

Commission Staff Memo and Decision Options

Docket No. E002/M-20-86 (e-filed May 31, 2023)

In the Matter of the Petition of Northern States Power, doing business as Xcel Energy, for the Approval of General Time-of-Use (TOU) Service Tariff

On December 18, 2022, Xcel filed a petition requesting approval of a TOU pilot with a Critical Peak Pricing (CPP) program and a General TOU Service rate. In its February 1, 2023 Order, the Commission requested that Xcel file additional information on pilot design in order to comply with order points 1(B)(1) and 1(B)(5) of its July 16, 2021 Order and directed the Company to explore expanding bill protection from one year to two years for Metro Transit.

On March 31, 2023, Xcel submitted its compliance filing with the information clarifying order points 1(B)(1) and 1(5)(1) and requested approval of three tariff changes, one of which expanded the pilot bill protection to two years for all public transit operators. The other requested changes addressed minor errors in their originally proposed tariffs. Xcel stated they expect the pilot to launch later this year. In its April 20, 2023, comments, the Department of Commerce, Division of Energy Resources (Department) recommended approval of the tariff changes and requested additional information from Xcel on pilot design, including clarification of the incremental costs of the pilot, further discussion regarding the thresholds for calling CPP events, and a detailed description of limitations precluding the use of other analytical techniques than that proposed by Opinion Dynamics, Xcel's consultant for the pilot.¹ In particular, the Department expressed reservations that Xcel and Opinion Dynamics did not propose having a control group to act as a baseline for the two pilot programs, which Xcel and Opinion Dynamics stated was not possible due to a limited number of eligible participants, the treatment group sizes required for statistical significance, and the opt-in nature of the pilot.

The Department and Xcel filed their reply comments simultaneously. As such, the Department stated they were not yet able to review the information they had requested, but they did not anticipate any of it materially impacting the pilot's implementation and therefore recommended the Commission find Xcel in compliance with the February 1, 2023 Order.

In its reply comments, Xcel provided further information on the topics requested by the Department. The Company clarified that incremental costs for engaging and enrolling pilot participants would be \$5,700, and that the Company expects to recover about \$1.5 million per year via the Conservation Improvement Program Rider for the CPP program.² Regarding the CPP events, Xcel explained that while they wish to maintain flexibility with CPP event criteria, the following three situations may trigger an event:

¹ Department Comments filed April 20, 2023, at 12.

² Xcel Reply Comments filed April 28, 2023, at 2.

- 1) The forecasted total available generation to load ratio falls below 120 percent;
- 2) Day-ahead locational marginal prices exceeding \$120 per MW during peak hours;
- 3) A weather forecast showing multiple days of 85+ degrees.³

Regarding the proposed analytical techniques, Xcel reiterated that the opt-in nature of the pilot, the high degree of variability in customer traits, and limited number of eligible participants precluded using many standard statistical techniques for pilot evaluation. The Company stated that Opinion Dynamics would evaluate using a pooled model, as the Department suggested, after customers had made the decision to opt-in and the characteristics and sizes of the treatment groups were clear.⁴

Staff notes that the Commission's February 1, 2023 Order implemented a negative check off process for approval of the pilot, (**Decision Option 1**) and no party has objected to approving the pilot, but Commission approval is required for the proposed tariff changes (**Decision Options 2 and 3**).

Decision Options

1. Find that Xcel's compliance filing satisfies the requirements of the Commission's February 1, 2023 Order. (*Xcel, Department*)
2. Approve Xcel's proposal to extend bill protections to public transit charging providers through the duration of the pilot as found in its March 31, 2023 compliance filing. (*Xcel, Department*)
3. Approve the proposed tariff modifications as found in Xcel's March 31, 2023 compliance filing. (*Xcel, Department*)

³ *Id.*, at 2-3.

⁴ *Id.*, at 5-6.