

**STATE OF MINNESOTA
PUBLIC UTILITIES COMMISSION**

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December 12, 2025

**In the Matter of a Peak Time Rebate Program for
Northern States Power Co. d/b/a Xcel Energy
to Further the Commission's Advanced Rate Design
Efforts**

Docket No. E002/M-24-432

COMMENTS OF FRESH ENERGY AND CENTER FOR ENERGY AND ENVIRONMENT

I. Introduction

Fresh Energy and Center for Energy and Environment ("CEE") jointly submit these comments in response to the Commission's October 31st, 2025 *Notice of Supplemental Filing and Response Comment Period*.

In its initial comments, Fresh Energy noted that it believed the Peak Time Rebate (PTR) program was in the public interest but recommended two changes to program design and asked for clarification from Xcel Energy ("Company") on several aspects of the program, including treatment of capacity in MISO. In supplemental comments, CEE raised additional questions and considerations regarding the realization of the program's capacity benefits. Based on subsequent record development, including responses from the Company and comments provided by other parties, Fresh Energy and CEE are concerned that the proposed program does not adequately capture generation capacity value. As noted by several other parties, the ability to capture the capacity value of a PTR program is critical to the program's viability.

Accordingly, Fresh Energy and CEE do not recommend the program proceed until the Company addresses stakeholder concerns related to capacity value, which were not adequately addressed in the Company's supplemental filing.

Fresh Energy and CEE maintain that behavioral demand response programs can be an important component of the Company's demand response portfolio and support the Company pursuing a PTR program. However, without a mechanism for capturing the capacity value of the PTR program, we are concerned the program would fail to deliver adequate benefits. To continue making progress toward successful implementation of a PTR program, Fresh Energy and CEE would like to see the

Company use this docket to identify a path forward for valuing the capacity benefits of these programs. As behavioral demand response programs are still relatively new to ECO portfolios, the PTR program provides a valuable opportunity to work through the challenges of implementing these types of programs and establish a pathway for future behavioral demand response programs.

II. Capturing Capacity Value in a PTR program

The Company's proposal

As specified in its November 21, 2025 supplemental filing, the Company intends to capture the PTR program's capacity value by incorporating its forecasted capacity into future resource plans. Fresh Energy and CEE agree with the Department of Commerce's analysis, as presented in its supplemental comments, that it is unclear how this approach provides value to ratepayers because it will not count toward the Company's capacity obligations and thus, the Company would still need to procure adequate capacity to meet its MISO obligations.¹

Mechanisms for valuing capacity

As established by multiple parties in this docket, there are three ways a peak time rebate program could deliver capacity value to Xcel's system:

- i. Registration as a capacity resource in MISO;
- ii. Reduction of Coincident Peak Demand and Planning Reserve Margin Requirement (PRMR);
- iii. Incorporation into the Company's integrated resource plan (IRP) modeling.

Below, we provide our analysis of each of these approaches.

Registration as a capacity resource in MISO

Registering the program as a Load Modifying Resource (LMR) with MISO would allow the program's capacity savings to count directly toward covering the Company's capacity obligations. While this is straightforward in concept, there are several challenges to the Company adopting this approach.

First, as noted in its supplemental filing, the Company needs to implement the program and operate it for a period of time in order to gather the data necessary to comply with MISO LMR requirements.² This would require an initial implementation period where the Company would collect the necessary data for forecasting PTR capacity in anticipation of future registration with MISO.

Additionally, MISO's rules for LMRs are changing. Fresh Energy and CEE find it reasonable that the Company would wait until these changes have taken effect before attempting to register the PTR program as an LMR. However, it is possible the Company could begin the process of implementing the program and collecting the data necessary with the expectation that it will register the program with MISO after the changes have taken effect and adequate data has been collected.

¹ Docket No. 24-432, Supplemental comments of the Minnesota Department of Commerce, pg. 6. October 17, 2025.

² Docket No. 24-432, Supplemental comments of Xcel Energy, pg. 2. November 21, 2025.

If the Commission were to determine the Company should pursue MISO registration for the PTR program, Fresh Energy and CEE believe the Company should be given a time-limited period to implement the program and collect the data necessary to support MISO LMR registration. This would require a specific date by which it must submit the PTR capacity to MISO for accreditation.

Reduction of Coincident Peak Demand and PRMR

Instead of being registered as a capacity resource, the capacity reduction associated with the PTR program could be used to lower the Company's coincident peak demand and thus its PRMR. This would effectively provide avoided capacity value through demand reduction.

Based on Fresh Energy and CEE's reading of the MISO tariff, this is not a viable pathway, but the Company did not give a clear answer to this when asked by Fresh Energy in its initial comments. In its supplemental filing, the Company states that it is "evaluating whether demand response, including the PTR program, could be incorporated into our load forecast, which would reduce our capacity obligations." This seems to indicate that the Company believes there may be a viable mechanism for capturing PTR capacity value. We support the Company evaluating this pathway and recommend the results of its evaluation be filed to the docket.

Incorporation into IRP Modeling

In reply comments, the Company also outlines a plan to include the capacity from the PTR program in supply-side demand response resource bundles in its IRP, which "offsets the need for other resources that might have been selected by the model."³ Fresh Energy and CEE support the continued exploration of this pathway, but as raised in CEE's supplemental comments, we request clarification as to whether the capacity from unaccredited demand response programs contributes to the total MW value of a demand response resource bundle, or whether the total value only reflects the capacity of MISO accredited programs.

Each of these approaches faces the same data collection issue as the MISO capacity resource pathway. To reliably forecast demand reductions from the PTR program, the Company needs to operate the program and understand how much ratepayers reduce their consumption and what level of demand reduction it can reliably count on.

III. Recommendations

Fresh Energy and CEE do not recommend the program proceed until the Company addresses stakeholder concerns related to capacity value, which were not adequately addressed in the Company's supplemental filing. Accordingly, we recommend the following actions:

1. Postpone any Commission decision on the PTR proposal due to lack of clarity around the program's capacity value.
 - a. The Company should continue operating the Energy Action Days program until a PTR decision has been reached.
2. Order the company to submit a compliance filing that clearly articulates how it plans to capture capacity value from this program. This filing should include the following:

³ Docket No. 24-432, Reply comments of Xcel Energy, pg. 9. October 3, 2025.

- a. The results of the Company's evaluation of whether the PTR program could be incorporated into its load forecast to reduce its MISO capacity obligation. This should include the Company's interpretation of MISO Tariff Module E-1, 69A.1.1b.
 - b. An explanation of whether unaccredited demand response resources contribute to the total MW of capacity offset by Demand Response Bundles in the IRP planning process.
 - c. An explanation of the data Xcel would need to collect in order to register the program with MISO in the future and a general timeline for collecting this data.
3. Establish a procedural schedule for re-submitting a proposal that adequately captures capacity value.

We look forward to working with stakeholders and the Company to determine an appropriate schedule under recommendation 3.

Respectfully submitted,

/s/ Will Mulhern
Fresh Energy
408 St. Peter Street, Suite 350
St. Paul, MN 55102
mulhern@fresh-energy.org

/s/ Mariko Yatsunami
Center for Energy and Environment
212 N 3rd Ave, Suite 560
Minneapolis, MN 55401
myatsunami@mncee.org

/s/ Will Nissen
Center for Energy and Environment
212 N 3rd Ave, Suite 560
Minneapolis, MN 55401
wnissen@mncee.org