



Kristie Fiegen, Chairperson
Gary Hanson, Vice Chairman
Chris Nelson, Commissioner

South Dakota

PUBLIC UTILITIES COMMISSION

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Ryan Long, President
Xcel Energy - Minnesota, North Dakota and South Dakota
VIA ELECTRONIC MAIL

Dear President Long:

The South Dakota Public Utilities Commission writes to express our concern regarding Xcel's plan to prematurely close the King and Sherco generating plants. As you know, closing these plants will take nearly three gigawatts of reliable dispatchable electricity generation off the Midcontinent Independent System Operator (MISO) grid precisely at a time when those resources will be needed the most to keep electricity flowing 24/7/365 throughout Xcel and MISO's footprint.

Premature closure of these plants adds to the uncertainty of electric generation resource adequacy in the upper Midwest including Xcel's customers in South Dakota.

Evidence is mounting that the premature closure of dispatchable generation will elevate the risk of electricity outages particularly in tight load hours including hours of extreme cold and extreme heat, as well as those hours when wind generation is low. These events are likely to pose a threat to life and property. This is of grave concern to this commission.

The North American Electric Reliability Corporation (NERC) in their 2023-2024 Winter Reliability Assessment once again found potential issues in the MISO area determining that there is an elevated "potential for insufficient operating reserves in above-normal conditions." Of even more concern is NERC's finding in their Long-Term Reliability Assessment that the MISO area is projected to have a 4.7GW deficiency in generation resources in the 2024-2028 timeframe. NERC rates the MISO area as having a "High Risk: Shortfalls may occur at normal peak conditions." Such warning demands action such as we are asking for today to prevent these shortfalls.

John Moura, NERC's director of reliability assessment and performance analysis, summed up the impending crisis, "In recent years, we've witnessed a decline in reliability, and the future projection does not offer a clear path to securing the reliable electricity supply that is essential for the health, safety, and prosperity of our communities,".

Federal Energy Regulatory Commissioner Mark Christie plainly laid out the problem in early 2023 for the Senate Energy and Natural Resources Committee when he testified "I think the United States is heading for a very catastrophic situation in terms of reliability." "The core of the problem is actually very simple. We are retiring dispatchable generating resources at a pace and in an amount that is far too fast and far too great and is threatening our ability to keep the lights on."

Xcel's proposed plant closures are the exact type of threat referred to by Commissioner Christie.

As you know Xcel and the entire MISO area narrowly avoided rolling blackouts which affected Southwest Power Pool areas adjacent to Xcel territory during Winter Storm Uri in 2021 and areas to the southeast of MISO during Winter Storm Elliot in 2022. Xcel customers were fortunate that Xcel had reliable dispatchable generation to call upon during those extreme events. The premature closure of King and Sherco would eliminate that generation source and threatens to push our area into blackouts during these extreme cold periods.

Unfortunately, Xcel is not alone in their plans to prematurely close electricity generation facilities. MISO estimates that 103 GW of generation will be closed over the next 19 years, 80% of which is dispatchable generation. While there are certainly plans to replace some of these facility retirements most of those plans do not include dispatchable generation which is vital for the reliability of the system. In addition, there are grave concerns regarding whether replacement generation can be built quickly enough and in large enough quantities to fill in for plants prematurely retiring.

In addition to our reliability concerns with the early closure of the King and Sherco plants, we have concerns regarding additional costs that Xcel may attempt to impose on South Dakota customers because of this early closure. As was admitted by Xcel's witness Farah Mandich during the June 6, 2023 meeting of the SD PUC to resolve docket EL22-017, the decision to close these plants early is projected to cost Xcel customers \$453 million more than keeping the plants open for their scheduled life and extending the life of Prairie Island (another dispatchable resource).

Our plea to you to reconsider the premature closure of these plants is not unique in the industry. Utilities across the country are reversing earlier decisions to close generation facilities based on reliability concerns. California recently reversed a decision to prematurely close the PG&E's Diablo Canyon nuclear plant and extended that decision by six years because of reliability concerns. In addition, over 13,000 MW of coal generation across the country have had their announced retirements delayed, many because of reliability concerns.

On behalf of Xcel's South Dakota customers who very much would like their electricity to remain reliable 24/7/365 in good weather or bad, we ask you to reconsider your unfortunate decision to close King and Sherco prematurely. We do not want Xcel to be part of the impending problem of generation shortage in the MISO footprint. Reliability should be your number one commitment!

Sincerely,



Kristie Fiegen
Commissioner

Gary Hanson
Commissioner



Chris Nelson
Commissioner

Cc: Chris Clark, President; Christopher Shaw, Director of Resource Planning; Steve Kolbeck, Xcel Principal Manager, SD; MISO; North Dakota PSC; Minnesota PUC