

Staff Briefing Papers

Meeting Date August 7, 2025 Agenda Item *3

Company Northern States Power Co. d/b/a Xcel Energy

Docket No. E002/M-25-184

In the Matter of Northern States Power Company d/b/a Xcel Energy's Annual Report on its Renewable*Connect Pilot, Flex, and Long Term Programs.

Issues Should the Commission accept the Renewable*Connect Pilot, Flex, and Long Term Programs compliance filing and tracker report and approve the associated revised tariff sheets, rates, and neutrality charges?

Staff Kit Gomez kit.gomez@state.mn.us 651-539-2755



Relevant Documents

Date

Xcel Energy – Renewable*Connect Pilot, Flex, and Long Term Programs

April 1, 2024

Department of Commerce – Comments

May 29, 2025

Department of Commerce – Reply Comments

June 12, 2025

Xcel Energy – Reply Comments

June 12, 2025

Xcel Energy – Supplemental Filing

June 26, 2025

To request this document in another format such as large print or audio, call 651.296.0406 (voice). Persons with a hearing or speech impairment may call using their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.

The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

Table of Contents

1. Statement of the Issues.....	2
2. Background	2
3. Summary of the Record.....	4
4. Staff Analysis	6
5. Decision Options	6

1. Statement of the Issues

1. Should the Commission accept Xcel Energy’s 2023 Renewable*Connect Annual Compliance Filing as filed on April 1, 2024?
2. Should the Commission approve Xcel Energy’s proposed Renewable*Connect tariff sheets, rates, and neutrality charges?

2. Background

On November 12, 2015, in Docket No. E002/M-15-985, Xcel Energy (Xcel or Company) requested the Commission’s approval for a Renewable*Connect (R*C) Pilot program to be offered under Minn. Stat. § 216B.169. The statute authorizes a utility to offer one or more rate options for utility customers to secure electricity from renewable or high-efficiency, low-emission sources.¹

On February 27, 2017, the Commission issued its Order approving the R*C Pilot Program which requires Xcel to file annual compliance filings.²

On February 21, 2018, in Docket No. E002/M-17-695, the Commission issued an Order approving tariff revisions related to the R*C Pilot program, including offering customers the option to source their energy from dedicated renewable sources previously approved by the Commission.³

¹ Docket No. E002/M-15-985, *In the Matter of the Petition for Approval of a Renewable*Connect Pilot Program*, Initial Filing, November 12, 2015.

² Docket No. E002/M-15-985, *In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy, for Approval of a Renewable*Connect Pilot Programs, Order Approving Pilot Programs and Requiring Filings*, February 27, 2017.

³ Docket No. E002/M-17-695, *In the Matter of the Petition of Northern States Power Company for Approval of Revisions to the Renewable*Connect Pilot Program, Order Approving Tariff Revisions with Modifications*, February 21, 2018.

On January 7, 2019, in Docket No. E002/M-19-33, Xcel filed a petition requesting approval to expand its R*C Pilot program into a full-time, permanent offering. Upon approval, Windsorce customers would be automatically enrolled with an opt out option⁴

On August 12, 2019, the Commission issued its Order approving Xcel's petition to transition the R*C Pilot program into a full-time, permanent offering.⁵

On April 1, 2021, in Docket Nos. E002/M-21-222 and E002/M-19-33, Xcel filed R*C Program pricing and tariff modifications as required by the August 12, 2019 Order, as well as a petition for approval of minor modifications to the R*C Program launch plan.

On December 22, 2022, in Docket No. E002/M-21-222, Xcel submitted a R*C Program modification which provided an update on the Company's efforts to resolve resource challenges that were identified in previous filings. The filing also included final program pricing, corresponding proposed tariff sheets, and program modification requests.⁶ Xcel later filed an Errata on December 23, 2022, to correct calculations in its attachments.⁷

On May 18, 2023, in Docket Nos. E002/M21-222 and E002/M-19-33 the Commission issued its Order approving Xcel's updated R*C compliance items, corresponding tariff modifications, and the Commission required Xcel to address new compliance items in its next annual report.⁸

On April 1, 2024, Xcel submitted its annual compliance filing for pilot program year 2023 and Xcel requested approval of its revised tariff sheet reflecting the 2025 Neutrality Charge and updating the Flex and Single Event rate to the end of the Pilot term.⁹

On June 4, 2024, The Department of Commerce (Department) filed its comments in Docket No. E002/M-24-147.

On September 27, 2024, in Docket No. E002/M-24-147, the Commission issued its Order accepting Xcel's 2023 compliance filing and approving its R*C tariff modifications as filed on April 1, 2024.

⁴ Docket No. E002/M-19-33, *In the Matter of Northern States Power Company's, d/b/a Xcel Energy, Petition for Approval of a Renewable*Connect Program*, January 7, 2019.

⁵ Docket No. No. E002/M-19-33, *In the Matter of Northern States Power Company's, d/b/a Xcel Energy, Petition to Expand its Renewable*Connect Program, Order Approving Petition with Modifications*, August 12, 2019.

⁶ Docket No. E002/M-21-222, *Status Update, Renewable*Connect Program Modification Docket Nos. E002/M-19-33 and E002/M-21-222*, December 22, 2022.

⁷ Docket No. E002/M-21-222, *Errata - Status Update, Renewable*Connect Program Modification Docket Nos. E002/M-19-33 and E002/M-21-222*, December 23, 2022.

⁸ Docket No. E002/M-21-222 and E002/M-19-33, *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for the Approval of a renewable*Connect Program Modification*, May 18, 2023.

⁹ Docket No. 24-147, *Compliance Filing, Renewable*Connect Pilot and Flex Programs*, April 1, 2024.

On April 1, 2025, in Docket No. 25-184, Xcel submitted its R*C Pilot, Flex, and Long Term Programs compliance filing and tracker account report as well as its request for Commission approval of its revised tariff sheet reflecting the 2026 Neutrality Charge in the Pilot Program and updates to the Flex rate.¹⁰

On May 29, 2025, the Commission received comments from the Department.

On June 12, 2025, the Commission received reply comments from Xcel and the Department.

The decision before the Commission is whether to accept Xcel's R*C Pilot, Flex, and Long Term Programs compliance filing and tracker account report and whether to approve Xcel's revised tariff sheet reflecting the 2026 Neutrality Charge in the Pilot Program and updates to the Flex rate.

3. Summary of the Record

On April 1, 2025 Xcel submitted its annual compliance filing for its R*C Pilot, Flex and Long Term programs and proposed updates to its 2026 R*C Tariff.

The proposed tariff revisions include:¹¹

- Sheet No. 5-150 – updating the 5-Year and 10-Year Neutrality Charges as approved by the Commission and originally presented in Attachment A to the September 21, 2017 revision to the R*C Pilot Program in Docket No. E002/M-15-985, and
- Sheet No. 5-161 – updating the 2026 R*C Flex Program Month-to-Month (MTM) rate and neutrality Charge.

A. Updated 5-Year and 10-Year Neutrality Charges

Xcel proposed to revise Tariff Sheet No. 5-150 which would update the 5-Year and 10-Year Neutrality charges. The neutrality charge is designed to lessen the impact of the R*C Pilot program on non-participating customers. Table 1 below compares the 2025 Net Neutrality charge to the proposed 2026 charge, and the difference between the change for both the 5-Year and 10-Year service types.

Table 1: Xcel's Proposed 2026 Neutrality Charge for 5-Year and 10-Year Service Types¹²

Service	2025 (\$/kWh)	2026 (\$/kWh)	Increase/Decrease	Percent Change
5-Year	\$0.00516	\$0.00522	\$0.00006	1.16%
10-Year	\$0.00466	\$0.00460	-\$0.00006	-1.29%

¹⁰ Xcel Initial Filing – Annual Report, April 1, 2025.

¹¹ Xcel Initial Filing – Annual Report, April 1, 2025, at 13.

¹² Xcel Initial Filing – Annual Report, Attachment E, April 1, 2025, at 5.

The Department notes the small increase in the neutrality charge for the 5-Year R*C service type and the small decrease in the neutrality charge for the 10-Year R*C service type.¹³

B. 2026 R*C Flex Program MTM Rate and Neutrality Charge

Xcel provided its proposed 2026 R*C Flex Program rate and Neutrality Charge in its Annual Report under Attachment D, below.¹⁴

Renewable*Connect Flex Pricing

Cents per kWh

	2026
Renewable*Connect	
Blended Resource Cost	2.996
(Less) Capacity Credit	0.271
Net Energy Resources Cost	2.725
(Add) Neutrality Charge (Line Losses, Curtailment & Other Costs)	0.561
Delivered Resource Cost	3.286
(Add) Administrative Cost	0.150
Total Cost	3.436

Xcel proposed to revise Tariff Sheet No. 5-161 which would update the 2026 R*C Flex Program MTM rate and Neutrality Charge over the 2025 tariff rates as approved by the Commission. Table 2 below compares the 2025 charge to the proposed 2026 charge, and the difference between the change for both Neutrality Charge and R*C Flex rate in 2026 as follows:

Table 2: Xcel's Proposed 2026 R*C Flex Rate and Neutrality Charge¹⁵

	2025 (\$/kWh)	2026 (\$/kWh)	Increase/Decrease	Percent Change
Neutrality Charge	\$0.00678	\$0.00561	-\$0.00117	-17.26%
R*C Price: MTM & Special Event Service Types	\$0.03993	\$0.03436	-\$0.00557	-13.95%

¹³ Department Comments, May 29, 2025, at 5.

¹⁴ Xcel Initial Filing – Annual Report, Attachment D, April 1, 2025, at 1.

¹⁵ *Id.*, Attachment E, April 1, 2025, at 6.

Xcel noted the proposed adjustments to the R*C Flex Program rates and Neutrality charge reflect the yearly costs associated with the production facilities used to support the R*C Flex program.¹⁶

On April 25, 2025 the Commission issued a Notice of Comment Period. The Department filed comments on May 29, 2025, providing analysis of the compliance filing and suggested tariff changes. The Department also submitted an information request to the Company seeking detailed explanations for the calculations of the rates in the updated 5-year and 10-year neutrality charges and the updated 2026 R*C Flex Program Month-to-Month rate and neutrality charge.

On June 12, 2025 the Department filed reply comments accepting Xcel's 2024 R*C Annual Compliance Filing, Tracker Account Report¹⁷ (**Decision Option 1**), and recommended the Commission approve Xcel's following proposals: (**Decision Option 3**)

- the 2026 neutrality charge for the 5-year and 10-year service types;
- the 2026 R*C Flex rate and neutrality charge; and
- the updates to its 2026 R*C tariff.¹⁸

4. Staff Analysis

Commission Staff and the Department believe that Xcel has provided the satisfactory information to meet each of the filing requirements in its April 1, 2025 Compliance Filing.¹⁹ Staff and the Department find all tariff modifications requested reasonable. (**Decision Options 1 and 3**)

5. Decision Options

Acceptance of Compliance Filing

1. Accept Xcel's 2024 R*C Pilot, Flex, and Long Term Programs compliance filing, and tracker account report as filed on April 1, 2025. (Xcel, Department)

OR

2. Reject Xcel's 2024 R*C Pilot, Flex, and Long Term Programs compliance filing, and tracker account report as filed on April 1, 2025.

¹⁶ *Id.*, at 13.

¹⁷ Department Reply Comments, June 12, 2025, at 1.

¹⁸ *Id.*, at 5.

¹⁹ *Id.*

Tariff Modifications

3. Approve Xcel's proposed R*C tariff modifications as filed on April 1, 2025 as follows: (Xcel, Department)
 - a. Approve Xcel's proposed updates to the 5-Year and 10-Year Neutrality Charges as approved by the Commission and originally presented in Attachment A to the September 21, 2017 revision to the R*C Pilot Program in Docket No. E002/M-15-985.
 - b. Approve Xcel's proposed update to the 2025 R*C Flex Program MTM rate and Neutrality Charge.
 - c. Approve Xcel's proposed updates to its 2026 R*C tariff.

OR

4. Reject Xcel's proposed R*C tariff modification as filed on April 1, 2025.