



March 17, 2020

VIA ELECTRONIC FILING

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

Re: Dockets E-002/M-19-666 In the Matter of Xcel Energy's Integrated Distribution Plan and Advanced Grid Intelligence and Security Certification Request

Dear Mr. Seuffert,

Clean Energy Economy Minnesota (CEEM) respectfully submits these comments In the Matter of Xcel Energy's Integrated Distribution Plan and Advanced Grid Intelligence and Security Certification Request. Our mission at CEEM is to provide educational leadership, collaboration, and policy analysis that accelerates clean energy market growth and smart energy policies. We work to support and expand clean energy jobs and the economic opportunities provided by clean, reliable, and affordable energy on behalf of all Minnesotans.

Please feel free to contact us with any questions that you may have. We hope that the comments below provide you with useful insights.

Regards,

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State of Minnesota
Before the
Minnesota Public Utilities Commission

In the Matter of Xcel Energy's Integrated
Distribution Plan and Advanced Grid Intelligence
and Security Certification Request

Docket E002/M-19-666

COMMENTS

Introduction

Clean Energy Economy Minnesota (CEEM) appreciates the opportunity to provide these comments in response to the Minnesota Public Utilities Commission's (hereafter PUC or Commission) Notice of Comment Period on Xcel Energy's (hereafter the Company) Integrated Distribution Plan (IDP) and Advanced Grid Intelligence and Security (AGIS) Certification Request (December 31, 2019).

CEEM is a non-partisan, industry-led 501(c)(3) nonprofit representing the business case for clean energy in Minnesota. CEEM provides a unified voice for clean energy business across the state. Our mission is to provide educational leadership, collaboration, and policy analysis that accelerates clean energy market growth and smart energy policies CEEM works to support and expand clean energy jobs and the economic opportunities provided by clean, reliable, and affordable energy on behalf of all Minnesotans. We are focused on sharing the stories and perspectives of clean energy businesses and employees. We are committed to working across industries and political divides to support a prosperous economy for Minnesotans.

CEEM is fueled by support of our member businesses, partners, and individuals working across Minnesota's sustainable energy economy. CEEM's members and partners represent a wide array of businesses providing and seeking energy solutions, and across energy technologies and business models. CEEM staff has significant experience in participating in regulatory reform, grid modernization, and "utility of the future" discussions and regulatory proceedings as well as educating state utility regulatory professionals across the country.

Background

The Minnesota PUC is viewed as a national leader in distribution planning. The Commission identified objectives and considered the capabilities of clean energy technologies in meeting those objectives. We commend the Commission's efforts in continuing to create comprehensive and coordinated IDP processes for Minnesota's regulated utilities. We are encouraged by this leadership, guided by sound principles and planning objectives, including to:

- Maintain and enhance the safety, security, reliability, and resilience of the electricity grid, at fair and reasonable costs, consistent with the state's energy policies;
- Enable greater customer engagement, empowerment, and options for energy services;
- Move toward the creation of efficient, cost-effective, accessible grid platforms for new products, new services, and opportunities for adoption of new distributed technologies; and,

- Ensure optimized utilization of electricity grid assets and resources to minimize total system costs.
- Provide the Commission with the information necessary to understand short-term and long-term distribution system plans, the costs and benefits of specific investments, and a comprehensive analysis of ratepayer cost and value.¹

The Commission's August 31, 2018 Order and subsequent July 16, 2019 Order outlined filing requirements for the Company's IDP. Those requirements include baseline distribution system and financial data, preliminary hosting capacity data, distributed energy resource scenario analysis, long-term distribution system modernization and infrastructure investment plan, and a non-wires (non-traditional) alternatives analysis.⁽¹⁾ The Company held stakeholder workshops throughout 2019 in preparation for the current IDP filing. CEEM actively participated in multiple workshops. We appreciated the Company's staff's sincere engagement and willingness to work with and learn with stakeholders.

Distribution system planning will continue to evolve as changes in policy, markets, and technologies influence the design of modern grids across Minnesota. Utility customers will benefit from this evolution, including increasing customer enrollment in utility programs designed to meet a variety of customer objectives, and adoption of distributed energy resources.² Minnesota continues to lead discussions about system evolutions and changes, establishing nation-leading regulatory practices, from discussions of Grid Modernization (2015-16) and the development of filing new requirements for IDP processes for the state's regulated utilities. We commend the Commission and stakeholders for their collective efforts, and CEEM greatly appreciates the opportunity to participate in this proceeding.

Comments and Review of Xcel Energy's 2019 IDP

In its Notice of Comment Period, the Commission offered the following topic(s) open for comment:

1. Should the Commission accept or reject Xcel Energy's Integrated Distribution Plan (IDP)?
2. Does the IDP filed by Xcel Energy achieve the planning objectives outlined in the filing requirements as amended by the Commission's July 16, 2019 Order?
3. What IDP filing requirements provide the most value to the process, and why?
4. Are there filing requirements that are not informative and/or should be deleted or modified, and why?
5. Should the Commission accept Xcel Energy's request to file the next IDP no later than November 1, 2021? Should the Commission move from an annual to biennial IDP filing for the Company going forward?
6. Are there other issues or concerns related to this matter?

In addition, the Commission seeks stakeholder concerns related to specific certification requests made by the Company:

¹ MN PUC ORDER APPROVING INTEGRATED DISTRIBUTION PLANNING FILING REQUIREMENTS FOR XCEL ENERGY (August 30, 2018), Docket. No. E-002/CI-18-251; additional requirements from ORDER ACCEPTING [Xcel Energy's 2018] REPORT, AND AMENDING REQUIREMENTS (July 16, 2019), Docket No. E-002/CI-18-251

² We define DER broadly to include energy efficiency, demand response, distributed generation of all types, energy storage, electric vehicles and microgrids.

7. Should the Commission approve, modify, or deny certification of the following investments which are components of Xcel Energy's Advanced Grid Intelligence and Security (AGIS) Initiative at this time: a. Advanced Metering Infrastructure (AMI) b. Field Area Network (FAN) c. Fault Location, Isolation, and Service Restoration (FLISR) d. Integrated Volt-Var Optimization (IVVO)
8. Should the Commission certify the Advanced Distribution Planning Tool (APT) at this time?
9. What, if anything, should the Commission set as conditions or clarify if granting certification of these distribution projects?
10. What should the Commission consider or address related to realizing benefits of each of the investments in the Company's AGIS Initiative for ratepayers?
11. At the stage of certification, what consideration should the Commission give to subsequent cost recovery, via either the Transmission Cost Recovery rider or general rate case, for each of the AGIS investments?
12. Are there any other issues or concerns related to this matter?

We respond directly to the first six questions directly, then broadly discuss the Company's certification request. In total, the Company's IDP filing is a strong effort that facilitates stakeholder dialogue. We note that certain areas, such as customer programs, distributed energy resources, and non-wires alternatives analysis will continue to improve in future filings. While CEEM is neutral on the question of certification, the Company's request raises concerns about policy and process.

1. Should the Commission accept or reject Xcel Energy's Integrated Distribution Plan (IDP)?

The Commission should accept the Company's 2019 Integrated Distribution Plan. The Company's 2019 IDP represents a solid foundation for facilitating stakeholder dialogue related to grid modernization. The Company provides an accessible narrative and extensive thought process to engage stakeholders and the Commission as the company invests in grid modernization technologies. Stakeholders, utilities, and the Commission are in a unique position with early IDP filings under the new filing requirements to create a learning process. For example, the Commission may choose to provide guidance to the Company and stakeholders on expectations for desired changes and/or expected improvements for future IDP filings. CEEM offers some of our perspective on future improvements within these comments.

In total, the Company's IDP filing combined with the company's efforts to engage with stakeholders represent a solid starting point. We recommend that the Commission approve the IDP and utilize the outputs from the plans to inform related Commission processes and proceedings.³ We suggest that the plan approval should not constitute any formal finding of prudence, nor any pre-approval commitment.⁴

³ For example, as noted in Minnesota Power's IDP filing requirements, this effort should directly connect with other planning, including integrated resource plans and planned modifications to existing process to improve coordination and integration between the two plans

⁴ Pre-approval of an action, such as "approving" a distribution system plan, assumes the appropriateness of costs may be determined later. This embeds risk that approval of plans implies spending, in some cases. Regulatory approval should be thoughtfully crafted and clear. See Hempling, S., & Strauss, S. H. (2008). Pre-Approval Commitments: When and under What Conditions Should Regulators Commit Ratepayer Dollars to Utility-Proposed Capital Projects.

2. Does the IDP filed by Xcel Energy achieve the planning objectives outlined in the filing requirements as amended by the Commission's July 16, 2019 Order¹?

IDPs should discuss both a philosophy and method toward grid modernization. We would point to the Commission's definition of grid modernization:

"A modernized grid assures continued safe, reliable, and resilient utility network operations, and enables Minnesota to meet its energy policy goals, including the integration of variable renewable electricity sources and distributed energy resources. An integrated, modern grid provides for greater system efficiency and greater utilization of grid assets, enables the development of new products and services, provides customers with necessary information and tools to enable their energy choices, and supports a standards-based and interoperable utility network."⁵

As we noted, the Company's filing provides a solid foundation for activities and decisions the company is considering related to grid modernization.

Enabling customers' experiences should be part of IDP short-term objectives, with clear plans to enable or develop customer programs. The Company notes its customer strategy is informed by customer expectations. Those expectations will then frame the types of capabilities, technologies, and program management strategies the Company will implement.⁶ In describing the "Customer Value Through Lifecycle"⁷ the Company outlines of enabled experiences through an Advanced Grid Intelligence and Security (AGIS) Initiative, alongside customer value and business value propositions. Much of the Company's focus is shifting from a basic service to more specific experiences to meet customer needs. Those customer needs may include demand-side management, renewable energy, specialized rate designs, and non-energy services.

Use of customer energy data directly advances customer engagement and choice. Customers need information to help the Company to lead the clean energy transition, provide feedback on customer experiences, and act on their own or in concert with the Company and/or third parties to keep their bills low. The Company's commitment to encouraging customer access to data via Green Button standards, including Green Button Connect is noteworthy.⁸ Data access should be timely, actionable, and enable the customers to self-manage or engage third-parties to meet their energy usage objectives. Many utilities have ensured energy data is shared with authorization in line with responsible data practices and within appropriate technical requirements.

We are encouraged to see a timeline with potential for near-term customer benefits.⁹ The current filing does lack some detail on customer-facing programs beyond pilots. While this is understandable, and some are industry-leading pilots, future filings should note more specificity in program offerings.

⁵ Minnesota Public Utilities Commission Staff Report on Grid Modernization. March 2016.
<https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPoup&documentId={E04F7495-01E6-49EA-965E-21E8F0DD2D2A}&documentTitle=20163-119406-01>

⁶ IDP filing, pp. 8-10

⁷ Ibid, see Figure 3, pg. 9

⁸ As outlined in testimony of Michael Gersack

⁹ See Attachment M1, pg. 273

DER adoption forecasts will and must become more refined than the current filing. This statement applies to all utilities filing IDPs, and we understand that methodologies to forecast DER adoption are still being developed. The IDP's DER discussion provides a solid starting point for stakeholder input, and the Company's approach provides transparency in how the Company approaches scenarios. The Company develops DER scenarios based on several factors that should also be part of other utilities' IDPs.

We look forward to the future enhanced DER forecasting capabilities the Company indicated it is prioritizing. The Company should also evolve scenario planning to optimize rate designs to attract appropriate investment where a given DER provides system value. Responses to those rates should, in turn, impact adoption scenarios.

Non-wires alternatives (NWA) will receive more examination in future filings. The current filing presents a solid examination of how the Company may consider NWAs going forward. The Company provides various options the Company may pursue in NWA's and notes the benefits and potential for a variety of technologies. The NWA workshop in April 2019 began a strong stakeholder dialogue on the topic. The Company also provides clear examples of projects and problem statements for gathering solutions. This discussion provides a good example for utility IDP filings going forward. We will later discuss overall concerns with NWA frameworks going forward (see response to question 6).

The cost and benefit frameworks remain somewhat nascent - a concern stakeholders raised in the inaugural filing. This topic received considerable attention in stakeholder workshops prior to the November 1, 2019 filing. In describing grid modernization categories, the Company does provide some cost/benefit considerations. Company testimony does note some cost and benefits of AGIS initiative investments in direct testimony.¹⁰ For future IDPs, cost-benefit analysis will play a critical role in transparent IDP discussions and decision-making. Cost and benefit discussions should illuminate the value of investments toward a modern grid and the Commission's expectations. A simple comparison of costs of new investments to traditional investments (e.g. net cost differences) fails to show an overarching evaluation philosophy necessary in planning. Plans should provide stakeholders and the Commission with more explicit information on cost-benefit conceptualization, methodologies and/or calculations.

Lastly, we encourage the Company to continue to provide more detail and updates for its vision in future filings. The current filing represents a significant step forward in this area, and is indeed a national-leading vision for distribution system planning and grid modernization. We look forward to the Company refining its vision in future IDP proceedings.

3. What IDP filing requirements provide the most value to the process and why?

In a broad sense, CEEM thinks that IDPs should improve discussion of costs and benefits of potential system designs and associated investments. Further, the Commission, the Department of Commerce, and stakeholders can work with utilities to provide cost-benefit quantification and analysis related to important policy outcomes. Also, other states and industry players are considering cost-benefit

¹⁰ Direct Testimony of Company Witnesses Dr. Ravikrishna Duggirala, Michael Gersack

frameworks. For example, E4TheFuture, published the National Standard Practice Manual (NSPM)¹¹ in 2017, which provides a framework to evaluate energy efficiency resources. A National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources is expected in 2020.¹² Further, the National Association of Regulatory Utility Commissioners and National Association of State Energy Officers formed a task force to develop new approaches to better align planning processes in 2018.¹³ This and similar efforts are working to provide guidance for state regulators and policymakers to develop and implement tests that are consistent with sound principles, while providing flexibility to ensure appropriate application to each state's distinct needs and interests.

We encourage the Commission to continue to refine expectations related to NWA assessment for future IDPs. The non-wires alternatives discussion warrants examination across all utilities. The proliferation of DERs across the US is providing new options for grid operators to replace infrastructure. NWAs are often chosen to replace or defer replacement of upgrades. The definitions of NWAs vary, as do regulators' expectations of utilities related to NWAs. Noting what may be ambiguity in what assessment of NWAs means, we encourage stakeholders and the Commission to monitor trends and continue to refine NWA approaches. For example, Navigant Research has a Non-Wires Alternatives Tracker which follows projects across the US.¹⁴

4. Are there filing requirements that are not informative and/or should be deleted or modified, and why?

This question will be answered as stakeholders gain further experience with IDP processes. The filing requirements will warrant review and revision, but subsequent experience is needed before suggesting removal of any filing requirements.

5. Should the Commission accept Xcel Energy's request to file the next IDP no later than November 1, 2021? Should the Commission move from an annual to biennial IDP filing for the Company going forward?

Given the complexity of filings, and given improved stakeholder experience with IDP filings, a biennial filing is worth considering. However, certain aspects of this filing may change quite quickly. For example, hosting capacity analysis is critical and highly dynamic. As new interconnection standards practices are put in place, it will be important to bring experiences into IDP discussions on a more continual basis.

6. Are there other issues or concerns related to this matter?

We encourage the Commission to consider not only compliance with filing requirements, but other outcomes of IDP processes. There are opportunities to highlight where clean energy delivers significant

¹¹ National Energy Efficiency Screening Project (NESP) (2017). The National Standard Practice Manual for Assessing Cost-Effectiveness of Energy Efficiency Resources. <https://nationalefficiencyscreening.org/national-standard-practice-manual/>

¹² Project overview from December 2019 currently available - <https://nationalefficiencyscreening.org/wp-content/uploads/2019/06/NSPM-for-DERs.pdf>

¹³ NARUC and NASEO Establish New Joint Task Force on Comprehensive Electricity Planning (November 13, 2018). <https://www.naruc.org/about-naruc/press-releases/naruc-and-naseo-establish-new-joint-task-force-on-comprehensive-electricity-planning/>

¹⁴ Navigant Research (2019) Non-Wires Alternatives Tracker 3Q19. <https://www.navigantresearch.com/reports/non-wires-alternatives-tracker-3q19> Accessed 1/9/2020

public benefits, to focus on customer empowerment alongside operational expertise, and to create communities of practice around a modern grid.

The Commission could help to clarify what approval of an IDP means in terms of impacts on and connections with other relevant regulatory proceedings. Should stakeholders be considering what relation utility IDPs have or will have to more formal dockets, such as rate cases, future certification requests from utilities, and other processes? This is a concern CEEM raised in previous IDP discussion.¹⁵ In Michigan, for example, the Public Service Commission used distribution system plans to gather additional input from regulated utilities, consider how plans can inform ratemaking and other regulatory processes, and to consider the role of performance-based metrics.¹⁶

It is important to prioritize efforts to identify where clean energy delivers the most public benefits. Planning for a future includes concerns for equitable deployment of energy infrastructure. Performing hosting capacity analysis and DER forecasts should also identify potential deployment scenarios that would deliver benefits to disadvantaged, vulnerable and low-income communities. The clean energy transition should create opportunities across the state and across territories of regulated public utilities.

It is vital to focus simultaneously on customer opportunities and operational excellence. While we agree with a gradual approach to grid modernization, we must consider when direct customer empowerment is prioritized in system planning.

The Commission should revisit policy related to non-wires alternatives prior to the next IDP filing. The specific framework put forward raises questions about how NWA solutions are framed. In a sense, the term non-wires alternatives conceptualize right-sizing investments considering technological advancements, as contrasted to traditional and often more costly utility planning approaches. However, the underlying goal is to prudently plan towards allocation of resources to the system. Identifying specific definitions of NWA runs a risk of changing a broad policy concept (systems view) to a limited sense of responsibility in system planning towards marginal projects (discreet requirement). In era of increasing options for solving system problems, the definition of NWA (vs. concept) may be lost in the need to identify a “requirement” rather than a “new way of thinking” for system planning. Still, the Company’s responsiveness to NWA requirements was well-designed and well-communicated to stakeholders prior to the current filing.

The Commission may choose to consider the appropriate roles for utilities and third-party providers in a modern grid. Policymakers and regulators will want to strike a balance that addresses the needs of customers, a vibrant third-party market, utilities, and other stakeholders. The Company’s proposal speaks to some enabling of third-party actions and some indication of partnership with third parties for Company offerings. However, it is not yet clear which services should be traditional monopoly services and which services may be competitive. Policy debates vary across industry on what value-added electricity services may be addressed by utilities and/or third parties. For example, in the Future Electric Utility Regulation Report Series, funded by the Department of Energy *Value-Added Electricity Services*:

¹⁵ Comments of Clean Energy Economy Minnesota to Minnesota PUC - Docket E002/CI-18-251 In the Matter of the Distribution System Planning for Xcel Energy – February 20, 2019 at pg. 3 ([LINK](#))

¹⁶ 9 Michigan Public Service Commission. Order of April 18, 2018 Case No. U-18383 – In the matter on the Commission’s own motion to implement the provisions of Sections 173 and 183(1) of 2016 PA 342, and Section 6a(14) of 2016 PA 341.1 ([LINK](#))

New Roles for Utilities and Third-Party Providers,¹⁷ the authors offered perspectives on policy and regulatory changes needed in light of value-added services that modern grids enable (Table 1).

The current filing implicates many of these perspectives and policy debates. The mix of these perspectives directly relates to the Commission's grid modernization objectives, and principals and planning objectives. For example, should value-added services be readily available via a third-party market, a utility may be able to recover costs of enabling those services (e.g. a platform); however, it may not be appropriate to discuss programs in a context of system planning, as those value-added services may be competitive services and not subject to system planning considerations.

Table 1: Summary of Perspectives:

***Value-Added Electricity Services: New Roles for Utilities and Third-Party Providers (2017)*¹⁸**
Lawrence Berkeley National Laboratory/

Utilities (Institute for Electric Innovation/Edison Electric Institute)	• Rules to facilitate third-party engagement and a level playing field for all providers • Accurate and transparent price signals that separately price three distinct services: (1) energy grid, (2) electricity supply and (3) value-added services • Ensure consumers access to value-added services, set a performance floor, reinforce consumer protections, promote innovation and minimize barriers to entry for providers
Third-party service providers (Advanced Energy Economy)	• Rules to maintain strong competition to spur innovation • Financial incentives for utilities to facilitate collaboration with third-party providers and to give utilities more options for revenue and earnings as they evolve away from a traditional business model based largely on capital investment • Pricing for any value-added services offered by regulated utilities should account for use of resources that customers pay for under basic service, and ensure the utility does not subsidize value-added services or earn outsized profits on them
Consumers (National Association of State Utility Consumer Advocates)	• Marketing flexibility or other allowances for utilities to help keep consumers connected to the grid and contributing to fixed costs • Strong, transparent codes of conduct and transaction rules for nonregulated utility affiliates • Third-party access to consumer data, with privacy protections • Consumer protections for new offerings, including the prohibition of unfair, false, misleading or deceptive advertising or marketing practices. • Uniform industry standards for the marketplace which promote equitable treatment and safety of consumers • Effective and fair competition for services whenever applicable¹⁹

Further, the nature of services should be associated with desired utility performance. Provision of services by the utility or third parties should be associated with classifications established in the

¹⁷ Blansfield, J., Wood, L., Katofsky, R., Stafford, B., Waggoner, D., & Schwartz, L. C. (2017). Value-added electricity services: New roles for utilities and third-party providers. https://eta-publications.lbl.gov/sites/default/files/feur_9_value-added_electricity_services_20171029_fin.pdf

¹⁸ Ibid

https://eta-publications.lbl.gov/sites/default/files/feur_9_value-added_electricity_services_20171029_fin.pdf

¹⁹ Ibid, pg. 2

performance metrics development.²⁰ Alongside IDP investments aligning with broad objectives set forth in the Commission's Grid Modernization efforts, services from the utility should address performance - affordability, reliability, environmental performance, cost effective alignment of generation and load, and other classifications of metrics as developed.

The distributed energy resources discussion will need to evolve to encompass not just the potential for system interconnections (hosting capacity) but also the means of valuation of and compensation possible for DER attributes. Those attributes may vary by technological capabilities, desired system performance, desired third-party investment vis-à-vis utility system investments, and other policy priorities. If distribution systems are to become a platform, rate design and compensation for DER value will be a vital component of IDP. We encourage the Commission to begin considering how DER compensation and/or rates are tied to grid modernization. In 2016, the National Association's *NARUC Manual on Distributed Energy Resources Rate Design and Compensation* was published to assist regulators in identifying issues related to DER, and to assist them in finding jurisdiction-specific solutions to address those issues.²¹ In fact, Commission staff was critical in the development of this manual. Further, the US Department of Energy offers technical assistance to state regulators on a variety of topics, including DER regulatory issues. We encourage the Commission to consider options as expertise around system planning develops within the stakeholder community.

Lastly, we also encourage the Commission to use the IDP process to create communities of practice. It is vital that the stakeholder community, the Commission, and utilities all learn with and from each other as IDP evolves. The IDP can help serve as a basis for stakeholders to cooperate outside of formal processes. The IDP can help facilitate value creation for customers and system operators alike.

AGIS Certification Request

- 7. Should the Commission approve, modify, or deny certification of the following investments which are components of Xcel Energy's Advanced Grid Intelligence and Security (AGIS) Initiative at this time: a. Advanced Metering Infrastructure (AMI) b. Field Area Network (FAN) c. Fault Location, Isolation, and Service Restoration (FLISR) d. Integrated Volt-Var Optimization (IVVO)**
- 8. Should the Commission certify the Advanced Distribution Planning Tool (APT) at this time?**
- 9. What, if anything, should the Commission set as conditions or clarify if granting certification of these distribution projects?**
- 10. What should the Commission consider or address related to realizing benefits of each of the investments in the Company's AGIS Initiative for ratepayers?**
- 11. At the stage of certification, what consideration should the Commission give to subsequent cost recovery, via either the Transmission Cost Recovery rider or general rate case, for each of the AGIS investments?**
- 12. Are there any other issues or concerns related to this matter?**

Connecting certification to the IDP process poses a significant challenge in formalizing decisions. As we noted in this case and in a utility IDP cases, the IDP should be a learning process. Seeking certification in this context give the appearance of a request for a pre-approval commitment. Further, the explicit expenses for fundamental investments are often vetted formally in a rate-related proceeding. The

²⁰ Docket No. E-002/CI-17-401 In the Matter of a Commission Investigation to Identify and Develop Performance Metrics and, Potentially, Incentives for Xcel Energy's Electric Utility Operations.

²¹ <https://www.naruc.org/rate-design/>

Company acknowledges a desire “where certification enables the opportunity for the Company to request recovery of costs in a subsequent rider filing.”²²

The Commission staff also voiced concerns in a December 16, 2019 request:

- a. Please provide additional detail and context on the Company’s belief that the certification request should be considered in a Commission process that resembles a resource acquisition proceeding¹, including which type of resource acquisition process, proposed process steps, and justification for finding the proposed process as the most reasonable.
- b. Provide an update on any stakeholder input or involvement received in development of the proposed deadlines, process steps, and procedural schedule.
- c. Given the 2020 MYRP is to be withdrawn in Docket No. E002/GR-19-5642, what is the Company’s proposed timeline and process for Commission review of the Advanced Grid Intelligence and Security (AGIS) certification request? Please address how the proposal is consistent with Minn. Stat. §216B.2425.

The Company’s December 23, 2019 response lacked sufficient detail to truly evaluate the value of certification. The Company did note some flexibility in the request for certification, noting significant stakeholder feedback is likely necessary to determine a rider or rate consideration outside the multi-year rate plan context. Further, the Company’s March 5, 2020 presentation before the Commission did not provide any additional rationale. This leaves the three questions from staff of December 16, 2019 as not completely addressed.

CEEM is neutral on the certification request, but notes the request poses certain challenges and opportunities. It is important to provide some certainty to the broad vision the Company puts forth in the filing, especially related to fundamental investments. Industry solutions are ready to be implemented, and are critical to ensuring customers get near-term benefits, that clean energy is deployed effectively, and to help keep customer bills low. We understand the concerns expressed by staff, but also understand the Company’s need to provide some certainty on investments in fundamental grid technologies.

CONCLUSION

We applaud the Commission for beginning the important discussion with Minnesota’s utilities and stakeholders through the IDP process. We hope to learn from this filing and inaugural IDP filings from other utilities, and by the Commission’s and utilities’ efforts to engage a broad set of stakeholders. IDP filings will provide more detail on how utilities view grid modernization. We thank the Commission and staff for their continued hard work to make system planning more transparent. Minnesota’s electricity grids deliver essential services to the businesses and citizens of the state. The distribution system infrastructure that delivers electricity will continue to change to adapt to trends related to technology changes, public policy objectives, and market activity.

²² At pg. 20