

MEMORANDUM

To: Commissioners Kroshus, Fedorchak, and Christmann

From: Adam Renfandt

Date: January 31, 2020

Re: 2/5/2020 Consent Agenda, Northern States Power Company (NSP) Updated Cogeneration Rates, Case No. PU-20-17

On January 2, 2020, NSP filed its annual update of cogeneration and small power production rate schedules as required under the federal Public Utilities Regulatory Policies Act of 1979 (PURPA) and Commission rules. These rate schedules provide standard rates for purchase of energy and generating capacity from small customer-owned Qualifying Facilities (QFs) as defined under PURPA. PURPA originally obligated utilities to purchase electricity delivered by QFs at a price equal to the costs the utility would have paid to generate the electricity itself or purchase the electricity elsewhere (avoided costs). Amendments to PURPA under the Energy Policy Act of 2005 allow FERC to relieve utilities of that purchase obligation if the FERC finds that the QF has access to energy markets, such as the MISO or SPP energy markets. NSP has not been relieved.

The filing includes revised tariff rates for NSP's Net Energy Billing Service, Purchase and Sale Billing Service and Time of Day Purchase Service. Metering charges are unchanged, and capacity payments have increased slightly. Energy payments have generally decreased. NSP reports that it has only one customer that operates a small wind turbine generator under the net billing tariff under these rate schedules. Assuming the customer's energy usage remains the same as last year, there will be no effect on this customer's bill.

I recommend the Commission approve the filing.