

October 21, 2024

Will Seuffert
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Letter from the Minnesota Department of Commerce, Division of Energy Resources
Docket No. E002/M-20-86

Dear Mr. Seuffert:

The Minnesota Department of Commerce, Division of Energy Resources (Department) respectfully submits this letter with a recommendation in response to Xcel Energy's October 4, 2024 reply comments. For the reasons and concerns the Department stated in its September 20, 2024 comments, the Department believes the most prudent course of action is for the Minnesota Public Utilities Commission (Commission) to order Xcel to set aside the pilot, and put its resources toward the development of a default general service time of use (TOU) rate by the November 1, 2025 target in the Commission's prior Order.¹

After careful review of Xcel's reply comments, the Department remains concerned over the potential participation levels in Xcel's General Service TOU Rate Pilot Program. Without a greater success rate among pilot eligible commercial & industrial (C&I) customers contacted by Xcel, the Department believes the General Service TOU Rate Pilot Program will fail to meet its objectives, which require obtaining statistically significant results, under both the general TOU and CPP rate plans, to help inform a default General Service TOU rate by November 1, 2025. The Department believes Xcel would achieve better results by working with stakeholders to develop a default general service TOU rate using current Xcel peak load data and best practices from other examples of TOU rates across the nation.

The Department believes three-period TOU rates can effectively shift load from peak to off-peak hours and C&I customers can be accepting of these rates. The Department disagrees with Xcel's conclusion from the low level of participation in the TOU rate pilot that the rates as designed in the pilot are not broadly appealing to Xcel's C&I customers.² In its response to the Department's Information request to list the reasons customers gave for not being interested in participating in the pilot under the General

¹ Commission Order to Conduct Pilot Programs for General Service Time-of-Use Rates and Setting Procedural Schedule, July 16, 2021, Ordering Paragraph 2(eDocket No. 20217-176217-01), at 14-15.

² Xcel Reply Comments, (eDocket No. 202410-210730-01), at 8.

TOU rate or the CPP rate, Xcel stated that a little over 30 percent of the emails were opened and only 9 percent actually clicked through the information provided in the email.³ Despite the failures of the General Service TOU Rate Pilot, The Department believes that with a better education and outreach plan, Xcel can develop and offer default General Service TOU rates to C&I customers that will effectively shift load and be accepted by the majority of C&I customers.

The Department recommends the Commission order Xcel to suspend the launch of the General TOU Service Rate Pilot Program and proceed directly to working with stakeholders on the design and development of a default General Service TOU rate structure. The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ Peter Wyckoff, Ph.D.
Deputy Commissioner, Division of Energy Resources

AB/ar

³ Department Comments, Attachment B, (eDocket No. 20249-210390-01)at 2 of 3.

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Letter**

Docket No. E002/M-20-86

Dated this 21st day of October 2024

/s/Sharon Ferguson

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