

Staff Briefing Papers

Meeting Date January 8, 2026

Agenda Item **5

Company Northern States Power Co. d/b/a Xcel Energy

Docket No. E002/M-23-524

In the Matter of the Petition of Xcel Energy for Approval of a Residential Time of Use Rate Design

Issues Should the Commission approve items detailed in Xcel Energy’s August 14, 2025, compliance filing on its residential time-of-use rate design?

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✓ **Relevant Documents**

Date

Xcel Energy Compliance Filing with Trade Secret documents	August 14, 2025
A. DeGroot and K. Wickstrom Public Comments	September 30, 2025
Minnesota Solar Energy Industry Association (MnSEIA) Initial Comments	October 6, 2025
Department of Commerce Initial Comments	October 7, 2025
Office of the Attorney General (OAG) and Citizens Utility Board (CUB) Initial Comments	October 7, 2025
Center for Energy and Environment (CEE) Initial Comments	October 7, 2025
Xcel Energy Reply Comments with Trade Secret documents	October 17, 2025
Department of Commerce Reply Comments	October 27, 2025
CEE Reply Comments	October 27, 2025

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

✓ **Relevant Documents**

Date

OAG and CUB Reply Comments	October 27, 2025
Xcel Response to PUC Information Requests #1-4	December 2, 2025
LATE FILED COMMENTS City of Edina	December 11, 2025

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I. BACKGROUND

On November 1, 2017, Xcel Energy (Xcel or the Company) filed its 2017 Biennial Distribution Grid Modernization Report under Minn. Stat. § 216B.2425, subd. 2 (e). Within its report, Xcel requested certification of its Residential Time of Use (TOU) Rate Design Pilot Program (Pilot) in docket no. E002/M-17-775.

On August 7, 2018, the Commission approved the Pilot, along with the applicable tariff, and granted Xcel's request to certify the Pilot as a distribution project under the Grid Modernization Statute which would allow the Company to petition for cost recovery through the Transmission Cost Recovery rider. Further, the Commission required the Company to work with interested parties to plan a full implementation of a TOU rate for all residential customers after Pilot completion.¹

Xcel operated its TOU Pilot from November 2020 through October 2022.

On July 17, 2023, the Commission required Xcel to propose a permanent Residential TOU rate by December 31, 2023. Xcel was also required to revise its Residential Space Heating Tariff.²

On December 22, 2023, Xcel submitted a petition for approval of a TOU rate design for all Minnesota residential customers. The petition was met with mostly negative feedback from stakeholders and was revised and resubmitted on August 16, 2024.

On March 6, 2025, the petition came before the Commission. In its May 15, 2025, Order the Commission approved an opt-in TOU rate with an on-peak period of 6:00 p.m. to 9:00 p.m.³ The Commission also required Xcel to file a 90-day Compliance Plan, shown in Table 1. Parts of Table 1 will be reproduced throughout the briefing paper to discuss the compliance filing.

Table 1. 90-day Compliance Plan Filing Requirements

Requirement	Ordering Paragraph #
Facilitation of enrollment in new space heating rate	3
Revised methodology for solar customers to participate in TOU rate and a compensation rate and explanation of how the methodology complies with Minn. Stat. § 216B.164, subd. 3(d) and Minn. R. 7835.0100, subp. 2a.	4

¹ ORDER APPROVING PILOT PROGRAM, SETTING REPORTING REQUIREMENTS, AND DENYING CERTIFICATION REQUEST in Docket Nos. E002/M-17-775 and E-002/M-17-776 issued August 7, 2018 at ordering paragraphs 1 & 6.

² FINDINGS OF FACT, CONCLUSIONS, AND ORDER in Docket No. E002/GR-21-630 issued July 17, 2023 at ordering paragraphs 68 and 69 as well as pages 125-128. Including conclusion that all parties, not just those involved with Rate Case should be able to weigh in on space heating rate.

³ Order Approving Revised Opt-In Proposal and Setting Reporting Requirements issued May 15, 2025 in Docket No. E002/M-23-524.

Rate calculations for approved A57-A59 rates	7
Outreach plan for customers on A51-A56 rate codes	8
Marketing, Outreach, and Education to all customers about TOU rate	11
Implementation plan and tariff changes	12a
Implications for existing rates: b. existing space heating customers c. space heating and net metering d and e. existing Time of Use rate	12b-e
Bill protections, bill information, and rate comparison tool	12f-g
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By September 30, 2025, two members of the public commented in opposition to any rate increase. One opposed rate increases during peak hours when customers need energy for things like making dinner. However, as the residential rate and peak period were previously established by the Commission and were not currently up for revision, Staff did not include those comments in analyses.

By October 7, 2025, the Department of Commerce (Department), Center for Energy and Environment (CEE), and the Office of the Attorney General and Citizens Utility Board (OAG and CUB; filing jointly) had filed initial comments. Xcel replied to comments on October 17, 2025. By October 27, 2025 the Department, CEE, and the OAG and CUB filed replies. Later, Xcel replied to Staff's information requests 1-4. Also, after the close of the comment period, the City of Edina filed comments.

This briefing paper focuses on Xcel's 90-day compliance filing made August 14, 2025. First, the paper highlights topics mentioned by commenters but where no concerns were raised:

- Timing
- Implications for existing rates
- Budget
- Tariff revisions
- TOU net-metering rate calculations and approval
- Outreach to net energy metering (NEM) customers and all customers

Second, the paper details the three topics where commenters had questions or concerns:

- Space heating rate enrollment
- Rate comparison tool
- Annual reporting (including bill impact data and batteries)

II. DISCUSSION

A. Timing, Implications, Budget, and Tariff Revisions

Table 1 (reproduced in part). 90-day Compliance Plan Filing Requirements

Requirement	Ordering
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	Paragraph #
Implementation plan and tariff changes	12a
Implications for existing rates: b. existing space heating customers c. space heating and net metering d and e. existing Time of Use rate	12b-e

1. Timing

Table 2. Xcel's 90-day compliance filing provided the following timeline for implementation.

2025		2026				2027		
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
		Stand up of billing and technical capabilities						
		Launch rate comparison tool						
	Communication to current TOU customers re: new rate							
			New TOU rate replaces old					
			Test targeted communications					
					Active marketing for new enrollments			
						Customer feedback		
								Report

2. Implications for existing rates

The Company's 90-day compliance filing provided the following implications for existing rates.

- All TOU pilot customers will be automatically transitioned to the new TOU rate.
- All existing electric space heating customers were transitioned to the new space heating rate on October 1, 2025.
- TOU customers can also enroll in the new electric space heating rate.
- "For all net metering customers participating in a TOU rate, including those on the space heating rate, the comparison of on-site generation and energy consumption will be done in the comparable TOU periods."⁴
- Customers with BESS: "The Company's cogeneration rates, including the new TOU rates

⁴ Xcel 90-Day Compliance Filing made August 14, 2025, in docket no. E002/M-23-524 at 8

(Rate Codes A57 through A60) are only available to customers who operate qualified facilities. Customers with BESS are eligible to enroll in [Xcel’s] new TOU rate, regardless of whether their BESS is considered a qualified facility or not. However, only qualified facilities will be eligible for compensation, via [Xcel’s] cogeneration tariffs, for exports to the grid.” Xcel is aware of 43 battery applications on its system that can export energy, providing a total nameplate kW capacity of about 360 kW.⁵

3. Budget

Table 3. Implementation Budget in Millions of Dollars

	2025	2026	2027	2028	2029	2030	TOTAL
Rate Implementation	1.0	2.0	0	0	0	0	\$3.0
ME&O	0.1	1.9	1.7	1.3	1.0	0.7	\$6.7
TOTAL	1.1	3.9	1.7	1.3	1.0	0.7	\$9.7

The Company’s 90-day compliance filing provided the implementation budget shown in Table 3. The Department recommended approval of the implementation budget subject to review and approval in Xcel’s current rate case (**Decision Option 2**).

Staff notes that there is currently an open Xcel electric rate case, docket no. E002/GR-24-320, with a Commission decision deadline of July 31, 2026. In that rate case, Xcel’s rebuttal testimony acknowledged that initial costs proposed in the rate case for the residential TOU rate only included O&M costs, not capital costs. Following Commission approval of the TOU rate in its May 15, 2024, Order in this docket,⁶ Xcel updated its rate case. The updated rate case TOU rate implementation budget included technical implementation costs such that, “The implementation capital costs totaling \$3.2 million, along with the O&M budget included in our original proposal, are incorporated into the rebuttal revenue requirement.”⁷

The Department reviewed and agreed with Xcel’s proposed rebuttal adjustment to the TOU rate implementation budget which would be revenue deficiencies of \$20,000 for the 2025 test year and \$329,000 for the 2026 plan year.⁸

⁵ Xcel Response to PUC Information Request #3 December 2, 2025. Qualifying Facility designation is “determined by what is used to power the BESS. If the system is only powered by solar panels or a wind turbine, then the installation may be considered a qualified facility and the exports from the BESS could be considered under our cogeneration tariff options. If the BESS is powered in whole or in part by system-generated energy, then the BESS would not be eligible for our cogeneration rates.”

⁶ Order Approving Revised Opt-In Proposal and Setting Reporting Requirements issued May 15, 2025 in Docket No. E002/M-23-524.

⁷ Xcel Energy, Halama rebuttal testimony in Docket No. E002/GR-24-320 at 27-29 and Schedules 3A and 3B, page 4, row 84, column 34.

⁸ Department of Commerce, Johnson surrebuttal testimony in Docket No. E002/GR-24-320 at 31-32.

Staff is unclear whether the updated budget means an additional \$3.2million must be added to the total \$9.7million above or that the total implementation costs shown above are \$3.2million rather than \$3 million. Xcel may wish to confirm the total budget in this docket and its relationship to the budget proposed in its current electric rate case during the January 8th agenda meeting.

4. **Tariff revisions**

Xcel also shared tariff revisions in its 90-day compliance filing. The Company proposed modifications to its net metering tariffs as found in Section No. 9⁹ as well as to its Residential Time of Use rate (formerly Pilot program), codes A72 and A74 found in Section No. 5, Sheet No. 4.1, 4.2, 4.3, and 13. In reply comments Xcel updated tariffs to include proper rate codes and program names.

The Department reviewed tariffs as presented in Xcel's 90-day compliance plan and in reply comments. The Department recommended that the Commission approve Xcel's proposed tariff modifications (**Decision Option 3**).

B. **TOU net-metering rate calculations and approval**

Table 1 (reproduced in part). 90-day Compliance Plan Filing Requirements

Requirement	Ordering Paragraph #
Revised methodology for solar customers to participate in TOU rate and a compensation rate and explanation of how the methodology complies with Minn. Stat. § 216B.164, subd. 3(d) and Minn. R. 7835.0100, subp. 2a.	4
Rate calculations for approved A57-A59 rates	7

Per ordering paragraphs #4 and #7, Xcel was ordered to provide calculations for rate codes:

- A57 (now included with A51&A52 "Sale to Company after Customer Self-Use"),
- A58 (now included with A53&A54 "Monthly Net Metering"),
- A59 (now included with A55&A56 "Annual Net Metering (KWh Banking Option)").

Xcel was also ordered to provide revised methodology and compensation rate for its rate code:

- A60 (new Excess Generation-Average Retail Utility Energy Service).

However, as Xcel's 90-day compliance filing showed only the compensation rates for its A57-60 rates, the Department asked Xcel to provide additional detail on its rate calculation methodology. Xcel agreed, filing Trade Secret information in its replies. The Department

⁹ Specifically sheet numbers: 1.1) Technical and Special Terms for Cogeneration and Small Power Production, 2) Rate Codes A50 and A60, 3) Rate Codes A51, A52, and A57, 4) Rate Codes A53, A54, and A58, and 4.2) Rate Codes A55, A56, and A59.

reviewed and recommended approval of the revised methodology for determining the TOU net-metering rates (**Decision Option 4**).¹⁰ MnSEIA supported approval of the new A60 rate (**Decision Option 5**).

Also, per ordering paragraph 4, Xcel was required to provide an explanation of how the A60 rate methodology complies with Minn. Stat. § 216B.164, subd. 3(d) and Minn. R. 7835.0100, subp. 2a. Staff notes that Xcel only *stated* that its revised methodology complied with applicable MN Rule and Statute¹¹ but did not support that statement with evidence. Therefore, Staff filed an information request on November 14, 2025. Xcel reiterated the requirement of the MN Rule and Statute- that compensation rates be set at the average retail utility energy rate- and explained

The methodology for the new A60 Rate Code complies with these requirements and is the same as that used for the existing Excess Generation – Average Retail Utility Energy Service (Rate Code A50). Using the Residential Time of Use Service class billing data, we calculate the Total Class Revenue, which includes energy, fuel, rider, and customer charge revenue. The revenue is split into on-peak, mid-peak, and off-peak periods for the summer and winter seasons. We then remove the associated Fixed Charge (i.e., the customer charge) revenue and divide by the annual kWh sales for the time period and season to get the Average Retail Energy Rates.¹²

Upon approval, Xcel stated that intends to, “include TOU net-metering calculations in our 2026 Cogeneration and Small Power Production Report and Petition due January 2, 2026. We would note in the January 2 filing that their effectiveness is contingent on approval of the methodology in this proceeding.”¹³

c. Outreach

Table 1 (reproduced in part). 90-day Compliance Plan Filing Requirements

Requirement	Ordering Paragraph #
Outreach plan for customers on A51-A56 rate codes	8
Marketing, Outreach, and Education to all customers about TOU rate	11

¹⁰ Department of Commerce replies filed October 27, 2025 in docket no. E002/M-23-524

¹¹ Xcel replies at 7

¹² Xcel Response to PUC Information Request #1 made December 2, 2025.

¹³ Xcel replies in docket no. E002/M-23-524 filed October 17, 2025 at 2

1. Outreach to NEM customers

Per ordering paragraph #8, Xcel was required to provide its outreach plan for customers on A51-A56 rate codes. In response to information on outreach in Xcel's compliance filing, MnSEIA recommended that Xcel also be required to do outreach about the A60 rate to developers and customers who are already engage with the A50 rate. Xcel supported this recommendation (**Decision Option 6**).

2. Outreach to all customers

All commenters wanted to see a successful residential TOU rate. Xcel explained its plan to market the rate to all customers, per the Commission's Order at paragraph 11, via digital and non-digital methods, like community events. Xcel's messaging will focus on voluntary aspect of the TOU rate, bill savings, awareness of when energy is used, and environmental impact. Xcel may target outreach to specific customers: those participating in other programs and with Xcel's digital platforms as well as customers with specific usage patterns. Xcel's staff will be trained to provide this information to customers.

Xcel will also engage underrepresented communities, including those of color and low-income, by working with community partners, providing information in multiple languages, hosting events at inclusive locations, and creating culturally relevant messaging.¹⁴

D. Space heating rate marketing and enrollment

Table 1 (reproduced in part). 90-day Compliance Plan Filing Requirements

Requirement	Ordering Paragraph #
Facilitation of enrollment in new space heating rate	3

1. Marketing

Xcel's one-period electric space heating rate was effective as of June 1, 2025.¹⁵ As mentioned above, all existing electric space heating customers were transitioned to the new space heating rate on October 1, 2025. Per the Commission's Order at paragraph 3, Xcel's 90-day compliance filing explained plans to market the electric space heating rate to other Xcel customers.¹⁶ Xcel plans to add information about the electric space heating rate to several locations:

- training for contractors, distributors, and Xcel staff,
- heat pump rebates,
- FAQ documents,
- its website- for which Xcel's compliance filing included sample pages,

¹⁴ Xcel 90-day compliance filing made August 14, 2025, in docket no. E002/M-23-524 at 16

¹⁵ Xcel Energy compliance filing made May 23, 2025 in docket no. E002/M-23-524

¹⁶ Xcel 90-day compliance filing made August 14, 2025, in docket no. E002/M-23-524 at pages 17-20.

- information Community Relations Managers and Xcel’s Partners in Energy program will share with local governments and organizations with complementary programs, and
- ECO marketing.

With respect to ECO, Xcel’s cross-marketing strategy involves leveraging existing communication channels and campaigns to promote the benefits of TOU Rates alongside ECO programs. For more information on this effort, Staff offers **Decision Option 7**.

Xcel also said it will establish an annual process to contact customers who received a rebate for a *ducted* heat pump through a customer program but are not currently on the space heating rate. To inquire about ductless units, Staff filed an information request to Xcel on November 14, 2025. In response, Xcel explained that customers with *ductless* units would not be included in outreach plans to customers with heat pumps. Xcel said that ductless units are not usually primary heat sources, the intended recipients of the space heating rate. However, if a customer was to confirm that the ductless unit was their primary heat source, they would be eligible for the space heating rate.¹⁷

2. Enrollment

CEE focused its comments on simplifying customer enrollment in Xcel’s electric space heating rate. At present, Xcel’s website offers enrollment only via a call with a customer service agent.¹⁸ CEE requested that Xcel allow customers to enroll in the electric space heating rate directly through the heat pump rebate application (**Decision Option 8**). If Xcel agreed, CEE asked that Xcel add additional information to heat pump rebates:

- Description of the new space heating rate. Since the rate is less in winter and no change in summer, there is no financial risk to customers (**Decision Option 11a**).
- Verification that (and definition of) electric as primary heat source (**Decision Option 11b**). Doing so would eliminate need for further customer communication with Xcel.
- Customer consent form so that when contractors submit a rebate, Xcel can change rate. (**Decision Option 11c**). Also,
- Confirmation of enrollment when customers enroll in the space heating rate over the phone (**Decision Option 12**).

In response to CEE’s request, Xcel suggested that enrolling via the rebate was out of alignment with the process for applying for rebates. Specifically, Xcel said that rebates are most often submitted by contractors, not customers. To this, CEE suggested that rebates include a customer consent form that allowed the contractor to enroll the customer in the space heating rate. Xcel seemed to disagree in replies stating that such a strategy, “involves multiple

¹⁷ Xcel response to PUC IR 4 on December 2, 2025

¹⁸ See [Electric Space Heating | Residential Services | Xcel Energy](#)

touchpoints and may not fully align with CEE’s stated goal in their reply comments to, “...minimize barriers and maximize opportunities for enrollment.”¹⁹ In replies, CEE continued to request that customers be allowed to sign up for the space heating rate on the rebate form.

Framed, in Staff’s interpretation, as an alternative to CEE’s request, Xcel said that it “is exploring options to offer customers a streamlined online self-service enrollment process to further reduce barriers and enhance accessibility.”²⁰ CEE supported self-enrollment as it would require less training of call center staff to facilitate the enrollment process (**Decision Option 9**).

Staff notes that the concept of self-enrollment is new and the Commission may want to consult with a number of consumer-facing organizations (including its own CAO) to understand its impacts. It would be more transparent to have Xcel propose tariff language so that commenters can fully understand how self-enrollment would work (**Decision Option 10**).

3. Enrollment, in Practice

The City of Edina (Edina) underscored CEE’s point that enrollment in the space heating rate must be simple and lead to success. Edina shared examples of its residents’ experience enrolling in the space heating rate, including how Xcel staff incorrectly told four Edina residents that they were ineligible for the rate. However, when City employees elevated those residents’ complaints within the Company, Xcel quickly confirmed that the residents were eligible and began work to enroll them. Thus, Edina concluded, “It is clear there are customer service agents who still have not been properly trained on the eligibility and enrollment process for this rate program, even though they are currently the initial primary contact for program enrollment” and recommended additional training for customer service agents on successful enrollment.²¹

Xcel described additional training for call center staff in its compliance filing by sharing:

- Trainings can be both in-person and virtual, with videos and knowledge checks.
- Trainings cover rate benefits, determining eligibility, and how to enroll customers.
- Reference materials make training content available to agents when needed.²²

The Commission can highlight the importance of the training with **Decision Option 13**, also supported by CEE. More, as the City of Edina shared how Xcel staff have misinformed customers, the Commission may wish to gain additional details and an opportunity to provide feedback on Xcel’s staff training on enrolling customers in the new space heating rate with **Decision Option 13a**.

¹⁹ Xcel replies in docket no. E002/M-23-524 filed October 17, 2025 at 4

²⁰ Xcel replies in docket no. E002/M-23-524 filed October 17, 2025 at 4

²¹ City of Edina comments filed December 11, 2025, docket nos. E002/M-23-524 and E002/M-25-27 quote at 2.

²² Xcel 90-day compliance filing made August 14, 2025, in docket no. E002/M-23-524 at pages 19-20.

In sum, the Commission may pursue additional methods to enroll customers in the space heating rate, via self-enrollment and/or through the heat pump rebate. Xcel could also or alternatively require additional training of its customer service agents. Regardless, Staff is interested in the efficacy of enrollment strategies. To this extent, Staff’s November 14, 2025 information request asked for the number of customers on the new space heating rate since its deployment on June 1, 2025.²³ Xcel responded to Staff’s request by reporting that as of December 2, 2025 there were 53,863 customers enrolled on the rate.²⁴ For regular reporting, Staff offers **Decision Option 14** for the total number of customers enrolled in the space heating rate to be included in Xcel’s annual report in the instant docket.

E. **Bill impacts, rate comparison tool, and reporting**

Table 1 (reproduced in part). 90-day Compliance Plan Filing Requirements

Requirement	Ordering Paragraph #
Bill protections, bill information, and rate comparison tool	12f-g
Annual reporting metrics	17

1. **Rate Comparison Tool**

Commenters agreed that customers will need a way to understand which rate is best for them. Xcel proposed a rate comparison tool. However, CUB / OAG found Xcel’s explanation of its rate comparison tool confusing and the tool unlikely to be used. This was because the tool

- may be an estimated bill that is not based on actual usage data and
- may require customers to conduct a bill analysis themselves or reach out to a customer service representative for an analysis.

Xcel’s replies gave additional information on its rate comparison tool. The “tool will allow an individual customer to use their own historical usage data to simulate how their bill would differ under the TOU rate compared to their current rate.” The tool will be found in the MyAccount platform. Finally, while the tool will start as a static comparison tool, Xcel is “exploring” a dynamic modeling feature where a customer can adjust usage to see the impact on their bill.²⁵

Xcel also discussed a different kind of rate comparison tool, as prompted by the Commission’s Order, “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,

²³ Xcel Energy compliance filing made May 23, 2025 in docket no. E002/M-23-524.

²⁴ Xcel Response to PUC Information Request #2 filed December 2, 2025.

²⁵ Xcel replies in docket no. E002/M-23-524 filed October 17, 2025 quoted text at 4; dynamic modeling at 5.

rather than having the information appear directly on the bill.”²⁶ Xcel said it is technically possible to include a link on bills; however, to keep customer information secure, the link would need to redirect to a MyAccount sign-in page.

As uncertainty remains around the form the tool will ultimately take, the OAG and CUB recommended that the Commission clarify that it is not making a prudency determination in this docket regarding Xcel’s as-yet-unseen Rate Comparison Tool (**Decision Option 15**). To this extent, Staff confirms that the Rate Comparison Tool was included in Xcel’s electric rate case. Specifically, rebuttal testimony of Halama discussed technical implementation costs for development of the Rate Comparison Tool.²⁷

Staff analysis on rate comparison tool

Xcel appears to have concluded that customers will be comparing rates only through its My Account platform or by calling customer service representatives. CUB and OAG worry that customers will forgo such comparisons if they must first sign into a separate platform and thus, will not sign up for the TOU rate. CUB and OAG would prefer a shadow bill printed on existing bills or accessible via a single-click on digital bills. To consider how customers currently engage with Xcel, Staff includes information in Table 4 from Xcel’s 2024 electric safety, reliability, and service quality (SRSQ) data²⁸ showing MyAccount usage relative to website visits, emails received, and telephone calls.

Table 4. Customer communications by type in 2024

Website Visits	Facebook, Twitter, XcelEnergy.com	11,890,711
Logins	My Account, mobile app	13,585,218
Emails Received	Re: emergency medical coverage & EAP	104,006
Telephone Calls	All residential calls offered to agents	831,994

Xcel’s own research, as Staff shared in briefing papers for the March 6, 2025, agenda meeting, showed that in Colorado, “customers have expressed frustration with the absence of tools to compare usage and costs.”²⁹ This supports developing a rate comparison tool. However, Xcel’s Initial Survey of Pilot Sites found that, “Customers prefer an email from Xcel Energy to learn about new rate pilots. Tools, such as an app, would be used occasionally by customers and most prefer an email with a webpage link be notified about personal or household energy use.”³⁰

²⁶ Order Approving Revised Opt-In Proposal and Setting Reporting Requirements issued May 15, 2025 in Docket No. E002/M-23-524 at ordering paragraph 12g

²⁷ Xcel Energy, Halama rebuttal testimony in Docket No. E002/GR-24-320 at 27-29.

²⁸ Xcel electric SRSQ initial filing made April 1, 2025 in docket no. E002/M-25-27, Part 1 at 20 showing website visits, logins, and emails; telephone call data in Attachment F at 1. Note, Xcel has 1,358,743 residential electric customers (per docket no. PR-25-2 September Data filed in October).

²⁹ Xcel revised petition filed 16 August 2024 at 21

³⁰ Xcel TOU Pilot petition filed in E002/M-17-775 on 1 Nov 2017 at 12

In sum, SRSQ data show broad trends in how customers engage with Xcel while Xcel's research shows how TOU pilot customers would prefer to engage with their energy data. Thus, two different pictures of customer preferences are presented. The Commission will need to consider how likely the customers who have chosen to opt-in to the residential TOU rate are to choose to seek out information on rates through logins to additional platforms. More, how likely customers are to contact a call center representative to obtain information on rates.

2. Annual reports

The Commission's Order required Xcel to make an annual program evaluation filing, beginning 15 months after implementation of the new time-of-use rate, and annually thereafter. Xcel was also required to co-create reporting metrics with stakeholders.³¹

Following two stakeholder meetings, Xcel proposed a set of reporting metrics that largely mirrored those contemplated ahead of the Commission's March 6, 2025, agenda meeting and were in Staff's briefing paper (see Appendix A). The Commission can accept Xcel's proposed reporting metrics with **Decision Option 16**.

Xcel's currently proposed annual reporting exclude some metrics previously proposed for annual reporting. Reporting now excludes:

- Reporting on renewables: Hourly CO₂ emissions, % Renewable Energy/MWh, and Actual hourly load net of renewables.
- Peak impact of smart thermostat owners, though smart thermostat owners will be asked about their understanding of and satisfaction with TOU rates.
- Reporting related to rate design and long-term planning.
- TOU customer preferences, attitudes, acceptance, & awareness, though customer understanding and satisfaction are included.
- Bills: bill protections; minimum, maximum, and average bill increases; a chart showing annual and temporal bill impacts. CUB and OAG focused comments on bills.

3. Annual reporting on bill impact data

CUB and the OAG prioritized Xcel including bill impacts in its annual reports. "As consumer advocates, OAG and CUB are concerned at the prospect of implementing a new rate—entirely different in structure and pricing from the previously piloted TOU rate—without any method of tracking its impact on customers' bills."³²

While the final version of Xcel's proposed annual report does include data on customer disconnections, the OAG and CUB explained that this metric shows only the "catastrophic"

³¹ Order Approving Revised Opt-In Proposal and Setting Reporting Requirements issued May 15, 2025, in Docket No. E002/M-23-524 at ordering paragraphs 13 and 17.

³² OAG and CUB initial comments filed October 7, 2025, in docket no. E002/M-23-524 at 3

impact of TOU rates on customers, but bill impact data will give a more nuanced picture of customers, showing impacts to energy burden.³³

Xcel replied that reporting on bill impact data was too expensive. One reporting method would require hiring an external consultant for \$1.25million. Xcel rejected this option as it does not believe the opt-in nature will lead to a random sample of customers from which to understand bill impacts. Also, “recreating rate calculation, including taxes, fees and riders, in this context and in an external system would be highly complex and susceptible to inaccuracies, particularly given the frequency with which these components change.”³⁴

Another reporting method would require updating Xcel’s system for \$2million to enable the creation of, essentially, shadow bills for individual customers.³⁵ Xcel said it does not have internal capabilities for such analysis, “because our billing system is unable to generate multiple bills for a single customer, which is a necessary capability for conducting a detailed bill impact analysis.” As such, Xcel, as ordered, will conduct a feasibility study in its first annual report.³⁶

Ultimately, CUB and OAG’s reply comments stated the importance of showing the aggregate impact of TOU rates on customer bills. They recommended the Commission clarify that Xcel’s future explanation of shadow billing cost and feasibility should include an assessment of the costs and benefits of adding bill impact analysis functionality to its billing system (**Decision Option 17**).³⁷ Note, in initial comments CUB and OAG also recommended data on bill impacts (**Decision Option 18**), planning (**Decision Option 19**), and renewables (**Decision Option 20**).

Staff’s interpretation of comments on billing information is that groups are having a broader debate over the functionality of Xcel’s existing system. Specifically, if and at what cost, Xcel can share information about individual customer bills under two different rates and about customer bills in aggregate under the TOU rate compared to historical bills for those same customers. Staff believes that the OAG, CUB, Xcel, and ultimately the Commission, may wish to clarify the exact focus of Xcel’s feasibility study in its first annual report when it comes to potential and historical bill impacts for individual customers and for customers *en masse*.

³³ OAG and CUB initial comments filed October 7, 2025, in docket no. E002/M-23-524 at 3

³⁴ Xcel replies in docket no. E002/M-23-524 filed October 17, 2025 at 6

³⁵ Xcel 90-day compliance filing made August 14, 2025, in docket no. E002/M-23-524 at 11

³⁶ See Order Approving Revised Opt-In Proposal and Setting Reporting Requirements. Issued May 15, 2025 in docket no. E-002/M-23-524 at ordering paragraph 10, “In its first annual report, Xcel must identify the feasibility and cost of implementing a shadow billing program.” Also, Xcel replies in docket no. E002/M-23-524 filed October 17, 2025 quoted text at 6

³⁷ OAG and CUB reply comments filed October 27, 2025, in docket no. E002/M-23-524 at 4

4. Annual reporting on batteries

MnSEIA’s comments focused on NEM customers. MnSEIA’s comments underscored the importance of incentivizing battery customers to dispatch in line with grid signals. MnSEIA wrote that, “If Xcel is unable to track the rate of battery storage paired with solar, the NEM adoption rate may seem deceptively low, as per capita few NEM customers in Minnesota currently have paired storage. Having access to this data then would give the Commission a more effective indicator in the efficacy of the TOU NEM rate, as it would specifically track the customers most likely and able to participate in the new rate.”³⁸ To this extent, MnSEIA recommended that Xcel track the rate of battery storage paired with solar for NEM customers that participate in the TOU rate (**Decision Option 21**).

Xcel replied, “We do not support adding this as an additional reporting requirement for this proceeding. We believe that reporting on battery storage systems is outside the scope of reporting on the TOU rate as battery storage is not a consideration in our development and implementation of the rate.”³⁹

Staff agrees that information on the proportion of TOU NEM customers that have solar versus solar-plus-storage installations would have value for understanding the load-shifting capabilities of TOU NEM participants and could be used to inform marketing approaches. Staff expects that information on battery attachment with solar installation is collected during the interconnection process, but it is not clear whether this information is collected during program enrollments. Collecting such information during enrollment in the TOU NEM rate does not appear to be unduly burdensome, so Staff finds MnSEIA’s reporting recommendation reasonable.

Broadly, the Commission can accept Xcel’s implementation plan as discussed above and throughout this briefing paper with **Decision Option 1**. The Department recommends the Commission approve Xcel’s Compliance Plan. Note, Decision Option 1 allows the Commission to modify aspects of Xcel’s plan, as described in its 90-day compliance filing, as needed.

III. DECISION OPTIONS

90-Day Compliance Filing

1. Accept Xcel’s 90-day compliance filing as filed on August 14, 2025, except as modified below. (Department with Staff modification to allow stand-alone decision option)

Budget

2. Approve the implementation budget subject to review and approval in Xcel’s current rate case. (Department)

Tariffs

³⁸ MnSEIA comments filed October 6, 2025, in docket no. E002/M-23-524 at 5

³⁹ Xcel replies at 3

3. Approve Xcel's proposed tariff modifications. (Department, Xcel; MnSEIA)

Rate Calculations

4. Approve Xcel's Compliance Plan and revised methodology for determining the TOU net-metering rates corresponding to rates A57, A58, A59, and A60. (Department; Xcel; Staff addition of rate codes)
5. Approve Xcel's revised methodology for calculating the A60 rate (MnSEIA)

Outreach to NEM Customers

6. Require Xcel to do initial outreach about the A60 rate to developers and customers who are already on or working with the A50 rate (MnSEIA; Xcel).

Space Heating

7. Require Xcel to discuss in the 2027-2029 ECO triennial, due June 2026, how its new electric space heating rate will be marketed, including alongside heat pumps. (Staff)
8. Require Xcel to allow customers to enroll in the electric space heating rate directly through the heat pump rebate application. (CEE)
9. Require Xcel to allow customers to enroll themselves in the electric space heating rate using an online self-service enrollment process. (CEE, Xcel)
10. Require Xcel to draft tariff language to allow enrollment in the electric space heating rate through the heat pump rebate application and self-enrollment and file the proposed language in this docket within 30 days of the Order. (Staff)
11. Require Xcel to modify its heat pump rebate to
 - a. Include clear messaging in the heat pump rebate application that educates customers about the potential benefits of enrolling in the space heating rate. (CEE)
 - b. Require customers to indicate on the heat pump rebate application whether their primary heating source is electric to avoid the need for further communication with Xcel Energy. (CEE)
 - c. Include a consent form that requires a customer signature to change to the space heating rate. (CEE with staff modification of text for clarity)
12. Require Xcel to implement a confirmation of enrollment when customers enroll in the space heating rate over the phone. (CEE)
13. Require Xcel to include in its implementation plan for the electric space heating rate a robust internal training process for the Company's customer service agents, supervisors,

and other trusted messengers to ensure that when customers use the published, advertised channels to enroll in a program, the customer journey is successful. (City of Edina with Staff modification)

- a. Require Xcel to make a compliance filing within 90 days of the Order in this docket on the frequency and duration of customer service agent training about its one-period space heating rate, how trainings work to prevent customers being misinformed about their eligibility, and a description of any customer complaints related to enrollment in the rate and how Xcel has rectified those situations. (Staff)

14. Require Xcel to report the number of customers on its one-period electric space heating rate in Xcel's annual report filed in docket no. E002/M-23-524 (Staff).

Rate Comparison Tool

15. Clarify that the Commission is not making a prudence determination in this docket regarding Xcel's as-yet-unseen Rate Comparison Tool. (OAG and CUB)

Reporting and Bill Analysis

16. Require Xcel to include in its annual report filed in docket no. E002/M-23-524 the metrics as shown in Staff's Appendix A to this briefing paper in the column labeled Xcel Compliance Filing Aug 2025 for the customer segment and frequency shown in the adjacent column labeled Segment; Freq. (Staff)

17. Clarify that Xcel's future explanation of shadow billing cost and feasibility should include an assessment of the costs and benefits of adding bill impact analysis functionality to its billing system. (OAG and CUB)

18. Require Xcel to report on net customer bill impacts in its annual report filed in docket no. E002/M-23-524. (OAG and CUB)

19. Require Xcel to include in its annual report filed in docket no. E002/M-23-524 a narrative explanation of how reported peak reductions will factor into future resource and distribution planning. (OAG and CUB)

20. Require Xcel to report on actual hourly load net of renewables in its annual report filed in docket no. E002/M-23-524. (OAG and CUB)

21. Require Xcel to report on the number of customers on the TOU NEM A60 rate, and the number of these customers who also have BESS installed. (MnSEIA; Staff modified language)

IV. Appendix A

Xcel proposed annual reporting metrics ahead of the Commission's March 6, 2025, agenda meeting. Those metrics are shown in the far-right column. Metrics proposed by Xcel in its August 14, 2025, 90-day compliance filing, developed after two stakeholder meetings, largely align with metrics brought before the Commission in March 2025. Italicized and left-aligned metrics in the far-right column were not included in Xcel's final proposed annual metrics.

For the March 6, 2025, agenda meeting, several customer segments were proposed for annual reports: Overall (O), low income (LI), senior, renter, EV owner, census block, and smart thermostat owners. The annual reporting proposed in Xcel's 90-day compliance filing showed: O; LI including census block; Space Heating (SH), and NEM customers. Data will be provided annually; however, Xcel proposes to provide some data seasonally.

Xcel Compliance Filing Aug 2025		Segment; Freq	Metrics March 2025
1 Participation	# customers opt-in	O, LI, SH, NEM	# customers opt-in
2 Participation	# customers leaving	O, LI, SH, NEM	# customers leaving
3 Participation	Disconnections	O, LI, SH, NEM	Disconnections
			<i>Bill protection</i>
			<i>Min, Max, Av Bill Increase</i>
			<i>Chart showing annual and temporal bill impacts</i>
4 Peak Impact	Min. household	O, LI; Seasonal	Min. household
5 Peak Impact	Max. household	O, LI; Seasonal	Max. household
6 Peak Impact	Av. household	O, LI; Seasonal	Av. household
7 Peak Impact	System Coincident of TOU Customers	O; Seasonal	System Coincident of TOU Customers
			<i>Peak impact of smart thermostat owners</i>
8 Load Shift	To/from Off-peak	O, LI; Seasonal	To/from Off-peak (overall)
9 Load Shift	To/from Mid-peak	O, LI; Seasonal	To/from Mid-peak (overall)
10 Load Shift	To/from On-peak	O, LI; Seasonal	To/from On-peak (overall)
			<i>Hourly CO2 emissions</i>
			<i>% Renewable Energy/MWh</i>
			<i>Actual hourly load net of renewables</i>
11 Load Shift	Shift by TOU customers vs non-TOU on standard rate	O, LI; Seasonal	Shift by TOU customers vs non-TOU on standard rate
12 Energy Consumption	Energy consumption impacts for: off-peak	O, LI, SH, NEM; seasonal	Energy consumption impacts for: off-peak
13 Consumption	Mid-peak period	O, LI, SH, NEM; seasonal	Mid-peak period

14 Consumption	On-peak period	O, LI, SH, NEM; seasonal	On-peak period
			<i>Rate Design</i>
			<i>Planning</i>
15 Cust. Exp.	TOU customers: understanding & satisfaction with rate	O, EV users, and smart thermostat users (self- identified)	Satisfaction, <i>preferences,</i> <i>attitudes, acceptance,</i> comprehension, & <i>awareness</i>
16 Cust. Exp.	All Customers: use digital tools, aware TOU rate, aware space heating rate esp. heat pump customers	O	