

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger  
Nancy Lange  
Dan Lipschultz  
John A. Tuma  
Betsy Wergin

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of the Petition of Northern States  
Power Company d/b/a Xcel Energy for  
Approval of Competitive Resource Acquisition  
Proposal and Certificate of Need

ISSUE DATE: April 16, 2015

DOCKET NO. E-002/CN-12-1240

In the Matter of a Draft Purchase Power  
Agreement with Geronimo Wind Energy, LLC,  
d/b/a Geronimo Energy, LLC

DOCKET NO. E-002/M-14-788

In the Matter of Draft Purchase Power  
Agreements with Calpine Corporation and  
Invenergy Thermal Development, and Proposed  
Price Terms for Black Dog Unit 6

DOCKET NO. E-002/M-14-789

ORDER DENYING PETITIONS FOR  
RECONSIDERATION, RECONSIDERING  
PRIOR ORDER, AND REVISING PRICE  
TERM

**PROCEDURAL HISTORY**

On May 23, 2014, the Commission issued its Order Directing Xcel to Negotiate Draft Agreements with Selected Parties (May 2014 Order) in Docket No. E-002/CN-12-1240, *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of Competitive Resource Acquisition Proposal and Certificate of Need*. The Commission ordered Northern States Power Company d/b/a Xcel Energy (Xcel) to negotiate finalized terms for four rival proposals:

- A collection of solar-powered generators to be installed at various locations throughout Minnesota with a combined capacity of 100 megawatts (MW), proposed by Geronimo Wind Energy, LLC, d/b/a Geronimo Energy, LLC (Geronimo).
- Mankato Energy Center II, a 345 MW gas-powered generator to be installed in Mankato, proposed by Calpine Corporation (Calpine).
- Cannon Falls II, a 178.5 MW gas-powered generator to be installed in Cannon Falls, proposed by Invenergy Thermal Development, LLC (Invenergy).
- Black Dog Unit 6, a 215 MW gas-powered generator to be installed in Burnsville, proposed by Xcel.

On September 23, 2014, Xcel made a compliance filing setting forth the final terms it had negotiated with the project developers, as well as the final terms for Xcel's own Black Dog Unit 6.

On February 5, 2015, the Commission issued its Order Approving Power Purchase Agreement with Calpine, Approving Power Purchase Agreement with Geronimo, and Approving Price Terms with Xcel.

On February 25, 2015, the Commission received petitions for clarification, reconsideration, or both from the Minnesota Department of Commerce (the Department), Invenergy, Xcel, and collectively from a group of Xcel's large industrial customers.<sup>1</sup>

By March 9, 2015, the Commission had received answers to these petitions from Calpine, the Department, Geronimo, and Xcel; Calpine filed a supplemental answer on March 11.

On April 9, 2015, the Commission met to consider the matter.

## **FINDINGS AND CONCLUSIONS**

### **I. Petitions for Reconsideration Denied**

The Commission has reviewed the entire record and the arguments of the parties. Based upon this review, the Commission finds that the petitions do not raise new issues, do not point to new and relevant evidence, do not expose errors or ambiguities in the February 5, 2015 order, and do not otherwise persuade the Commission that it should rethink the decisions set forth in that order. The Commission concludes that its decision is consistent with the facts, the law, and the public interest, and will therefore deny the petitions for reconsideration.

### **II. Reconsideration on Own Motion**

The Commission will, however, reconsider one aspect of its order to clarify a pricing term. Minn. Stat. § 216B.25 authorizes the Commission to initiate changes to its orders.

In summarizing the terms Xcel offered for its Black Dog Unit 6 proposal, the February 5, 2015 order states as follows:

Xcel states that it would not seek to recover from ratepayers more than the project's actual costs, plus financing costs, even if this proves to be less than the amount of Xcel's bid.<sup>2</sup>

Later in the order the Commission "select[ed] the proposal as a resource that fits Xcel's need and approves the price terms."<sup>3</sup>

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<sup>1</sup> Flint Hills Resources, LP; Gerdau Ameristeel US Inc.; Unimin Corporation; and USG Interiors LLC.

<sup>2</sup> February 5, 2015 order at 17.

While Xcel initially offered such terms, Xcel revised these terms in its September 23, 2014 compliance filing to conform to the Commission’s May 23, 2014 order, which stated, “If a bidder’s actual costs prove to be lower than bid, however, the bidders should retain those savings.”<sup>4</sup> As a result, Xcel’s final bid proposed to recover the full amount of its bid, regardless of how much Xcel might ultimately spend to implement its Black Dog Unit 6 proposal.<sup>5</sup> Regarding finance costs, Xcel proposed to recover only the amount required to finance the actual cost to build Black Dog Unit 6 – but under no circumstances more than the amount to finance its bid costs.<sup>6</sup>

In selecting and approving Xcel’s Black Dog Unit 6 proposal, the Commission intended to approve the pricing terms set forth in Xcel’s final proposal, which the Department had found to be reasonable.<sup>7</sup> The Commission hereby clarifies that intention.

### **ORDER**

1. The parties’ petitions for reconsideration are denied.
2. Under Minn. Stat. § 216B.25, the Commission clarifies that in selecting Xcel’s Black Dog Unit 6 proposal as a resource that fits Xcel’s need, the Commission approved the price terms set forth in Xcel’s compliance filing of September 23, 2014.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION



*Jamet P. Homgaley for*

Daniel P. Wolf  
Executive Secretary

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<sup>3</sup> *Id.* at 23, Ordering Paragraph 3.

<sup>4</sup> Order Directing Xcel to Negotiate Draft Agreements with Selected Parties (May 23, 2014) at 35.

<sup>5</sup> Xcel compliance filing (September 23, 2014) at 18.

<sup>6</sup> *Id.*

<sup>7</sup> Department comments (October 23, 2014) at 24.