



**In the Matter of Northern States Power Co. d/b/a Xcel Energy's Petition for Approval of Capacity\*Connect, a Distributed Capacity Procurement (DCP) Program**

**PUC Docket Number: E002/25-378**

**Comments**

LIUNA Minnesota and North Dakota ("LIUNA") appreciates the opportunity to offer comments on the petition by Xcel Energy ("Xcel") for approval of the proposed Capacity\*Connect Distributed Capacity Procurement program, which would allow Xcel to work with implementation partner Sparkfund to deploy up to 200 Megawatts ("MW") in front-of-meter battery storage on Xcel's distribution grid. LIUNA strongly supports Capacity\*Connect, which is a key feature of the settlement agreement that formed the basis for the utility's current Integrated Resource Plan ("IRP"), and we recommend that the Commission grant Xcel's petition.

In our view, Capacity\*Connect has tremendous upside and very little downside. Even using very conservative assumptions that deliberately exclude potential value streams associated with improving utilization of the distribution grid, Xcel arrives at a Benefit/Cost Ratio ("BCR") of 0.96. We have heard concerns expressed that a BCR below 1.0 means that the program will not produce net benefits to ratepayers, but we believe this is a misunderstanding.

A BCR just below 1.0 means that even if we exclude all of the potential distribution system benefits, the program can essentially pay for itself while simultaneously allowing the testing of innovative new technology at scale. In other circumstances, we routinely accept much lower payback ratios in order to support initial deployment in the hope of strengthening the value proposition in future rounds. By this standard, Capacity\*Connect looks like a home run.

One of the important ancillary benefits of Capacity\*Connect will be the creation of family-supporting union jobs and construction career opportunities. We greatly appreciate Xcel's continued commitment to partnering with local Building Trades unions and affiliated apprenticeship programs to ensure that projects are built safely and well, and that they provide economic opportunity to local workers, regardless of whether they are built or owned by Xcel or a third party.

The partnership between Xcel and the Building Trades has also delivered important equity benefits in the form of career pipelines such as Power Up, which leveraged Sherco Solar, Building Trades-affiliated apprenticeship programs, and the Building Strong Communities apprenticeship readiness program to bring connect members of underrepresented communities to union construction careers. Construction employment opportunities are not listed as one of the key potential equity benefits, but we believe that is an oversight, and would be happy to work with Sparkfund and Xcel to identify opportunities to leverage the program for equitable employment. In our experience, the benefits of equity investments on the employment side can exceed the value of investments made based on business ownership.

We expect Capacity\*Connect to receive broad support from stakeholders, including clean energy advocates, organized labor, and communities served by Xcel, in no small part because it represents an effort by the utility to do exactly what advocates and community leaders have requested – integrate emerging technology with potential to enhance grid performance – in a manner that minimizes risks and maximizes benefits, including benefits to low-income communities and working families through hosting fees and union jobs.

While we have also seen evidence of opposition, including an astroturf public engagement campaign that appears to be supported by dark money from outside Minnesota, to the best of our understanding it is coming from parties that would rather see the utility fail than succeed based on commercial interests or ideological opposition to the utility compact. We are confident that parties committed to seeing Xcel become more efficient, effective and equitable will recognize the value Capacity\*Connect can deliver in Phase 2, and the even greater potential it represents going forward.

We thank the Commission for its consideration in this matter.

Sincerely,

Kevin Pranis  
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LIUNA Minnesota and North Dakota