

August 1, 2024

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Comments of the Minnesota Department of Commerce, Division of Energy Resources
Docket No. G002/M-24-47

Dear Mr. Seuffert:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

A Petition submitted by Northern States Power Company, doing business as Xcel Energy (Xcel, Xcel Energy, or the Company), requesting approval of the following:

- The Conservation Cost Recovery contained in Xcel's 2023 Conservation Improvement Program (CIP) natural gas tracker account;
- A proposed 2023 natural gas DSM financial incentive of \$4,253,188; and
- A proposed 2024/2025 natural gas CIP Adjustment Factor (CAF) of \$0.022918 per therm.

Xcel Gas filed the Petition on April 1, 2024.

The Department recommends the Commission **approve** Xcel's Petition. 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

HJ/ad
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. G002/M-24-47

I. INTRODUCTION

On April 1, 2024, Northern States Power Company d/b/a Xcel Energy submitted to the Minnesota Public Utilities Commission (Commission) a Petition of Northern States Power Company for Approval of a natural gas Conservation Improvement Program Adjustment Factor (Petition). The Petition includes a report of proposed recoveries and expenditures in Xcel's natural gas Conservation Improvement Program (CIP) tracker account during 2023, a proposed increase in the currently approved natural gas CIP Adjustment Factor (CAF), and a proposed Shared Savings Demand Side Management (DSM) financial incentive for its 2023 conservation achievements. Xcel's Petition requested the Commission approve the following:

- The Conservation Cost Recovery contained in Xcel's 2023 Conservation Improvement Program (CIP) natural gas tracker account with a 2023 ending balance of (\$5,587,806);
- A proposed 2023 natural gas DSM financial incentive of \$4,253,188; and
- A proposed 2024/2025 natural gas CIP Adjustment Factor (CAF) of \$0.022918 per therm.

The Petition contains data relevant to the Company's electric utility as well as to its natural gas utility. The Department will not comment on information related to the electric utility in this docket; instead see Docket No. E002/M-24-50.

II. COMMISSION'S 2023 ORDER

On September 5, 2023, the Commission issued its Order in Docket No. G002/M-23-146 approving Xcel's 2022 natural gas DSM financial incentive, CAF, and CIP tracker. In that Order the Commission:

1. Approved Xcel Energy's natural gas Conservation Improvement Factor petition.
2. Approved Xcel Energy's natural gas Shared Saving DSM financial incentive of \$3,578,029.
3. Approved Xcel Energy's natural gas 2022 Tracker account as filed with an ending balance of (\$3,614,603).
4. Approved a 2023/2024 natural gas CIP Adjustment Factor of \$0.032534 per therm beginning October 1, 2023, or the first billing cycle in the month following the Commission's Order in this matter, whichever is later.
5. Approved Xcel's bill message, effective the first month the 2023/2024 natural gas CIP Adjustment Factor takes effect, revised as necessary to incorporate the approved CAF and effective date: Effective Oct. 1, 2023, the Resource Adjustment line item on your bill has increased due to a change in the Conservation Improvement Program (CIP) factor. The natural gas CIP portion of the Resource Adjustment is \$0.032534 per therm.

6. Required Xcel Energy to submit a compliance filing with tariff sheets including all necessary calculations within 10 days of the issue date of the Order.

On September 14, 2023, Xcel Energy filed a compliance filing recalculating the CAF by using actual data through August 2023 and updating the CAF to \$0.008994 per therm to be implemented October 1, 2023. No party opposed this revised CAF rate. The Department recommended that the Commission accept compliance filing as filed on September 28, 2023.

III. DEPARTMENT ANALYSIS

The Department's analysis of Xcel's *Petition* is provided below in the following sections:

- Section III.A, Review of Minnesota's updated conservation statutes;
- Section III.B, Xcel's proposed natural gas 2023 Shared Savings DSM financial incentive;
- Section III.C, Xcel's proposed natural gas 2023 CIP Tracker account;
- Section III.D, Xcel's proposed natural gas CIP Adjustment Factor for 2024/2025;
- Section III.E, Xcel's proposed natural gas Customer Bill Notice; and
- Section III.F, Review of Xcel's conservation activity for the period of 2010 through 2023.

A. UPDATE ON MINNESOTA'S CONSERVATION STATUTES AND PROGRAMS

In 2021, the Minnesota Legislature passed the Energy Conservation and Optimization Act. This act updated Minnesota's existing "CIP" Statutes, which have since become known as the "ECO" statutes. Subsequently, the state's Conservation Improvement Program (CIP) was re-branded as the state's Energy Conservation and Optimization (ECO) program. As a result, Xcel's triennial filing governing the 2021-2023 years was considered a "CIP" Triennial Filing, Xcel's most recent triennial filing covering years 2024-2026 was considered its first "ECO" Triennial Filing. The Department expects future Xcel Status Reports will also incorporate the "ECO" language change.

The ECO Statutes impacting Investor-Owned Utilities are as follows:

- Minnesota Statutes 216B.2401 (Energy Savings and Optimization Policy Goal);
- Minnesota Statutes 216B.2402 (Definitions);
- Minnesota Statutes 216B.241 (Public Utilities; Energy Conservation and Optimization);
- Minnesota Statutes 216B.2411 (Distributed Energy Resources); and
- Minnesota Statutes 216B.2412 (Decoupling of Energy Sales from Revenues).

The Department's review of the Company's Shared Savings Financial Incentive will be impacted in next year's filing, as that future review will incorporate the Commission's January 25, 2024 Order Adopting Modifications to Shared Savings Demand-Side Management Financial Incentive Plan from Docket No. E,G999-CI-08-133 (In the Matter of Commission Review of Utility Performance Incentives for Energy Conservation).

B. XCEL'S PROPOSED NATURAL GAS DSM FINANCIAL INCENTIVE FOR 2023 CIP ACHIEVEMENTS

1. Background of the DSM Financial Incentive

The Shared Savings DSM financial incentive plan (DSM) was initially approved by the Commission in Docket No. E,G999/CI-08-133 on January 27, 2010. On August 5, 2016, in the same docket, the Commission adopted an Order modifying the Demand Side Management Financial Incentive Plan for the years 2017-2019 and in an Order issued February 20, 2020 the Commission extended the modification through 2020. On December 9, 2020, the Commission approved the parameters for the Shared Savings Financial Incentive Mechanism covering the 2021-2023 CIP triennial (December 9th Order).¹ In that Order, the Commission capped electric and gas incentives at 10 percent of net benefits and 30 percent of expenditures. The December 9th Order also allowed for the expenditure cap to exceed the 30 percent cap up to a maximum of 35 percent, if a gas utility meets or exceeds energy savings equaling 1.2 percent of retail sales. For more details about the December 9th Order, see Department Attachment A.

The current filing covers CIP activities occurring in 2023, and therefore is subject to the following two caps: 10 percent of net benefits and up to 35 percent of expenditures.

2. Xcel's Proposed Natural Gas Shared Savings DSM Incentive

Xcel reported 2023 achieved energy savings of 1,007,922 dekatherms (Dth), expenditures of \$19,783,475, and net benefits achieved of \$42,531,877.² These energy-savings equate to 95 percent of the Company's 2023 savings goal³ and 1.32 percent of its three-year average weather-normalized CIP-applicable retail sales.⁴ Based on the terms and conditions of its approved DSM incentive plan, Xcel requested a natural gas DSM financial incentive of \$4,253,188 for 2023 achievements, equal to 10 percent of the Company's calculated 2023 net benefits and 35 percent of the Company's 2023 expenditures.⁵

In most years, a lag exists between the engineering-oriented analysis of the demand and energy savings that underpin the proposed incentive. In last year's review, the Department compensated for this review by simply assuming Xcel's 2022 energy-savings were correct as filed, with the intent to

¹ December 9, 2020 [Order](#) in Docket No. E,G999/CI-08-133.

² Petition, Attachment A, Pages 20-21.

³ Petition, Page 4.

⁴ Petition, Attachment A, Pages 21-22; $1,007,922/76,465,184 = 0.0131814500047499 = 1.32\%$

⁵ Petition, Attachment A, Pages 20-22.

make, in the instant filing, any adjustments approved by the Deputy Commissioner of the Department. The Deputy Commissioner approved Xcel’s 2022 Status Report without adjustments in Docket No. G002/CIP-20-473.⁶

On May 23, 2024, the Department’s ECO staff recommended the Deputy Commissioner approve Xcel’s 2023 Status Report.⁷ If any adjustments should be required in the Deputy Commissioner’s final decision, the Department will account for those in the Company’s 2024 filing.

The Department’s review indicates Xcel correctly calculated its 2023 DSM financial incentive and did not violate either of the Commission-approved caps. Therefore, the Department recommends the Commission approve Xcel’s proposed 2023 natural gas DSM financial incentive of \$4,253,188.

C. XCEL’S PROPOSED NATURAL GAS 2023 CIP TRACKER ACCOUNT

Xcel requested Commission approval of its 2023 natural gas CIP tracker activity, resulting in a year-end 2023 balance of (\$5,587,806). Table 1 below shows a summary of activity in Xcel’s 2023 natural gas CIP tracker account.

Table 1: A Summary of Xcel’s Natural Gas 2023 Tracker Account⁸

Description	Time Period	Amount
Beginning Balance	December 31, 2022	(\$3,598,320)
CIP Expenses	January 1 through December 31, 2023	\$19,783,475 ⁹
Other Adjustments	December 2023	(\$1,054)
Performance Incentives	Incentives Recorded in 2023 for 2022	\$3,578,029
Carrying Charges	January 1 through December 31, 2023	(\$51,330)
Recovered in Base Rates	January 1 through December 31, 2023	(\$8,926,769)
Recovered in CIP Adjustment Factor	January 1 through December 31, 2023	(\$16,371,837)
Ending Balance	December 31, 2023	(\$5,587,806)

The Department reviewed the Company’s natural gas CIP tracker account activity, as provided in the Company’s Petition, and found no calculation errors. The Department also reviewed the Company’s reasons behind the Other Adjustments line-item totaling (\$1,054), which was a reclassification from natural gas moved over to electric, and found these to be reasonable.

The Department noted a difference in the approved ending balance for 2022 and the beginning balance in 2023. The approved 12/31/22 end balance of the CIP tracker in Docket No. G002/M-23-146

⁶ Approved by the Department’s Deputy Commissioner on [July 6, 2023](#).

⁷ Docket No. E, G002/CIP-20-473, [May 23, 2024](#).

⁸ Petition, Attachment A, Page 9.

⁹ Note that this figure does not match the reported 2023 CIP spend of \$19,782,422 because it shows pre-adjustment spending; the adjustments of (\$1,054) are reported as the next line item in the table.

was (\$3,614,603),¹⁰ but in this filing, the beginning balance on 1/1/23 was (\$3,598,320). The dollar amount difference is \$16,283 for which the Company provided the following explanation in response to Information Request 1:

The Company's Compliance tracker filed on September 14, 2023 reflects the (\$3,598,320) which varies from the initial filing on April 1, 2023 (\$3,614,603) due to an update to the Company's carrying charge. The carrying charge was approved in the Company's Multi Year Gas Rate Case (G002/MR-21-678) on April 13, 2023. The adjustment of \$16,283 in the CIP Tracker was approved by the Department of Commerce on September 28, 2023, in Docket No. G002/M-23-146.¹¹

The Department recommends the Commission approve Xcel's natural gas 2023 tracker account with an ending balance of (\$5,587,806) as shown in Table 1.

D. XCEL'S PROPOSED NATURAL GAS CIP ADJUSTMENT FACTOR FOR 2024/2025

Minnesota law states, in relevant part, the Commission "may permit a public utility to file rate schedules providing for annual recovery of the cost of energy conservation improvements."¹² Xcel refers to its approved annual gas CIP recovery mechanism as the CIP Adjustment Factor (CAF). As noted above, in its September 5, 2023 Order in Docket No. G002/M-23-146, the Commission approved a 2023/2024 (CAF) of \$0.032534 per therm for Xcel. The CAF was eventually adjusted to \$0.008994 per therm through the Company's September 14, 2023 compliance filing, and the Department recommended the Commission approve in its September 28, 2023 comments in Docket No. G002/M-23-146.

Table 2 below shows Xcel currently projects an October 1, 2025 unrecovered CIP Tracker balance of \$17,759,101 under the assumption of no additional CIP cost recovery through the CAF. This projection also assumes Xcel's conservation expenditures for the 2024/2025 time period remains close to the forecasted dollar amount.

Table 2: Xcel's Natural Gas Forecasted End of September 2025 CIP Tracker Account¹³

Forecasted beginning balance (Oct 2024)	(\$175,899)
Program Budget (Oct 2024 - Sept 2025)	\$32,217,115
Forecasted 2024 incentive	\$4,236,255
Less forecasted CCRC recovery (Oct 2024 - Sept 2025)	\$18,518,370
Forecasted October 2025 beginning of month balance	\$17,759,101

¹⁰ September 5, 2023 [Order](#) in Docket No. G002/M-23-146, Ordering Point 3.

¹¹ See Department Attachment; Xcel's Response to Information Request 1.

¹² See Minn. Statutes § [216B.16](#), subd. 6b(c).

¹³ Petition, Attachment A, Page 14.

Xcel included the above calculations so the Company can calculate the CAF modification needed to align recovery of costs most closely to when costs are incurred and to minimize the under- or over-recovery of CIP costs. This both minimizes carrying charges and helps ensure the customers causing the costs pay for the costs.

The Department reviewed the forecasted natural gas CIP Tracker Account and found no calculation errors.

In its Petition, Xcel proposed a gas CAF of \$0.022918 per dekatherm for each customer class, effective with the first billing cycle of October 2024 through September 2025 billing period.¹⁴ Xcel’s proposed CIP Adjustment Factor is an increase of \$0.013924 per therm, or 155 percent higher than the currently approved CAF of \$0.008994 per therm. Xcel calculated the proposed 2024/2025 factor to allow the Company to recover both CIP costs it does not recover through the Conservation Cost Recovery Charge (or “CCRC,” which is represented in base rates) and its approved financial incentives. The proposed CAF would minimize Xcel’s projected tracker balance as outlined in Xcel’s calculation of the proposed natural gas CIP Adjustment Factor in Table 3 below:

Table 3: Xcel’s Calculation of Its Revised Natural Gas CIP Adjustment Factor¹⁵

Forecasted beginning balance (October 2024)	\$(175,899)
Program Budget (October 2024 - September 2025)	\$32,217,115
Forecasted 2024 Incentive	\$4,236,255
Less forecasted CCRC recovery (October 2024 - September 2025)	\$18,518,370
Forecasted October 2025 Beginning Balance without CAF	\$17,759,101
October 1, 2024 - September 30, 2025 ¹⁶ Sales (Dth)	77,330,648
Recalculated Gas CIP Adjustment Rate without Carrying Charges per Dth	\$0.22965/Dth
Recalculated Gas CIP Adjustment Rate without Carrying Charges per therm	\$0.022965/therm
Xcel’s Proposed CIP Adjustment Factor with Carrying Charges per therm	\$0.022918/therm

Xcel’s proposed CIP Adjustment Factor is an increase of \$0.013924 per therm, or 155 percent higher than the currently approved CAF of \$0.008994 per therm. Xcel adjusted the calculated rate to incorporate the effect of carrying charges, which were not included in the forecasted balance. To get the September 2025 forecasted CIP Tracker balance as close to zero without going negative (\$401 projected balance) the Company adjusted the calculated CIP Adjustment Rate to \$0.022918 per therm.

¹⁴ Petition, Attachment A, Pages 13-14.

¹⁵ Petition, Attachment A, Pages 14-15.

¹⁶ The Department notes petition says, “October 2023 through September 2024” but the correct dates were assumed. Petition, Attachment A, Page 15.

Table 4 compares the Company’s current and proposed CIP Adjustment Factors.

Table 4: Xcel’s Current versus Proposed CIP Adjustment Factor

Current Factor (\$/Therm)	Proposed Factor (\$/Therm)	Change (\$/Therm)	Percent Change ¹⁷
\$0.008994/therm	\$0.022918/therm	\$0.013924/therm	155%

It is the goal of the Department to bring the tracker balance as close to zero as possible over the year, or alternatively over the course of the time the rate is proposed to be in place. This recommendation is because maintaining higher tracker balances (either positive or negative) is associated with a larger mismatch between the time the expenses are incurred and the time they are recovered. It is ultimately the Department’s goal to ensure those customers that are benefiting from conservation services are the customers paying for them.

The Department notes the proposed CAF is higher than Xcel’s current CIP Adjustment factor, but the Company projects to get the tracker balance as close to zero as possible by the end of the billing period with a projected end of month tracker balance of \$401 in September 2025. To determine the reasonableness of this scenario, we reviewed the CAF and potential alternatives using Xcel’s input data. The Department found Xcel’s proposed factor to be accurate using the current forecasted data. Therefore, the Department concludes Xcel’s proposed CIP cost recovery is responsive to the public policy goal of Xcel minimizing carrying charges and recovering costs close to when incurred. The Department recommends the Commission approve Xcel’s proposed CIP Adjustment Factor of \$0.022918 per therm.

E. XCEL’S PROPOSED CUSTOMER BILL NOTICE

With respect to rate change notification, Xcel proposed to notify customers by implementing the following message on customer bills, effective the first month the 2024/2025 CIP Adjustment Factor takes effect:

Effective Oct. 1, 2024, the Resource Adjustment line item on your bill has increased due to a change in the Conservation Improvement Program (CIP) factor. The natural gas CIP portion of the Resource Adjustment is \$0.022918 per therm.

The Department recommends the Commission approve Xcel’s proposed natural gas customer bill notice.

¹⁷ $(.022918-.008994)/.022918 = 1.548143206582166*100 = 154.8143206582\%$.

F. A REVIEW OF XCEL’S NATURAL GAS CIP ACTIVITY.

In Attachment B, the Department presents a historical comparison of Xcel’s natural gas CIP activity for the period 2011 through 2023. The attachment provides an indication of how the Company’s achieved savings energy, CIP expenditures, Shared Savings financial incentive, carrying charges, and year-end tracker balance changed during the period. Select statistics from Attachment B, Table 1 are presented in Table 5:

Table 5: Savings, Expenditures, and Incentives for Select Years, 2011-2023¹⁸

	Achieved Energy Savings (DTH)	CIP Expenditures	DSM Financial Incentive
2023	1,007,922	\$19,782,422	\$4,253,188
2022	920,504	\$19,857,191	\$3,578,029
2011	747,123	\$12,701,823	\$2,833,206
Average 2021-2023	1,032,885	\$19,446,531	\$4,283,788
Average 2011-2013	767,367	\$12,841,314	\$3,644,340
Compare 2023 to 2022	9.5%	-0.4%	18.9%
Compare 2023 to 2011	34.9%	55.7%	50.1%
Compare 2023 to Avg 2021-2023	-2.4%	1.7%	-0.7%
Compare Avg 2021-2023 to Avg 2011-2013	34.6%	51.4%	17.5%

Table 5 above shows:

- In 2023, achieved energy savings were 9.5 percent higher, CIP expenditures decreased by 0.4 percent and the DSM financial incentive increased by 18.9 percent from 2022;
- Comparing 2023 to 2011, Xcel has increased its achieved energy savings by 34.9 percent, expenditures have increased by 55.7 percent and the shared savings DSM financial incentive has increased by 50.1 percent;
- Comparing 2023 to a three-year 2021-2023 average, achieved energy savings are down 2.4 percent, CIP expenditures increased 1.7 percent and the shared savings DSM financial incentive is down 0.7 percent; and
- Comparing 2021-2023 average to 2011-2013 average, achieved energy savings are up 34.6 percent, CIP expenditures are up 51.4 percent and shared savings DSM financial incentive has increased by 17.5 percent.

IV. DEPARTMENT CONCLUSIONS AND RECOMMENDATIONS

The Department concludes Xcel’s natural gas Conservation Improvement Factor Petition is reasonable, therefore the Department recommends the Commission take the following action:

- 1) Approve Xcel Energy’s natural gas Shared Savings DSM financial incentive of \$4,253,188;

¹⁸ Data taken from Department Attachment B.

- 2) *Approve a 2024/2025 natural gas CIP Adjustment Factor of \$0.022918 per therm beginning October 1, 2024, or the first billing cycle in the month following the Commission's Order in this matter, whichever is later;*
- 3) *Approve Xcel Energy's Natural Gas 2023 Tracker account as filed on April 1, 2024, with an ending balance of (\$5,587,506);*
- 4) *Approve Xcel's proposed bill message, effective the first month the 2024/2025 natural gas CIP Adjustment Factor takes effect, revised as necessary to incorporate the approved CAF and effective date; and*
- 5) *Require Xcel Energy to submit a compliance filing with tariff sheets including all necessary calculations within 10 days of the issue date of the Order.*

The December 9, 2020 Order (December 9, 2020)
Docket No. E,G999/CI-08-133

- A. For electric utilities, the 2021 -2023 triennium plan is as follows:
- 1) Authorize financial incentives for a utility that achieves energy savings of at least 1.0 percent of the utility's retail sales.
 - 2) For a utility that achieves energy savings equal to 1.0 percent of retail sales, award the utility a share of the net benefits as set forth in Attachment A.
 - 3) For each additional 0.1 percent of energy savings, the utility achieves, increase the net benefits awarded to the utility by an additional 0.75 percent until the utility achieves savings of 1.7 percent of retail sales.
 - 4) For savings levels of 1.7 percent and higher, award the utility a share of the net benefits equal to the Net Benefits Cap.
 - 5) Electric utilities may exceed the 30% CIP Expenditures Cap, up to a maximum of 35%, if they meet or exceed energy savings equaling 2% of retail sales.
- B. For Gas utilities, the 2021 -2023 triennium plan is as follows:
- 1) Authorize financial incentives for a utility that achieves energy savings of at least 0.7 percent of the utility's retail sales.
 - 2) For a utility that achieves energy savings equal to 0.7 percent of retail sales, award the utility a share of the net benefits as set forth in Attachment A.
 - 3) For each additional 0.1 percent of energy savings, the utility achieves, increase the net benefits awarded to the utility by an additional 0.75 percent until the utility achieves savings of 1.2 percent of retail sales.
 - 4) For savings levels of 1.2 percent and higher, award the utility a share of the net benefits equal to the Net Benefits Cap.
 - 5) Gas utilities may exceed the 30% CIP Expenditures Cap, up to a maximum of 35%, if they meet or exceed energy savings equaling 1.2% of retail sales.
- C. For all utilities, set the following Net Benefit Caps:
- 1) 13.5 percent in 2017,
 - 2) 12.0 percent in 2018,
 - 3) 10.0 percent in 2019, and
 - 4) 10.0 percent in 2020.
- D. For all utilities, set the following Conservation Improvement Plan (CIP) Expenditure Caps:
- 1) 40 percent in 2017,
 - 2) 35 percent in 2018,
 - 3) 30 percent in 2019, and
 - 4) 30 percent in 2020.

The Commission retains certain provisions from the current Shared Savings DSM Financial

Incentive Plan, with slight modifications, as follows:

- CIP-exempt customers shall not be allocated costs for the new shared savings incentive. Sales to CIP-exempt customers shall not be included in the calculation of utility energy savings goals.
- If a utility elects not to include a third-party CIP project, the utility cannot change its election until the beginning of subsequent years.
- If a utility elects to include a third-party project, the project's net benefits and savings will be included in the calculation of the energy savings and will count toward the 1.5 percent savings goal.
- The energy savings, cost, and benefits of modifications to non-third-party projects will be included in the calculation of a utility's DSM incentive.
- The costs of any mandated, non-third-party projects (e.g., the 2007 Next Generation Energy Act assessments,¹ University of Minnesota Initiative for Renewable Energy and the Environment costs²) shall be excluded from the calculation of net benefits and energy savings achieved and incentive awarded.
- Costs, energy savings, and energy production related to Electric Utility Infrastructure Costs,³ solar installation⁴ and biomethane purchases⁵ shall not be included in energy savings for DSM financial incentive purposes.
- The Commission requests that the Department continue a stakeholder process, under the current docket, to evaluate ways of improving the shared-savings mechanisms for potential adoption in the 2024–2026 triennium including, but not limited to, discussion of:
 - a. Incorporation of lifetime energy savings into the incentive mechanism,
 - b. Incorporation of an incentive for utilities that achieve permanent peak reductions through the shared-savings incentive mechanism,
 - c. Comparison of alternative mechanisms, along with the approved 2021-2023 CIP financial incentive mechanism, to each other and to how a similar-sized (in terms of cost) supply-side investment would be rewarded financially through the cost-of-service model, and
 - d. Energy efficiency opportunities to support increased load flexibility (the ability to persistently shape and shift load).

¹ See 2007 Laws, art. 2

² *Id.*, § 3, subd. 6.

³ Minn. Stat. § 216B.1636

⁴ Minn. Stat. § 216B.241, subd. 5a.

⁵ *Id.*, subd. 5b.

The new Shared Savings DSM Incentive Plan shall be in effect for 2021 - 2023.

Utilities may discontinue the annual February 1 compliance filing because a scale of net benefits will no longer be required since the Department's proposal sets percentages at certain savings thresholds and calibrates the mechanism to dollars per unit of energy.

Attachment B: Xcel Historical Gas CIP Achievements, Incentives, and Tracker Balance, 2007-2023														
Column ID	A	B	C	D	E	F	G	H	I	J	K	L	M	
Year	Xcel Docket Number	Achieved Energy Savings (Dth)	CIP Expenditures	DSM Financial Incentive	Incentive + CIP Expenditures	Net Benefits	Carrying Charges	Year End Tracker Balance	Avg Cost per 1st Year Dth Saved H=B/A	Avg Cost per Dth Saved (incl incentives) I=D/A	Incentives as % of CIP Exp J=C/B	Incentive as % of Net Benefits K=C/E	Carrying Charges as a % of Exp L=F/B	Year-End Tracker Balance as % of Expenditures M=G/B
2007	07-1555	888,460	\$ 5,762,345	\$ 1,689,752	\$ 7,452,097	\$ 84,934,941			\$ 6.49	\$ 8.39	29.3%	1.99%		
2008	08-391	613,134	\$ 6,423,486	\$ 1,267,379	\$ 7,690,865	\$ 53,103,686			\$ 10.48	\$ 12.54	19.7%	2.39%		
2009	09-346	670,120	\$ 7,682,999	\$ 964,758	\$ 8,647,757	\$ 54,919,812			\$ 11.47	\$ 12.90	12.6%	1.76%		
2010	10-297	697,322	\$ 11,374,005	\$ 2,264,511	\$ 13,638,516	\$ 53,710,455			\$ 16.31	\$ 19.56	19.9%	4.22%		
2011	12-316	747,123	\$ 12,701,823	\$ 2,833,206	\$ 15,535,029	\$ 62,179,293	\$ (215,734)	\$ (7,631,972)	\$ 17.00	\$ 20.79	22.3%	4.56%	-1.70%	-60.1%
2012	13-248	767,061	\$ 13,041,285	\$ 2,682,879	\$ 15,724,164	\$ 69,395,588	\$ (411,428)	\$ (4,648,913)	\$ 17.00	\$ 20.50	20.6%	3.87%	-3.15%	-35.6%
2013	14-288	787,918	\$ 12,780,833	\$ 5,416,936	\$ 18,197,769	\$ 32,085,609	\$ (368,277)	\$ (4,680,426)	\$ 16.22	\$ 23.10	42.4%	16.88%	-2.88%	-36.6%
2014	15-321	849,698	\$ 12,968,939	\$ 5,781,193	\$ 18,750,132	\$ 35,995,257	\$ (692,481)	\$ (12,398,883)	\$ 15.26	\$ 22.07	44.6%	16.06%	-5.34%	-95.6%
2015	16-283	838,319	\$ 13,577,149	\$ 5,763,443	\$ 19,340,592	\$ 37,350,638	\$ (34,795)	\$ 488,314	\$ 16.20	\$ 23.07	42.4%	15.43%	-0.26%	3.6%
2016	17-258	908,472	\$ 13,805,805	\$ 6,245,743	\$ 20,051,548	\$ 42,565,945	\$ (11,880)	\$ 1,746,885	\$ 15.20	\$ 22.07	45.2%	14.67%	-0.09%	12.7%
2017	18-246	799,597	\$ 14,181,339	\$ 3,753,592	\$ 17,934,931	\$ 29,231,281	\$ (21,564)	\$ (920,889)	\$ 17.74	\$ 22.43	26.5%	12.84%	-0.15%	-6.5%
2018	19-259	913,240	\$ 15,132,566	\$ 4,391,216	\$ 19,523,782	\$ 36,593,467	\$ (60,944)	\$ (3,660,890)	\$ 16.57	\$ 21.38	29.0%	12.00%	-0.40%	-24.2%
2019	20-403	584,761	\$ 13,573,925	\$ 1,790,002	\$ 15,363,927	\$ 25,211,491	\$ (48,780)	\$ (3,730,035)	\$ 23.21	\$ 26.27	13.2%	7.10%	-0.36%	-27.5%
2020	21-227	868,599	\$ 14,587,983	\$ 4,268,369	\$ 18,856,352	\$ 46,802,220	\$ (61,030)	\$ (5,349,608)	\$ 16.79	\$ 21.71	29.3%	9.12%	-0.42%	-36.7%
2021	22-160	1,170,229	\$ 18,699,980	\$ 5,020,146	\$ 23,720,126	\$ 50,201,464	\$ (40,065)	\$ (347,477)	\$ 15.98	\$ 20.27	26.8%	10.00%	-0.21%	-1.9%
2022	23-146	920,504	\$ 19,857,191	\$ 3,578,029	\$ 23,435,220	\$ 35,780,290	\$ (52,792)	\$ (3,614,602)	\$ 21.57	\$ 25.46	18.0%	10.00%	-0.27%	-18.2%
2023	24-47	1,007,922	\$ 19,782,422	\$ 4,253,188	\$ 24,035,610	\$ 42,531,877	\$ (51,330)	\$ (5,587,806)	\$ 19.63	\$ 23.85	21.5%	10.00%	-0.26%	-28.2%