

The Commission met on **Tuesday, May 4, 2010**, with Chair Boyd and Commissioners Pugh, Reha, and Wergin present throughout the meeting. Commissioner O'Brien was able to attend only the first hour of the meeting.

The following case was taken up by the Commission:

ENERGY AGENDA

E-999/CI-09-1449

In the Matter of an Investigation of Whether the Commission Should Take Action on Demand Response Bid Directly into the MISO Markets by Aggregators of Retail Customers (ARCs) Under FERC Orders 719 and 719-A

Commissioner Wergin moved to take the actions set forth below:

1. Find that there are several questions regarding the operation of ARCs in Minnesota, including how they would fit into Minnesota laws, rules, and policies, and what impact they would have on current programs and customers. Based on these factors determine that:
 - a. There is insufficient information to determine what kinds of impacts ARCs could have on Minnesota utilities and ratepayers; and
 - b. At this time, operation of ARCs will not be allowed for utilities in Minnesota that distribute more than 4 million megawatt-hours per year.
2. Take no action to affirmatively allow the operation of ARCs for retail customers of Minnesota utilities that distribute 4,000,000 or fewer megawatt-hours per year, which will result in the operation of ARCs not being allowed for retail customers of Minnesota utilities that distribute 4,000,000 or fewer megawatt-hours per year.
3. Take no action on the issue of whether Minnesota law prohibits the operation of ARCs in Minnesota.
4. Take no action on the issue of whether ARCs operating in Minnesota would be public utilities as contemplated by Minnesota law.
5. Take no action on the issue of whether there is sufficient information to conclude whether there are likely to be net benefits from allowing ARCs to operate in Minnesota.
6. Make no determination at this time on the issue of whether ARC operations are consistent with Minnesota's conservation goals.
7. Make no determination at this time on the issue of whether ARC operations in Minnesota would create the potential for rate discrimination.
8. Make no determination at this time on the likelihood that ARC operations in Minnesota would potentially reduce total demand response.

9. Require Interstate Power, Minnesota Power, Otter Tail Power, and Xcel to file, by September 1 of 2011, all reports listed below, delegating to the Executive Secretary the authority to adjust the September 1 deadline and to set time lines for stakeholder comments:

a. A report on ARC operations in MISO, and other ISOs and RTOs, discussing the impact that the ARC operations have had on prices, reliability, nonparticipating customers, utility operations and demand response programs in those areas where ARCs were allowed to operate.

b. A report on the tariff and program changes that each utility believes would be necessary to accommodate ARC operations in Minnesota.

10. Require Interstate Power, Minnesota Power, Otter Tail Power, and Xcel to file a report on their current demand response programs and their effectiveness, including a discussion of how these programs could be enhanced or expanded to increase demand response, through, for example, pilot projects, requests for proposals, or other mechanisms for increasing their effectiveness. Delegate to the Executive Secretary the authority to determine content requirements, time lines, and comment periods for these reports.

11. Schedule a Commission informational meeting to consider the reports required above after all reports have been submitted and comment periods completed.

12. Acknowledge that the Commission is open to examining proposals for pilot projects, as long as they effectively address the concerns raised in this proceeding; have broad-based acceptance from critical stakeholders, including the utilities, the RUD-OAG, and the OES; do not result in cost-shifting; do no harm to ratepayers; represent demand response efforts above and beyond current efforts, as opposed to replacing those efforts or changing the identity of the persons performing them; and conform with good pilot-project design, including (a) operating for a defined period of time, with provisions permitting the Commission to end, renew, or modify them; (b) operating under certain conditions that meet the public interest, such as Commission review of program costs to ensure that costs are reasonable; (c) meeting certain standards to show the program is meeting its goal; (d) operating subject to periodic evaluation and reporting requirements; and (e) being designed to ensure that they can be terminated without excessive harm to ratepayers or other affected persons.

13. Determine that a contested case proceeding is not necessary in this case.

The motion passed 4-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: JULY 14, 2010



Burl W. Haar, Executive Secretary