

June 11, 2020

Mr. Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, Minnesota 55101

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. E002/M-20-503

Dear Mr. Seuffert,

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

Northern States Power Company dba Xcel Energy's Petition for a One-Time Waiver to the Company Tariff Requirements for Peak Control Services

The petition was filed on May 21, 2020 by:

Shawn White  
Manager, DSM Program and Policy  
Xcel Energy  
414 Nicollet Mall  
Minneapolis, MN 55401

The Department recommends that the Minnesota Public Utilities Commission's (Commission) **approve the petition and require a compliance filing**. The Department is available to answer any questions the Commission may have.

Sincerely,

/s/Susan L. Peirce  
Rate Analyst Coordinator

SLP/ar  
Attachment



## Before the Minnesota Public Utilities Commission

---

### Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E002/M-20-503

#### I. BACKGROUND

On May 21, 2020, Northern States Power Company d/b/a Xcel Energy (Xcel or the Company) submitted a petition for approval to waive certain requirements of its Peak Controlled Service Tariff, Peak Controlled Time of Day (TOD) Tariff, and Energy Controlled Service Rider for the period from the Minnesota Public Utilities Commission's (Commission) approval through year-end 2020.

#### II. SUMMARY OF THE FILING

Xcel's Peak Controlled Service, Peak Controlled TOD and Energy Controlled Service Rider all require customers to reduce their electric loads during Company specified control periods in exchange for a monthly discount on their demand charges.<sup>1</sup> The tariffs specify that customers establish a Predetermined Demand Level (PDL). During a control event, the amount of load above the PDL is considered controllable and customers are expected to reduce their load to the PDL or incur a penalty. Customers are also expected to provide a minimum 50 kW controllable load, or lose eligibility for the tariff. Xcel states it has 1,762 customers on the three tariffs, with the majority of customers taking service under the Peak Controlled Service tariff.

With the recent economic shutdown resulting from the COVID-19 pandemic, customers on these tariffs have expressed concern that their electricity usage has changed, which has affected their ability to meet the conditions required by the tariffs to maintain service. The tariffs currently permit customers to reduce their PDL without penalty, but contemplate a penalty in the event the PDL is increased. Xcel proposes to waive the charge for increasing the PDL to a higher level, waive the 50 kW minimum controllable load requirement, and permit customers to cancel their contract and move to the recently established Peak Partners Rewards program without a financial penalty.

---

<sup>1</sup> Xcel's initial filing included the tariff for the Controlled Air Conditioning Rider. Unlike the Peak Controlled Service, Peak Controlled TOD and Energy Controlled Service Rider a Predetermined Demand Level is not established as part of the Controlled Air Conditioning Rider. Xcel has confirmed to the Department that the Controlled Air Conditioning Rider tariff was included in the filing in error.

### III. DEPARTMENT ANALYSIS

The Department has reviewed Xcel's proposal and concludes that it is a reasonable approach to resolving the difficulties resulting from the COVID-19 pandemic. The waiver proposal addresses two different problems being experienced by customers. Customers with significantly lower load levels are concerned about their ability to meet the minimum controllable load requirements, while other customers have higher loads as a result of ramping up critical pandemic response operations which could be harmed if they had to reduce operations to meet load controls. Xcel proposes to waive the minimum control requirements and permit customers to raise their PDL levels on a limited time basis through the end of 2020.

In addition, Xcel recently launched the Peak Partner Rewards program<sup>2</sup> which permits customers on the General Service tariff to receive an incentive if they agree to reduce load during the month. Participants receive access to a tool that can provide near real-time energy usage, and agree to reduce electric demand by a minimum of 25 kW during the months June through September. Xcel states that customers have the option of also shifting to the Peak Partner Rewards program with its lower minimum demand requirement and additional flexibility in participation.

Xcel has not submitted any tariff sheets identifying the tariff requirements subject to the one-time waiver. The Department recommends that the Company be directed to submit a compliance tariff sheet identifying the terms that are subject to the one-time waiver, and the time period during which the waiver is in effect.

In addition, the Department notes that the Peak Partner Rewards program is not tariffed, and appears to have been implemented under Xcel's CIP program. A description of the Peak Partner Rewards program from the Company's recent 2020 CIP Extension Plan is attached.<sup>3</sup> The Department notes that the tariffed Peak Controlled Service, also known as the Electric Rate Savings Program, is also a CIP program. The Department requests that Xcel explain its reasoning as to when CIP programs should be tariffed or not.

---

<sup>2</sup> The Deputy Commissioner of the Minnesota Department of Commerce approved Xcel's proposal to include the Peak Partner Rewards program in the Company's Conservation Improvement Program (CIP) in his November 26, 2019 *Decision* in Docket No. E,G002/CIP-16-115.

<sup>3</sup> Xcel Energy 2020 Extension Plan Minnesota Electric and Natural Gas Conservation Improvement Program, Docket No. E,G002/CIP-16-115.

#### **IV. DEPARTMENT RECOMMENDATION**

The Department requests that Xcel provide an explanation in reply comments as to its reasoning on why the Peak Partner Rewards program is not included in its tariff, and the criteria it uses to determine when programs are tariffed or not.

The Department recommends that the Commission:

- Approve Xcel's request for a one-time waiver of certain requirements in its Peak Controlled Service Tariff, Peak Controlled Time of Day (TOD) Tariff, and Energy Controlled Service Rider for the period from Commission approval through year-end 2020.
- Direct the Company to submit a revised tariff pages describing the waiver requirements and specifying the termination date for the waiver as a compliance filing.

/ar

## Peak Partner Rewards

### Description

Peak Partner Rewards (PPR) is a new program that offers bill credits and access to electric load profile data to business customers that agree to reduce their electrical loads when the electric grid experiences peak demand periods. The program differs from the Company's other demand response programs for business customers through its incentive structure, which emphasizes actual performance during control periods and through the increased level of data the customer can access about their load profile and incentive.

Participating customers sign a contract agreeing to reduce load at their facility during peak demand periods. This load is determined by the customer based on their ability to manage operations within their facility. The kW commitment can vary each month, however during the summer months of June through September the participants commitment cannot be less than 25 kW. The initial contract term is 12 months followed by an annual term that is automatically renewed each year. A sixty day written notice is required from the customer in order to cancel their participation.

The PPR offering includes the following incentives:

- Reservation Incentive – A monthly kW bill credit (\$/kW) calculated by multiplying a capacity payment by the participant's contractual monthly load reduction obligation.
- Performance Incentive – An incentive calculated by multiplying an energy payment (\$/kWh) by the participant's total energy reduction during the event period(s).
- Load Profile Data Access – Customers who participate in the program receive an additional benefit of having access to their electric load profile data in near real time.

Peak demand periods (events) are triggered as a result of capacity, contingency and/or economic constraints upon the electrical system. Peak periods are typically defined as June through September between the hours of 2:00 p.m. and 6:00 p.m. However, events may occur in any month throughout the year during any hour. In addition to events called for a specific need, each customer may be subject to up to two test events each calendar year. The purpose of test events is to insure participants are able to deliver the load reductions committed and verify energy savings for the program.

A key asset enabling this program is the Company's Demand Response Management System (DRMS). This system is the platform from which all of the Company's demand response programs are managed. In addition to managing events and providing customer notification, the system provides program participants with the additional benefit of near real time access to their load profile data through a customer portal. Having this data allows participants to manage their energy use during events to insure they comply with their contractual requirements as well as maximize their potential incentive. All load reduction calculations are automated through the DRMS.

To enable this process, monitoring equipment will be installed on the customer's meter. Though each participant's configuration may vary depending on their unique circumstance, this equipment generally consists of a "pulse" device to transmit data from the customer's revenue meter back to the Company's DRMS. Installation of monitoring equipment takes approximately 60 days.

## **Program Changes**

This is a new program offering beginning in 2020.

## **Budget and Goal Considerations**

The program's participation, energy savings goals, and budget were developed based on the Company's ongoing experience with a PPR program in its Colorado territories.

The main budget drivers include the following:

- **Rebates** – This category includes the Reservation and Performance Incentives paid to participating customers.
- **Administration** – This category covers costs associated with day-to day operations of the program as well as consulting from Company staff to assist customers in identifying controllable loads and an appropriate load reduction value.
- **Equipment & Installation** – This category reflects the cost to purchase and install monitoring equipment at each participant's facility. Expenditure is expected to be greatest in the early years of the program as the participant base is built. Future expenditures will reflect costs of growing the program incrementally and any ongoing equipment maintenance for current participants.
- **Promotion and Advertising** – Marketing and communication materials are created to communicate the features and benefits of the program. These marketing materials include a program guide summarizing key features and benefits and a PPR website accessible on the Company's website to provide more extensive program information. Additionally, the Company will utilize its program management, account management, and Business Solutions Center teams to recruit customers. However, budget has been included for a 3<sup>rd</sup> party recruitment vendor to assist with these efforts if needed.

## **Involvement with Community Energy Organizations**

PPR was one of several programs discussed during demand response stakeholder engagement meetings as part of Docket No. RP-15-21. The following are design criteria discussed in those meetings and how this program meets those criteria:

1. "Compensate demand response appropriately given the specific benefits it provides." Incentive levels for PPR are established based on the Company's average avoided generation (\$/kW-year) and energy (\$/MWh) costs during peak demand periods. Specific periods modeled included typical peak periods (2-6 PM summer weekdays) as well as actual control periods from 2014-January 2019.
2. "Ensure pricing and expectations are clear, concise, and transparent for customers." The Company is developing a program operations plan which outlines pricing, expectations, and procedures related to program implementation. The operations plan will include a customer contract that will clearly outline expectations. Information regarding the program will also be available in marketing materials and a program website, as discussed above.
3. "Provide flexibility and options for customers." PPR provides the customer flexibility in the following ways: it does not specify how the customer must meet load reduction obligations, allows them to designate load reduction obligations by month, and provides them with real-time data through a customer portal to make informed decisions.

## **CERTIFICATE OF SERVICE**

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce**  
**Comments**

**Docket No. E002/M-20-503**

Dated this **10<sup>th</sup>** day of **June 2020**

**/s/Sharon Ferguson**

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Aafedt	daafedt@winthrop.com	Winthrop & Weinstine, P.A.	Suite 3500, 225 South Sixth Street  Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_20-503_M-20-503
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022191	Electronic Service	No	OFF_SL_20-503_M-20-503
Alison C	Archer	aarcher@misoenergy.org	MISO	2985 Ames Crossing Rd  Eagan, MN 55121	Electronic Service	No	OFF_SL_20-503_M-20-503
Mara	Ascheman	mara.k.ascheman@xcelen ergy.com	Xcel Energy	414 Nicollet Mall Fl 5  Minneapolis, MN 55401	Electronic Service	No	OFF_SL_20-503_M-20-503
James J.	Bertrand	james.bertrand@stinson.co m	STINSON LLP	50 S 6th St Ste 2600  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-503_M-20-503
James	Canaday	james.canaday@ag.state. mn.us	Office of the Attorney General-RUD	Suite 1400 445 Minnesota St. St. Paul, MN 55101	Electronic Service	No	OFF_SL_20-503_M-20-503
John	Coffman	john@johncoffman.net	AARP	871 Tuxedo Blvd.  St. Louis, MO 63119-2044	Electronic Service	No	OFF_SL_20-503_M-20-503
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.st ate.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400  St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-503_M-20-503
Riley	Conlin	riley.conlin@stoel.com	Stoel Rives LLP	33 S. 6th Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-503_M-20-503
George	Crocker	gwillc@nawo.org	North American Water Office	PO Box 174  Lake Elmo, MN 55042	Electronic Service	No	OFF_SL_20-503_M-20-503



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
John	Farrell	jfarrell@ilsr.org	Institute for Local Self-Reliance	2720 E. 22nd St Institute for Local Self-Reliance Minneapolis, MN 55406	Electronic Service	No	OFF_SL_20-503_M-20-503
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280  Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_20-503_M-20-503
Edward	Garvey	edward.garvey@AESLconsulting.com	AESL Consulting	32 Lawton St  Saint Paul, MN 55102-2617	Electronic Service	No	OFF_SL_20-503_M-20-503
Janet	Gonzalez	Janet.gonzalez@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	No	OFF_SL_20-503_M-20-503
Michael	Hoppe	il23@mtn.org	Local Union 23, I.B.E.W.	932 Payne Avenue  St. Paul, MN 55130	Electronic Service	No	OFF_SL_20-503_M-20-503
Alan	Jenkins	aj@jenkinsatlaw.com	Jenkins at Law	2950 Yellowtail Ave.  Marathon, FL 33050	Electronic Service	No	OFF_SL_20-503_M-20-503
Linda	Jensen	linda.s.jensen@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota Street  St. Paul, MN 551012134	Electronic Service	No	OFF_SL_20-503_M-20-503
Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-503_M-20-503
Sarah	Johnson Phillips	sarah.phillips@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-503_M-20-503

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Mark J.	Kaufman	mkaufman@ibewlocal949.org	IBEW Local Union 949	12908 Nicollet Avenue South  Burnsville, MN 55337	Electronic Service	No	OFF_SL_20-503_M-20-503
Thomas	Koehler	TGK@IBEW160.org	Local Union #160, IBEW	2909 Anthony Ln  St Anthony Village, MN 55418-3238	Electronic Service	No	OFF_SL_20-503_M-20-503
Michael	Krikava	mkrikava@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-503_M-20-503
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W  Farmington, MN 55024	Electronic Service	No	OFF_SL_20-503_M-20-503
Peder	Larson	plarson@larkinhoffman.com	Larkin Hoffman Daly & Lindgren, Ltd.	8300 Norman Center Drive Suite 1000 Bloomington, MN 55437	Electronic Service	No	OFF_SL_20-503_M-20-503
Kavita	Maini	kmaini@wi.rr.com	KM Energy Consulting, LLC	961 N Lost Woods Rd  Oconomowoc, WI 53066	Electronic Service	No	OFF_SL_20-503_M-20-503
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E  St. Paul, MN 55106	Electronic Service	No	OFF_SL_20-503_M-20-503
Joseph	Meyer	joseph.meyer@ag.state.mn.us	Office of the Attorney General-RUD	Bremer Tower, Suite 1400 445 Minnesota Street St Paul, MN 55101-2131	Electronic Service	No	OFF_SL_20-503_M-20-503
Stacy	Miller	stacy.miller@minneapolisn.gov	City of Minneapolis	350 S. 5th Street Room M 301 Minneapolis, MN 55415	Electronic Service	No	OFF_SL_20-503_M-20-503
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St  Duluth, MN 558022093	Electronic Service	No	OFF_SL_20-503_M-20-503

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-503_M-20-503
David	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency	220 South Sixth Street Suite 1300 Minneapolis, Minnesota 55402	Electronic Service	No	OFF_SL_20-503_M-20-503
Carol A.	Overland	overland@legalelectric.org	Legalelectric - Overland Law Office	1110 West Avenue  Red Wing, MN 55066	Electronic Service	No	OFF_SL_20-503_M-20-503
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-503_M-20-503
Kevin	Reuther	kreuther@mncenter.org	MN Center for Environmental Advocacy	26 E Exchange St, Ste 206  St. Paul, MN 551011667	Electronic Service	No	OFF_SL_20-503_M-20-503
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750  St. Paul, MN 55101	Electronic Service	No	OFF_SL_20-503_M-20-503
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350  Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-503_M-20-503
Ken	Smith	ken.smith@districtenergy.com	District Energy St. Paul Inc.	76 W Kellogg Blvd  St. Paul, MN 55102	Electronic Service	No	OFF_SL_20-503_M-20-503
Byron E.	Starns	byron.starns@stinson.com	STINSON LLP	50 S 6th St Ste 2600  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-503_M-20-503
James M	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	200 S 6th St Ste 470  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-503_M-20-503

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_20-503_M-20-503
Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7  Minneapolis, MN 554011993	Electronic Service	Yes	OFF_SL_20-503_M-20-503
Thomas	Tynes	jjazynka@energyfreedomcoalition.com	Energy Freedom Coalition of America	101 Constitution Ave NW Ste 525 East  Washington, DC 20001	Electronic Service	No	OFF_SL_20-503_M-20-503
Lisa	Veith	lisa.veith@ci.stpaul.mn.us	City of St. Paul	400 City Hall and Courthouse 15 West Kellogg Blvd. St. Paul, MN 55102	Electronic Service	No	OFF_SL_20-503_M-20-503
Joseph	Windler	jwindler@winthrop.com	Winthrop & Weinstine	225 South Sixth Street, Suite 3500  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-503_M-20-503
Patrick	Zomer	Patrick.Zomer@lawmoss.com	Moss & Barnett a Professional Association	150 S. 5th Street, #1200  Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-503_M-20-503