

In the Matter of Northern States Power Co.'s, d/b/a Xcel Energy's, Petition for Approval of Large General Time of Day Service customers and Large Peak Controlled Time of Day Service Tariffs

PUC Docket Number: E002/M-25-289

LIUNA Minnesota and North Dakota appreciates the opportunity to offer comments to the Minnesota Public Utilities Commission ("Commission") on the petition filed by Xcel Energy ("Xcel") for approval of a new tariff designed to support the addition of new load from data centers and other large electricity customers while protecting existing customers from risks associated with investments required to serve such loads ("Large Load Tariff"). We intend to offer comments in this round at a high level and look forward to reviewing the comments of other parties and responding in greater detail in replies.

Over the past few years, the United States and the rest of the world have seen unprecedented growth in the development of data infrastructure, not only to meet rising demand for cloud computing and storage services, but also to support the operation of Large Language Models and other forms of artificial intelligence. Skyrocketing growth in the volume for data processing has in turn helped to accelerate growth in the electric sector that was already anticipated due to the coming electrification of buildings, transportation, and certain industrial processes.

Minnesota is well positioned to benefit from historic levels of investment in the construction and operation of data centers, which have the potential to create tens of thousands of construction jobs building facilities and associated generation assets; hundreds millions of dollars in tax revenues and efficiency programs investment; and new beneficial load that can help spread existing fixed costs and fund critical clean energy projects. In addition to our cold climate and aggressive 100% by 2040 carbon-free standard, Minnesota also benefits from our model for utility planning and regulation, which largely protects existing customers (and sometimes allows them to benefit) from the impacts of rapidly growing demand on wholesale markets.

In our view, Xcel's proposed Large Load Tariff is consistent with Minnesota's approach to climate and consumer protection, and sufficiently flexible to allow for innovation and accommodate the needs of data center and other large customers with diverse goals and business models. The proposed Large Peak Controlled Time of Day Service tariff recognizes that many data center customers require reliable power 24 hours each day and 365¼ days each year in order to meet the terms of contracts with their own customers and ensure efficient use of massive investments in processing hardware and software.

At the same time, Xcel has proposed offering a Large Peak Controlled Time of Day Service tariff and revised Tier 1 Energy Controlled Service rider tariff which will encourage data center operators to explore opportunities to participate in demand response products when the grid is under strain or when prices spike. The addition of large, stable load will contribute inherently to improved utilization of the grid, and to the degree that cooling represents a large share of that load, the benefits of data center additions will grow with Xcel's likely shift to a winter/nighttime-peaking system where data center demand could be lowest when demand

associated with building heat and electric vehicle charging is highest. Nonetheless, given the potential size of new data center load could be so large that even modest incremental utilization of demand response could generate significant benefits.

The proposed Large Load Tariff also includes important consumer protections, including a default agreement term of 15 years, a two-year notice for early termination, and an exit fee that amounts to 75% of up to 10 years of demand charges. The tariff also includes an Incremental Cost Test, which we understand as a true-up mechanism designed to ensure that the actual cost of serving new data center load does not exceed associated revenues due to unanticipated circumstances, including unexpectedly high cost of new generation or other necessary resources.

We agree that the framework proposed in the Large Load Tariff is generally consistent with both the language of Minn. Stat. § 216B.02, Subd. 11 and the Commission's Order in this case. We also agree that it is appropriate to include within the framework flexibility to negotiate different terms that provide equivalent or greater benefit to other customers, including different minimum contract durations or exit provisions, subject to review and approval by the Commission.

We look forward to reviewing reactions from other stakeholders, but at this point, we view the proposed tariff as protective but not overly punitive toward an emerging industry that will have tremendous benefits for Minnesotans – and for which locating in Minnesota could have tremendous benefits for our climate – as long as we get it right. The only addition we would suggest is that Electric Service Agreements should provide information on associated socioeconomic benefits, including the anticipated quantity and quality of construction and permanent jobs associated with proposed new large loads.

We thank the Commission for your consideration and ask you to approve Amazon's petition

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Respectfully Submitted,
LIUNA Minnesota & North Dakota

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