

The Commission met on **Thursday, January 31, 2013**, with Acting Chair Reha, and Commissioners Boyd, O'Brien, and Wergin present.

The following matters were taken up by the Commission:

### **ENERGY AGENDA**

#### **ET-6675/CN-12-1053**

#### **In the Matter of the Application of ITC Midwest LLC for a Certificate of Need for the Minnesota-Iowa 345 kV Transmission Line Project in Jackson, Martin, and Faribault Counties**

Commissioner Wergin moved to take the following actions:

1. Grant ITC Midwest LLC's requested exemptions to:  
  
Minnesota Rules 7849.0240, subp. 2(B);  
Minnesota Rules 7849.0250(D); and  
Minnesota Rules 7849.0290.
  
2. Grant ITC Midwest LLC's requested exemptions to the following rules, with the provision of the proposed alternative data set forth in the Department's December 28, 2012 comments:  
  
Minnesota Rules 7849.0260, subp. (C)(5);  
Minnesota Rules 7849.0260 A(3) and C(6);  
Minnesota Rules 7849.0270 (except subpart 2(F));  
Minnesota Rules 7849.0280, (B) through (G) and (I);  
Minnesota Rules 7849.0300; and  
Minnesota Rules 7849.0340.
  
3. Reject ITC Midwest LLC's requested exemptions to:  
  
Minnesota Rules 7849.0120 A(1);  
Minnesota Rules 7849.0120 A(2);  
Minnesota Rules 7849.0120 A(3); and  
Minnesota Rules 7849.0330 (G).

The motion passed 4-0.

**IP-6701/CN-09-1186**

**IN the Matter of AWA Goodhue, LLC's Certificate of Need for a 78 MW Wind Project and Associated Facilities in Goodhue County**

Commissioner Boyd moved to grant a variance to Minn. Rule 7849.0400. subp. 2(H), to extend the period for Commission consideration of the change of circumstances petition.

The motion passed 4-0.

**E-015/CN-12-1163**

**In the Matter of the Request of Minnesota Power for a Certificate of Need for the Great Northern Transmission Line**

Commissioner Wergin moved to take the following actions:

1. Approve the proposed notice plan as modified by Minnesota Power in its Reply comments and as indicated by the Department in their January 23, 2013 filing.
2. Approve the requested variance to Minn. Rule 7829.2550, subp. 6, on the timing of the implementation of the notice plan.
3. Grant the exemption request with the provision that the proposed alternative data described in its petition, as modified by the Department and summarized in its January 23, 2013 comments be provided.
4. Grant Minnesota Power approval to be the applicant for purposes of this proceeding.
5. Require Minnesota Power to submit a compliance filing with the identification of Applicant and ownership interests, along with all necessary information for the Commission and stakeholders to assess the impacts of ownership structure on Minnesota Power's ratepayers.

The motion passed 4-0.

**E-015/CN-12-1163**

**In the Matter of the Request of Minnesota Power for a Certificate of Need for the Great Northern Transmission Line**

Commissioner Wergin moved to take the following actions:

1. Approve the proposed notice plan as modified by Minnesota Power in its reply comments and as indicated by the Department in their January 23, 2013 filings.

2. Vary Minn. Rule 7829.2550, subp. 6, on the timing of the implementation of the notice plan.
3. Grant the exemption request with the provision that that the proposed alternative data described in its petition, as modified by the Department and summarized in its January 23, 2013 comments be provided.
4. Grant Minnesota Power approval to be the applicant for purposes of this proceeding.
5. Require Minnesota Power to submit a compliance filing with this information along with all necessary information for the Commission and stakeholders to assess impacts of ownership structure on Minnesota Power's ratepayers.

The motion passed 4.0.

**E,G-999/CI-11-1149**

**In the Matter of the Minnesota Public Utilities Commission's Implementation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21, and 31**

**E-015/M-12-324**

**In the Matter of a Proposal by Minnesota Power to Revise its Rider for Conservation Program Adjustment Tariff**

**E-017/M-12-361**

**In the Matter of a Proposal by Otter Tail Power Company to Revise the Conservation Improvement Program Rider to Accommodate Large Customer Exemptions from the CIP Rider**

**E,G-001/M-12-317**

**In the Matter of a Proposal by Interstate Power and Light Company to Revise the Conservation Improvement Program Tariff**

**E,G-002/12-220**

**In the Matter of a Proposal by Xcel Energy to Revise the Conservation Improvement Program Tariff**

**G-008/M-12-323**

**In the Matter of a Request by CenterPoint Energy, a Division of CenterPoint Energy Resources Corp., for Approval of a Revision to its Conservation Improvement Program Adjustment Rider**

**G-007,011/M-12-321**

**In the Matter of a Proposal by Minnesota Energy Resources Corporation to Accommodate Large Customer Conservation Improvement Program Exemptions**

**G-004/M-12-285**

**In the Matter of a Proposal by Great Plains Natural Gas Co., a Division of MDU Resources Group, Inc. to Revise its Conservation Improvement Program Adjustment Clause Tariff**

Commissioner Boyd moved to take the following actions:

1. Approve MERC's October 8, 2012 CIP tariff compliance filing as modified to reflect the recommendations made by staff, and require MERC to file a revised CIP tariff compliance filing within 10 days from the date of the Commission Order.
2. Approve IPL-Electric and Gas' October 8, 2012 and October 17, 2012 CIP tariff compliance filings as modified to reflect the recommendations made by the Department and staff, and require IPL-Electric and Gas to file a revised CIP tariff compliance filing within 10 days from the date of the Commission Order.
3. Approve Great Plains' November 19, 2012 CIP tariff compliance filings as modified to reflect the recommendations made by the Department and staff, and require Great Plains to file a revised CIP tariff compliance filing within 10 days from the date of the Commission Order.
4. Approve Xcel-Electric and Gas' October 8, 2012 CIP tariff compliance filing as modified to reflect the recommendations made by the Department and staff, and require Xcel-Electric and Gas' to file a revised CIP tariff compliance filing within 10 days from the date of the Commission Order.
5. Approve CenterPoint's November 16, 2012 CIP tariff compliance filing as modified to reflect the recommendations made by the Department and staff, and require CenterPoint to file a revised CIP tariff compliance filing within 10 days from the date of the Commission Order.
6. Approve Minnesota Power's November 16, 2012 CIP tariff compliance filing as modified to reflect the recommendations made by the Department and staff, and require MP to file a revised CIP tariff compliance filing within 10 days from the date of the Commission Order.
7. Approve Otter Tail's October 8, 2012 CIP tariff compliance filing as modified to reflect the recommendations made by the Department and staff, and require Otter Tail to file a revised CIP tariff compliance filing within 10 days from the date of the Commission Order.
8. Approve IPL-Gas' October 17, 2012 CIP tariff compliance filing (Docket No. E,G001/M-12-317) as modified to reflect the recommendations made by the Department and require IPL-Gas to file a revised CIP tariff compliance filing within 10 days from the date of the Commission Order.

The motion passed 4-0.

**E002/M-12-1278**

**In the Matter of a Request by Xcel Energy to Issue a Renewable Development Fund Cycle 4 Request for Proposals and Petition for Approval of a Standard Grant Contract**

Commissioner Wergin moved to take the following actions:

1. Approve the overall goals for RDF Cycle 4 proposed by Xcel and the Advisory Group, as follows:
  - a. near commercial-scale demonstration projects that produce and/or deliver renewable electric energy
  - b. renewable energy projects that will increase the market penetration of renewable electric energy in the state at reasonable cost
  - c. projects to stimulate research and development into renewable energy technologies within the state
  
2. Approve the list of preference criteria (not ranked in order of preference) for RDF Cycle 4 as proposed by Xcel and the Advisory Group, contained in the revised red-lined RFPs filed January 11, 2013, and clarified below:
  - a. support of the Prairie Island Indian Community for the project
  - b. projects located within the Energy Innovation Corridor (EIC)
  - c. projects that are structured to receive a lump-sum payment grant payment upon project completion
  - d. energy production (EP) project proposing to use electricity on-site located within Xcel's service territories in Minnesota and Wisconsin will receive preference; however, EP projects can be located anywhere within the state of Minnesota or Wisconsin
  - e. research and development (RD) projects that demonstrate a high likelihood of royalty returns and propose a larger royalty sharing with the RDF
  - f. projects sponsored by a K-12 school or local unit of government to construct a solar photovoltaic (PV) facility
  - g. for proposed anaerobic digester systems, proposals that use non-agricultural residue as feedstock
  
3. Approve the revised red-lined RFPs proposed by Xcel and the Advisory Group and filed by Xcel on January 11, 2013 modified as follows:
  - a. Require Xcel to provide a more explicit scoring approach with a similar level of scoring clarity as that in the RDF Cycle 3, including more direction on how preference criteria will be counted, for both the proposed RFPs.
  
4. Approve Xcel's standard form grant contracts for energy production (EP) and research and development (RD) filed November 29, 2012.

5. Require Xcel to submit a compliance filing, as soon as reasonably possible, to reflect changes to the RFPs and standard form contracts as decided by the Commission at its January 31, 2013 meeting. Following DOC compliance approval, but no later than February 15, 2013, require Xcel to issue the Cycle 4 RFPs and standard grant contracts.
6. Require Xcel to follow the procedural steps below for RDF Cycle 4 and for all future RDF cycles until such time as the Commission approves revisions:
  - a. The Commission reviews and approves selection criteria as proposed by Xcel with input from the Advisory Group.
  - b. With input from the Advisory Group, Xcel develops and files an RFP based on approved selection criteria. Xcel files the proposed RFP and standard form contracts with the Commission and Department. If no comments are received within 30 days and unless otherwise directed by the Commission, Xcel issues the proposed RFP.
  - c. With input from the Advisory Group, Xcel oversees the project selection process and makes a final project selection recommendation to the Commission.
  - d. Xcel utilizes an independent third-party expert to evaluate project proposals for EP and RD projects. The Company may also decide whether to retain an independent third-party to assist in the review of responses to the RFP for institutions of higher education.
  - e. Within 60 – 90 days of receiving project proposals in response to both RFPs, Xcel submits its final project selections to the Commission for approval. The final selection report shall include a detailed explanation of any deviations from the rankings for EP, RD and institutions of higher education projects provided by an independent third-party evaluator or other evaluator.
  - f. If within 90 days of the project proposal receipt date the Company's final project selections are not filed with the Commission, Xcel shall file a letter with the Commission explaining the reasons for the delay and shall continue to file such a letter every 30 days until the final project selection is submitted to the Commission.
  - g. At the discretion of the Commission, prior to formal Commission consideration of Xcel's final project selection, require the Company to organize a question-and-answer session for the Commission with stakeholders, potential grantees selected by Xcel, and members of the RDF Advisory Group.
  - h. Once the Commission approves a final selection of projects, Xcel may execute grant contracts with the approved projects. All finalized grant contracts must be filed with the Commission prior to the start of the project or program.
  - i. If a grant contract executed with a winning bidder contains no changes from the standard form contract for EP or RD projects, require that Xcel file the grant contract with the Commission (and in the docket) for informational purposes only. However, if a final grant contract deviates

from the standard form contract, require that Xcel file the grant contract with the DOC (and in the docket) for DOC compliance review. If the DOC identifies issues that cannot be resolved, it will bring the contract to the Commission for review. Otherwise, the DOC will file a letter with the Commission indicating compliance review approval. Require Xcel to provide a red-lined version of any grant contract that differs from the standard form contract at the time the contract is filed for compliance review.

- j. Require Xcel to file with the Commission for approval all grant contracts executed with institutions of higher education resulting from the separate RFP.
  - k. Require Xcel to submit annual progress reports to the Minnesota House and Senate energy committees and to the Commission addressing the operation of the RDF program as required by statute. The annual report should also include the information required by the Commission in the current biennial report.
  - l. Require Xcel to continue to file quarterly informational and progress reports on ongoing RDF projects and grant contracts with the Commission.
  - m. Require Xcel to post all final reports, mid-project status reports, and RDF account financial reports on the Commission-designated public website. All projects must provide a written final technical report and a clearly written summary for non-technical readers.
7. Require Xcel to post online all RDF-related final reports, mid-project status reports, and account financial reports on a public website designated by the Commission.
  8. Designate the Company's RDF website ([www.xcelenergy.com/rdf](http://www.xcelenergy.com/rdf)) as the public site for posting all RDF-related final reports, mid-project status reports, and account financial reports.
  9. Require Xcel, within 10 days of the issue date of the RFPs, to submit a compliance filing to the Commission demonstrating the Company's issuance of the Cycle 4 RFP and standard contracts.
  10. Within 60 days of the date of this Order, require Xcel, in conjunction with the Advisory Group, to submit to the Commission as a compliance filing in this matter an updated RDF mission statement that incorporates the requirements of the current RDF statute (Minn. Stat. § 116C.779).
  11. Require Xcel to report annually by February 15 to the chair and ranking minority member of the legislative committees with jurisdiction over energy policy on projects funded by the account for the prior year and all previous years. The report must, to the extent possible and reasonable, itemize the actual and projected financial benefit to the public utility's ratepayers of each project. The Report shall also be filed with the Commission in this docket.

12. Order that the provisions of this order governing the process, preference criteria, standard contracts, and RFPs are effective as of January 31, 2013.

The motion passed 4 – 0.

### **E-017/RP-10-623**

#### **In the Matter of Otter Tail Power's 2011-2025 Integrated Resource Plan**

Commissioner Boyd moved to take the following actions:

1. Find that Otter Tail Power (Otter Tail) has satisfied the additional filing obligations included in the Commission's February 9, 2012, ORDER APPROVING PLAN SUBJECT TO CONDITIONS REQUIRING FURTHER FILINGS, AND SETTING REQUIREMENTS FOR NEXT RESOURCE PLAN.
2. Approve Otter Tail's proposal to retrofit Hoot Lake in 2015 to comply with EPA's Mercury and Air Toxics Standards (MATS), while still using coal as a fuel source, and shut down Hoot Lake in 2020. This approval incorporates Scenario 2020 for Hoot Lake's retirement and replacement into Otter Tail's 2011–2025 Integrated Resource Plan (IRP), which was previously approved in the Commission's February 9, 2012 Order in this docket. This Scenario 2020 will substitute for the Hoot Lake assumptions that were originally included in Otter Tail's 2011–2025 IRP and shall have the same effect as if it had been included in the original IRP approval.
3. Include findings in the body of the Order consistent with the conclusions of the Department, specifically:

Otter Tail's Scenario 2020, which installs pollution controls at Hoot Lake Plant in 2015 and retires the facility in 2020, generally was least cost regardless of the use of CO2 cost values and under many contingencies. Based on information available at this time, the Department's modeling indicates that additional intermediate capacity would be the main replacement for Hoot Lake in 2020, with additional wind or peaking units in certain scenarios. However, the specific size, type, and timing of the Hoot Lake replacement units can be re-visited as needed in Otter Tail's next resource plan.
4. Require Otter Tail to explain in its next resource plan how the Company has implemented MISO's new "reserve on coincident peak" load and capability calculations in its Strategist modeling, as recommended by the Department in its comments.
5. Close the Company's 2010 resource plan filing, Docket No. E017/RP-10-623, with recognition that Otter Tail shall make its next resource plan filing no later than December 1, 2013.

6. Direct Otter Tail to evaluate greater potential for additional energy efficiency, demand response, renewable distributed generation, and combined heat and power resources in its next IRP filing.
7. Require Otter Tail to provide, in its next IRP, a discussion of:
  - a. Otter Tail's coordination with MISO regarding its outage scheduling, and
  - b. how Otter Tail will manage potential reliability issues as a result of Hoot Lake Plant being offline.
8. Require Otter Tail to include, in its next IRP, expected timelines for:
  - a. retrofitting Hoot Lake Plant (including installation and outage schedules), and
  - b. regulatory filings for permitting and construction of natural gas facilities.
9. Direct Otter Tail to notify MPUC if the Company submits a MATS extension request to the Minnesota Pollution Control Agency and/or the Environmental Protection Agency.

The motion passed 4-0.

There being no further business, the meeting was adjourned.

**APPROVED BY THE COMMISSION: February 27, 2013**



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**Burl W. Haar, Executive Secretary**