

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, MN 55101

June 11, 2019

RE: Docket No. E002/PA-18-702 Xcel Energy Request to Acquire Mankato Energy Center

Dear Mr. Wolf:

The City of Minneapolis (Minneapolis) appreciates the opportunity to participate in this proceeding regarding Xcel Energy's (Xcel or the Company) request for approval to acquire Mankato Energy Center. The acquisition represents a major commitment by the Company and its customers and must be carefully evaluated in terms of how well it aligns with State goals and the public interest.

Minneapolis has reviewed the filings related to the agreement reached by the Company with other stakeholders under this docket. While we appreciate some of the commitments by Xcel to invest in more solar and energy efficiency and to retire its remaining two coal plants in Minnesota earlier than scheduled, these terms largely align with decisions the Company would likely have made for business or compliance reasons.¹ Therefore, we focus our remaining comments on the gas plant acquisition as a standalone proposal as originally filed.

For reasons highlighted in our initial *Comments*, Minneapolis believes the proposed acquisition of Mankato Energy Center plant presents several risks to Xcel's Minnesota customers. Notably, the 30+ year financial commitment associated with the MEC acquisition crosses into the realm of unknown future technology, policy, and market opportunities.

To illustrate this point, consider how energy market, policies, and technologies have changed in the previous 30 years since 1989 compared to today. It is reasonable to assume that advancements in these areas will continue to evolve in the next 30 years through 2050. In fact, these changes will likely occur significantly faster than the previous 30 years.

Further, an acquisition of MEC does not advance grid modernization efforts and climate solutions that the energy industry, the public, and policy makers aspire to. The State's goal to cost effectively reduce greenhouse gas emissions,² the time is now to strategically invest in renewables and programs that improve load management and grid flexibility. Ownership of MEC will make it more difficult to act promptly to deploy these solutions. Future economic analyses for renewable procurement would actually discourage investment in renewables in a scenario where Xcel owns MEC by showing less or no capacity need.

¹ Including evolving market conditions associated with coal-fired power relative to wind and solar the State's solar goal, Minn. Stat. § 216B.1691.

For these reasons, among others cited in our initial *Comments*, Minneapolis continues to assert that the MEC acquisition is not prudent when weighed against unknown opportunity costs. We again recommend that the Commission deny the request.

If the Commission is not prepared to deny the acquisition based on the existing record and other factors, Minneapolis recommends moving the petition to the pending Integrated Resource Plan where the proposed acquisition can be evaluated in the context of a comprehensive planning process.

The City supports the letter filed by Citizens Utility Board requesting that Sierra Club's *Comments* be preserved and considered as part of the record. While we respect Sierra Club's right to withdraw its recommendation to deny the petition, their initial *Comments* offered valuable data that should remain part of the record.

The City appreciates the ability to review and offer input into the Company's proposed acquisition of MEC.

Respectfully submitted,

A handwritten signature in black ink that reads "K. W. Havey". The signature is written in a cursive style with a long, sweeping underline.

Kim W. Havey
Director
Division of Sustainability