

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of Northern States Power
Company dba Xcel Energy Renewable Energy
Rate Implementation Plan

ISSUE DATE: February 26, 2002

DOCKET NO. E-002/M-01-1479

ORDER APPROVING RENEWABLE
ENERGY RATE IMPLEMENTATION
PLAN AND IMPOSING REQUIREMENTS

PROCEDURAL HISTORY

On May 29, 2001, the Minnesota Energy Security and Reliability Act was signed into law. This law (Minn. Stat. 216B.169, subd. 2) requires electric utilities to offer customers the option of buying a certain amount of electricity generated or purchased from renewable energy or energy generated by high efficiency low emissions distributed generation. The new law includes the following requirements.

1. Each utility shall offer its customers, and shall advertise the offer at least annually, one or more options that allow a customer to determine that a certain amount of the electricity generated or purchased on behalf of the customer is renewable energy or energy generated by high-efficiency, low emissions, distributed generation such as fuel cells and microturbines fueled by a renewable fuel.
2. Each public utility shall file an implementation plan within 90 days of the effective date of the legislation to implement subdivision 2(a).
3. Rates charged to customers must be calculated using the utility's cost of acquiring the energy for the customer and must: (1) reflect the difference between the cost of generating or purchasing the renewable energy and the cost of generating or purchasing the same amount of nonrenewable energy; and (2) be distributed on a per kWh basis among all customers who choose to participate in the program.
4. Implementation of these rate options may reflect a reasonable amount of lead time necessary to arrange acquisition of the energy. The utility may acquire the energy demanded by customers, in whole or in part, through procuring or generating the renewable energy directly, or through the purchase of credits from a provider that has received certification of eligible power supply pursuant to subdivision 3. If a utility is not able to arrange an adequate supply of renewable or high-efficiency energy to meet its customers' demand under this section, the utility must file a report with the commission detailing its efforts and reasons for its failure.

On October 1, 2001, Xcel filed its implementation plan for renewable energy rates.

On October 31, 2001, the Minnesota Department of Commerce filed its comments.

On December 31, 2001, Xcel filed a proposed renewable energy rider.

The Commission met to consider this matter on January 31, 2002.

FINDINGS AND CONCLUSIONS

I. XCEL'S PLAN

Xcel stated that it planned to offer "Windsorce," a program that provides a renewable energy rate option for Minnesota customers. The Company stated that this program was successfully implemented in Colorado in 1998. The program in Colorado currently supports the production of about 30 MW of wind-generated electricity. Xcel indicated that the Colorado program is the largest "customer-driven" wind energy program in the country.

Xcel reported that in Colorado the program offers customers higher priced "green" electricity generated via wind turbines. Electricity is provided through purchase power agreements with wind turbine developers or through the direct installation of wind turbines and delivery into Xcel's transmission grid. Customers voluntarily purchase blocks of energy at a premium to support the wind energy production. Due to the success of the program in Colorado, Xcel stated, it has decided to offer a similar program in Minnesota. Xcel averred that the approach of the Windsorce program is consistent with both the Commission's prior decisions in green pricing related filings for Dakota Electric, Minnesota Power and Otter Tail Power (E-111/M-97-178 and E-017/M-01-199) and the requirements of the new legislation.

On December 31, 2001, Xcel filed a proposal for a renewable energy rider.

II. THE DEPARTMENT'S COMMENTS

Xcel submitted its implementation plan on October 1, 2001. The Department recommended that the Commission approve Xcel's implementation plan. It concluded that Xcel's implementation plan filing complies with Article 8, section 2, subd. 2(b) of the new law. The Department noted that Xcel already has included wind resources in its portfolio of electric resources to meet all customers' needs. However, Minn. Stat. § 216B. 169 would give Xcel's customers the option of choosing to buy "green" energy.

The Department stated that Xcel's implementation plan for the Windsorce program appears to be reasonable, but did not comment regarding the renewable energy rider filed by Xcel on December 31, 2001.

III. COMMISSION ANALYSIS AND ACTION

Having reviewed the parties' filings and comments, the Commission makes the following findings and will impose the following requirements

A. Findings

The Commission finds that Xcel's renewable energy rate implementation plan filed on October 1, 2001 satisfies the requirement in Minn. Stat. § 216B.169, subd. 2(b), to file an implementation plan for a renewable high-efficiency energy rate. The Commission will make no finding at this time on whether the renewable energy rider, as filed by Xcel on February 6, 2002, meets the requirements of Minn. Stat. § 216B.169, subd. 2(a), (c) and (d).

B. Requirements

The Commission will require Xcel to advertise its renewable rate offer at least annually as required by Minn. Stat. § 216B.169, subd. 2(a), once the rider has been approved by the Commission. The Commission will also require Xcel to file updates to its renewable and high-efficiency energy rate implementation plan, and recommendations for improvement, as part of its biennial resource plan filings under Minn. Stat. § 216B.2422.

ORDER

1. The Commission finds that Xcel's renewable energy rate implementation plan satisfies the requirement in Minn. Stat. § 216B.169, subd. 2(b) and imposes the requirements stated in Part III, B of this Order.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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