

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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| Katie J. Sieben | Chair |
| Valerie Means | Commissioner |
| Matthew Schuerger | Commissioner |
| Joseph K. Sullivan | Commissioner |
| John A. Tuma | Commissioner |

In the Matter of a Commission Investigation to Identify and Develop Performance Metrics and, Potentially, Incentives for Xcel Energy’s Electric Utility Operations.

ISSUE DATE: February 9, 2022

DOCKET NO. E-002/CI-17-401

ORDER ACCEPTING REPORT AND SETTING ADDITIONAL REQUIREMENTS

PROCEDURAL HISTORY

On September 18, 2019, the Commission issued an order establishing performance metrics and future metrics applicable to Xcel Energy’s (Xcel) electric service; the Commission subsequently approved metric methodologies, calculations, and reporting in an April 16, 2020, order.¹

On April 30, 2021, Xcel filed its first annual performance-based ratemaking report (PBR report or report) on 28 metrics tracked during 2020.

By August 6, 2021, the Commission received comments from the following: the Department of Commerce, Division of Energy Resources (the Department); the Office of the Attorney General-Residential Utilities Division (the OAG); and jointly from the Center for Energy and Environment (CEE) and Energy CENTS Coalition (ECC) (jointly CEE/ECC).

On August 26 and 27, 2021, the Commissioner received reply comments from Xcel and the Department.

On September 3, 2021, the Department filed supplemental reply comments.

On December 16, 2021, the report came before the Commission.

¹ The Commission initiated this proceeding during the Company’s 2015 general rate case proceeding, citing Minn. Stat. § 216B.16, subd. 19, which authorizes the Commission to require a utility proposing a multiyear rate plan to provide a “set of reasonable performance measures and incentives that are quantifiable, verifiable, and consistent with state energy policies.” Alternatively, the Commission “may initiate a proceeding to determine a set of performance measures that can be used to assess a utility operating under a multiyear rate plan.” *In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota*, Docket No. E-002/GR-15-826, Findings of Fact, Conclusions, and Order (June 12, 2017).

FINDINGS AND CONCLUSIONS

I. Xcel's Report

Xcel filed its PBR report, which includes an evaluation of its performance on 28 metrics, along with updates on new metrics that the Company stated it was in the process of developing. It also reported on the results of a stakeholder workgroup process.

The Company assessed its performance in the following categories: affordability; reliability; customer service quality; environmental performance; cost effective alignment of generation and load; workforce community development; and other stakeholder discussion topics.

The Company also stated that its report addresses the requirements of prior Commission orders.

II. Comments on the Report

The parties concurred that Xcel's report addresses the requirements set forth by the Commission in prior orders. The parties also recommended additional metrics or other improvements for future filings.

A. Methane Emissions

CEE/ECC recommended that the Commission require Xcel Energy to report methane emissions attributable to its total natural gas purchases across the full fuel cycle (from drilling and extraction to the end-use); and that the Company include methane emissions across the full fuel cycle in its calculation of greenhouse gas emissions avoided by electrification of buildings, agriculture, and other sectors.

In response, Xcel stated that much of its supply is not from direct suppliers, but from aggregated market centers whose activity is outside of Xcel's control and often have incomplete emissions data. Xcel stated that it would continue efforts to improve transparency on methane emissions and will report more detail on this issue in future annual reports as additional information becomes available. The Department concurred that the recommendations of CEE/ECC warrant further consideration before the Commission adopts them.

B. Information Sharing Dashboard

In its report, Xcel addressed the use of an online scorecard or dashboard for making metric data more transparent and publicly accessible. The Company included an illustration of a scorecard with five metrics: average monthly bills for residential customers; System Average Interruption Duration Index; number of customer complaints; total carbon emissions by (1) utility-owned facilities and power purchase agreements and (2) all sources; and demand response, including (1) capacity available (megawatts and megawatt hours).

The Company further explored the option of a dashboard and evaluated two active online dashboards with differing hosts. One dashboard option was hosted by Hawaiian Electric Company (HECO) and the other hosted by a regulator, the Ontario Energy Board (OEB). The Company stated that HECO's website is likely the most well-known and comprehensive online dashboard example and was also discussed and considered by the performance-based rates

stakeholder workgroup.² The Company met with the HECO regulatory and website management group to learn about dashboard development and functionality. Xcel estimated that a similar tool would cost approximately \$125,000 to develop, depending on the requested criteria and capabilities, with annual maintenance of approximately \$200,000.

The OEB's dashboard provides a variety of views of both individual utility data and comparative data points of all reporting utilities. Utilities report their metrics to the OEB, and may supplement the data with discussion and analysis, but Xcel stated that it had found no cost estimates of the amount spent by the OEB in establishing and maintaining the dashboard.

The parties largely agreed that additional work on this topic would be beneficial before setting additional requirements.

C. Demand Response Financial Incentive

Xcel's report also addressed the Company's capacity for demand response, a form of load management that involves curtailing a targeted load of service for participating customers.³ In response to a prior Commission directive that the Company develop a demand response financial incentive, the Company separately filed a petition with such a proposal.⁴

D. Workforce and Community Development Impact Metric

In continuing its work with stakeholders on these issues, the Company recommended that it take two additional steps. The first would be to develop a workforce transition plan to identify employees who will be impacted by plant closures and match them with other opportunities, while also doing a skills gap analysis and providing training or other resources before deploying them to other positions. The second would evaluate existing workforce diversity reporting methodologies, including its affirmative action plan or efforts to increase supplier diversity using recommendations made by the Energy Utility Diversity Group.⁵ The Company stated that it is committed to filing additional data on this item, and a possible metric, in its next annual report.

CEE/ECC was supportive of the Company's efforts to develop a workforce transition metric and recommended additional stakeholder input on this item.

² The stakeholder workgroup was established in response to the Commission's directive in this docket. *See* Order Establishing Performance-Incentive Mechanism Process (January 8, 2019).

³ Demand response programs shift electricity consumption away from peak load times, reshape customer load profiles to accommodate renewable resources, and, when needed, reduce demand on the system. As a result, these programs can help avoid unnecessary investments in generation and distribution infrastructure, increase overall system efficiency, improve reliability, and lower electric rates for participating customers.

⁴ *In the Matter of Xcel Energy's Petition for Load Flexibility Pilot Programs and Financial Incentive*, Docket No. E-002/M-21-101.

⁵ The Energy Utility Diversity Group was developed in response to a legislative directive. *See In the Matter of an Inquiry into Energy Utility Workforce and Supplier Diversity*, Docket No. E,G-999/CI-19-336.

E. Data Results and Future Reporting

CEE/ECC emphasized the importance of contextualizing the data that Xcel files in future reports by either providing the same data for the previous three years or by establishing an industry standard or state policy goal for each of the approved performance metrics. Xcel largely concurred on providing additional data to better contextualize the results.

CEE/ECC also recommended that Xcel report on additional data to identify low-income energy efficiency program participation and energy bill assistance program participation, data that would be used to assess the Company's affordability performance metric. They recommended that the data be overlaid with a map of areas of concentrated poverty (ACPs). Xcel concurred with this recommendation, and the parties agreed on including the information on the locational reliability and equity service quality map already in development.

III. Commission Action

The Commission appreciates the extensive work of Xcel and stakeholders to continue developing methods for how to effectively assess the Company's performance, an important policy objective that the Commission has previously stated is designed to promote the public interest by ensuring environmental protection; adequate, efficient, and reasonable service; reasonable rates; and the opportunity for regulated entities to receive a fair and reasonable return on their investments.

As an initial matter, the Commission agrees with the parties that Xcel's 2021 report addresses the requirements of prior Commission orders and will therefore accept the report. The Commission will also adopt the workforce transition metric and will require Xcel to incorporate additional stakeholder feedback into the plan as it is developed for its next annual performance metrics report.

The Commission also recognizes that additional work lies ahead on several items addressed in comments on Xcel's first report. For example, while the Commission concurs with CEE/ECC on the importance of methane emissions reporting, the Commission recognizes that data from other sources is necessary to conduct a more complete analysis. Once the Commission has determined adequate data on upstream methane is available to support utility-specific reporting of such emissions, the Commission will require Xcel to report methane emissions across the full fuel cycle in its calculation of greenhouse gas emissions avoided by electrification of buildings, agriculture, and other sectors.

Finally, the Commission will require Xcel to comply with additional reporting requirements, as set forth in the ordering paragraphs below.

ORDER

1. The Commission accepts Xcel's 2021 PBR annual report.
2. Xcel must provide contextual data — either by providing the same data for the previous three years or, where applicable, an established industry standard or state policy goal — for each of the approved performance metrics in future annual performance metric reports.

3. Xcel must display low-income energy efficiency program participation on a map, overlaid with a map of ACPs in Xcel's Minnesota territory in its future annual service quality performance reports.
4. Xcel must display energy bill assistance program participation on a map, overlaid with a map of ACPs in Xcel Energy's Minnesota territory in its future annual service quality performance reports.
5. Xcel must provide three years of data before developing evaluation and benchmarking targets for the performance metric.
6. Xcel must include in its PBR annual reports information on: availability of data specific to its gas suppliers on upstream methane emissions; regulation of methane emissions upstream of the Company's distribution system, and the Company's position on such regulations; participation in voluntary initiatives to quantify and reduce methane from gas suppliers; any certified gas purchases; pilots with gas marketers to track and source gas with lower associated methane emissions; and any other actions the Company has taken to secure data on and/or reduce upstream methane emissions. No later than 2024, the Company will re-evaluate data available on upstream methane to consider feasibility of reporting of methane emissions attributable to total natural gas purchases across the full fuel cycle (from drilling and extraction to the end-use).
7. Xcel must include in its report, once the Commission has determined adequate data on upstream methane is available to support utility-specific reporting of such emissions, methane emissions across the full fuel cycle in its calculation of greenhouse gas emissions avoided by electrification of buildings, agriculture, and other sectors.
8. Xcel must host one or more stakeholder meetings for stakeholders to ask questions and provide feedback on the proposed scorecard.
9. The Commission adopts the Workforce Transition metric; Xcel must obtain additional stakeholder feedback on the plan as it is developed for the 2021 annual performance metrics report.
10. This order shall become effective immediately.

BY ORDER OF THE COMMISSION



Will Seuffert
Executive Secretary



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CERTIFICATE OF SERVICE

I, Chrishna Beard, 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 ACCEPTING REPORT AND SETTING ADDITIONAL
REQUIREMENTS

Docket Number **E-002/CI-17-401**

Dated this 9th day of February, 2022

/s/ Chrishna Beard

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