

Legalelectric, Inc.

Carol Overland Attorney at Law, MN #254617
Energy Consultant—Transmission, Power Plants, Nuclear Waste
overland@legalelectric.org

1110 West Avenue
Red Wing, Minnesota 55066
612.227.8638

March 15, 2023

Will Seuffert
Executive Secretary
Public Utilities Commission
121 – 7th Place East, Suite 350
St. Paul, MN 55101

RE: Reply Comments
E-999/M-21-111 2021 Minnesota Biennial Transmission Projects Report

Dear Mr. Seuffert:

The Biennial Transmission Report isn't doing what it ought to do, in large part because when it was mandated, need for transmission projects was based on electrical need. That "need" has changed, and today transmission is wanted, desired, for economic "need." It's all about market. That change in the basis for transmission projects was done to further market transactions, that's the purpose of MISO – transmission of electricity from any Point A to any Point B, facilitating market transactions.

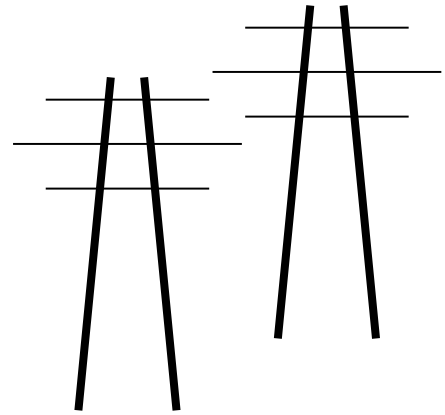
Capital investment in transmission projects was incentivized, with rates of return higher than that for sale of electricity. Building transmission also opens up a new revenue source, transmission service for marketed transmission. It's the economics, stupid! The desire for this transmission build-out, and the "CapX 2050" and "Grid North Partners" intends to continue to capitalize on transmission.

Xcel Energy is benefitting from this change, as revealed in its recent 2022 10-K filing¹:

MISO Capacity Credits

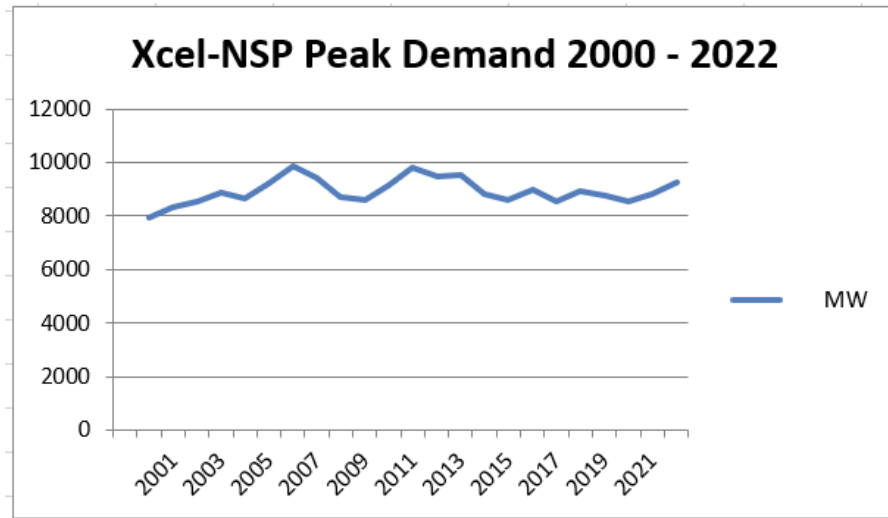
The NSP System offered 1,500 MW of excess capacity into the MISO planning resource auction for June 2022 through May 2023. Due to a projected overall capacity shortfall in the MISO region, the 1,500 MWs offered cleared the auction at maximum pricing, generating revenues of approximately \$90 million in 2022, with approximately \$60 million expected in 2023. These amounts will primarily be used to mitigate customer rate increases or returned through earnings sharing or other mechanisms.

¹ <https://d18rn0p25nwr6d.cloudfront.net/CIK-0000072903/e3289f4f-768c-4d54-b8ec-d48a6088805d.pdf>



via eDockets only

The ability to make these market transactions is particularly important where Xcel’s peak demand remains below the systemwide peak of 2006:



As you may recall, and you should be paying attention, the CapX 2020 transmission build-out was predicated on an annual 2.49% growth in demand.²

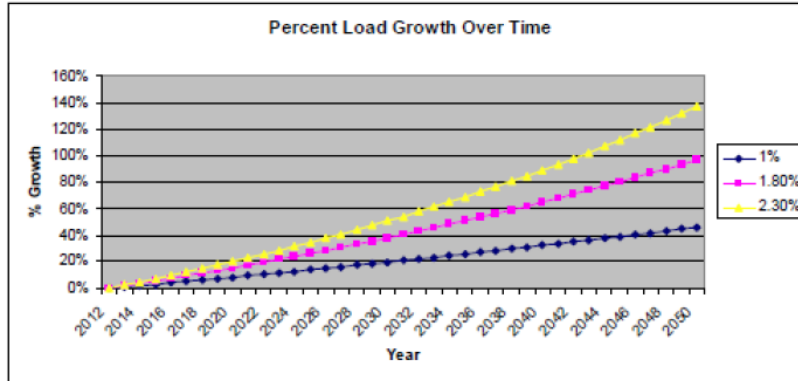
Control area	2009 load level (2004 MAPP Series) (MW)	Yearly growth rate (%)	Calculated 2020 load level (MW)
ALT (West)	3265.3	1.60	3888.2
Xcel Energy (North)	9632.6	2.68	12885.1
MP	1507.3	1.70	1814.4
SMMPA/RPU	330.0	2.70	442.4
GRE	2833.5	3.27	3943.2
OTP/MPC	1677.2	2.70	2248.3
DPC	954.7	2.60	1266.2
Total	20200.6	Ave. = 2.49%	26487.8

Table 1 – CapX 2020 Anticipated Area Growth

Although this claim has been demonstrated false, to an extreme degree, Xcel has over and over doubled down, claiming need due to demand increases, and these misstatements were accepted by the Commission since 2005. These are false statements, GIGO projections, upon which millions, billions, of dollars of transmission was based on, and which was approved by the Commission.

In 2011, Xcel produced “forecasting” for the Hollydale Transmission Project that was based on old and outdated forecasts from 2006, the peak demand prior to the 2007 economic crash, and bases its need claim on a forecast of 1% annual growth in peak demand:

² P. 5 CapX 2020 Final Tech Report May 2005.

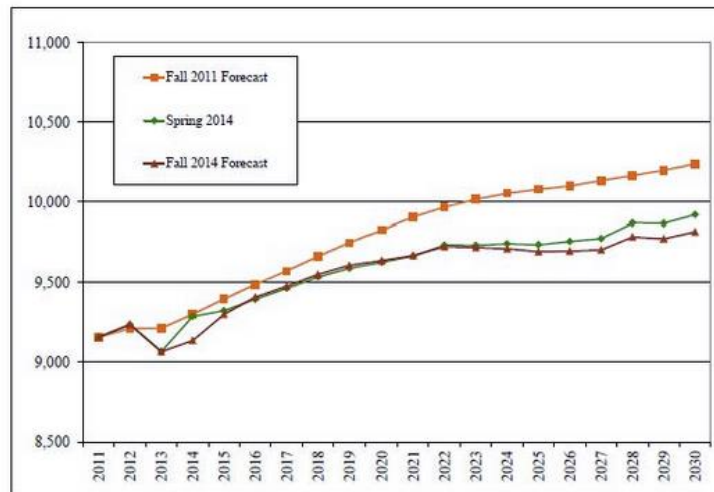


Hollydale Application, p. 42-48; 50-57; see also 12, 14, 35, 38; see also Table 2 and Table 3, p. 48-49. Xcel’s Hollydale Need Addendum, dated January 24, 2013, exacerbates this error claiming a 1.8% growth rate and using a 1.8% growth projection for its forecasts. Michlig Direct, Schedule 2, Hollydale Need Addendum, p. 24. For the full Hollydale docket, go to CoN Docket 12-113 or Routing Docket 11-152. Hollydale wasn’t needed, it wasn’t built – it was a transmission “solution” for a distribution problem – a failure to upgrade distribution voltage and coverage as the community grew.

As late as 2015, Xcel was still promoting this demand increase fiction:

From Xcel's IRP (Docket 15-21), p. 45 of 102:

Figure 4: Historic and Forecast Peak Demand



These days, the utilities are saying we NEED transmission to facilitate transition to renewable, true only when “we” fail to utilize distributed generation, and siting new generation where old, shuttered generation and other closed industrial facilities have existing transmission. Building a transmission line from SW Minnesota to the Sherco substation is the most preposterous idea yet.

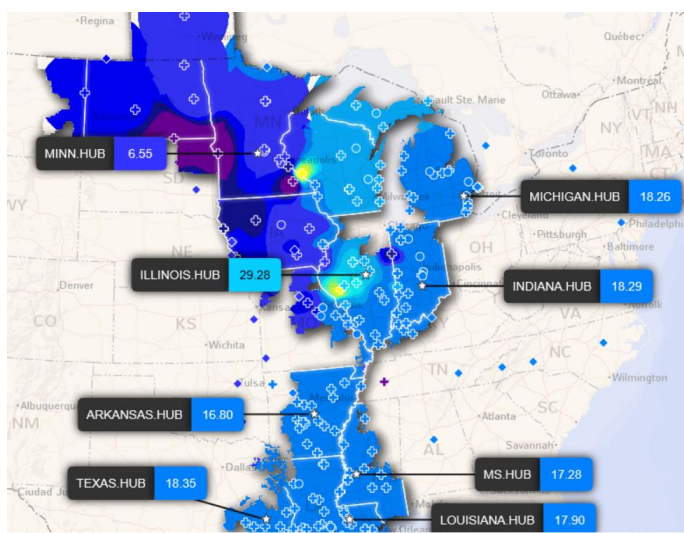
This is 2023, and things have changed. Meanwhile, the ratepayers are getting soaked, and utilities pay little in income tax, receive tax credits, deductions, and reap a grand return on investment as the Commission rubber stamps every transmission proposal.

In addition to SEC filings showing the decrease demand, the Commission would do well to pay attention to electric industry reports:

- NERC Long-Term Reliability Assessment³ ([NERC LTRA 2022](#))
- “Independent Market Monitor” MISO 2021⁴ (most recent) [State of the Market](#)

Unless and until the Commission, assisted by a fully revealed and sufficiently detailed Biennial Transmission Report and addresses the changed “need” analysis for projects proposed; until the Commission acknowledges the market-driven nature of the transmission projects proposed; and until the Commission takes a hard look at the costs and benefits, particularly scrutinizing “who pays” and “who benefits” from each project; until the Commission acknowledges the staged and connected reality of the transmission build-out; until the Commission works hard to engage the public and help the public participate through awareness of the projects themselves and what they mean to their community and their electric bill; the Biennial Transmission Plan will be ineffective.

At 3:50 p.m. March 15, 2023, here’s the MISO LMP – most days, all of MISO is blue:



As we say in transmission, “It’s all connected.” We need a shift in how we’re looking at electricity and what’s “needed.”

Very truly yours,

Carol A. Overland
Attorney at Law

³³ Decades of NERC Reports are available online: <https://www.nerc.com/pa/RAPA/ra/Pages/default.aspx>

⁴ Only 2019, 2020, and 2021 online at: <https://www.misoenergy.org/markets-and-operations/independent-market-monitor2/#t=10&p=0&s=&sd=>