

November 5, 2024

Via Electronic Filing

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place E., Suite 350
St. Paul, MN 55101

**Re: In the Matter of Xcel Energy's Petition for Approval of Residential Time-of-Use
Docket No. E002/M-23-524**

Dear Mr. Seuffert,

The Institute for Local Self-Reliance (ILSR) respectfully submits the following reply comments related to Xcel Energy's time-of-use (TOU) rate proposal. Our comments focus on problems with the proposed treatment of net energy metering (NEM) customers, the peak periods, marketing of the opt-in rate, and comparative data for consumers.

Net Metering Customers Should Not Be Unjustly Punished for Exports

The principle of applying time-of-use to energy consumption and production makes sense, but Xcel's implementation does not. The primary problem is presuming that customers who export energy to their neighbors ought to be paid less than Xcel is for delivering to the same point. In this, ILSR agrees with the City of Minneapolis that net metering customers should be paid the same rate for consumption as for production and export.

An illustration may help emphasize the importance of compensation equity for NEM customers: Xcel's proposal will effectively tax me (or any other NEM customer) for sending excess electricity (on net, over the netting period) to neighbor whose electric meter lies just 60 feet away as the wire travels. The hardware — meter, wire, transformer — required to make that transaction is already paid for or included in rates paid for by Xcel's Minnesota electric customers. This equipment often operates with substantial excess capacity. Approving a discounted rate for exported electricity merely rewards Xcel shareholders for their privilege of holding title to the wires, at the expense of customers who have made substantial capital investment in power production equipment that is lowering carbon emissions and pollution on behalf of all Minnesota customers. Unless Xcel can prove that NEM exports actually increase system operating costs — when in most cases the opposite is as likely to be true — the Commission should not approve export rates that suggest they do.

The calculations for NEM netting proposed by Xcel are also overly complex (as noted by MNSEIA and other commenters), but the fix is in keeping the same rate principles under the current NEM tariff — that customers receive the same price for exports as they do for onsite consumption. After all, the state’s 120% of consumption cap on net metering customers already serves to limit payments to NEM clean energy producers.

Pick Compromise Peak Electricity Periods

ILSR supports comments by the Department and Fresh Energy related to the timing of the peak period, and would offer the observation that the Department seems focused on today’s grid costs and Fresh Energy’s modeling offers a vision of the future. ILSR’s only contribution to the discussion is to suggest the Commission keep in mind that changing TOU periods would be disruptive to consumers. Thus, it may be worthwhile to select a peak period that, while not optimal for the grid of 2024, requires fewer adjustments to remain relevant to peak energy system costs over time.

Market to High Impact Consumers

ILSR supports comments by Fresh Energy and CUB highlighting the value of marketing to high impact consumers, including those with heat pumps, electric vehicles, or solar. These consumers are already early adopters and more likely to be willing to take on the complexity of managing their electricity use based on the time of day.

Make Data Useful for Decision Making

Smart meters recently installed by Xcel Energy provide hourly interval data that can help customers assess the impact of opting-in to a time-of-use rate, but not without significant work. Unless they bookmarked the page when Xcel sent notice during smart meter installation, customers will first have to log into their My Account page and then find the link out to the My Energy Portal. Upon arrival, they will need to spend a few minutes learning how to display and then download hourly interval data for the past year. The 8760-line Excel file might be useful if they understand how to make a Pivot Table in order to display the data by hour and by month. But the customer will still need to actually create their own copy of Xcel’s TOU pricing table and the current A50 rate, then set up the proper formulas to calculate the impact of the proposed TOU rate in a business as usual scenario.

Long story short, ILSR agrees with CUB that a shadow billing mechanism would be useful, although we also hope that some entrepreneurial energy services companies might build a simple tool using Green Button data (which we did download successfully -- thank you) to make the process simpler.

In short, ILSR offers the following recommendations:

- That the Commission not approve Xcel's TOU compensation proposal for net energy metering customers but rather require that compensation for excess production matches the rate at the time of export
- That the Commission approve a peak energy period as a compromise between the highest peak cost periods today and those in the future to minimize changes to TOU periods that may confuse consumers
- That the Commission approve a marketing plan for the opt-in TOU rate that targets early adopters of electric appliances and vehicles
- That the Commission strongly consider requiring a shadow billing tool for customers to evaluate the TOU rate

Sincerely,

/s/

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