

Staff Memo and Revised Motion

Docket No. E002/M-19-568 (e-filed May 9, 2023)

In the Matter of Xcel Energy's Request for Replacement Solar Energy Purchase Agreements for Elk Creek

On December 9, 2022, Xcel filed a petition requesting approval of the 50 MW Louise Solar Project (Louise) in Mower County, Minnesota and a two-thirds share (30 MW) of the 45 MW Fillmore County Solar Project (Fillmore) in Fillmore County, Minnesota ("Replacement PPAs"). The combined 80 MW from Louise and Fillmore will serve the Company's Renewable*Connect (R*C) expansion program and replace the Elk Creek Solar Project (Elk Creek). Elk Creek was previously intended to supply R*C; however, Xcel later determined that the project was not viable and cancelled the PPA.

On March 16, 2023, the Commission met to consider Xcel's petition. During the agenda meeting, the Commission required Xcel to make a supplemental filing providing information regarding the analysis of the benefits of the Replacement PPAs with the seller, National Grid Renewables (NGR), as well as the prudence of cancelling the Elk Creek Solar PPA. The Commission issued an order on April 14, 2023, reflecting this decision. On March 30, 2023, Xcel filed the required supplemental information. On April 17, 2023, the Department filed comments stating that Xcel sufficiently demonstrated Elk Creek was not viable, and the Replacement PPAs demonstrate a substantial savings over alternative PPAs.

Staff proposes the revised motion below for the Commission's consideration. First, Staff notes the following:

- Xcel's preferred recommendations (Decision Options 1 and 2) were filed on May 2, 2023. Xcel's recommendations request that the Commission (1) find that cancellation of the Elk Creek Solar PPA was a prudent action, and (2) allow Xcel to recover the costs for the Replacement PPAs, as well as interim replacement energy, RECs, and capacity, from R*C customers.
- Staff option 3 is a variant of Xcel Recommendation 2. Order Point 2 of the April 14, 2023, Order indicated there may be an adjustment of recovery based on prudence review. This language makes clear no adjustment based on prudence review is necessary, but that the original conditions to recovery from the April 14 Order (these were in Order Point 1 of the April 14 Order) remain in effect.

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Decision Options

1. Find that the cancellation of the Elk Creek Solar PPA was prudent. *(Xcel, 5/2/23 letter)*

[AND]

2. Allow Xcel Energy to recover the costs for the approved Solar Energy Purchase Agreements – Louise Solar Project and Fillmore County Solar Project – and interim Replacement Energy, RECs, and Capacity from Renewable*Connect customers. *(Xcel, 5/2/23 letter)*

[OR]

3. Find that based on its review of the prudence of the Elk Creek Solar PPA cancellation, no adjustments to the conditions of cost recovery set forth in the April 14, 2023, Order are warranted. *(Staff variant of Xcel recommendation 2).*

The Commission can move options 1 and 2 *or* options 1 and 3. (Of course, the Commission can decide that the cancellation of the PPA was imprudent, but no party recommends that action.) Staff recommends Decision Options 1 and 3.