

Ex Parte Communication Report

Date:

To: Public Ex Parte Communication File

Docket No:

Case Name:

From: PUC Staff:

RE: Permissible Ex Parte Communications Pursuant to Minn. Rules, Part 7845.7400.

1. Type of communication: (Oral or Written)

If written, attach the document.

If oral, Date:

Time:

NOTE: In both instances, please notify the Maker the communication has been submitted for inclusion in the record.

2. Maker of the Communication:

3. Recipient of the Communication:

4. For communications involving the setting of interim rates or the review of compliance filings, the topic was:

5. For all other permissible communications that are prohibited for the Commissioners under Minn. Rules, part 7845.7200, the substance of the communication was:

6. For oral permissible ex parte communications, has a copy of this memo been sent to the assigned Administrative Law Judge? Yes No N/A

From: [Will Mulhern](#)
To: [Terwilliger, Hanna \(PUC\)](#); [Shubha Harris](#)
Cc: [Nikitas, Sophie \(She/Her/Hers\) \(PUC\)](#)
Subject: RE: Xcel DCP comments - request for clarification
Date: Friday, February 6, 2026 10:21:50 AM
Attachments: [Fresh Energy Recommendations Capacity Connect.docx](#)

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Hi Hanna,

Thank you for the opportunity to clarify our positions on this docket. Attached is a document containing Fresh Energy's full recommendations. We have made some refinements for clarity and to make them more in line with possible decision options. The equity recommendations from our initial comments are still relevant and have been included here as Recommendations 6 - 11. We have also specified which of the DOC's recommendations we support. Please note, our Recommendation 5 is meant to be an alternative to DOC #7. We think requiring that conversation to occur in a separate docket is important.

Please let us know if you have any questions.

Thanks!
Will

[Will Mulhern](#)
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From: Terwilliger, Hanna (PUC) <hanna.terwilliger@state.mn.us>
Sent: Tuesday, February 3, 2026 12:59 PM
To: Will Mulhern <mulhern@fresh-energy.org>; Shubha Harris <Harris@fresh-energy.org>
Cc: Nikitas, Sophie (She/Her/Hers) (PUC) <sophie.nikitas@state.mn.us>
Subject: Xcel DCP comments - request for clarification

Hi Will and Shuba,

In order to make sure staff accurately reflects your position in the briefing papers for Xcel's Capacity*Connect proposal, could you please provide a word document with a numbered list of your complete recommendations? Specifically, do the

recommendations on a Supplier Diversity plan on page 4 and a stakeholder Equity group replace the language from similar recommendations from your initial/reply comments? As you compose the list, please word the recommendations as you would want them to appear in a list of decision options. Additionally, if there are any recommendations from the Department's January 27 letter you support, please indicate which ones.

If you are able, provide the list by Friday, February 7. If you need more time please let us know.

Sophie and I plan to file the response as a permissible ex parte communication in the interest of transparency.

Thank you,

Hanna Terwilliger

Analyst Coordinator – Distribution Planning | Economic Analysis

Pronouns: She/Her

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Fresh Energy complete recommendations

Recommendation #1: Approve Xcel's Phase 2 Capacity*Connect proposal for up to 200 MW of Company owned and - operated distribution-interconnected BESS with modifications specified in Fresh Energy's subsequent recommendations.

Recommendation #2: Require the Company to site assets in locations that maximize its ability to learn from Phase II, while operating assets for bulk system benefits. This should include siting, where possible, based on:

- Identified reliability issues.
- Deferred transmission and distribution investment opportunities.
- Locations with high penetrations of DERs, grid congestion, and/or Daytime Minimum Load issues.
- Locations where the asset could operate as a local reliability and clean energy resource, directly supporting under-performing distribution feeders that serve the designated areas.

The Company should use the data collected from these assets to construct theoretical test cases that demonstrate how these resources would have performed if dispatched for distribution benefits. These test cases should be reported in the Interim Program Assessment.

Recommendation #3: Require Xcel to propose an approach for evaluating the following in its evaluation plan:

- How DERMS dispatch decisions reflect tradeoffs between bulk and distribution system benefits.
- The extent to which concurrent benefit streams were realized in Phase 2.
- Alignment between MISO dispatch requirements and dispatch for distribution system value, understanding the Company is not expected to dispatch these assets for distribution system value in Phase 2.
- Detailed discussion of its experience siting C*C assets.
- Analysis of the potential benefits had the asset been operated to capture a specific distribution value stream (as specified in Fresh Energy Recommendation 2).
 - This should be informed by a feeder-level power flow analysis and an associated cost-benefit analysis.

Recommendation #4: Notice a comment period following the submission of the Interim Program Assessment to allow stakeholders to provide input on the report and program progress. The Commission could use this opportunity to issue any course corrections it deems necessary based on the report's findings.

Recommendation #5: In a separate docket, direct Xcel to collaborate with stakeholders to develop and file a proposal for a behind-the-meter Virtual Power Plant (VPP) program by July 1, 2027. As part of this docket, require Xcel to submit compliance filings reporting on the progress of the Colorado AVPP program and its relevance to Minnesota.

Recommendation #6: Direct Xcel to create a C*C-specific Equity Advisory Group that meets with Xcel and Sparkfund at least four times per year to ensure site selection, host benefits, engagement of diverse suppliers, and workforce outcomes meaningfully reach under-represented communities. Require an Xcel executive to attend each meeting and recommend a Sparkfund executive attend each meeting. Require Xcel to pay compensation to the C*C-specific Equity Advisory Group.

Recommendation #7: Require Xcel and Sparkfund to design and implement Phase II of the C*C so that, to the greatest extent technically and economically feasible, at least 40% of total, measurable project benefits accrue to the designated areas. Benefits should be defined broadly to include reliability and power-quality improvements, economic development and supplier diversity, host-site payments and community benefits, workforce and training opportunities, and any net customer bill or arrearage reductions. If the 40% threshold is not achieved, the Company should be required to file an explanation and a compliance plan with additional steps to close the gap.

Recommendation #8: Require the following actions to support sourcing from diverse suppliers:

- Set a target that at least 25% of total Phase II spend is with certified diverse suppliers with transparent annual reporting.
- Require prime contractors to report and meet targets for subcontractor diversity, ensuring that diversity is embedded throughout the supply chain.
- Unbundle contracts so smaller businesses can realistically bid on discrete scopes of work.
- Pre-qualify a short list of diverse suppliers and provide:
 - An informational session to help them prepare competitive responses to RFPs.
 - Automatic invitations to bid on relevant RFPs.
- Include at least two external evaluators on RFP selection panels to provide independent oversight of equity goals.
- Pay diverse suppliers on project milestones throughout the project.
- Identify diverse suppliers with relevant capabilities for C*C. Using Xcel and Sparkfund’s own vendor records and external directories (e.g., state-certified diverse suppliers, minority- and women-owned business databases), identify diverse businesses with the capabilities necessary to execute the C*C program, including, but not limited to:
 - Electrical contracting and construction for distribution-connected projects;
 - Site preparation and civil work;
 - Engineering, integration and installation for storage; and
 - Community engagement and community-based organization partners in the designated areas.
- Prequalify a cohort of diverse suppliers capable of performing portions of the C*C work.
- Host at least two “meet-the-buyer” or match-making sessions in 2026 where the pre-qualified firms can connect with Xcel, Sparkfund, and prime contractors to better understand upcoming C*C RFPs and subcontracting opportunities.
- Provide technical assistance (funded through the Training Fund (see recommendation below)) to help the pre-qualified firms meet utility safety, insurance, and performance requirements.
- Report annually on:
 - The number and names of diverse firms contacted, prequalified, and invited to bid on C*C work;
 - The number and percentage of contracts and subcontracts awarded to diverse businesses; and
 - Multi-year relationships that continue beyond initial C*C contracts (i.e., whether the project helped grow a small number of capable diverse suppliers into ongoing utility vendors).

Recommendation #9: Require at least 1% of program budget be dedicated to:

- Technical assistance for diverse businesses preparing to participate in RFPs (e.g., support with proposals, compliance, insurance/bonding, project management systems); and
- Training local workers, with an emphasis on residents of the designated areas, to qualify for jobs associated with C*C projects.

Recommendation #10: Require that at least 25% of cumulative host payments go to site hosts that are either:

- Located in the designated areas; and/or
- Certified diverse businesses; and/or
- Community-based organizations serving the designated areas.

If less than 25% is achieved, the Company should file an explanation and a compliance plan with additional steps to close the gap. Xcel and Sparkfund should also be required to work with each host to determine the benefits the host would like to receive and include host benefits in each host-site agreement.

Recommendation #11: Require the Company publish a live, public map of C*C sites showing:

- Location of projects, as appropriate given CEI considerations;
- Total number of MW and projects and MW and number of projects deployed in the designated areas;
- Total spend and percentage of spend with diverse suppliers;
- Jobs created (with as much geographic and demographic detail as feasible);
- Total number and dollar amount of host payments and number and dollar amount of host payments going to site hosts in the designated areas.

Department of Commerce recommendations Fresh Energy supports

- DOC Recommendation 5
- DOC Recommendation 8
- DOC Recommendation 10
- DOC Recommendations 9 and 11, if Fresh Energy Recommendation #3 is not adopted.