

# Memorandum

To: Commissioners Christmann, Haugen-Hoffart and Fedorchak

From: Chris Hanson

Date: February 8, 2023

Re: Northern States Power Company (NSP), Cogeneration - Small Power Production, Case No. PU-22-419

On January 3, 2023, 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 the 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 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, effective March 1, 2023. Metering charges are unchanged and energy payments have increased in all rate schedules while the capacity charges have decreased. The number of customers on the company's Net Energy Billing Service increased from three in the prior year to seven in the current year and the total excess KWh sold to NSP increased from 3,136 to 7,919.

Staff has reviewed the filing and recommends approval.