

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
Commissioner
Commissioner

In the Matter of the Biennial Transmission
Projects Reports and the Development of a
Certified List of Transmission Line Projects

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ORDER ACCEPTING BIENNIAL
TRANSMISSION PROJECTS REPORT AND
REQUIRING FURTHER FILINGS

PROCEDURAL HISTORY

I. Introduction

During the 2001 session, the Minnesota Legislature enacted Minn. Stat. § 216B.2425, requiring essentially all owners of electric transmission facilities within the state to file biennial reports on the state of their transmission systems. These reports, called biennial transmission projects reports, must identify (a) present and reasonably foreseeable future transmission inadequacies; (b) alternative means of addressing these inadequacies, and (c) the economic, environmental, and social issues associated with each alternative. Utilities may also use these biennial filings to request certification of high-voltage transmission lines needed to remedy transmission inadequacies.

The statute requires utilities to report on the involvement of local government officials and other interested persons in identifying transmission inadequacies and analyzing alternative means of dealing with them. It also requires utilities to report on the public input they have gathered on the transmission deficiencies identified.

During the 2003 session the Legislature amended the statute to require utilities to determine what transmission upgrades would be necessary to meet the renewable energy objectives set forth at Minn. Stat. § 216B.1691.¹

II. The 2003 Biennial Transmission Projects Report

On November 3, 2003, ten of the eleven Minnesota utilities subject to the statute filed a joint biennial transmission projects report. (The eleventh utility, Northwestern Wisconsin Electric Company, had earlier filed a brief report on the three miles of transmission facilities that it operates in Minnesota.) These utilities filed as the “Minnesota Transmission Owners.”

¹ Minn. Stat. § 216B.2425, subd. 7.

The following parties filed comments on the report:

- The Minnesota Department of Commerce
- The Minnesota Transmission Owners
- The Izaak Walton League of America – Midwest Office, Minnesotans for an Energy-Efficient Economy, and Minnesota Center for Environmental Advocacy, filing jointly as “Environmental Organizations”
- John and Laura Reinhardt
- Communities United for Responsible Energy (C.U.R.E.)
- Melissa Pawlisch, coordinator of the Clean Energy Resource Teams Program

The report came before the Commission on May 27, 2004. At that time the Minnesota Transmission Owners, the Department of Commerce, and the Environmental Organizations made a joint recommendation that the Commission accept the report, set filing requirements for the next report, require the Transmission Owners to meet with stakeholders to discuss process improvements, and require interim filings on these stakeholder discussions.

FINDINGS AND CONCLUSIONS

I. The Filing and Parties’ Comments

The joint filing identified present and future transmission inadequacies in each of the state’s six transmission planning zones; listed alternative means of addressing each inadequacy; analyzed each alternative in terms of its economic, environmental, and social effects; and set forth tentative conclusions on which alternatives were most consistent with the public interest. The report was informational only; it did not request certification of any high-voltage transmission lines.

The Department of Commerce (the Department) recommended accepting the report, setting specific requirements for future reports, establishing a process to monitor utility efforts to remedy transmission deficits identified in the report, and requiring the Transmission Owners to meet with the Department to develop procedures to increase the clarity and usefulness of future reports.

The Environmental Organizations focused their comments on the need to comply with the statutory amendment requiring utilities to determine what transmission upgrades are necessary to meet the renewable energy objectives set forth at Minn. Stat. § 216B.1691. They were especially concerned that ongoing and planned transmission studies take the renewable energy objectives into account.

C.U.R.E.’s primary emphasis was on making the transmission planning process more open and transparent, increasing the involvement of local government officials and members of the public, and exploring ways in which utilities can secure prompt and thoughtful public feedback on their transmission plans.

The Reinhardts cautioned against premature acceptance of the Environmental Organization’s claim that complying with the renewable energy objectives statute will require transmission upgrades to carry newly developed wind generation. They argued that since the objectives are not mandates, they may not provide adequate legal support for building transmission facilities, especially if the wind generation that the facilities would carry is not needed to serve Minnesota customers. They also argued that the costs of wind generation have been significantly understated and require careful evaluation.

Ms. Pawlisch filed a letter to inform the Commission and other stakeholders of CERT's interest in transmission issues.

II. Joint Recommendation at Hearing

At hearing the Minnesota Transmission Owners, the Department of Commerce, and the Environmental Organizations made a joint recommendation that the Commission accept the biennial transmission projects report, set filing requirements for the next report, require interim filings on utility follow-up on inadequacies identified in the report, require the Transmission Owners to meet with stakeholders to discuss process improvements, and require reports on these stakeholder discussions and related issues.

C.U.R.E. did not explicitly support or oppose the joint recommendation, but it supported portions of it and participated in shaping portions of it to reflect C.U.R.E.'s concerns.

The Reinhardts opposed parts of the joint recommendation on grounds that they failed to limit the consideration of additional transmission facilities to those necessary to serve customers within the state.

III. Commission Action

The Commission will accept and adopt the parties' joint recommendation, finding that it is a constructive step in the ongoing process of conforming the transmission planning process to statutory standards and improving the usefulness of the biennial transmission projects reports.

This is the second report filed under the biennial transmission filing statute and the first filed under the biennial transmission filing rules.² These reports are long, complex, and densely packed with technical information. Although they are filed at two-year intervals, they deal with infrastructure improvements that are normally planned on much longer planning horizons. The usefulness of these reports depends in large part upon clarity, good organization, and coherent explanations about how each report relates to those filed before it.

In short, to make these reports as useful as possible, their contents must be continually reviewed and fine-tuned based on accumulated experience with the biennial transmission filing process. The Commission appreciates the Department's willingness to work with the Transmission Owners on these matters, will adopt the joint recommendation requiring collaboration on these issues, and will adopt the joint recommendations on the next filing already reached.

The Commission agrees with the parties to the joint recommendation that it has a duty to monitor utilities' progress in dealing with transmission inadequacies identified in biennial reports and will adopt the joint recommendation to require interim filings on these issues.

The Commission also agrees with the joint recommendation that the public interest requires the Transmission Owners to carefully consider C.U.R.E.'s evaluation of past efforts to bring local government officials and members of the public into the planning process, as well as C.U.R.E.'s suggestions for improving future performance in these areas. The Commission concurs with the parties that the Transmission Owners should also seek input from the Department on these issues.

² Minnesota Rules Chapter 7848.

Finally, the Commission concurs with the parties to the joint recommendation that it would serve the public interest to convene stakeholder meetings on how to determine the need for transmission upgrades to fulfill the purposes of the renewable energy objectives statute. The Commission agrees that two pending transmission studies by the Midwest Independent System Operator may be effective starting points for examining these issues and will require the utilities to examine them in this light.

At the same time, however, the parties are right to caution that unreflective over-reliance on these studies could result in the transmission planning process becoming the default driver of what kinds of renewable facilities are built or what kinds of business models prevail. While the nature and structure of the transmission grid are legitimate factors in siting and sizing renewable generation facilities, there must be conscious recognition and clear disclosure of the role transmission planning plays in this process.

For all these reasons, the Commission will accept and adopt the joint recommendation of the parties, as detailed below.

ORDER

1. On or before December 31, 2004, the Minnesota Transmission Owners shall make a compliance filing providing an update on steps taken to address the transmission deficiencies identified in the biennial transmission projects report.
2. Within six months of the date of this Order the Minnesota Transmission Owners, in conjunction with the staff of the Department of Commerce, shall develop a system for tracking through several reporting cycles the transmission deficiencies identified in biennial transmission projects reports.
3. The Minnesota Transmission Owners shall work with the staff of the Department of Commerce to develop a procedure and format for providing to the Commission and interested persons readily accessible information on the status of projects discussed in biennial transmission projects reports. The Transmission Owners shall file a description of the procedure and format within six months of the date of this Order.
4. In future biennial transmission projects reports the Minnesota Transmission Owners shall expand their presentation of transmission inadequacies and alternatives to include at least the following information:
 - (a) an initial general description of the processes and factors that led to the identification of deficiencies and alternatives;
 - (b) a comparative description of how short- term and long- term solutions can be assessed, including impacts on cost and reliability;
 - (c) a generic discussion of the factors typically considered in determining whether local (distributed) generation is feasible and cost-effective; and
 - (d) cost data for all alternatives, to the extent available, but at a minimum for those alternatives that are rejected on the basis of cost.

5. As they prepare to involve local government officials and members of the public in the preparation of the next biennial transmission projects report, the Minnesota Transmission Owners shall analyze and consider, with input from the staff of the Department of Commerce, the criticisms and suggestions of C.U.R.E. regarding their earlier efforts in this regard. They shall seek clarification of C.U.R.E.'s concerns where necessary and shall implement changes that have merit.
6. In the next biennial transmission projects report the Minnesota Transmission Owners shall include an update on steps taken to remedy the transmission deficiencies identified in the previous report.
7. In the next biennial transmission projects report the Minnesota Transmission Owners shall include the information set forth below on each of the projects listed in Attachment 3 of the January 29, 2004 comments of the Department of Commerce:
 - (a) which alternative was selected;
 - (b) a brief explanation of the factors leading to the selection of the preferred alternative;
 - (c) whether a certificate of need is required and, if so, an estimated date for the filing;
 - (d) if a certificate of need is not required, an expected date for permitting and construction to begin.
8. In the next biennial transmission projects report the Minnesota Transmission Owners shall further develop their discussion of potential regional impacts and address how the planning process will respond to and incorporate any projects that are not initiated by Minnesota Transmission Owners participants.
9. In the next biennial transmission projects report the Minnesota Transmission Owners shall include the information set forth below:
 - (a) system performance criteria limits;
 - (b) an assessment of how transmission service on the Minnesota system is affected by interruptions or curtailments due to system constraints;
 - (c) a summary of the most recent two-year transmission loading relief (TLR) incident data, a discussion of efforts to mitigate recurring TLRs that are reported, and a listing, for the reporting period, of each limiting line, the outage which causes it, and the total number of days at which TLRs above level 3 were called.
10. The Minnesota Transmission Owners shall meet with the staff of the Department of Commerce, the Environmental Organizations, and any other interested parties to discuss ways to overcome obstacles to using the two exploratory studies to assess necessary renewable energy objectives transmission upgrades to facilitate the development of all types of renewable development business models, should any obstacles arise, and to provide a compliance filing that addresses generally the status of the two studies underway and the likely outcome of the studies. If these entities cannot make a joint determination that the scopes of the two pending exploratory studies are adequate, the Commission will order the Minnesota Transmission Owners to work with all parties and the Department of Commerce to initiate and scope a renewable energy objective-specific study to determine necessary upgrades and develop supporting information in sufficient detail to support a certification filing.

11. On or before August 31, 2005 the Minnesota Transmission Owners shall file, in regard to the Mille Lacs transmission project, one of the three documents set forth below:
 - (a) a certificate of need petition;
 - (b) a letter explaining why a certificate of need petition is no longer required as well as any other relevant information; or
 - (c) a letter explaining when a certificate of need petition will be filed and updates on the proposal.
12. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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