

Direct Testimony and Schedule
Christopher J. Shaw

**STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

In the Matter of the Application of Northern States Power Company
for an Advance Determination of Prudence for the Lyon County to
Sherburne County 345 kV Transmission Line

Case No. PU-23-_____

Exhibit____(CJS-1)

Policy

March 23, 2023

Table of Contents

I.	Introduction and Qualifications	1
II.	Regulatory Matters.....	4
III.	Project Overview	5
	A. Project Identification and Need	6
	B. Project Facilities	11
IV.	Economic Analysis	16
V.	Presentation of Witnesses	18
VI.	Conclusion	18

Schedule

Statement of Qualifications

Schedule 1

1 **I. INTRODUCTION AND QUALIFICATIONS**

2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Q. PLEASE STATE YOUR NAME AND TITLE.

A. My name is Christopher J. Shaw. I am a Regulatory Policy Manager for Northern States Power Company – Minnesota (NSP or Xcel Energy or the Company).

Q. PLEASE DESCRIBE YOUR QUALIFICATIONS AND EXPERIENCE.

A. I have worked for Xcel Energy since November 2015, initially as a Principal Rate Analyst. I began my current position in August 2018. Prior to joining Xcel Energy, I worked for the Minnesota Department of Commerce and the Minnesota Attorney General’s Office. My statement of qualifications is provided as Exhibit__(CJS-1), Schedule 1.

Q. FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying on behalf of NSP.

Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES?

A. In my current role, I work with the Resource Planning team on the development of resource plans and acquisitions for the five-state integrated Upper Midwest Northern States Power Company system (NSP System), which provides electric service to customers in North Dakota, South Dakota, Minnesota, Wisconsin, and Michigan. This includes assisting the Company in making reasonable and prudent acquisition decisions for electric generation resources.

1 Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING?

2 A. The purpose of my Direct Testimony is to provide support for the Company's
3 request for an Advance Determination of Prudence (ADP) for the Lyon
4 County to Sherburne County 345 kilovolt (kV) Transmission Line (the
5 Project). The Project is a proposed 160- to 180-mile, double circuit
6 transmission line connecting the existing Sherburne County Substation
7 (Sherco Substation) in Becker, Minnesota, and a new substation in Lyon
8 County, Minnesota, and other associated facilities, including intermediate and
9 voltage support substations (Project). In my testimony, I detail the Project
10 and related policy issues, and address the prudence of the Project in support
11 of the Company's ADP Application (Application).

12

13 Q. WHY IS THE COMPANY PROPOSING THE PROJECT?

14 A. In the most recent 2020-2034 Upper Midwest Integrated Resource Plan (IRP)¹
15 the Company identified a need for the addition of nearly 9,000 MW of cost-
16 effective generation during the planning period, including nearly 6,000 MW of
17 renewable generation that will need to be connected to the grid by 2034.
18 Further, the analysis in the IRP showed that it was cost-effective to reutilize
19 the interconnection for the three retiring generators at the existing Sherburne
20 County Generation Station (Sherco) located in Becker, Minnesota. Together,
21 the three Sherco Units represent nearly 2,000 MW of existing interconnection
22 rights at the Sherco Point of Interconnection (POI) that are owned by the
23 Company. Given these realities, the Company proposed the Project as part
24 of its IRP as a means for the Company to retain those valuable interconnection

¹ Filed as NDPSC Case No. PU-19-220.

1 rights and use them to cost-effectively interconnect a large portion of the
2 generation that is needed to meet our capacity needs over the next 10-15 years.

3
4 Q. IS THE COMPANY'S PROPOSED INVESTMENT IN THE PROJECT PRUDENT?

5 A. Yes. Given the high system upgrade costs associated with the Midcontinent
6 Independent System Operator (MISO) interconnection queue, the Company
7 estimates that the Project will save customers \$531 million on a net present
8 value (NPV) basis (\$2023), when compared with interconnecting the same
9 amount of generation using the MISO generator interconnection procedures
10 by avoiding costly interconnection upgrades. It will also allow the Company
11 to reliably deliver energy to the system, bypassing material congestion issues
12 for interconnected generation currently being experienced on the transmission
13 system. Overall, the Project will allow the Company to predictably and cost-
14 effectively bring new renewable generation from renewable-rich areas to the
15 center of the NSP system at an existing point of interconnection, at a lower
16 cost to customers than bringing the same amount of generation online
17 through the regular MISO queue process, by utilizing the Company's valuable
18 interconnection rights in Becker, Minnesota.

19
20 Q. HOW IS YOUR TESTIMONY STRUCTURED?

21 A. My testimony covers the following topics:

- 22 • Regulatory Matters;
- 23 • Project Overview;
- 24 • Economic Analysis; and
- 25 • Presentation of Witnesses.

1 **II. REGULATORY MATTERS**

2
3 Q. PLEASE DESCRIBE THE COMPANY’S REQUIREMENTS WITH RESPECT TO THIS
4 ADP.

5 A. North Dakota Century Code (N.D.C.C.) section 49-05-16 allows a public
6 utility to seek an ADP from the Commission for a “resource addition” at the
7 utility’s discretion. A resource addition includes, among other things, a
8 “transmission facility.” Pursuant to the Settlement Agreement in Case No.
9 PU-07-776, the Company is obligated to file an Application for an ADP for
10 its acquisition of a transmission facility that is at least 50 miles long.² In Case
11 No. PU-12-59, Xcel Energy committed to filing its ADP applications within
12 14 days of seeking similar approvals in Minnesota.³

13
14 Q. IS THE COMPANY MEETING NORTH DAKOTA FILING REQUIREMENTS WITH
15 THIS APPLICATION AND SUPPORTING TESTIMONY?

16 A. Yes. The Project is a transmission facility that is more than 50 miles long,
17 thus this Application complies with the requirements of N.D.C.C. § 49-05-16
18 and the Settlement Agreement in Case No. PU-07-776. Additionally, in
19 accordance with our commitment in Case No. PU-12-59, the Company is
20 submitting the Application within 14 days of filing a petition seeking approval
21 for the acquisitions in Minnesota, which occurred on March 9, 2023. Finally,
22 the Application and supporting testimony demonstrate the prudence of the
23 Company’s acquisition of the facilities.

² *N. States Power Co. Elec. Rate Increase Application*, Case No. PU-07-776, ORDER ADOPTING SETTLEMENT AGREEMENT at 6 of Settlement Agreement (Dec. 31, 2008).

³ *N. States Power Co. Advance Prudence – Geronimo Wind Application*, Case No. PU-12-59, LETTER OF COMMITMENT (Nov. 5, 2012).

1 **III. PROJECT OVERVIEW**

2
3 Q. PLEASE PROVIDE A HIGH-LEVEL OVERVIEW OF THE PROJECT.

4 A. The Project consists of an approximately 160- to 180-mile, 345 kV
5 transmission line connecting the existing Sherco Substation in Becker,
6 Minnesota to a planned new substation in Lyon County, Minnesota, as well as
7 other associated facilities, including intermediate and voltage support
8 substations. The Project will consist of two lines, which will be located on the
9 same set of structures, or “double-circuited,” to minimize impacts to the
10 human and natural environments.

11
12 Q. WHY IS THE COMPANY PROPOSING TO CONSTRUCT THE PROJECT?

13 A. The Project is intended to predictably and cost-effectively support the
14 interconnection and delivery of at least 2,000 MW of new generation to the
15 Sherco POI. As the existing Sherco Units retire over the next several years,
16 the Project will optimize re-use of the Company’s valuable interconnection
17 rights at the site. Thus, the Project will help meet the twin goals of (1)
18 interconnecting a large amount of new generation to meet the need identified
19 in the IRP, and (2) efficiently reusing our valuable interconnection rights at
20 Sherco under the MISO generator replacement rules.

21
22 Q. IN ADDITION TO THIS ADP, WHAT OTHER SUBMISSIONS HAS NSP FILED TO
23 OBTAIN APPROVAL FOR THE PROJECT?

24 A. NSP submitted a Certificate of Need (CON) Application to the Minnesota
25 Public Utilities Commission (MPUC) on March 9, 2023. In addition, the
26 Company plans to apply to the MPUC for a Route Permit for the Project later
27 in 2023.

1 **A. Project Identification and Need**

2 Q. WHEN DID THE COMPANY INITIALLY PROPOSE THE PROJECT?

3 A. An initial version of the Project was first proposed in 2021 as part of the
4 Alternate Plan in the Company’s most recent resource planning cycle. The
5 MPUC approved the Company’s IRP, which included a generation tie-line to
6 the Sherco Substation, in a written Order dated April 15, 2022 (Docket No.
7 E002/RP-19-368).

8
9 Q. WHY WAS THE PROJECT PROPOSED AS PART OF THE IRP?

10 A. As I noted above, the IRP calls for the addition of nearly 6,000 MW of
11 renewable generation by 2034, and the MPUC specifically required the
12 retirement of Sherco Unit 3 by 2030, which will be the last Sherco Unit to shut
13 down. This amount of new generation will require significant transmission
14 investments by both the Company and MISO to reliably deliver renewable
15 energy from the areas where it is generated to major load centers within NSP’s
16 territory. With these challenges in mind, as part of the Alternate Plan the
17 Company analyzed and proposed adding a Sherco transmission tie-line to (1)
18 re-utilize the available interconnection rights for the retiring Sherco coal units
19 and (2) enable the cost-effective interconnection of substantial renewable
20 resources without the risk of substantial costs or delays relating to the MISO
21 queue.

22
23 Q. WHY IS IT IMPORTANT TO REUSE THE EXISTING INTERCONNECTION RIGHTS
24 ASSOCIATED WITH THE SHERCO COAL UNITS?

25 A. Existing transmission capacity continues to be constrained in MISO and
26 beyond, requiring high estimated upgrade costs to bring new generation onto
27 the NSP system and causing transmission congestion to impede the delivery

1 of energy from certain renewable-rich areas. The Company owns
2 approximately 2,000 MW of interconnection rights at the Sherco POI, which
3 it can retain when the current Sherco Units retire if NSP-owned replacement
4 resources are interconnected within three years of the prior unit's retirement.
5 Given the high costs and delays associated with the MISO interconnection
6 queue, reutilization of the Sherco POI interconnection capacity presents an
7 opportunity for the Company to cost-effectively interconnect large amounts
8 of nameplate capacity that are identified as needed in the IRP while avoiding
9 MISO queue schedule and cost risk.

10
11 Q. HAS THIS VALUE BEEN QUANTIFIED?

12 A. The Company performed an updated analysis comparing the cost of
13 interconnecting the generation identified in the IRP utilizing the Project, as
14 compared to the cost of interconnecting it through the MISO queue, assuming
15 a standard interconnection cost for wind and solar resources. On average,
16 those resources' interconnection upgrades are expected to cost \$297/kW if
17 utilizing the Project, versus \$490/kW if going through the traditional MISO
18 generation interconnection process, for a total estimated net benefit of \$531
19 million (\$2023). This analysis is discussed further in the testimony of
20 Company witness Ms. Farah Mandich, and Company witness Mr. Jason
21 Standing addresses the cost estimates upon which the analysis is based in his
22 testimony.

23
24 In addition, and as noted above, the Project will bypass material congestion
25 issues for interconnected generation currently being experienced on the
26 transmission system. In addition to preserving the interconnection rights at
27 the Sherco site, re-use of the interconnection allows the Company to preserve

1 the Financial Transmission Rights (FTR) associated with the Sherco
2 interconnection which allow the Company to hedge against congestion cost
3 that may be incurred between the existing interconnection at Sherco and our
4 load. The congestion benefits have not been included in the Company's
5 economic analysis.

6
7 Q. ARE THERE RESTRICTIONS ON HOW THE SHERCO INTERCONNECTION RIGHTS
8 CAN BE REUSED?

9 A. Yes. The MISO Tariff provides strict obligations for the re-use of existing
10 interconnection capacity.

11
12 From a timing perspective, Attachment X of the MISO Tariff requires that:
13 (1) a request for generator interconnection replacement be submitted at least
14 one year prior to the date that an existing generation facility will cease
15 operation, Attach. X § 3.7.1(ii), and (2) the expected commercial operation
16 date for a replacement facility must be within three years of the date that the
17 existing facility ceases operation, Attach. X § 3.3.1.

18
19 From an ownership perspective, the rules provide that only the owner of an
20 existing facility may seek to replace that existing facility with another facility,
21 and that new facility must be owned by the existing facility's owners; the rules
22 do not allow the owner of an existing facility to submit a request for a third
23 party to build a replacement facility that will use the owner's existing
24 interconnection rights.

25
26 Q. WHAT ARE THE PRACTICAL IMPLICATIONS OF THESE REQUIREMENTS?

27 A. To comply with the MISO rules, the Company will need to own approximately

1 1,300 MW of generation, equivalent to the Company's existing
2 interconnection rights, that will utilize the Project to interconnect at the
3 Sherco Substation POI and will need to procure and in-service that generation
4 within three years of retirement of the existing plant.⁴ That said, any surplus
5 interconnection capacity above that used by existing generation does not
6 necessarily need to be owned by the Company.

7
8 Q. WHY DID THE COMPANY SELECT LYON COUNTY, MINNESOTA AS THE AREA
9 WHERE THE TERMINAL SUBSTATION FOR THE PROJECT WILL BE LOCATED?

10 A. Lyon County is an area relatively near to the Sherco Substation where ample
11 renewable generation resources can be developed. Distance was an important
12 consideration because a longer line would be more costly and difficult to
13 construct and permit. Proximity to high-quality renewable resources is key
14 because the Project is meant to connect generation resources with the Sherco
15 Substation POI. Further, as discussed below, the Company evaluated MISO
16 queue requests in the Lyon County vicinity and issued a Request for
17 Information (RFI) to confirm Lyon County as an appropriate end point of the
18 Project. In addition, the existing natural gas infrastructure in Lyon County
19 could be used to develop generation as well.

20
21 Q. DID THE RFI AND OTHER QUEUE ANALYSIS CONFIRM THAT THE COMPANY
22 WILL BE ABLE TO DEVELOP SUFFICIENT RENEWABLE GENERATION RESOURCES
23 IN LYON COUNTY?

24 A. As noted above, the Company evaluated MISO queue requests for wind
25 generation in the vicinity of Lyon County and conducted a RFI in June 2022

⁴ The other approximately 700 MW of the approximately 2,000 MW of interconnection rights the Company owns are expected to be in use by the time the Project comes into service. See Case No. PU-21-152.

1 regarding wind and solar generation in MISO Zone 1, with a preference to
2 projects in the vicinity of Sherco, Lyon County, and areas in between. As
3 described further in the Direct Testimony of Ms. Farah Mandich, the RFI
4 confirmed the significant interest in the development of generation resources
5 in the vicinity of Lyon County and the appropriateness of a Lyon County
6 endpoint—identifying a maximum potential build of 2,300 MW of solar, 7,600
7 megawatt-hours (MWh) of energy storage, and 4,214 MW of wind, far
8 surpassing the 2,200 MW contemplated to connect with the Project.

9
10 Q. ARE THERE REASONABLE ALTERNATIVES TO THE PROJECT?

11 A. The Company does not believe so. In light of the significant MISO
12 interconnection queue backlog and regional transmission system congestion,
13 the Project is the most practical and viable way to bring interconnected
14 generation on a timing consistent with the Company's identified generation
15 needs.

16
17 Q. IS THE COMPANY WORKING TO ALLEVIATE THE MISO INTERCONNECTION
18 QUEUE BACKLOG AND REGIONAL TRANSMISSION SYSTEM CONGESTION YOU
19 DESCRIBE?

20 A. Yes. MISO has proposed its Long Range Transmission Planning (LRTP) to
21 support reliability across MISO. The LRTP will relieve congestion and is
22 intended to support the ability for anticipated generation to be interconnected
23 and delivered more efficiently to load centers throughout MISO. Mr. Jason
24 Standing provides additional information on the LRTP in his testimony.

25
26 Q. IS THE COMPANY PARTICIPATING IN THE MISO LRTP PORTFOLIO?

27 A. Yes. In 2022, the MISO Board of Directors approved the LRTP Tranche 1

1 Portfolio of projects, consisting of more than 2,000 miles of additional
2 transmission lines that are expected to allow up to 53 gigawatts of new
3 generation capacity to connect to the transmission grid, including four
4 projects for which the Company will be a partial owner. Mr. Standing provides
5 additional information on the Company's participation in the LRTP process.

6
7 Q. IS THE PROJECT STILL NEEDED GIVEN THE LARGE TRANSMISSION BUILDOUT
8 ASSOCIATED WITH THE MISO LRTP?

9 A. Yes. Although the LRTP projects do provide additional transmission to
10 deliver energy from remote resources to the Company's and other load
11 centers, they will not eliminate the need for the Project or new generation
12 resources interconnecting to it. The Company's IRP includes the addition of
13 substantial new capacity to ensure we meet customer needs, and the ability to
14 deliver that energy – from high resource yield areas – directly to a core location
15 in the Company's system will benefit our customers. Given the terms of the
16 MISO Tariff and the location of the Sherco Substation, the Company can
17 cost-effectively connect with those new resources using the Project.
18 Therefore, the Company views the Project as a necessary complement to the
19 MISO LRTP projects.

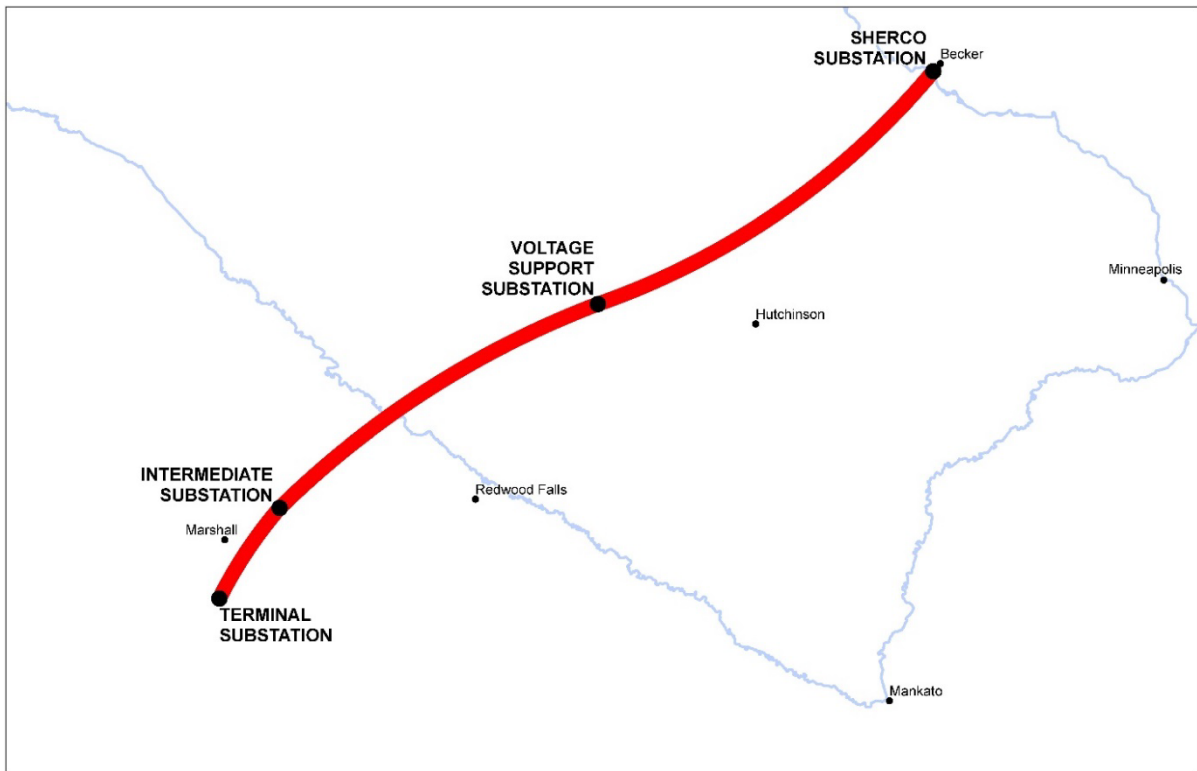
20
21 **B. Project Facilities**

22 Q. PLEASE PROVIDE AN OVERVIEW OF THE PROJECT FACILITIES.

23 A. In addition to the double-circuited line itself, the Project consists of a new
24 substation in Lyon County, Minnesota (Terminal Substation), as well as an
25 intermediate substation (Intermediate Substation) and a substation to house
26 voltage support equipment (Voltage Support Substation).

1 Figure 1 below provides a high-level overview of the facilities proposed,
2 presuming that the Project must provide system support at Lyon County and
3 all voltage support at the Voltage Support Substation.
4

5 **Figure 1**
6 **Project Facilities**



21 Q. PLEASE PROVIDE MORE DETAILS REGARDING THE PROPOSED SUBSTATIONS.

22 A. The new Terminal Substation will require two synchronous condensers to
23 provide system stability once the level of interconnected wind and/or solar
24 energy reaches 1,000-1,600 MW. Needed system stability support could also
25 be provided by a gas combustion turbine (CT) in the vicinity of the Terminal
26 Substation. If the Company ultimately placed a CT into service near the
27 Terminal Substation before other interconnected generation reached 1,000-

1 1,600 MW, the CT would provide the requisite system support and replace the
2 synchronous condensers. The Intermediate Substation will facilitate the
3 interconnection of additional generation resources in the vicinity of that
4 substation.

5
6 The Voltage Support Substation will include series capacitors and two 150
7 MW static synchronous compensators (SATCOMs). This is a conservative
8 approach to ensure that the potential wind turbine resonant frequency
9 interactions associated with long highly compensated radial lines are
10 accounted for in Project components and costs. Mr. Standing provides
11 further information on the Project facilities.

12
13 Q. WHEN DOES NSP EXPECT TO PLACE THE PROJECT INTO SERVICE?

14 A. The Company plans to place the Project into service by September 30, 2027.
15 Additional substation equipment will be added at the Terminal, Intermediate,
16 and Voltage Support substations as additional renewable resources come
17 online. NSP expects the buildout to be completed by the end of the third
18 quarter, 2031. As noted above, the need for additional equipment could be
19 eliminated at the Terminal Substation if a CT were constructed near the
20 Terminal Substation.

21
22 Q. HAS THE COMPANY BEGUN A SOLICITATION PROCESS FOR INDIVIDUAL
23 GENERATION PROJECTS YET?

24 A. No. NSP expects to undertake a formal competitive solicitation process to
25 procure specific projects in the future.

1 Q. COULD INDIVIDUAL PROJECT COMPONENTS CHANGE ONCE THE
2 SOLICITATION PROCESS BEGINS?

3 A. Yes. Project components supporting the transmission lines may adapt and
4 change as resources are finally determined. For instance, the Alternate Plan
5 filed in the IRP included CT capacity at Lyon County that would serve the
6 same function as the synchronous condensers the Company now plans to
7 install at the Terminal Substation. If NSP were to construct CT capacity in
8 the vicinity of the Terminal Substation, the CT could provide the required
9 stability support to obviate the need for standalone synchronous condensers
10 to support the new 345 kV lines. Apart from this potential modification to
11 the Terminal Substation, other modifications are possible as the Company
12 conducts further studies and selects individual projects through the
13 competitive solicitation process.

14

15 Q. AT THIS TIME, HOW DOES THE COMPANY ANTICIPATE THE PROJECT WILL BE
16 CONSTRUCTED?

17 A. The Company will construct the new Project primarily of single (monopole)
18 steel pole structures. For angles and dead-end structures, a two-pole design
19 will be used. All transmission structures will be a double-circuit design to
20 accommodate both proposed 345 kV lines. Other specialty structures may be
21 used depending on site-specific conditions. The new Project will have a right-
22 of-way of 150 feet.

23

24 The proposed structures will typically range in heights from approximately 90
25 feet to 160 feet tall. The typical spans between structures will be about 1,000
26 feet. The structures will typically be installed on a drilled pier concrete
27 foundation.

1 NSP will design the Project lines to meet or surpass relevant local and state
2 codes including National Electric Safety Code (NESC) and Company
3 standards. Applicable standards will be met for construction and installation,
4 and applicable safety procedures will be followed during design, construction,
5 and after installation.

6
7 Q. DOES THE PROJECT REQUIRE ANY MODIFICATIONS TO THE EXISTING SHERCO
8 SUBSTATION?

9 A. Yes. NSP will install new substation equipment necessary to accommodate
10 the proposed Project line at the Sherco Substation. No expansion of the
11 current fenced area will be required to accommodate the new substation
12 equipment, as the existing facility has adequate space to accommodate
13 connection of the Project within the existing substation yard.

14
15 Q. WHAT IS THE CURRENT EXPECTED COST OF THE PROJECT?

16 A. For purposes of this Case and the related CON proceeding in Minnesota, the
17 Company prepared a Project cost estimate based on the Project components
18 required to deliver approximately 2,000 MW from Lyon County to the Sherco
19 Substation. Based on these components and a double-circuit transmission line
20 approximately 180-miles long, the Project is estimated to cost \$817 million on
21 a net present value basis (\$2023).

22
23 Q. IS THIS ESTIMATE CONSISTENT WITH THE ESTIMATE PROVIDED IN THE IRP
24 WHEN THE PROJECT WAS INITIALLY PROPOSED?

25 A. Yes. During the IRP, the Company estimated the NPV of the proposed gen-
26 tie to the Sherco Substation to be \$528 to \$713 million (\$2021), assuming a
27 140- to 175-mile route and a per mile cost estimate of approximately \$3.5-4

1 million. When updated, the NPV of this estimate in 2023 dollars is \$596
2 million to \$805 million. Given that the current Project estimate is for a 180-
3 mile long route, the current expected Project cost is consistent with the
4 Company's prior estimate when the Project was first proposed. I discuss the
5 Company's economic analysis of the Project further in the next section of my
6 testimony.

7
8 Q. WHAT DID THE COMPANY CONSIDER IN REACHING ITS UPDATED COST
9 ESTIMATE?

10 A. These estimates reflect recent impacts of inflation, supply chain issues, and a
11 tight labor market, each of which contributes to increased costs of
12 construction across the industry. The Company has also undertaken
13 additional project component planning and costing since the original estimate
14 was developed for the IRP. Mr. Standing provides additional detail about our
15 Project cost estimates.

16 17 **IV. ECONOMIC ANALYSIS**

18
19 Q. HOW DID THE COMPANY ANALYZE THE PROJECT FROM A COST PERSPECTIVE?

20 A. The Company compared the updated Project cost described above to an
21 estimated dollar per kilowatt (\$/kW) cost for interconnecting new generation
22 via the MISO queue process. As described below, based on this analysis the
23 Company estimates that constructing the Project will save customers \$531
24 million on an NPV basis, when compared to utilizing the regular MISO queue.

1 Q. WHAT ARE THE COMPANY'S ESTIMATES FOR MISO INTERCONNECTION COSTS
2 AND HOW WERE THEY DEVELOPED?

3 A. When the Project was first proposed as part of the Alternate Plan in the IRP,
4 NSP assumed that interconnection costs would be \$500/kW for wind and
5 \$200/kW for solar (NPV \$2021). These assumptions reflect our
6 understanding of the current MISO queue constraints and review of the latest
7 Definitive Planning Phase (DPP) process, where interconnection costs are
8 assigned. For the updated analysis performed in support of the Company's
9 Application, the Company confirmed that these numbers were still valid and
10 then updated them for inflation resulting in a \$564/kW assumed cost for wind
11 interconnection and \$225/kW for solar. Mr. Standing provides further details
12 on the Company's development of the interconnection cost assumptions that
13 we used in the IRP and why they are still valid today.

14

15 Q. HOW DOES THIS GENERIC MISO INTERCONNECTION COST COMPARE WITH
16 THE PROJECT COST?

17 A. Assuming the interconnection of 2,750 MW (approximately 2,150 MW of
18 wind and 600 MW of solar) and an NPV Project cost estimate of \$817 million,
19 the weighted average interconnected renewable generation cost for the Project
20 is \$297/kW. Interconnecting the same amount of renewable generation on a
21 MISO system basis would cost substantially more, approximately \$1.35 billion
22 (\$2023 NPV) total and a weighted average of \$490/kW for the resources
23 anticipated to be added, using the interconnection cost assumptions described
24 above. Overall, the cost delta between \$1.35 billion for the MISO queue and
25 \$817 million for the Project results in savings of \$531 million for customers
26 (all on an NPV basis). Ms. Mandich provides additional detail on the
27 Company's economic analysis.

1 **V. PRESENTATION OF WITNESSES**

2
3 Q. WHO ARE THE OTHER WITNESSES FOR THE COMPANY IN THIS PROCEEDING?

4 A. In addition to my Policy Testimony, the Company is sponsoring the following
5 witnesses:

- 6 • Ms. Farah L. Mandich discusses how the Project came about as part of
7 the resource planning cycle to fill an identified need, as well as the
8 economic analysis that the Company performed to assess the prudence
9 of the Project.
- 10 • Mr. Jason T. Standing discusses how the Project relates to the
11 Company’s overall transmission portfolio and discusses generation
12 interconnection costs and the costs of the Project.

13
14 **VI. CONCLUSION**

15
16 Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.

17 A. The Project is prudent because it will allow the Company to reliably and cost-
18 effectively deliver energy to the system by bypassing material congestion issues
19 for interconnected generation through use of the Company’s valuable
20 interconnection rights at the Sherco POI. The Project will allow the Company
21 to connect new generation at an existing interconnection point at the center
22 of the NSP system, at a lower cost to customers than bringing the same
23 amount of generation online through the regular MISO queue process.

24
25 Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?

26 A. Yes, it does.

Christopher J. Shaw
Manager, Regulatory Policy
401 Nicollet Mall, 7th Floor
Minneapolis, Minnesota 55401
612-330-7974
christopher.j.shaw@xcelenergy.com

EXPERIENCE

Xcel Energy

Manager, Regulatory Policy

8/18-Present

Principal Rate Analyst

11/15-8/18

Developed strategy, coordinated subject matter expert analysis and prepared filings for the 2019 Upper Midwest Integrated Resource Plan (IRP), the 2016 IRP filing, Resource Treatment Framework (RTF), and resource acquisitions. Represented the Company at hearings on the IRP and other resource related proceedings.

Minnesota Department of Commerce-Division of Energy Resources

Public Utilities Rates Analyst

8/06-6/12 & 6/13-11/15

Developed and supported the recommendations of the Department of Commerce in proceedings before the Minnesota Public Utilities Commission. Performed analysis of utility regulatory filings. Appeared as an expert witness in numerous contested cases. Analyzed proposed legislation and prepared reports for the Minnesota Legislature.

Minnesota Office of the Attorney General-Anti-Trust and Utilities Division

Assistant Attorney General

6/12-6/13

Advocated for residential and small business energy consumers on behalf of the Attorney General, including advocacy in Xcel Energy's 2012 rate case.

EDUCATION

University of Wisconsin Law School, Madison, WI
J.D.

University of Wisconsin-Madison, Madison, WI
B.A.
Major: Economics-Mathematical Emphasis