

Staff Briefing Papers

Meeting Date August 27, 2020 Agenda Item **4

Company Northern States Power Company, dba Xcel Energy


Docket No. **Docket No. E002/M-20-503**

In the Matter of the Petition of Northern States Power Company for Approval of a One-Time Waiver to the Company Tariff Requirements for Peak Control Services

Issues

1. Should the Commission approve the one-time waiver to the tariff for 2020?
2. Should Xcel file a compliance tariff reflecting the waiver?

Staff Robert Manning Robert.manning@state.mn.us 651-201-2137

 Relevant Documents	Date
Initial Filing – Petition	May 21, 2020
Comments – Department of Commerce	June 11, 2020
Reply Comments – Xcel Energy	June 25, 2020
Letter – Department of Commerce	July 6, 2020

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The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

I. Statement of the Issues

1. Should the Commission approve the waivers requested by Xcel to the Peak Controlled Services Tariff (Rate Code A23) through December 31, 2020, to provide relief to customers during the COVID-19 pandemic?
2. Should the Commission require Xcel to file a compliance tariff specifying the waivers and the time limits?

II. Background

Xcel's Peak Controlled Services tariff is one of several programs from Xcel which are designed to allow Xcel to call on customers to reduce load during peak usage events. Peak Controlled Services customers must have the ability to reduce their load to a level at or below a pre-designated 'firm' load level on 'control' days. These events often occur during summer but can potentially happen in any season – the most recent such event at the time of filing was January 2019. There are approximately 1,762 customers on the various peak controlled or energy-controlled service tariffs, totaling approximately 411 MW of interruptible load.

To receive credit against capacity requirements for these customers through the MISO tariff, Xcel must register these 'demand response' resources with MISO. Customers who fail to curtail load at peak controlled periods are subject to significant penalties and may be removed from the Peak Controlled Services tariff and placed on higher firm load rates. Due to this requirement, Xcel's Peak Controlled Services tariff and related riders require that customers designate to Xcel specific 'firm' and 'interruptible' load components and maintain a minimum interruptible demand level.

Customers on these tariffs have expressed concern to Xcel that changes in load needs during the Covid-19 event have made it more difficult for those customers to meet their peak-load obligations. Some customers have significantly curtailed load and are concerned that they will be unable to curtail load further in case of a peak event. Other customers have had changes which render it more difficult to reduce load temporarily.

Xcel reviewed its peak control programs, and found that during this COVID-19 event, the Company could temporarily relax some program requirements. Xcel is thus seeking a one-time waiver of several requirements, to expire on December 31, 2020.

1. A limited one-time waiver of the charge for increasing the level of firm service by changing the Peak Demand Level to a higher level, which reduces interruptible load.
2. A temporary waiver of the 50-kW minimum controllable load requirement.
3. A waiver to allow customers to cancel their contract and transfer to Peak Partner Rewards without financial penalty.

Customers would still be charged for installation and removal of equipment provided by the Company for the program.

A. Charge for Increasing the Level of Firm Service

Ordinarily, customers on the Peak Controlled Services Tariff who are past the trial period are required to pay the greater of the differential between interruptible and firm demand charges for 18 months, or all penalties imposed due to failure to control during the same period. The waiver would allow customers to permanently increase their firm load without penalty through December 31, 2020.

B. Minimum Controllable Load Requirement

Ordinarily, customers on the Peak Controlled Services Tariff are required to have at least 50 kW of minimum controllable load. This waiver would allow these customers to temporarily have the 50-kW minimum waived so that they can make long-term tariff decisions without having their actions dictated by short-term contingencies for Covid-19. Customers on this option will not be automatically removed in 2020 or need to reapply for return but would still be subject to non-compliance penalties if they fail to meet their new obligation.

C. Contract Cancellation Notice and Charges.

Current tariff rules require 3-year notice for Tier 1 customers and 6-month notice of cancellation for Tier 2 customers. The cancellation charge is the difference between general service demand charges and Peak Controlled Service tariff demand charges over the most recent 36 months (Tier 1) or 18 months (Tier 2). Xcel is requesting that current Peak Control Services customers who are interested in transferring to the Peak Partner Rewards program be allowed to do so without paying the cancellation charge or the notice requirement. This only applies when transferring to the Peak Partner Rewards program.

The Peak Partner Rewards program offers bill credits and access to electric load profile data to business customers who agree to reduce their electrical loads when the electric grid experiences peak demand periods. This program allows participation with as little as a 25kW commitment, half of what is required under the Peak Controlled Services tariff. It has a 12 month automatically renewable term and applies to peak periods throughout the year.

III. Parties' Comments

A. Department of Commerce, Division of Energy Resources

On June 11, 2020, the Department generally recommended approval of the tariff filing. The Department did recommend that Xcel be required to submit tariff sheets identifying the tariff requirements subject to the one-time waiver, and the time period during which the waiver will be in effect.

The Department also noted that not all programs under Xcel's Conservation Improvement Program (CIP) are tarified, including the Peak Partner Rewards program being offered as the

alternative to the Peak Control Services Tariff. The Department requests explanation from Xcel as to its reasoning about when CIP programs should or should not be tariffed.

B. Xcel Energy Reply Comments

On June 25, 2020, Xcel filed reply comments to the Department recommendation.

Xcel prefers not to file temporary tariff changes due to potential for customer confusion. Xcel cites a similar short-term waiver for Peak-Controlled Services in Docket No. E-002/M-15-189. Xcel wishes to avoid any circumstances where new customers who sign up during the waiver period may be confused about the ongoing terms of their tariff.

Xcel explains that programs which provide energy conservation performance incentives or rebates are approved by the Department under the Conservation Improvement Program (CIP). Rebates and administration of the rebates are then funded under the CIP Adjustment Rider, under Minn. Stat. § 216B.241 and approved by the Commission. Xcel would consider tariffing this or other CIP programs if a disproportionate amount of CIP adjustment rider cost recovery falls to load management vs. conservation opportunities or if the Company otherwise determines it is reasonable to structure the program more similarly to the Peak-Controlled Services program.

C. Department Reply Letter

On July 6, 2020, the Department filed a reply to Xcel. The Department understands Xcel's concerns about confusion but continues to recommend some time of identification of the temporary program changes in the tariff. The Department believes a simple reference at the start of each affected tariff that temporary changes are in effect through year-end 2020 and a reference to this docket would be sufficient. The Department continues to recommend approval of these waivers.

IV. Staff Analysis

Staff notes that there is reason to consider whether the Covid-19 emergency may either continue past 2020 or re-emerge in 2021, as it is possible that a vaccine might either not be available or might not be widely promulgated by December 31, 2020. Staff recommends that the Commission consider whether it would be appropriate to give Xcel either direction or latitude to extend these waivers past December 31, 2020 if the Governor's executive order declaring a Peacetime Emergency for COVID-19 continues or is reinstated during 2021.

v. Decision Alternatives

1. Approve Xcel Energy's petition to waive requirements on its Peak-Controlled Service tariff through December 31, 2020 relating to: [a] minimum interruptible load requirements, [b] notice requirements for increases to firm load, and [c] cancellation charges and notice requirements for customers transferring to the Peak Partner Rewards program.

OR

2. Approve Xcel Energy's petition to waive requirements on its Peak-Controlled Service tariff through December 31, 2020 or the end of the Covid-19 peacetime emergency as declared by the Governor, whichever is later, and relating to: [a] minimum interruptible load requirements, [b] notice requirements for increases to firm load, and [c] cancellation charges and notice requirements for customers transferring to the Peak Partner Rewards program.

Department compliance filing recommendation

3. Require that Xcel Energy file a compliance tariff with language regarding the temporary waiver of notice requirements and specifying the termination date.