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May 3, 2013

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Petition for Certificate of Need**
Docket No. E002/CN-12-1240

Dear Dr. Haar:

Attached are the comments of the Minnesota Department of Commerce-Division of Energy Resources (Department) in the following matter:

In the Matter of the Petition by Northern States Power Company d/b/a Xcel Energy to Initiate a Competitive Resource Acquisition Process.

The petitioner is:

James R. Alders
Strategist Consultant
Xcel Energy
414 Nicollet Mall
Minneapolis, Minnesota 55401-1993

The Department recommends **the Commission declare the Application complete upon submission of additional data** and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ STEVE RAKOW
Rates Analyst

SR/ja
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NO. E002/CN-12-1240

I. BACKGROUND

On November 21, 2012, the Minnesota Public Utilities Commission (Commission) issued an order opening a docket to manage the process of selecting additional resources for Northern States Power Company d/b/a Xcel Energy (Xcel or the Company).

On December 21, 2012 Xcel filed the Company's *Compliance—Notice Plan: Competitive Resource Acquisition Process* (Notice Petition). On January 7, 2013 comments on the Notice Petition were filed by the Minnesota Department of Commerce—Division of Energy Resources (Department). On January 30, 2013, the Commission issued its *Order Approving Notice Plan*.

On February 19, 2013 the Xcel Large Industrials filed comments recommending a delay in the due date for resource bids. On March 5, 2013 the Commission issued its *Order Extending Bidding Deadline and Refining Procedural Framework* establishing April 15, 2013 as the due date for resource bids.

On April 15, 2013 resource bids were filed by:

- Geronimo Wind Energy, LLC d/b/a Geronimo Energy (Geronimo);
- Great River Energy (GRE);
- Invenergy Thermal Development LLC (Invenergy);
- Mankato Energy Center, LLC (Calpine); and
- Xcel.

Xcel's bid is referred to in these comments interchangeably as the Petition or resource bid. Below are the comments of the Department regarding the completeness of the resource bids.

II. DEPARTMENT ANALYSIS

A. BACKGROUND

Regarding Xcel's most recent Integrated Resource Plan (IRP), the Commission's March 5, 2013 *Order Approving Plan, Finding Need, Establishing Filing Requirements, and Closing Docket*¹ (IRP Order) at point 2 established Xcel's resource need to be addressed in this proceeding as follows:

The Commission finds that the current resource plan demonstrates Xcel's need for an additional 150 MW in 2017, increasing up to 500 MW in 2019.

At point 3 the IRP Order defined the type of resources that may be proposed:

Participants in Xcel's competitive resource acquisition process, Docket No. E-002/CN-12-1240, *In the Matter of the Petition by Northern States Power Company d/b/a Xcel Energy to Initiate a Competitive Resource Acquisition Process*, may propose a variety of resources to meet Xcel's need, including --

- a. Resources to address all or a portion of the identified need;
- b. Peaking resources, intermediate resources, or a combination of the two; and
- c. Resources that rely on new or existing generators.

The Department evaluated Xcel's Petition for completeness using the full Certificate of Need (CN) application content requirements (Minnesota Rules parts 7849.0240, 7849.0250, and 7849.0270 to 7849.0340) and whether the Petition addressed the needs identified by the Commission in the IRP Order.

The Department evaluated the alternative proposals (GRE, Geronimo, Invenergy, and Calpine) using Minnesota Rules 7849.0250, subparts A and C as a guide to whether sufficient information had been submitted to commence evaluating (modeling) the proposals and whether the proposal addressed the needs identified by the Commission in the IRP Order.

¹ See Docket No. E002/RP-10-825.

B. *COMPLETENESS REVIEW*

1. *Geronimo*

Geronimo's proposal offers up to 100 MW of solar energy at about 30 separate installations, ranging from 2 MW to 10 MW in size. Geronimo included information and data directly addressing Minnesota Rules 7849.0250 and the Strategist template data form. It could be argued that Geronimo's proposal offers neither the peaking resources nor the intermediate resources specified by the Commission's IRP Order. However, given the renewable preferences contained in Minnesota Statutes §§216B.243, subd. 3a and 216B.2422, subd. 4, and Xcel's detailed analysis of a solar alternative, the Department concludes that Geronimo's proposal addresses the needs identified by the Commission and/or Minnesota Statutes and includes sufficient information to begin evaluation of Geronimo's proposal.

2. *GRE*

GRE's proposal offers accredited capacity based on GRE's generation assets. Essentially, GRE offers a capacity-only product. Since GRE's offer is for capacity only and does not include any energy, GRE did not include the Strategist template data form. The Department agrees with GRE that the Strategist template data form is not needed for evaluation of GRE's proposal. In summary, the Department concludes that GRE's proposal addresses the needs identified by the Commission and includes sufficient information to begin evaluation of GRE's proposal.

3. *Invenergy*

Invenergy's proposal offers to construct a new Hampton Energy Center with two combustion turbines and/or to expand the existing Cannon Falls Energy Center with one combustion turbine. The Department concludes that Invenergy's proposal addresses the needs identified by the Commission. However, Invenergy's proposal does not include sufficient information to begin evaluation of Invenergy's proposal. The Department recommends the Commission determine that Invenergy's proposal is complete upon submission of the Strategist template data form available at:

http://www.xcelenergy.com/staticfiles/xcel/Corporate/Corporate%20PDFs/Strategist_Assumption_Template-UnitPPA.pdf

4. *Calpine*

Calpine's proposal offers to expand the existing Mankato Energy Center (MEC). The existing MEC is a 375 MW natural gas-fired, combined-cycle generating facility. The MEC expansion would increase the plant's output by adding 290 megawatts of intermediate combined-cycle capacity and 55 megawatts of peaking capacity. The Department concludes that Calpine's proposal addresses the needs identified by the Commission. However, Calpine's proposal does

not include sufficient information to begin evaluation of Calpine's proposal. The Department recommends the Commission determine that Calpine's proposal is complete upon submission of the Strategist template data form available at:

http://www.xcelenergy.com/staticfiles/xcel/Corporate/Corporate%20PDFs/Strategist_Assumption_Template-UnitPPA.pdf

5. *Xcel*

Xcel's proposal offers three 215 MW combustion turbine generators with in-service dates between 2017 and 2019. The first unit would expand the Company's existing Black Dog generating plant in Burnsville, Minnesota. The second and third units would be located at a new site near Hankinson, North Dakota. The Department reviewed Xcel's proposal for completeness under Minnesota Rules. For this review the Department relied upon Xcel's completeness checklist as provided in Appendix F. The Department concludes that Xcel's proposal addresses the needs identified by the Commission and meets the completeness requirements with the exceptions noted below.

Minnesota Rules 7849.0240, subpart 2 B requires a discussion of the effects of the facility in inducing future development. Minnesota Rules 7849.0340, subparts A and B require detailed information regarding the alternative of no facility. It appears that the information required by these subparts were not included in Xcel's Petition. Therefore, the Department recommends Xcel provide the information listed in Minnesota Rules 7849.0240, subpart 2 B and Minnesota Rules 7849.0340, subparts A and B or clarify where the information is located in Xcel's resource bid.

C. *PROCESS REVIEW*

During the completeness review process the Department also makes a recommendation regarding the proper process to use for the Petition. Generally the Commission can choose one of two methods established in Minnesota Rules 7829.2500, subp. 9 for processing applications for a CN. First, the Petition may be referred to the Office of Administrative Hearings for contested case proceedings to resolve factual disputes. Second, the Commission may evaluate CN requests using the Commission's standard comment process; referred to in Minnesota Rules as an "informal or expedited proceeding." Minnesota Rules 7829.1200 provides three examples for when the Commission's comment process may be used:

- A. there are no material facts in dispute;
- B. the parties and the Commission have agreed to informal or expedited proceedings; or
- C. informal or expedited proceedings are authorized or required by statute.

At this juncture the Department has not identified any disputes as to material facts. However, with multiple alternatives submitted such disputes may develop. Therefore, the Department recommends that the Commission refer the Petition to the Office of Administrative Hearings for a contested case proceeding.

III. DEPARTMENT RECOMMENDATION

The Department recommends that the Commission refer the Petition to the Office of Administrative Hearings for a contested case proceeding. The Department also recommends that the Commission determine that:

- Geronimo's proposal is complete;
- GRE's proposal is complete;
- Invenergy's proposal is complete upon submission of the Strategist template data form;
- Calpine's proposal is complete upon submission of the Strategist template data form; and
- Xcel's proposal is complete upon submission of the data required by Minnesota Rules 7849.0240, subpart 2 B and Minnesota Rules 7849.0340, subparts A and B.

/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
Comments**

Docket No. E002/CN-12-1240

Dated this 3rd of May, 2013

/s/Sharon Ferguson

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