

E-002/M-90-1159 ORDER EXTENDING DEMAND-SIDE MANAGEMENT INCENTIVE
MECHANISM

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm	Chair
Tom Burton	Commissioner
Cynthia A. Kitlinski	Commissioner
Dee Knaak	Commissioner
Norma McKanna	Commissioner

In the Matter of the Proposal of Northern States Power Company's Electric Utility for a Demand-Side Management Incentive Mechanism

ISSUE DATE: December 21, 1992

DOCKET NO. E-002/M-90-1159

ORDER EXTENDING DEMAND-SIDE MANAGEMENT INCENTIVE MECHANISM

PROCEDURAL HISTORY

On March 19, 1991, the Commission issued its ORDER APPROVING PROPOSAL AND REQUIRING FURTHER FILINGS in this Docket. In that Order the Commission approved the demand-side management (DSM) incentive mechanism proposed by Northern States Power Company (NSP or the Company). The plan was approved for a two year period.

On October 30, 1992, NSP requested that the Commission extend its approval of the DSM plan through December 31, 1993. NSP explained that it would use the extra year to evaluate fully the results of its incentive plan in 1992. NSP will also review the reports of the Resource Plan Collaborative Group¹, which will be studying DSM incentives over the next few months. Based upon its extended review, NSP may propose a modified DSM mechanism for the second half of 1993 or 1994.

On November 17, 1992, the Department of Public Service (the Department) filed comments in support of NSP's request. The Department noted that NSP's DSM mechanism is still being fine-tuned as it is implemented. According to the Department, an additional year to evaluate the mechanism will be valuable for all the parties.

The matter came before the Commission on December 10, 1992.

¹ This group was authorized by the Commission in the NSP resource plan docket, In the Matter of the Petition of Northern States Power Company for Approval of Its 1991 Resource Plan, Docket No. E-002/RP-91-682.

FINDINGS AND CONCLUSIONS

The Commission finds that the Company's request for an extension of its DSM mechanism is reasonable and should be granted. DSM is a relatively new field in utility regulation, and DSM financial incentive mechanisms are therefore experimental in nature. An additional year for NSP's plan should prove helpful to the Company and to the state agencies monitoring and evaluating the plan. The Commission will extend its approval of NSP's DSM incentive mechanism through December 31, 1993.

ORDER

1. NSP's DSM financial incentive mechanism is approved through December 31, 1993.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)