

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



Re: Xcel DCP comments - request for clarification

From Sarah Whebbe <swhebbe@mnseia.org>

Date Mon 2/2/2026 4:11 PM

To Terwilliger, Hanna (PUC) <hanna.terwilliger@state.mn.us>

Cc Nick Bowman <nick@communitysolaraccess.org>; Andrew Linhares <alinhares@seia.org>; Nikitas, Sophie (She/Her/Hers) (PUC) <sophie.nikitas@state.mn.us>

 1 attachment (4 MB)

Joint Solar Parties Recommendations_25-378.docx;

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Hanna and Sophie,

Attached is the document containing a numbered list of your complete recommendations as reflected in our supplemental comments. I've indicated where our recommendations align with the recommendations in the Department's January 27 letter, including whether we support the sub recommendations. I've also indicated where we have offered modified recommendations. Recommendation 12 is a Joint Solar Parties recommendation that is supplemental to the recommendations in the Department's January 27 letter.

I'm happy to provide further clarification if needed.

Sarah

On Fri, Jan 30, 2026 at 11:44 AM Terwilliger, Hanna (PUC) <hanna.terwilliger@state.mn.us> wrote:

Hi all,

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 as reflected in your supplemental comments? As you compose the list, please word the recommendations as you would want them to appear in a list of decision options. In this list please also indicate which recommendations align with the Department's January 27 Letter. Include whether you support the sub recommendations as well (ex, 1.1, 1.2, 1.3)

If you are able, provide the list by Wednesday, February 4. 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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Sarah Whebbe

Senior Policy and Regulatory Affairs Associate

Minnesota Solar Energy Industries Association (MnSEIA)

Cell: 651-470-0347



The following recommendations are worded as we would want them to appear in a list of decision options. Recommendations that are aligned with the recommendations in the Department's January 27 Letter are indicated as such.

Recommendations that are modifications of the recommendations in the Department's January 27 Letter are indicated by the text “Joint Solar Parties (#), modifying the Department’s Recommendation (#) with proposed modifications in *underlined italics*. Our intent is to offer these modified recommendations as alternative Decision Options to the recommendations in the Department's January 27 Letter.

Recommendation 12 is a Joint Solar Parties recommendation that is supplemental to the recommendations in the Department's January 27 letter.

1. Recommendation 1, in alignment with Recommendation 1 in the Department's January 27 Letter. We support sub recommendations 1.1, 1.2, and 1.3 (i-iii).

Direct Xcel to implement a diversified siting and operational strategy by testing the following three distinct archetypes to validate the full range of potential system benefits.

1.1 Economic Arbitrage: Xcel shall site a portion of C*C assets in locations selected to maximize energy market arbitrage value based on nodal Locational Marginal Pricing (LMP). This archetype must prioritize locations with the greatest spread between off-peak charging and on-peak discharging prices.

1.2 Reliability and T&D Deferral: Xcel shall site a portion of C*C assets to function as Non-Wires Alternatives (NWAs) to address documented distribution reliability issues or to defer specific, budgeted infrastructure investments. Siting in this archetype should prioritize historically under-invested areas to align with equity goals, improving service quality and ensuring grid modernization benefits reach vulnerable ratepayers.

DER Congestion, Hosting Capacity, and the DSRUP Pathway: Xcel shall site a portion of C*C assets on feeders with high penetration of DERs experiencing grid congestion issues, specifically those characterized by low Day-time Minimum Load (DML). To ensure these assets directly support the expansion of hosting capacity and the fulfillment of the Company’s Distributed Solar Energy Standard (DSES) obligations, they shall be implemented according to the following framework:

- i. C*C assets focused on hosting capacity and DML shall be classified both as Flexible Interconnection assets and integrated into the Distribution System Reactive Upgrade Process (DSRUP). As such, these assets will be paid for by developers as a DSRUP asset.
- ii. Assets must utilize the Grid DERMS platform to actively manage and absorb excess solar generation during peak hours. This approach is designed to increase hosting capacity and defer costly traditional infrastructure upgrades.
- iii. The Commission shall evaluate the implementation of this archetype within Docket No. E002,015,017/CI-24-288, which shall request comments on:

1. The technical feasibility of integrating C*C assets as Reactive Cost Share Distribution Upgrades within DSRUP.
2. The willingness to accept curtailment if the MISO capacity need does not fully align with the DSRUP capacity need.
3. The implementation of Xcel's adjusted revenue requirement (ARR) split between C*C and DSRUP capacity needs.

2. Joint Solar Parties 2, modifying the Department's Recommendation 2 with proposed modifications in underlined italics:

Require a Phase 2 "Distribution Value Identification & Avoided Distribution Cost Workplan" (with deliverables, deadlines, and reporting). The Commission should require Xcel to develop, file, and execute a Distribution Value Identification & Avoided Distribution Cost Workplan as a core component of Phase 2 implementation. The Workplan should be 180 days after Commission Order. It must establish a Minnesota specific, transparent method to quantify avoided generation, transmission, and distribution values ~~both systemwide and locational avoided distribution system costs~~ for distribution-connected storage and aggregated DER, and apply that method to Phase 2 siting, operations, and benefit-cost evaluation.

- A. Project-level distribution need statement and study scope for each Phase 2 asset (feeder/substation context; constraints addressed; operational objective(s); relevant planning horizon).
- B. Feeder- and substation-level power-flow modeling across the system, including—for feeders with identified grid needs—at least a "wires-only" case and a "DER-inclusive" case, to identify constraints, quantify impacts, and test dispatch requirements and operating envelopes.
- C. Minnesota-specific marginal distribution cost methodology that translates distribution planning drivers (capacity, reliability, voltage, losses, hosting capacity, etc.) into avoided-cost metrics suitable for benefit/cost analysis (e.g., \$/kW-year and other appropriate units), with clear assumptions, data sources, and ranges/uncertainty bounds.
- D. Ex-ante distribution value forecasts identifying candidate deferrals/avoidances and expected distribution benefits, plus a corresponding ex post measurement and verification plan to evaluate realized distribution outcomes and explain variance.
- E. Discussion of how Xcel plans to integrate Recommendation 2 A through D into the complementary behind-the-meter Virtual Power Plant program developed under Recommendation 7.
- F. The Workplan must also describe how the avoided cost values will be used to evaluate bids in a competitive RFP process.

3. Recommendation 3, in alignment with Recommendation 3 in the Department's January 27 Letter.

Require Xcel to provide information on mechanisms to ensure transparency and accountability in the sole-source selection of Sparkfund, including market-rate justification for costs.

4. **Recommendation 4, in alignment with Recommendation 4 in the Department's January 27 Letter. We support sub recommendations 4.1, 4.2, and 4.3**

For C*C assets that increase hosting capacity, authorize an expedited interconnection process for C*C assets that maintains functional compliance with MN DIP technical safety and grid protection standards.

Recommendation 4.1. For C*C assets that maximize energy market arbitrage value, or function as NWAs, authorize C*C projects to be exempt from the MN DIP if the C*C interconnection utilizes generation-hosting capacity reserved by Xcel's Technical Planning Standard (TPS). Direct Xcel to prioritize the siting of assets at distribution nodes with high generation-hosting capacity to minimize deployment delays and avoid triggering significant system upgrades.

Recommendation 4.2. Direct Xcel to ensure that all utility assets that use the TPS reserved capacity or bypass MN DIP for expedited interconnection do not displace or negatively impact DER applicants already in the existing queue. If Xcel chooses not to use the TPS-reserved capacity for C*C assets that decrease generation-hosting capacity, those C*C assets must proceed through the MN DIP.

Recommendation 4.3. Require Xcel to document interconnection studies and distribution upgrades for each site in quarterly reports to ensure safety and reliability, even if bypassing the full MN DIP administrative process or utilizing the TPS reserved capacity.

5. **Recommendation 5, in alignment with Recommendation 5 in the Department's January 27 Letter.**

Require Xcel to develop DERMS with an open architecture capable of integrating with third-party aggregators.

6. **Recommendation 6, in alignment with Recommendation 6 in the Department's January 27 Letter**

Authorize future cost recovery of Phase 2 through the RES Rider, subject to Commission review and approval of specific costs.

7. **Recommendation 7, in alignment with Recommendation 7 in the Department's January 27 Letter. We support sub recommendations 7.1, 7.2, and 7.3**

Direct Xcel to collaborate with stakeholders to develop and file a proposal for a complementary market-driven behind-the-meter Virtual Power Plant (VPP) by July 1, 2027.

Recommendation 7.1. The filing must include target residential class customers across the utility territory, enable participation by customer owners, third-party operators and aggregators, and include a community-owned model targeting low-income households.

Recommendation 7.2. The community-owned model should evaluate the aggregation of multiple DERs, and supported by a financially-feasible tariff designed to deliver reliable financial benefits to low-income participants.

Recommendation 7.3. The proposal should include a tariff designed to provide fair compensation for the services provided by behind-the-meter assets.

8. Recommendation 8, in alignment with Recommendation 8 in the Department's January 27 Letter.

Refine equity approach to track specific, quantifiable metrics such as the percentage of subcontracting dollars awarded to MWBE and evidence of active consultation with host communities—to include residents not receiving host payments—in EJ areas regarding site aesthetics and safety.

9. Recommendation 9, in alignment with Recommendation 9 in the Department's January 27 Letter.

Require Xcel to file a DCP Phase 2 Evaluation Plan within 180 days of Commission Order, including a methodology for quantifying avoided T&D costs and asset accreditation with MISO.

10. Recommendation 10, in alignment with Recommendation 10 in the Department's January 27 Letter.

Require quarterly program status reports covering deployment status, budget expenditures, archetype performance (with M&V data), Grid DERMS efficacy, interconnection studies, labor standards compliance, and equity progress.

11. Joint Solar Parties 11, modifying , modifying the Department's Recommendation 11 with proposed modifications in underlined italics.

Direct ~~Commerce~~ Xcel to conduct an Independent, Comprehensive Third-Party Evaluation that includes information relevant to that evaluation after 20 MW of capacity is operational or after 2 years, whichever occurs first.

- A. A detailed discussion of how Grid DERMS dispatch decisions reflect tradeoffs between bulk system and distribution system benefits.
- B. A detailed discussion of how Xcel's DERMS investments to date are capable of integrating with third-party aggregators (Recommendation 5), and any associated challenges and next steps
- C. An analysis documenting which concurrent benefit streams were realized and the alignment between MISO dispatch requirements and distribution system value.

- D. A detailed discussion of the challenges and barriers faced when siting DCP assets in Phase II.
- E. The cost and benefits of each use case in Recommendation 1, with a comparative analysis for each use.

12. Joint Solar Parties Recommendation 12.

Require Xcel to conduct a quantitative economic evaluation comparing the proposed utility-managed model against alternative structures, including third-party-owned assets, customer-owned resources, and Virtual Power Plant (VPP) models.

1.1 Establish a definitive timeline and formal requirements for the solicitation of third-party-owned front-of-the-meter assets within the program.

1.2. Direct Xcel to evaluate and incorporate a broader suite of ownership and commercial arrangements, such as "build-own-transfer" or "build-transfer" structures, to leverage competitive market expertise.

1.3 Require that all grid and siting data utilized by Xcel for project selection be made available to foster a transparent and competitive deployment environment.