

March 19, 2026

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

RE: **Comments of the Minnesota Department of Commerce**
Docket No. E002/M-25-400

Dear Ms. Bergman:

Attached are the response comments of the Minnesota Department of Commerce (Department) in the following matter:

Petition of Northern States Power Company, doing business as Xcel Energy (Xcel), for Approval of the Renewable Energy Standard (RES) Revenue Requirements for 2026 and a Revised Adjustment Factor.

The Petition was filed by Xcel on October 27, 2025.

The Department recommends **approval subject to proposed modifications** and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ Dr. SYDNIE LIEB
Assistant Commissioner of Regulatory Analysis

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Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce

Docket No. E002/M-25-400

I. INTRODUCTION

The Minnesota Department of Commerce, Energy Division (Department) appreciates the opportunity to provide Response Comments on Northern States Power Company, doing business as Xcel Energy (Xcel or the Company), Reply Comments regarding the approval of an updated Renewable Energy Standard (RES) Rider rate factor based on forecasted 2026 net revenue requirements.

Xcel submitted Reply Comments on January 15, 2026. In its Reply Comments, the Company addressed \$3.2 million in costs above the cap for the Sherco Solar 1 and 2 projects, and provided clarification regarding the Production Tax Credit (PTC) true-up:

- Xcel explains why it believes the RES Rider recovery of costs exceeding the Sherco Solar 1 and 2 project caps, related to the temporary transmission bypass project, is supported by the Commission's Order approving the project and previous Commission determinations.
- Clarifies the Production Tax Credit (PTC) true-up, specifying that it includes both lines 13 and 15 on Attachment 2, which reflect adjustments based on the baseline from the Company's pending electric rate case and its rebuttal testimony.

The Department reviews and discusses the Company's responses to these topics below.

II. PROCEDURAL BACKGROUND

October 27, 2025	Xcel filed Petition to approve an updated Renewable Energy Standard (RES) Rider rate factor based on forecast 2026 net revenue requirements.
December 26, 2025	The Department of Commerce Division of Energy Resources filed initial comments.
January 15, 2026	Xcel filed reply comments.

III. DEPARTMENT ANALYSIS

A. SHERCO SOLAR 1 AND 2 COST EXCLUSION

The Company stated that although a cost cap was established for the Project, the Commission has the authority to approve recovery of costs above the cap if it determines those costs are prudently incurred, either through rider recovery or in a future rate case.¹

The Department appreciates the Company's additional comments regarding the \$3.2 million in costs exceeding the established cost cap for the Sherco Solar 1 and 2 projects.

The Department notes that although the Commission approved a pricing update for the Border Winds and Pleasant Valley Wind Repowering projects in its March 30, 2023, Order² in Docket No. E002/M-20-620, the rider recovery in that instance was supported by circumstances that were largely unforeseeable at the time of project approval.

Specifically, the increased costs in Docket No. E002/M-20-620 were attributed to: (1) inflationary impacts resulting from the COVID-19 pandemic; (2) the need to replace turbines rather than retrofit them as originally planned, including associated disposal costs; (3) the disallowance of the Company's use of customer property for transportation to and from the project site.

The circumstances surrounding the Sherco Solar 1 and 2 projects differ from those addressed in Docket No. E002/M-20-620. Unlike the unforeseeable cost drivers cited for the Boarder Winds and Pleasant Valley Wind Repowering projects, the \$3.2 million in costs for the Sherco Solar 1 and 2 exceed the established cost cap and relate primarily to winter ice management issues in Minnesota, which were foreseeable operational considerations. Therefore, the Department recommends that these costs be excluded from the recovery in accordance with the Commission's established guidelines.

B. PTC TRUE-UP CLARIFICATION

Xcel made clarification statements in their reply comments regarding the PTC True-up.

...the 2025 actual PTCs through June 2025 are compared to the baseline included in the initial filing for 2025 in the Company's pending MYRP in Docket No. E002/GR-24-320. For forecast years 2026 and 2027, the amount included in base rates reflects the 2026 forecasted PTCs included in base rates as part of the initial filing for 2026 in the Company's pending MYRP in Docket No. E002/GR-24-320. In our next RES Rider proceeding,

¹ Reply Comments at 2.

² *In the Matter of a Petition by Northern States Power Company d/b/a Xcel for Approval of Updated Pricing for the Border Winds and Pleasant Valley Wind Repowering Projects*, Minnesota Public Utilities Commission, Order, March 30, 2023, Docket No. E002/M-20-620, (eDockets) [20233-194327-01](#).

we will true-up 2025 and 2026 PTCs for actual production as we have done in past RES Rider proceedings.³

The Department acknowledges the Company's commitment to provide supporting documentation in the 2025 True-Up filing and will review the PTC true-up for actual 2025 and 2026 amounts in the Company's 2027 RES Rider.

IV. DEPARTMENT RECOMMENDATIONS

Based on its analysis of Xcel's comments and the information in the record, the Department has prepared recommendations which are provided below.

- As addressed in Department's December 26, 2025, initial comments, the Department recommends that the Commission approve the one new project, Sherco West BESS, be included in this and future RES Rider recovery cost calculations.
- The Department recommends that the Commission approve the Company's 2026 RES Rider revenue requirements, excluding the \$3.2 million in costs that exceed the cap for the Sherco Solar 1 and 2 projects.
- The Department acknowledges the Company's clarification regarding the PTC true-up and looks forward to reviewing the 2027 RES Rider filing, at which time complete actual data for calendar years 2025 and 2026 will be available.

³ *In the Matter of the Petition of Northern States Power Company, for Approval of the Renewable Energy Standard (RES) Revenue Requirements for 2026 and a Revised Adjustment Factor*, Xcel Energy, Petition, October 27, 2025, Docket No. E002/M-25-400, (eDockets) [202510-224310-01](#) at 16.

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of people 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
Response Comments**

Docket No. E002/M-25-400

Dated this **19th** day of **March 2026**

/s/Sharon Ferguson

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