

**STATE OF MINNESOTA
BEFORE THE
PUBLIC UTILITIES COMMISSION**

Katie Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John A. Tuma	Commissioner

**In the Matter of the Application of
Xcel Energy for a Certificate of
Need for Two Gen-Tie Lines from
Sherburne County to Lyon County,
Minnesota**

MPUC Docket No. E002/CN-22-131

**REQUEST FOR EXEMPTION FROM CERTAIN CERTIFICATE OF
NEED APPLICATION CONTENT REQUIREMENTS**

I. INTRODUCTION

Northern States Power Company, doing business as Xcel Energy (Company or Xcel Energy), respectfully submits this request for exemptions from certain content requirements for a Certificate of Need application pursuant to Minnesota Rule 7849.0200, subp. 6.

Xcel Energy intends to file an Application for a Certificate of Need for the Minnesota Energy Connection (MN Energy Connection or Project) pursuant to Minn. Stat. § 216B.243 in the summer of 2022. Xcel Energy intends to submit a Route Permit application for the Project in accordance with Minn. Stat. § 216E.03 in the 2023-2024 timeframe after conducting stakeholder outreach and a routing analysis.

The Project consists of two 345 kV transmission lines (Gen-Ties) and associated facilities connecting the Sherburne County Generating Station (Sherco) Substation and a new substation in Lyon County. Depending on final route, the Gen-Ties will be approximately 120-140 miles long. The Company plans to place the Project in-service in late 2027 or 2028.

Xcel Energy believes that certain limited Certificate of Need application content requirements of Minn. R. Ch. 7849 should be modified to better address the nature of Xcel Energy, the Project, and the underlying need for this Project. The Minnesota

Public Utilities Commission (Commission) has accepted similar adjustments for other projects in prior dockets. Xcel Energy therefore respectfully requests that the Commission grant exemptions from certain requirements as provided under Minn. R. 7849.0200, subp. 6. In lieu of some content requirements, Xcel Energy proposes to submit alternative information that will better inform the Commission's decision regarding the need for the Project.

II. BACKGROUND

The Project is a Large Energy Facility as defined by Minn. Stat. § 216B.2421, subd. 2(2). The Project will be wholly owned by Xcel Energy. **Attachment 1** shows the endpoints for the Project, as well as other transmission facilities of note in the area. The eastern endpoint is located at the Sherco Substation. The endpoint on the western end is proposed to be a new substation in Lyon County. Xcel Energy proposes an endpoint in Lyon County based on current Midcontinent Independent System Operator, Inc. (MISO) queue requests for wind generation in that area, along with the renewable resources generally available in that region. The precise location of the western endpoint will be informed by forthcoming requests for information and proposals and then specifically identified through the Commission's routing process. Xcel Energy anticipates submitting a route permit application for the Project in the 2023-2024 timeframe.

The Project is part of Xcel Energy's recently approved 2020-2034 Upper Midwest Integrated Resource Plan (IRP), Docket No. E002-RP-19-368. In accordance with the Commission's order in that docket, Xcel Energy must retire Sherco Unit 3 in 2030.¹ The Commission previously approved Xcel Energy's proposal to retire Sherco Unit 1 in 2026.² The Federal Energy Regulatory Commission has granted the current generation owners the right to re-use the associated transmission for new generation at those sites as the old generation retires as part of the energy transition.

In the IRP, the Commission approved Xcel Energy's procurement of 600 MW of solar and 2,150 MW of wind, or an equivalent amount of energy and capacity from

¹ In the Matter of the 2020-2034 Upper Midwest Integrated Resource Plan of Northern States Power d/b/a Xcel Energy, Docket No. E-002/RP-19-368, ORDER APPROVING PLAN WITH MODIFICATIONS AND ESTABLISHING REQUIREMENTS FOR FUTURE FILINGS (April 15, 2022), Ordering ¶ 2(A)(4) ("Xcel shall retire . . . Sherburne County Generating Station Unit 3 in 2030.") (referred to herein as the 2022 IRP Order).

² In the Matter of Xcel Energy's 2016–2030 Integrated Resource Plan, Docket No. E-002/RP-15-21, ORDER APPROVING PLAN WITH MODIFICATIONS AND ESTABLISHING REQUIREMENTS FOR FUTURE RESOURCE PLAN FILINGS (January 11, 2017), Ordering ("Xcel's schedule to retire Sherco 2 in 2023, and Sherco 1 in 2026, is approved.").

a combination of wind, solar and/or storage between 2027 and 2032.³ Xcel Energy will own 1,300 MW of the generation as required to reutilize the Company's existing interconnection rights at Sherco.⁴ A significant portion of these acquisitions will maximize the use of the Project, and the Commission ordered the Company to begin a proceeding to obtain a Certificate of Need and Route Permit for the Project.⁵

III. LEGAL STANDARD & SUMMARY OF EXEMPTIONS REQUESTED

The content requirements for a certificate of need application for a large high-voltage transmission line (LHVTL) are specified in Minn. R. 7849.0220, subp. 2, Minn. R. 7849.0240, and Minn. R. 7849.0260-.0340. Pursuant to Minn. R. 7849.0200, subp. 6, the Commission has authority to grant exemptions from the requirements for Minn. R. Ch. 7849:

Subp. 6 Exemptions. Before submitting an application, a person is exempted from any data requirement of parts 7849.0010 to 7849.0400 if the person (1) requests an exemption from specific rules, in writing to the commission, and (2) shows that the data requirement is unnecessary to determine the need for the proposed facilities or may be satisfied by submitting another document. A request for exemption must be filed at least 45 days before submitting an application. The commission shall respond in writing to a request for exemption within 30 days of receipt and include the reasons for the decision. The commission shall file a statement of exemptions granted and reasons for granting them before beginning the hearing.

Based on the standard set forth in this rule, the Commission may grant exemptions when the data requirements: (1) are unnecessary to determine need in a specific case; or (2) can be satisfied by submitting documents other than those required by the rules.⁶

³ 2022 IRP Order, Ordering ¶ 8.

⁴ *Id.*

⁵ *Id.*, Order ¶ 6.

⁶ *E.g.*, In the Matter of The Application for a Certificate of Need for the Appleton – Canby 115 kV Line, Docket No. E017/CN-06-677, ORDER GRANTING EXEMPTIONS AND APPROVING NOTICE PLAN (Aug. 1, 2006).

Xcel Energy specifically requests that the Commission grant exemptions from the following rules because they are either unnecessary to determine the need for the Project or can be satisfied by submitting alternative data:

Minnesota Rule	Scope of Exemption
Minn. R. 7849.0260(A)(3) and (C)(6) (Proposed LHVTL and Alternatives Application)	Request to provide substitute data in the form of overall system losses instead of line losses.
Minn. R. 7849.0260(B)(4) and (8) (Transmission Lines with Different Terminals or Substations)	Request exemption from discussing alternatives which do not begin at the existing Sherco Substation.
Minn. R. 7849.0270 (Forecasting)	Request exemption from providing specific forecasting and capacity information identified in this Rule and to provide substitute forecast information utilized in Docket No. 19-368 and in analyzing the need for the Project.
Minn. R. 7849.0280(B) through (I) (System Capacity)	Request full exemption from providing a discussion of the ability of the existing system to meet the forecasted demand for electrical energy identified in response to Minn. R. 7849.0270.
Minn. R. 7849.0290(F) (Conservation Programs)	Request full exemption.
Minn. R. 7849.0300 (Consequence of Delay); Minn. R. 7849.0340 (No Facility Alternative)	Request to be exempt from providing analysis using three confidence levels and to provide substitute data, i.e. capacity data that informed the Commission-approved Resource Plan that drives the need for new transmission.
Minn. R. 7849.0330(G) (Description of Major Features of the Region between Endpoints)	Request exemption from providing information concerning major features of the region within three miles of a specific endpoint on the west end of the Project in Lyon County and to provide information concerning major features of the region within Lyon County.

Each of these requests is discussed in more detail below. This request is being made at least 45 days prior to submitting a certificate of need application, as required by Minn. R. 7849.0200, subp. 6.

IV. EXEMPTIONS REQUESTED

A. Minnesota Rule 7849.0260(A)(3) and (C)(6) – Proposed LHVTL and Alternatives Application (Losses)

Minnesota Rule 7849.0260(A)(3) requires the applicant to provide the expected losses “under projected maximum loading and under projected average loading in the length of the transmission line and at the terminals or substations.” Similarly, Minn. R. 7849.0260(C)(6) requires information concerning the efficiency of the proposed system under maximum and average loading along the length of the line. The electrical system operates as a single, integrated system, which prevents electricity from being “directed” along a particular line or set of lines. Consequently, heat loss takes place across the entire transmission system and is not isolated to a few transmission lines within the integrated regional electric grid. It is necessary, therefore, to calculate losses across the system affected by the addition of new transmission lines, rather than the losses attributable to the transmission addition itself.

Xcel Energy requests an exemption from Rule 7849.0260(A)(3) and (C)(6) and proposes to supply system losses information in lieu of line-specific losses required by the rules. The Company’s proposal is consistent with the approach previously approved by the Commission in several other certificate of need transmission line dockets.⁷

⁷ IN THE MATTER OF THE APPLICATION OF NORTHERN STATES POWER COMPANY D/B/A XCEL ENERGY FOR A CERTIFICATE OF NEED FOR THE UPGRADE OF THE SOUTHWEST TWIN CITIES BLUFF CREEK – WESTGATE AREA 69 KV TRANSMISSION LINE TO 115 KV CAPACITY, Docket No. E002/CN-11-332, Order Granting Applicant’s Exemption Request (November 16, 2011); 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, Docket No. E002/CN-11-826, Order Granting The Company’s Exemption Request (November 4, 2011); IN THE MATTER OF THE APPLICATION OF NORTHERN STATES POWER, A MINNESOTA CORPORATION FOR CERTIFICATES OF NEED FOR TWO 161 KV TRANSMISSION LINES IN THE GREATER ROCHESTER AREA, Docket No. E002/CN-08-992, Order Approving Exemption Request As Modified (December 16, 2008); IN THE MATTER OF THE APPLICATION OF GREAT RIVER ENERGY, NORTHERN STATES POWER COMPANY (D/B/A XCEL ENERGY) AND OTHERS FOR A CERTIFICATE OF NEED FOR THE CAPX 345 KV TRANSMISSION PROJECT, Docket No. E002/CN-06-1115, Order designating The Company and Setting Filing Requirements (June 4, 2007); IN THE MATTER OF THE APPLICATION OF GREAT RIVER ENERGY AND MINNESOTA POWER FOR A CERTIFICATE OF NEED FOR A 115 KV, Docket No. E002/CN-10-973, Order Approving Exemptions and Proposed Provision of Alternative Data

B. Minnesota Rule 7849.0260(B)(4) and (8) – Transmission Lines with Different Terminals or Substations

Minnesota Rule 7849.0260(B)(4) requires a discussion of “transmission lines with different terminals or substations.” Likewise, section (B)(8) of that rule requires a discussion of “any reasonable combination of the alternatives” listed in, among others, section (B)(4). As discussed previously, one of the Project requirements is that it interconnect at the site of the existing Sherco Substation as a condition of Xcel Energy’s ability to re-use the existing, and valuable, interconnection rights at that location. For this reason, a transmission line with a different endpoint than the existing Sherco Substation is not feasible and would not meet the identified need. Thus, Xcel Energy requests an exemption from discussing alternatives which do not begin at the existing Sherco Substation.

C. Minnesota Rule 7849.0270 Forecasting

Xcel Energy seeks an exemption from the content requirements specified in Minnesota Rule 7849.0270, which concerns forecasting information. Instead, Xcel Energy proposes to substitute information which better describes the power demand and energy forecasting used to develop the proposed Project, and the type of information the Commission relied upon in the recent IRP proceeding.

The Commission's rules addressing Certificate of Need content requirements were designed decades ago at a time when the transmission improvements under consideration were typically driven by growing demand for electricity and linked directly to a specific generation proposal to meet that need. Consequently, the rules were designed around the concept that a utility provide detailed forecasts of power demand and electricity consumption to demonstrate the need for a specific generating plant that, in turn, justified the need for the proposed transmission capacity.

The Project proposed here is needed to provide replacement renewable energy and capacity for Sherco Units 1 and 3, which will be retired. In the 2022 IRP Order, the Commission already approved Xcel Energy’s procurement of approximately 600 MW of solar and 2,150 MW of wind, or an equivalent amount of energy and capacity from a combination of wind, solar, and/or storage between 2027 and 2032. As such, Xcel Energy submits that the methodology and specific findings from the recent IRP docket

(November 2, 2010); IN THE MATTER OF THE APPLICATION OF XCEL ENERGY AND ITC MIDWEST LLC FOR A CERTIFICATE OF NEED FOR THE HUNTLEY-WILMARTH 345-KV TRANSMISSION LINE PROJECT, Docket No. E-002/CN-17-184, Order Approving The Petition For Exemptions From Certain Filing Requirements For The Certificate Of Need Application (September 1, 2017).

will not be re-litigated in this case.⁸ To the extent that forecasting data is updated during the course of the Certificate of Need proceeding, a revised forecast using the same methodology can be provided for meaningful comparison to ensure there are no material changes to the data underlying the 2022 IRP Order.

In sum, Xcel Energy requests a full exemption from this Rule and will instead provide the IRP forecast and methodology, updated as appropriate in the course of this proceeding, which Xcel Energy used in developing the proposed Project, and which the Commission has already considered. Xcel Energy respectfully submits that such data will better inform the record than the specific, individual data requirements identified in this Rule.

D. Minnesota Rule 7849.0280(B) through (I) – System Capacity

The content requirements found in Minnesota Rule 7849.0280(B) through (I) are focused on generation data. The general purpose of this section, as clearly presented in the introductory paragraph, is to provide a discussion of the ability of the existing system to meet the forecast provided in part 7849.0270. However, Items (B) through (I) examine more generally generation adequacy rather than transmission planning considerations. Here, the Commission determined the energy and capacity Xcel Energy needs to re-utilize the Sherco interconnection rights and meet customer demands. The issue in this docket is what is the best alternative to deliver the new renewable generation. Thus, Xcel Energy requests an exemption from Minnesota Rules 7849.0280 (B) through (I) and proposes that, instead, it provide a detailed discussion of the capacity data that informed the Commission-approved Resource Plan that drives the need for new transmission.

E. Minnesota Rule 7849.0290(F) – Conservation Programs

Minnesota Rule 7849.0290 requires an application to provide information related to conservation programs the applicant has in place and their effect on the forecast information required by Minn. R. 7849.0270. Specifically, section (F) requires an applicant to provide:

a quantification of the manner by which these [conservation] programs affect or help determine the forecast provided in response to part 7849.0270, subpart 2, a list of their total costs by program, and a discussion of their expected effects

⁸ See, e.g., Minn. Stat. § 216B.2422, subd. 2.

in reducing the need for new generation and transmission facilities.

The Project is needed to interconnect generation resources that will replace the capacity and energy of Sherco Units 1 and 3 and are required to both utilize existing interconnection rights and maximize the Sherco interconnection. Conservation cannot meet this need. Therefore, Xcel Energy requests an exemption from this content requirement.

**F. Minnesota Rule 7849.0300 – Consequences of Delay, and
Minnesota Rule 7849.0340 – No Facility Alternative**

Minnesota Rule 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 the impact on existing generation and transmission facilities at three levels of demand specified in Rule 7849.0300 for the no-build alternative. Such a discussion is an important element of a determination of the need for new transmission infrastructure. While Xcel Energy will evaluate the consequences of delay and a no-build alternative, Xcel Energy requests a variance from the portions of these rules that require the examination of delay to incorporate the three specific levels of demand required by Minn. R. 7849.0300. Similar requests for exemptions were approved by the Commission in other transmission line certificate of need dockets.⁹

⁹ 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, MINNESOTA, Docket No. ET-6675/CN-12-1053, Order of Exemption Request (February 8, 2013); IN THE MATTER OF THE APPLICATION OF NORTHERN STATES POWER COMPANY D/B/A XCEL ENERGY FOR A CERTIFICATE OF NEED FOR THE UPGRADE OF THE SOUTHWEST TWIN CITIES BLUFF CREEK – WESTGATE AREA 69 KV TRANSMISSION LINE TO 115 KV CAPACITY, Docket No. E002/CN-11-332, Order Granting Applicant’s Exemption Request (November 16, 2011); 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, Docket No. E002/CN-11-826, Order Granting The Company’s Exemption Request (November 4, 2011); IN THE MATTER OF THE APPLICATION OF NORTHERN STATES POWER, A MINNESOTA CORPORATION FOR CERTIFICATES OF NEED FOR TWO 161 KV TRANSMISSION LINES IN THE GREATER ROCHESTER AREA, Docket No. E002/CN-08-992, Order Approving Exemption Request As Modified (December 16, 2008); IN THE MATTER OF THE APPLICATION FOR CERTIFICATES OF NEED FOR THREE 115 KV TRANSMISSION LINES IN SOUTHWESTERN MINNESOTA, Docket No. E-002/CN-06-154, Order Granting Exemptions (July 24, 2006); IN THE MATTER OF THE APPLICATION OF XCEL ENERGY AND ITC MIDWEST LLC FOR A CERTIFICATE OF NEED FOR THE HUNTLEY-WILMARTH 345-KV TRANSMISSION LINE PROJECT, Docket No. E-002/CN-17-184, Order

G. Minnesota Rule 7849.0330(G) – Description of Major Features of the Region between Endpoints

Minnesota Rule 7849.0330(G) requires “a narrative description of the major features of the region between the endpoints of the transmission facility. The region shall encompass the likely area for routes between the endpoints. The description should emphasize the area within three miles of the endpoints.” The western end of the Project will be located in Lyon County. Because of the yet-undetermined specific location of generation resources, we believe it would be more informative to provide a description of major features within Lyon County. Accordingly, Xcel Energy requests an exemption from the rule for the western end of the Project, and approval to provide information concerning “major features of the region” within Lyon County, rather than within three miles of any specific endpoint.

V. CONCLUSION

We appreciate the Commission’s consideration of these requests and respectfully request that the Commission grant the exemptions as set forth herein.

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Approving The Petition For Exemptions From Certain Filing Requirements For The Certificate Of Need Application (September 1, 2017).