

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Northern States Power Company
Advance Prudence – 150 MW PPA for MinnDakota Wind
Application**

Case No. PU-22-410

ORDER

March 8, 2023

Preliminary Statement

On November 18, 2022, Northern States Power Company (NSP) filed an application for Advanced Determination of Prudence for a 41-month extension of the existing 150 MW Power Purchase Agreement (PPA) for the output of the MinnDakota Wind facility, extending the PPA through May 31, 2026. NSP believes approval of the PPA extension will help assure the continued operation of the MinnDakota Wind Facility (MinnDakota) at a cost-effective price providing a short-term hedge against market volatility benefitting North Dakota customers.

On January 11, 2023, the Commission issued a Notice of Opportunity for Hearing (Notice), which provided until February 24, 2023, for receiving written comments and hearing requests. No response or request for hearing was received. The Notice provided that, if deemed appropriate, the Commission can determine the matter without a hearing.

The Notice identified the following issues to be considered:

1. Whether NSP's proposed resource addition is prudent.
2. Whether the Commission should grant NSP an advanced determination of prudence.

On February 22, 2023, an informal hearing was held to discuss the matter with NSP and commission staff.

Discussion

MinnDakota consists of 100 turbines with an output of 150 MW located in both Lincoln County, Minnesota and Brookings County, South Dakota. The project achieved commercial operation on December 31, 2007, with a 15-year PPA with NSP for purchase of the entirety of the facility's output. MinnDakota and NSP executed the 41-month extension of the PPA on November 7, 2022.

The proposed PPA extension does not meet an identified energy need in NSP's Integrated Resource Plan but the renegotiated rate of the PPA is below the system average cost of fuel recovered from North Dakota customers through the Fuel Cost Rider (FCR). This PPA will have the potential to act as a hedge against volatility in the energy market, and there is a high probability it will generate savings for North Dakota customers. The PPA will continue to include the full benefits of capacity accreditation within MISO as well as the full value of RECs (renewable energy credits) which will be proportionally returned to North Dakota customers.

Also included in the renegotiation is a declining cap on compensable curtailments. The original PPA with MinnDakota and NSP included provisions under which NSP would reimburse MinnDakota for certain curtailments due to lack of available transmission capacity, lack of transmission service, and low load conditions that required curtailment for system stability. The new agreement will help to reduce the going forward risks due to congestion and negative locational marginal prices for NSP and shift the risk to MinnDakota.

NSP will continue to recover the North Dakota allocated costs of MinnDakota as a purchased power cost from North Dakota customers through the FCR.

The Commission finds NSP's proposed resource addition is prudent.

Therefore, the Commission issues its:

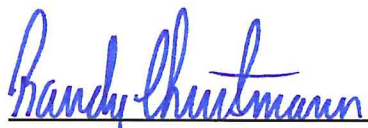
Order

The Commission Orders Northern States Power Company's application for an advance determination of prudence for a 41-month extension to the 150 MW PPA for MinnDakota Wind is GRANTED.

PUBLIC SERVICE COMMISSION



Sheri Haugen-Hoffart
Commissioner



Randy Christmann
Chair



Julie Fedorchak
Commissioner