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Xcel Energy Information Request No. 12  
Docket No.: E002/M-25-378  
Response To: Minnesota Public Utilities Commission  
Requestor: James Worlobah, Hanna Terwilliger, Sophie Nikitas  
Date Received: February 26, 2026

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Question:

Please provide an update on the status of Phase 1 of C\*C and activities undertaken to date.

Response:

The Company – along with its implementation vendor partner, Sparkfund – has been working to implement Phase 1 of Capacity\*Connect (C\*C) and is in the process of site host acquisition, procurement, and planning.

Phase 1 of C\*C is designed as a structured research, development, and demonstration to establish capabilities required to procure, deploy, and operate distributed battery energy storage systems (BESS) on the distribution system. Through this phase, Xcel Energy and Sparkfund are developing the operational infrastructure - including program governance, engineering standards, procurement pathways, host acquisition processes, interconnection workflows, and dispatch integration architecture - necessary to enable C\*C assets to be deployed safely, efficiently, and in alignment with program and system needs.

Since the approval of Phase 1,<sup>1</sup> foundational activities have included establishing the program’s operational management framework; developing technical design standards and procurement processes for the Phase 1 battery systems; initiated a site host acquisition program and evaluated more than 200 potential locations across targeted feeders; beginning permitting and interconnection preparation in coordination with authorities having jurisdiction (AHJs) and the Company’s distribution planning teams; and advancing the architecture required to dispatch the resources as a portfolio tool.

The program has also taken concrete steps toward physical deployment. In December 2025, the Company placed an order for approximately three inverters that would accompany 3 MW/12 MWh of BESS equipment in compliance with federal

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<sup>1</sup> Assistant Commissioner’s Decision Addenda in Response to Xcel Energy’s Proposed Modifications to its 2024-2026 Energy Conservation and Optimization Triennial Plan (Docket Nos. E,G002/CIP-23-92 & E002/RP-24-67), September 3, 2025.

Investment Tax Credit Safe Harbor requirements, securing hardware that will underpin Phase 1 demonstration projects. Concurrently, we have progressed site host negotiations, with one prospective location in late-stage discussions as of the date of this response, and additional qualified sites under active outreach.

We describe the structured and collaborative effort to execute Phase 1 across five core active workstreams below.

## **1. PROGRAM OPERATIONAL FRAMEWORK**

The first months of Phase 1 focused on establishing the program management structure, internal alignment, and operational processes for a new program. Formal workstreams were established across various functional work groups across both Sparkfund and Xcel Energy. A comprehensive project lifecycle, project management plan, recovery and contingency plan, and division-of-responsibilities framework were developed and refined through iterative collaboration with Xcel Energy cross-functional teams.

## **2. TECHNICAL DESIGN, ENGINEERING & PROCUREMENT**

The Company and Sparkfund have been collaborating to develop a preliminary design package. Conforming and non-conforming BESS archetypes were defined, a conforming design process was established, and skid design was initiated. A comprehensive bidding template and templated project scope of work were drafted, revised, and refined. A Minnesota market and vendor assessment was completed, including an identification and evaluation of Original Equipment Manufacturers (OEMs). As noted above, in December 2025, the Company ordered the invertors for 3 MW / 12 MWh of battery storage for Phase 1 projects. Bid management processes, subcontracting agreement templates, and vendor onboarding processes are being finalized, informing the creations of a joint procurement toolkit for Phase 2.

## **3. SITE HOST ENGAGEMENT & ACQUISITION**

One of the most substantive bodies of Phase 1 work has been site host engagement. The Company and Sparkfund have collaborated to develop messaging supporting the host value proposition, engagement strategy, outreach plan, marketing materials, proposal template, call scripts, and a Site Host Agreement for testing across prospective site hosts. Host engagement was formally launched in September 2025, with evaluation of more than 200 candidate sites across selected feeders, and outreach conducted to more than 30 qualified hosts. This initial evaluation and outreach has surfaced strong interest from community-oriented institutions. As of March 2026, one site in Woodbury is in late-stage negotiations to serve as the first site host, and outreach is underway on eight additional qualified sites — positioning Phase 1 to move into construction upon Site Host Agreement execution.

#### **4. PERMITTING, INTERCONNECTION & DISPATCH INTEGRATION**

Phase 1 has also initiated the permitting and interconnection pathways essential to bringing projects online. We began engaging with AHJs, and fire safety and sound protection collateral were developed to support local approval processes. On interconnection, preparation of MNDIA filings is underway pending Site Host Agreement execution. We continue to learn more from MISO about the nuances of different registration models which is guiding our development of the dispatch plan, which at a minimum will be on a fixed schedule.

#### **5. PROGRAM LEARNING, RISK MANAGEMENT & PHASE 2 READINESS**

Formal key learning reviews are being conducted monthly and codified in comprehensive learnings reports. Risks across site host acquisition, permitting, equipment sourcing, and distribution system integration have been actively tracked and mitigated in real time, with process reforms incorporated into updated lifecycle documentation. These learnings are directly informing the design and execution approach for Phase 2, including host pipeline refinements, procurement strategy, project scope of work structure, and distribution system integration planning. Taken together, the Phase 1 workstreams described above are not simply about deploying 3 MW of storage — they are building institutional knowledge, standardized processes, vetted vendor relationships, contractual templates, and operational tools that will allow Xcel Energy to execute a much larger distributed capacity portfolio efficiently, safely, and in service of customers.

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