

Staff Briefing Papers

Meeting Date July 2, 2026

Agenda Item 5**

Company Northern States Power Co. d/b/a Xcel Energy

Docket No. **E002/M-24-432**

In the Matter of a Peak Time Rebate Program for Xcel Energy to Further the Commission's Advanced Rate Design Efforts in Docket No. E-002/CI-24-115

Issues Should the Commission approve, modify, or reject Xcel Energy's proposed Peak Time Rebate (PTR) program?

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✓ **Relevant Documents**

Date

Initial Filing

Xcel Energy, Initial Filing March 17, 2025
Order Initiating Comment Period June 5, 2025

Initial Comments

Department of Commerce Division of Energy Resources (Department), Initial Comments September 5, 2025
Fresh Energy, Initial Comments September 5, 2025
Office of the Attorney General Residential Utilities Division (OAG), Initial Comments September 5, 2025
Xcel Energy, Initial Comments September 5, 2025

Reply Comments

Department, Reply Comments October 3, 2025
Xcel Energy, Reply Comments October 3, 2025

Supplemental Comments

Center for Energy and Environment (CEE), Supplemental Comments October 17, 2025
Department, Supplemental Comments October 17, 2025
OAG RUD, Supplemental Comments October 17, 2025
Xcel Energy, Supplemental Comments October 17, 2025

Supplemental Filing and Response Comments

Xcel Energy, Supplemental Comments (Supplemental Filing) November 21, 2025
Department, Response Comments December 12, 2025
Fresh Energy and CEE, Response Comments December 12, 2025
OAG RUD, Response Comments December 12, 2025

Other

Xcel Energy Response to PUC Information Request 1 February 23, 2026
Xcel Energy Response to PUC Information Requests 3-8 April 29, 2026
Xcel Energy Response to PUC Information Request 3, Attachment A April 29, 2026
Xcel Energy Response to PUC Information Request 8, Attachment A April 29, 2026
PUC, Ex Parte Communication Report June 11, 2026

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ACRONYMS

AMI: Advanced Metering Infrastructure
CIP: Conservation Improvement Program
CAO: PUC's Consumer Affairs Office
CPP: Critical Peak Pricing
DR: Demand Response
DSM: Demand Side Management
EAD: Energy Action Days
ECO: Energy Conservation and Optimization
FAN: Field Area Network
IVR: Interactive Voice Response
PRMR: Planning Reserve Margin Requirement
PTR: Peak Time Rebate

BACKGROUND

On March 17, 2025 Northern States Power Company, d/b/a Xcel Energy (Xcel Energy, Xcel, or the Company) submitted a proposal to the Minnesota Public Utilities Commission (Commission) to replace its existing Energy Action Days (EAD) behavioral demand response program with a new Peak Time Rebate (PTR) program as part of its Energy Conservation and Optimization (ECO) Portfolio (the PTR Proposal).

PTR is a load management program category in which a utility provides customers an incentive, usually on a per kWh basis, to reduce energy use during peak events called by the utility. Xcel's EAD program is a voluntary program that encourages customers to reduce energy consumption during peak hours.

Xcel proposed to seek cost recovery for the PTR program through ECO, and stated its intention to file PTR as a program modification to its 2024-2026 ECO Triennial in Docket No. E,G-002/CIP-23-92, with an expected PTR program launch in 2026.

Xcel's PTR Proposal was responsive to two Commission Orders. The Commission's December 4, 2024 Order in Docket No. E-002/M-23-467 concerning Xcel's Transmission Cost Recovery Rider and performance incentive mechanisms for advanced metering infrastructure (AMI) and Field Area Network (FAN) investments includes the following directive:

- **Ordering Paragraph 5:** Xcel must propose procedural pathways for additional demand response and load flex programs by the rate case completeness hearing date.

The Commission explained in the Order:

[T]he Commission continues to share the Joint Commenters' concerns about Xcel's customers receiving maximum benefits from the AMI and FAN investments. The Commission will therefore require Xcel to propose

procedural pathways for additional demand response and load flex programs by the time of Xcel's upcoming rate case completeness hearing.¹

In comments responsive to this Ordering Paragraph, filed November 18, 2024 in Xcel Energy's 2024 Minnesota electric rate case, the Department proposed and Xcel agreed to file a petition for a PTR program by March 17, 2025.² Parties recommended several possible procedural pathways for program consideration and cost recovery (discussed further in Party Positions and Staff Analysis).

In the Commission's December 30, 2024 Order in Docket No. E002/GR-24-320, the Commission took the following action:

- **Ordering Paragraph 4:** The Commission delegates authority to the Executive Secretary to open a docket to evaluate a proposal for a peak-time rebate (PTR) program for Xcel Energy, which Xcel shall file by March 17, 2025. The docket shall also evaluate avenues for cost recovery.

Following Xcel's PTR Proposal, the Commission opened a comment period to determine what process to use to evaluate the PTR Proposal, given that Xcel intended to seek approval from the Department of Commerce (not the Commission) for including PTR in Xcel's ECO portfolio. After considering this matter, the Commission issued its Order Initiating Comment Period on June 5, 2025. In that Order, the Commission stated:

The comments filed in response to Xcel's petition have convinced the Commission to substantively review Xcel's PTR program through a new comment period before a decision can be made about referring the program to the Department to review through the ECO process. Accordingly, the Commission will open a new comment period in this docket to further develop the record regarding the merits of Xcel's PTR program and what method of cost recovery is appropriate.³

The Commission issued the Notice of Comment Period prompted by this Order on July 17, 2025, requesting input on whether the Commission should approve, modify, or reject Xcel's PTR program.

On September 5, 2025 the following organizations submitted initial comments:

- Department of Commerce (Department)
- Office of the Attorney General (OAG)

¹ *In the Matter of the Petition of Northern States Power Co. d/b/a Xcel Energy for Approval of the Transmission Cost Recovery Rider Revenue Requirements for 2023 and 2024, Tracker True-Up, and Revised Adjustment Factors*, Docket E002/M-23-467, Order Approving Transmission Cost Recovery Rider Revenue Requirement and Denying Performance Incentive Mechanisms, December 4, 2024, at 7.

² *In the Matter of The Application of Northern States Power Company for Authority to Increase Rates for Electric Service in Minnesota*, Docket No. E002/GR-24-320, Xcel Energy, *Reply Comments*, November 18, 2024, at 7

³ *In the Matter of a Peak Time Rebate Program for Northern States Power Co. d/b/a Xcel Energy to Further the Commission's Advanced Rate Design Efforts in Docket No. E-002/CI-24-115*, Order Initiating Comment Period, June 5, 2025, at 3 (hereinafter, "2025 PTR Order").

- Xcel Energy
- Fresh Energy

On October 3, 2025 the following organizations submitted reply comments:

- Department
- Xcel Energy

On October 17, 2025 the following organizations submitted supplemental comments:

- Department
- Xcel Energy
- OAG
- Center for Energy and Environment (CEE)

On October 31, 2025 the Commission issued a Notice of Supplemental Filing and Response Comment Period requesting that Xcel Energy make a supplemental filing clarifying how the generation capacity benefits of Xcel's proposed PTR program will be realized and delivered to customers. On November 21, 2025 Xcel filed its supplemental filing as requested by the Commission.

On December 12, 2025 the following organizations submitted comments responding to Xcel's November 21 supplemental filing:

- Department
- OAG
- Fresh Energy and CEE

STATEMENT OF THE ISSUES

The primary issue before the Commission is whether to approve, modify or reject Xcel's Peak Time Rebate proposal. To reach a determination on this overarching question, the Commission should consider:

- Is Xcel's proposed PTR program design reasonable and in the public interest?
- Are Xcel's proposed eligibility rules reasonable?
- Is the Company's proposed budget reasonable, including third-party vendor expenses?
- Is the Company's proposed customer outreach and communications plan reasonable?
- Is the Company's cost-effectiveness assessment reasonable?

If the Commission approves a PTR program, it will also need to provide direction to the Company on program reporting and may provide direction on cost recovery method.

This docket also raised broader questions regarding utility programs that are eligible for inclusion in ECO but also require Commission review and approval. The Commission may wish to provide guidance to Xcel on procedures to follow with similar future programs.

SUMMARY OF THE PETITION

Xcel's PTR Petition included an explanation of the Company's preferred procedural pathway for PTR review, a summary of the Company's research into PTR programs operated by other utilities, a summary of the Company's proposed program design, an estimated initial budget, and initial cost-benefit analysis results.

Xcel modified certain aspects of its proposal in Initial Comments filed September 5, 2025 and Reply Comments filed October 3, 2025. The petition summary below reflects the most recent information except where noted otherwise.

I. Proposed Procedural Pathway

Xcel requested the Commission review the PTR program and approve the Company's plan to seek approval from the Department for including PTR in Xcel's ECO portfolio. (**Decision Option 1**) Xcel included the proposed PTR program as part of its 2027-2029 ECO Triennial, which was filed on June 15, 2026.⁴

Xcel provided several reasons why it believes inclusion in its ECO portfolio is appropriate. First, Xcel believes PTR is a load management program as defined by Minn. Stat. § 216B.2401, as modified by the ECO Act, and will meet all the additional requirements of an ECO program.⁵ For reference, Minn. Stat. § 216B.2401 uses the following definition of load management:

Subd. 15. Load management. "Load management" means ...an activity, service, or technology that changes the timing or the efficiency of a customer's use of energy that allows a utility or a customer to: (1) respond to local and regional energy system conditions; or (2) reduce peak demand for electricity or natural gas. Load management that reduces a customer's net annual energy consumption is also energy conservation.⁶

Xcel stated, "the PTR program will provide a rebate to customers based on a reduction of peak-hour energy as enabled by ECO."⁷

Second, Xcel pointed to its portfolio of existing load management and demand response (DR) programs, which are part of its ECO Portfolio and have been approved by the Department. Xcel included a complete list of its DR programs and load management pilots in Attachment A, which showed that most programs are *either* ECO programs or operate as a rate discount/tariff.⁸ Xcel argued that PTR fits squarely among its DR offerings, and therefore for clarity and consistency should be part of its ECO portfolio.

Third, Xcel argued that inclusion in ECO would clarify the process for cost recovery by using the

⁴ *In the Matter of Xcel Energy's 2027-2029 Minnesota Electric and Natural Gas ECO Triennial Plan*, Docket No. E,G002/CIP-26-110, *ECO Triennial Plan*, June 15, 2026, at 125-127. (Hereinafter "Xcel 2027-2029 ECO Triennial").

⁵ Xcel PTR Petition, March 17, 2025, at 3.

⁶ Sec. 216B.2402 MN Statutes, Subd. 15.

⁷ Xcel PTR Petition, March 17, 2025, at 3.

⁸ Xcel PTR Petition, March 17, 2025, Attachment A.

established method of incorporating ECO programs into the Company's Conservation Improvement Program (CIP) Rider through the CIP Adjustment Factor process.⁹

II. PTR Program Design

In its Initial Proposal, Xcel did not explicitly request Commission approval of the program, due to seeking Department approval via an ECO modification. However, the Commission in its 2025 PTR Order determined that it was appropriate for the Commission to substantively review the program's merits, and that this should occur before the Department decision on the program, to allow any design modifications directed by the Commission to be incorporated.¹⁰

Summary

Xcel proposed the PTR program to operate as an opt-in program¹¹ that provides an opportunity for customers to earn a rebate for lowering their energy usage during a control event after receiving an email or text notification. Customers would earn a rebate of \$1 per kWh reduced from their baseline, receive a notice of their results, and receive an annual rebate on their electric bill based on participation.

Eligibility

Xcel proposed that residential electric customers with an AMI-enabled meter would be eligible if they:

- Allow communications from Xcel via email and/or text.
- Do **not** participate in another demand response program (including AC Rewards or Saver's Switch) and are **not** on a net-metered rate with distributed generation such as rooftop solar.¹² (**Decision Option 10**)

Program Participation

Xcel estimates that 40,000 customers will participate in the PTR program during its first year of operation. This represents a 16% enrollment rate among the initial target market (250,000 customers) who have provided Xcel an email address and do not participate in another demand response program.¹³

Xcel's proposed opt-in participation target is reflected in **Decision Option 8**.

Estimated System Savings

Xcel estimated the PTR program will be a **8,403 kW (8.43 MW) resource**.¹⁴ On average, Xcel

⁹ Xcel PTR Petition, March 17, 2025, at 4.

¹⁰ 2025 PTR Order, June 5, 2025, at 2-3.

¹¹ Xcel explains it prefers an opt-in program for several reasons: to make it possible to text participating customers and to incur fewer implementation software costs (for improved cost-effectiveness) and for consistency with peer programs. See Xcel PTR Petition, March 17, 2025, at 10-11.

¹² Xcel PTR Petition, March 17, 2025, at 10.

¹³ Xcel Energy Reply Comments, October 3, 2025, at 9.

¹⁴ *Id.*, Attachment A, at 1. Note that in Xcel's 2027-2029 ECO Triennial, PTR is estimated to provide 8,833kW of demand reduction measured at the generator in 2027, increasing to 11,041kW in 2029. See Xcel 2027-2029 ECO Triennial, Table 5-7, at 11-13.

assumed participating customers would save 0.19 kW per hour during control events, or 0.76 kWh over a four-hour event.¹⁵ Assuming five events per year, and 40,000 participants, Xcel estimated 152,000 kWh saved annually at the customer meter. When accounting for line losses, this amounts to 165,224 kWh saved at the generator, and a 8,403 kW reduction in system coincident peak demand, as measured at the generator.¹⁶

Customer Savings

Xcel proposed to provide an incentive of \$1 per kWh saved compared to a customer's baseline energy use. The baseline would be the average of the three highest-usage days during the 10-day period prior to the event. The total rebate will be applied as an annual bill credit. Using the assumptions discussed above, the average customer would save **\$0.0076 per event, or \$3.80 per year.**¹⁷ Xcel will notify customers of the savings they achieved within three days of an event and provide a year-end summary as well.

Xcel's proposed rebate amount, baseline calculation, annual rebate delivery, and customer notification are reflected in **Decision Options 12, 13, and 14.**

Control Events

Xcel proposed that PTR control events will be determined based on anticipated system demand and may occur at any time of year (i.e., will not be confined to summer).¹⁸ Xcel anticipates calling the program three to five times per year, but stated this could increase as the program gains experience. Xcel will provide between 1-24 hours of notice prior to events via multiple channels including email, text, and interactive voice response (IVR).¹⁹

Xcel's proposed definition of control events and advance notice window are reflected in **Decision Options 15 and 16.**

III. PTR Budget and Cost-Effectiveness

Xcel estimated the annual budget will be \$792,000, as shown in the right-hand column of Table 1 below.²⁰ Vendor fees constitute 56% of the budget, rebates to customers constitute 19%, with technology, administration and marketing comprising the remaining 25%. For reference, Staff also show the initial budget filed in Xcel's March 2025 Petition in the middle column of Table 1.

¹⁵ *Id.*, at 9.

¹⁶ *Id.*, Attachment A, at 1.

¹⁷ *Id.*, at 9 (0.76¢ x 5 events per year = \$3.80).

¹⁸ Note that in Xcel's 2027-2029 ECO Triennial, it states "Although the program is currently structured as a summer resource, the Company will assess opportunities during the triennium to expand its application to year-round use, including winter electric demand management," at 126.

¹⁹ Xcel PTR Petition, March 17, 2025, at 13.

²⁰ In Xcel's 2027-2029 ECO Triennial, the PTR first-year budget decreased slightly to \$774,771. The reduction came from within in utility administration, vendor and/or technology categories. Xcel 2027-2029 ECO Triennial, Table 5, at 11.

Table 1: 2026 PTR Program Budget

Budget Category	March 2025 Petition Initial Expenses²¹	Reply Comments Updated Expenses²²
Vendor	\$800,000	\$440,000
Rebates	\$187,500	\$152,000
Technology Services	\$50,000	\$50,000
Administration	\$80,000	\$80,000
Marketing	\$20,000	\$70,000
Total	\$1,137,500	\$792,000

Xcel's estimated budget for the program has evolved over time. The Initial Proposal filed in March 2025 included a \$1.137 million budget, including \$800,000 for estimated vendor expenses.²³ In its September 2025 Initial Comments, Xcel revised the total budget to \$686,000 due to a decrease in vendor cost (from \$800,000 to \$440,000) and a reduction in estimated customer rebates (from \$187,500 to \$96,000).²⁴ Xcel noted that it had selected Opower to provide a comprehensive package of Behavioral Demand Response cloud services, and because the contract includes multiple programs, there was cost savings for the PTR segment. Xcel described Opower's scope of work for the PTR program as including:

- Setting up the program, such as integrating systems and developing baseline models;
- Creating customer communications, including pre-season awareness materials, event day notifications, and post-event feedback; and
- Conducting impact evaluations.²⁵

Xcel further revised the budget between its September and October 2025 comments, largely in response to feedback from commenters. The revised budget increased estimated participant rebates from \$96,000 to \$152,000 annually and increased the marketing budget from \$20,000 to \$70,000 to support a higher enrollment target. The change to expected rebate expenditure resulted from the higher enrollment target (increased from 15,500 to 40,000 participants per event) and adjustments to the assumptions for average savings per customer (reduced from 0.63 in the initial petition to 0.19 kW per event).²⁶ Xcel explained that its original estimate of 0.63 kW/event was based on an inaccurate assumption and therefore revised its estimate to 0.19 kW/event – the average savings level of nine similar utility programs it evaluated. Xcel stated, however, that it expects the PTR program could yield savings higher than this due to its opt-in design – in the range of 0.19 kW to 0.32 kW per participant per event.²⁷

²¹ Xcel PTR Petition, March 17, 2025, at 14.

²² Xcel Energy Reply Comments, October 3, 2025, Table 3, at 8.

²³ *Id.*, at 4.

²⁴ Xcel Initial Comments, September 5, 2025, at 4.

²⁵ OAG Initial Comments, September 5, 2025, Information Request No. 2, at 31-35.

²⁶ Xcel Reply Comments, October 3, 2025, at 7-8.

²⁷ *Id.*, at 6-7.

Xcel provided indicative cost effectiveness results using the methodology used for ECO programs as defined by the Department for the 2024-2026 Triennial. Xcel noted that the program **does** pass the Minnesota Test with a **Benefit/Cost Ratio of 1.18**, using the assumptions listed in Table 2 below.²⁸

Table 2: Cost-Effectiveness Analysis Assumptions

Assumption	March 2025 Petition Initial Estimate²⁹	Reply Comments Updated Estimate³⁰
Hours/Event	4	4
Events/Year	5	5
Target Market	250,000	250,000
Estimated Percent Participation	6%	16%
Participants/Year	15,500	40,000
Rebate/kWh	\$1.00	\$1.00
Participant kW/event	0.63	0.19
Participant kWh/event	2.5	0.76
Minnesota Test Benefit/Cost Ratio	1.01	1.18

Note that in Xcel's 2027-2029 ECO Triennial filed June 15, 2026, the Company shows a Minnesota Test **Benefit/Cost Ratio of 1.56** in 2027.³¹ Staff expects this updated figure is due to small changes in the proposed budget and customer demand savings assumptions, as well as the updated Minnesota Test approved by the Department on March 30, 2026. For the 2027-2029 test, the assumption for generation capacity value increased from \$104.17/kW-year to \$134.16/kW year (a 29% increase).³² Using the assumptions shown in Table 2, 97% of the PTR program's benefits are attributable to avoided generation capacity. Therefore, it is logical that the PTR program benefit/cost ratio would increase using the updated cost-effectiveness test assumptions.

IV. Reporting and Evaluation

As noted above, Xcel submitted the PTR program to the Department for approval as part of its 2027-2029 ECO Triennial. The Company explained that it would provide, in its annual ECO Status Reports filed each April 1, a summary of PTR program results, including participation, energy savings, and program expenditures. **(Decision Options 24A and 25)** Xcel proposed to conduct a formal program evaluation after two years of program operations to inform future program design and implementation. **(Decision Option 26B)** The Company intends to use a third-party evaluator for this evaluation.

²⁸ Xcel Reply Comments, October 3, 2025, at 8-9.

²⁹ Xcel PTR Petition, March 17, 2025, at 15.

³⁰ Xcel Reply Comments, October 3, 2025, Table 4, at 9.

³¹ Xcel 2027-2029 ECO Triennial, Table 35, at 48.

³² *In the Matter of the 2027-2029 ECO Cost-Effectiveness Methodologies for Electric and Gas Investor-Owned Utilities*, Docket No. E,G-999/CIP-26-89, Assistant Commissioner Decision, at 47; 54-55.

The Company committed to incorporating the following information in the 2-year program evaluation, and stated it would submit a copy of the report to this docket as well as including it with the appropriate ECO Status Report: **(Subparts within Decision Option 26)**

- a. Number of customers invited to opt-in
- b. Number of customers opting in
- c. For each control event:
 - i. Date and timeframe
 - ii. Hours' notice given
 - iii. Xcel's distribution-system peak in MW during the event timeframe
 - iv. Average load reduction per customer
 - v. Number of participants sent follow-up emails and timeframe
- d. Potential savings per year in kW and kWh:
 - i. Total
 - ii. Per control event
 - iii. Per Customer
- e. Actual savings per year in kW and kWh
 - i. Total
 - ii. Per control event
 - iii. Per Customer
- f. Updated cost benefit analysis³³

PARTY POSITIONS AND STAFF ANALYSIS

V. PTR Program or Pilot Implementation

The Department supported the implementation of Xcel's PTR program, subject to recommended changes described below. The Department's primary recommendation is to design the program as an initial data collection and learning effort rather than a fully-baked permanent program. While the Department is "agnostic" about whether the PTR is implemented as a "pilot," the Department maintained that the initial phase of the program should focus on gathering lessons learned to inform future refinements to maximize the benefits of the PTR while operating in parallel with the EAD program (rather than replacing EAD at this stage).³⁴ **(Decision Option 2)** The Department noted that discontinuing the EAD program would cause the Company and its ratepayers to miss out on load reductions from former EAD participants who are not enrolled in PTR. A benefit of maintaining the EAD program is it would enable a side-by-side evaluation of EAD, opt-in PTR, and opt-out PTR.³⁵

Following two years of program implementation, the Department recommended that Xcel submit a proposal for an expanded and refined PTR program as part of the Company's ECO Portfolio, using lessons learned from the initial phase. Staff will refer to this suggestion from the Department as recommending a "phase two" PTR Program proposal for clarity throughout these briefing papers. The Department recommended phase two proposal:

³³ Xcel Reply Comments, October 3, 2025, at 10-11.

³⁴ Department Response Comments, December 12, 2025, at 4.

³⁵ Department Supplemental Comments, October 17, 2025, at 6.

- Include BCAs for both an opt-in and opt-out program, informed by the data collected as part of the initial phase;
 - Include the costs of necessary billing system upgrades to support an opt-out program; and
 - Specify how Xcel will ensure PTR load reductions result in generation capacity benefits for ratepayers, such as by registering and/or bidding PTR in MISO.
- (Decision Option 3)**

The OAG expressed support for Commission approval of the PTR program, but only as a limited-term pilot rather than a permanent offering. The OAG maintained that the PTR program is an important step toward unlocking the benefits of recent AMI investments, but the program relies on uncertain assumptions that must be validated through real-world data.³⁶ Therefore, the OAG recommended that the Commission approve Xcel’s PTR proposal on a pilot basis, with a termination date of December 31, 2029 to coincide with the end of the 2027-2029 ECO Triennial. **(Decision Option 5)**

CEE and Fresh Energy, as will be discussed in more detail in Section VIII, recommended the Commission not take any action on this PTR proposal due to lack of clarity around how the program would deliver capacity value to Xcel’s system. Instead, these commenters recommended the Commission require Xcel to provide more information on capacity value in a compliance filing and to continue operating the EAD program in the meantime. **(Decision Option 6)**

A. Staff Analysis

Approval Options

There are essentially four pathways being proposed for the PTR program in this docket:

1. Approve the PTR program design as a permanent program, though refinements may be made over time. **(Decision Option 1)** (Xcel)
2. Approve the PTR program design explicitly as a “phase one” and require an updated proposal after two years of program operations **(Decision Options 2 and 3)** (Department)
3. Approve the PTR program design on a time-limited pilot basis, with end date in 2-4 years or by December 31, 2029. **(Decision Option 5)** (OAG)
4. Decline to make a decision on this record and instead seek more information on how the program will deliver capacity value to customers. **(Decision Options 6, 28, and 29)** (CEE and Fresh Energy)

The Commission should evaluate whether Xcel has adequately demonstrated the benefits of the program. If it believes the estimated benefits are reasonably certain under the existing program design, it can select Decision Option 1. If the Commission determines that the benefits are uncertain, but that moving forward will yield helpful information to enable the program to deliver ratepayer value in the future, it should consider whether a phased approach **(Decision Option 2)** or a time-limited pilot replacing EAD **(Decision Option 5)** will best deliver the desired

³⁶ OAG Initial comments, September 5, 2025, at 1.

information. Both proposals are intended to deliver learnings and minimize ratepayer risk by requiring Xcel to come back to the Commission for approval of a longer-term program.

With any of the approval pathways, the Commission can also require annual reporting, a comprehensive evaluation after a designated period, and set a deadline for Xcel to propose program updates if desired.

Staff notes that the Department's Decision Option 3 would direct Xcel to propose PTR phase two as part of its ECO program two, which is under the Department's regulatory authority, but as a general matter, the Department recommended that Xcel first seek Commission approval for ECO programs that would operate as tariffs, rate or bill credits. Staff agrees with the Department that such programs require the Commission's substantive review, and that the most efficient process for securing necessary approvals is to seek Commission approval first, as any program design changes directed by the Commission could then be incorporated into the ECO program's analysis. Staff offers Decision Option 4 which clarifies that Xcel should request Commission approval of PTR phase two before submitting a new ECO proposal. If the Commission approves a phased approach, Staff recommends **Decision Option 4** to ensure that the phase two proposal receives the necessary reviews in the most efficient order.

Energy Action Days

Xcel proposed replacing the voluntary EAD program with PTR (**Decision Option 1**), while the Department recommended continuing both programs side-by-side and to compare results after a two-year period (**Decision Option 2A**). While Staff understands the Department's desire to test the cost-effectiveness of multiple program models, Staff is concerned this approach would cause avoidable customer confusion. If any portion of PTR is operated as an opt-in program, Xcel will need to market and publicize PTR to recruit participants. Customers who do not enroll but later receive EAD messages could be understandably confused about why Xcel auto-enrolled them and why they did not receive any financial benefits.

However, Staff notes that EAD provided 75% of the peak reduction benefits estimated for PTR in 2025, without providing rebates. According to Xcel's most recent Annual ECO Status Report, the EAD program delivered 6,255 kW of system coincident demand reduction,³⁷ compared to the 8,403 kW estimated for PTR. EAD does not provide rebates but does have administrative and communication costs, which may be similar to the annual vendor budget for PTR as EAD has been implemented by Opower since 2023.

If the Commission chooses to take no action on PTR at this time, and instead directs Xcel to continue implementing EAD (**Decision Option 6**), it is reasonable to expect that a meaningful share of the potential peak reduction benefits will continue to be realized.

Program Design

Most of Xcel's proposed program design elements—such as the rebate amount, baseline calculation, and scope of control events—were not contested. The Commission should review and determine whether to approve these program features, as they are key components of

³⁷ *In the Matter of Xcel Energy's 2024-2026 Energy Conservation and Optimization Program Triennial Plan*, Docket No. E,G002/CIP-23-92, *Xcel 2025 ECO Status Report and Compliance Filings*, April 1, 2026,

determining the rate credits that customers will see, and therefore require Commission approval.

Xcel's proposals for rebate amount, baselines, and control events are reflected in **Decision Options 12 through 16**. If the Commission approves implementation of the PTR program or a PTR pilot, Staff recommends requiring Xcel file a tariff reflecting the approved program design elements and customer eligibility requirements. Staff offers **Decision Option 17** to accomplish this and to use a negative check off process for approval:

Xcel shall file proposed tariff pages in this docket reflecting the approved PTR program design within 15 days of the Order in this matter. If no objection or notice of intent to object is filed within 30 days, the tariff pages will be deemed approved by the Commission, and may go into effect if and when the Company receives approval from the Department for including the PTR program in its ECO Portfolio. If there is a timely filed objection or notice of intent to object, the Commission will issue a notice of comment period on the proposed tariff pages.

In the following section, Staff notes concerns about whether the program will provide sufficient incentive to recruit 40,000 participants. If the Commission determines that it would like to modify any program features, such as the rebate amount or the minimum number of events to be called per year, it will need to modify one or more of Decision Options 12 through 16. If modifications are made that alter the PTR program compared to the proposal recently filed with the Department, Xcel will need to make a supplemental filing in its ECO Triennial to reflect the approved program design.

VI. Enrollment Strategies and Customer Targeting

The Department supported the Company's revised enrollment target of 40,000 customers. Fresh Energy in Initial Comments proposed a similar target enrollment of 37,500-customers.

The Department, however, disagreed with Xcel's assertion that the program should be limited to an opt-in program design. Instead, the Department recommended Xcel test both opt-out and opt-in approaches concurrently and collect and report data for opt-out and opt-in participants separately. The Department proposed that the Company automatically enroll 20,000 customers, with an option to opt-out, and use an opt-in approach to enroll the additional 20,000 customers. **(Decision Option 9)**

The Department reasoned this approach will provide the most useful data and insights to inform the long-term design of PTR while helping to maximize the benefits of the program to the grid and ratepayers by potentially reaching a greater number of customers. The Department mentioned Portland General Electric's Residential Pricing PTR Pilot as an example

demonstrating that an opt-out PTR design can produce greater aggregate load reductions, even if per-customer load reductions are lower than those achieved under an opt-in program.³⁸

Xcel argued that it is not necessary to test an opt-out approach, as it has already done that with the EAD program – though the EAD program does not provide an incentive, Xcel reasoned that the per-customer opportunity for load reductions would be similar. Xcel used insights gained from EAD and from examining other utilities' programs to design the PTR proposal and therefore it was not necessary to spend time and resources on more evaluation.³⁹ Xcel also noted that most other PTR programs it evaluated are opt-in programs.

In order to reach diverse segments, the Department recommended that the Company target low-income customers and customers with high peak load contribution for automatic (opt-out) enrollment in PTR.⁴⁰ **(Decision Option 9D)**

Additionally, the Department recommended that Xcel be required to file a comprehensive updated customer outreach and communications plan alongside its first annual PTR report. In this updated plan, the Company should discuss concrete ways to achieve higher customer enrollment, including through both opt-in and opt-out approaches.⁴¹ **(Decision Option 23)**

The OAG did not recommend a specific enrollment target or method for the PTR program, but agreed that opt-in programs appear more common across the market. OAG did, however, express skepticism that the Company can reach its enrollment goal without significant changes to its marketing strategy. In order to maximize participation, the OAG recommended the Company aggressively market the PTR program to ensure the program reaches as many customers as possible.⁴²

Accordingly, the OAG recommended that the Commission require Xcel to undertake the following actions with respect to program marketing and participant communications:

- a. Market the peak time rebate through letters or postcards in addition to email;
- b. Target customers with high peak load using messages about potential bill savings;
- c. Develop the capability to send non-participating customers with high-peak-loads personalized bill messages illustrating the bill savings they could have realized during a recent control event;
- d. Target customers for increased marketing in constrained areas of the grid, including distribution nodes identified in Xcel's most recent IDP as nearing capacity exceedance; and
- e. Provide feedback on customer performance within 48 hours of a control event and ideally within 24 hours.⁴³

³⁸ Department Initial Comments, September 5, 2025, at 5.

³⁹ Xcel Reply Comments, October 3, 2025 at 2.

⁴⁰ Department Supplemental Comments, October 17, 2025, at 6.

⁴¹ Id., at 8.

⁴² OAG Initial comments, September 5, 2025, at 18.

⁴³ OAG Response Comments, December 12, 2025, at 2.

(Decision Option 22)

As noted earlier, Xcel did increase its proposed marketing budget from \$20,000 to \$70,000 in Reply Comments, corresponding to its higher enrollment goal. Xcel agreed that targeting specific customer segments, such as current participants in EAD, customers with high peak load and low-income households, would be an effective strategy to encourage enrollment. Xcel stated that its current billing system does not support personalized bill messaging, and that would be costly and time intensive to develop at this time, but that it will actively promote PTR through on-bill messages.⁴⁴ Xcel's proposed marketing and communications requirements are reflected in **Decision Option 21**.

Xcel agreed it may be appropriate to test direct mail marketing in limited quantities, such as for customers for whom Xcel does not yet have an email address, but was concerned about the cost of a broad mail campaign.

Regarding OAG's recommendation to target customers in constrained areas of the distribution grid, an idea the Department also raised in comments, Xcel pointed out that distribution feeders often peak at different times than the bulk system, and therefore, it is challenging to optimize a demand response product for both bulk and local system benefits. Xcel noted that it is working to develop the capability to do this sort of "value stacking" in its recently-approved Capacity*Connect program.⁴⁵

A. Staff Analysis

Opt-In versus Opt-Out

Parties generally agreed with or did not take a position on Xcel's 40,000 first-year enrollment target. If it approves the PTR program in any form, the Commission should determine whether it prefers Xcel's opt-in approach or the Departments proposal to test and evaluate both opt-in and opt-out approaches, targeting 20,000 customers in each segment.

The Commission frequently considers arguments about the merits of opt-in versus opt-out program approaches when evaluating new customer rate programs. Staff agrees that there are trade-offs between the two approaches, with opt-in programs generally having smaller pool of more-engaged customers and opt-out programs having a larger pool of less-engaged customers. As OAG noted, effective marketing and communications are important to achieve strong per-customer and overall savings under both approaches.⁴⁶

At times, the Commission has approved a phased approach to implementing a new default or opt-out rate (as in the case of Minnesota Power's transition from residential inverted block

⁴⁴ Xcel Reply Comments, October 3, 2025, at 5.

⁴⁵ Xcel Supplemental Comments, October 17, 2025, at 5.

⁴⁶ OAG Initial Comments, September 5, 2025, at 7-8.

rates to time of use rates in Docket No. E015/M-20-850).⁴⁷ At other times, the Commission has approved an opt-in program with continuing evaluation of scaling options. In Xcel's residential Time of Use (TOU) rate proposal in Docket No. E002/M-23-524, the Commission determined that Xcel should implement the new rate as an opt-in program, but directed that Xcel's fifth annual report evaluate the costs and benefits of transitioning to a systemwide default time of-use rate.⁴⁸

Staff questions whether Xcel will face challenges enrolling 40,000 customers in the PTR program given the relatively low estimated annual rebate of approximately \$3.86 per customer. This target assumes a 16% enrollment rate in the first year of the PTR program, out of the 250,000-customer target market. Xcel states that this is an "achievable" level, given that the Company's Saver's Switch and AC*Rewards programs have a combined 60% enrollment.⁴⁹ However, 16% is a high enrollment rate for the first year of a program. For comparison, Xcel estimates that 13.46% of electric vehicles in its Minnesota service area participated in a managed charging or TOU rate in 2025. EV rate participation rates have increased gradually over time, starting at 3.39% in 2017 (the first year of tracking) to a high of 20.88 % in 2023.⁵⁰ The potential customer savings from participation in EV programs is also higher than the average PTR rebate.

Xcel does state its average per-customer savings assumption of 0.19 kW per event is on the low end of its expected range (0.19-0.32).⁵¹ A 0.32 kW average savings would yield 1.28 kWh savings per customer per event, and an average PTR rebate of \$6.40 per year if Xcel calls five events. In Staff's view, effective communications to prospective and active participants about steps they can take to reduce consumption during events will be crucial to customer satisfaction with this program. Aiming for a higher number of annual control events (within system needs) could also aid in customer satisfaction and enrollment by increasing the opportunity for rebates. Given that the majority of the budget is vendor expense, increasing rebates to customers by increasing program size, number of events, and per-customer performance is likely to increase cost-effectiveness of the program.

If the Commission is concerned about the program operating for one or more years at participation levels below the 40,000-customer target, which could jeopardize cost-effectiveness, it may prefer the Department's recommendation to enroll 20,000 customers through an opt-out approach and test the performance of both opt-in and opt-out segments

⁴⁷ *In the Matter of the Petition for Approval of Minnesota Power's Residential Rate Design*, Docket No. E015/M-20-850, *Order Approving Transition from Inverted Block Rate to Time-of-Day Rates*, August 27, 2021, Ordering Paragraph 2.

⁴⁸ *In the Matter of the Petition of Xcel Energy for Approval of a Residential Time of Use Rate Design*, Docket No. E002/M-23-524, *Order Approving Revised Opt-In Proposal And Setting Reporting Requirements*, May 15, 2025, Ordering Paragraphs 1 and 14.

⁴⁹ Xcel Reply Comments, October 3, 2025, at 5.

⁵⁰ *In The Matter Of The Commission Investigation To Identify And Develop Performance Metrics And Potentially, Incentives For Xcel Energy's Electric Utility Operations*, Xcel Energy, *2025 Annual Report*, April 30, 2026, Attachment A, Environmental Performance metric 5(a).

⁵¹ Xcel Reply Comments, October 3, 2025, at 7.

(Decision Option 9). The OAG’s recommendation to approve PTR as a time-limited pilot **(Decision Option 5)** would also limit the downside risk if the program underperforms, and could be paired with testing opt-out versus opt-in performance, if desired.

Marketing and Customer Targeting

Staff agrees with commenters that marketing will be important for the success of this program, both in enrollment and event performance. Staff is comfortable with the proposals to target customers with high peak load contribution and low-income customers for enrollment in the PTR program **(Decision Options 9D and/or 22B)**, as the program offers an opportunity to lower their bills and has no cost or penalty risk.

Staff agrees with Xcel that it is premature to consider targeting enrollment to specific constrained areas of the distribution grid that may be constrained. In addition to distribution feeders peaking at different times from Xcel and the bulk system, generation capacity value in MISO is no longer determined by contributions to MISO-coincident summer peak but by contributions to seasonal peaks, and by 2028 will be determined by contributions during seasonal “risk hours.” Risk hours are identified by modeling when the MISO system is most likely experience loss of load or faces a “tight margin” of available generation to load. This is more challenging for a single utility to forecast, and due to the influence of generator availability is less likely to match distribution feeder peaks.

Additionally, PTR is likely to remain a smaller program than existing demand response programs for some time, and therefore less likely to reach necessary penetration on desirable feeders. Staff wonders if there is greater potential for strategic geo-targeted deployments of Xcel’s AC Control, Savers’ Switch, and water heater demand response programs. Due to the size, longevity, and direct-control capability of these programs, they may offer advantages over PTR for stacking distribution benefits to wholesale capacity benefits once these capabilities are developed.

Given these factors, Staff does not recommend adding optimization for distribution benefits to PTR at this time **(Decision Option 22D)**. In Section X of these briefing papers, Staff summarizes recommendations related to reporting on Xcel’s distribution-system peak in MW during control events and continued evaluation of potential ways to obtain distribution value **(Decision Options 26I, 27G, or 27H)**. In Staff’s view, reporting and evaluation is an appropriate first step and would provide an opportunity to gather necessary information on the efficacy and operational feasibility of stacking bulk and distribution system value through a behavioral demand response program.

VII. Eligibility of Existing Demand Response Participants

In its proposal, Xcel recommended excluding approximately 400,000 residential customers who are already enrolled in other DR programs, such as Saver’s Switch and AC*Rewards.⁵² Xcel argued these exclusions are necessary to avoid the risk of “double compensation” (duplicate

⁵² Xcel PTR Petition, March 17, 2025, at 12.

rewards for the same action and resulting energy reduction)⁵³ and to prevent establishing highly complex usage baselines for measurement.⁵⁴ However, the Department, the OAG, and Fresh Energy argued that the excluded customers represent a high-value segment and that Xcel should evaluate the feasibility and benefits of extending eligibility to these customers.⁵⁵

Fresh Energy contended that the technical challenges cited by Xcel, specifically regarding baselining, have already been solved by other utilities. They noted that Connexus Energy in Minnesota allows customers in its PowerNap Air Conditioning program to participate in its PTR program simultaneously. Connexus addresses the overlap by factoring participation in the program into customers baseline calculation and reporting the credits separately on the bill. Fresh Energy also noted that Baltimore Gas and Electric, a utility with a similar number of customers to Xcel's Minnesota footprint, allows joint enrollment between its PeakRewards program and its Energy Savings Day PTR program.⁵⁶

Fresh Energy recommended Xcel present a plan for extending PTR eligibility to residential customers participating in other demand response programs in a compliance filing six months after program approval (**Decision Option 11**).

OAG recommended that Xcel report annually on the feasibility and potential benefits of extending eligibility to existing demand-response and net metering customers⁵⁷ (**Decision Option 27D**) which the Department agreed with.⁵⁸ This recommendation is very similar to, but slightly more specific than, Xcel's proposal to report on its ongoing evaluation of dual enrollment for demand response and net metered customers (**Decision Option 27C**).

A. Staff Analysis

Staff agrees with commenters that it would be beneficial to evaluate the feasibility and benefits of extending eligibility to customers already enrolled in demand response programs. These customers may be among those most likely to respond to PTR events because they have already demonstrated a willingness to engage in load management.⁵⁹ Additionally, because PTR control events can be called at any time of year, the program may have complementarity with Savers Switch and AC*Rewards.

Staff is comfortable with any of **Decision Option 11, 27C or 27D**. Decision Option 11 would require Xcel to develop the technical solutions necessary to adjust customer baselines and PTR impact calculations to allow the approximately 400,000 residential customers currently enrolled in other demand response programs to also participate in PTR, and to present this plan within

⁵³ Xcel Energy Initial Comments, September 5, 2025, at 3.

⁵⁴ Xcel Energy Supplemental Comments, October 17, 2025, at 3.

⁵⁵ DOC DER, Reply Comments, October 3, 2025, at 8.

⁵⁶ Fresh Energy Initial Comments, September 5, 2025, at 2.

⁵⁷ OAG Initial comments, September 5, 2025, at 23.

⁵⁸ Department Response Comments, December 12, 2025, at 8.

⁵⁹ DOC DER, Reply Comments, October 3, 2025, at 8.

six months. Decision Option 27D takes a more incremental approach by directing Xcel to evaluate the feasibility and benefits of extending eligibility to both demand response and net metering customers in annual reports. In Staff's view either pathway is reasonable. The Commission may prefer Decision Option 11 if it is convinced that existing demand response customers can scale the program's benefits more quickly, or Decision Option 27C or 27D if it sees value in additional evaluation before moving to implementation.

VIII. Capacity Value and MISO Registration

Several parties were concerned by a lack of clarity in how Xcel will *realize* capacity value from the PTR program for the benefit of customers, especially given that most the program's benefits are derived from its assumed capacity value.

The Department noted that Xcel's comments and supplemental filing do not "sufficiently clarify Xcel's PTR Program's generation capacity value."⁶⁰ The Department asserted that the Company has not responded to its concern that MISO rules do not allow for demand-side resources to reduce a utility's load forecast used to develop its capacity obligation.⁶¹ The Department is not convinced that incorporating PTR load reductions into Xcel's internal resource planning is sufficient to reduce capacity obligations with MISO.⁶²

As a result, the Department is concerned that the Company's cost-effectiveness analysis overstates the near-term value the program is expected to provide – if generation capacity value is not attainable, that could erode 97% of the program's benefits.⁶³ However, if PTR is able to be registered with MISO in the future and generation capacity benefits can be captured, the program would deliver benefits to the Company's customers.

The Department agreed with the Company that adequate performance data is essential to ensure that forecasted PTR load reductions can be depended upon for grid reliability, especially for possible future registration with MISO. The Department argued that the even if generation capacity benefits will not be realized during the initial implementation of PTR, this phase is necessary to gather the data required for the Company to secure those benefits for customers in the future.⁶⁴ Accordingly, the Department recommended that Xcel specify how it will deliver PTR capacity value benefits for ratepayers as part of its phase two proposal (**Decision Option 3**).

After reviewing the Company's subsequent filings and comments from other parties, Fresh Energy and CEE expressed concern that the proposed PTR program does not adequately capture generation capacity value. They emphasized that the program's success and effectiveness depends on its ability to capture capacity value. Although Fresh Energy and CEE support the Company's efforts to pursue a PTR program, they are concerned that without a way

⁶⁰ Department Response Comments, December 12, 2025, at 3.

⁶¹ See Department Initial Comments at 6 and discussion of MISO definition of an Energy Efficiency Resource in footnote 22.

⁶² Department Response Comments, at December 12, 2025, 3-4.

⁶³ Department Initial Comments, September 5, 2025, at 6.

⁶⁴ *Id.*, at 4.

to capture this value, the program will not deliver enough benefits for Xcel's system or to customers. Therefore, Fresh Energy and CEE recommended that the Commission postpone any action on the PTR proposal, due to lack of clarity around the program's capacity value, and require Xcel to continue operating the EAD program until a final decision on PTR has been reached.⁶⁵ **(Decision Option 6)**

Fresh Energy and CEE argued that Xcel's plan to capture PTR capacity value by incorporating its forecasted capacity into future resource plans does not clearly benefit ratepayers because it would not count towards the Company's MISO capacity obligations. As a result, the Company would still need to procure sufficient capacity to meet its MISO obligations. Fresh Energy and CEE outlined three potential ways the PTR program could provide capacity value to Xcel's system:

1. Registration as a capacity resource in MISO;
2. Reducing Xcel's Coincident Peak Demand and Planning Reserve Margin Requirement (PRMR); and
3. Incorporation into the Company's integrated resource (IRP) modeling.⁶⁶

Fresh Energy and CEE noted that while each of these three approaches could provide a way to deliver capacity value, all of them require the Company to first implement the PTR program and gather enough data to accurately forecast demand reductions. Accordingly, Fresh Energy and CEE recommended that the Commission require Xcel to submit a compliance filing detailing its plan for capturing capacity value from the PTR program. The filing would include the following:

- a. The results of the Company's evaluation of whether the PTR program could be incorporated into its load forecast to reduce its MISO capacity obligation. This should include the Company's interpretation of MISO Tariff Module E-1, 69A.1.1b.
- b. An explanation of whether unaccredited demand response resources contribute to the total MW of capacity offset by Demand Response Bundles in the IRP planning process.
- c. An explanation of the data Xcel would need to collect in order to register the program with MISO in the future and a general timeline for collecting this data.⁶⁷

(Decision Option 28)

Fresh Energy and CEE also recommended that the Commission require Xcel to set a defined timeline and process for resubmitting a PTR program proposal that ensures the program properly captures capacity value and delivers these benefits to customers.⁶⁸ **(Decision Option 29)**

A. Staff Analysis

Staff understands commenters' concerns that the PTR program may not be able to deliver the capacity value assumed, and that this value is critical for the program to have system and

⁶⁵ Fresh Energy and CEE's Response Comments, December 12, 2025, at 1 & 3.

⁶⁶ Id., at 2-3.

⁶⁷ Id.

⁶⁸ Id., at 4.

ratepayer benefits. Generation capacity value accounts for 97% of estimated benefits under the Minnesota Test.

Staff agrees with the Department, CEE and Fresh Energy that the program is unlikely to reduce Xcel's PRMR or receive MISO capacity accreditation or at this time, and the probability of future capacity accreditation appears low due to the voluntary nature of the program. Capacity accreditation or contributing to reducing Xcel's PRMR would provide the clearest avenues to demonstrate capacity value, and Staff agrees it will be very helpful for Xcel to continue to evaluate opportunities to realize these value streams.

The third potential avenue for realizing capacity value discussed in this record (contributing to an optimized portfolio in Xcel's IRP), appears significantly more likely in the near term. Staff submitted several information requests to Xcel to gather more data on the feasibility of PTR being selected in IRP modeling. In Response to PUC IR 6, Xcel stated "By allowing behavioral demand response to compete against other firm dispatchable resources [in the IRP process], by providing these resources as an option for the model to choose among all other resources, the Company supports that these are avoiding the need for new generation capacity. As such, the avoided capacity value in this cost benefit analysis can be realized in the near-term planning window of the upcoming IRP."⁶⁹

Xcel is anticipating meaningful load growth in the coming years, and the Company appears likely to have a capacity need in its next IRPs.⁷⁰ Commenters were understandably focused on the program's quantifiable contributions toward Xcel's capacity obligation, but Staff notes that EnCompass often selects resources in excess of the utility's minimum capacity obligation.⁷¹ While many of these surplus resources are likely selected for their ability to provide cost-effective energy generation, improve energy adequacy, or provide surplus capacity value, it is conceivable that in the IRP modeling process, behavioral demand side management (DSM) bundles displace otherwise-selected capacity above the PRMR. Additionally, the Commission has at times found that ratepayers will benefit from the increased reliability resulting from a utility acquiring surplus capacity resources.⁷²

As identified in Xcel's Response to PUC IR 8, the PTR program as formulated would have a levelized capacity cost of \$7.85/kW-month. If bundled with similarly-priced DSM resources in the next IRP, that bundle is likely to be competitive with, and could displace, other capacity

⁶⁹ Xcel Response to PUC IR 6, April 29, 2025.

⁷⁰ See for example: *In The Matter Of Xcel Energy's 2024-2040 Upper Midwest Integrated Resource Plan*, Docket No. E002/RP-24-67, Petition for Approval of MISO-ERAS Self-Build Projects, February 20, 2026, at 11-12.

⁷¹ See for example: *In the Matter of Xcel Energy's 2024-2040 Upper Midwest Integrated Resource Plan*, Docket No. E002/RP-24-67, *Xcel Integrated Resource Plan*, April 1, 2024, Chapter 4 pp. 17-20 (Table 4-1 through 4-4, showing projected net surplus or deficit for each season through 2040 for the originally-filed Preferred Plan).

⁷² See for example: *In the Matter of Northern States Power Company's, d/b/a Xcel Energy, Petition to Expand its Renewable*Connect Program*, Docket No. E002/M-19-33, Order Approving Petition With Modifications, August 12, 2019, at 9.

resource options.⁷³ Staff does not believe displacing other resources is a certainty, but it appears feasible. DSM bundles have been selected through EnCompass modeling in several recent IRPs.

If a competitively-priced DSM bundle containing PTR displaces other capacity resources in a future IRP, it is reasonable to infer that this bundle provides avoided capacity value equal to the cost of the displaced resource. Xcel stated that it intends to model PTR as part of a DSM bundle in its upcoming IRP based on the ECO Potential Study that is currently underway. Because commenters' concerns about capacity value apply to the entire category of behavioral DSM programs, and not just PTR, it may be useful to direct Xcel to evaluate in the upcoming IRP whether DSM bundles get selected by the model in various scenarios, and whether these bundles displace other resources. Staff offers **Decision Option 30** in case the Commission would like to direct this evaluation in the next IRP.

IX. Cost Recovery Pathway

The Department agreed with Xcel that it is reasonable to propose the PTR program as part of the Company's ECO portfolio and seek cost recovery through this pathway. **(Decision Option 18)** The Department noted that Minn. Stat. § 216B.241, subd. 13(a) provides the enabling language for load management programs, like PTR, to be included in ECO. Under Minn. Stat. § 216B.2402, subd. 15, the PTR program meets the statutory definition of load management, which includes activities or technologies that change the timing of a customer's energy use to respond to system conditions or reduce peak demand.

The Department stated that incorporating the PTR program into the ECO portfolio would place the program under the same regulatory "umbrella" as most of the Company's other load management offerings. The ECO structure would provide Xcel with predictable cost recovery while also requiring annual reporting that ensures regular review by the Department and stakeholders. Additionally, the Department recommended that as a general matter, the Commission should direct Xcel to obtain Commission approval for any proposals that would result in a tariff or rate change before submitting those proposals under ECO. **(Decision Option 19)** Ensuring these programs have necessary Commission approvals before being evaluated for inclusion in ECO is likely to be the most efficient method of obtaining dual-agency approval at this time.

The OAG recommended that the Commission take no action regarding potential cost-recovery paths for the PTR program at this stage. **(Decision Option 20)** The OAG did not oppose Xcel's pursuit of cost recovery by including the program in its 2027-2029 ECO portfolio – it simply argued that the Commission need not direct a particular cost-recovery path. The OAG noted that, under the ECO Act, the PTR program meets the definitions of both "rates," which fall under the Commission's authority, and "load management," which falls under the Department's authority, and that the Commission should maintain the ability to shape the

⁷³ Xcel Response to PUC IR 8. Cost comparisons with recently-approved battery energy storage systems are trade secret, April 29, 2025.

peak-time-rebate rate.⁷⁴

The OAG recommended that the Commission authorize a pilot PTR program for 2-4 years, or set the pilot's end date for December 31, 2029, if Xcel pursues cost recovery through its ECO plan because it would align with the end of Xcel's next ECO triennial.⁷⁵ **(Decision Option 5)**

In summary, the OAG supported taking no action regarding potential cost-recovery paths **(Decision Option 20)**, while remaining open to the ECO framework as long as the Commission retains its oversight of the peak-time-rebate rate.

A. Staff Analysis

Staff agrees with OAG that it is not necessary to order Xcel to pursue cost recovery through ECO—especially as the Company already included the proposed PTR program in its 2027-2020 ECO Triennial Plan—but sees no harm in doing so if the Commission wishes to affirmatively select ECO as the appropriate cost recovery path. Therefore, Staff does not have any concern with either **Decision Option 18 or 20**. Staff does recommend the Commission approve **Decision Option 19** to clearly communicate process expectations for future programs that require both Commission and Department-ECO review.

While no commenters recommended the Commission approve or modify the proposed budget, Staff includes a brief discussion of issues that may be material to the Commission's decision on whether to approve the program design. Commenters did not critique Xcel's revised budget, which was responsive to recommendations from OAG to increase the marketing budget to enable better enrollment and participation, and reduced the vendor line item by 45% (from \$800,000 to \$440,000), which also addressed a concern that had been raised in earlier rounds of comments.

Staff inquired from Xcel whether the revised budget includes the cost to perform Xcel's proposed formal program evaluation, and how a vendor would be selected to perform this evaluation. Xcel indicated that while this cost was not included in the budget:

ECO program evaluations are funded through the ECO Market Research budget. For the upcoming triennium, four program evaluations are planned annually. Once the PTR program is approved and launched, it will be incorporated into the evaluation schedule. The Company maintains a pool of qualified, independent third-party evaluators with no conflicts of interest in program delivery. An evaluator will be selected from this pool when the evaluation is scheduled, and a detailed research budget will be established as part of the evaluation plan - based on factors such as program participation and initial observed impacts.⁷⁶

⁷⁴ OAG Initial comments, September 5, 2025, at 23-24.

⁷⁵ Id., at 24.

⁷⁶ PUC Ex Parte Communication Report, June 11, 2026

As Xcel has submitted this program for approval under ECO, Staff is comfortable with the proposed evaluation cost being excluded from the program budget and being covered by the ECO Market Research Budget. If for any reason the program or evaluation cost is not approved by the Department, or if Xcel changes its intended cost recovery pathway, the Commission may wish to ask Xcel for more information on the process for vendor selection and anticipated evaluation budget at that time.

X. Reporting and Metrics

The Department noted that Xcel proposed to track and report participant counts, rebates paid, and energy savings within the Company's annual status report for its ECO plan. Because PTR is intended to be part of the Company's ECO portfolio, the Department agreed that PTR reporting should be incorporated into the Annual ECO Status Report.⁷⁷ To ensure the PTR program generates meaningful data to inform future program design and implementation, and to reflect the Department's recommendation that initial implementation compare performance among opt-in and opt-out customers, the Department recommended the following metrics be reported on annually:

- a. Enrollment rates for opt-in customers;
- b. Participation, rebates paid, and peak load reduction for opt-in and opt-out customers;
- c. Customer acquisition costs for opt-in and opt-out customers;
- d. Customer satisfaction for opt-in and opt-put customers;
- e. Participation, rebates paid, and peak load reduction for high peak load customers and non-high peak load customers;
- f. Participation, rebates paid, and peak load reduction low-income customers and non-low-income customers; and
- g. Timing of PTR events compared to timing of actual system peaks.⁷⁸

(Subparts within Decision Option 26)

Similar to the Department, OAG supported Xcel's proposal for annual reporting, but recommended that the Company include additional metrics to enable the Commission to assess the program's effectiveness and develop a record to support potential future adjustments. Consistent with the OAG's recommendation that the Commission not direct Xcel on a specific cost recovery avenue for this program, OAG did not recommend requiring reporting to occur in ECO Annual Reports. However, OAG provided the following list of metrics that it recommends the Company be required to track and report annually:

- a. Number of customers
 - i. Contacted by message channel (email, letter, postcard, etc.)
 - ii. By peak load
 - iii. Located in constrained area
- b. For each control event
 - i. Maximum MISO day-ahead and real-time energy prices for the Minnesota hub during the event timeframe

⁷⁷ Department Initial Comments, September 5, 2025, at 10.

⁷⁸ Department Response Comments, December 12, 2025, at 6.

- ii. Number of participants sent follow-up emails
 - 1. Within 24 hours
 - 2. Within 48 hours
 - 3. Later than 48 hours
- c. Avoided generation, transmission, and distribution costs
- d. Xcel's efforts to develop the capability to send potential participants personalized bill messages illustrating the bill savings they could have realized during a recent control event.
- e. Xcel's efforts to incorporate the peak-time rebate into its MISO planning reserve margin requirement and its resource plans.⁷⁹

(Subparts within Decision Option 26 and 27)

As discussed earlier in Section VI, the OAG and the Department expressed interest in deploying PTR for local distribution grid benefits in addition to avoiding generation capacity. OAG recommended that Xcel target program marketing toward customers in constrained areas and report on avoided transmission and distribution costs.⁸⁰ The Department recommended Xcel discuss the potential for incorporating local distribution grid benefits in future PTR reporting, specifically:

- a. Potential changes related to heterogeneity in the timing of local distribution grid peaks; and
- b. Any uncertainty in the level of participation or individual peak load reductions and how this interacts with the utility's traditional distribution planning process.⁸¹

(Decision Option 27H)

In its supplemental comments, Xcel stated that the PTR program will trigger events in response to bulk system generation needs, which is the primary driver of value for demand response programs, and the timing of these events may not coincide with transmission or distribution needs.⁸² Xcel was not opposed to continued evaluation of this issue and proposed to report on its distribution-system peak in MW during each PTR event in its two-year evaluation, and to include a discussion of potential future attribution of distribution impact in annual reports.

A. Staff Analysis

Xcel, the OAG and Department provided overlapping but distinct reporting recommendations. All supported annual reporting, but Xcel proposed more general requirements for annual reports ("program results and updates" on a number of topics) while the Department and OAG recommended detailed requirements on the metrics Xcel should track and report. Xcel's proposed reporting requirements would include detailed metrics like this in the formal program evaluation, which the Company anticipates performing after two years of operational information.

⁷⁹ OAG Initial comments, September 5, 2025, at 22-23.

⁸⁰ *Id.*, at 21

⁸¹ Department Reply Comments, October 3, 2025, at 9; and Department Response Comments, December 12, 2025, at 6.

⁸² Xcel Energy Supplemental, October 17, 2025 at 4.

Xcel and the Department supported conducting annual reporting for PTR in existing ECO Status Reports, which are filed each year on April 1. The OAG did not specify where annual reporting should occur. If Xcel receives approval to include the program in its ECO portfolio, Staff agrees that report in annual ECO status reports is logical and efficient. Given that any program design changes impacting the rebate amount or eligibility criteria would require Commission review, the Commission may wish to have Xcel to cross-file these reports, or at minimum the two-year program evaluation, in this docket (E002/M-24-432) to better facilitate Commission review of any proposed program adjustments. The Commission can select the location of annual reporting with **Decision Option 24A and/or 24B**.

To consolidate overlapping reporting recommendations and enable the Commission to select from the reporting contents it finds most beneficial, Staff reorganized commenters' reporting recommendations into two main categories:

- Metrics to be tracked and reported: **Decision Options 25, 26 and subparts**
- Discussion topics for annual reporting: **Decision Option 27 and subparts**

Party support for each subpart (representing proposed report contents) is included in the Decision Options list. For example, if the Commission would like to adopt Xcel's proposal for annual reporting in ECO Status Reports, with general annual content requirements and more detailed requirements for the formal program evaluation it can adopt Decision Options 24A, 25, 26B, 26C, 26H (i, ii, iii, v), 26I, 26L, 26M, 26O, 27A, 27C, 27E, 27G.

If the Commission wishes to adopt the Department's proposal to compare results among opt-in and opt-out customers, it should consider adopting 26E, 26F, 26G, and 26N to gather this information.

Staff does not have concerns about any of the proposed reporting requirements aside from **26D(iii) and 26P**, which would require Xcel to report on the number of PTR participants located in constrained areas and report avoided transmission and distribution value achieved. As discussed earlier, Staff does not recommend requiring the program be marketed toward customers in constrained areas of the distribution grid at this time, instead Staff recommends gathering more information on the feasibility and efficacy of deploying behavioral demand response for avoided distribution system value in addition to generation capacity value (**27G or 27H**).

Regarding **26J**, the timing of PTR events compared to timing of actual system peaks, Staff agrees that documentation and analysis of this would be very helpful. Staff's understanding is that "system peak" in this context means the NSP system MISO-coincident peak. Similarly, given the important discussion of realizing avoided generation capacity in this docket, if the Commission approves the PTR program Staff recommends adopting **27F**, to ensure reporting on Xcel's effort to incorporate PTR capacity into its PRMR and/or resource plans.

Staff offered one additional reporting metric that was absent from commenters' lists: the number of participating customers that adjusted their usage during each PTR control event (**26H(iv)**). Staff believes this will be a useful metric to track for evaluating program effectiveness and to develop potential modifications, if warranted, in the future.

Decision Options

Approval and Implementation Approach

Select preferred implementation approach with 1; or 2 with 3 or 4; or 5; or 6; or 7.

1. Approve Xcel's proposal to discontinue the Energy Action Days (EAD) program and replace it with the permanent Peak Time Rebate (PTR) program with the program design elements approved herein. (Xcel)

[OR]

2. Approve Xcel's PTR program with the program design elements approved herein as an initial phase.
 - A. At this time, PTR shall operate in parallel with the EAD program.
(Department)

[AND]

3. After the PTR program has completed two years of implementation, Xcel shall propose an expanded and refined "phase two" PTR program as part of the Company's ECO portfolio. The proposal must include the following:
 - A. Benefit-cost analysis for both an opt-in and opt-out program, informed by the data collected as part of the initial phase;
 - B. Updated values for avoided generation capacity;
 - C. The costs of billing system upgrades necessary to support an opt-out program; and
 - D. A specific description of how Xcel will ensure PTR load reductions reduce the Company's capacity obligations, such as by registering and/or bidding PTR program capacity in MISO markets.(Department)

[OR]

4. After the PTR program has completed two years of implementation, Xcel shall file a proposal with the Commission for an expanded and refined "phase two" PTR program. The proposal must include the following:
 - A. Benefit-cost analysis for both an opt-in and opt-out program, informed by the data collected as part of the initial phase;
 - B. Updated values for avoided generation capacity;
 - C. The costs of billing system upgrades necessary to support an opt-out program; and
 - D. A specific description of how Xcel will ensure PTR load reductions reduce the Company's capacity obligations, such as by registering and/or bidding PTR program capacity in MISO markets.(Staff alternative)

[OR]

5. Approve the PTR program on a pilot basis, with a termination date of:
 - A. 2-4 years from the beginning of implementation *[OR]*

- B. December 31, 2029, coinciding with the end of Xcel's 2027-2029 ECO triennial.
(Staff interpretation of OAG)

[OR]

6. Take no action on the PTR proposal at this time due to lack of clarity around the program's capacity value, and require Xcel to continue operating the EAD program until a final decision on PTR is reached. (Fresh Energy/CEE)

[OR]

7. Reject Xcel's PTR proposal as filed on March 17, 2025.

Program Size

Select 8 or 9.

8. Enroll 40,000 customers using an opt-in approach during the first year of the PTR program.
(Xcel)

[OR]

9. In the first year of the PTR program, require Xcel to target enrollment of 40,000 participants by:
- A. Automatically enrolling 20,000 customers (using an opt-out approach);
 - B. Enrolling another 20,000 participants using an opt-in approach;
 - C. Collecting data on opt-in and opt-out customers separately; and
 - D. Targeting low-income customers and customers with high peak load contribution for automatic enrollment.
- (Department)

Customers Eligible to Participate

If approving PTR for implementation, the Commission should select 10 or write an alternative, and may also select 11.

10. Require Xcel to allow residential electric customers with an AMI-enabled meter to participate in the PTR program if they meet both of these criteria:
- A. Allow communications from Xcel via email and/or text; and
 - B. Do not participate in another demand response program (including AC Rewards or Saver's Switch) and are not on a net-metered rate with distributed generation such as rooftop solar.
- (Xcel)

[AND]

11. Require Xcel make a compliance filing within six months of the Order in this matter which outlines how the Company will adjust baselines or performance data to enable residential customers participating in existing demand response programs to also participate in the PTR program. (Staff interpretation of Fresh Energy)

Customer Rebates and Control Events

Select any or all of 12 through 17.

12. Approve Xcel's proposal to provide PTR program participants with a bill credit of \$1/kWh for energy saved during control events. (Xcel)
13. Approve Xcel's proposal to calculate PTR participant savings using AMI data to compare customer usage during each event to the customer's baseline, which will be calculated as the average usage during the three highest usage days in the 10-day period prior to the event (excluding holidays and weekends). (Xcel)
14. Approve Xcel's proposal to deliver PTR program rebates to participating customers through annual bill credits. Before delivering the annual bill credit, Xcel shall email customers to notify them of total rebates earned and when they can expect to receive the rebate on their bill. (Xcel)
15. Approve Xcel's proposal to call control events at any time of year based on anticipated system demand, with an expectation that the Company will call three to five events per year, or more. (Xcel)
16. Xcel shall notify customers of control events between 1 and 24 hours in advance of control events using multiple channels including text, email, and Interactive Voice Response (IVR). Xcel shall notify customers of the savings they achieved within three days of an event and also provide a year-end summary. (Xcel)
17. Xcel shall file proposed tariff pages in this docket reflecting the approved PTR program design within 15 days of the Order in this matter. If no objection or notice of intent to object is filed within 30 days, the tariff pages will be deemed approved by the Commission, and may go into effect if and when the Company receives approval from the Department for including the PTR program in its ECO Portfolio. If there is a timely filed objection or notice of intent to object, the Commission will issue a notice of comment period on the proposed tariff pages. (Staff Option)

Cost Recovery

18. Approve Xcel's proposal to seek cost recovery for the PTR program through the Company's ECO portfolio. (Xcel, Department)
19. Require Xcel to seek Commission approval for proposed programs intended for inclusion in the Company's ECO portfolio if the program will result in a tariff or rate change, prior to filing such proposals for approval under ECO. (Department)
20. Take no action regarding potential cost-recovery paths. (OAG)

Marketing and Communications:

21. Require Xcel to develop and implement a comprehensive marketing strategy to achieve its first-year enrollment target. Additionally, Xcel shall implement the following types of communications for enrolled customers:
- A. Pre-season program awareness
 - B. Event-day notification
 - C. Post-event day notification
(Staff interpretation of Xcel)
22. Require Xcel to take the following steps regarding program marketing and communications with participants:
- A. Market the PTR Program through letters or postcards in addition to email;
 - B. Target customers with high peak load using messages about potential bill savings;
 - C. Develop the capability to send non-participating customers with high peak loads personalized bill messages illustrating the bill savings they could have realized during a recent control event;
 - D. Target customers for increased marketing in constrained areas of the grid, including distribution nodes identified in Xcel's most recent IDP as nearing capacity exceedance; and
 - E. Provide feedback to participants on their event performance within 48 hours of a control event and ideally within 24 hours.
- (OAG)

[AND/OR]

23. Require Xcel to file an updated customer outreach and communications plan with its first annual report on PTR. In this updated plan, the Company should discuss concrete ways to achieve a higher customer enrollment, including through both opt-in and opt-out approaches. (Department)

Reporting Location and Frequency

Select 24A and/or 24B to determine the location of annual reporting.

24. Require Xcel to report annually on the PTR program:
- A. As part of Annual ECO Status Reports (Xcel, Department) [AND/OR]
 - B. In this docket (Staff option)

Metrics to be Tracked and Reported

The Commission may select 25 and/or 26A to direct the contents of annual reporting, or 26B to direct the contents of the formal program evaluation. Then, the Commission should select from subparts 26C through 26P to specify which metrics Xcel shall track and report.

25. In annual PTR reporting, require Xcel to provide program results and updates on customer participation, energy savings achieved, and program expenditures. (Xcel)

[AND/OR]

26. Require Xcel to track PTR program metrics including but not limited to the following, and

include results and accompanying analysis in its

- A. Annual PTR reports (OAG, Department) *[OR]*
- B. Formal program evaluation, expected to take place after two years of program operations (Xcel)

Enrollment Metrics

- C. The number of customers invited to opt-in, opting in, and the rate of enrollment. (Xcel, OAG, Department)
- D. The number of PTR program participants
 - i. Contacted by message channel (email, letter, postcard, etc.)
 - ii. By peak load
 - iii. Located in constrained areas(OAG)
- E. The number of customers automatically enrolled in the program, the number who opted-out, and the opt-out-rate. (Department)
- F. Customer acquisition costs for opt-in and opt-out customers (Department)
- G. Customer satisfaction among opt-in and opt-out customers (Department)

Control Events

- H. For each control event:
 - i. Date and timeframe (Xcel, OAG)
 - ii. Hours' notice given (Xcel, OAG)
 - iii. Average load reduction per customer (Xcel, OAG)
 - iv. Number of participants sent follow up emails and timeframe (Xcel)
 - v. Number of customers that adjusted usage during the event (Staff Option)

[OR]

- vi. Number of participants sent follow up emails within (i) 24 hours, (ii) 48 hours, or (iii) more than 48 hours after the event. (OAG)

System Peak Information

- I. Xcel's distribution-system peak in MW during the event timeframe (Xcel, OAG)

- J. Timing of PTR events compared to timing of actual system peaks. (Department)
- K. Maximum MISO day-ahead and real-time energy prices for the Minnesota hub during the control event. (OAG)

Savings and Benefits

- L. Potential savings per year in kW and kWh
 - i. Total
 - ii. Per control event
 - iii. Per customer(Xcel, OAG)
- M. Actual saving per year in kW and kWh
 - i. Total
 - ii. Per control event
 - iii. Per customer(Xcel, OAG)
- N. Participation rates among, annual rebates paid to, and peak load reduction achieved by the following groups:
 - i. Opt-in participants
 - ii. Opt-out participants
 - iii. High peak load customers
 - iv. Non-high peak load customers
 - v. Low-income customers
 - vi. Non-low-income customers(Department)
- O. Updated cost-benefit analysis. (Xcel)
- P. Avoided generation, transmission, and distribution costs. (OAG)

Discussion Topics for Annual Reporting

27. In annual PTR reports, require Xcel to also provide a discussion or evaluation of the following topics:

Enrollment

- A. Updates on customer outreach and communication strategies (Xcel) and/or
- B. Xcel's efforts to develop the capability to send potential participants personalized bill messages illustrating the bill savings they could have realized during a recent control event. (OAG) and/or

- C. Details regarding the Company's ongoing evaluation of dual enrollment for both demand response and net metered customers (Xcel) or
- D. The feasibility of, and potential additional savings from, extending eligibility to customers who are already participating in another demand-response program (AC Rewards, Saver's Switch) or a net-metered rate. (OAG, Department) and/or
- E. Updates on the Company's PTR control event strategy (Staff interpretation of Xcel)

Generation Capacity Value

- F. Xcel's efforts to incorporate the peak-time rebate into its MISO planning reserve margin requirement and its resource plans. (OAG)

Distribution System Value

- G. Continued discussion on future attribution of distribution impact. (Xcel) or
- H. Discussion of the potential for incorporating local distribution grid benefits into the PTR program, specifically:
 - i. Potential changes related to heterogeneity in the timing of local distribution grid peaks; and
 - ii. Any uncertainty in the level of participation or individual peak load reductions, and how this interacts with the utility's traditional distribution planning process.
 (Department)

New Proposal:

If the Commission wishes to adopt the Fresh Energy/CEE proposal to require more information on capacity value before considering the PTR program, it can do so with options 29 and 30.

28. Require Xcel to submit a compliance filing [by June 1, 2027] that clearly articulates how it plans to capture capacity value from this program. This filing must include the following:
- A. The results of the Company's evaluation of whether the PTR program could be incorporated into its load forecast to reduce its MISO capacity obligation. This should include the Company's interpretation of MISO Tariff Module E-1, 69A.1.1b.
 - B. An explanation of whether unaccredited demand response resources contribute to the total MW of capacity offset by Demand Response Bundles in the IRP planning process.
 - C. An explanation of the data Xcel would need to collect in order to register the program with MISO in the future and a general timeline for collecting this data.
- (Fresh Energy/CEE) [Potential deadline offered by Staff]

[AND]

29. In this compliance filing, require Xcel to propose a procedural schedule for re-submitting a PTR program proposal that adequately captures generation capacity value. (Fresh Energy/CEE)

Next Resource Plan

30. Require Xcel to include in its next integrated resource plan an evaluation of the results of modeling DSM bundles, including a detailed explanation of: (a) in which scenarios DSM bundles were selected by the model, and (b) whether DSM bundles displaced other resources. (Staff option)