

STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION

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April 12, 2024

**In the Matter of Xcel Energy's 2023 Integrated Distribution Plan
Docket No. E002/M-23-452**

Reply Comments of Fresh Energy, Union of Concerned Scientists, Sierra Club, and Plug In America

Fresh Energy, Union of Concerned Scientists, Sierra Club, and Plug In America (the Clean Energy Groups, or CEGs) respectfully submit these Reply Comments¹ pursuant to the Commission's November 17, 2023 [Notice of Comment Period](#) and the later determinations made by the Commission at its March 22, 2024 Agenda Meeting concerning Xcel Energy's Transportation Electrification Plan (TEP). At that agenda meeting, the Commission asked parties to provide further input on the Company's proposal to waive contributions in aid of construction (CIAC) for certain residential electric vehicle (EV) customers in reply comments on the Integrated Distribution Plan (IDP).

We also respond briefly to other parties' and Xcel Energy's (Xcel) proposal for continued discussion on proactive grid upgrades and cost allocation for distributed energy resources.

1) Residential CIAC Waiver

In our initial comments on the Xcel's TEP, the CEGs noted our support for Xcel codifying the Company's policy of waiving the customer contributions in aid of construction (CIAC) for residential customers participating in EV tariffs by updating relevant tariffs to reflect the policy.² Already, the Commission has stated that "Xcel's practice of waiving the cost-sharing

¹ Fresh Energy and Sierra Club are each separately submitting additional reply comments concerning the broad set of IDP-related issues. These comments focus on the TEP-related issues the Commission sought additional input on in IDP reply comments during its March 22, 2024 agenda meeting on Xcel Energy's TEP, and touch briefly on how to continue discussion regarding proactive grid upgrades and cost allocation for distributed energy resources, such as electric vehicles.

² CEGs, INITIAL COMMENTS on Xcel Energy's 2023 Transportation Electrification Plan (December 20, 2023) Docket No. E002/M-23-452 at 6.

requirement for EV-rate customers is reasonable, consistent with the Commission’s directives on EVs, and should be approved” in Xcel’s most recent rate case.³ That conclusion is based on the Administrative Law Judge’s (ALJ’s) recommendation in the case, which “found that it would be reasonable to waive distribution-transformer-upgrade charges for EV-rate customers, because doing so incentivizes participation in the Company’s EV-rate offerings, helps the Company shift EV charging load through EV-specific rate design, and can reduce the cost barrier for customers who wish to undertake beneficial electrification.”⁴ The CEGs agree with the ALJ’s recommendation and the Commission’s action on that docket. Xcel has provided the proposed tariff changes, as required by the Commission.⁵ Therefore, **the CEGs recommend the Commission not relitigate the merits of the CIAC waiver at this time as those were settled in the rate case, and approve the tariff changes.**

The CEGs note that the CIAC costs for any individual customer would likely be minimal for two reasons. First, EV charging loads that would receive the waiver would all be on EV-specific tariffs. Those tariffs all include some form of price signal to manage EV charging loads. For example, the EV Accelerate at Home time-of-day and subscription tariffs each nudge customers to charge at off-peak times by providing opportunities for cost savings during those times. Where local congestion patterns overlap with the time-of-day periods in those rates, the need for local distribution upgrades will be minimized, and the amount of waived CIAC along with it. The magnitude of the waived CIAC amount can be further mitigated to the extent practicable by the customer in collaboration with the Company. Mitigating strategies would include minimizing the distance over 100 feet for the service lateral, avoiding winter construction where undergrounded facilities are required, and planning to avoid or minimize unusual installation costs.⁶

In aggregate, the CEGs expect CIAC waivers granted for EV loads to have a minimal impact on ratepayers, while resulting in the benefits identified by the ALJ and the Commission, as noted above. In California, the three largest investor-owned electric utilities received interim approval to waive residential EV customer contributions for grid-side upgrades beginning in 2011 (i.e., treat the costs as “common facilities” rather than having the individual customer pay the contribution).⁷ Data collected by those utilities repeatedly showed the policy to have “a *de*

³ Minnesota PUC, FINDINGS OF FACT, CONCLUSIONS, AND ORDER (July 17, 2023), Docket No. E002/GR-21-630, at 125.

⁴ *Id.* at 124.

⁵ *Id.* Order Point 66 at 160.

⁶ These are costs outlined in Xcel Energy’s Minnesota Electric Rate Book Section 6 Second Revised Sheet No. 23.

⁷ California PUC, PHASE 2 DECISION ESTABLISHING POLICIES TO OVERCOME BARRIERS TO ELECTRIC VEHICLE DEPLOYMENT AND COMPLYING THE PUBLIC UTILITIES CODE SECTION 740.2 (Decision 11-07-029, July 14, 2011), Ordering Point 5 at 86. Available at https://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/139969.pdf

minimis impact” on any particular ratepayer,⁸ and the California PUC noted further justification in extending common facilities treatment, explaining that “clustering may result in the entire cost of an upgrade being assigned to one [plug-in electric vehicle] driver, despite the fact that several drivers contributed to the load growth that triggered the upgrade.”⁹ Accordingly, the California PUC extended the common facilities treatment multiple times, ultimately establishing a permanent policy in 2021.¹⁰

The likely *de minimis* impact of the CIAC waiver adds to the merits of the policy as identified in the rate case. At the same time, the CEGs see value in collecting data on the amounts of residential CIAC waivers granted to provide the opportunity to continuously evaluate the policy and potential amendments to it based on the results. **We recommend the Commission require Xcel collect data on waiver amounts and report on those in aggregate as part of the Company’s regular data report filings.**

2) Proactive grid upgrades and cost allocation

The CEGs thank the other parties and Xcel Energy for their comments in this docket regarding how to approach the issues of proactive grid upgrades and cost allocation. With respect to these issues, the CEGs believe additional record development and discussion is necessary. We believe Fresh Energy’s initial comments on this topic, particularly around framing cost allocation vis-à-vis proactive/reactive construction, provide a valuable starting point for identifying topics to discuss.¹¹

With respect to a possible workshop or working group process, we support the Grid Equity Commenters’ recommendation that any process should be led by the Commission or a neutral third party, and not the Company, and that the goals, process, expected end products and outcomes, and next steps should be as clear as possible for all participants.

If workshops are held, Xcel should be directed to share relevant information *prior* to these workshops, so that participants come with a similar shared set of knowledge, especially regarding how Xcel currently allocates distribution costs related to different customer classes

⁸ See, e.g., California PUC, DECISION AUTHORIZING FURTHER EXTENSION OF THE INTERIM POLICY REGARDING ELECTRIC TARIFF RULES 15 AND 16 (Decision 16-06-011, June 9, 2016), California PUC Docket No. R. 13-11-007) at 2-3. Available at <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M163/K212/163212633.PDF>

⁹ *Id.* at 4.

¹⁰ JOINT COMPLIANCE FILING OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E), SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E), AND PACIFIC GAS AND ELECTRIC COMPANY (U 93 E) PURSUANT TO ORDERING PARAGRAPH 2 OF DECISION 16-06-011 (May 4, 2023) California PUC docket No. R.18-12-006 at 5-6. Available at <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M506/K170/506170075.PDF>

¹¹ Fresh Energy, INITIAL COMMENTS on Xcel Energy’s 2023 Integrated Distribution Plan (March 1, 2024) Docket No. E002/M-23-452 at 16-19

and technologies (e.g. electric vehicles, rooftop solar, etc). Fresh Energy's initial sets of questions offer a good starting point for what Xcel should share prior to any workshops.¹²

3) Conclusion

The CEGs thank the Commission for the opportunity to provide additional transportation electrification-related comments. For all the reasons stated above and in our prior comments on the Company's TEP, we urge the Commission to approve Xcel's proposed CIAC waiver for residential customers participating in the Company's EV programs.

Sincerely,

/s/ Anjali Bains

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¹² *Id* at 18. Specifically, Fresh Energy writes "To gain a better understanding of whether certain customer and technology segments are good candidates for shared upgrade costs on a financial basis, Fresh Energy requests that in its Reply Comments, Xcel describe how grid upgrade costs are currently allocated today for: residential level 1 and 2 EV chargers, commercial level 1 and 2 EV chargers, DC fast chargers, residential beneficial electrification, commercial beneficial electrification, and distributed generation and storage projects. For each category, it would be helpful for Xcel to summarize who bears responsibility for the grid upgrade, in which circumstances, and how a contribution in aid of construction is calculated, if applicable."

CERTIFICATE OF SERVICE

I, Anjali Bains, hereby certify that I have this day, served a copy of the following document to the attached lists of persons by electronic filing and electronic mail.

**Comments of Fresh Energy, Union of Concerned Scientists, Sierra Club, and Plug In America
Docket No. E002/M-23-452**

Dated this 12th day of April 2024

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