹ MISO-1 at 9 (Zhou Direct), Doc. No.=20189-146240-01.

¹⁰ *Id.* at 8.

¹¹ *Id.* at 17-19.

¹² *Id.* at 8.

¹³ *Id.* at 17.

¹⁴ *Id.* at 9.

¹⁵ XC-24 at 4 (Siebenaler Direct), Doc. No.=20189-146251-05.

the . . . Project to the MISO Board as part of the 2016 MTEP based on the large net economic benefits.”¹⁶

The record reveals benefits from the Project facilities related to “enhanced environmental quality” as stated in Minn. Stat. § 216B.243, Subd. 3(5). Clean Energy witness Goggin connects concern over transmission congestion and the development of renewable sources of generation:¹⁷

The Project alleviates congestion and curtailment that prevents existing and future wind and solar plants from delivering electricity to Minnesota. Reducing congestion and curtailment increases the amount of low-cost energy available to Minnesota consumers, increases environmental benefits, and enables the development of additional renewable resources.

The Certificate of Need for the Project is necessary for the “development of tens of thousands of Megawatts . . . of future wind and solar resources in Minnesota and the region, which will bring additional consumer, environmental, and economic benefits.”¹⁸

Minn. Stat. § 216B.243, Subd. 3(6) refers to alternatives to proposed transmission upgrades, including non-transmission alternatives, which is addressed in the testimony. The evaluation of alternative transmission upgrades to the Project is the subject of Section VI of the Zhou testimony. Mr. Zhou describes the dominance of the Project over the transmission

¹⁶ MISO-1 at 21(Zhou Direct), Doc. No.=20189-146240-01. The economic basis for the MISO Board’s approval of the Project is the cause of concern over escalation of cost estimates based on alternative routing. *See, e.g.*, DER-1 at 3-5 (Johnson Direct) Doc. No.=201811-147664-02.

¹⁷ CEOS-1 at 3 (Goggin Direct), Doc. No.=20189-146255-02; *accord*, DER-5 at 32 (Rakow Direct) (“integral part of generating and delivering power generated by means of renewable energy sources”), Doc. No.=201811-147664-04.

¹⁸ CEOS-1 at 3 (Goggin Direct), Doc. No.=20189-146255-02. Testimony by DOC-DER witness Rakow supports this general proposition. DER-5 at 23-24 (Rakow Direct), Doc. No.=201811-147664-04 (“probable result of denial would be an adverse effect upon the future adequacy, reliability, or efficiency of energy supply to the applicant, to the applicant’s customers, or to the people of Minnesota and neighboring states”).

alternatives reviewed based upon the ability of the Project to provide congestion management without the incremental costs associated with other alternatives, resulting in the highest net benefits for construction of the Project.¹⁹ Non-transmission alternatives are considered in MISO analyses,²⁰ but the Project was recommended by the MISO staff at the end of its studies. DOC-DER witness Rakow states that the “levels of [needed] load reduction [for an alternative] are far in excess of what might be expected from a targeted load management and conservation alternative.”²¹

The elements of Minn. Stat. § 216B.243, Subd. 3(7) – support for “policies, rules, and regulations of other state and federal agencies” – are also addressed by the Project. Related to environmental benefits discussed above, added development of renewable generation will help Minnesota meet state renewable standards of Minnesota and its neighboring states.²² Also, the planning process followed by MISO is one mandated by FERC in order to “provide[] an open and transparent regional planning process that recommends transmission expansions that are

¹⁹ MISO-1 at 25 (Zhou Direct), Doc. No.=20189-146240-01. Updates to the MISO benefit-cost evaluation, based on MTEP 17 and MTEP 18 assumptions, is contained in testimony by Applicant witness Siebenaler. XC-24 at 19-29 (Siebenaler Direct), Doc. No.=20189-146251-05.

²⁰ MISO-1 at 15 (Zhou Direct) (“effects of demand response resources on transmission benefits”), Doc. No.=20189-146240-01.

²¹ DER-5 at 25 (Rakow Direct), Doc. No.=201811-147664-04. DOC-DER witness Landi discusses the evaluation of alternatives to address the congestion issue. DER-3 at 25 (Landi Direct), Doc. No.=201811-147664-03. Mr. Landi concludes that “Applicants . . . demonstrated that the proposed Project is the best choice available to the Applicants to address the congestion issued identified by MISO.” *Id.* at 20.

²² CEOS-1 at 2 (Goggin Direct), Doc. No.=20189-146255-02.

reported in the MTEP.”²³ Approval of the Project supports both state and federal policies, rules, and regulations.

The record reveals “benefits of enhanced regional reliability, access, [and] deliverability . . . that improve the robustness of the transmission system or lower costs for electric consumers in Minnesota,” as stated in Minn. Stat. § 216B.243, Subd. 3(9). MISO witness Zhou’s testimony describes the purpose served by the MISO planning process.²⁴

In order to develop a robust transmission plan under a wide variety of economic and policy conditions, MCPS [Market Congestion Planning Study] utilizes a scenario based analysis, that serve[s] as the basis for transmission evaluation. Stakeholders from each MISO member sector, including state regulatory authorities, public consumer advocates, environmental representatives, end use customers, and independent power producers, among others, are engaged to develop a wide range of “Future Scenarios” that are guided by assessments of possible future state and federal energy policy decisions.

The Project was recommended by the MISO staff and approved by the MISO Board based on economic benefits,²⁵ and will have its costs regionally shared as a result.²⁶ The end result from such an effort to reduce transmission costs should lower the cost of electricity to Minnesota electric customers compared to the scenario where the Project is not constructed.

Other testimony is broadly consistent with that presented by MISO. An overview of the Clean Energy position was stated by Clean Energy witness Goggin:²⁷

The Project—and the new wind and solar resources accessed by it—will lower the cost of electricity for Minnesota consumers, will improve the competitiveness of the region’s electricity market, will enhance

²³ MISO-1 at 5-6 (Zhou Direct)(referring to the “planning principles outlined in FERC Order No. 890 and reinforced in FERC Order 1000”), Doc. No.=20189-146240-01.

²⁴ *Id.* at 9-10.

²⁵ MISO-1 at 21 (Zhou Direct), Doc. No.=20189-146240-01.

²⁶ DER-1 at 6-7 (Johnson Direct) Doc. No.=201811-147664-02.

²⁷ CEOS-1 at 1-2 (Goggin Direct), Doc. No.=20189-146255-02.

environmental quality and public health in Minnesota, and will improve the robustness of the transmission system so the state and region can reliably and affordably meet their electricity needs and state renewable energy standards.

Testimony by Clean Energy witness Goggin recognized that the Project resolves a multitude of situations faced by Minnesota and the surrounding region in a manner that cannot be resolved by alternatives.²⁸

V. CONCLUSION

MISO respectfully requests that the Commission grant a Certificate of Need to the Applicants and issue an order that authorizes or directs construction of the Project. The timely construction of the Project is important to the ability of the transmission system in Minnesota to efficiently deliver reliable service.

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Respectfully submitted,

THE MIDCONTINENT INDEPENDENT
SYSTEM OPERATOR, INC.

By: /s/ Jeffrey L. Small
Jeffrey L. Small
701 City Center Drive
Carmel, Indiana 46082
Telephone: (317) 249-5248
Facsimile: (317) 249-5912
jsmall@misoenergy.org

Kari Valley
2985 Ames Crossing Road
Eagan, Minnesota 55121
Telephone: (651) 632-8474
kvalley@misoenergy.org

²⁸ *Id.* at 6-7.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Post-Hearing Brief of the Midcontinent Independent System Operator, Inc. was served upon all parties to the case and upon the Commission this 22nd day of March, 2019.

/s/ JoAnna Joachim
JoAnna Joachim, MISO

Member Name	Email	Company Name	Address	Delivery Method	View Trade Secret
<input type="checkbox"/> Lisa Agrimonti	lagrimonti@fredlaw.com	Fredrikson & Byron, P.A.	200 South Sixth Street Suite 4000 Minneapolis, MN 55402	Electronic Service	No
<input type="checkbox"/> Mara Ascheman	mara.k.ascheman@xcelenergy.com	Xcel Energy	414 Nicollet Mall Fl 5 Minneapolis, MN 55401	Electronic Service	No
<input type="checkbox"/> Sarah Beimers	sarah.beimers@state.mn.us	Department of Administration - State Historic Preservation Office	50 Sherburne Avenue Suite 203 St. Paul, MN 55155	Electronic Service	No
<input type="checkbox"/> Charley Bruce	Charley.Bruce@state.mn.us	Public Utilities Commission	121 East 7th Place Suite 350 St. Paul, MN 55117	Electronic Service	No
<input type="checkbox"/> Omar Bustami	obustami@jsslaw.com	Jennings, Strouss & Salmon, PLC	1350 I St. NW Suite 810 Washington, DC 20003	Electronic Service	No
<input type="checkbox"/> PUC CAO	consumer.puc@state.mn.us	Public Utilities Commission	Consumer Affairs Office 121 7th Place E Suite 350 St. Paul, MN 55101	Electronic Service	No
<input type="checkbox"/> Barbara Case	barbara.case@state.mn.us	Office of Administrative Hearings	600 N. Robert St. St. Paul, Mn. 55101	Electronic Service	No
<input type="checkbox"/> Patricia DeBleeckere	tricia.debleeckere@state.mn.us	Public Utilities Commission	Suite 350 121 Seventh Place East St. Paul, MN 55101	Electronic Service	No
<input type="checkbox"/> Sharon Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No
<input type="checkbox"/> William Flynn	flynnw@ballardspahr.com	Ballard Spahr, LLP	80 South 8th Street Minneapolis, MN 55402	Electronic Service	No
<input type="checkbox"/> Larry Hartman	Larry.Hartman@state.mn.us	Department of Commerce	85 7th Place East, Suite 280 St. Paul, MN 55101	Electronic Service	No
<input type="checkbox"/> Valerie Herring	vherring@briggs.com	Briggs and Morgan, P.A.	2200 IDS Center 80 S. Eighth Street Minneapolis, MN 55402	Electronic Service	No
<input type="checkbox"/> Katherine Hinderlie	katherine.hinderlie@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota St Suite 1800 St. Paul, MN 55101-2134	Electronic Service	No
<input type="checkbox"/> Linda Jensen	linda.s.jensen@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota Street St. Paul, MN 551012134	Electronic Service	No
<input type="checkbox"/> Patrice Jensen	patrice.jensen@state.mn.us	MN Pollution Control Agency	520 Lafayette Rd N St. Paul, MN 55155	Electronic Service	No
<input type="checkbox"/> Richard Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No
<input type="checkbox"/> STACY KOTCH EGSTAD	Stacy.Kotch@state.mn.us	MINNESOTA DEPARTMENT OF TRANSPORTATION	395 John Ireland Blvd. St. Paul, MN 55155	Electronic Service	No
<input type="checkbox"/> Ray Kirsch	Raymond.Kirsch@state.mn.us	Department of Commerce	85 7th Place E Ste 500 St. Paul, MN 55101	Electronic Service	No
<input type="checkbox"/> Karen Kromar	karen.kromar@state.mn.us	MN Pollution Control Agency	520 Lafayette Rd Saint Paul, MN 55155	Electronic Service	No
<input type="checkbox"/> Peter Madsen	peter.madsen@ag.state.mn.us	Office of the Attorney General-DOC	Bremer Tower, Suite 1800 445 Minnesota Street St. Paul, Minnesota 551017741	Electronic Service	No
<input type="checkbox"/> Susan Medhaug	Susan.medhaug@state.mn.us	Department of Commerce	Suite 280, 85 Seventh Place East St. Paul, MN 551012198	Electronic Service	No
<input type="checkbox"/> Brian Meloy	brian.meloy@stinson.com	Stinson, Leonard, Street LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No
<input type="checkbox"/> Kevin Mixon	kevin.mixon@state.mn.us	Department of Natural Resources	261 HWY 15 S New Ulm, MN 56073	Electronic Service	No
<input type="checkbox"/> Debra Moynihan	debra.moynihan@state.mn.us	MN Department of Transportation	395 John Ireland Blvd MS 620 St. Paul, MN 55155-1899	Electronic Service	No
<input type="checkbox"/> Kate O'Connell	kate.oconnell@state.mn.us	Department of Commerce	Suite 50085 Seventh Place East St. Paul, MN 551012198	Electronic Service	No
<input type="checkbox"/> Debra Roby	droby@jsslaw.com	Jennings Strouss & Salmon, PLC	1350 I Street NW Suite 810 Washington, DC 20005	Electronic Service	No
<input type="checkbox"/> Stephan Roos	stephan.roos@state.mn.us	MN Department of Agriculture	625 Robert St N Saint Paul, MN 55155-2538	Electronic Service	No
<input type="checkbox"/> Janet Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	7400 Lyndale Ave S Ste 190 Richfield, MN 55423	Electronic Service	No

<input type="checkbox"/>	Jeffrey Small	jsmall@misoenergy.org		MISO P.O. Box 4202 Carmel, Indiana 46082-4202	Electronic Service	No
<input type="checkbox"/>	Lynnette Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No
<input type="checkbox"/>	Kari Valley	kvalley@misoenergy.org	Mid-Continent Independent System Operator	2935 Ames Crossing Road Eagan, MN 55121	Electronic Service	No
<input type="checkbox"/>	Amelia Vohs	avohs@mncenter.org	Minnesota Center for Environmental Advocacy	1919 University Avenue West Suite 515 St. Paul, Minnesota 55104	Electronic Service	No
<input type="checkbox"/>	Caren Warner	caren.warner@state.mn.us	Department of Commerce	85 7th Place East Suite 500 St. Paul, MN 55101-2198	Electronic Service	No
<input type="checkbox"/>	Cynthia Warzecha	cynthia.warzecha@state.mn.us	Minnesota Department of Natural Resources	500 Lafayette Road Box 25 St. Paul, Minnesota 55155-4040	Electronic Service	No
<input type="checkbox"/>	Kathryn E. Wendt	wendtk@ballardspahr.com	Ballard Spahr, LLP	80 South Eighth St Minneapolis, MN 55402	Electronic Service	No
<input type="checkbox"/>	Daniel P. Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No