

Staff Briefing Papers

Meeting Date	March 19, 2026	Agenda Item 3*	
Company	Northern States Power d/b/a Xcel Energy		
Docket No.	E-002/M-25-370		
	In the Matter of Xcel Energy’s Petition for approval of 2026 Renewable Development Fund (RDF) Rider factor and approve the 2025 RDF annual Report.		
Issues	Should the Commission approve Xcel Energy’s Renewable Development Fund (RDF) Rider Factor for 2026?		
	Should the Commission approve Xcel Energy’s 2025 Renewable Development fund annual Report?		
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✓ Relevant Documents	Date
Xcel Energy-Petition	October 1, 2025
Xcel Energy-Errata-RDF Annual Report	December 3, 2025
Xcel Energy-Letter	December 23, 2025
Department of Commerce-Comments	December 31, 2025
Xcel Energy-Compliance Filing	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.

I. Background

Since 1994, the Renewable Development Fund (RDF) has served as a mechanism to support renewable electric energy through research, development and demonstration projects.¹ It is financed by an obligation in which Northern States Power Company, doing business as Xcel Energy (Xcel or the Company) funds a renewable development account in return for storage of spent nuclear fuel casks at the Prairie Island and Monticello generating facilities. In 2017 the RDF was renamed the Renewable Development Account (RDA).²

Xcel recovers legislative mandates expected to be paid in the subsequent year, RDF grant project payments that meet certain known and measurable criteria, and a true up of the previous years' expenses. The remainder of credited funds remains a liability and is tracked as unencumbered or deferred payments but is not yet collected from customers. While RDF/RDA annual costs for legislative incentive programs and grant award disbursements will fluctuate each year, the increase in dry casks at Prairie Island and Monticello will increase total required payments, which will in turn increase the costs recovered through this rider.

In 2017, the RDF statute (Minn. Stat. § 116C.779, subd. 1) was revised to replace the RDF administered by Xcel with a new account, the Renewable Development Account (RDA), to be administered by the state Office of Management and Budget (MMB).³ The new legislation provided for a process by which proposals for grant funding are evaluated by an advisory group working with independent experts. Resulting funding recommendations are presented to Xcel, which submits them to the legislature. The Commission may approve, disapprove or modify (if agreed to by Xcel) the proposed expenditures. The Commission submits its recommendations to the legislature, which may approve or disapprove (but may not modify) appropriations for a project recommended by the Commission. The statutory revision directed unencumbered funds in Xcel's existing RDF account to be transferred to the new RDA administered by MMB.

October 1, 2025, Xcel Energy submitted the Petition to the Minnesota Public Utility Commission (Commission) requesting approval of 2026 RDF rate rider factor beginning January 1, 2026, and approval for the 2025 RDF annual report.

December 3, 2025, Xcel Energy filed Errata RDF Annual Report with updated figures and amounts to match actual spending.

December 31, 2025, the Department of Commerce, Division of Energy Resources (Department) submitted comments recommending approval of Xcel Energy's RDF Rider as filed.

¹ Minn. Stat. § 116C.779

² In 2017, Minn. Stat. § 116C.779 was amended to establish the renewable development account.

³ Minn. Stat. § 116C.779 was amended to establish the renewable development account.

January 20, 2026, Xcel Energy submitted compliance filing stating that the Company transferred payment of \$30.1 million to the Minnesota Office of Management and Budget (MMB) in compliance to Minn. Stat. § 216.17, subd. 3.

II. Discussion

A. Xcel

Xcel Energy requested Commission approval of 2026 RDF rates to recover a total amount of \$39,370,562. Under this proposal, the average residential customer will pay \$1.02 per month for RDF costs based on 750 kwh average usage. Table 1 shows a summary of RDF/Renewable Development Account (RDA) recoverable costs for the Minnesota jurisdiction.

Table 1. 2026 RDF/RDA Recoverable Costs⁴

RDA Recoverable Costs		
2026 MMB Payment	\$30,834,513	
2025 RDA True Up	(\$940,338)	
Total RDA Disbursements		\$29,894,174
RDF Recoverable Costs		
Other Legislative Mandates		
Solar Energy Incentive Program	\$8,808,003	
Solar*Rewards for Schools	\$127,757	
2025 Other Legislative Mandate True-up Expenses	(\$475,397)	
Other Legislative Mandates Subtotal		\$8,460,363
Legacy RDF Projects		
Energy Production Grants	\$1,016,024	
Research and Development Grants	\$0	
2025 RDF True-up Expenses	\$0	
Legacy RDF Projects Subtotal		\$1,016,024
Total RDF Disbursements		\$9,476,387
Total 2026 RDF/RDA Expenses		\$39,370,562

As shown in Table 2, RDF program costs have remained relatively stable. The Company anticipated the amount of recovered costs will more closely align with the annual obligation based on dry cask storage. Any reduction in RDF costs will likely be offset by an increase in the amount paid to the Minnesota Office of Management and Budget (MMB).

Table 2. RDF Rate Rider (2022-2026)⁵

	2022 Rider	2023 Rider	2024 Rider	2025 Rider	2026 Rider
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⁴ Petition at 2.

⁵ Petition at 3.

Forecasted	\$28,853,279	\$38,757,600	\$38,883,226	\$34,030,523	\$40,786,297
True-Up Adjustment	(\$3,368,155)	(\$5,300,415)	\$111,818	(\$2,977,566)	(\$1,415,735)
Balance to Recover	\$25,485,124	\$33,457,185	\$38,995,043	\$31,052,958	\$39,370,562
Rate Factor	\$0.000902	\$0.001176	\$0.001385	\$0.001097	\$0.001358

This filing requested approval for a 2026 RDF rate rider factor of \$0.001358 per kWh to be applied to Minnesota customer energy usage starting January 1, 2026. Xcel proposed recovering \$39,370,562 of which \$30.8 million will be a payment to MMB and \$10 million for other legislative mandates. Those amounts are offset by \$1.4 million for 2025 true-up of RDF expenses.

Xcel Energy complied with the Commission's Orders by including the following information:

- Historical trends;
- Forecasted expenditures submitted for cost recovery in 2026;
- Forecasted expenditures not submitted for cost recovery in 2026;
- RDF tracker account information; and
- Fund Liability and unencumbered balance.

1. Solar*Rewards and Solar for Schools

Minn. Stat. § 116C.779, subd. 1(e) requires Xcel Energy to deduct from its annual transfer to the RDA the funds necessary to pay for its obligations related to its Solar*Rewards program, established pursuant to Minn. Stat. § 116C.7792. The Company forecasted Solar*Rewards costs of approximately \$9.3 million in 2026. In 2021, Minn. Stat. § 216C.376 required Xcel Energy to establish a program to provide financial assistance to enable schools to install and operate solar energy systems, and to withhold \$8 million from its annual transfer to the RDA to fund the program. In response, in May 2022, the Company launched its Solar*Rewards for Schools Program and began accepting applications for funds from interested schools. In 2023, new Minnesota legislation repealed Minn. Stat. § 216C.376, and the Company closed its plan to new applicants but will continue to process and administer projects that had already been allocated funding at the time of the repeal. Along with the repeal of Minn. Stat. § 216C.376, other new legislation in 2023:

- established a new solar for schools' program in the Department of Commerce;
- created a solar for schools' program account in the special revenue fund;
- required Xcel Energy to transfer the unencumbered portion of the initial \$8 million allocation required by Minn. Stat. § 216C.376 to the new solar for schools' program account.

In prior years, the Company had estimated that \$2.7 million of the original \$8 million allocation was encumbered for its approved projects and returned the unencumbered \$5.3 million to MMB. In the Errata Petition, the Company lowered its estimate of encumbered funds by \$0.2 million and proposed to include that amount in its next MMB transfer and recover it from

ratepayers in 2026. The encumbered \$2.5 million will be collected from ratepayers over time as Xcel Energy makes payments to participating schools.

2. Customer Notification and Billing

Xcel's RDF rider rate is incorporated into the Resource Adjustment line, rather than separately identified, on customer bills. In the first billing month the new RDF rider rate is effective, the Company proposed to include the following notice on customer bills:

Renewable energy development costs are included as part of the Resource Adjustment line on your bill. It represents money to support research and development of renewable energy projects and renewable energy technologies. Beginning this month, the renewable energy development costs have increased from \$0.001097 per kWh to \$0.001371 per kWh. Visit xcelenergy.com/rdf to find more on Xcel Energy's renewable energy development programs.⁶

B. Department of Commerce – Comments

Xcel proposed a new RDF rider rate of \$0.001371 per kWh, an increase compared to the currently approved RDF rider rate of \$0.001097 per kWh. The Company calculated its proposed RDF rider rate based on the RDF/RDA tracker account true up and a set of actual and forecasted expenditures associated with RDF-funded grant projects and statutorily required payments. Specifically, Xcel proposed recovery amounts shown in Table 3 through its 2026 RDF rider.

Table 3. Proposed 2026 RDF Rider Cost Recovery⁷

Cost Recovery Component	Amount
Transfers to Program Accounts in the Special Revenue Fund	\$30,116,589
Solar Energy Incentive Program (Solar*Rewards), Minn Stat § 116C7792	\$9,337,575
Solar for Schools, Minn. State § 216C376	\$96,272
Legacy RDF Projects	\$1,016,024
Energy Production Grant Projects	
Research and Development Grant Projects	
True-up for Prior Under collection/Overcollection)	(\$838,100)
Total Requested Cost Recovery	\$39,728,360
Forecasted 2025 kWh Sales	28,985,927,495
2026 Proposed MN RDF Rider Factor	\$0.001371

⁶ Errata Petition at 15

⁷ Errata Petition at 2-3

Table 4 shows calculations of the Company's required transfers to program accounts for 2026. Minn. Stat. § 116C.779, subd. 1(c) and (d) obligate the Company to pay \$500,000 for each dry cask at its Prairie Island nuclear power plant and \$350,000 for each dry cask at its Monticello plant. In its August 8, 2025, Annual Nuclear Waste Management Report, Xcel Energy reported that as of August 8, 2025, it had 55 casks in place at Prairie Island, and 30 casks at Monticello. Per Attachment 19 of its Errata Petition, the Company expects to place an additional ten casks into service at Prairie Island during 2026, resulting in a gross cask obligation of \$43.0 million for 2026. Minn. Stat. § 116C.779, subd. 1(e) (2023) requires a \$3.75 million reduction to the amount transferred to the RDA annually, resulting in a net cask obligation of \$39.25 million.

Table 4. 2026 RDF Transfer⁸

Component	Amount
<i>Transfer to RDA Program Account</i>	
Cask Obligation:	
Prairie Island Casks (65 casks x \$500,000 per cask)	\$32,500,000
Monticello Casks (30 casks x \$350,000)	\$10,500,000
Gross Cask Obligation	\$43,000,000
Statutory Reduction Minn. Stat. § 116C.779 subd. 1(c)	-\$3,750,000
Net Cask Obligation	\$39,250,000
Other Additions/(Deductions):	
Solar* Rewards	-\$9,337,576
Transfer to RDA Program Account	\$29,912,424
Transfer to Solar for Schools Program Account	\$204,165
Total Transfers to Program Accounts in Special Revenue Fund	\$30,116,589

1. True-up

The Company forecasted the number of casts that they assume will be at their Prairie Island and Monticello locations. The Department noted that and those forecasts for 2025 were correct so no true-up is needed this year.

2. Tracker Balance

Xcel Energy's tracker calculations indicate an expected net over collection of \$838,100 at the end of 2025, which the Company proposed to refund to ratepayers during 2026. The

⁸ Errata Petition Attachment 19 at 1

Department reviewed the Company's calculations and concluded that they are reasonable. Like other costs recovered through the RDF rider, as actual data becomes available, any variance between the forecasted and actual revenue will be trued-up in future RDF rider filings.

3. Customer Notification and Billing

The Department supported the Company's proposed language, as it is similar to that used for previous RDF rider rate notices, and its stated intention to work with the Commission's Consumer Affairs Office to finalize the notice wording and update the notice with the approved 2026 RDF rider rate.

4. Department Recommendations

The Department recommends the following based on their analysis:

- Require the Company, within 10 days of making the required 2026 transfer payments to the program accounts in the special revenue fund, to file a letter in the current docket notifying the Commission of the transfer.
- Approve Xcel's proposed 2026 RDF/RDA rider rate of \$.001371/kWh, effective January 1, 2026, or in the first billing month after issuance of the Commission's Order in this matter, whichever is later.
- Accept the compliance reporting portions of Xcel Energy's Errata Petition.

C. Staff analysis

Staff reviewed the RDF/RDA as filed, and associated cost recovery appears to be reasonable and consistent with statutory requirements. Xcel submitted a compliance filing on January 20, 2026, stating they have transferred \$30,116,589 to MMB.

III. Decision Options

1. Approve Xcel Energy's proposed 2026 RDF/RDA rider rate of \$.001371/kWh, effective April 1, 2026. (Xcel, Department)

And

2. Approve the 2025 RDF annual report as filed. (Xcel, Department)

Or

3. Reject Xcel Energy's petition for 2026 RDF/RDA rider rate.

And

4. Reject the 2025 RDF annual report.