

## **House Bill 1067**

**Presented by:** Julie Fedorchak, Public Service Commissioner  
Public Service Commission

**Before:** House Energy and Natural Resources Committee  
The Honorable Todd Porter, Chairman

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### **TESTIMONY**

Mr. Chairman and committee members, I am Commissioner Julie Fedorchak of the Public Service Commission. I am here to introduce HB 1067, which allows the Commission to assess a fee reasonably necessary for completing an investigation into the integrated resource plans of public utilities serving North Dakota customers.

As you well know, the energy industry, and specifically the utility industry, is in the throes of a transformation due to technological changes, aging infrastructure and state and federal policies. As a result, many states through their utility commissions are requiring regulated utilities to file their integrated resource plans for review and in some cases approval by the commission. An integrated resource plan is a utility's prospective modeling of future electricity demand (looking 15- 20 years or more ahead) and their plans for obtaining the generation resources to meet this demand.

An Integrated Resource Plan – which the industry refers to as an IRP – provides an opportunity for regulators to review the company's plans, question their projections, discuss costs, and engage in a discussion over the optimum mix of resources to meet the anticipated demand. States like Minnesota review and

approve their utilities' IRPs, and the plan is ultimately quite prescriptive. It is a tool Minnesota uses to achieve their state's energy policy goals.

The North Dakota PSC, through its authority, has required the filing of integrated resource plans for many years. Here is a copy of the last IRP filed by Xcel Energy in North Dakota. The plan covers the company's entire integrated system serving Minnesota, Wisconsin, North and South Dakota, and provides a global view of each of their individual resource decisions. The IRP outlines Xcel's overall goals, which facilities are targeted for retirement, new resource additions and provides rationale for all of these choices.

As you can imagine, meaningful review of these plans is both resource and time intensive. The utilities have large teams of planners and modelers who develop these plans. As a Commission, we do our best with existing staff to review these plans, but we are very limited by the already large workload in economic regulation to oversee three electric and three gas utilities.

Currently, we largely engage in resource planning through the advanced determination of prudence process and the normal course of ratemaking. However, this results in a process that is piecemeal and problematic. It's piecemeal in that we review each resource addition in isolation and don't receive the full picture of how resource additions tie together and impact the company's entire fleet. For example, how additions of a new portfolio of wind generation might impact five years from now the decision to retire a coal unit early. Another problem of using existing tools like the ADP or rate cases is that those decisions come very

late in the planning process, after companies are already well committed to the course of action.

The language provided in HB 1067 gives us the ability to assess a filing fee of up to \$250,000 to complete a more holistic review of a utility's plan to meet forecasted energy and peak demand. We would use these funds to hire outside experts who can dig into the IRP, question the models and assumptions, and, in a timely manner, arm us with insights into what the plans call for, highlight areas of concern regarding costs and reliability, and identify plans that run contrary to North Dakota energy policy or preferences as established by this legislature.

We don't envision a process that ultimately results in a formal decision that is binding for rate making purposes or even gives the company an "assumption of prudence" regarding their plans. Such a process would be more than we can accomplish even with additional funds. However, this would facilitate a very productive advance discussion of the utility's long term plans. We can offer clear feedback to the company about future resources additions that appear consistent with North Dakota objectives, and those that raise concerns and may be contrary to North Dakota's expectations regarding cost and reliability.

This is an important tool to help North Dakota be a more active player in the evolution of our electric grid and to put our stamp on the resource mix serving North Dakota customers.

Thank you Mr. Chairman. That concludes my testimony. I'll stand for your questions.