

**STATE OF MINNESOTA  
BEFORE THE PUBLIC UTILITIES COMMISSION**

Katie J. Sieben	Chair
Joseph K. Sullivan	Vice-Chair
Audrey Partridge	Commissioner
Hwikwon Ham	Commissioner
John Tuma	Commissioner

In the Matter of Xcel Energy’s 2025  
Integrated Distribution Plan

MPUC DOCKET NO. E-002/M-25-142

**INITIAL COMMENTS ON XCEL’S PROACTIVE UPGRADE PROPOSAL OF  
ENVIRONMENTAL LAW & POLICY CENTER, VOTE SOLAR, AND COOPERATIVE  
ENERGY FUTURES**

**I. INTRODUCTION**

Xcel Energy filed its first Proactive Upgrade Proposal (“Proposal”) with its 2025 Integrated Distribution Plan, as permitted under the Proactive Distribution Upgrades Framework (“Framework”) that the Commission adopted in its September 2, 2025 Order in Docket No. E-002/CI-24-318. The Environmental Law & Policy Center, Vote Solar, and Cooperative Energy Futures (commenting jointly as “ELPC/VS/CEF”) participated in the work group process to develop the Framework, filed comments on it in Docket No. 24-318, and continue to participate in Phase 2 of the work group. We were pleased to see Xcel submit this Proposal and appreciate the Company’s efforts to apply the Framework for this first time.

As expressed during the work group and in our docketed comments, ELPC/VS/CEF continue to view the Framework as an important step towards achieving state policy goals related to customer access to distributed energy resources (DERs) and electrification by ensuring that the grid is not a barrier to these objectives, particularly for residential and small commercial customers. The Framework allows the Company to depart from its existing distribution planning

process and its associated 5-year timeframe, when reasonable and necessary, to enable integration of DERs and beneficial electrification, and when it can do so equitably, efficiently, and cost-effectively. At the same time, ELPC/VS/CEF recognize that these proactive upgrades introduce additional and potentially significant risks. In particular, there may be higher risk of under-utilized investment, since the generation and load forecasts driving these investments are on a longer time horizon and forecasting the need for these investments is an imprecise and uncertain task. The Framework strives to balance these risks with the benefits of proactive upgrades. Any proposals under the Framework must similarly strike this balance through meeting the Framework's various criteria.

As discussed further below, ELPC/VS/CEF do not believe the Proposal satisfies the Framework at this time and we do not recommend the Commission approve it. However, we believe it shows promise and may be appropriate in the future, for example in a filing with Xcel's 2027 IDP. Therefore, in addition to explaining why we do not recommend Commission approval at this time, we offer some suggestions for the Company to consider should it decide to propose this upgrade in 2027 or another future date. We hope our feedback may also be useful to inform other proactive upgrade proposals in the future.

## **II. RESPONSES TO TOPICS OPEN FOR COMMENT**

### **7. Should the Commission approve, modify or reject Xcel Energy's Proactive Upgrade Proposal? In your response, please identify whether the Proposal aligns with the Proactive Distribution Grid Framework.**

ELPC/VS/CEF commend Xcel Energy on its first application of the Proactive Distribution Upgrades Framework and Proactive Upgrade Proposal. At this time, however, ELPC/VS/CEF recommend that the Commission reject this Proposal. We appreciate Xcel's good faith efforts to put forward a proposal consistent with the Framework, especially given the

limited turnaround time between when the Commission adopted the Framework and this first opportunity for Xcel to submit a Proposal under the Framework. While the Proposal is a step in the right direction, we believe that modifications to the timing of the proposed upgrade and further consideration of alternatives would serve the public interest and better align the Proposal with the Framework.

Xcel's Proposal would construct a single new feeder line in South Minneapolis, with an estimated cost of about \$3.7 million.<sup>1</sup> The purpose of the upgrade is to relieve an existing feeder (MDT077) that Xcel forecasts will exceed its planned loading limit under a high load growth scenario in 2034. Xcel estimates that the lead time for this project is around 22-26 months, of which the actual construction work will take only 6 to 8 months.<sup>2</sup> The new feeder would be located in and serve an environmental justice area.<sup>3</sup>

Under the Framework, the Commission should assess the Proposal in accordance with the Framework's twin goals of proactively maximizing distribution system benefits while minimizing the costs of upgrades (criteria A.1 and A.4). The Framework contemplates a balanced approach to weighing these benefits against the costs. An upgrade should benefit customers by reducing or eliminating the wait time to interconnect new distributed generation and beneficial electrification load while avoiding construction bottlenecks (criteria A.2 and A.7), but do so without causing undue costs to ratepayers and minimizing the impact of forecast inaccuracies (criteria A.3 and A.5). More specifically, the Commission should consider the lead time of the Proposal's upgrade (criterion G.4), the degree of certainty of the upgrade's forecasted

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<sup>1</sup> Proposal at 2-3.

<sup>2</sup> Proposal at 7, 12.

<sup>3</sup> Proposal at 10.

need (criterion G.7), and how these criteria factor into the risk of deferring the upgrade (criterion G.5).

Given these criteria and the information Xcel presented, we recommend that the Commission defer approval of the Proposal, and Xcel defer construction of the feeder, until load growth forecasts are more certain, especially as doing so will not pose any risks to the community served. Xcel's forecasts show that the existing feeder, MDT077, is not at imminent risk of becoming overloaded. Rather, Xcel forecasts that feeder MDT077 will exceed its planned loading limit in 2034, eight years from now.<sup>4</sup> Xcel may need to upgrade MDT077 eventually, but construction does not need to start immediately given the estimated construction lead times and because Xcel incorporated multiple layers of conservative assumptions into its analysis.

First, Xcel relied on the highest, most aggressive load growth forecast out of its three IDP load growth scenarios,<sup>5</sup> resulting in a more conservative timeline for the upgrade need. Had Xcel forecasted load growth under the Base Case or the intermediate Expanded Non-Residential scenarios, rather than the High Adoption scenario, feeder MDT077 would have likely exceeded the planned loading limit sometime later than 2034. Second, the planned loading limit incorporates a margin of safety, as it is 75% of the line's rated capacity, which is the maximum load the line can actually handle.<sup>6</sup> The planned loading limit itself is meant to provide Xcel with a buffer to absorb construction times.<sup>7</sup> Third, Xcel forecasted that feeder MDT077 will switch from summer peaking to winter peaking in 2031, but Xcel did not consider whether and to what extent winter ratings could increase the line's rated capacity.<sup>8</sup> For instance, conductor lines can

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<sup>4</sup> Proposal at 1, 8.

<sup>5</sup> Proposal at 4, 7.

<sup>6</sup> Proposal at 7.

<sup>7</sup> Proposal at 8.

<sup>8</sup> See Proposal at 6.

disperse more heat during the winter, allowing for a higher degree of loading without the risk of equipment damage. If it brings this Proposal before the Commission again, we suggest that Xcel should provide additional information as to which specific components are overloaded and whether winter ratings would be applicable to those components, because accounting for that increased capacity could allow it to defer the upgrade.

Combined, these three conservative assumptions provide a sufficient safety margin to handle all the forecast variation in load that may occur, even in high-end scenarios. In fact, there is a significant chance that the High Adoption scenario's load growth does not materialize, or the feeder exceeds the planned loading limit later than 2034, in which case Xcel would not need to construct the upgrade so soon. Here, criterion G.7 favors deferring the upgrade: current forecasts are uncertain because the three IDP scenarios diverge widely on expected load growth, and forecast confidence inherently diminishes towards the end of the 10-year forecast period. Criterion G.5 also favors deferral as there is little risk to revisiting the upgrade during the 2027 IDP, and forecasts conducted in the future are likely to have more accurate data about load growth.

Moreover, consistent with criterion G.4 (construction lead time), Xcel has sufficient time and flexibility to delay starting construction until 2030, at the earliest. Xcel has expressed concerns that feeder upgrades in dense, urban neighborhoods like those in South Minneapolis require longer lead times with as much as three or four years if there are permitting delays.<sup>9</sup> In this instance, as noted above, Xcel estimates a lead time of 22-26 months (i.e., just over two years). But even if design and construction take four years, Xcel could still start the process in 2030 and have the new feeder line finished by 2034. In 2030, feeder MDT077 would still be in

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<sup>9</sup> Proposal at 12.

no imminent danger, due to the planned loading limit's 25% capacity buffer. Alternatively, Xcel could start some of the design work earlier, but delay the start of construction, which could avoid incurring the bulk of costs until the load growth forecast is more certain. Regardless, the apparent timing for construction to begin (2030 at the earliest) combined with the timing for the need (2034 at the earliest, under conservative assumptions) indicate that Xcel could bring this Proposal forward again with its 2027 IDP, with the benefit of more certain forecasts and no risk to the time Xcel needs to schedule the upgrade.

Although the load-related need is the primary driver for the Proposal, the upgrade will offer the benefits of added hosting capacity for new distributed generation and load.<sup>10</sup> We particularly commend Xcel's work to support beneficial electrification in neighborhoods that have historically been underserved by such initiatives. Feeder MDT077 has some existing hosting capacity for the time being. Xcel notes that feeder MDT077 has hosting capacity for 0.11 to 0.44 MW of additional generation, depending on the location along the feeder.<sup>11</sup> Xcel has said that new solar installations are not the primary driver of the upgrade, meaning that Xcel has not argued that this upgrade is immediately necessary to accommodate additional rooftop solar.<sup>12</sup> As for new load, feeder MDT077 currently has between 0 MW and 6.88 MW of available hosting capacity depending on location along the feeder.<sup>13</sup>

As discussed above regarding the forecasted need, however, those benefits are not immediately necessary. Considering that the benefits are not addressing immediate problems, and there is little risk to customers of deferring the upgrade (criteria A.2 and G.5), we recommend that the Commission reject the Proposal now and defer consideration for the future,

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<sup>10</sup> Proposal at 12.

<sup>11</sup> Proposal at 8.

<sup>12</sup> See Proposal at 14.

<sup>13</sup> Proposal at 8.

should Xcel's forecasts show, with more certainty, a continued need and should the Company decide to re-submit the Proposal. Without this certainty and more immediate need, it would be premature for the Commission to grant Xcel a rebuttable presumption of prudence as specified in the Framework (criterion I.7).

In any future Proposal, ELPC/VS/CEF would also suggest that Xcel provide more details on the following topics.

- Xcel should provide more specific data regarding improved reliability resulting from the new feeder. The Framework requires upgrade proposals to explain their benefits to reliability, resilience, safety, and asset health, and the value of those benefits if known (criterion G.11). Here, Xcel states that the Proposal will enhance reliability and allow for more flexibility in system operations.<sup>14</sup> However, Xcel does not quantify the reliability impacts, such as estimating how many customer interruptions the Proposal will prevent. We are not expecting Xcel to calculate a rigorous reliability metric such as the System Average Interruption Frequency Index (SAIFI), but we would appreciate more details on the magnitude of the Proposal's benefits to customer segmentation and future outage risk.
- Xcel should conduct a thorough alternatives analysis for the Proposal, as required by criterion G.6. We understand that Xcel was unable to complete a formal non-wires alternative (NWA) analysis due to the timing of when Xcel had to submit this Proposal. If the Commission defers approval of this upgrade, however, Xcel will have additional time to analyze alternatives, and we note that Xcel does plan to include the upgrade in its 2026 NWA analysis.<sup>15</sup> We agree that Xcel should consider the alternative measures it

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<sup>14</sup> Proposal at 13, 18.

<sup>15</sup> Proposal at 16.

identified, including energy efficiency, demand response, solar PV, and battery storage.<sup>16</sup>

In particular, Xcel should consider whether the mobile battery and flexible interconnection alternatives discussed in the 2025 IDP could avoid or delay the need for the Proposal's upgrade.<sup>17</sup>

- Xcel should clarify its construction timeline. While the Proposal specifies a need date and estimated lead times, it does not indicate when Xcel anticipates it would begin construction under the Proposal, e.g., in 2030 for a 2034 need. Doing so more clearly would help the Commission and stakeholders to understand better the immediacy of the need and the risks posed to ratepayers of any stranded costs. Specifically, Xcel should identify the load growth thresholds that would trigger construction start. We also suggest that the Company should provide a more detailed cost breakdown explaining what portion of the costs must be committed prior to construction (such as for project design or obtaining permits) and what portion is incurred during construction. In addition, Xcel should identify potential off ramps for delaying the upgrade if the load growth forecast does not materialize once construction or other project-related activities have commenced.

Proactive upgrades can be a valuable investment as long as they adequately balance the risks of taking action upfront, as opposed to delaying upgrades to a later time, consistent with the Framework. ELPC/VS/CEF again commend Xcel for its efforts to apply the Framework for the first time and to develop this initial Proposal. While we are not recommending Commission approval at this time, we encourage the Company to consider proposing the MDT077 upgrade with its 2027 IDP, should its forecasts and related analyses justify it.

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<sup>16</sup> Proposal at 16.

<sup>17</sup> Docket No. E002/M-25-142, Xcel Energy Integrated Distribution Plan 2026-2035 at 34, 286 (Oct. 31, 2025).

**8. What type and amount of cost cap should the Commission establish for total Proactive Distribution Upgrade costs?**

We have no comment at this time but may comment further in reply.

**9. Should the Commission approve Xcel Energy's proposed tariff pages?**

We have no comment at this time but may comment further in reply.

**10. Are there any other issues or concerns related to this matter?**

The trade-offs and best practices implicated by proactive upgrades are discussed at length in a recent report authored by the CHARGED initiative, *Proactive Investment Framework: Technical and Regulatory Considerations*.<sup>18</sup> The CHARGED report reflects many of the same considerations found in the Framework criteria, and reiterates the importance of analyzing non-wires alternatives and flexible interconnection when evaluating the need for a proactive upgrade.<sup>19</sup> We offer it here for the Commission's and other stakeholders' consideration, as we collectively evaluate Xcel's current Proposal and future modifications to the Framework.

### **III. CONCLUSION**

At this time, ELPC/VS/CEF recommend that the Commission reject Xcel's Proposal, but we nonetheless applaud Xcel's efforts in applying the Framework and putting forth its first proposal in this case. Because Xcel would not need to start construction of the proposed new feeder line until 2030 at the earliest, and for the other reasons discussed above, we believe approving the Proposal and granting Xcel a rebuttable presumption of prudence is premature.

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<sup>18</sup> CHARGED, *Proactive Investment Framework: Technical and Regulatory Considerations* (Dec. 2025), [https://chargedinitiative.org/wp-content/uploads/2025/12/CHARGED\\_Proactive-Investment-Framework\\_Report\\_updated\\_12\\_15.pdf](https://chargedinitiative.org/wp-content/uploads/2025/12/CHARGED_Proactive-Investment-Framework_Report_updated_12_15.pdf). We thank both Vote Solar and Xcel for contributing to this report, along with Cody Davis of Electric Power Engineers, who has consulted with ELPC/VS/CEF through GridLab on the Proposal, Proactive Upgrades Work Group and Framework, Integrated Distribution Plan, and other related matters.

<sup>19</sup> *Id.* at 20, 28.

We suggest that Xcel could re-submit the Proposal with its 2027 IDP, under a more certain forecast, and it could still receive approval and begin construction to meet the need by 2034. Should Xcel pursue this Proposal in the future, we have offered suggestions to improve the Proposal, including providing more specific data about the Proposal's benefits to improved reliability and performing a complete analysis of alternatives. We are encouraged by Xcel's first Proactive Upgrade Proposal and expect that the Proposal will yield valuable insights as we, Xcel, and the Commission continue to implement the Proactive Distribution Upgrades Framework.

Respectfully submitted,

*/s/ Erica McConnell*

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