

**STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION**

Katie J. Sieben	Chair
Joseph K. Sullivan	Vice-Chair
Audrey Partridge	Commissioner
Hwikwon Ham	Commissioner
John Tuma	Commissioner

In the Matter of Xcel Energy’s 2025
Integrated Distribution Plan

MPUC DOCKET NO. E-002/M-25-142

**REPLY COMMENTS ON XCEL’S PROACTIVE UPGRADE PROPOSAL OF
ENVIRONMENTAL LAW & POLICY CENTER, COOPERATIVE ENERGY
FUTURES, AND VOTE SOLAR**

I. INTRODUCTION

As Xcel noted in its reply comments, three of the four parties that filed comments on its Proactive Upgrade Proposal—including Environmental Law & Policy Center, Cooperative Energy Futures, and Vote Solar (together, ELPC/CEF/VS)—either expressed significant concerns or recommended the Commission decline to approve the Proposal at this time and instead encouraged the Company to resubmit the Proposal with its next Integrated Distribution Plan (IDP) in 2027. The other party, the Office of the Attorney General, took no position regarding Commission approval. After reviewing the other parties’ comments and Xcel’s reply comments, ELPC/CEF/VS maintain our recommendation for denial at this time.

In addition, as discussed further below and in our initial comments, as well as in our initial comments on Xcel’s IDP, filed on February 26, 2026 in this docket, we emphasize the importance of considering and coordinating the various planning alternatives available to Xcel alongside proactive upgrades. These alternatives include: flexible interconnection; the proposed mobile battery system; battery storage through the proposed Capacity*Connect program; non-

wires alternatives (NWA); and any variances or modifications to Xcel’s planned loading limits, Technical Planning Standard (TPS), feeder native loading standard, and Planned Net Load (PNL) methodology. While the Proactive Distribution Grid Upgrade Framework (Proactive Framework) provides an important new pathway for Xcel, we encourage the Commission to ensure the Company considers its full suite of alternatives to ensure it chooses the most appropriate and cost-effective solution for any given need.

II. RESPONSES TO XCEL’S REPLY COMMENTS

A. **Although ELPC/CEF/VS Agree That the Company’s Proposal Has Promise as a Potential Proactive Upgrade, Xcel Has Not Justified the Need to Approve It Now Instead of Delaying Consideration Until 2027.**

In its reply comments, Xcel described the Proactive Distribution Grid Upgrade Framework as “intended to introduce a paradigm shift in utility planning and regulatory oversight—one that moves beyond reactive, constraint-driven upgrades and toward forward-looking investments that avoid the higher cost and customer impacts that can result from last minute planning and execution.”¹ The Company stated that it is appropriate and important to gain experience applying the Framework now with its relatively small, lower-cost Proposal at issue here, which the Company stated satisfies the Framework provisions and intent and should be approved.

ELPC/CEF/VS agree that the Proactive Framework reflects a shift in planning and investing to allow for proactive upgrades in the circumstances specified in the Framework. However, we view these proactive upgrades as one tool in the Company’s planning toolbox that Xcel must consider alongside other options like flexible interconnection, the Distribution System Reactive Upgrades Process (DSRUP), and non-wires alternatives (NWAs) and other Distributed

¹ Xcel Reply Comments at 2.

Energy Resource (DER) solutions. Although proactive upgrades have benefits, such as avoiding higher costs and customer impacts resulting from reactive investments, as Xcel noted, they also come with risks given the lower certainty of associated forecasts. Because they are riskier in this way, ELPC/CEF/VS encourage the Commission to evaluate proactive upgrade proposals especially carefully. The Commission must ensure that the additional risk is appropriately balanced by specific, defined benefits of making the investment in an earlier year than the Company would otherwise pursue it under its traditional planning paradigm. The Commission must also ensure that the Company has provided sufficient information to justify both the need and the timing of any proposed proactive upgrade.

Regarding the specific Proposal at issue here, ELPC/CEF/VS continue to believe approval of the upgrade is premature and recommend the Commission defer consideration until Xcel's 2027 IDP, should Xcel decide to resubmit it at that time. We believe the relatively modest nature and cost of the Proposal are not relevant to the Commission's decision here, which will be the Commission's first opportunity to establish expectations around how it evaluates and approves upgrades under the Framework. As we highlighted in our initial comments, Framework criterion G.4 requires consideration of the upgrade's lead time. According to Xcel, the feeder here (MDT077) will exceed its planned loading limit in 2034, eight years from now²—in itself a conservative estimate, as we previously discussed. While we appreciate Xcel's desire to “preserve[] the planning window needed for efficient design and procurement, maintaining flexibility and minimizing costs,”³ delaying upgrade consideration and approval until the Company's 2027 IDP would still leave Xcel with at least six or seven years to conduct these planning, design, and procurement activities. Instead of beginning detailed design in early 2027

² Proposal at 1, 7.

³ Xcel Reply Comments at 3.

and targeting a Q4 2028 in-service date,⁴ Xcel could begin detailed design in early 2029 and target a 2030 in-service date and possibly postpone these actions further as its forecasts become more accurate and otherwise evolve. In any case, these activities would happen at least four years in advance of the Company’s anticipated 2034 need under its conservative assumptions, leaving significant buffer for any unexpected delays. Xcel estimated in its Proposal that even with permitting delays, the new feeder could be completed within four years.⁵ Xcel’s Reply Comments do not present any new information to suggest that the four-year estimate is insufficient or that waiting until the 2027 IDP creates any specific additional risk of equipment overload or significantly higher costs. Therefore, ELPC/CEF/VS disagree with Xcel that such a delay would “compress timelines, narrow viable alternatives, and increase execution risk,” thereby eroding the value of the Proposal.⁶ In other words, the risk of delaying upgrade consideration and approval is minimal (criterion G.5). Moreover, as discussed in our initial comments, such a delay would allow for Xcel to rely on more certain forecasts, closer in time to the expected need date (criterion G.7). The upgrade would still be “proactive” and outside of the Company’s typical five-year planning timeframe even after the proposed delay.

In addition, although ELPC/CEF/VS recognize that the Company must obtain Commission approval before developing “fully engineered, construction-ready plans” for proactive upgrades,⁷ we are also mindful that Commission approval provides the Company a “rebuttable presumption of prudence” under Framework provision I.7. While we realize that Xcel may refine its proposals under Framework provision C.5,⁸ which Xcel emphasizes

⁴ See Xcel Reply Comments at 6.

⁵ Proposal at 12.

⁶ Xcel Reply Comments at 3.

⁷ See Xcel Reply Comments at 6.

⁸ See, e.g., Xcel Reply Comments at 2, 5.

repeatedly in its reply comments, we believe it is nonetheless critical for the Commission to ensure Xcel satisfies all relevant Framework criteria to the best of its ability at the outset, such that any modification serves primarily as a backstop measure in case of material change.

ELPC/CEF/VS appreciate the time and effort the Company put into developing this first Proactive Upgrade Proposal and testing implementation of the Framework. From our perspective, the exercise of developing and reviewing this Proposal has been very valuable, even if the Commission postpones consideration of the Proposal as we recommend.

B. For Future Proactive Upgrade Proposals, Xcel Must Incorporate Alternative Analyses into the Proposal Design Process.

As indicated above and discussed in our February 26, 2026 initial comments on the IDP, we encourage the Company and the Commission to consider proactive upgrades as one solution of many available to it to meet a given need. While a proactive upgrade may be the best option, given permitting or construction challenges or other reasons, relying on longer-term forecasts also comes with increased risks. For these reasons, ELPC/CEF/VS believe it is especially important to consider alternative solutions in developing any proactive upgrade proposal.

We note that Framework criterion G.6 requires citation to a formal Non-Wires Alternative Analysis, if the Company has conducted one, and if not, Xcel must present “a discussion of alternative measures, if any, that could be taken to mitigate the risk(s) the upgrade is intended to address, including energy-conservation, load-management measures and/or flexible interconnection.” As indicated in our initial comments, ELPC/CEF/VS understand why Xcel did not provide a formal NWA analysis for the Proposal at issue here. We appreciate the Company’s intent to include this upgrade project in the 2026 NWA cycle and look forward to reviewing the results.⁹ Regardless, we underscore that a formal NWA is not the sole method to satisfy criterion

⁹ See Xcel Reply Comments at 5.

G.6, which alternatively requires the Company to articulate, at least preliminarily, how it has considered alternative measures. We encourage the Commission to require such a discussion for all proactive upgrade proposals, even if timing issues require the Company to postpone a more formal NWA or if the NWA process does not apply because the estimated cost does not exceed \$2 million. In addition, we note that such discussion could also include use of distributed battery storage through Xcel's proposed Capacity*Connect program and/or use of its proposed mobile battery system, if the Commission approves these proposals.

C. Xcel Should Continue to Explore Ways to Quantify the Reliability Benefits of Proactive Upgrades.

ELPC/CEF/VS appreciate Xcel's quantification of how its Proposal would improve the Company's ability to sectionalize the feeder and lower contingency risk as an indicator of how it would improve reliability, which responds to our request in our initial comments.¹⁰ We agree this shows an important potential benefit of the Proposal and encourage Xcel to include this type of analysis in future proposals.

In its reply comments, Xcel also stated: "We are unable to provide forecasts of customer-minutes-out or reliability indices such as SAIDI or SAIFI. The Company does not currently forecast these metrics on a per feeder basis, and producing forward-looking reliability forecasts at this level of granularity is neither part of our current planning process nor industry standard."¹¹ As noted in our initial comments, ELPC/CEF/VS do not expect the Company to forecast those particular metrics. We do believe, however, that some attempt to quantify reliability impacts is appropriate and necessary. For instance, the Company could provide approximate changes in customer counts for feeders whose existing customers would be transferred to the new feeder to

¹⁰ See Xcel Reply Comments at 9.

¹¹ Xcel Reply Comments at 9.

be constructed, which would help quantify the reduction in exposure from feeder outages. The Company could also provide a review of recent historical outages that would have been impacted by the proposed project (if it were to have been in-service at the time), which provides a starting point for understanding the potential future reliability impact of the project. The Company could also have provided recent historical SAIFI and SAIDI results for the existing feeders being impacted, which would aid in understanding the extent to which additional reliability benefits resulting from the proposed project might be impactful (compared to other feeders). In short, the Company has many options to provide quantitative information about the potential reliability impacts from its investments. For future proposals, ELPC/CEF/VS recommend that Xcel, when including reliability benefits as part of the justification for a proactive investment, provide a reasonable degree of quantitative data to demonstrate the anticipated reliability impact or need for such reliability improvement at the proposed location. Quantification of such benefits is a relatively standard element of benefit-cost analyses used extensively for reliability project justification within the industry.

III. CONCLUSION

ELPC/CEF/VS reiterate our support for the Proactive Distribution Grid Upgrade Framework and our appreciation of Xcel's efforts to apply the Framework for the first time and develop this first Proactive Upgrade Proposal. Although we do not recommend Commission approval at this time, for the reasons discussed in these comments and our initial comments, we continue to encourage the Company to consider resubmitting it with its 2027 IDP.

Respectfully submitted,

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