

Appendix E

Order Approving Exemption Request

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Ellen Anderson
J. Dennis O'Brien
Phyllis Reha
David Boyd
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

Mark Suel
Government & Regulatory Affairs
Xcel Energy
414 Nicollet Mall
Minneapolis, MN 55401

SERVICE DATE: November 4, 2011

DOCKET NO. E-002/CN-11-826

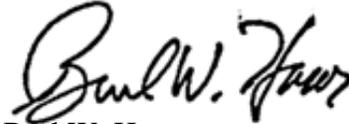
In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy and Great River Energy for a Certificate of Need for the Upgrade of the Southwest Twin Cities (SWTC) Chaska Area 69 kV Transmission Line to 115 kV Capacity

The above entitled matter has been considered by the Commission and the following disposition made:

Grant the Applicants' Exemption Request

The Commission agrees with and adopts the recommendations of the Department of Commerce which are attached and hereby incorporated in the Order.

BY ORDER OF THE COMMISSION



Burl W. Haar
Executive Secretary



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Appendix E
Certificate of Need Application
E002/CN-11-826



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October 10, 2011

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

RE: **Request for Certificate of Need Exemption Request Approval**
Docket No. E002/CN-11-826

Dear Dr. Haar:

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

Exemption Request: Upgrade the Southwest Twin Cities Chaska Area 69 kV Transmission Line to 115 kV Capacity.

The petitioner is:

Mark Suel
Government & Regulatory Affairs
Xcel Energy
414 Nicollet Mall
Minneapolis, Minnesota 55401

The Department recommends **approval**, and is available to answer any questions the Commission may have.

Sincerely,

/s/ STEVE RAKOW
Rates Analyst

SR/sm
Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE

DOCKET No. E002/CN-11-826

I. BACKGROUND

On August 11, 2011 Northern States Power Company, a Minnesota Corporation and Great River Energy, a Minnesota Cooperative Corporation (jointly Applicants) submitted the Applicants' *Notice Plan: Upgrade the Southwest Twin Cities Chaska Area 69 kV Transmission Line to 115 kV Capacity* (Notice Petition). The Notice Petition provided a plan to notify potentially affected members of the public about the proposal under Minnesota Rules part 7849.2550. In response to the Notice Petition, comments were filed by the Minnesota Department of Commerce, Division of Energy Resources (Department). The Minnesota Public Utilities Commission's (Commission) Order approving the Notice Petition was issued October 4, 2011.

On August 31, 2011, the Applicants submitted their *Exemption Request: Upgrade the Southwest Twin Cities Chaska Area 69 kW Transmission Line to 115 kV Capacity* (Exemption Petition) in order to obtain exemption from certain data requirements of Minnesota Rules part 7849. In response to the Exemption Petition, on September 7, 2011 the Commission issued a notice specifying that comments on the Exemption Petition are due October 10, 2011 and reply comments are due October 24, 2011.

Below are the comments of the Department regarding the Exemption Petition.

II. DEPARTMENT ANALYSIS

A. BACKGROUND

The Applicants propose to construct a 115 kW transmission line in the Southwest Twin Cities area. According to the Applicants the proposed project would connect five¹ substations located in or near the city of Chaska. As listed in the Exemption Petition, the proposed project involves:

- 6.1 miles of 69 kV transmission lines rebuilt to 115 kV capacity;
- 3.1 miles of new 115 kV transmission lines; and
- 2.9 miles of 69 kV transmission lines converted² from operating at 69 kV to 115 kV.

Minnesota Statutes §216B.2421, subd. 2 (3) defines a large energy facility (LEF) as “any high-voltage transmission line with a capacity of 100 kilovolts or more with more than ten miles of its length in Minnesota or that crosses a state line.” In turn, Minnesota Statutes §216B.243, subd. 2 states “No large energy facility shall be sited or constructed in Minnesota without the issuance of a certificate of need by the Commission.” Since the lines to be converted to 115 kV operation were not previously reviewed by the Commission, the Department concludes that the proposed project qualifies as a LEF and a CN is required. Minnesota Rules part 7849 includes the filing requirements for a CN for an electric transmission facility.

The Exemption Petition states that the proposed 115 kV lines will:

- Maintain reliable service during contingencies in the southwestern part of the metropolitan area;
- Provide service to a significant new load under construction; and
- Allow future growth and development in the area.

B. APPLICANTS' REQUEST

In the Exemption Petition, the Applicants request exemption from providing data relevant to the following portions of Minnesota Rules:

- 7849.0260, subp. A(3) and C(6);
- 7849.0270, subdp. 2 (A-D and F) and Subp. 3-5;
- 7849.0280, (B) through (I);
- 7849.0290;
- 7849.0300; and

¹ Specifically, the Augusta, West Creek, Victoria, Chaska, and Scott County Substations.

² Since the segment in question was already built to 115 kV capacity, all that is needed is to replace the existing 69 kV switch with a 115 kV switch.

- 7849.0340.

Minnesota Rules 7849.0200, subp. 6 states:

Before submitting an application, a person is exempted from any data requirement of this chapter if the person (1) requests an exemption from specified rules, in writing to the commission and (2) shows that the data requirement is unnecessary to determine the need for the proposed facility or may be satisfied by submitting another document.

The Department examines each specific exemption request separately. The required criterion is whether the Applicants have shown that “the data requirement is unnecessary to determine the need for the proposed facility or may be satisfied by submitting another document” as discussed above.

C. ANALYSIS OF EXEMPTION REQUESTS

1. Minnesota Rules 7849.0260, subp. A(3) and C(6)

These rules require an applicant to provide estimated “losses under projected maximum loading and under projected average loading in the length of the transmission line and at the terminals or substations.” Instead, the Applicants propose to supply system loss information in lieu of line-specific losses.

The Department agrees that line losses for the system are more relevant to the analysis than line losses for individual lines. The Department notes that, to make the proper decisions in a societal framework, it is necessary to know what happens to system losses when a line is added. To count only the losses on the line in question might lead to the selection of one alternative because it has lower losses on that line but has higher system line losses; therefore selection of such an alternative would force the system to produce more energy than some other alternative. Thus, the proposal to use data for the system as a whole in this proceeding is appropriate.

In summary, the Department recommends that the Commission approve the Applicants’ proposed exemption to Minnesota Rules 7849.0260 A(3) and C(6) with the provision of the proposed alternative data.

2. Minnesota Rules 7849.0270, subp. 2 (A-D and F) and Subps. 3-5

These rules require an applicant to provide information regarding its system peak demand, annual energy consumption, and load factors for the applicant’s service area and system. The Applicants request this exemption since the proposed facility is designed to serve customers in

the local area rather than the Applicants' systems. Instead, the Applicants propose to provide data supporting the claimed load serving needs.

The Department agrees that the data the Applicants propose to provide, "data supporting the load serving needs of the substations serving the area served by the proposed project," is the appropriate data regarding the need to address reliability in the southwest twin cities area. The Department also agrees that provision of information regarding substation forecast methodology, databases, and assumptions is appropriate. Information specific to the local area is more relevant to the claimed need than system-wide information.

In summary, the Department recommends that the Commission approve the Applicants' proposed exemption to Minnesota Rules 7849.0270, subp. 2 (A-D and F) and Subps. 3-5 with the provision of the proposed alternative data.

3. Minnesota Rules 7849.0280, (B) through (I)

This rule requires the applicant to provide information that describes the ability of its existing system to meet forecasted demand; in essence, load and capability (L&C) information. Instead of L&C data the Applicants propose to discuss the reliability concerns resulting from forecasted peak demand in the local area. The Department agrees with the Applicants that the proposed discussion, focusing on transmission adequacy, is more relevant than the required data, which focuses on generation adequacy. Therefore, the Department recommends that the Commission grant the exemption with the provision of the proposed alternative data.

4. Minnesota Rules 7849.0290

This rule requires the applicant to provide conservation program information and quantification of the impact of conservation programs on forecast data. Instead the Applicants propose that:

... a discussion of demand management programs used by Applicants to manage peak load and how these programs affect the substation loads in the specific project area ... would be more useful to the need analysis. In addition, Applicants propose to provide a summary of the most recent filing made by the Applicants pursuant to the Energy Conservation Improvement Statutes.

The Department agrees that the data the Applicants propose to provide is the appropriate data regarding the need to address reliability in the southwest twin cities area. Therefore, the Department recommends that the Commission grant the exemption with the provision of the proposed alternative data.

5. *Minnesota Rules 7849.0300 and 7849.0340*

Minnesota Rules 7849.0300 requires detailed information regarding the consequences of delay on three specific statistically based levels of demand and energy consumption. Minnesota Rule 7849.0340 requires a discussion of what the impact would be on existing generation and transmission facilities at three levels of demand specified in part 7849.0300 for the no build alternative. Instead, the applicants propose to provide information on the consequences of delay in the context of the potential impacts on the local community's service reliability. Specifically, "Applicant propose to identify the threshold level of demand that places service at risk and the effect of incremental change in growth rather than evaluate system performance at three discrete demand levels."

The Department agrees with the Applicants that the proposed data, focusing on demand in the local area, is relevant to the claimed need and provides better information than the required data. Therefore, the Department recommends that the Commission grant the exemption with the provision of the proposed alternative data.

III. DEPARTMENT RECOMMENDATION

The Department recommends that the Commission approve the Applicants' request for exemption from the required data with the provision of the proposed alternative data.

/sm