

June 30, 2023,

Will Seuffert Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/M-23-73

Dear Mr. Seuffert:

Attached are the Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

2022 Annual Electric Service Quality Report (Report) submitted by Northern States Power Company, d/b/a Xcel Energy (Xcel or the Company).

Xcel filed the Report on March 31, 2023. On June 16, 2023, the City of Minneapolis (Minneapolis, City) and the Minnesota Department of Commerce, Division of Energy Resources (Department) filed comments in response to a Minnesota Public Utility Commission (Commission) Notice of Comments dated April 26th, 2023.

The Department reviewed the City's comments and recommendations to the Commission and provides the following reply comments.

The Department agrees with Minneapolis' recommendation for the Commission to adopt second quartile IEEE reliability goals for Xcel in 2023.

Regarding the City's other recommendations, the Department:

- Interprets the Commission's Order dated November 9, 2022, in Docket No. E002/M-23-162 regarding DER complaints such that the partial year information Xcel stated it will provide in the Report is sufficient to meet the Commission's reporting requirement.
- Prefers the Commission require Xcel to provide a cost/benefit analysis if the Commission believes the Company should be required to adopt a goal to improve its reliability benchmarks to first quartile IEEE benchmarks after a certain number of years.

- Agrees that Xcel's reliability in 2021 was not as good as the four electric utilities included in the City's analysis for 2021 but that the differences in the age and nature of the utilities' electric distribution systems limits the validity of the comparison.
- Believes Xcel's ongoing "locational reliability gap" analysis which will be included in the Company's 2024 SRSQ filed April 1, 2024, is sufficient and that the City's recommendation regarding a significant increase in the scope of the locational reliability analysis requires further discussion and analysis.

The Department also notes, it will provide Supplemental Comments regarding the Company's service quality after reviewing the Company's Reply Comments and a second set of Supplemental Comments in response to Xcel's Supplemental Filing including the 2022 IEEE Benchmarking Results shortly after the Company provides that information to the Commission.

The Department is available to answer any questions the Commission may have in this matter.

Sincerely,

/s/ JOHN KUNDERT
Financial Analyst

JK/ja
Attachment



Before the Minnesota Public Utilities Commission

Reply Comments of the Minnesota Commerce Department Division of Energy Resources

Docket No. E002/M-23-73

I. INTRODUCTION

The Minnesota Department of Commerce, Energy Division (Department) appreciates the opportunity to provide reply comments regarding the City of Minneapolis' (City, Minneapolis) comments in Northern States Power, d/b/a Xcel Energy's (Xcel, the Company) Annual Compliance with Annual Safety, Reliability, and Service Quality (SRSQ) Metrics for 2022 (Annual Report or Report)

In its Notice of Comment Period in this proceeding dated April 26, 2023, the Minnesota Public Utilities Commission (Commission) identified five topics for comment.

1. Should the Commission accept Minnesota Power's, Otter Tail Power's, and Xcel Energy's 2022 Safety, Reliability, and Service Quality Metrics reports?
2. Are the utilities' reports consistent with recent Orders and Minnesota Rules 7826 on Electric Utility Standards?
3. At what level should the Commission set the utilities' 2023 Reliability Standards?
4. What additional solutions might utilities pursue to improve call center response times?
5. Are there other issues or concerns related to this matter?

The City elected to respond to Commission questions 2, 3, and 5. The Department provides its responses to Minneapolis' comments below.

II. ANALYSIS

A. *TRACKING OF DISTRIBUTED ENERGY RESOURCES INQUIRIES, COMPLAINTS OR DISPUTES RELATED TO DERS AND THE INTERCONNECTION PROCESS*

The Commission's Order dated November 9, 2022, in Docket No. E002/M-23-162 is the source of this reporting requirement. After reviewing Xcel's comments on this topic, the City "requested the Commission uphold the Order and require Xcel to take necessary steps to comply with tracking all DER complaints and response times so that the 2023 SRSQ data is as complete as possible."^{1,2}

¹ City of Minneapolis Comments, dated June 16, 2023, p. 2. DER is an acronym for Distributed Energy Resources.

² DER is an acronym for Distributed Energy Resources.

The Department's review of the Company's Report regarding this topic did not identify Xcel as being noncompliant regarding this reporting requirement. Ordering Point 7 in the Commission's Order which delineated this reporting requirement, did not include any specific language regarding a starting date for this reporting requirement in 2023. The Department inferred from this lack of a starting date the Commission simply wanted Xcel to begin to track the data regarding DER complaints in a specific manner but did not identify a start date for collecting this information.

If the Department's reasoning is flawed and the Commission does want the information listed in Ordering Point 7, as of some fixed date in 2023, then the Department supports the City's position.

If the Department's reasoning is sound, then there is no need to pursue the City's request.

B. AT WHAT LEVEL SHOULD THE COMMISSION SET XCEL'S 2023 RELIABILITY STANDARDS?

Minneapolis recommends accepting the Company's proposed second quartile IEEE Benchmarking Goals for the 2023 standards for System Average Interruption Frequency Index (SAIFI), System Average Interruption Duration Index (SAIDI) and Customer Average Interruption Duration Index (CAIDI). The City also recommends setting a goal of "the first quartile as reliability standard to be phased in over time and adopted in a future year."³

The Department agrees with Minneapolis' recommendation to accept the Company's proposed second quartile IEEE Benchmarking Goals for 2023. Regarding the City's recommendation the Commission set a goal for Xcel's reliability benchmarks be changed to IEEE first quartile results in some future year, the Department appreciates Minneapolis' focus on reliability. As for the recommendation itself, the Department suggests the Company provide a cost/benefit analysis of the incremental costs associated with achieving first quartile performance before the Commission pursues this recommendation. It may be helpful for the Commission and other interested parties to have an analysis that outlines the costs and benefits of achieving this proposed goal and an estimate of the time necessary to achieve it before adopting the City's recommendation.

C. ARE THERE OTHER ISSUES OR CONCERNS RELATED TO THIS MATTER?

Minneapolis identified two additional reliability-related issues in its comments. The first appears to be a concern regarding Xcel's reliability metrics compared to four other Twin Cities electric utilities. The second is a concern regarding locational reliability and a supposed "locational reliability gap".

³ *id.*, p. 2.

The Department provided information related to the first issue in our June 16, 2023, comments.⁴ The Department noted, after reviewing information provided by Xcel, the housing stock in the Company's primary service area is older than those of the four other companies and that the distribution system in that same service area was primarily overhead as opposed to underground for the four other utilities. While not excusing Xcel's reliability results, the Department notes an electric distribution system that is older and is primarily overhead in nature is likely to be less reliable than a newer underground distribution system.

Thus the Department believes those differences in the age and structure of the different companies' electric distribution systems limit the validity of the comparison.

Turning to the question of locational reliability, the City recommends the Commission "direct Xcel to create a plan to close the locational reliability gap so that customers being served by the poorest performing feeders are brought to a similar level of service as those on a higher level of service."⁵

The Department notes the issue of locational reliability was an important topic in Xcel's 2020 Annual Report, Docket No. E002/M-20-406. The Company developed an interactive map that combined reliability information with certain low-income program information. The development of this interactive map gave rise to the question as to whether low-income areas of Xcel's service territory receive less reliable service.

The Commission addressed this issue in an Order in Docket Nos. E002/M-20-406 and E002/CI-17-401 issued May 18, 2023. At Order Point 3 the Commission "Required Xcel to conduct an analysis that examines whether there is a relationship between poor performance on the five identified metrics displayed on the interactive map and equity indicators. Required Xcel to file this analysis with its next service quality report due April 1, 2024."

It is the Department's understanding that there is no analysis that identifies any "locational reliability gap" at least based on differences in income for Xcel's Minnesota service territory. This lack of information was the driver behind the Commission requiring the referenced analysis. If the City is focused on reliability metrics relative to income, it would seem preferable to wait until this analysis is completed to determine a "locational reliability gap" exists relative to income.

If Minneapolis is defining the term "locational reliability gap" more broadly, for example by assuming any customer served on a feeder that has lower than average reliability is experiencing a "locational reliability gap" relative to a customer served on an average or above average feeder, that would appear to be a significant increase in the scope of the analysis of differences in locational reliability.

⁴ Department comments, p. 42 – 43.

⁵ Minneapolis comments, p. 4

The Department suggests the Commission order Xcel to perform a cost/benefit analysis consistent with the City's recommendation, if the Commission believes the scope of the locational reliability analysis should be expanded consistent with Minneapolis' recommendation.

III. CONCLUSIONS

The Department agrees with Minneapolis' position the Commission adopt second quartile IEEE reliability goals for Xcel in 2023.

Regarding the City's other recommendations, the Department:

- Interprets the Commission's Order dated November 9, 2022, in Docket No. E002/M-23-162 regarding DER complaints such that the partial year information Xcel stated it will provide in the Report is sufficient to meet the Commission's reporting requirement.
- Prefers the Commission require Xcel to provide a cost/benefit analysis if the Commission believes the Company should be required to adopt a goal to improve its reliability benchmarks to first quartile IEEE benchmarks after a certain number of years.
- Agrees that Xcel's reliability in 2021 was not as good as the four electric utilities included in the City's analysis for 2021 but that the differences in the age and nature of the utilities' electric distribution systems limits the validity of the comparison.
- Believes Xcel's ongoing "locational reliability gap" analysis which will be included in the Company's 2024 SRSQ filed April 1, 2024, is sufficient and that the City's recommendation regarding a significant increase in the scope of the locational reliability analysis requires further discussion and analysis.

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

Minnesota Department of Commerce
Reply Comments

Docket No. E002/M-23-73

Dated this **30th** day of **June 2023**

/s/Sharon Ferguson

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Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_23-73_M-23-73
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