Direct Testimony and Schedules
Dean E. Schiro

State of Minnesota Before the Office of Administrative Hearings For the Minnesota Public Utilities Commission

In the Matter of a Petition by Excelsior Energy Inc. for Approval of a Power Purchase Agreement Under Minn. Stat. § 216B 1694, Determination of Least Cost Technology, and Establishment of a Clean Energy Technology Minimum Under Minn. Stat. § 216B 1693

OAH Docket No. 12-2500-17260-2 PUC Docket No. E6472/M-05-1993

Transmission and Ancillary Services

September 5, 2006

## **Table of Contents**

I.,	Introduction and Qualifications	1
II.	Purpose of Testimony	2
III.	Adequacy of Mesaba 1 LLC's Transmission Plan	3
IV.	Transmission Timing and Costs	10
V.	Accreditation	14
VI	Conclusion	16

1		I. INTRODUCTION AND QUALIFICATIONS
2		
3	Q.	PLEASE STATE YOUR NAME.
4	A.	My name is Dean E. Schiro.
5		
6	Q.	BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?
7	A.	I am employed by Xcel Energy Services Inc. as a Transmission Analyst.
8		
9	Q.	FOR WHOM ARE YOU TESTIFYING?
10	A.	I provide testimony on behalf of Northern States Power Company doing
11		business as Xcel Energy ("Xcel Energy" or the "Company").
12		
13	Q.	PLEASE SUMMARIZE YOUR QULAIFICATIONS AND EXPERIENCE.
14	A.	I received my Bachelor's of Electrical Engineering from the University of
15		Minnesota in 1997, with a focus in power systems. From 1994 - 1997, I
16		worked as a student engineer in the Northern States Power Company
17		Transmission Planning Department. From 1997 - 2004 I progressed through
18		the engineering grades to Principal Engineer at Northern States Power
19		Company and then Xcel Energy. In this role, I analyzed the transmission
20		system for operational constraints and created operating guides to maintain
21		system reliability.
22		
23		Since 2004, I have worked as a Transmission Analyst evaluating transmission
24		access and cost issues associated with new resource acquisitions. In this
25		capacity, I manage and review studies for determining necessary upgrades for
26		future resource additions and power purchases. I also review the Midwest
27		Transmission Independent System Operator ("MISO") transmission service

1		studies for delivering capacity and energy to our system and represent the
2		Company on several MISO committees that focus on transmission access and
3		expansion. A copy of my resume is provided as Exhibit(DES-1),
4		Schedule 1.
5		
6		II. PURPOSE OF TESTIMONY
7		
8	Q.	WHAT IS THE PURPOSE OF YOUR TESTIMONY?
9	A.	I evaluated the transmission access and cost issues associated with the 603
10		MW Mesaba Unit 1 plant proposed by MEP-I LLC ("Mesaba 1 LLC") in this
11		proceeding. Mesaba 1 LLC indicates its intent to interconnect this plant to
12		the electric grid from a location in northern Minnesota and transmit it to Xcel
13		Energy's load center in the Twin Cities. Transmission access and delivery
14		costs are important and necessary considerations when evaluating the Mesaba
15		1 LLC Power Purchase Agreement ("Mesaba 1 PPA") and determining the
16		likely total costs of the Mesaba 1 PPA to Xcel Energy. Consequently, Xcel
17		Energy also retained the consulting services of Mr. Richard Gonzalez of
18		Excel Engineering; my testimony complements the testimony of Mr.
19		Gonzalez, which expands on the cost and likely timing of transmission
20		improvements needed to deliver Mesaba Unit 1's output to Xcel Energy's
21		system.
22		
23	Q.	BASED ON YOUR REVIEW OF MESABA 1 LLC'S PETITION AND TESTIMONY AND
24		YOUR EXPERIENCE, WHAT DO YOU CONCLUDE ABOUT MESABA 1 LLC'S
25		ABILITY TO TRANSMIT MESABA UNIT 1'S OUTPUT TO XCEL ENERGY'S SYSTEM
26		AND THE LIKELY COSTS?
27	A.	I conclude that:

	• While M	Mesaba 1	LLC has	provided	preliminary	estimates	of
	transmiss	sion upgrad	les and cost	ts to interc	onnect Mesa	ba Unit 1	and
	deliver it	s output to	Xcel Ene	gy's custor	ners, it has r	not provide	ed a
	plan for	addressing	g delivery is	ssues and	securing firn	n transmiss	sion
	services.	Mesaba 1 ]	LLC also fai	ls to accou	nt for the cost	t of a variet	y of
	ancillary	services tha	t will be nee	ded to deli	ver output to	Xcel Energ	;у.,
	• The cost	s and time	required to	implemen	nt the require	d transmiss	sion
	improve	nents will l	oe significan	nt. Mr. Go	nzalez's testi	mony prov	ides
	further s	upport for t	his conclusi	on.			
	• There is	substantial	risk that X	cel Energy	may not be	able to ob	tain
	capacity	accreditation	on for Mesa	aba Unit 1	in the initia	l years of	the
	Mesaba 1	l PPA term	. Not havi	ng capacity	accreditation	for a basel	load
	resource	would pose	substantial	additional o	costs on our c	customers.	
Q.	HOW HAVE YOU	J ORGANIZE	ED YOUR TES	YYOMIT			
	Q.	transmiss deliver it plan for services. ancillary:  The cost improver further such that is capacity Mesaba 1 resource	deliver its output to plan for addressing services. Mesaba 1 lancillary services that  The costs and time improvements will be further support for to the capacity accreditation of the mesaba 1 PPA term resource would pose	deliver its output to Xcel Energy in services. Mesaba 1 LLC also fair ancillary services that will be need.  The costs and time required to improvements will be significant further support for this conclusion. There is substantial risk that X capacity accreditation for Mesamesaba 1 PPA term. Not having resource would pose substantial.	transmission upgrades and costs to intered deliver its output to Xcel Energy's custor plan for addressing delivery issues and services. Mesaba 1 LLC also fails to accour ancillary services that will be needed to delive. The costs and time required to implement improvements will be significant. Mr. Go further support for this conclusion.  There is substantial risk that Xcel Energy capacity accreditation for Mesaba Unit 1 Mesaba 1 PPA term. Not having capacity	transmission upgrades and costs to interconnect Mesa deliver its output to Xcel Energy's customers, it has a plan for addressing delivery issues and securing firm services. Mesaba 1 LLC also fails to account for the cost ancillary services that will be needed to deliver output to  • The costs and time required to implement the require improvements will be significant. Mr. Gonzalez's testing further support for this conclusion.  • There is substantial risk that Xcel Energy may not be capacity accreditation for Mesaba Unit 1 in the initial Mesaba 1 PPA term. Not having capacity accreditation resource would pose substantial additional costs on our content.	<ul> <li>There is substantial risk that Xcel Energy may not be able to obcapacity accreditation for Mesaba Unit 1 in the initial years of Mesaba 1 PPA term. Not having capacity accreditation for a basel resource would pose substantial additional costs on our customers.</li> </ul>

First, I present my assessment of Mesaba 1 LLC's Petition and Supplemental Testimony regarding the transmission plan. Second, I discuss the potential cost and timing of securing the transmission service needed to deliver Mesaba Unit 1's output to Xcel Energy's system. Third, I outline the process of accrediting capacity and the significant cost risks posed on customers should Mesaba Unit 1 fail to obtain accreditation. Finally, I summarize my conclusions.

## III. ADEQUACY OF MESABA 1 LLC'S TRANSMISSION PLAN

Q. What material did you review in the preparation of your testimony?

1	A.,	I reviewed Mesaba 1 LLC's filing and paid particular attention to those parts
2		of the filing that pertain to transmission access. Specifically, I reviewed
3		Section IV, Subsection I (Transmission Infrastructure Requirements), as well
4		as the Supplemental Testimony of Stephen D. Sherner. I also reviewed the
5		MISO studies conducted in response to Mesaba 1 LLC's interconnection
6		request. In addition, I reviewed and participated in the drafting of requests
7		for Network Integration Transmission Service for 603 MWs of transmission
8		capacity for both of Mesaba 1 LLC's proposed West and East sites.

10 Q. PLEASE DESCRIBE MESABA 1 LLC'S FILING AS IT RELATES TO TRANSMISSION ACCESS AND COSTS.

Section IV, Subsection I of the Petition discusses transmission infrastructure requirements. The Supplemental Testimony of Stephen D. Sherner provides additional discussion on this portion of Mesaba 1 LLC's filing. For the most part, Excelsior does a reasonable job of laying out the MISO process for interconnection of the Mesaba Unit 1 to the transmission system as well as the process for obtaining firm transmission for delivery of the Mesaba Unit 1 output to Xcel Energy's system. But some aspects of the transmission situation need to be more fully described to provide greater understanding of the cost and timing of transmission investments needed to deliver the output to the Xcel Energy system, the options to provide delivery, and the impacts for capacity accreditation if the plant is unable to deliver.

Q. PLEASE DESCRIBE THE VARIOUS TYPES OF SERVICES AVAILABLE AND THE
PROCESS FOR OBTAINING SERVICES TO INTERCONNECT AND DELIVER A
GENERATOR TO THE MISO TRANSMISSION SYSTEM.

1	A.	MISO's Open Access Transmission and Energy Markets Tariff ("TEMT")
2		provides for several types of services. The first type of service that is
3		important for purposes of Mesaba Unit 1 is "interconnection service," which
4		allows a generator to be connected to the transmission grid. Attachment X of
5		the MISO TEMT governs interconnection service for large generators.
6		
7		There are two types of interconnection service. A new power plant can
8		request either Energy Resource Interconnection Service ("ERIS") or Network
9		Resource Interconnection Service ("NRIS"). ERIS allows a generator to
10		connect to the transmission system without obtaining any rights to deliver the
11		output to the transmission system. NRIS allows the facility to deliver the
12		output to the transmission system and to be designated a Network Resource
13		by any Load Serving Entity in MISO.
14		
15	Q.	What is required to obtain NRIS?
16	A.	MISO requires the facility to pass a deliverability test that demonstrates there
17		is sufficient transmission capacity available to deliver the unit's output within
18		the MISO system. A study assesses the impact of an interconnection facility
19		on transmission facilities. If the output of the proposed facility would result
20		in any component of the transmission grid being loaded above acceptable
21		ratings, the facility does not pass the deliverability test.
22		
23	Q.	WHAT HAPPENS IF THERE IS INSUFFICIENT TRANSMISSION AVAILABLE TO
24		MEET THE DELIVERABILITY TEST?
25	A.	If the generator being studied fails the deliverability test, MISO allows the
26		customer the option of either making the required system upgrades needed to
27		eliminate the constraints and ensure deliverability, or to change its NRIS

2		for accreditation because it includes no rights to deliver output, other than on
3		an as-available basis.
4		
5	Q.	HAS MESABA 1 LLC FILED THE REQUIRED REQUESTS FOR
6		INTERCONNECTION?
7	A.	Yes. As explained in the Petition and Testimony, NRIS was requested for
8		both the West and East locations. However, neither unit passed the
9		deliverability test.
10		
11	Q.	Why did MISO determine that the NRIS request failed the
12		DELIVERABILITY TEST?
13	A.	According to the deliverability study results, the output of Mesaba Unit 1
14		would overload over 30 elements of the transmission network located in
15		multiple states; thus, MISO concluded that the project failed the deliverability
16		test. Based on my review of the results, I believe that obtaining transmission
1 <i>7</i>		access through this mechanism is highly unlikely.
18		
19	Q.	WHAT, THEN, IS MESABA 1 LLC'S PLAN FOR SECURING THE NECESSARY
20		TRANSMISSION TO DELIVER MESABA UNIT 1'S OUTPUT TO XCEL ENERGY?
21	A.	As described in Mr. Sherner's Testimony, Mesaba 1 LLC is currently
22		evaluating its options and may seek designation from MISO as a Local
23		Capacity Resource, which is accomplished by securing transmission service.
24		However, neither the Petition nor Mr. Sherner's testimony specify how
25		Mesaba 1 LLC plans to secure the transmission services needed to deliver
26		Mesaba Unit 1's output to Xcel Energy's system.
27		

request to an ERIS request. Of course ERIS would not be adequate by itself

2	A.	One option would be for Mesaba 1 LLC to request firm Point-to-Point
3		("PTP") transmission service from Mesaba Unit 1 to any other location in
4		MISO.
5		
6	Q.	WOULD A PTP RESERVATION BE AN APPROPRIATE WAY TO PROCEED?
7	A.	Not from the perspective of Xcel Energy or our customers. For the
8		following reasons, Mr. Sherner is mistaken in his Testimony (page 7, lines 3-7)
9		when he states that firm PTP transmission service would be neutral to Xcel
10		Energy's customers:
11		• Xcel Energy would receive most but not all of the revenues from a
12		PTP reservation, as these revenues are distributed among all utilities
13		located in our MISO pricing zone. Consequently other utilities,
14		including Great River Energy and Southern Minnesota Municipal
15		Power Agency, would receive 10 - 15 percent of the revenues.
16		• MISO's current rate design may change when the transition period
1 <i>7</i>		expires on February 1, 2008. At that time, the rate design could
18		change, making it uncertain what revenues Xcel Energy would receive
19		to offset the costs to Xcel Energy.
20		
21	Q.	WHAT OTHER MECHANISM WOULD BE AVAILABLE TO OBTAIN TRANSMISSION
22		SERVICE FROM MESABA UNIT 1?
23	A.	The TEMT provides that an end-use load can make a request for Network
24		Integrated Transmission Service ("NITS"). On July 19 and August 2, 2006,
25		Xcel Energy made requests to obtain NITS from Mesaba 1 LLC's preferred
26		West and alternate East sites, respectively. MISO's response to these requests

 $1 \quad Q$ . What are the options available for securing transmission service?

2		and their costs are unknown at this time.
3		
4	Q.	Is there an advandage of NITS over PTP?
5	A.	Yes. Since NITS is requested by an end-use load to serve native load, there is
6		no additional annual charge for this service, as there is for PTP. However,
7		obtaining firm transmission in this manner would require installation of the
8		transmission system upgrades necessary to support the reservation. Mr.
9		Gonzalez addresses the cost and timing of those types of upgrades. Xcel
10		Energy and its customers (as the end-use load making the request) would
11		absorb a significant portion of the costs of the upgrades required to obtain
12		NITS service. Minnesota Power and its customers could also absorb a
13		significant portion of these costs.
14		
15	Q.	COULD MESABA 1 LLC PROCEED WITH A PTP RESERVATION AND THEN
16		LATER CONVERT IT TO A NITS?
17	<b>A</b> .	No. Presently MISO does not have a tariff or business practice that would
18		allow a generator or project developer to convert PTP service to NITS.
19		
20	Q,	BASED ON YOUR REVIEW OF THE AVAILABLE INFORMATION, WHAT IS YOUR
21		ASSESSMENT OF MESABA 1 LLC'S TRANSMISSION PLAN?
22	A.	Mesaba 1 LLC appears to have taken appropriate steps to obtain
23		interconnection service. However, it has not provided the specific steps
24		needed to address MISO's denial of Network Resource designation.
25		Therefore, it is unclear whether Mesaba 1 LLC will be able to deliver the
26		output of Mesaba Unit 1 to Xcel Energy's system, when it might be able to do
27		so, or what the costs of delivering the output to Xcel Energy's system will be.
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has just begun, so the results of the studies and the magnitude of the upgrades

1		
2	Q.	WHAT TYPE OF INFORMATION WOULD YOU HAVE EXPECTED TO SEE IN A
3		TRANSMISSION PLAN FOR MESABA UNIT 1?
4	A.	I would have expected the Testimony to specify if Mesaba 1 LLC intends to
5		fix the 30-plus constraints identified for deliverability in order to be a
6		Network Resource or focus on the Local Capacity Resource path. The plan
7		then should identify the potential transmission upgrades needed for the
8		option chosen. The Petition specifies potential network upgrades needed for
9		delivery to Xcel Energy load, but the Testimony does not indicate if these are
10		still viable options. Finally, the transmission plan should have included a
11		likely timeframe in which these upgrades can be realistically constructed.
12		
13	Q.	MESABA 1 LLC REPRESENTS THAT XCEL ENERGY IS BETTER POSITIONED
14		THAN IT TO INFLUENCE OTHER AFFECTED TRANSMISSION OWNERS TO UPTAIN
15		THE NECESSARY UPGRADES. DO YOU AGREE?
16	A.	No. The transmission interconnection and delivery processes are clearly
1 <i>7</i>		established by the TEMT. Xcel Energy has no influence over the way in
18		which MISO implements its tariff; clearly, MISO must implement these
19		processes in accordance with that Federal Energy Regulatory Commission-
20		approved tariff. In addition, the interconnection agreement is a three-party
21		agreement between MISO, the project owner (Mesaba 1 LLC), and the
22		transmission owner at the point of interconnection (Minnesota Power). Xcel
23		Energy will not even be a party to that interconnection agreement.

Q. HAS MESABA 1 LLC PROVIDED THE COST OF ANCILLARY SERVICES FOR MESABA UNIT 1?

1	A.	No. The Petition only states that the ancillary services cost will be
2		comparable to any other base load alternative, but those costs are not
3		quantified.
4		
5	Q.	DO YOU AGREE WITH THIS CONCLUSION?
6	A.	No. I believe that Mesaba Unit 1 needs to quantify its expected ancillary
7		services costs. I do not think it is reasonable to assume that these costs would
8		be comparable to other plants on the system without Mesaba 1 LLC
9		providing further study and support.
10		
11		IV. TRANSMISSION TIMING AND COSTS
12		
13	Q.	IF MESABA 1 LLC IS REQUIRED TO MAKE THE NETWORK UPGRADES AS PART
14		OF THE INTERCONNECTION PROCESS, WOULD MESABA 1 LLC BE DIRECTLY
15		RESPONSIBLE FOR THE COSTS?
16	A.	Ultimately, [TRADE SECRET BEGINS TRADE SECRET ENDS].
17		Mesaba 1 LLC may be required to expend capital in support of the
18		transmission projects. However, it would recover these costs thorough
19		transmission credits or cash refunds of 50 percent of its outlays for network
20		upgrades (including interest) paid for by other utility network owners. The
21		unreimburesed outlays would be [TRADE SECRET BEGINS
22		
23		TRADE SECRET ENDS].
24		
25	Q.	PLEASE EXPLAIN.
26		

1	A.	The Mesaba 1 PPA requires that [TRADE SECRET BEGINS
2		
3		
4		
5		TRADE
6		SECRET ENDS]. Ms. Karen Hyde provides additional discussion on this
7		contractual mechanism.
8		
9	Q.	HOW WOULD THE 50 PERCENT OF NETWORK UPGRADES PAID BY OTHER
10		UTILITIES BE RECOVERED?
11	A.	The TEMT provides a structure that reimburses qualified generators directly
12		from the affected transmission-owning utility for 50 percent of the capital
13		provided for network upgrades. Thus, to the extent that Xcel Energy is
14		required to construct network upgrades to its facilities and it chooses to use
15		Mesaba 1 LLC's capital (as allowed by the TEMT), Xcel Energy's ratepayers
16		are ultimately responsible for the 50 percent of the capital that is required to
17		be reimbursed under the TEMT. Other transmission-owning utilities (e.g.,
18		Minnesota Power, Great River Energy) would follow the same process, so
19		their ratepayers would also ultimately be responsible for these costs.
20		
21	Q.	GIVEN THE [TRADE SECRET BEGINS
22		TRADE SECRET ENDS] AND MISO TEMT, WHO WOULD BE
23		RESPONSIBLE FOR THE \$180 MILLION IN TRANSMISSION SERVICE NETWORK
24		UPGRADE COSTS IDENTIFIED BY MR. GONZALEZ AND THE APPROXIMATELY
25		\$70 MILLION IN INTERCONNECTION COSTS IDENTIFIED BY MESABA 1 LLC?

1 A.	Under the TEMT, the \$17 million in direct costs of interconnection would be
2	directly assigned to Mesaba 1 LLC and would not be subject to
3	reimbursement in the Interconnection Agreement;
4	[TRADE SECRET BEGINS
5	TRADE SECRET ENDS]. The \$53 million in network
6	upgrade costs required for interconnection would be 50 percent reimbursed
7	(\$26.5 million) back to Mesaba 1 LLC under the TEMT, with the remaining
8	50 percent (\$26.5 million) not reimbursed by the transmission owner
9	undertaking the network upgrades to support the interconnection (in this
10	case, Minnesota Power). [TRADE SECRET BEGINS
11	TRADE SECRET
12	ENDS]. The \$180 million in network upgrades identified by Mr. Gonzalez
13	would be the responsibility of Xcel Energy as the transmission customer;
14	however, \$77 million of this cost could be borne by Minnesota Power and its
15	retail and wholesale customers.
16	
17	Consequently, Xcel Energy and our customers would be responsible for
18	[TRADE SECRET BEGINS TRADE
19	SECRET ENDS] in transmission-related costs associated with Mesaba Unit
20	1: [TRADE SECRET BEGINS
21	TRADE SECRET ENDS] for interconnection of Mesaba
22	Unit 1. The difference in costs could be assigned to Minnesota Power and
23	eventually recovered through its retail and wholesale rates.
24	
25 Q.	HAVE YOU IDENTIFIED THE RATE IMPACT FOR XCEL ENERGY'S CUSTOMERS
26	DUE TO THESE TRANSMISSION-RELATED COSTS?

2		1 PPA, which includes these transmission costs.
3		
4	Q.	BASED ON YOUR EXPERIENCE AND UNDERSTANDING OF MESABA 1 LLC'S
5		PROPOSAL AND ITS OPTIONS FOR SECURING TRANSMISSION SERVICE, CAN YOU
6		OFFER ANY OPINION OF WHAT THE ULITMATE TIMING AND COST OF THE
7		TRANSMISSION SERVICE NEEDED TO DELIVER MESABA UNIT 1'S OUTPUT TO
8		XCEL ENERGY'S LOAD?
9	A.	Yes. At a minimum, high voltage transmission lines would need to be built
10	from the Mesaba Unit 1 to the Twin Cities with a lead-time of at least	
11		eight years from initial planning to construction.
12		
13		To get a better understanding of the facilities needed, Xcel Energy retained
14		Mr. Gonzales to perform a high-level sensitivity of potential costs and
15		timeframes to complete the necessary upgrades to deliver the energy from
16		Mesaba Unit 1 to Xcel Energy's load. We did so both as part of our due
17		diligence to understand the full cost and implications of Mesaba 1 LLCs
18		proposal and to assist the evaluation of the Mesaba 1 PPA, as the costs and
19		availability of transmission are an essential component to determining
20		whether the Mesaba 1 PPA should be approved.
21		
22	Q.	HAVE YOU REVIEWED THE WORK MR. GONZALEZ PERFORMED IN THIS
23		PROCEEDING?
24	A.	Yes. Mr. Gonzalez indicates that the cost to deliver Mesaba Unit 1 to the
25		Xcel Energy system is approximately \$180 million. Mr. Gonzalez also
26		estimates that the needed transmission is not likely to be in service prior to
27		2014.

A. No. Mr. Mark Hervey provides an analysis of the rates impact of the Mesaba

2	Q.	WHAT LEVEL OF CERTAINTY DO YOU PLACE ON THESE ESTIMATES?
3	A.	Ultimately, only MISO can determine which transmission upgrades will in fact
4		need to be made through the tariff and study process. However, Xcel Energy
5		and other utilities routinely rely on the work of engineers such as Mr.
6		Gonzalez to provide better understanding of the transmission implications of
7		various resource proposals prior to the completion of MISO's work.
8		Engineers such as Mr. Gonzalez are able to perform steady-state powerflow
9		and dynamic stability analysis arising from additions of new generators, as
10		well as considering planned transmission upgrades, to help us evaluate the
11		costs and feasibility of resource options.
12		
13	Q.	BASED ON THE ANALYSIS PROVIDED BY MR. GONZALEZ, WHAT IS YOUR
14		CONCLUSION REGARDING THE TRANSMISSION ISSUES ASSOCIATED WITH
15		Mesaba 1 LLC's Petition?
16	A.	At this time, it is unclear whether and how Mesaba Unit 1's output would be
17		delivered to Xcel Energy's system. However, based on my knowledge of the
18		MISO processes, the transmission grid, and Mr. Gonzalez's analysis, I believe
19		the cost of securing such service would be significant and would affect the
20		price paid by our customers. In addition, because Mesaba Unit 1 would
21		require significant new upgrades to the transmission system, it is unlikely that
22		firm service would be obtained until 2014.
23		
24		V. ACCREDITATION
25		
26	Q.	WHAT IS THE IMPORTANCE OF SECURING ACCREDITED CAPACITY?

1	A.	As a member of the Mid-Continent Area Power Pool ("MAPP") Generation
2		Reserve Sharing Pool ("GRSP"), Xcel Energy is obligated to maintain
3		sufficient accredited capability to cover our load plus our reserve capacity
4		obligation. MAPP standards govern the accreditation process, one
5		requirement of which is firm transmission service from the generator to the
6		load. Capacity that is not accredited cannot be used to satisfy our capacity
7		obligations, and MAPP imposes significant financial consequences on utilities
8		that fail to meet these obligations.
9		
10	Q.	Why is this issue of accreditation important in this proceeding?
11	A.	If Mesaba 1 LLC only proceeds with its current request for ERIS and does
12		not develop any plan to secure transmission rights for firm delivery of its
13		power to Xcel Energy, it would only be able to deliver energy using the
14		existing capacity of the transmission system on an as-available basis. This
15		status would provide no assurance that the it would be able to deliver to Xcel
16		Energy when our customers need the energy, and the plant would not be
17		MAPP accredited.
18		
19	Q.	WHAT ARE THE IMPLICATIONS FOR XCEL ENERGY IF MESABA UNIT 1 IS NOT
20		ACCREDITED BY THE MAPP GRSP?
21	A.	The capacity from Mesaba Unit 1 would not contribute toward Xcel Energy's
22		minimum capacity requirements. We would therefore need to secure
23		additional accredited capacity to ensure our MAPP obligations are met. This
24		could result in having to [TRADE SECRET BEGINS
25		
26		TRADE SECRET
27		ENDS].

Q.	PLEASE ELABORATE.
A.	The [TRADE SECRET BEGINS
	TRADE SECRET ENDS], in my opinion,
	constructing a generator without a thorough investigation and plan to develop
	the associated transmission is extremely problematic. The commercial
	availability of the generating unit should coincide with the necessary upgrades
	to obtain delivery service either through NRIS or firm transmission service.
	VI. CONCLUSION
Q.	PLEASE SUMMARIZE YOUR TESTIMONY.
<b>A</b>	Mesaba 1 LLC seeks approval of the Mesaba 1 PPA without having a plan for
	delivering the output to Xcel Energy as purchaser. I believe the costs and
	timing of securing the needed transmission service will be significant, as there
	are significant risks and substantial costs that customers will bear. Further,
	[TRADE SECRET BEGINS
	TRADE SECRET ENDS] even in the
	event the generating plant does not receive MAPP accreditation. While there
	are options for securing transmission service, the net costs of these options
	are likely to be significant and the service may be unavailable before 2014.
Q.	DOES THIS CONCLUDE YOUR TESTIMONY?
A.	Yes, it does.
	A. Q. A.

Dean E. Schiro Transmission Analyst Xcel Energy Services Inc. 414 Nicollet Mall Minneapolis, Minnesota 55401

### **EDUCATION**

Bachelor's of Electrical Engineering 1997 University of Minnesota

### **EMPLOYMENI**

Xcel Fnergy and formerly Northern States Power Company

2004 – present	Transmission Analyst, Transmission Access
2003 – 2004	Principal Engineer, Real Time Planning
2001 – 2003	Senior Engineer, Real Time Planning
1998 – 2001	Specialty Engineer, Operations Analysis
1997 – 1998	Engineer, Operations Analysis
1994 – 1997	Student Engineer, Transmission Planning

### COMMITTEE PARTICIPATION

2006	Technical Review Committee – 2006 MN Wind Integration Study
2004 – present	MISO AFC Working Group
2004 – present	MISO Planning Subcommittee
2004 – present	MISO Expansion Planning Working Group
2005 – 2006	MISO Generation Deliverability Task Force
2004	MISO Transmission System Operations Working Group
2004	MAPP Planning Subcommittee
2004	MAPP Planning Standards Development Working Group
1997 – 2004	Northern MAPP Operations Review Working Group

### LICENSURE

Registered Professional Engineer in the State of Minnesota