

NOTICE OF COMMENT PERIOD ON EITE RATE SCHEDULE

Issued: November 19, 2015

In the Matter of a Petition by Minnesota Power for a Competitive Rate for Energy-Intensive Trade-Exposed (EITE) Customers and an EITE Cost Recovery Rider

PUC Docket Number: E-015/M-15-984

Comment Period: *Initial comment period closes December 21, 2015 at 4:30pm*
Reply comment period closes December 31, 2015 at 4:30pm

Comments must be received by 4:30pm on the close date
Comments received after comment period closes may not be considered

This matter is subject to a statutory deadline. Therefore, the Commission does not anticipate granting requests for extension of the above comment periods.

Topics Open for Comment at this Time:

- Does MP's proposed rate for EITE customers comply with Minn. Stat. §216B.1696, including the types of customers eligible for the rate, the criteria for qualification for the rate, the individual design elements of the rate, and the specific rate option proposed?
- What criteria should the Commission use to evaluate whether MP's proposed EITE rate schedule provides net benefit to the utility or the state as required by Minn. Stat. §216B.1696, subd. 2(b)? Has MP demonstrated that its proposed EITE rate schedule provides such net benefit?
- Are there additional or alternative rate options for EITE customers that would better meet the policy goals of the statute?
- Does MP's action on the deposit of \$10,000 for low-income funding comply with Minn. Stat. §216B.1696, subd. 3, and is it reasonable?
- Under Minn. Stat. §216B.1696, subd. 2(d), the Commission shall allow recovery of costs in the next general rate case or through an EITE cost recovery rate rider between general rate cases. Should the Commission allow MP to implement a cost recovery rider prior to its next general rate case?

Topic Reserved for Future Comment Period:

- The Commission is not seeking comment at this time on the merits of MP's proposed EITE cost recovery rider. Therefore, issues such as the allocation of costs to rate classes, which customers are to be excluded from the rider, and the merits of other design elements of MP's proposed EITE cost recovery rider, do not need to be addressed in comments.
- The Commission will establish a separate comment period on the merits of the proposed cost recovery rider, if necessary, likely after decisions are made on the merits of the issues currently open for comment.

Docket Background: Minn. Stat. §216B.1696, Competitive Rate for Energy-Intensive, Trade-Exposed Electric Utility Customer, was enacted in 2015. On November 13, 2015, Minnesota Power (MP), filed a petition with the Minnesota Public Utilities Commission (Commission) for approval of a Rider for Energy-Intensive, Trade-Exposed (EITE) customers and a Rider for EITE current cost-recovery from other MP customers. On November 17, 2015 MP filed a version with corrected page numbers.

Minn. Stat. §216B.1696, subd. 2(b) directs the Commission to approve an EITE rate schedule and rate upon a finding of net benefit to the utility or the state. Subd. 2(c) requires the Commission to make a final determination within 90 days of a miscellaneous rate filing by the utility.

Filing Requirements: Utilities, telecommunications carriers, official parties, and state agencies are **required** to file documents using the Commission's electronic filing system (eFiling). All parties, participants and interested persons are encouraged to use eFiling: mn.gov/puc, select *eFiling*, and follow the prompts.

Submit Public Comments: Visit mn.gov/puc, select *Speak Up!*, find this docket, and add your comments to the discussion.

- *If you wish to include an exhibit or other attachment, please send your comments via U.S. Mail.*

Send U.S. Mail to Public Utilities Commission, 121 7th Place East, Suite 350, St. Paul MN 55101. Please include the Commission's docket number in all communications.

Full Case Record: See all documents filed in this docket via the Commission's website - mn.gov/puc, select *Search eDockets*, enter the year (15) and the docket number (984), select *Search*.

Subscribe to receive email notification when new documents are filed in this docket at mn.gov/puc, select *Subscribe*, and follow the prompts.

Questions about this docket or Commission process and procedure? Contact Commission staff, Janet Gonzalez at: janet.gonzalez@state.mn.us or 651-201-2231 or Clark Kaml at: clark.kaml@state.mn.us or 651-201-2246.

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Attachment: Text of Minn. Stat. §216B.1696

216B.1696 COMPETITIVE RATE FOR ENERGY-INTENSIVE, TRADE-EXPOSED ELECTRIC UTILITY CUSTOMER.

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Clean energy technology" is energy technology that generates electricity from a carbon neutral generating resource including, but not limited to, solar, wind, hydroelectric, and biomass.

(c) "Energy-intensive trade-exposed customer" is defined to include:

(1) an iron mining extraction and processing facility, including a scam mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16;

(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer;

(3) a steel mill and related facilities; and

(4) a retail customer of an investor-owned electric utility that has facilities under a single electric service agreement that: (i) collectively imposes a peak electrical demand of at least 10,000 kilowatts on the electric utility's system, (ii) has a combined annual average load factor in excess of 80 percent, and (iii) is subject to globally competitive pressures and whose electric energy costs are at least ten percent of the customer's overall cost of production.

(d) "EITE rate schedule" means a rate schedule under which an investor-owned electric utility may set terms of service to an individual or group of energy-intensive trade-exposed customers.

(e) "EITE rate" means the rate or rates offered by the investor-owned electric utility under an EITE rate schedule.

Subd. 2. **Rates and terms of EITE rate schedule.** (a) It is the energy policy of the state of Minnesota to ensure competitive electric rates for energy-intensive trade-exposed customers. To achieve this objective, an investor-owned electric utility that has at least 50,000 retail electric customers, but no more than 200,000 retail electric customers, shall have the ability to propose various EITE rate options within their service territory under an EITE rate schedule that include, but are not limited to, fixed-rates, market-based rates, and rates to encourage utilization of new clean energy technology.

(b) Notwithstanding Minnesota Statutes, section 216B.03, 216B.05, 216B.06, 216B.07, or 216B.16, the commission shall, upon a finding of net benefit to the utility or the state, approve an EITE rate schedule and any corresponding EITE rate.

(c) The commission shall make a final determination in a proceeding begun under this section within 90 days of a miscellaneous rate filing by the electric utility.

(d) Upon approval of any EITE rate schedule, the utility shall create a separate account to track the difference in revenue between what would have been collected under the electric utility's applicable standard tariff and the EITE rate schedule. In its next general rate case or through an EITE cost recovery rate rider between general rate cases, the commission shall allow the utility to recover any costs, including reduced revenues, or refund any savings, including increased revenues, associated with providing service to a customer under an EITE rate schedule. The utility shall not recover any costs or refund any savings under this section from any energy-intensive trade-exposed customer or any low-income residential ratepayers as defined in Minnesota Statutes, section 216B.16, subdivision 15.

Subd. 3. **Low-income funding.** Upon the filing of a utility for approval of an EITE rate schedule under this section, the filing utility must deposit \$10,000 into an account devoted to funding a program approved by the commission under Minnesota Statutes, section 216B.16, subdivision 15. The funds shall be used to expand the outreach of the commission-approved affordability program.

Subd. 4. **Assessment.** The commissioner of commerce shall assess reasonable costs it incurs for services it provides to implement this section to the utility proposing an EITE rate schedule to the commission. The department must not assess more than \$854,000 per biennium under this subdivision.

History: *1Sp2015 c 1 art 3 s 26*