

October 7, 2025

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

RE: Comments of the Minnesota Department of Commerce
Docket No. E002/M-23-524

Dear Ms. Bergman:

Attached are the comments of the Minnesota Department of Commerce (Department) in the following matter:

*In the Matter of the Petition of Northern States Power Company, dba Xcel
Energy, for Approval of a Residential Time of Use Rate Design*

The Petition was filed by Xcel Energy (Xcel or the Company) on August 14, 2025.

The Department will formalize its recommendation in its Reply Comments. The Department is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ Dr. SYDNIE LIEB
Assistant Commissioner of Regulatory Analysis

AB/RW/KB/ar
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce

Docket No. E002/M-23-524

I. INTRODUCTION

The Minnesota Department of Commerce, Division of Energy Resources (Department) provides its initial comments on Xcel's petition filed in Docket No. E002/M-23-524.

On August 15, 2025, Xcel filed a the 90-day Compliance Plan as required in the Commission's May 15, 2025 Order.¹ Pursuant to the Order, Xcel's Plan should provide a detailed marketing, education, and outreach plan for the approved time-of-rate rollout.² Specifically, the plan must address all listed requirements, including but not limited to:

- Implementation Plan
- Marketing, Education, and Outreach
- Proposed Tariff Changes
- Implementation Budget and Cost Recovery
- Proposed Reporting Requirements³

Xcel also proposes tariff modifications to its Residential Time-of-Use (TOU) Rates, Space Heating Rates, and Net Metering Rates.⁴

The Department withholds its final recommendation for Xcel's Compliance Plan and revised methodology for participation in the Time-of-Use (TOU) rate by Net Metering customers.

¹ *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design, Order Approving Revised Opt-In Proposal and Setting Reporting Requirements*, May 15, 2025, Docket No. E002/M-23-534. (eDockets) [20255-218995-01](#), (hereinafter "TOU Order").

² *Id.* at 8.

³ *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design, Notice of Comment Period*, September 5, 2025, Docket No. E002/M-23-534. (eDockets) [20259-222724-01](#), (hereinafter "NOC").

⁴ *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design*, Xcel, Compliance Filing, August 14, 2025, Docket No. E002/M-23-534. (eDockets) [20258-222108-01](#), at 22 (hereinafter "Compliance Plan").

II. PROCEDURAL BACKGROUND

December 22, 2023	Xcel files its proposal to implement a residential TOU rate for all its residential customers. ⁵
August 16, 2024	Xcel files its Supplemental Letter with a revised TOU proposal. ⁶
May 15, 2025	The Public Utilities Commission (Commission) issues an Order of approval of an opt-in proposal with an on-peak period of 6:00 p.m. and 9:00 p.m. and requires Xcel to file a 90-day Compliance Plan. ⁷
August 15, 2025	Xcel files its 90-day Compliance Plan. ⁸
September 5, 2025	The Commission posts a notice of comment period for the petition. ⁹

Topic(s) open for comment:

- Should the Commission approve, modify, or deny Xcel Energy's revised methodology for participation in the Time-of-Use (TOU) rate by Net Metering customers?
- Does Xcel's Compliance Plan address all of the requirements listed in the Commission's TOU Order, including but not limited to:
 - Implementation Plan
 - Marketing, Education, and Outreach
 - Proposed Tariff Changes
 - Implementation Budget and Cost Recovery
 - Proposed Reporting Requirements
- Are there other issues or concerns related to this matter?

⁵ *Petition of Northern States Power Company, d/b/a Xcel Energy for Approval of Residential Time-of Use Rates*, Xcel Energy, Initial Filing, December 22, 2023, Docket No. E002/M-23-534. (eDockets) [202312-201532-01](#), (hereinafter "TOU Petition").

⁶ *In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy, for Approval of a Residential Time of Use Rate Design*, Supplement Letter, August 16, 2024, Docket No. E002/M-23-524. (eDockets) [20248-209568-01](#) (hereinafter "Revised TOU Proposal")

⁷ TOU Order.

⁸ Compliance Plan.

⁹ NOC.

III. DEPARTMENT ANALYSIS

Xcel filed its TOU Petition on December 22, 2023 for the approval of change to the Company's default rate to a TOU rate with related tariff and rate changes.¹⁰ The Commission approved an opt-in proposal with an on-peak period of 6:00 p.m. to 9:00 p.m. in its TOU Order.¹¹ As part of the Order, Xcel is required to file a 90-Day Compliance Plan, and must include an implementation plan, proposed tariff changes, and an outreach plan for the new rates. Xcel filed the 90-Day Compliance Plan on August 15, 2025.¹² The Department responds to the questions in the Commission notice and provides an analysis of Xcel's 90-day Compliance Plan to assess compliance with the requirements established by the Commission.

A. REVISED NET METERING METHODOLOGY

The Department responds to the following notice topic:

Should the Commission approve, modify, or deny Xcel Energy's revised methodology for participation in the Time-of-Use (TOU) rate by Net Metering customers?

Order Point 4 of the TOU Order states the following:

*Xcel must propose a revised methodology for solar customers to participate in the time-of-use rate and a compensation rate that complies with Minn. Stat. § 216B.164, subd. 3(d) and Minn. R. 7835.0100, subp. 2a, with its 90-day Compliance Plan. The revised option should simplify the netting methodology in Xcel's initial proposal and provide an explanation of how the methodology complies with Minn. Stat. § 216B.164, subd. 3(d) and Minn. R. 7835.0100, subp. 2a.*¹³

Minn. Stat. § 216B.164, subd. 3(d):

Notwithstanding any provision in this chapter to the contrary, a qualifying facility having less than 40-kilowatt capacity may elect that the compensation for net input by the qualifying facility into the utility system shall be at the average retail utility energy rate. "Average retail utility energy rate" is defined as the average of the retail energy rates, exclusive

¹⁰ TOU Petition.

¹¹ TOU Order.

¹² Compliance Plan.

¹³ TOU Order at 7.

*of special rates based on income, age, or energy conservation, according to the applicable rate schedule of the utility for sales to that class of customer.*¹⁴

Minn. R. 7835.0100, subp. 2a defines “Average Retail Energy Rate” to mean “the annualized difference between the system fuel costs that the utility would have incurred without the additional generation facility and the system fuel costs the utility is expected to incur with the additional generation facility.”¹⁵

Pursuant of TOU Order, Order Point 4, Xcel proposes a new Excess Generation-Average Retail Utility Energy Service, Rate Code A60 for Residential net-metering customers who receive Residential Time of Use retail electric service.

[Xcel] [...] propose[s] to use the same methodology currently applied in Schedule C of the Cogeneration and Small Power Production annual report for Excess Generation-Average Retail Utility Energy Service (Rate Code A50) but use only Residential Time of Use Service billing data for the calculations.¹⁶

Rate Code 50 sets the Average Retail Energy Rate Xcel pays for excess generation by a qualifying facility with less than 40 kilowatts of generation. When the energy generated by the qualifying facility exceeds that supplied by the utility during a billing period, the utility must compensate the qualifying facility for the excess energy at the average retail utility energy rate.¹⁷ The A50 Rate Code applies to the extent the energy delivered by the customer exceeds that supplied by the Company during the monthly billing period, and the rates below are for that net excess generation.

Xcel’s proposal in its Compliance plan is to add an additional rate (Rate Code 60) to the Excess Generation-Average Retail Utility Energy Service Rate Schedule for net metered customers who opt-in to receive Residential TOU service. Table 1 shows Xcel’s proposed compensation rates for the new Rate Code 60, which is based on billing data from the same period used for the current Excess Generation Average Retail Utility Energy (Rate Code A50) rates.

¹⁴ [Minn. Stat. § 216B.164, subd. 3\(d\)](#) (2024).

¹⁵ [Minn. R. 7835.0100, subp. 2a.](#)

¹⁶ Compliance Plan at 6-7.

¹⁷ [Minn. R. 7835.4013, subp. 2.](#)

Table 1: Xcel Proposed Compensation Rates – Rate Code A60¹⁸

Rate Code A60	October-May	June-September
On-Peak with Residential Metered Service	\$0.28053	\$0.31582
Mid-Peak with Residential Metered Service	\$0.13956	\$0.15214
Off-Peak with Residential Metered Service	\$0.08211	\$0.07902

Like other electric IOUs, Xcel must file an annual cogeneration and small power production report as required by Minnesota Statutes and Rules, which updates changes to the Average Retail Utility Energy Service Rate for excess generation paid to net metered customers.¹⁹ The Department has reviewed Xcel's methodology for the new Rate Code A60 for net metered customers that opt-in to receive Residential TOU service. The Department withholds its final recommendation and requests Xcel provide in reply comments all the data and calculations used for determining the rates in Table 1 above.

B. COMPLIANCE PLAN

The Department responds to the following notice topic:

Does Xcel's Compliance Plan address all of the requirements listed in the Commission's May 15, 2025 Order, including but not limited to:

- Implementation Plan
- Marketing, Education, and Outreach
- Proposed Tariff Changes
- Implementation Budget and Cost Recovery
- Proposed Reporting Requirements

B.1. Marketing, Education, and Outreach

The TOU Order, at Order Point 11, directs Xcel to file a detailed marketing, education, and outreach plan for the approved TOU rate rollout:

11. In its 90-day Compliance Plan, Xcel must file a detailed marketing, education, and outreach plan for the approved time-of-use rate rollout. This plan shall describe, at a minimum, the following:

¹⁸ *Id.* at 7.

¹⁹ See, for example, *In the Matter of Annual Cogeneration and Small Power Production Filings*, Xcel Cogeneration and Small Power Production Report, Docket No. E999/PR-25-9, January 2, 2025 (eDockets) [20251-213480-01](#)

- a. What customer communications will look like and what form they will take (emails, mailers, notices on customer bills, etc.).
- b. Detailed cost estimates for each feature in Xcel's proposed outreach plan.
- c. Xcel's consideration of additional customer-support staff training to ensure employees are well prepared to answer questions about the new rate.
- d. The timeline of when each step or communication strategy will be implemented.
- e. Xcel's plan to engage and communicate with customers who are traditionally underrepresented in energy-decision making, including communities of color and low-income communities.
- f. Any other relevant aspects of Xcel's proposal for customer outreach and education, including those adopted in other decision options.
- g. The potential for automatic enrollment options.
- h. Plans or results of a messaging study that goes beyond customers likely to adopt a time-of-use rate.
- i. How digital, non-digital, and paired marketing, education, and outreach approaches will be leveraged and for which customer segments and/or geographies those messages will be deployed.²⁰

The Department addresses each subpart of the Order Point in turn below.

The Department also considers the Company's compliance with both Order Point 3, which outlines additional requirements specific to outreach for the proposed space heating rate, and also Order Point 8, which includes outreach to existing distributed generation rate customers and training for distributed energy resource (DER) developers.

3. Xcel must take the following actions related to implementation of the Space Heating Rate and include information on the proposed outreach in a 90-day Compliance Plan:

- a. Develop a process to actively facilitate enrollment in the electric space heating rates for customers that receive an air source heat pump through the Energy Conservation and Optimization rider.
- b. Incorporate customer education and awareness of the residential electric space heating rates into customer

²⁰ TOU Order at 8-9.

communications for heat pump rebates to show the full value proposition of installing an air source heat pump.

c. Ensure implementers of complementary programs, such as local government campaigns and future state air source heat pump rebates, are sent education about the new electric space heating rates and materials to promote the new rates.

d. Provide educational resources to contractors to ensure appropriate sizing and switchover temperatures to optimize customer benefits. e. Cross market time-of-use rates with ECO programs.

f. Educate heat-pump related staff, contractors, and customers with a broad range of topics, beyond new time-of-use rates, including electric heating systems that affect operating costs, such as system efficiency, rebate eligibility, proper sizing, and switch-over temperatures.

g. Include a preview of how webpages containing space heating rate information will appear.

8. Xcel must develop and perform targeted outreach to existing distributed generation rate customers on the existing A51 to A56 rate codes to inform them of the new rates and must include its outreach plan in its 90-day Compliance Plan. Prior to rate implementation, the Company must also hold a training for DER developers on the new rate options at a quarterly DER Workgroup meeting.

B.1.1.1. Communication Strategy

Order Points 11.a. and 11.b. relate to Xcel's communication strategy:

Order Point 11.a. What customer communications will look like and what form they will take (emails, mailers, notices on customer bills, etc.).

Order Point 11.i. How digital, non-digital, and paired marketing, education, and outreach approaches will be leveraged and for which customer segments and/or geographies those messages will be deployed.²¹

Xcel anticipates using both digital and non-digital channels to communicate with customers and provides examples of potential strategies. The Company provides a list of different forms of communication and highlights that customer groups, in some cases, may receive both digital and non-

²¹ TOU Order at 8.

digital paired communication.²² Xcel highlights key themes as part of its communication strategy and may group customers based on historical usage patterns, digital engagement levels, and historical utility program participation.²³

B.1.2. Timeline

The TOU Order at Order Point 11.d. further requires Xcel to provide the timeline of when each step or communication strategy will be implemented.²⁴ Xcel anticipates the communication plan to begin in late 2025 and continue through 2027. In early 2027, Xcel will begin long-term active marketing of the rate.²⁵ Table 2 below shows Xcel's anticipated timeline for its TOU communication.

Table 2: Xcel's Communication Plan Timeline²⁶

Time Period	Action
Q4 2025-Q1 2026	Begin communications with residential customers who remain on Residential TOU Rate Pilot rates to provide information in preparation for implementation of new rate.
Q1 2026	Launch of Rate Comparison Tool for residential customer use.
Q2 2026	New Residential TOU Rate replaces existing Residential TOU Rate Pilot rates.
Q2-Q3 2026	Test targeted communication approaches and begin collecting marketing metrics.
Q4 2026-Q1 2027	Active marketing begins to seek additional voluntary enrollments.

Source: Xcel Energy

B.1.3. Staff Training

Per Commission Order Point 11.c., Xcel is required to provide its consideration of additional customer-support staff training to ensure employees are well prepared to answer questions about the new rate.²⁷ Xcel plans to expand its current curriculum to "include an introduction of the TOU rate including basics of the rate design and instructions on where customers can go within MyAccount or the Mobile app to further understand the detailed nuances of their energy usage."²⁸

²² Compliance Plan at 13.

²³ *Id.* at 14.

²⁴ TOU Order at 8-9.

²⁵ Compliance Plan at 14.

²⁶ *Id.* at 15.

²⁷ TOU Order at 8.

²⁸ Compliance Plan at 16.

B.1.4. Communities of Color and Low-Income Customers

Order Point 11.e. requires Xcel to provide a plan to engage and communicate with customers that are traditionally underrepresented in energy-decision making, including communities of color and low-income communities.²⁹ Xcel will consider community partnerships, multilingual communications, culturally relevant messaging, and inclusive events.

B.1.5. Automatic Enrollment

Order Point 11.g. requires Xcel to consider the potential for automatic enrollment.³⁰ Xcel plans to automatically transition TOU pilot customers to the new rate.³¹ All customers will have access to Xcel's MyAccount portal, available via web and mobile, to review rate options through the Rate Comparison Tool. Xcel states that the tool should allow customers to understand the financial impact of each rate option available. Customers who wish to select a different rate may do so using a self-service function of the MyAccount portal.³² The Company discusses that its marketing messages will focus on explaining the benefits and building awareness of TOU as well as informing customers how to access and use the Rate Advisor tool and how to enroll in TOU.³³

In reference to the new space heating rate, Xcel states that the approximately 50,000 customers currently on the electric space heating rate will automatically receive the updated rate beginning October 1, 2025.³⁴ Additional enrollments are voluntary.

B.1.6. Estimated Costs

Commission Order Point 11.b. requires the Company to provide detailed cost estimates for each feature in Xcel's proposed outreach plan. Xcel's proposal for the estimated marketing, education, and outreach costs are in Table 3 below.

²⁹ TOU Order at 8.

³⁰ *Ibid.*

³¹ Compliance Plan at 4.

³² *Ibid.*

³³ *Id.*, at 20.

³⁴ *Ibid.*

Table 3: Xcel Estimated Marketing, Education, and Outreach Costs³⁵

	2025	2026	2027	2028	2029	2030
Creative Development/Management	\$100,000	\$250,000	\$150,000	\$250,000	\$150,000	\$150,000
Digital Advertising	0	\$425,000	\$450,000	\$250,000	\$350,000	\$200,000
Traditional Advertising	0	\$425,000	\$300,000	\$200,000	\$150,000	\$100,000
Events	0	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Direct Mail	0	\$800,000	\$750,000	\$600,000	\$330,000	\$200,000
Annual Total	\$100,000	\$1,910,000	\$1,660,000	\$1,310,000	\$990,000	\$660,000

Source: Xcel Energy

B.1.7. Messaging Study

In Order Point 11.h. Xcel is required to describe “plans or results of a messaging study that goes beyond customers likely to adopt a time-of-use rate.”³⁶ With the purpose of identifying the reach and resonance of its communications, Xcel will “review marketing performance data which may include metrics such as impressions, click-through rates and other engagement indicators from customers likely to adopt TOU rates, as well as those who are potentially less likely to adopt TOU rates.”³⁷ Xcel plans to test targeted communication approaches and begin collecting marketing metrics by Q2-Q3 2026.³⁸

B.1.8. Space Heating Outreach

As part of the 90-day Compliance Plan, Order Point 3 directs Xcel to submit information related to the proposed outreach for the space heating rate:

3.a. Develop a process to actively facilitate enrollment in the electric space heating rates for customers that receive an air source heat pump through the Energy Conservation and Optimization [ECO] rider.

3.b. incorporate customer education and awareness of the residential electric space heating rates into customer communications for heat pump

³⁵ *Id.*, at 22.

³⁶ TOU Order at 8.

³⁷ Compliance Plan at 21.

³⁸ *Id.*, at 15.

rebates to show the full value proposition of installing an air source heat pump.³⁹

As a part of the ECO program, Xcel conducts the Heat Pump Rebate program which supports heat pumps through marketing, education, and awareness campaigns.⁴⁰ In addition to the information already provided to customers, Xcel plans to include content about the benefit of electric space heating upon heat pump installation. In Attachment D of Xcel's Compliance filing,⁴¹ the Company provides "a preview of how webpages containing space heating rate information will appear."⁴²

Additional outreach to stakeholders is required in Order Point 3.c., which ensures that education about new electric space heat rates and promotional material are provided to implementers of complementary programs.⁴³ Xcel plans to leverage its relationships with local governments and have materials available through Xcel's website, Community Relations Managers, and Xcel's Partners in Energy program. Organizations will also have access to space heating materials as they relate to future state air source heat pump rebates.⁴⁴

Furthermore, Xcel is required by Order Points 3.d. and 3.f. to provide education to contractors and other heat-pump related staff:

3.d. Provide educational resources to contractors to ensure appropriate sizing and switchover temperatures to optimize customer benefits.

3.f. Educate heat-pump related staff, contractors, and customers with a broad range of topics, beyond new time-of-use rates, including electric heating systems that affect operating costs, such as system efficiency, rebate eligibility, proper sizing, and switch-over temperatures.⁴⁵

Xcel provides annual training for contractors which includes rebate programs, the space heating rate, and best practices for duct sealing, proper sizing, refrigerant charging switchover temperature settings, and how to match the system to the available air flow.⁴⁶

Xcel proposes space heating training in virtual and in-person formats for internal staff and contractors. Xcel states the training will cover key topics, including rate awareness, rate benefits, eligibility

³⁹ *Ibid.*

⁴⁰ Compliance Plan at 18.

⁴¹ *Id.* at Attachment D.

⁴² TOU Order at 7.

⁴³ *Ibid.*

⁴⁴ Compliance Plan at 19.

⁴⁵ TOU Order at 7.

⁴⁶ Compliance Plan at 18-19.

requirements, and customer enrollment. Additionally, Xcel plans to update and expand current resources to include more detailed content on space heating and other electric heating source options.⁴⁷

B.1.9. Cross Market TOU with ECO Programs

Pursuant to Order Point 3.e., Xcel intends to implement a cross-marketing strategy that will utilize current “communication channels and campaigns to promote the benefits of TOU Rates alongside ECO programs.”⁴⁸

B.1.10. Net Metered Customers and Developers

Order Point 8 requires Xcel to develop and perform targeted outreach to existing distributed generation rate customers enrolled under the A51 to A56 rate codes. Before implementation of communication to customers, Xcel must hold a training for DER developers on the new rate options at a quarterly DER Workgroup Meeting.⁴⁹

Consistent with other TOU messaging, Xcel states it will develop specific outreach materials to inform customers of new rates and provide a description of how the “TOU production rates are calculated for customers who have distributed generation.”⁵⁰ In addition, Xcel will host an informational session on the launch of the TOU rate in a quarterly DER workgroup meeting in 2026.

B.2. Implementation Plan and Proposed Tariff Changes

Order Point 12 of the TOU Order requires Xcel to file as part of its 90-day Compliance filing an implementation plan and its proposed tariffs changes.⁵¹ Order Point 12 also requires several clarifications and additional detail:

12. As part of its 90-day Compliance Plan, Xcel must file the following:

- a. An implementation plan and proposed tariff changes reflecting any modifications approved herein.
- b. Clarification of, if applicable, the transition of existing space heating customers to Xcel’s revised one-period and time-of-use space heating rate.

⁴⁷ *Id.*, at 19-20.

⁴⁸ *Id.*, at 21.

⁴⁹ TOU Order at 8.

⁵⁰ Compliance Plan at 20.

⁵¹ TOU Order at Order Point 12.a.

- c. Clarification on the intersection of the space heating and net metering rates prior to offering these rate options.
- d. The timing of the cancellation of Xcel's existing time-of-use rate and the timing to transition existing time-of-use rate customers to Xcel's revised time-of-use rate, based on its August 16, 2024, filing.
- e. The plan to transition existing time-of-use rate customers to Xcel's revised time-of-use rate, as detailed in its August 16, 2024, filing,
- f. The cost of bill protections and a timeline for preparing its system to offer those protections.
- g. Clarify whether an application could be developed that would use information from the billing system or directly from the meters itself that could be included as a link in customer bills, rather than having the information appear directly on the bill. Include information from any request for information Xcel may issue exploring existence of developers that offer this kind of application.⁵²

The Department discusses each subpart in turn below.

B.2.1. Proposed Tariff Changes

Per Order Point 12.a., Xcel proposes multiple tariff modifications and provides details of the proposed modifications. To align with the order approving the residential TOU rate as an opt-in option with an on-peak period of 6 p.m. to 9 p.m., Xcel provides updated rates in its Petition.⁵³

a. Residential TOU Service (Rate Code A72, A74)

Table 4 below includes both the residential TOU rates from Xcel's Revised TOU Proposal and the Compliance Plan.

Table 4: Residential TOU Service (Rates in cents per kWh)

Peak Time Period	Summer (June-Sept)				Winter (Oct-May)			
	Revised TOU Proposal ⁵⁴		Compliance Plan ⁵⁵		Revised TOU Proposal		Compliance Plan	
	Rate	Ratio	Rate	Ratio	Rate	Ratio	Rate	Ratio
On-Peak	20.443	2.7	21.329	2.9	16.247	2.2	17.314	2.3
Mid-Peak	13.313	1.8	13.468	1.8	11.364	1.5	11.485	1.5
Off-Peak	7.479	1.0	7.479	1.0	7.479	1.0	7.479	1.0

Source: Department Created Using Xcel Data

⁵² *Id.*, at 9.

⁵³ *Id.*, at Order Point 1.

⁵⁴ Revised TOU Proposal at 7.

⁵⁵ Compliance Plan at 23.

The Commission approved the residential TOU rate as an opt-in proposal with an on-peak period starting one hour earlier than the Company's Revised TOU proposal. To accommodate the approved on-peak period, Xcel made a modification of the TOU rate pricing as shown in Table 4 above. The Department requests Xcel provide in reply comments all the data and calculations used for determining the rates for the compliance plan in Table 4 above.

b. Time-Varying Space Heating Rates

In conjunction with approving the residential TOU rate, the Commission also approved a new, time-varying rate for space heating customers. As with the Residential TOU rate, the three-period space heating rate pricing needs to be modified to account for the 6 to 9 p.m. on-peak period. During the summer months, the space heating rate pricing is the same as the Residential TOU Rate pricing shown in Table 4 above. Table 5 below shows the revised three-period space heating rate design for the winter months.

Table 5: Time-Varying Space Heating Rate (Rates in cents per kWh)

	Winter (Oct-May)	
Peak Time Period	Revised TOU Proposal	Compliance Plan
On-Peak	\$0.6537	\$0.6537
Mid-Peak	\$0.6537	\$0.6537
Off-Peak	\$0.6537	\$0.6537

Source: Department Created Using Xcel Data

c. Net Metering Service (Rate Code A57, A58, A59)

In addition to Xcel's modifications discussed in Section A above for its Excess Generation-Average Retail Utility Energy Service (Rate Code A50) net metering tariff to include a new revised methodology for participation in the TOU rate by Net Metering customers (Rate Code A60), Xcel proposes several modifications to its net metering tariffs. Customers on the TOU rate will be eligible for net metering services for Sale to Company After Customer Self-Use (Rate Code A57), Monthly Net Metering (Rate Code A58), and Annual Net Metering (kWh Banking Option, Rate Code A59).

Order Point 7 of the TOU Order approved Xcel's proposed new A57 (Sale to Company After Customer Self-Use), A58 (Monthly Net Metering), and A59 (Annual Net Metering (kWh Banking Option)) rates, subject to the rate calculations included in its 90-day Compliance Plan.⁵⁶

⁵⁶ TOU Order at Order Point 7

In its Compliance Plan, Xcel modified its net metering tariffs to reflect the proposed compensation rates for Rate Code A57, 58 and 59. Table 6 below shows the payment for energy delivered to Xcel in \$ per kWh.

Table 6: Proposed Compensation Rates – Rate Codes A57, A58, and A59 (Rates in cents per kWh)⁵⁷

Rate Codes A57 and A58	October – May	June – September
On-Peak	\$0.04048	\$0.04314
Mid-Peak	\$0.03372	\$0.03532
Off-Peak	\$0.02220	\$0.01973
Capacity Payment for Firm Power per On-Peak kWh	\$0.03049	\$0.24136
Rate Code A59	Annual	
On-Peak	\$0.04146	
Mid-Peak	\$0.03431	
Off-Peak	\$0.02129	
	October – May	June - September
Capacity Payment for Firm Power per On-Peak kWh	\$0.03049	\$0.24136

The Department requests Xcel provide in reply comments all the data and calculations used for determining the rates in Table 6 above.

B.2.2. Space Heating Transition

In response to Order Point 12.b., Xcel states the revised space heating rate took effect on June 1, 2025. The approximately 50,000 customers currently on the electric space heating rate will automatically receive the updated rate beginning October 1, 2025 (the start of the heating season).⁵⁸ The Company states that customers who primarily rely on electric space heating can enroll in the rate now. Other customers, when the TOU rate launches, who choose to enroll will also have the option to enroll in the space heating rate.⁵⁹

In response to Order Point 12.c., Xcel states that customers with on-site solar generation participating in a net metering tariff, who also qualify for the space heating rate, will be allowed to take service under the new residential TOU space heating rate.⁶⁰ The Company states the space heating rate and

⁵⁷ Compliance Plan at 24.

⁵⁸ *Id.*, at 4.

⁵⁹ *Ibid.*

⁶⁰ *Id.*, at 8.

the net metering tariffs are independent and do not have direct interaction with one another.⁶¹ The Department's analysis regarding Xcel's proposed net metering methodology can be found in Section A above.

B.2.3. TOU Rate Transition

The Company provided its timeline for TOU rate implementation in its Petition. In its Revised TOU Proposal, the Xcel had anticipated a quarter four 2024 Commission decision.⁶² The timeline has been updated to reflect the receipt of the Commission's Order in quarter two of 2025. In response to Order Point 12.d., Xcel states the new TOU rate will replace the existing TOU rate in quarter two of 2026, whereas active marketing of the TOU rate to seek additional voluntary enrollments will take place from quarter four 2026 to quarter one of 2027.⁶³ As Xcel will use existing pilot rate codes, TOU pilot customers will be automatically transitioned to the new rate when it is launched. In response to Order Point 12.e., Xcel provided a transition plan and will communicate the new rate change to existing TOU customers in Q3 – Q4 2025.⁶⁴

The Department-created table below compares the proposed timeline from Xcel's current Petition to the "Illustrative Timeline" filed in Xcel's Revised TOU Proposal.⁶⁵ The Department notes that Xcel's current timeline is a delayed when compared to Xcel's Revised TOU Proposal by approximately one quarter.

Item	Compliance Plan ⁶⁶	Revised TOU Proposal ⁶⁷
Commission Order	Q2 2025	Q4 2024
Company presents communication and reporting plan compliance filing	Q3 2025	Q1 – Q2 2025
Stand up billing and technical capabilities	Q3 2025 – Q2 2026	Q1 – Q4 2025
Launch Rate Advisor Tool	Q1 2026 for customers on MN Flex Pricing Pilot Q2 2026 all eligible customers	Q3 2025

⁶¹ *Ibid.*

⁶² Revised TOU Proposal at 15-16.

⁶³ Compliance Plan at 3

⁶⁴ *Id.*, at 3-4.

⁶⁵ Revised TOU Proposal at 15-16.

⁶⁶ Compliance Plan at 3.

⁶⁷ Revised TOU Proposal at 15-16.

Communications with residential customers on current TOU	Q4 2025 – Q1 2026	Q3 – Q4 2025
New TOU rate replaces existing TOU rate	Q2 2026	Q1 2026
Test targeted communication approaches	Q2 – Q3 2026	Q1 – Q2 2026
Garner feedback from customers transitioned to a newly approved TOU rates	Q1 2027	Q1 – Q2 2026
Active marketing begins to seek additional voluntary enrollment	Q4 2026 – Q1 2027	Q3 – Q4 2026

Source: Department Created Using Xcel Timelines

B.2.4. Bill Protections

In its response to Order Point 12.f., the Company states that it estimates the cost to develop a bill protection functionality for its systems would cost approximately \$2 million and take about two years to implement. The Company states that the rate, as approved by the Commission, does not include a bill protection mechanism and as such, the Company did not move forward with a level of scoping that would support implementation.⁶⁸

In response to Order Point 12.g., the Company states that it has explored the possibility of developing an external application that would use billing data from its billing system or AMI meters to provide shadow billing information through a link, rather than directly on the customer's bill.⁶⁹ Xcel states such an application and link is technically feasible, however, such a link would require a login to MyAccount to protect customer data and the company states there are tools already or soon to be available in MyAccount to evaluate different rate options—such as the proposed Rate Comparison Tool.⁷⁰ The Company states that bill calculations in an external application would be very complex and prone to inaccuracies, perhaps resulting in outdated or misleading information to customers.⁷¹ Xcel does not recommend developing an external application for shadow billing.⁷²

⁶⁸ Compliance Plan at 11.

⁶⁹ *Ibid.*

⁷⁰ *Ibid.*

⁷¹ *Ibid.*

⁷² *Ibid.*

However, the Company states it will perform a request for information (RFI) to gather information on the feasibility and cost of implementing shadow billing in the future.⁷³ Xcel states, that the results of the RFI will be included in the first annual report for the TOU rate, in compliance with the Commissions TOU Order at Order Point 10.⁷⁴

B.3. Implementation Plan

In response to a part of Order Point 12.a., Xcel submitted an implementation plan. In its 90-day Compliance Plan, Xcel provides a plan for the implementation of its residential TOU rate that considers, but is not limited to, tool development, marketing and education, timing, budget, staff training, and reporting requirements. As indicated in the sections above, Xcel filed a communication plan that outlines its methods, schedule, and process to review marketing performance data. Xcel plans to update and distribute educational materials and to assist customers and contractors with the rate transition. Additionally, the Company provides multiple timelines in relation to communication and the TOU rate implementation.

B.4. Implementation Budget and Cost Recovery

Xcel provides the following table to detail the total cost to implement the rate, including rate support and Marketing, Education and Outreach (ME&O) efforts.

Table 8
Implementation Budget
(\$ in Millions)

	2025	2026	2027	2028	2029	2030
Rate Implementation	\$1.0	\$2.0	\$0.0	\$0.0	\$0.0	\$0.0
ME&O	\$0.1	\$1.9	\$1.7	\$1.3	\$1.0	\$0.7
Total	\$1.1	\$3.9	\$1.7	\$1.3	\$1.0	\$0.7

Source: Xcel Energy⁷⁵

In its Revised TOU Proposal, the Company estimated total costs for rate implementation, excluding labor, would total \$6 to \$8 million.⁷⁶ The Department notes that the Xcel's estimated total cost over the six years for the Implementation budget is \$9.7 million. The Company states previous estimates were developed before significant planning for the rate implementation began; current estimates and the significant increase are driven by a greater understanding of the tasks needed to fully implement

⁷³ *Id.*, at 12.

⁷⁴ TOU Order at Order Point 10: "10. In its first annual report, Xcel must identify the feasibility and cost of implementing a shadow billing program."

⁷⁵ Compliance Plan at 25.

⁷⁶ Revised TOU Proposal, at 16.

the rate.⁷⁷ The Company also states the increase is due in part to software licenses and development of the rate comparison tool, which was not included in its initial estimate.

The Company states:

The Company intends to seek cost recovery of these implementation costs through base rates as a part of our current electric rate case. These costs will be presented in our rebuttal testimony in that proceeding, which is scheduled to be filed in October 2025. Rebuttal testimony will also include greater details on the activities required for rate implementation, including the final budget for the project.⁷⁸

The Department recommends approval of the implementation budget subject to review and approval in Xcel's current rate case.

B.5. Proposed Reporting Requirements

The Commission required at Order Point 17 of its TOU Order:

Xcel must co-create with a stakeholder group a set of annual reporting metrics. The Company must include the group's agreed upon metrics in the 90-day Compliance Plan filing, with the provision that Xcel retain 15-minute interval data and make those data available upon stakeholder request consistent with existing data privacy standards and Xcel's data retention standards.⁷⁹

Xcel states it held two stakeholder meetings with interested parties to develop a slate of reporting requirements. Xcel states stakeholders were interested in more granular participation and usage data, to include data for low-income, space heating, and net metering customers specifically.⁸⁰ Xcel states that stakeholders identified that information about service disconnections for customers on TOU may be useful. Additionally, Xcel states there was stakeholder interest in utilizing Company survey opportunities to gauge customer awareness of the TOU rate, and the space heating rate and to gather information about EV drivers and smart thermostat users who are enrolled on the rate.⁸¹ Xcel included its proposed reporting elements as Attachment F to its Petition.⁸²

⁷⁷ Compliance Plan at 25.

⁷⁸ *Id.*, at 26.

⁷⁹ TOU Order at 9.

⁸⁰ Compliance Plan at 26.

⁸¹ *Ibid.*

⁸² Compliance Plan at Attachment F.

C. OTHER ISSUES

The Department responds to the following notice topic:

Are there other issues or concerns related to this matter?

The Department has no other issues or concerns related to this matter at this time.

IV. DEPARTMENT RECOMMENDATIONS

Based on analysis of Xcel's August 14, 2025 Compliance filing and the information in the record, the Department has prepared recommendations, which are provided below. The recommendations correspond to the subheadings of Section III above.

A. REVISED NET METERING METHODOLOGY

- A.1. The Department requests Xcel provide in reply comments all the data and calculations used for determining the rates in Table 1 above.

B. COMPLIANCE PLAN

- B.1. The Department requests Xcel provide in reply comments all the data and calculations used for determining the rates for the compliance plan in Table 4 above.
- B.2. The Department requests Xcel provide in reply comments all the data and calculations used for determining the rates in Table 6 above.
- B.3. The Department recommends approval of the implementation budget subject to review and approval in Xcel's current rate case.

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
Comments

Docket No. E002/M-23-524

Dated this **7th** day of **October 2025**

/s/Sharon Ferguson

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8	Olivia	Carroll	oliviac@cubminnesota.org	Citizens Utility Board of Minnesota		332 Minnesota St W1360 St. Paul MN, 55101 United States	Electronic Service		No	23-524Official
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10	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	23-524Official
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13	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	23-524Official

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29	Logan	O'Grady	logrady@mnseia.org	Minnesota Solar Energy Industries Association		2288 University Ave W St. Paul MN, 55114 United States	Electronic Service		No	23-524Official
30	Carol A.	Overland	overland@legalelectric.org	Legalelectric - Overland Law Office		1110 West Avenue Red Wing MN, 55066 United States	Electronic Service		No	23-524Official
31	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	23-524Official
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33	Kahryn	Riley	kahryn.riley@uplight.com	Uplight		Junction Pl Boulder CO, 80301 United States	Electronic Service		No	23-524Official
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35	Peter	Scholtz	peter.scholtz@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	Suite 1400 445 Minnesota Street St. Paul MN, 55101-2131 United States	Electronic Service		No	23-524Official
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