

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben
Hwikwon Ham
Audrey C. Partridge
Joseph K. Sullivan
John A. Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Petition of Xcel Energy
for Approval of a Residential Time of Use
Rate Design

ISSUE DATE: February 23, 2026

DOCKET NO. E-002/M-23-524

ORDER APPROVING TARIFF
MODIFICATIONS, APPROVING
COMPLIANCE PLAN, AND SETTING
ADDITIONAL REQUIREMENTS FOR
RESIDENTIAL TIME-OF-USE RATE
IMPLEMENTATION

PROCEDURAL HISTORY

On May 15, 2025, the Commission issued its Order approving the revised proposal of Northern States Power Co. d/b/a Xcel Energy (Xcel or the Company) for an opt-in time-of-use rate for all residential customers (May 2025 Order).¹

On August 14, 2025, Xcel filed its compliance filing as required by the May 2025 Order.

By October 7, 2025, the following groups submitted comments:

- Minnesota Solar Energy Industry Association (MnSEIA)
- Department of Commerce (the Department)
- Office of the Attorney General and Citizens Utility Board of Minnesota (OAG/CUB)
- Center for Energy and the Environment (CEE)

On October 17, 2025, Xcel submitted reply comments.

On October 27, 2025, the Department, CEE, and OAG/CUB filed reply comments.

On December 11, 2025, the City of Edina (Edina) filed comments.

On January 8, 2026, the Commission met to consider the matter.

¹ Order Approving Revised Opt-In Proposal and Setting Reporting Requirements (May 15, 2025).

FINDINGS AND CONCLUSIONS

I. Compliance Filing

Xcel's compliance filing covered the following topics: an implementation plan discussing the timing of implementation, customer enrollment process, space heating rates, integration of net metering customers, and customer tools; information on marketing, education, and outreach, including planned communications, customer care training, engagement with various customer groups, marketing of space heating rates, and costs; and other logistics, including proposed tariff changes, an implementation budget and cost recovery proposal, and proposed reporting requirements.

A. Implementation Plan

Xcel is preparing to launch an opt-in time-of-use rate for all residential customers in mid-2026. Xcel proposed that existing time-of-use pilot customers be automatically transitioned to the new rate, while other residential customers could review the rate using the new Rate Comparison Tool in their online account and contact Xcel for assistance enrolling.

Xcel stated that the approximately 50,000 customers on the electric space heating rate automatically received the updated rate beginning on October 1, 2025, and customers enrolling in the time-of-use rate have the option to select the space heating rate if they are eligible.

At the Commission's direction, Xcel proposed a new Rate Code A60 for residential net-metering customers (such as rooftop solar customers) to enroll in time-of-use rates.

B. Communications and Outreach

Xcel indicated that it would use multiple digital and non-digital channels to communicate with customers about the time-of-use rate and electric space heating rate, including email, Xcel's website, paid electronic advertisements, direct mail, on-bill messaging, radio, and community events. In its communications, Xcel will emphasize the optional nature of time-of-use rates, the potential bill savings and environmental benefits, and education on when and how customers use electricity.

Xcel will train its customer care staff to understand the basics of time-of-use rate design and the customer tools available to support customers in deciding whether to choose the time-of-use rate. Xcel will also enlist several strategies to engage with underrepresented communities regarding time-of-use rates, such as collaborating with local organizations, providing culturally relevant information in multiple languages, and hosting inclusive community events. Xcel detailed its communication plan timeline starting in Q4 2025 with customers currently enrolled in the time-of-use pilot, the launch of the Rate Comparison Tool in Q1 2026, and progressing to active marketing seeking voluntary enrollments in Q4 2026.

For marketing of space heating rates, Xcel explained how it will add information about the electric space heating rate to its existing communications supporting heat pumps as part of the Heat Pump Rebate program within the Energy Conservation and Optimization (ECO) program. For example, Xcel also plans to use existing communication channels and campaigns to promote

the benefits of time-of-use rates alongside ECO programs, emphasizing the interplay between initiatives.

Xcel also explained how it holds annual training for registered heat pump contractors to keep them up to date on rebate programs and the space heating rate, as well as best practices for installation. Xcel stated that it will leverage existing relationships with local governments to drive awareness of the space heating rate, and that it will update its education of staff and contractors to ensure they are well-informed of the new space heating rate.

Xcel indicated that it will develop specific outreach materials on the time-of-use rate for existing distributed generation customers and will hold an informational session for developers of distributed energy resources announcing the launch of the time-of-use rate.

Xcel plans to review marketing performance data such as impressions and click-through rates to identify the reach and resonance of its communications. Xcel estimated total costs for its marketing and communications of time-of-use rates at approximately \$6.6 million, itemized by year and type of cost in Table 5 of its compliance filing.

C. Other Logistics

In accordance with the May 2025 Order, Xcel proposed various tariff modifications, including updates to the time-of-use rates, space heating rates, and net metering rates. Xcel estimated its total implementation budget for time-of-use rates between 2025–2030 at \$9.7 million. Lastly, Xcel proposed a number of reporting requirements for its required annual program evaluations after obtaining stakeholder feedback on what information will be useful.

II. Comments

A. Department

In its initial comments, the Department requested that Xcel provide the calculations and data used for determining the rates in Xcel's compliance filing. In its reply comments, the Department stated that Xcel provided the requested information and recommended that the Commission approve Xcel's compliance plan and revised methodology for determining time-of-use net metering rates. The Department also recommended approval of the implementation budget subject to review and approval in Xcel's current rate case, as well as approval of Xcel's proposed tariff modifications.

B. MnSEIA

MnSEIA recommended that the Commission approve Xcel's compliance plan and tariff modifications. MnSEIA argued that customers on the A50 rate code should be added to the planned outreach for the A60 rate, noting that the A50 tariff is by far the most popular net metering tariff for customers with distributed generation systems under 40kW capacity, such as rooftop solar. Xcel agreed with this recommendation in reply comments.

MnSEIA also requested that Xcel report the rate of battery storage paired with solar for net metering customers enrolled in the time-of-use rate. MnSEIA argued that this information would help stakeholders understand whether customers with behind-the-meter batteries are aware of

time-of-use rates and whether these customers are interested in using their storage to respond to market rates. In reply comments, Xcel disagreed with this recommendation, arguing that this information was outside the scope of time-of-use rates.

C. OAG/CUB

OAG/CUB expressed appreciation for Xcel's stakeholder process to help develop reporting requirements but argued that Xcel left out certain metrics that OAG/CUB maintained should be included, particularly bill impacts of time-of-use rates. OAG/CUB acknowledged Xcel's arguments regarding the high cost of analyzing customer bill impacts but maintained that understanding bill impacts of the new time-of-use rates is necessary to protect ratepayers.

OAG/CUB also expressed concern about the lack of clarity surrounding Xcel's proposed Rate Comparison Tool. OAG/CUB recommended that the Commission clarify that it was not making a prudency determination regarding Xcel's as-yet-unseen Rate Comparison Tool and clarify that Xcel's future explanation of shadow billing should include an assessment of the costs and benefits of adding bill impact analysis functionality to its billing system. In reply comments, Xcel provided additional details about its planned Rate Comparison Tool and argued that the combination of a voluntary enrollment model and a customer-facing Rate Comparison Tool offers a more practical and impactful path forward than a bill impact analysis.

D. CEE

CEE recommended that customers be able to enroll in the electric space heating rate directly through the heat pump rebate application process. CEE recommended that the heat pump rate application include a clear description of the space heating rate and its benefits and require customers to indicate whether their primary heat source is electric, making them eligible for the electric space heating rate.

CEE also argued that if customers must consent to having their rate changed, the consent form should be included in the rebate application. In reply comments, Xcel stated that it is continuing to evaluate its heat pump outreach but declined to support CEE's approach.

E. Edina

Edina filed a letter after the close of the comment period. The letter explained that after Edina emailed residents regarding Xcel's new space heating rate, four residents contacted Edina about how Xcel representatives told them that they were ineligible for the rate even though their primary heat source was electric. Edina contacted Xcel to escalate these complaints and in response, Xcel resolved them or was in the process of resolving them.

Edina expressed concern that some customer service agents had not been properly trained on eligibility and enrollment for the program and requested that Xcel's space heating rate implementation include robust training for customer service agents.

III. Commission Action

The Commission agrees with the Department and other commenters that Xcel's compliance filing meets the requirements of the May 2025 Order and will therefore accept the compliance

filing, approve Xcel's proposed tariff modifications, and approve Xcel's compliance plan except as modified in this Order. The Commission will address the disputed recommendations below.

MnSEIA recommended that Xcel report how many net metering customers with battery storage participate in the time-of-use rate. The Commission believes that this information will be useful to the Commission, Xcel, and stakeholders in understanding whether net metering customers with battery storage are using their storage to respond to market rates and provide benefits to the grid. While the Commission acknowledges that Xcel did not consider battery storage when developing time-of-use rates, this information will provide valuable insights into the extent to which time-of-use rates can help realize grid benefits of batteries paired with solar. The Commission will therefore adopt MnSEIA's recommendation.

OAG/CUB recommended that Xcel report on the net bill impacts of time-of-use rates and the cost and feasibility of shadow billing. The Commission understands Xcel's concerns with the cost of providing this information, but the Commission agrees with OAG/CUB that analyzing the bill impacts of time-of-use rates can help inform and protect ratepayers during the implementation of these rates. The Commission will therefore adopt OAG/CUB's recommended reporting requirements as outlined in the ordering paragraphs below.

CEE recommended that Xcel use the heat pump rebate application and installation process to enroll eligible customers in the electric space heating rate. The Commission acknowledges Xcel's concerns with certain difficulties of this approach but agrees with CEE that the benefits of streamlining the enrollment of customers onto the space heating rate outweigh the potential difficulties. The Commission will therefore adopt CEE's recommendations.

The Commission will require Xcel to draft tariff language to allow enrollment in the electric space heating rate through the heat pump rebate application and self-enrollment and file the proposed language in this docket within 30 days of this Order. This tariff language should be consistent with Section 6 "Rules and Regulations" at Section 2.3 of Xcel's tariff regarding Choice of Optional Rates.

The Commission thanks Edina for notifying Xcel and the Commission of apparent failures in the training of customer care representatives on the new space heating rates and the need for improvements to that training.

ORDER

1. The Commission accepts Xcel's 90-day compliance filing as filed on August 14, 2025, except as modified below.
2. The Commission approves Xcel's proposed tariff modifications.
3. The Commission approves Xcel's Compliance Plan and revised methodology for determining the TOU net-metering rates corresponding to rates A57, A58, A59, and A60.
4. Xcel must conduct initial outreach about the A60 rate to developers and customers who are already on or working with the A50 rate.

5. Xcel must discuss in the 2027–2029 ECO triennial, due June 2026, how its new electric space heating rate will be marketed, including alongside heat pumps.
6. Xcel must update its heat pump rebate application to require the customer or contractor submitting the form to indicate whether the heat pump will serve as the customer’s primary heating source following installation. If the application indicates that electric heat will be the primary heating source, Xcel Energy must directly enroll the customer in the electric space heating rate.
7. Xcel must allow customers to enroll themselves in the electric space heating rate using an online self-service enrollment process.
8. Xcel must draft tariff language to allow enrollment in the electric space heating rate through the heat pump rebate application and self-enrollment and file the proposed language in this docket within 30 days of this Order.
9. Xcel’s heat pump rebate must include the following:
 - a. Clear messaging in the heat pump rebate application that educates customers about the potential benefits of enrolling in the space heating rate.
 - b. A consent form that requires a customer signature to change to the space heating rate.
10. Xcel must implement a confirmation of enrollment when customers enroll in the space heating rate. With confirmation of enrollment, customers should be informed of the benefits of the rate, why they are eligible, and the process for unenrolling if they do not wish to remain on the rate.
11. Xcel must report the number of customers on its one-period electric space heating rate in Xcel’s annual report filed in Docket No. E-002/M-23-524.
12. The Commission notes that it is not making a prudence determination in this docket regarding Xcel’s as-yet-unseen Rate Comparison Tool.
13. Xcel shall include in its annual report filed in Docket No. E-002/M-23-524 the metrics as shown in Commission Staff’s Appendix A to the briefing paper in the column labeled Xcel Compliance Filing Aug 2025 for the customer segment and frequency shown in the adjacent column labeled Segment; Freq.
14. Xcel’s future explanation of shadow billing cost and feasibility should include an assessment of the costs and benefits of adding bill impact analysis functionality to its billing system.
15. Xcel must report on net customer bill impacts in its annual report filed in Docket No. E-002/M-23-524.

16. Xcel must report on actual hourly load net of renewables in its annual report filed in Docket No. E-002/M-23-524.
17. Xcel must report on the number of customers on the TOU NEM A60 rate, and the number of these customers who also have battery energy storage systems installed.
18. This order shall become effective immediately.

BY ORDER OF THE COMMISSION



Sasha Bergman
Executive Secretary



This document can be made available in alternative formats (e.g., large print or audio) by calling 651.296.0406 (voice). Persons with hearing or speech impairment may call using their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.

CERTIFICATE OF SERVICE

I, Anne Redmond, hereby certify that I have this day, served a true and correct copy of the following document to all persons at the addresses indicated below or on the attached list by electronic filing, electronic mail, courier, interoffice mail or by depositing the same enveloped with postage paid in the United States mail at St. Paul, Minnesota.

Minnesota Public Utilities Commission

**ORDER APPROVING TARIFF MODIFICATIONS, APPROVING COMPLIANCE PLAN,
AND SETTING ADDITIONAL REQUIREMENTS FOR RESIDENTIAL TIME-OF-USE
RATE IMPLEMENTATION**

Docket Number **E-002/M-23-524**

Dated this 23rd day of February, 2026

/s/ Anne Redmond

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
1	Michael	Allen	michael.allen@allenergysolar.com	All Energy Solar		721 W 26th st Suite 211 Minneapolis MN, 55405 United States	Electronic Service		No	23-524Official
2	Mara	Ascheman	mara.k.ascheman@xcelenergy.com	Xcel Energy		414 Nicollet Mall Fl 5 Minneapolis MN, 55401 United States	Electronic Service		No	23-524Official
3	Marisa	Bayer	mbayer@edinamn.gov	City of Edina		4801 W 50th St Edina MN, 55424 United States	Electronic Service		No	23-524Official
4	Sasha	Bergman	sasha.bergman@state.mn.us		Public Utilities Commission	121 7th Pl E Ste 350 St. Paul MN, 55101 United States	Electronic Service		Yes	23-524Official
5	Matthew	Brodin	mbrodin@allete.com	Minnesota Power		30 West Superior Street Duluth MN, 55802 United States	Electronic Service		No	23-524Official
6	Rachel	Bryant	rachel.bryant@gridx.com	GridX		14055 W Amherst Ave Lakewood CO, 80228 United States	Electronic Service		No	23-524Official
7	Mike	Bull	mike.bull@state.mn.us		Public Utilities Commission	121 7th Place East, Suite 350 St. Paul MN, 55101 United States	Electronic Service		Yes	23-524Official
8	James	Canaday	james.canaday@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	Suite 1400 445 Minnesota St. St. Paul MN, 55101 United States	Electronic Service		No	23-524Official
9	Olivia	Carroll	oliviac@cubminnesota.org	Citizens Utility Board of Minnesota		332 Minnesota St W1360 St. Paul MN, 55101 United States	Electronic Service		No	23-524Official
10	John	Coffman	john@johncoffman.net	AARP		871 Tuxedo Blvd. St. Louis MO, 63119-2044 United States	Electronic Service		No	23-524Official
11	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	23-524Official
12	James	Denniston	james.r.denniston@xcelenergy.com	Xcel Energy Services, Inc.		414 Nicollet Mall, 401-8 Minneapolis MN, 55401 United States	Electronic Service		No	23-524Official
13	John	Farrell	jfarrell@ilsr.org	Institute for Local Self-Reliance		2720 E. 22nd St Institute for Local Self-Reliance Minneapolis MN, 55406 United States	Electronic Service		No	23-524Official

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
14	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	23-524Official
15	Kim	Havey	kim.havey@minneapolismn.gov	City of Minneapolis		350 South 5th Street, Suite 315M Minneapolis MN, 55415 United States	Electronic Service		No	23-524Official
16	Adam	Heinen	aheinen@dakotaelectric.com	Dakota Electric Association		4300 220th St W Farmington MN, 55024 United States	Electronic Service		No	23-524Official
17	Michael	Hoppe	lu23@ibew23.org	Local Union 23, I.B.E.W.		445 Etna Street Ste. 61 St. Paul MN, 55106 United States	Electronic Service		No	23-524Official
18	Alan	Jenkins	aj@jenkinsatlaw.com	Jenkins at Law		2950 Yellowtail Ave. Marathon FL, 33050 United States	Electronic Service		No	23-524Official
19	Richard	Johnson	rickjohnson@cozen.com	Cozen O'Connor		150 S. 5th Street Suite 1200 Minneapolis MN, 55402 United States	Electronic Service		No	23-524Official
20	Sarah	Johnson Phillips	sjphillips@stoel.com	Stoel Rives LLP		33 South Sixth Street Suite 4200 Minneapolis MN, 55402 United States	Electronic Service		No	23-524Official
21	Dan	Juhl	in.another.account.info@juhlenergy.com	Juhl Energy Inc.		1502 17th St SE Pipestone MN, 56164 United States	Paper Service		No	23-524Official
22	Mark	Kresowik	mkresowik@aceee.org	American Council for an Energy-Efficient Economy		529 14th St NW, Suite 600 Washington DC, 20045 United States	Electronic Service		No	23-524Official
23	Kavita	Maini	kmmaini@wi.rr.com	KM Energy Consulting, LLC		961 N Lost Woods Rd Oconomowoc WI, 53066 United States	Electronic Service		No	23-524Official
24	Christine	Marquis	regulatory.records@xcelenergy.com	Xcel Energy		414 Nicollet Mall MN1180-07-MCA Minneapolis MN, 55401 United States	Electronic Service		No	23-524Official
25	Mary	Martinka	mary.a.martinka@xcelenergy.com	Xcel Energy Inc		414 Nicollet Mall 7th Floor Minneapolis MN, 55401 United States	Electronic Service		Yes	23-524Official
26	Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP		33 South Sixth St Ste 4200 Minneapolis	Electronic Service		No	23-524Official

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
						MN, 55402 United States				
27	David	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency		220 South Sixth Street Suite 1300 Minneapolis MN, 55402 United States	Electronic Service		No	23- 524Official
28	Logan	O'Grady	logrady@mnseia.org	Minnesota Solar Energy Industries Association		2288 University Ave W St. Paul MN, 55114 United States	Electronic Service		No	23- 524Official
29	Carol A.	Overland	overland@legalelectric.org	Legalelectric - Overland Law Office		1110 West Avenue Red Wing MN, 55066 United States	Electronic Service		No	23- 524Official
30	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	23- 524Official
31	Kevin	Reuther	kreuther@mncenter.org	MN Center for Environmental Advocacy		26 E Exchange St, Ste 206 St. Paul MN, 55101-1667 United States	Electronic Service		No	23- 524Official
32	Kahryn	Riley	kahryn.riley@uplight.com	Uplight		Junction Pl Boulder CO, 80301 United States	Electronic Service		No	23- 524Official
33	Joseph L	Sathe	jsathe@kennedy-graven.com	Kennedy & Graven, Chartered		150 S 5th St Ste 700 Minneapolis MN, 55402 United States	Electronic Service		No	23- 524Official
34	Peter	Scholtz	peter.scholtz@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	Suite 1400 445 Minnesota Street St. Paul MN, 55101-2131 United States	Electronic Service		No	23- 524Official
35	Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates		7400 Lyndale Ave S Ste 190 Richfield MN, 55423 United States	Electronic Service		Yes	23- 524Official
36	Ken	Smith	ken.smith@districtenergy.com	District Energy St. Paul Inc.		76 W Kellogg Blvd St. Paul MN, 55102 United States	Electronic Service		No	23- 524Official
37	Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy		505 Nicollet Mall Minneapolis MN, 55402 United States	Electronic Service		No	23- 524Official
38	Byron E.	Starns	byron.starns@stinson.com	STINSON LLP		50 S 6th St Ste 2600 Minneapolis MN, 55402 United States	Electronic Service		No	23- 524Official
39	Lauren	Steinhaeuser	lauren.steinhaeuser@xcelenergy.com	Northern States Power Company dba Xcel Energy		414 Nicollet Mall, 401-08 Minneapolis MN, 55401 United States	Electronic Service		No	23- 524Official

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
40	Joseph	Windler	jwindler@winthrop.com	Winthrop & Weinstine		225 South Sixth Street, Suite 3500 Minneapolis MN, 55402 United States	Electronic Service		No	23-524Official
41	Mariko	Yatsuhashi	myatsuhashi@mncee.org	Center for Energy and Environment		212 N 3rd Ave Suite 560 Minneapolis MN, 55404 United States	Electronic Service		No	23-524Official
42	Kurt	Zimmerman	kwz@ibew160.org	Local Union #160, IBEW		2909 Anthony Ln St Anthony Village MN, 55418-3238 United States	Electronic Service		No	23-524Official
43	Patrick	Zomer	pzomer@cozen.com	Cozen O'Connor		150 S. 5th Street, #1200 Minneapolis MN, 55402 United States	Electronic Service		No	23-524Official