



# Minnesota Public Utilities Commission

## PUC Agenda Meeting

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Thursday, January 29, 2026

10:00 AM

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### INTRODUCTION

### DECISION ITEMS

1. **Details 2024-106**

\* **E017/M-23-380** **Otter Tail Power Co.**

In the Matter of Otter Tail Power Company's 2023 Integrated Distribution Plan.

Should the Commission approve Otter Tail Power Company's petition for a new Electric Vehicle Credit Rider? (PUC: **Li, Terwilliger**)

**Attachments:**

[Briefing Papers](#)

2. **Details 2026-002**

\* **E002/TL-22-132** **Northern States Power Co. d/b/a Xcel Energy**

In the Matter of the Applications of Xcel Energy for a Certificate of Need and Route Permit for the Minnesota Energy Connection Project in Sherburne, Stearns, Kandiyohi, Wright, Meeker, Chippewa, Yellow Medicine, Renville, Redwood, and Lyon counties in Minnesota.

1. Should the Commission amend the route permit as requested by the Permittee?
2. If the route permit amendment is authorized, what additional conditions, if any, should the Commission impose? (PUC: **Kothlow, Ek**)

**Attachments:**

[Briefing Papers](#)

3. **Details 2023-164**

\*\* **E002/CI-23-335;** **Northern States Power Co. d/b/a Xcel Energy**  
**E002/M-13-867**

In the Matter of Implementation of 2023 Legislative Changes to Northern States Power Co. d/b/a Xcel's Energy's Community Solar Garden Program.

Should the Commission approve Xcel Energy's request to increase the participation Fee for the Legacy CSG program and the LMI CSG program beginning in February 2026? Is the current application fee for the LMI CSG program reasonable for Xcel Energy to recover actual costs? (PUC: **Brown-Huss**)

**Attachments:**[Briefing Papers](#)[23-335 13-867 CSG Fee Change DOs UPDATED](#)**4. Details 2026-012*****PULLED*****~~\*\*\* E002/CN-22-532;~~****~~Northern States Power Co. d/b/a Xcel Energy~~****~~E002/TL-23-157~~**

In the Matter of the Application of Xcel Energy for a Certificate of Need and Route Permit for the Mankato - Mississippi 345 kV Transmission Line Project in Southeast Minnesota.

1. Should the Commission adopt the administrative law judge's findings of fact, conclusions of law, and recommendation?
2. Should the Commission determine that the environmental impact statement is adequate?
3. Should the Commission grant a certificate of need for Xcel Energy's Mankato to Mississippi River 345 kV Transmission Line Project?
4. Should the Commission issue a route permit for Xcel Energy's Mankato to Mississippi River 345 kV Transmission Line Project? (PUC: **Panait**)

**ADJOURNMENT**

**\* One star indicates that an agenda item is not disputed.**

**\*\* Two stars indicate that an agenda item is disputed and there may be legal, procedural, or policy issues to be resolved.**

**\*\*\* Three stars indicate a complex or lengthy disputed agenda item that may have significant legal, procedural, or policy issues to be resolved.**

**Please note: For the complete record, please see eDockets.**



## Staff Briefing Papers

Meeting Date **January 29, 2026**

**Agenda Item 1\***

Company      Otter Tail Power Company

Docket No.      E017/M-23-380

### **In the Matter of Otter Tail Power Company's 2023 Integrated Distribution Plan**

Issues      Should the Commission approve Otter Tail Power Company's petition for a new Electric Vehicle Credit Rider?

Staff      Austin Li      Austin.li@state.mn.us      651-201-2232

            Hanna Terwilliger      Hanna.terwilliger@state.mn.us      651-201-2243

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### **✓ Relevant Documents**

#### **Date**

Otter Tail Power – Initial Filing	October 3, 2025
Department of Commerce – Comments	November 18, 2025
Clean Energy Groups – Comments	November 18, 2025
Otter Tail Power – Reply Comments	December 4, 2025
Department of Commerce – Reply Comments	December 4, 2025
Ex Parte Communications	January 20, 2026

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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.

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## STATEMENT OF ISSUES

1. Should the Commission approve Otter Tail Power's proposed Electric Vehicle Credit Rider<sup>1</sup> ("EV credit program/tariff/EVCR")?
2. Should the Commission approve Otter Tail Power's proposed tariff pages implementing the EV credit tariff<sup>2</sup>?
3. Are there any concerns with Otter Tail Power's proposal to recover costs relating to the EV credit tariff through the Energy Conservation Optimization (ECO) Program and the corresponding rider?

## 1. BACKGROUND

On October 3, 2025, Otter Tail Power ("Otter Tail" or "the Company") filed a petition requesting approval of a new EV credit tariff that would offer EV customers another option to participate in Otter Tail's demand control programs<sup>3</sup> by forgoing the installation of a second service meter and instead allowing Otter Tail to dynamically manage their charging load, in exchange for a monthly bill credit.<sup>4</sup> The Company states that several of its demand control programs require two service meters; however, some EV customers only have one farm or residential service meter that does not measure off-peak usage. Otter Tail notes that customers may lack a second off-peak service meter for various reasons, including installation costs, the type of heating/cooling equipment, and estimated usage. The Company highlights that the absence of a second service meter means that the charging is unmanaged and runs the risk of charging occurring during peak demand times. Thus, Otter Tail proposes this new EV credit program to target this subset of customers. The Company seeks to recover the costs of this new program through the Energy Conservation Optimization (ECO) Program and its associated rider.

## 2. PROJECT PLAN

This new EV credit program would target customers with Level 2 EV chargers receiving service on the Standard Residential Rate or Farm Rate<sup>5</sup> who have only one service meter (residential or farm) at their residence and lack a second off-peak service meter.<sup>6</sup> For customers participating in this EV credit program, Otter Tail would install an on-site load control switch to actively manage their EV charging, allowing Otter Tail to shift load from peak periods of high demand and high system capacity costs in MISO (Midcontinent Independent System Operator) to more economic, off-peak periods. Customers would connect their EV charger to the load control switch which responds to control signals sent throughout Otter Tail's communication

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<sup>1</sup> Staff notes that Otter Tail's usage of the word "rider" is misleading, as it carries the now defunct meaning of "program" or "tariff". Staff will use the latter two words hereinafter.

<sup>2</sup> Section 14.05 Rate Schedule implementing the EVCR and updates to the Index and Sections 13.00, 14.00 reflecting the addition of this program.

<sup>3</sup> Docket No. E017/M-23-380, *In the Matter of Otter Tail Power Company's 2023 Integrated Distribution Plan*, Petition, October 3, 2025, (hereinafter "the Petition").

<sup>4</sup> *Id.*, at 5.

<sup>5</sup> *Id.*, at 6.

<sup>6</sup> *Id.*, at 5.



network,<sup>7</sup> allowing charging to be flexibly halted or curtailed when signaled by the Company. Additional load-shedding relays beyond the load control switch would be the EV customer's responsibility.

Otter Tail explains that the EV credit program would be a voluntary program wherein EV participants must show proof of EV ownership.<sup>8</sup> Participants must agree up to 12 hours of service within a 24-hour period wherein their loads would be controlled by Otter Tail.<sup>9</sup> Such periods last between 1 – 3 hours, though may last longer during emergency MISO periods. Otter Tail states that it does not offer EV customers the ability to opt-out of this program, as this would allow for broader and deeper commitment to the new program across participating EV customers. However, the Company is making upgrades to its metering and load management infrastructure and may offer options to opt-out in the future.

#### A) EV Credit Rate Design

Otter Tail developed the EV credit tariff using its 2025 Marginal Cost Study (MCS), the standard residential rate approved in the Company's 2020 Minnesota rate case,<sup>10</sup> and Minnesota EV load profiles.

Otter Tail analyzed the MCS which grouped hourly costs into three time-of-day categories per season: on-peak, mid-peak, and off-peak.<sup>11</sup> The EVCR allows Otter Tail to control load during on-peak and mid-peak hours, leaving the majority of EV charging for the lowest-cost, off-peak hours. The Company compared the standard residential rate against the average off-peak marginal cost contained in the MCS – the difference between the two represented the savings provided by EV charging during off-peak hours and which would be credited back to customers on their monthly bills.

Otter Tail Power calculates the monthly bill credit to be \$9.00 for customers with a single EV and \$13.00 for customers with multiple EVs.

Otter Tail assumes a typical monthly usage of 504 kWh for one EV customer, resulting in slightly over \$9.00 in savings which determines the proposed \$9.00 monthly bill credit. As for customers with multiple EVs, the Company used U.S. Energy Information Administration (US EIA) data which concluded that a second EV in a home is driven 47.95% of the miles driven by the primary vehicle. This leads Otter Tail to calculate an average of 745 kWh in monthly charging use for households with multiple EVs. Based on this, the Company determines a proposed \$13.00 monthly bill credit for such customers.

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<sup>7</sup> *Id.*

<sup>8</sup> *Id.*, at 6.

<sup>9</sup> *Id.*, at 7.

<sup>10</sup> See Minnesota Docket No. E017/GR-20-719.

<sup>11</sup> The Petition, at 6.



## B) Compensation and Benefits

EV customers can benefit by:

- Forgoing the installation and associated costs of a second off-peak service meter
- Receiving a monthly bill credit for participating in this proposed program

## C) Project Goals

Otter Tail states that this proposed EV credit tariff accomplishes two Minnesota energy policy goals:

- The new EVCR would encourage EV adoption which can reduce energy usage, environmental impacts, and lower costs for drivers
- The new EVCR would expand Otter Tail's load management offerings by allowing EV customers to utilize a simple EV load control solution

## D) Cost Recovery

Otter Tail seeks to recover the costs of the EV credit program through the ECO Program and the corresponding ECO rider.<sup>12</sup> The Company seeks to modify the ECO Program to add the EV credit tariff to the portfolio of Load Management measures offered through the Company's ECO Program. Otter Tail would also submit a proposed budget to administer the program along with a cost effectiveness evaluation.

Otter Tail lists the following rate schedules for which it seeks to update to reflect the addition of the new EV credit program:

- a. MN Index
- b. MN 13.00 Mandatory Riders – Applicability Matrix
- c. MN 14.00 Voluntary Riders – Availability Matrix
- d. New MN 14.05 Electric Vehicle Credit Rider

## 3. COMMENTS

### A. Project Approval

The Department in its comments did not find concerns with Otter Tail's plan to recover the EV credit program costs through the ECO program and associated rider.<sup>13</sup> **(Decision Options 1, 6).**

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<sup>12</sup> *Id.*, at 7.

<sup>13</sup> Docket No. E017/M-23-380, *In the Matter of Otter Tail Power Company's 2023 Integrated Distribution Plan*, Comments of the Minnesota Department of Commerce, November 18, 2025, at 7, (hereinafter "Department Comments").



It recommends that the Commission approve the Company's EV credit program along with the proposed tariff pages. (**Decision Options 2, 3, 4, 5**).

#### B. Legacy Term "Rider"

The Company also notes that it intends to move away from the legacy term "rider" in the future.

#### C. Opt-Out Capability

The Department noted that one concern regarding the proposed EV credit program is that, due to current system limitations, Otter Tail does not propose including the ability to opt out of the program in any event once the customer is signed onto it.<sup>14</sup> While not allowing an event opt-out in the EV credit tariff can permit more participation and thus more load control capability, the Department notes that this may also deter customers to a degree, given that customers would be agreeing to have their charging controlled for up to 12 hours a day with no limit on the number of control events or control hours.

The Department recommends that Otter Tail further explore the viability of including an event opt-out function in the future and provide a timeline for doing so, in addition to providing greater detail on current system limitations. (**Decision Options 7**)

Otter Tail, in reply comments to the Department, notes that it would continue to find ways to integrate opt-out capabilities into its Load Management System (LMS)<sup>15</sup>. The Company explains that its current LMS uses one-way radio communications to signal field equipment to shed load, meaning that it does not have the function for customers to opt-out. Even so, customers can still contact the Company's customer service to request temporary bypass of controls. Otter Tail states that it is working to replace its LMS with an Advanced Load Management (ALM) system to handle two-way communication with field devices, allowing for customer opt-out capability. It estimates completion in 2028.<sup>16</sup>

#### D. Additional EV credit program modifications

Comments<sup>17</sup> submitted by Fresh Energy, Union of Concerned Scientists, Sierra Club, and Plug In America (collectively, the Clean Energy Groups, or the CEGs), also support approval of Otter Tail's EV credit program<sup>18</sup> and suggest several modifications to be adopted. The CEGs make the

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<sup>14</sup> Department Comments, at 7.

<sup>15</sup> Docket No. E017/M-23-380, *In the Matter of Otter Tail Power Company's 2023 Integrated Distribution Plan*, Reply Comments, December 4, 2025, at 2, (hereinafter "Otter Tail Reply Comments").

<sup>16</sup> Otter Tail Reply Comments, at 6.

<sup>17</sup> Docket No. E017/M-23-380, *In the Matter of Otter Tail Power Company's 2023 Integrated Distribution Plan*, Initial Comments of Fresh Energy, Union of Concerned Scientists, Sierra Club, and Plug In America, November 18, 2025, at 2, (hereinafter "CEG Comments").

<sup>18</sup> The CEGs refer to the EV credit program/tariff as the "EVantage program"



following recommendations:

- A. Level 2 EV Charger \$500 Rebate Extension: OTP expands eligibility for Level 2 EV Charger rebates to *EVantage* customers. The \$500 rebate is already available to OTP customers on their Dual Fuel, Deferred Load, Fixed Time of Delivery, RDC, or Minnesota Electric Vehicle Charging Rate. **(Decision Option 8)**
- B. Residential TOU Pilot Participation: OTP offers access to *EVantage* to customers on its whole-home TOU rate pilot. Although the cost-effectiveness calculation may be different for this customer segment, it is worth exploring how the benefits of active managed charging change within the context of TOU [time-of-use] rates. **(Decision Option 9)**
- C. Advertise to EV Owners With Non-Managed Charging: OTP identifies current EV owners who are not on a managed charging rate and advertise the potential benefits to encourage *EVantage* program uptake. **(Decision Option 11)**
- D. Feasibility of EV credit program offered to multifamily dwellings: OTP explores if the technology deployed in this *EVantage* program could be harnessed in multifamily settings, as this customer segment remains without any dedicated EV offerings. **(Decision Option 13)**

In reply comments, Otter Tail responds to these suggested modifications:

- A. Level 2 EV Charger \$500 Rebate Extension: **Otter Tail agrees with the CEG's suggestion.** It states that it would extend eligibility for the \$500 Managed Level 2 EV charger rebate to the new EV credit program's prospective customers.<sup>19</sup>
- B. Residential TOU Pilot Participation: **Otter Tail currently disagrees with the CEG's suggestion.** Otter Tail notes that it currently does not intend to offer the EV credit program as an option to customers participating in the residential TOU rate pilot program. The Company reasons that it requires more careful consideration first: "Without special consideration of TOU periods within the control strategy, there will be a risk of control periods occurring during an off-peak or shoulder TOU period that could shift the energy usage for a TOU customer to a more expensive period. This could unintentionally bring increased costs to a customer that would be participating concurrently on both the residential TOU pilot rate and the proposed EVCR."

In ex parte communications, staff sought clarification from Otter Tail about the hypothetical impacts of applying the EV credit program to the residential TOU rate pilot.<sup>20</sup> Otter Tail elaborated on the negative impacts potentially resulting from such an arrangement:

- Providing the monthly \$9 credit as compensation under the proposed EV credit program to a residential TOU customer could create unintended consequences, such as creating a moral hazard by encouraging customers to charge their EVs

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<sup>19</sup> Otter Tail Reply Comments, at 3.

<sup>20</sup> Docket No. E017/M-23-380, *In the Matter of Otter Tail Power Company's 2023 Integrated Distribution Plan*, Ex Parte Filing, January 20, 2025, at 3, (hereinafter "Ex Parte Communications"), at 2.



- during on-peak pricing periods, undermining the residential TOU rate pilot's price signal.
- Such a customer would be doubly compensated by accessing lower cost kWh pricing on the residential TOU rate pilot while also being credited through the proposed EV credit program even when the customer would already likely be avoiding peak periods.

C. Advertise EV Owners With Non-Managed Charging: Otter Tail currently disagrees with the CEG's suggestion but offers an alternative. Otter Tail states that while it has data on the total number of customer-owned EVs in its Minnesota service territory, provided by the Minnesota PUC based on vehicle registration, the Company cannot identify individual EV owners using this data unless if they have already participated in one of the Company's EV programs.<sup>21</sup> Otter Tail determines that it is not feasible to advertise the proposed EV credit program to current EV customers not on managed-charging. It notes that it will include the EV credit program in its future advertising plan for its ECO advertising portfolio.

D. Feasibility of EV credit program offered to multifamily dwellings: Otter Tail currently disagrees with the CEG's suggestion but offers an alternative. The Company notes that while a bill credit rate would be feasible for multifamily unit residents with separate metering tied to their home accounts, it does not so for multifamily settings with shared metering. In such settings, it would not be possible to ascertain the number of EVs active at the premise. Otter Tail also mentions that: "...the scope of tracking vehicles that leave or join the rate in order to determine incentive levels would become unmanageable in the multifamily setting. In these cases, because the garage meter cost is usually paid by the property owner and incorporated into the resident's rent, it becomes difficult to allocate only the EV charging costs to individual residents." Otter Tail states that it is creating a Commercial Level 2 rate option to better accommodate shared metering and allow property owners to pass only charging costs to EV owners.

The Clean Energy Groups in their comments also asked Otter Tail to respond to the following questions:<sup>22</sup>

- a) Which MISO emergency conditions will trigger longer periods of OTP control (e.g. Emergency Pricing Tier 0, EEA1, EEA2, etc.)?
- b) Why is a hardwired relay configuration required?
- c) What is the expected cost range for additional relays, if deemed necessary, a participant may have to pay for participation in this program?
- d) Please provide the worksheets containing the calculations for the incentive levels.
- e) Please provide cost estimates for administration of an option for customers to opt-out of a limited number of control periods.

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<sup>21</sup> Otter Tail Reply Comments, at 4.

<sup>22</sup> CEG comments, at 2.



Below are the Company's responses in its reply comments to the questions posed above:<sup>23</sup>

- a) Longer control periods could be required during MISO Emergency Pricing – Tier II (EEA2) emergency conditions. Many of the Company's direct control rates are registered as Load Modifying Resources (LMRs) with the Midcontinent Independent System Operator (MISO). Upon Commission approval, the Company will include the proposed EV credit program as an LMR within its existing MISO registered LMR rate portfolio, to be available for system reliability.
- b) Yes, the Company considers hardwiring the Level 2 EV charger to be a reasonable requirement. If a level 2 electric vehicle charger enrolled on the EV credit program was not installed in a hardwired relay configuration, then there is potential for the EV charger to be moved to another, potentially unmanaged, circuit in the premise.
- c) Otter Tail will not require any additional costs from the customer to participate in the EV credit program. Any additional equipment required will depend on the Level 2 EV charger being installed and would come at the recommendation of the electrician installing the equipment.
- d) Otter Tail included the calculations in Attachment 1 in Excel spreadsheet form. These calculations are used to determine the incentive levels for single EV and two EV scenarios.
- e) Otter Tail is not able to provide accurate cost estimates for potential customer opt-out from the EV credit program. It states that this is due to high uncertainty in the ALM replacement project.

The Department in its reply comments appreciates the CEG's recommendation that the Commission require Otter Tail to extend eligibility of its Level 2 charger rebates to the prospective customers of the new EV credit program.<sup>24</sup> The Department does not make the recommendation that the Commission require the eligibility extension but recommends that Otter Tail itself investigate the feasibility thereof.

The Department supports the CEG's recommendation that the Commission require Otter Tail to advertise its new EV credit program to EV customers that are not on a managed-charging rate as well. (**Decision Option 11**)

The Department expressed appreciation towards the CEG's discussion of exploring the implementation of the EV credit program in multifamily dwelling units but does not make or support a recommendation in this regard.<sup>25</sup> It notes that such discussion usually occurs in Otter Tail's Transportation Electrification Plan (TEP).

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<sup>23</sup> Otter Tail Reply Comments, at 5-6

<sup>24</sup> Docket No. E017/M-23-380, *In the Matter of Otter Tail Power Company's 2023 Integrated Distribution Plan*, Comments of the Department of Commerce, December 4, 2025, at 2, (hereinafter "Department Reply Comments").

<sup>25</sup> *Id.*, at 3.



## 4. STAFF ANALYSIS

### E. Opt-Out Capability

Staff agrees with the Department's notion that the inability for Otter Tail's customers signed onto the EV credit program to opt out of the controlled charging for up to 12 hours a day with no annual limit can cause concern for some customers. Staff notes that this may deter certain customers from agreeing to participate in the program, which could counteract the broad participation needed to ensure load control capability that Otter Tail expects the EV credit tariff to foster in the first place. It is difficult for Staff to determine whether the lack of event opt-out would indeed deter customers from subscribing to this new EV credit program, how many customers would be deterred, and what factors would convince such customers to join the EV credit program despite the lack of opt-out.

Nonetheless, Staff notes that both the monthly bill credit compensation and that most load control events would last 1 – 3 hours (longer during emergency MISO periods) during at most a daily 12-hour period could likely assuage customer concerns, especially as Otter Tail is making infrastructure upgrades which may offer event opt-out in the future.

To this end, Staff agrees with the Department's recommendation for the Company to investigate future opt-out capability, submit a timeline for it, and provide additional details on its system limitations. (**Decision Options 7**). The Commissioners may wish to clarify the customer opt-out discussion with the parties.

### F. Clean Energy Groups' Suggested Modifications

Staff concurs with the CEG's recommendation that Otter Tail expand eligibility of Level 2 EV charging rebates to customers of the new EV credit program. This appears to be undisputed, as Otter Tail has agreed to this. (**Decision Option 8**). Staff clarified with the Company in ex parte communications that Otter Tail would seek a future modification to the Energy Conservation and Optimization (ECO) program through the Department of Commerce in order to make this possible.<sup>26</sup>

Staff notes the concerns that the Company expresses about the current feasibility of offering the EV credit program to customers participating in its whole-home TOU rate pilot. (**Decision Option 9**). Commissioners may wish to further question Otter Tail about its concerns and possible solutions, such as whether the Company has a timeline for when this option may become viable in the future. Staff offers an alternative decision option for the parties to continue discussing this topic and report back to the Commission.

Staff notes the concerns that Otter Tail expresses about the recommendation by the CEG and the Department that the Company identify and advertise the EV credit program to EV

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<sup>26</sup> Ex Parte Communications, at 3.



customers without managed charging (**Decision Option 11**). Otter Tail states that it is currently unable to identify individual EV customers unless they have already participated in the Company's programs. The way to most effectively reach EV owners is not an issue limited to this particular offering. Otter Tail states that it will include this offering in its overall EV advertising plans. The Commission could either adopt the CEG recommendation, or direct Otter Tail to work with the CEG and Department, and report back on additional advertising options.

Staff notes the concerns that Otter Tail expresses about the current feasibility of offering the EV credit program in multifamily housing settings. (**Decision Option 13**). It appears that Otter Tail is working on an alternative charging option which may accomplish the same goals, and this discussion is open in Otter Tail's Transportation Electrification Plan (TEP). The CEG did not file supplemental comments in response, so staff is unsure if CEG's concerns are resolved. The Department's interest in continuing this discussion in Otter Tail's TEP seems to be an appropriate solution. Comments in their TEP are not due until April 7, allowing parties ample time to further explore this issue.

## 5. DECISION OPTIONS

### Project Approval

1. Approve Otter Tail's proposed EV credit program. (Otter Tail, Department)

### Rate Schedule

2. Approve Otter Tail's proposed updates to the MN Index Rate Schedule. (Otter Tail, Department)

AND

3. Approve Otter Tail's proposed updates to MN 13.00 Mandatory Riders – Applicability Matrix Rate Schedule. (Otter Tail, Department)

AND

4. Approve Otter Tail's proposed updates to MN 14.00 Voluntary Riders – Availability Matrix Rate Schedule. (Otter Tail, Department)

AND

5. Approve Otter Tail's proposed Electrical Vehicle Credit Rider Section 14.05 Rate Schedule. (Otter Tail, Department)

### Cost Recovery

6. Authorize Otter Tail to seek recovery of future prudent costs of the EV credit program through the Company's ECO Program and the associated ECO rider. (Otter Tail, Department)

### Opt-Out Capability

7. Require that Otter Tail further investigate the feasibility of adding an opt-out capability to its rate design in the future and that Otter Tail provide additional detail on its "system limitations" and within a timeline set by the Executive Secretary for when opt-out capability could be implemented. (Department with staff modification)

**Additional EV Credit Program Modifications**

8. Require that Otter Tail expand eligibility for Level 2 EV Charger rebates to EV credit program customers. (Clean Energy Groups, Otter Tail with staff modification)

**Modifications: TOU Rate**

9. Require that Otter Tail offer access to the EV credit program to customers on its whole-home TOU rate pilot within a timeline set by the Executive Secretary. (Clean Energy Groups with staff modification)

**OR**

10. Direct Otter Tail to work with the CEG and Department on exploring the viability of offering the Residential TOU Pilot to prospective EV credit program customers within a timeline set by the Executive Secretary. (staff alternative to Decision Option 9)

**Modifications: Advertising and Outreach**

11. Require that Otter Tail identify current EV owners who are not on a managed charging rate and advertise the potential benefits to encourage EV credit program uptake within a timeline set by the Executive Secretary. (Clean Energy Groups, Department with staff modification)

**OR**

12. Direct Otter Tail to work with the CEG and Department on additional advertising options, and report back to the Commission within a timeline to be determined by the Executive Secretary. (staff alternative to Decision Option 11)

**Modifications: Multifamily Settings**

13. Require that Otter Tail explore if the technology deployed in this EV credit program could be harnessed in multifamily settings within a timeline set by the Executive Secretary. (Clean Energy Groups with staff modification)

**OR**

14. Defer a decision pending further discussion in Otter Tail's TEP, Docket E017/M-25-141. (staff alternative to Decision Option 13)

## Staff Briefing Papers

**Meeting Date:** January 29, 2026

Agenda Item 2\*

**Company:** Northern States Power Company d/b/a Xcel Energy

**Docket:** E-002/TL-22-132

In the Matter of the Applications of Xcel Energy for a Certificate of Need and Route Permit for the Minnesota Energy Connection Project in Sherburne, Stearns, Kandiyohi, Wright, Meeker, Chippewa, Yellow Medicine, Renville, Redwood, and Lyon counties in Minnesota.

**Issues:**

- Should the Commission amend the route permit as requested by the Permittee?
- If the route permit amendment is authorized, what additional conditions, if any, should the Commission impose?

**Staff:** Tessa Kothlow tessa.kothlow@state.mn.us 651-539-1069  
Scott Ek scott.ek@state.mn.us 651-539-1070

 Relevant Documents	Date
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Application to the Minnesota Public Utilities Commission for a Route Permit for the Minnesota Energy Connection Project (43 parts, one part is Trade Secret)	10/30/2023
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Final Environmental Impact Statement (13 parts)	01/22/2025
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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.

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**✓ Relevant Documents** **Date**

Order Modifying and Adopting Administrative Law Judge Report, Granting Certificate of Need, and Issuing Route Permit for the Minnesota Energy Connection Project	06/11/2025
Route Permit Amendment Application	11/24/2025
Wyatt Johansen Comment Letter	12/03/2025
Minnesota Public Utilities Commission Energy Infrastructure Permitting (EIP) Staff comments and Recommendations	12/18/2025
Thomas Hook Comment Letter	12/22/2025
Xcel Energy Reply Comment Letter	12/23/2025

**ISSUES**

- Should the Commission amend the route permit as requested by the Permittee?
- If the route permit amendment is authorized, what additional conditions, if any, should the Commission impose?

**PROJECT BACKGROUND**

On June 11, 2025, the Commission issued an *Order Modifying and Adopting Administrative Law Judge Report, Granting Certificate Of Need, And Issuing Route Permit For The Minnesota Energy Connection Project* to Northern States Power Company, doing business as Xcel Energy (Xcel Energy) for the construction and operation of the Minnesota Energy Connection project (project).<sup>1</sup> On November 24, 2025, Xcel Energy filed a request to amend the route permit under Minn. Stat. § 216I.09.<sup>2</sup> Xcel Energy is requesting an amendment to shift a short segment of the approved transmission line route in Redwood County south to instead follow an approximately 2.5 mile portion along the north side of County Road 4. For this

<sup>1</sup> Minnesota Public Utilities Commission, *Order Modifying and Adopting Administrative Law Judge Report, Granting Certificate of Need, and issuing Route Permit for the Minnesota Energy Connection Project*, June 11, 2025, eDockets No. [20256-219823-01](#)

<sup>2</sup> Xcel Energy, *Route Permit Amendment to the Minnesota Public Utilities Commission for the Minnesota Energy Connection Project*, November 24, 2025, eDockets No. [202511-225238-01](#)

amended segment, Xcel Energy is proposing a 200-foot route width and a 150-foot right-of-way. Xcel Energy indicated that the proposed permit amendment is the result of landowner coordination, and that the amendment would reduce tree clearing and would avoid drainage ditches associated with a landowner's planned erosion control berms. Xcel Energy noted that landowners whose property is crossed by the proposed amended route are agreeable to the amended route. Xcel Energy indicated that it does not oppose the proposed amended route because it is the same length as the permitted route and does not increase impacts or costs.

## **RULES AND STATUTES**

Minn. Stat. § 216I.09 establishes the process for amending a Commission-issued site or route permit for a large energy infrastructure facility. The permittee must submit a written application describing the proposed amendment and explaining how the request qualifies under the statute, including identifying any changes to environmental impacts evaluated by the Commission as part of the original permit approval. If the proposal would cause significant changes in those impacts, additional environmental review is required.

The Commission must mail notice that the application was received and provide at least a 10-day public comment period, with up to seven days for the applicant to respond. Within 30 days after the permittee's response, the Commission must either authorize the amendment, bring the matter to the Commission for consideration, or determine that a different permitting decision is required under this chapter. The Commission may approve the amendment with reasonable conditions and must provide written notice to the permittee and to anyone who commented or requested notification.

## **SUMMARY OF COMMENTS**

The Commission issued a Notice of Comment Period on the Route Permit Amendment Application on December 4, 2025.<sup>3</sup> Initial written comments were accepted through December 18, 2025; reply comments through December 26, 2025; and supplemental comments through December 31, 2025. The Commission received comments from two landowners, Wyatt Johansen and Thomas Hook. Commission Energy Infrastructure Permitting (EIP) staff also provided comments. Xcel Energy provided reply comments. No comments were received during the supplemental comment period. The comment letters are summarized below.

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<sup>3</sup>Minnesota Public Utilities Commission, *Notice of Comment Period on Route Permit Amendment Application*, December 4, 2025, eDockets No. [202512-225525-01](#)

### **A. Wyatt Johansen**

On December 3, 2025, Mr. Wyatt Johansen submitted a public comment in opposition to Xcel Energy's permit amendment request.<sup>4</sup> Mr. Johansen's comments outlined the implications of the proposed amended route as increasing human settlement impacts, with specific concerns relating to residential proximity and driveway crossings. The proposed amended route would move the transmission line adjacent to the end of Mr. Johansen's driveway where his children wait for the bus. Mr. Johansen argued that Xcel Energy's proposed amended route fails to maintain comparable overall impacts and increases impacts to children, families, and multiple residences along County Road 4. Mr. Johansen requested that the Commission deny Xcel Energy's proposed route permit amendment.

### **B. Thomas Hook**

On December 22, 2025, Mr. Thomas Hook submitted a public comment in opposition to Xcel Energy's permit amendment request.<sup>5</sup> Mr. Hook's comments outlined the implications of the proposed amended route as increasing aesthetic and residential impacts, with specific concerns relating to residential proximity, electric and magnetic field (EMF) exposure, and the County Road 4 viewshed. Mr. Hook argued that the proposed amended route is a personal "want" that values tile and trees over the "need" to protect families, neighbors and human safety. Mr. Hook requested the Commission deny Xcel Energy's proposed route permit amendment.

### **C. EIP Staff**

On December 18, 2025, EIP staff provided comments on Xcel Energy's proposed permit amendment.<sup>6</sup> Staff noted that the text of Minn. Stat. § 216I.09 does not provide guidance as to when a permit amendment should be authorized by the Commission. Staff suggested that appropriate guidance could be found in the Commission's permit for the project – namely, that an amendment is appropriate if the amendment has comparable overall impacts relative to the routing factors of Minnesota Rule 7850.4100.

Analysis by EIP staff indicated that the proposed route permit amendment would increase impacts to human settlements, particularly aesthetic and property value impacts. Staff noted that the amendment would decrease impacts to tree clearing. Finally, staff noted that avoiding drainage ditches and erosion control berms could likely be accomplished by prudent structure placement along the permitted route.

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<sup>4</sup>Wyatt Johansen, *Public Comment*, December 3, 2025, eDockets No. [202511-225306-01](#)

<sup>5</sup>Thomas Hook, *Public Comment*, December 22, 2025, eDockets No. [202512-226081-01](#)

<sup>6</sup> Minnesota Public Utilities Commission – Energy Infrastructure Permitting, *Comments and Recommendations on Route Permit Amendment*, December 18, 2025, eDockets No. [202512-226010-01](#)

#### D. Xcel Energy

On December 23, 2025, Xcel Energy submitted reply comments addressing comments made by Mr. Johansen, Mr. Hook, and EIP staff. Xcel Energy reiterated that the proposed amended route is, “a result of ongoing landowner coordination and . . . would reduce tree clearing and avoid a series of drainage ditches to accommodate the landowner’s plans to construct agricultural erosion control berms.” Xcel Energy also maintained that the landowners crossed by the proposed amended route are agreeable to the amended route.

Xcel Energy addressed Mr. Johansen’s comments regarding child safety by noting that the findings of fact developed for the project determined that “[n]o impacts to human health due to EMF are anticipated as a result of the project.”<sup>7</sup> Further, Xcel Energy addressed Mr. Johansen’s concerns with Xcel Energy’s lack of communication with families living near the proposed amended alignment—who do not own the affected parcels—by stating that the landowners crossed by the route support the adoption of the proposed amended route because its reduces environmental impacts and facilitates efficient construction.

With respect to EIP staff’s comments, Xcel Energy acknowledged that the proposed amended route would place the transmission line closer to three residences, but did not agree that this proximity would lead to aesthetic and property value impacts. Xcel Energy asserted that there is no difference in potential impacts due to EMF between the proposed amended route and the permitted route. Xcel Energy agreed with EIP staff that the proposed amended route would reduce tree clearing impacts. However, Xcel Energy indicated that potential impacts to drainage ditches and erosion control berms could not be addressed by structure placement along the permitted route due to required span lengths between structures. Finally, Xcel Energy affirmed that it submitted the proposed amended route as a result of coordination with affected landowners.

In regard to Mr. Hooks comments, Xcel Energy indicated that the concerns raised in his comments were largely the same as those presented in the comments of Mr. Johansen and EIP staff. Xcel Energy further noted that that Commission has historically encouraged permittees to work with affected landowners to address potential impacts even after a route permit is issued.

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<sup>7</sup> Office of Administrative Hearings, *Findings of Fact, Conclusions of Law, and Recommendation*, February 5, 2025, eDockets No. [20252-214994-01](#)

## STAFF DISCUSSION

Reviewing the comments received on the proposed permit amendment, staff believes it's clear that although Xcel Energy indicated that all landowners whose property is crossed by the proposed amended route are agreeable to the amended route, not all landowners who are affected by the proposed amended route are in agreement. Staff continues to believe that the proposed amended route will increase aesthetic and property value impacts for certain landowners and will decrease tree clearing impacts.

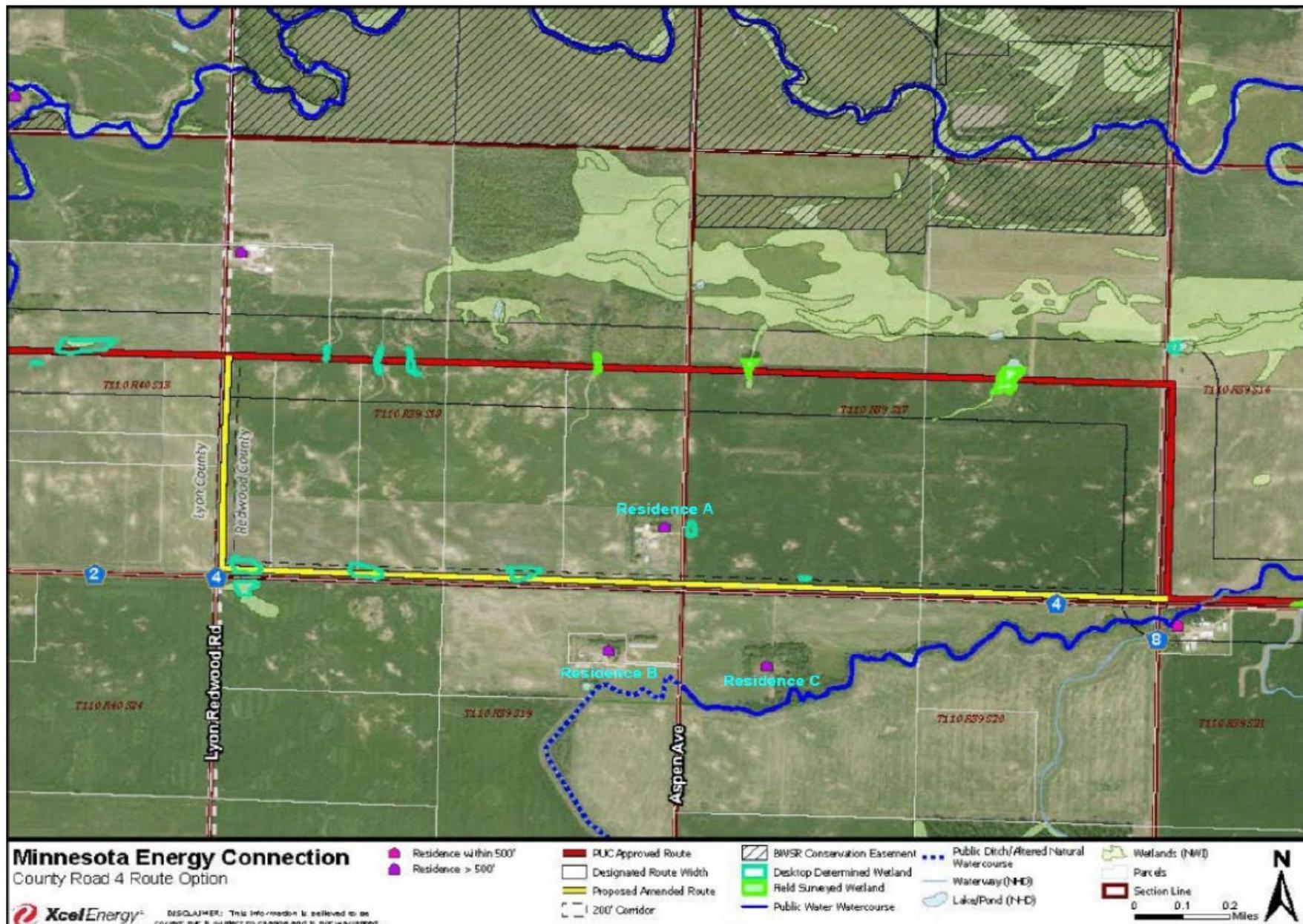
Staff notes that Xcel Energy has indicated that impacts to drainage ditches and erosion control berms could not be addressed by structure placement along the permitted route due to required span lengths between structures. EIP staff acknowledges that there are likely optimal span lengths for the transmission line, but would need further clarification on how specific span lengths are determined and what is required, particularly in instances where pole placement would mitigate potential environmental impacts.

Staff recommends that if the Commission determines that the proposed amended route has comparable overall impacts relative to the factors in Minn. R. 7850.4100, then the Commission should authorize the permit amendment. If the Commission determines that the impacts are not comparable, the Commission should deny the permit amendment.

## COMMISSION DECISION OPTIONS

### Permit Amendment

1. Grant the route permit amendment requested by the permittee.
2. Grant the route permit amendment requested by the permittee with modifications or conditions.
3. Deny the route permit amendment requested by the permittee.

Figure 1 – Map of Proposed Amendment Area<sup>8</sup>

<sup>8</sup> Adapted from Xcel's Route Permit Application Request, Map 1 Proposed Amended Route, but modified to designate Residences A, B, and C

## Staff Briefing Papers

**Meeting Date** January 29, 2026

**Agenda Item** \*\*3

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

Docket No. E002/CI-23-335, E002/M-13-867

### **In the Matter of Implementation of 2023 Legislative Changes to Northern States Power Co. d/b/a Xcel's Energy's Community Solar Garden Program**

**Issues** Should the Commission approve Xcel Energy's request to increase the participation Fee for the Legacy CSG program and the LMI CSG program beginning in February 2026? Is the current application fee for the LMI CSG program reasonable for Xcel Energy to recover actual costs?

**Staff** Nikki Brown-Huss nikki.brown-Huss@state.mn.us 651-201-2255

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#### **Relevant Documents**

#### **Date**

Xcel Petition	December 19, 2024
PUC Notice of Comment Period	April 4, 2025
Xcel Response	May 5, 2025
Department of Commerce Comments	June 20, 2025
Nokomis Energy Comments	June 20, 2025
Coalition for Community Solar Access	June 20, 2025
MnSEIA	June 20, 2025
Xcel Comments	June 20, 2025

To request this document in another format such as large print or audio, call 651.296.0406 (voice). Persons with a hearing or speech impairment may call using their preferred Telecommunications Relay Service or email [consumer.puc@state.mn.us](mailto:consumer.puc@state.mn.us) for assistance.

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**

	<b>Date</b>
Request for Extension MnSEIA, Nokomis, CCSA	June 25, 2025
MnSEIA Information Requests to Xcel Energy	July 23, 2025
Xcel Responses to MnSEIA Information Requests	July 23, 2025
Joint Solar Associations Reply Comments	July 31, 2025
Department of Commerce Reply Comments	July 31, 2025

## BACKGROUND

On May 24, 2023, the Legislature amended Minn. Stat. § 216B.1641, ending the existing Community Solar Garden (CSG) program (legacy program), and adding a new, non-legacy CSG program with different requirements. The amended statute directs the Department of Commerce (Department) to open and administer a new CSG program beginning January 1, 2024.

On December 28, 2023, the Commission issued its Order on the matter. The Commission's Order, in part, addressed the application fee as well as the annual participation fee, assessed to program participants by Xcel Energy. Order Points 3 and 4 stated:

3. Xcel may assess an annual participation fee of \$500 per megawatt for CSGs in the Legacy and LMI-Accessible CSG Programs.<sup>1</sup>
4. To recover its actual cost related to implementing the LMI-Accessible CSG Program, Xcel may assess an application fee at a rate of \$4,125 per MW for CSGs in the LMI Accessible Program, with opportunity for refund following a comment period. The Commission delegates authority to its Executive Secretary to open a comment period on the application fee.<sup>2</sup>

The Application Fee recovers the costs of upfront investment in the Application Portal and the Company's billing system to support LMI-CSG Program applications and subscriber billing by assessing an Application Fee to LMI-CSG applicants of \$4,125 per MW, pro-rated for projects under 1 MW. The Participation Fee applies to both LMI and Legacy projects and is assessed per megawatt, however, LMI-CSG Program applications have a maximum allowable 5 MW,<sup>3</sup> whereas most Legacy Program applications were maximum allowable 1 MW.<sup>3</sup>

On December 19, 2024, Xcel Energy filed a Petition with the Commission requesting an increase to the participation fee to "better align with the ongoing costs of the program."<sup>4</sup> The 2023 Minnesota Legislation in Chapter 60, Article 10, Section 2, Subd. 2(y) provided a new assessment for program administration by the Department of Commerce (Department). Under this law, in 2024 and 2025 the amount of \$961,000 each year is to be assessed by the Department on Xcel Energy to cover Department activities required under Minn. Stat. §216B.1641. Xcel requested approval to increase the participation fee to reflect this additional assessment and recover this administrative cost. In addition, Xcel proposed updating administration costs for managing subscribers as reflected in the Petition. This proposed

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<sup>1</sup> Commission Order, December 28, 2023, Page 23.

<sup>2</sup> Id at 24.

<sup>3</sup> [Staff Briefing Papers, November 9, 2023, page 14,](#)

<sup>4</sup> Xcel Petition, page 1.

change allows the Company to continue to utilize the participation fee to recover administrative costs associated with the Solar\*Rewards Community and LMI CSG programs from CSG developers rather than assessing them to all Xcel Energy customers.<sup>5</sup>

The Company in its original petition requested to increase costs from \$500 per MW to \$800 per MW prorated by project size, to be applied beginning in February 2026. However, in Xcel's reply comments of June 20, 2025, the Company increased this request from \$800 per MW to \$1200 per MW. The Company is also requesting the Commission establish a future process of updating the participation fee through a motion filed in the above-referenced dockets at least every two years.

On April 4, 2025, the Commission sought comment from Xcel and interested parties through Notice on the actions the Commission should take regarding Xcel's request to increase participation fees for the Legacy CSG program and the LMI CSG program beginning in February 2026. The Notice included the following topics:

For Xcel Energy:

- Provide information relevant to the Commission's assessment of the current \$4,125 per MW application fee, including but not limited to:
  - Total revenues received through the fee
  - Total actual costs incurred by Xcel Energy to upgrade its computer systems to accommodate the LMI-Accessible CSG Program
  - A modified fee amount based on current and projected costs if the current fee amount is unreasonable, and
  - If warranted, potential refunds to participants as contemplated in the Commission's December 28, 2023 Order.

For initial and reply comments:

- Should the Commission approve Xcel Energy's request to increase the annual participation fee for the Legacy CSG program and the LMI CSG program from \$500 per MW to \$800 per MW prorated by project size, to be applied beginning in February 2026, for recovery of program costs assessed by the Department of Commerce?
- Should the Commission approve a future process of updating the annual participation fee at least every two years through a motion filed in the above referenced dockets?
- Is the initially determined application fee for the LMI CSG program of \$4,125 per MW reasonable for Xcel Energy to assess to recover actual costs?
- If not, is a refund necessary to cover the over collection of the LMI CSG application fees?
- Are there other issues or concerns related to this matter?

On May 5, 2025 Xcel filed its response to the Commission Notice.

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<sup>5</sup> Id at 2.

On June 20, 2025, initial comments were filed by the Department, Minnesota Energy Industries Association (MnSEIA), Nokomis Energy (Nokomis), Coalition for Community Solar Access (CCSA), and Xcel Energy. MnSEIA filed Xcel's Information Request responses on July 23, 2025. Joint Solar Associations (MnSEIA and CCSA), the Department and Xcel Energy filed reply comments on July 31, 2025.

## DISCUSSION

### Application Fee

The Commission's December 28, 2023 Order (December Order) approved the current application fee amount of \$4,125 per MW. Xcel began to assess this fee in late 2024 and continues to do so to recover the additional costs for the functionality built specifically for LMI CSG Subscriber organizations to allow bill credits to be issued for LMI CSGs, including the use of consolidated billing.

Xcel reported the approximate \$600,000 difference between the original estimate and the actual costs is mainly due to accelerating the timeframe for consolidated billing implementation from the requested January 2026 date to January 2025. The shortened timeline required additional resources and staff to conduct the expedited work necessary for implementation.<sup>6</sup>

Xcel is not suggesting a change in the application fee at this time.<sup>7</sup> If the LMI Accessible CSG program continues to grow as allowed by statute an additional 520 MW of projects (if the program continues through 2033) would be assessed the Application Fee. At this pace, Xcel would receive an additional \$2,887,500 over the total 10-year period used to estimate cost recovery through the application fee without over-recovering by the Company.<sup>8</sup>

Table 1: Combined (Non-O&M) Actual Costs and Revenues for Application to LMI CSGs<sup>9</sup>

Total Incurred Costs	\$3,789,335
Total Application Revenue (Nov. 2024-April 2025)	\$ 335,669
Future Recovery Anticipated (May 2025-Dec. 2033)	\$2,887,500
Anticipated Shortfall in Recovery	\$ 556,266

All parties agree the Application Fee is not to be increased at this time. (**Decision Option 1**)

<sup>6</sup> Xcel Initial Comments, page 4.

<sup>7</sup> Xcel Initial Comments, Page 3.

<sup>8</sup> Department Initial Comments, page 3.

<sup>9</sup> Xcel Initial Comments, Page 5.

Nokomis worries “the dramatic differences between Xcel’s estimates and its actual costs. Whereas Xcel expected to spend \$800,000 on the application portal, this actually cost \$1,625,060, a difference of over 200%. Whereas Xcel expected \$2,200,000 for Integration of Systems, the actual cost was only \$553,802, barely 25% of the estimate. Whereas Xcel expected \$200,000 for consolidated billing, this actually cost \$1,610,473, an increase of over 800%. Xcel makes no attempt to explain these extraordinary differences, noting only that the overall increase from \$3,200,000 to \$3,789,335 was due to accelerating the timeframe for implementation.”<sup>10</sup>

Xcel reports the original estimate for this functionality was developed in August of 2023.

*“The final requirements were defined through the regulatory timeline and completed after the Commission’s Order was issued in May of 2024. With over a year between the estimates and the limited timeframe to complete the project, the labor for the project increased as anticipated. Our billing system is now over 20-years old; as a result, the skills necessary to code adjustments into the antiquated software system are unique and specialized. These unique individuals had to be pulled out of other activities, put specifically on this project, and paid overtime in order to complete the work on time. We estimate that 90 percent of these charges are labor related with our software contractors, and the remaining was for software used for testing among other miscellaneous charges to the project to complete the work.”<sup>11</sup>*

Staff understands Xcel made estimates for these costs based on the information they had at the time of approximation.

#### Participation Fee

The Company opened its portal for consolidated billing to LMI Subscriber organizations beginning in December 2024. The implementation process has taken several months as Subscriber organizations began to learn the system and provide details necessary to utilize consolidated billing. The first consolidated bill went to customers in March of 2025 and Subscriber organizations began receiving direct payments in April of 2025. Xcel reports there are currently over 500 customers opting into consolidated billing for ten active CSGs with six Subscriber organizations are choosing this option. Xcel anticipates additional subscriber organizations opting into consolidate billing as the process becomes more refined.<sup>12</sup>

Xcel provided the following break down of actual and forecasted costs in Attachment A of the

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<sup>10</sup> Nokomis Comments, page 2.

<sup>11</sup> Xcel Reply Comments, page 3.

<sup>12</sup> Xcel Initial Comments, page 2.

June 20, 2025 reply comments.

Table 2: Data as of April 2025 with 2024 Actual Including Additional Department Fees<sup>13</sup>

	Participation Fees					
	2024	2025	2026	2027	2028	2029
<u>EXPENSES</u>	<i>Actual</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
1. Beginning Balance	–	\$745,931	\$1,762,613	\$1,983,847	\$2,161,783	\$1,247,020
2. Participation Fee						
2a. Department	\$961,000	\$961,000	\$961,000	\$961,000		
2b. Annual Marketing	-	\$30,000	\$30,543	\$31,096	\$31,659	\$32,232
2c. IT/Billing Annual	\$27,384	\$250,000	\$203,620	\$210,584	\$217,786	\$225,234
2c. SalesForce Participation Fees	\$147,312	\$118,080	\$148,230	\$148,230	\$148,230	\$148,230
3. Subscriber Management	\$92,234	\$124,000	\$128,241	\$132,627	\$137,162	\$141,853
Total Expenses	\$1,227,931	\$1,483,080	\$1,471,634	\$1,483,536	\$534,837	\$547,549
<u>RECOVERY</u>						
4. Total Allocated MW (Legacy + AMI)	903	933	1042	1088	1208	1308
5. Participation Fee per MW	500	500	1200	1200	1200	1200
6. Total Collected (Lines 4 x 5)	\$482,000	\$466,398	\$1,250,400	\$1,305,600	\$1,449,600	\$1,569,600
End of Year Balance (Total Collected – Total Expenses)	\$745,931	\$1,762,613	\$1,983,847	\$2,161,783	\$1,247,020	\$224,969

Commenters noted the Xcel's drastic increase from the current \$500 per megawatt to the company's most recent request of \$1,200 per megawatt to be alarming due the lack of detail in the cost allocation, and the significant differences between actual and forecasted costs.

MnSEIA, Nokomis and CCSA all bring concerns of the \$961,000 Legislative Assessment being used to justify the requested \$800 per megawatt Participation Fee as requested in Xcel's initial comments to the \$1,200 per megawatt Participation Fee the company requested in its June 20, 2025 comments.

Nokomis states Xcel's proposal to increase the Participation Fee is "more accurately described as a request for the Commission to rewrite Legislation so Xcel can reallocate the Department of

<sup>13</sup> Xcel Reply Comments, Attachment A.

Commerce's CSG Program costs, which the Legislature directed the Department to charge to Xcel.”<sup>14</sup> Nokomis also argues there is no legal basis to alter the legislation in this manner and Xcel is reallocating the Department of Commerce's CSG Program Costs, and has nothing to do with the Participation Fee.<sup>15</sup>

The Legislature created the LMI-CSG program, administered by the Department. The LMI-CSG program requires individual CSG owners to apply to the Department and submit annual reports to the Department. Nokomis states these actions would allow a moment in time for the Department to collect program fees from CSG owners. Nokomis argues that is not what the Legislature intended or directed. Rather the Legislature directed the Department to bill the Company directly. “If the state Legislature had wanted CSG owners to pay for the Department's program costs, they would have said so. Instead, they directed the Department to assess those costs to Xcel directly.”<sup>16</sup>

MnSEIA stated “If the original \$500/MW participation fee included consideration of the annual amount transferred to Commerce, then continuing that annual transfer should not require a 120% increase in the participation fee.”<sup>17</sup>

Commenters all expressed concern that Xcel Energy has not provided sufficient transparency or a robust cost breakdown to justify its proposed increase in the participation fee. CCSA states “While Xcel Energy claims that ongoing assessments and technology upgrades warrant the increase, the utility has not clearly demonstrated which costs are directly caused by Legacy or Low-to-Moderate Income (LMI) CSGs — a critical standard for cost recovery.”<sup>18</sup>

The Department's spending for fiscal year 2025 is not yet finalized, but the Department anticipates total spending of about \$350,000.<sup>19</sup>

*“Although the Department's historic spending is unlikely to be representative of the ongoing and future costs once the program is fully implemented, the Department's lower spending levels for fiscal years 2024 and 2025 should reduce the Company's participation fee calculation. Because Xcel proposes to recover its costs over five years, the Department's administrative costs account for a sizeable portion of the utility's total costs, and the Department's actual spending in 2024 and 2025 was lower than forecasted, the per megawatt fee needed to recover Xcel's costs over five years should be considerably lower. For these reasons, the Department recommends that the*

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<sup>14</sup> Nokomis Comments, page 4.

<sup>15</sup> Id. at 5.

<sup>16</sup> Id.

<sup>17</sup> MnSEIA comments, Page 2.

<sup>18</sup> CCSA Comments, Page 2.

<sup>19</sup> Department Comments, Page 2.

*Commission defer any decision on increasing Xcel's participation fee to \$1,200 per megawatt.”<sup>20</sup>*

Xcel replied to Nokomis and MnSEIA stating the increase in Participation Fee is necessary to cover the increased costs of the program. They specifically noted that “the fee amount differs by project size. For a 250-kW project the requested Participation Fee would be \$300, for a 1 MW project it would be \$1,200, and for a 5 MW project it would be \$6,000. Defining the fee proportionally by project size is helpful for community driven projects that are typically smaller in size, such as those on parking garages or rooftops.”<sup>21</sup> However, this is currently how the \$500 per megawatt is applied, the argument so all projects would be incurring increases regardless of the project size.

### Future Process for Updating Participation Fee

Xcel asked the Commission to approve a future process of updating the participation fee at least every two years through a motion filed in the referenced dockets. The Department, MnSEIA and CCSA have agreed to this. (**Decision Option 6**)

In its initial comments, the Department stated it “If the Commission is amenable to updating the LMI CSG participation fee as requested by the Company during this comment period, it would be sensible to allow for a future process that permits Xcel to request an updated participation fee and for the Department to have the opportunity to assess this request, thereby encouraging transparency from the Company around their costs in managing this program.”<sup>22</sup> The Department continued this directive in its reply comments.

### Staff Analysis

The original CSG program was launched in 2014, now called the Legacy CSG Program, Xcel was allowed to assess an annual participation fee for CSGs of \$300 per CSG. A May 2019 PUC order increased the participation fee to \$500 per CSG.<sup>23</sup> In 2023, when the LMI CSG program was launched, Xcel proposed to change the participation fee from a flat \$500 per CSG to \$500 per MW, for both the Legacy and LMI CSG programs, which the Commission approved in its December 23, 2023, Order.

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<sup>20</sup> Department Reply Comments, Page 3.

<sup>21</sup> Xcel Reply Comments, page 5.

<sup>22</sup> Department Initial Comments, page 4.

<sup>23</sup> *In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy, for Approval of its Proposed Community Solar Garden Program*, Dkt. 13-867, Dkt. 18-714, Dkt. 13-105, Dkt. 16-1022. PUC, ORDER APPROVING REVISED TARIFFS WITH MODIFICATIONS AND REQUIRING COMPLIANCE FILINGS (May 9, 2019)

On December 19, 2024, Xcel filed a petition under Minn. Stat. § 216B.16 requesting that the annual participation fee be increased again from \$500 to \$800 per MW. On June 20, 2025, Xcel submitted Reply Comments increasing its request from \$800 per MW to \$1,200 per MW.<sup>24</sup> This represents a 233 percent increase from its initial increase request, and a 240 percent total fee increase from the current annual fee.

Although Xcel argues that increased CSG costs which include the Legislative Assessment, Annual Marketing Costs, IT/Billing Annual Costs, SalesForce Participation Fees Costs, and Subscriber Management Costs all contribute the Company's request to increase the participation fee from \$500 to \$1200 per megawatt. (See Table 2) The Legislative Assessment should apply only to the LMI CSGs, but Xcel is asking for an increase in the participation fee across all CSGs. Additionally, Xcel provides no details regarding why IT/Billing costs continue to remain at such high levels after implementing Consolidated Billing and the LMI program.

Xcel states "Ongoing costs of IT system maintenance will become part of the full CSG budget and are anticipated to be recovered through the ongoing CSG participation fee." Staff understands initial implementation fees for new program and the consolidated billing would be expensive and require substantial IT/Billing costs. Xcel estimates that the costs associated with adjustments to consolidated billing, updates to the application system for CSGs, and subscribed management.<sup>25</sup> We question why updates to the application system would be billed as a participation fee and not the application fee, especially since those being charged would have been approved prior and have no applications in process.

Also, as the Department noted, the Legislative Assessment for 2025 was not near the \$961,000 as authorized by the Legislature. It seems preemptive to estimate the full amount for the next 2 years, given that in the two years of the LMI CSG program the administrative costs billed by the Department were not at level authorized by the Legislature. One could argue that the costs in the first year would be far more than additional years because complexity and time needed to build the CSG LMI application. Even the Department noted "historic spending is unlikely to be representative of the ongoing and future costs once the program is fully implemented, the Department's lower spending levels for fiscal years 2024 and 2025 should reduce the Company's participation fee calculation."<sup>26</sup>

It is also unclear why the Legislative Assessment is being included into both Legacy and LMI participation fees. The Department of Commerce was not and is not involved in the management of Legacy CSGs. Xcel argues cost-causers should bear the cost, however, this seems misguided if the company is not only assigning the assessment to LMI CSGs. Staff believes it would be more appropriately be included into the Application Fee where the

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<sup>24</sup> *In the Matter of Implementation of 2023 Legislative Changes to Xcel Energy's Community Solar Garden Program*, Dkt. 23-335, Xcel Energy, REPLY COMMENTS (June 20, 2025).

<sup>25</sup> Xcel Reply Comments, page 9.

<sup>26</sup> Department Reply Comments, page 3.

Department is significantly involved.

CCSA states “the participation fee is intended to recover administrative costs caused by subscriber organizations — not to subsidize broader utility operations or cover general administrative overhead. The Commission must ensure that any increase aligns with this “cost-causer pays” principle. As Minnesota Solar Energy Industries Association (MnSEIA) aptly notes in its June 20, 2025 initial comments, it is inappropriate to allocate costs to subscriber organizations if those costs also serve other utility functions or ratepayer classes.<sup>27</sup>

Staff is disappointed with the level of specificity Xcel has provided when requested. Xcel has not provided detailed information that separates Legacy and LMI CSG costs or specifics within the items that have been reported (i.e. IT/Billing, and Subscriber Management) beyond simple descriptions without specific cost breakdowns. Information requests by parties were answered by directing petitioners back to originally filed costs.<sup>28</sup> Xcel provided no breakdowns of cost allocation to specific program or to line-item costs such as labor, software licensing, or IT. Although application portal, system integration and consolidated billing actual costs were reported. The forecasted amounts for IT/Billing provide no specificity as to the costs associated with that designation. Break downs of the IT/Billing Annual expenses would be beneficial.

Given the lack of transparency and the remaining questions raised by commenters, Staff recommends an increase of the participation fee to \$800 per megawatt. The Department also agrees with this recommendation. (**Decision Option 3**). Staff also recommends Xcel file more detailed information in two years if they request an increase at that time.

#### Department's Updated Forecasted vs. Actual Spending Comparison<sup>29</sup>

		2024	2025	2026	2027	2028	2029
a	Xcel's Forecasted Commerce Expenses	\$961,000	\$961,000	\$961,000	\$961,000	---	---
b	Actual Commerce Expenses	\$190,807	\$350,000	---	---	---	---
c	Difference Between Forecasted and Actual (row a-b)	\$770,013	\$611,000	---	---	---	---
d	Xcel's Forecasted Total Expenses	\$1,227,931	\$1,483,080	\$1,471,634	\$1,483,536	\$534,837	\$547,549
e	Xcel's Forecasted Total Expenses Less Difference in Commerce Expenses (row d-c)	\$457,738	\$872,080	---	---	---	---

<sup>27</sup> CCSA Comments, page

<sup>28</sup> MnSEIA IRs.

<sup>29</sup> Xcel Response, Attachment A, May 5, 2025 and Department's Reply Comments, July 31, 2025.

**DECISION OPTIONS**Application Fee

1. Approve Xcel's request to continue use of the current Application Fee of \$4,125 per megawatt as originally approved in the Commission's December 28, 2023 order. (All parties)

OR

2. Deny Xcel's request to continue use of the current Application Fee of \$4,125 per megawatt in favor of an amount set by the Commission.

Participation Fee

3. Approve Xcel's request to increase the Legacy and LMI participation fee to \$800 per megawatt. (Department, Staff)

OR

4. Approve Xcel's request to increase the Legacy and LMI participation fee to \$1200 per megawatt. (Xcel)

OR

5. Deny Xcel's request to increase the Legacy and LMI participation fee. Maintain the participation fees at \$500 per megawatt. (Nokomis, JSA)

Fee Update Process

6. Approve Xcel's request to update the participation fee on a biennial basis. (Xcel, Department, MnSEIA, CCSA)

OR

7. Deny Xcel's request to update the participation fee on a biennial basis.



**LIST OF COMPILED DECISION OPTIONS**

**Red Underline Text indicates new Decision Options received after January 21, 2026**

Application Fee

1. Approve Xcel's request to continue use of the current Application Fee of \$4,125 per megawatt as originally approved in the Commission's December 28, 2023 order. (All parties)

OR

2. Deny Xcel's request to continue use of the current Application Fee of \$4,125 per megawatt in favor of an amount set by the Commission.

Participation Fee

3. Approve Xcel's request to increase the Legacy and LMI participation fee to \$800 per megawatt. (Department, Staff)

OR

4. Approve Xcel's request to increase the Legacy and LMI participation fee to \$1200 per megawatt. (Xcel)

OR

4a. Approve Xcel's request to increase the Legacy and LMI participation fee to \$725 per megawatt. (Xcel)

OR

5. Deny Xcel's request to increase the Legacy and LMI participation fee. Maintain the participation fees at \$500 per megawatt. (Nokomis, JSA)

Fee Update Process

6. Approve Xcel's request to update the participation fee on a biennial basis. (Xcel, Department, MnSEIA, CCSA)

OR

- 7. Deny Xcel's request to update the participation fee on a biennial basis.**