

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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St. Paul, MN 55101-2147

In the Matter of Northern States Power
Company's, d/b/a Xcel Energy, 2020-2034
Upper Midwest Integrated Resource Plan

PUC Docket No. E-002/RP-19-368

XLI COMMENT

The Xcel Large Industrials (“XLI”)¹ submit this comment in response to the most recent notice of comment period issued by the Minnesota Public Utilities Commission (“Commission”) in PUC Docket No. E-002/RP-19-368 related to Xcel’s 2020-2034 Upper Midwest Integrated Resource Plan (“IRP”).²

I. INTRODUCTION

On July 1, 2019, Xcel submitted its IRP to the Commission. Following Xcel’s initial filing, the Commission noticed a comment period seeking initial comments by November 8, 2019, with reply comments due on January 8, 2020.³

At the same time, Xcel’s petition to acquire certain facilities at the Mankato Energy Center (“MEC”) was also pending before the Commission.⁴ On September 27, 2019 the Commission verbally denied Xcel’s MEC petition.⁵ Because the MEC acquisition influenced modeling assumptions in the IRP, the Commission also required Xcel to update its pending IRP to include updated modeling to reflect the denial of its request to acquire the MEC.⁶ On October 17, 2019, the Commission met to analyze the completeness of Xcel’s initial filing and the outstanding procedural-timing issues. The Commission elected to suspend the previously established comment

¹ XLI is an *ad hoc* consortium of large industrial customers of Northern States Power Company d/b/a Xcel Energy (“Xcel”) consisting for purposes of this filing of Flint Hills Resources Pine Bend, LLC; Marathon Petroleum Corporation; and USG Interiors, Inc.

² Fourth Notice of Extended Comment Period (Dec. 28, 2020) (eDocket No. 202012-169367-01) (extending the initial comment deadline to February 11, 2021 with reply comments due by April 12, 2021).

³ Notice of Comment Period (July 3, 2019) (eDocket No. 20197-154179-01).

⁴ *See In the Matter of the Petition of Xcel Energy for Approval of the Acquisition of the 375 MW Mankato Energy Center and the 345 MW Mankato Energy Center II*, PUC Docket No. E-002/PA-18-702, Petition (Nov. 28, 2018).

⁵ *See* Notice of Suspended Comment Period (Oct. 29, 2019) (eDocket No. 201910-156980-01).

⁶ *Id.*

schedule and required Xcel to file supplemental information and modeling, delegating to the Executive Secretary authority to schedule a date (prior to July 1, 2020) for Xcel to provide supplemental information and for parties to file comments.⁷ The Commission formalized its decision in an order issued on November 12, 2019.⁸

After various procedural extensions and the outbreak of the COVID-19 pandemic, Xcel filed its supplemental IRP filing on June 30, 2020.⁹ Now, after additional procedural extensions and pursuant to the Commission’s Fourth Notice of Extended Comment Period, XLI and other stakeholders will file initial comments on Xcel’s updated IRP on February 11, 2021, approximately 20 months after Xcel’s initial filing.¹⁰

XLI has been an active participant in this docket, issuing discovery and filing a petition to intervene on August 13, 2019.¹¹ In addition to its active role in this docket, XLI also retained J. Kennedy and Associates, Inc. (“J. Kennedy”) to provide expert analysis on the IRP. In that capacity, J. Kennedy has prepared an expert report attached to this comment as Exhibit A.¹² The Report, briefly outlined in this comment, provides the Commission with J. Kennedy’s expert analysis of Xcel’s IRP filing. In addition to this expert analysis, XLI also submits this comment to emphasize specific policy objectives it urges the Commission to consider when evaluating Xcel’s IRP. XLI is grateful to Xcel and the other stakeholders for the robust record that has been developed for the Commission’s consideration and looks forward to continuing to work with all of the parties on the ongoing evaluation of Xcel’s IRP.

II. ANALYSIS

A. Xcel’s Uncompetitive and Increasing Industrial Rates Should Be a Key Consideration in the Commission’s Evaluation of the IRP

In evaluating resource plans, the Commission must consider the resource plan’s ability to “keep the customers’ bills and the utility’s rates as low as practicable, given regulatory and other

⁷ *Id.*

⁸ Order Suspending Procedural Schedule and Requiring Additional Filings (Nov. 12, 2019) (eDocket No. 201911-157450-01).

⁹ Supplement (June 30, 2020) (eDocket No. 20206-164371-01) (“IRP Supplement”).

¹⁰ Fourth Notice of Extended Comment Period (Dec. 28, 2020) (eDocket No. 202012-169367-01).

¹¹ XLI Petition to Intervene (Aug. 13, 2019) (eDocket No. 20198-155171-02).

¹² Expert Report by J. Kennedy (February 11, 2021) (the “Report”).

constraints.”¹³ Further, Minn. Stat. § 216C.05, subd. 2(4), makes it “the energy policy of the state of Minnesota that: ... retail electricity rates for each customer class be at least five percent below the national average.” Both the rates and bills for large industrial customers have increased to unsustainable levels.

With respect to rates, the average delivered cost of energy for Xcel’s industrial customers was \$.0802/kWh in 2019.¹⁴ This rate was roughly 17.8% higher than the national average in 2019 for industrial customers, which was \$.0681/kWh.¹⁵ This severe deviation from the national average is not consistent for all Minnesota investor-owned utilities. For example, Otter Tail Power Company’s 2019 average delivered cost of energy for industrial customers was \$.0561/kWh.¹⁶ In this proceeding, Xcel reported the data slightly different, but the result is still that rates were above the national average as of 2019, by more than 11%.¹⁷ In other words, all evidence in this proceeding is that Xcel is currently failing to comply with the policy goal set forth in Minn. Stat. § 216C.05, subd. 2(4).

Not only are rates above the national average, so are bills. As demonstrated by the chart below, which was also filed in PUC Docket No. E-002/M-20-86, Xcel’s industrial bills currently exceed that national average.

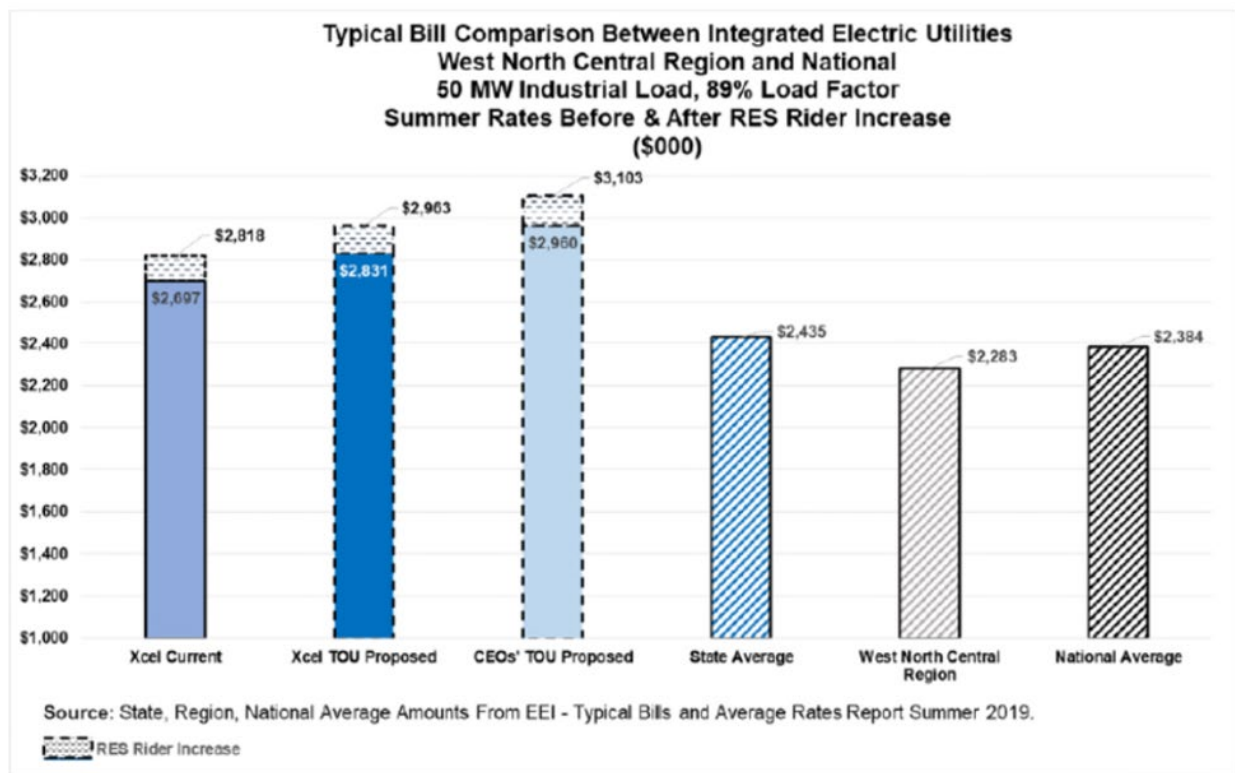
¹³ Minn. R. 7843.0500, subp. 3(B).

¹⁴ See U.S. Energy Information Administration, 2019 Utility Bundled Retail Sales – Industrial, https://www.eia.gov/electricity/sales_revenue_price/pdf/table8.pdf.

¹⁵ See U.S. Energy Information Administration, 2019 Average Monthly Bill – Industrial, https://www.eia.gov/electricity/sales_revenue_price/pdf/table5_c.pdf.

¹⁶ U.S. Energy Information Administration 2019 Utility Bundled Retail Sales – Industrial, https://www.eia.gov/electricity/sales_revenue_price/pdf/table8.pdf.

¹⁷ Cf. Xcel Energy Responses to XLI IR 105 (Aug. 28, 2020) (eDocket Nos. 20208-166262-05 & 20208-166262-06) and XLI IR 106 (Sept. 1, 2020) (eDocket Nos. 20208-166325-01).



As demonstrated by Chart 1, Xcel's average monthly bill for a large industrial customer is \$2,697,000 while the national average is \$2,384,000,¹⁸ a difference of more than \$300,000 per month, or approximately 13%. Additionally, in light of recent rate increases and other pending dockets, XLI is concerned that Xcel's industrial rates will stray further from the unambiguous state policy goal outlined in Minn. Stat. § 216C.05, with average monthly bills in excess of \$3 million – more than \$500,000 above the national average on a monthly basis, or \$6 million annually. This would result in large industrial customer bills 30% above the national average.¹⁹ This demonstrates that, contrary to Xcel's untested allegations in its letter submitted to the Commission on December 9, 2020, large industrial bills have not and are not remaining flat.²⁰ XLI therefore strongly objects to additional rate increases for members of the C&I Demand class.

¹⁸ *In the Matter of the Petition of Northern States Power Company for Approval of General Time-of-Use Service Tariff*, XLI Reply Comment at 2-3, Ex. B (Jan. 13, 2021).

¹⁹ *Id.*

²⁰ See Letter Re Stay-Out Proposal, Interim Rates and Department of Commerce Information Request No. 3 – Second Supplement, MPUC Docket Nos. E,G999/CI-20-492, E,G002/M-20-716, E002/GR-20-723 and E002/M-20-743 (Dec. 9, 2020).

The substantial burden placed upon the C&I Demand class is clearly demonstrated in the Commission’s approvals of Xcel’s 2020 and 2021 Stay-Out requests, which allow Xcel to allocate costs to C&I Demand class customers based on sales projections that were demonstrably poor at the time of Commission approval.²¹ For example, Xcel’s 2020 Stay-Out sales true-up was originally projected to be \$94.3 million; however, in a compliance filing recently filed by Xcel, the proposed sales true-up is actually projected to be approximately \$120 million, which includes a proposed \$157 million increase to the C&I Demand class while refunds will be issued to other customer classes.²² XLI and other stakeholders expect a similar outcome for Xcel’s 2021 Stay-Out.²³ And these large increases do not account for other incremental, miscellaneous increases pending on Xcel’s system.²⁴ Between the recently filed sales true-up request and the renewable rider, Xcel’s large industrial customers could see rate increases of 20% or more in 2021.

In addition to Xcel’s Stay-Outs and other incremental increases, this IRP comes at a time when Xcel is seeking approval of other significant resource planning investments outside of the IRP. On May 5, 2020, Commissioner Joseph K. Sullivan issued a memorandum proposing that the Commission open a docket to request information from utilities regarding possible investments that would assist in Minnesota’s economic recovery from the COVID-19 pandemic.²⁵ In response, Xcel submitted its Response and Petition on September 15, 2020.²⁶ The Response and Petition

²¹ See *In the Matter of Northern States Power Company d/b/a Xcel Energy for Approval of True-Up Mechanisms*, MPUC Docket No. E-002/M-19-688, Order Approving True-Ups and Requiring Xcel to Withdraw Its Notice of Change in Rates and Interim Rate Petition (Mar. 13, 2020).

²² See *In the Matter of Northern States Power Company d/b/a Xcel Energy for Approval of True-Up Mechanisms*, MPUC Docket No. E-002/M-19-688, 2020 Sales and Related Revenue Calculations Compliance Filing at Attachment F (Feb. 1, 2021); *In the Matter of the Petition of Northern States Power Company dba Xcel Energy for Approval of 2021 True-Up Mechanisms*, MPUC Docket No. E-002/M-20-743, XLI Reply Comment at 3 n.10 (Nov. 17, 2020).

²³ *In the Matter of the Petition of Northern States Power Company dba Xcel Energy for Approval of 2021 True-Up Mechanisms*, MPUC Docket No. E-002/M-20-743, Public Supplemental Comments of the Minnesota Department of Commerce, Division of Energy Resources at 6 (Nov. 12, 2020) (noting that “the demand class [should] expect to receive a[n] ... increase in their rates due to the proposed Sales True-Up ... [and] the demand customer class is likely better off under a 2021 Rate Case ...”).

²⁴ See, e.g., *In the Matter of Xcel Energy’s Renewable Energy Standard Rider Petition*, MPUC Docket No. E-002/M-20-815, Xcel Petition at 2 & Attach. A at 1 (Nov. 5, 2020) (seeking a 9% increase using the 2021 Renewable Energy Standard Rider).

²⁵ *In the Matter of an Inquiry into Utility Investments that May Assist in Minnesota’s Economic Recovery from the COVID-19 Pandemic*, PUC Docket No. E,G-999/CI-20-492, Notice of Reporting Required by Utilities (May 20, 2020).

²⁶ *In the Matter of a Proposal by Northern States Power Company dba Xcel Energy for Authorization to Recover Costs for Investments that May Assist in Minnesota’s Economic Recovery from the COVID-19 Pandemic*, PUC Docket No. E,G-002/M-20-716, Xcel Response and Petition (Sept. 15, 2020) (“COVID Investment docket”).

contemplates approval of multiple tranches of resource investments totaling \$3 billion.²⁷ The Commission is set to meet to determine “[w]hether Xcel’s proposal for the acceleration of certain” portions of these investments is appropriate on February 11, 2021: the same day stakeholders will file comments on Xcel’s IRP.²⁸

The meaningfulness of the Commission’s review of Xcel’s IRP in this context, where there are a multitude of other ongoing and uncoordinated dockets in which resource decisions are being made, is debatable. What is certain is that each of these dockets is imposing an increasing burden on customers and that burden is being shouldered disproportionately by the C&I Demand class. XLI urges the Commission to be mindful of these rate increases as well as the clear policy mandate contained within Minn. Stat. § 216C.05, when evaluating Xcel’s IRP. As such, XLI urges the Commission to adopt a plan that minimizes customer rate increases while maximizing flexibility, which will give Xcel and the Commission more options for maintaining lower customer rates moving forward.

B. XLI Urges the Commission to Reject Xcel’s Preferred Plan in Favor of Another Scenario That Better Balances Environmental Considerations and Customer Cost Considerations and Maximizes Flexibility

The Report prepared by J. Kennedy provides an expert analysis of the IRP and details XLI’s preferred path forward. To summarize, XLI recommends that the Commission reject Xcel’s Preferred Plan in favor of a different modeling scenario (Scenario 15) that better balances environmental and cost considerations and provides more flexibility. In evaluating resource plans, the Commission must consider, among other items, rate impacts, socioeconomic impacts, environmental impacts, and flexibility.²⁹

At a high level, Xcel’s IRP Supplement develops results for 15 baseload scenarios that were compared and contrasted. Importantly, all 15 of the baseload plans significantly exceed

²⁷ *Id.* at 3.

²⁸ *In the Matter of a Proposal by Northern States Power Company dba Xcel Energy for Authorization to Recover Costs for Investments that May Assist in Minnesota’s Economic Recovery from the COVID-19 Pandemic*, PUC Docket No. E,G-002/M-20-716, Staff Briefing Papers at 3 (Feb. 2, 2021).

²⁹ Minn. R. 7843.500, subp. 3(B)-(D) (requiring the Commission to evaluate a plan’s ability to “keep the customers’ bills and the utility’s rates as low as practicable,” “minimize adverse socioeconomic effects and adverse effects upon the environment,” and “enhance the utility’s ability to respond to changes in the financial, social, and technological factors affecting its operations”).

Minnesota's existing goal of a 30% emissions reduction by 2025 and 80% reduction by 2050.³⁰ Although only two plans meet Xcel's internal corporate goal of achieving 80% CO₂ reductions by 2030,³¹ all 15 plans achieve reductions of at least 70% by 2030.³² Xcel selected one of the two plans that meet its internal corporate goal, Scenario 9, as its Preferred Plan.³³ The characteristics of the Preferred Plan are as follows: (1) retire all coal units by 2030 with seasonal operation prior to retirement; (2) extend operation of Monticello to 2040 (beyond the planning period), with no decision on whether to extend operation of Prairie Island; (3) add around 6,000 MW of new renewable energy over the planning period; (4) add 400 MW of demand response by 2023, and average annual energy efficiency savings of over 780 gigawatt hours; (5) construct a new Sherco CC unit; and (6) add firm peaking resources in the latter years of the plan.³⁴ As explained in the Report, the Preferred Plan is more expensive than other scenarios and locks Xcel into significant new capital investments, while forgoing decisions to extend the life of existing zero-emissions resources. XLI does not support Xcel's Preferred Plan because, while all of the plans achieve the state's emissions reductions goals, the Preferred Plan does so at a significant cost to ratepayers while reducing future flexibility.³⁵ XLI submits that the Preferred Plan does not strike the right balance, unnecessarily sacrificing lower rates and increased flexibility for only incremental environmental benefits (but significant capital investments for Xcel's shareholders).

As a modest step in addressing the cycle of uncompetitive electric rates, and to avoid locking in large rate increases, XLI recommends that the Commission reject Xcel's Preferred Plan and instead adopt an alternative plan that still meets aggressive environmental goals without sacrificing other considerations. XLI supports approval of Scenario 15, which extends the operation of both the Prairie Island and Monticello nuclear plants by 10 years, and maintains the current retirement dates for Xcel's two remaining coal units. In addition to being the least-cost plan, Scenario 15 still complies with existing CO₂ regulation. Additionally, Scenario 15 provides the Commission and Xcel with added flexibility to adjust should new emissions standards regulations be enacted. Though XLI understands Xcel's and the Commission's objectives for an

³⁰ See Minn. Stat. § 216H.02.

³¹ See Xcel Energy, https://www.xcelenergy.com/carbon_free_2050 (last visited Feb. 10, 2021).

³² Report at 12.

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.* at 4, 12-18.

expedited transition to renewable generation, this transition can be achieved while still taking ratepayers' interests into consideration. The current trajectory of Xcel's electric rates is not sustainable for the C&I Demand class, and Xcel's Preferred Plan would accelerate these adverse rate impacts. As such, and as detailed in the Report, XLI urges the Commission to move forward with Scenario 15, which more appropriately balances carbon reduction, ratepayer impacts, and future flexibility.

C. The Commission Should Require a Robust Analysis of Minn. Stat. § 216C.05 in Xcel's Next IRP

Customer bills and rates are a key factor the Commission must assess in evaluating a resource plan.³⁶ As described in the Report, Xcel did not produce a full rate impact analysis for C&I Demand customers. While the Report addresses the rate impacts of the Preferred Plan at a high level, a full analysis was not possible with the limited information provided by Xcel. It is clear from even this limited analysis that Xcel is failing to meet the goals in Minn. Stat. § 216C.05 for its C&I Demand class, and is veering further off course with its Preferred Plan. Further, as explained above, Xcel is currently engaged in significant resource decisions in other dockets, including the COVID Investment docket, and it is unclear how these decisions will impact Xcel's resource planning. Xcel has stated that the investments being considered in the COVID Investment docket are not specifically included in the IRP and could impact the size, type, and timing of the generic resource additions in the Preferred Plan. In short, it will not be possible for this proceeding to move Xcel back on course to achieve the goals set forth in Minn. Stat. § 216C.05, nor will this proceeding be able to fully resolve the resource decisions being debated in concurrent dockets.

Minn. R. 7843.0500, subp. 4, provides that the Commission may direct discussion of a specific issue in the utility's next rate plan if an issue is not totally resolved or where the state of knowledge is changing substantially between filings. XLI requests that, pursuant to this provision, the Commission direct Xcel to provide in its next IRP a discussion and analysis of its plan to achieve the goal set forth in Minn. Stat. § 216C.05, subd. 2(4) for the C&I Demand class. XLI submits that this discussion must, at a minimum, include a robust analysis of the rate and bill impacts of the proposed plans *on each separate customer class*, as well as an explanation of how

³⁶ Minn. R. 7843.0500, subp. B.

Xcel's resource planning will achieve the state's goal of retail rates 5% below the national average *for each customer class*.

III. CONCLUSION

The Commission's evaluation of the IRP is an important undertaking that will impact Minnesota in a variety of ways; however, it is important that the Commission analyze the IRP through the comprehensive framework provided in Minn. R. 7843.0500 and balance environmental considerations with rate impacts, socioeconomic impacts, and flexibility. As demonstrated by the analysis above, Xcel's current rates already fail to comply with the existing state policy that "electricity rates for each customer class be at least five percent below the national average."³⁷ To be sure, Xcel's Preferred Plan (and other pending increases) will certainly drive rates further from compliance with that goal. XLI respectfully asserts that approval of Xcel's Preferred Plan, which was selected to meet an internal company goal and maximizes capital investments, should not take priority over existing Minnesota policy and rate considerations. As such, XLI urges the Commission to reject Xcel's Preferred Plan and adopt Scenario 15 to strike a better balance between ratepayer concerns, flexibility issues, and existing Minnesota CO₂ policies. A detailed analysis of the IRP can be found in the Report in Exhibit A below. Finally, XLI urges the Commission to require Xcel to submit a robust rate and bill impact analysis in its next IRP for *each customer class* and explain how its resource planning will achieve the goals set forth in Minn. Stat. § 216C.05, subd. 2(4).

³⁷ Minn. Stat. § 216C.05, subd. 2(4).

Dated: February 11, 2021

Respectfully submitted,
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**Review of Xcel Energy's
2020-2034 Integrated Resource Plan
Docket No. E002/RP-19-368**

Xcel Large Industrials

February 11, 2021

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Executive Summary

J. Kennedy and Associates, Inc. ("Kennedy and Associates") was retained by the Xcel Large Industrials ("XLI") – consisting of Flint Hills Resources Pine Bend, LLC, Marathon Petroleum Corporation, and USG Interiors, Inc. to evaluate Xcel Energy's ("Xcel" or "the Company") Supplement to its 2020-2034 Upper Midwest Integrated Resource Plan ("2020 IRP Supplement") that was filed on June 30, 2020.¹ This report is based on a review of Xcel's 2020 IRP Supplement Report, its modeling results, and other discovery responses.

The Company filed its initial 2020-2034 IRP on July 1, 2019 in this same docket, and comments were originally scheduled for November 8, 2019. By early October 2019 it became apparent that numerous changes would have to be made to the Company's IRP and on October 8, 2019, the Company filed a letter explaining that for reasons including the recent Mankato Energy Center ("MEC") decision, the reduction in the Crowned Ridge wind project due to the assignment of significant transmission upgrade costs, and feedback the Company had received from the Minnesota Department of Commerce – Division of Energy Resources ("DOC") concerning modeling assumptions,² the Company needed an extension to the procedural schedule. Furthermore, the Company notified the Commission that it was in the final stages of procuring a new capacity expansion modeling tool, EnCompass, and that if it were permitted to update its IRP filing, it could include EnCompass results in that filing, along with Strategist results. The Commission agreed and on December 6, 2019 ordered the Company to file a supplement to its IRP no later than April 1, 2020. Additional extensions were sought for various reasons including the impacts caused by the ongoing COVID-19 public health emergency. On April 16, 2020, the Commission extended the filing deadline the final time, and the Company filed its IRP Supplement on June 30, 2020. On September 15, 2020, the Commission extended the date for filing initial comments to January 15, 2021. On December 28, 2020, the Commission issued the most recent extension, setting the deadline for initial comments as February 11, 2021, and the deadline for reply comments as April 12, 2021.

As I understand the applicable rules, the Commission evaluates the resource plan's ability to: 1) maintain or improve the adequacy and reliability of utility service; 2) keep customers' bills and the utility's rates as low as practicable, given regulatory and other constraints; 3) minimize adverse socioeconomic effects and adverse effects upon the environment; 4) enhance the utility's ability to respond to changes in the financial, social, and technological factors affecting its operations;

¹ Pursuant to the Minnesota Public Utilities Commission's November 12, 2019 Order Suspending Procedural Schedule and Requiring Additional Filings and subsequent Notices of Extensions in Docket No. E002/RP-19-368.

² The DOC feedback regarding assumptions included wind and solar accredited capacity assumptions, solar profile assumptions, and hourly price shapes, among other modeling issues.

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and 5) limit the risk of adverse effects on the utility and its customers from financial, social, and technological factors that the utility cannot control. Minn. R. 7843.0500.

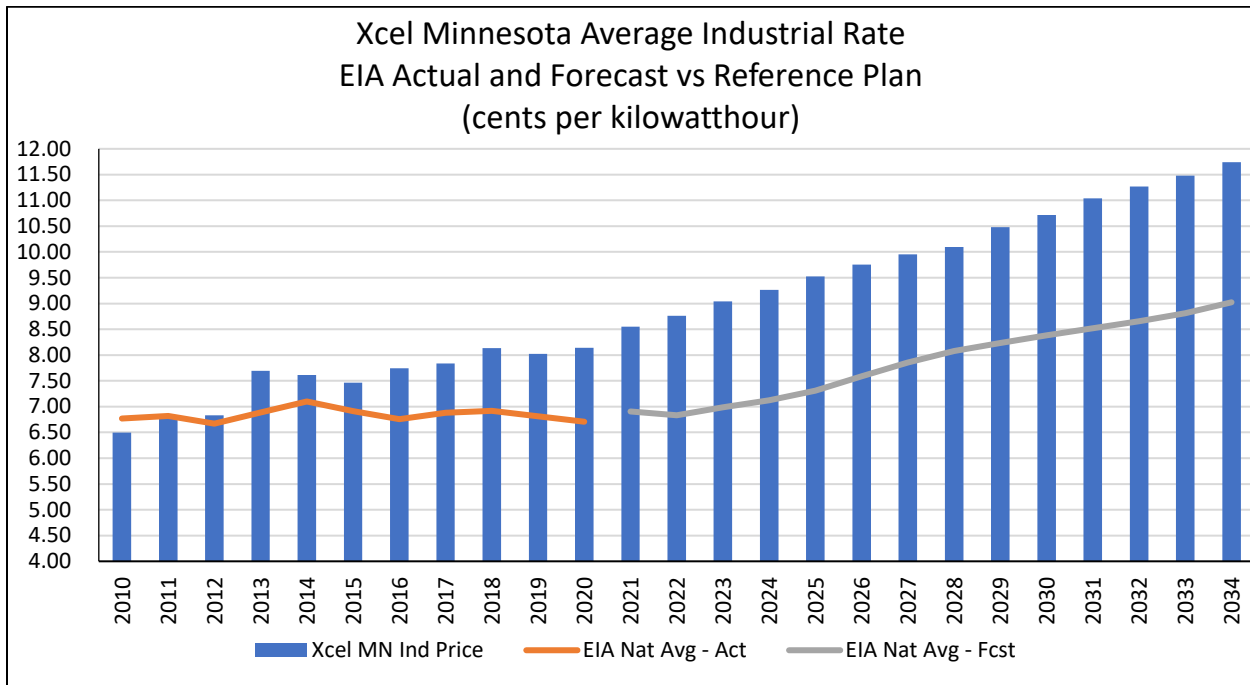
The Company's Preferred Plan prioritizes investment in new resources and achieving aggressive CO₂ goals at the expense of rates and flexibility. While all of the resource options presented by the Company would reach the state's CO₂ goals, the Company has chosen a Preferred Plan that is more expensive, less flexible, and more capital-intensive than other options. The Company has selected its Preferred Plan in order to meet its own internal CO₂ goals, and it cannot be ignored that the Company stands to receive significant financial benefits from the capital investments that would result from the Preferred Plan. In addition, the Company's Preferred Plan would lock in resource decisions that do not need to be made during this IRP and would limit the Company's and Commission's flexibility moving forward.

Customers are already burdened by high rates that are significantly above the national average, and in fact, the Company is in violation of Minnesota's policy objectives in Statute § 216C.05,³ which sets a goal that rates should be no more than 5% above the national average on a rate class basis. The following figure compares historic Minnesota industrial rates to EIA average U.S. industrial rates, and it shows that between 2010 and 2019, Minnesota industrial class rates trended above the national average and grew as high as 17.8% above the national average by 2019. The figure also compares a projection of EIA US national average rates to a projection of industrial rates for Xcel Energy's status quo case, which assumes the current expected schedule for all units, without any accelerated retirement dates and no nuclear unit extension dates.

³ www.revisor.mn.gov/statutes/cite/216C.05

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Figure 1



The deviation between National and Minnesota Industrial Rates would be even larger if Minnesota rates are derived based on a continuing decline in industrial sales and Xcel continues the use of true-up filings in lieu of a general rate case. Nonetheless, the results above indicate that industrial rates will continue to be out of line with national average rates, even under the status quo. A better plan, compared to the Company's Preferred Plan, would be one that maximizes flexibility, achieves the lowest cost amongst alternatives, and still meets the state's CO₂ reduction goals. XLI recommends that the Commission reject Xcel's proposed plan, and adopt an alternative plan that the Company evaluated, which is identified as Scenario 15 and referred to as the Extend All Nuclear plan. This plan extends the operation of both the Prairie Island and Monticello nuclear plants by 10 years, and maintains the current retirement schedule for the Company's last two remaining coal fired units, Allen S. King ("King") and Sherco 3, until 2038 and 2040, respectively. The Company found this case to be its least cost resource plan under assumptions consistent with CO₂ regulations that exist today. Scenario 15 fully complies with Minnesota's target CO₂ reduction requirements (Statute § 216H.02) of achieving a 30% reduction in greenhouse gas emissions from 2005 levels by 2025, and an 80% reduction by 2050.⁴ Furthermore, it is flexible in that if regulations change in the coming years, the Company could once again consider retiring those units early when it conducts the next IRP that will be filed in 2023.

⁴ www.revisor.mn.gov/statutes/cite/216H.02

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Summary of Xcel's IRP

Xcel's 2020 IRP Supplement included changes to modeling approaches and constraints, changes to market and technology assumptions, and changes to Xcel's Upper Midwest System's ("System") load and resource assumptions. Some of the modifications to modeling approaches that the Company made include:

- Allowed its optimization models to economically select resources without "forcing-in" units for reliability reasons.
- Removed constraints that forced scenarios to meet the Company's goal of an 80% CO₂ reduction from 2005 levels by 2030.
- Only locked-in resources that are part of the Company's existing fleet or that have already received Commission approval.
- Only considered adding new wind resources after 2026 due to MISO transmission constraints.
- Restricted market energy sales to no more than 25% to prevent an excessive amount of resources from being added to sell to the MISO market.

Changes to assumptions include:

- Updated renewable resource assumptions to use the National Renewable Energy Laboratory's ("NREL") 2019 Annual Technology Baseline ("ATB") data, resulting in lower solar and wind costs and higher storage costs. Also, increased interconnection cost assumptions.⁵
- Updated capacity accreditation values based on MISO's latest guidance in its 2020-2021 Wind and Solar Capacity Credit Report. Wind increased from 15.6% to 16.7% and solar was set to 50%, but stepped down by 2% per year to 30% in 2033, and held constant thereafter. The reduction in solar capacity value over time reflects MISO's assumptions from its 2019 Transmission Expansion Plan ("MTEP"), which accounts for the fact that the capacity value of solar declines as more solar capacity is added to the MISO system.
- Revised Sherco 3 retirement date from 2040 to 2034.
- Modeled seasonal dispatch of the Sherco 2 and King units.
- Included black start capacity costs.
- Modeled MEC as a PPA resource and reduced Crowned Ridge Wind from 600 MW to 400 MW.
- Updated load, distributed energy resource, and electric vehicle forecasts.

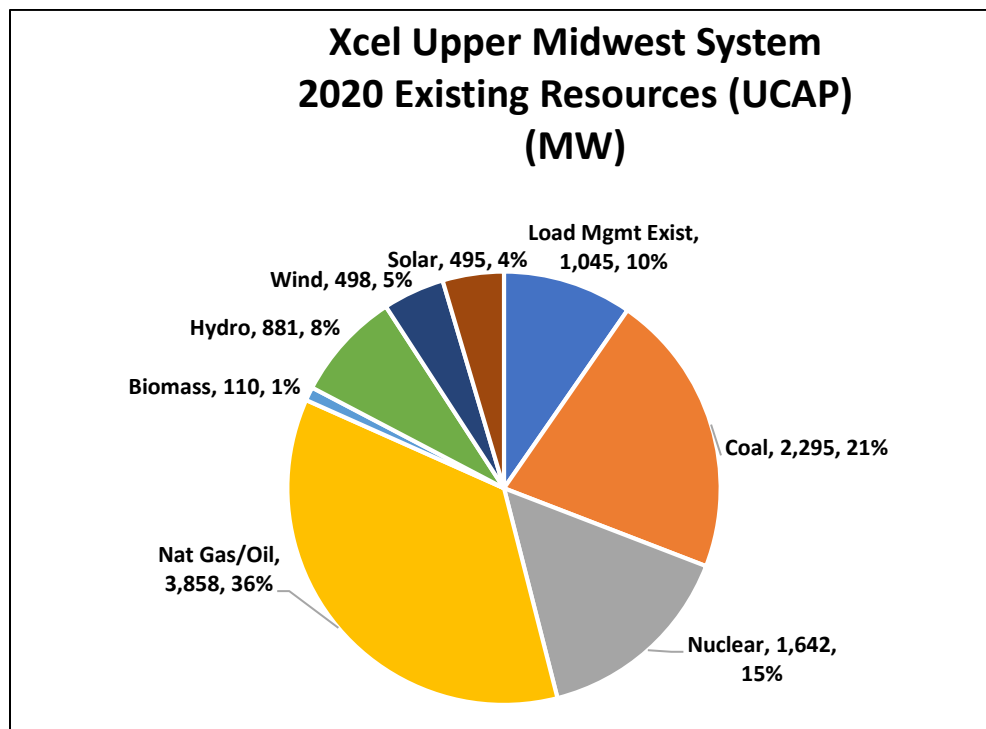
⁵ Wind interconnection costs increased from \$400/kW to \$500/kW and solar increased from \$140/kW to \$200/kW.

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The Company lowered its peak demand and energy forecasts compared to its initial forecasts. The updated corporate peak demand forecast now assumes an average annual growth rate of 0.7%, and the energy demand forecast assumes an average annual growth rate of approximately 0.2% over the 2020-2034 period.⁶ It is important to note that the changes to the Company's load forecast occurred prior to the start of the COVID-19 pandemic and therefore COVID-19 impacts were not accounted for in the Company's updated load forecast.

The Company's Upper Midwest System consists of the following resources in 2020.

Figure 2



The System's Load and Resource Need assessment for the Company's Reference Case reflects the Company's existing resources and any locked-in resource acquisitions during the 2020-2034 planning period such as contracted hydro, wind, and solar resources, and the Company's plans for the Sherco combined-cycle ("CC") generating unit. It also considers the Company's base generating unit retirement assumptions. The following table contains the reference case retirement

⁶ The Commission's January 11, 2017 Order in Xcel's 2016 IRP in Docket No. E-002/RP-15-21 found that it was "more likely than not there will be a need for approximately 750 MW of intermediate capacity coinciding with the retirement of Sherco 1 in 2026." The Company included an 835 MW (ICAP basis) CC resource in 2027 in its 2020 IRP Supplement, and it addressed the Commission's November 12, 2019 Order requiring that it conduct evaluations of the size of CC that should be built. The Company conducted the required evaluations as part of its 2020 IRP Supplement and continues to support an 835 MW CC resource. The CC unit is also an important component of the Company's black start capability and will provide important grid services to support renewable resources.

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assumptions for the significant Coal, Nuclear, Oil, Gas, and Hydro units that are part of the System's resource portfolio. This table reflects the base assumptions that the Company began with prior to considering any early retirement or life extensions of the various coal and nuclear units.

Table 1
Significant System Resources Retired During Study Period
Reference Case Assumptions

Name of Unit or Contract	Type	Owned or Contracted	Capacity (MW - ICAP Basis)	Existing Retirement / Contract Expiration
Mankato Energy Center Unit 1	CC	PPA	375	2026
LSP - Cottage Grove	CC	PPA	245	2027
Black Dog 52	CC	Owned	298	2032
Mankato Energy Center Unit 2	CC	PPA	345	2038
Sherco 2	Coal	Owned	682	2023
Sherco 1	Coal	Owned	680	2026
Sherco 3	Coal	Owned	517	2034
Allen S King	Coal	Owned	511	2038
Wheaton 1-4	CT	Owned	241	2025
Cannon Falls Energy Center	CT	PPA	358	2025
Manitoba Hydro	Hydro	PPA	375	2025
Manitoba Hydro (2021 start)	Hydro	PPA	125	2025
Monticello	Nuclear	Owned	646	2030
Prairie Island 1	Nuclear	Owned	546	2033
Prairie Island 2	Nuclear	Owned	546	2034
Blue Lake 1-4	Oil	Owned	191	2023
Wheaton 6	Oil	Owned	70	2025
French Island 3, 4	Oil	Owned	160	2030

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The System's resulting Load and Resource Need Assessment for the Company's Reference Case is as follows:

Table 2
System Load and Resource Need Assessment

Year	Forecast Net Load (MW)	MISO Coincidence Factor	Coincident Load (MW)	MISO PRM	NSP Obligation (MW)	Total Resources (MW)	Net Resource (Need) / Surplus (MW)
2020	9,115	0.95	8,659	1.089	9,430	10,824	1,394
2021	9,067	0.95	8,614	1.089	9,380	11,252	1,872
2022	9,101	0.95	8,646	1.089	9,415	11,418	2,003
2023	9,111	0.95	8,655	1.089	9,426	11,478	2,052
2024	9,092	0.95	8,637	1.089	9,406	10,717	1,311
2025	9,068	0.95	8,615	1.089	9,381	9,576	195
2026	9,057	0.95	8,604	1.089	9,370	9,278	(92)
2027	9,072	0.95	8,618	1.089	9,385	9,052	(333)
2028	9,080	0.95	8,626	1.089	9,394	9,007	(387)
2029	9,029	0.95	8,578	1.089	9,341	8,976	(365)
2030	9,041	0.95	8,589	1.089	9,353	8,338	(1,015)
2031	9,049	0.95	8,597	1.089	9,362	7,757	(1,605)
2032	9,090	0.95	8,636	1.089	9,404	7,459	(1,945)
2033	9,143	0.95	8,686	1.089	9,459	6,857	(2,602)
2034	9,205	0.95	8,745	1.089	9,523	6,358	(3,165)

The above table indicates that the forecasted load remains fairly flat over the study period, and is not a significant driver for the need for capacity for the System. Largely, the System's need for capacity is driven by resource retirements, and the first need occurs in 2026.

The Company's IRP expansion plan evaluation considered the following generic resource alternatives:

- Wind (750 MW nameplate)
- Solar (500 MW nameplate)
- Battery storage (4 hour storage - 321 MW nameplate)
- Wind and solar combinations with battery storage (above sized wind and solar, 125 MW 4-hour battery storage)
- Natural gas combustion turbines ("CT" – 374 MW nameplate)
- Natural gas CC (900 MW nameplate)
- Demand response bundles (informed by the Brattle Group's Demand Response Potential Study)

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- Energy Efficiency bundles (based on the statewide Minnesota Energy Efficiency Potential Study 2020-2029)

For purposes of the 2020 IRP Supplement, the Company conducted analyses using both the Strategist expansion plan optimization model that it has used for many years in the past, and its new EnCompass capacity expansion plan optimization model that it recently acquired for use in this IRP. The Company's desire to use a new model was driven by the fact that Strategist's owner, ABB, has decided to stop supporting the model, and also the fact that Strategist's production cost modeling capability is based on a load duration curve dispatch approach and does not have an option for hourly chronological modeling, which the Company believes is necessary to accurately model renewable resources, and battery energy storage.

The Company's modeling approach was to develop results for 15 baseload scenarios that were compared against each other. Unique capacity expansion plans were developed for each of the baseload scenarios. The Company performed comparisons of both Strategist and EnCompass results to develop a level of comfort with the EnCompass model. Ultimately, the Company identified a Preferred Plan, and performed further evaluations of the Preferred Plan to address Commission-ordered sensitivities and to assess reliability impacts.

The following 15 baseload scenarios were evaluated:

Base

- Scenario 1 (**Reference**) – All units retire at current dates (King 2038, Sherco 3 2034, Monticello 2030, Prairie Island 1 and 2 2033 and 2034 respectively)

Early Coal Family

- Scenario 2 (**Early King**) – King retires 2028. Sherco 3 and nuclear units unchanged.
- Scenario 3 (**Early Sherco 3**) – Sherco 3 retires 2030. King and nuclear units unchanged.
- Scenario 4 (**Early All Coal**) – King retires 2028, Sherco 3 retires 2030, and nuclear units unchanged.

Early Nuclear Family

- Scenario 5 (**Early Monticello**) – Monticello retires 2026. Coal and Prairie Island unchanged.
- Scenario 6 (**Early Prairie Island**) – Prairie Island fully retires 2025. Coal and Monticello unchanged.
- Scenario 7 (**Early All Nuclear**) – Prairie Island and Monticello retire early as above, coal units unchanged.
- Scenario 8 (**Early All Baseload**) – All baseload units retire early as above.

Nuclear Extension Family

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- Scenario 9 (**Early Coal, Extend Monticello**) – All coal retire at early dates, Monticello extended 10 years. Prairie Island unchanged.
- Scenario 10 (**Early King, Extend Monticello**) – King retires at early date, Monticello extended 10 years. Sherco 3 and Prairie Island unchanged.
- Scenario 11 (**Early Coal, Extend Prairie Island**) – All coal retire at early dates, Prairie Island extended 10 years, Monticello unchanged.
- Scenario 12 (**Early Coal, Extend All Nuclear**) – All coal units retire at early dates, Monticello and Prairie Island extended 10 years.
- Scenario 13 (**Extend Monticello**) – Monticello extended 10 years, King, Sherco 3 and Prairie Island unchanged.
- Scenario 14 (**Extend Prairie Island**) – Prairie Island is extended for 10 years. King, Sherco 3 and Monticello are unchanged.
- Scenario 15 (**Extend All Nuclear**) – Both Monticello and Prairie Island are extended for 10 years. King and Sherco 3 are unchanged.

Minnesota electric utilities are obligated to model various externality cost sensitivity cases in their IRPs. The Minnesota Legislature originally established requirements for modeling both “Environmental Costs”,⁷ which are costs caused by producing an additional ton of CO₂, and “Regulatory Costs”,⁸ which are costs that are assumed would be imposed in the future on CO₂ emitters by a regulatory body such as the federal government. The Commission has issued orders that have set the values that Minnesota utilities are required to use and defined environmental sensitivity cases that utilities are required to perform as part of their resource planning processes. In a series of orders,⁹ the Commission required the use of the following scenarios:

- No externalities.
- Low environmental costs all years.
- High environmental costs all years.
- Low environmental costs 2020 to 2023, and low regulatory costs (\$5/Ton) beginning in 2024.
- High environmental costs 2020 to 2023, and high regulatory costs (\$25/Ton) beginning in 2024.
- Midpoint of the externalities and regulatory costs of carbon.

⁷ Environmental Cost requirements were first established in 1993 in Minn. Stat. § 216B.2422 subdivision 3, which is also referred to as the Environmental Cost Statute.

⁸ Requirements for Regulatory Costs were established in 2007 in Minn. Stat. § 216H.06.

⁹ Commission Order issued in Docket No. E-999/CI-14-643 January 3, 2018; Commission Order Establishing 2018 and 2019 Estimate of Future Carbon Dioxide Regulation Costs in Docket Nos. E999/CI-07-1199 and E999/DI-17-53, issued June 11, 2018; January 30, 2019 Order Extending Deadline for Filing Next Resource Plan.

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Table IV-2 on page 51 of the Company's 2020 IRP Supplement (Attachment A) contains the range of assumptions that the Company evaluated as part of its IRP.

Although the Commission established the cases and the prices that are to be evaluated, the Commission did not provide any guidance as to which of the six cases the utility should consider as its base case, nor what kind of weight the Company should apply to each of the cases evaluated. The Company selected the High Environmental/High Regulatory case as its primary base case even though it conducted sensitivity evaluations using all of the externality cases that it was required to consider. The Company referred to the High Environmental/High Regulatory case as its Present Value of Societal Cost ("PVSC") Base Case.¹⁰ It referred to its zero CO₂ case as its Present Value of Revenue Requirement ("PVRR") Case.

Just prior to the start of 2019, Xcel established its corporate goal to achieve an 80% reduction in CO₂ from 2005 levels by 2030 and to achieve a 100% reduction in CO₂ by 2050.¹¹ Prior to that, Xcel's goal was to achieve a 60% CO₂ reduction from 2005 levels by 2030. Xcel's new 80% CO₂ reduction goal is even more ambitious than the state's goal, which targets a 30% reduction in CO₂ by 2025, but more importantly does not target an 80% reduction in CO₂ until 2050.¹²

The Company concluded that its Preferred IRP Plan would be Scenario 9, which includes the early retirement of the Sherco 3 and King coal units. Based on its EnCompass results, the Company found that Scenario 9 was one of only two resource plans that could meet Xcel's aggressive 80% by 2030 goal. However, all 15 baseload resource plans significantly exceed the state's 30% by 2025 goal, and in fact, go way beyond that. In other words, by 2030, all of the Company's scenarios come close to meeting the state's 80% by 2050 goal as early as 2030. Figure 2-17 on page 46 of the Company's 2020 IRP Supplement indicates that all 15 of the resource plans would be able to achieve between a 70% and 81% CO₂ reduction by 2030.

The characteristics of the Company's Preferred Plan (Scenario 9) include:

- Retires all coal units by 2030, and relies on seasonal operation prior to retirement.
- Extends the operation of Monticello to 2040. No decision regarding Prairie Island.
- Adds nearly 6,000 MW of new renewables over the planning period.
- Adds 400 MW of demand response by 2023, and average annual energy efficiency savings of over 780 gigawatt hours.
- Constructs a new Sherco CC unit.

¹⁰ Xcel 2020 IRP Supplement at pg. 50.

¹¹ www.xcelenergy.com/company/media_room/news_releases/xcel_energy_aims_for_zero-carbon_electricity_by_2050

¹² Minnesota Statute 216H.02, www.revisor.mn.gov/statutes/cite/216H.02

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- Adds firm peaking resources in the latter years of the plan.

Evaluation of Xcel's IRP

Least Cost Resource Plan Considerations

As discussed, the Company's Preferred Plan is Scenario 9, which includes the early retirement of all coal units by 2030 (including operating the units on seasonal dispatch prior to retirement), and the extension of the Monticello nuclear unit for another 10 years. XLI's major concern is that Scenario 9 is not the least cost plan that the Company could have selected, regardless of whether the Company accounted for CO₂ or not. Figure 3 compares the present value of all revenue requirements through 2045 for a selection of scenarios without CO₂ that are more economical than the Company's Preferred Plan (farthest to the right). Note, cases indicated "Extend Nuke" refer to the extension of both Monticello and Prairie Island, and cases indicated "Ret Coal" refer to the early retirement of both the King and Sherco 3 coal units.

Figure 3

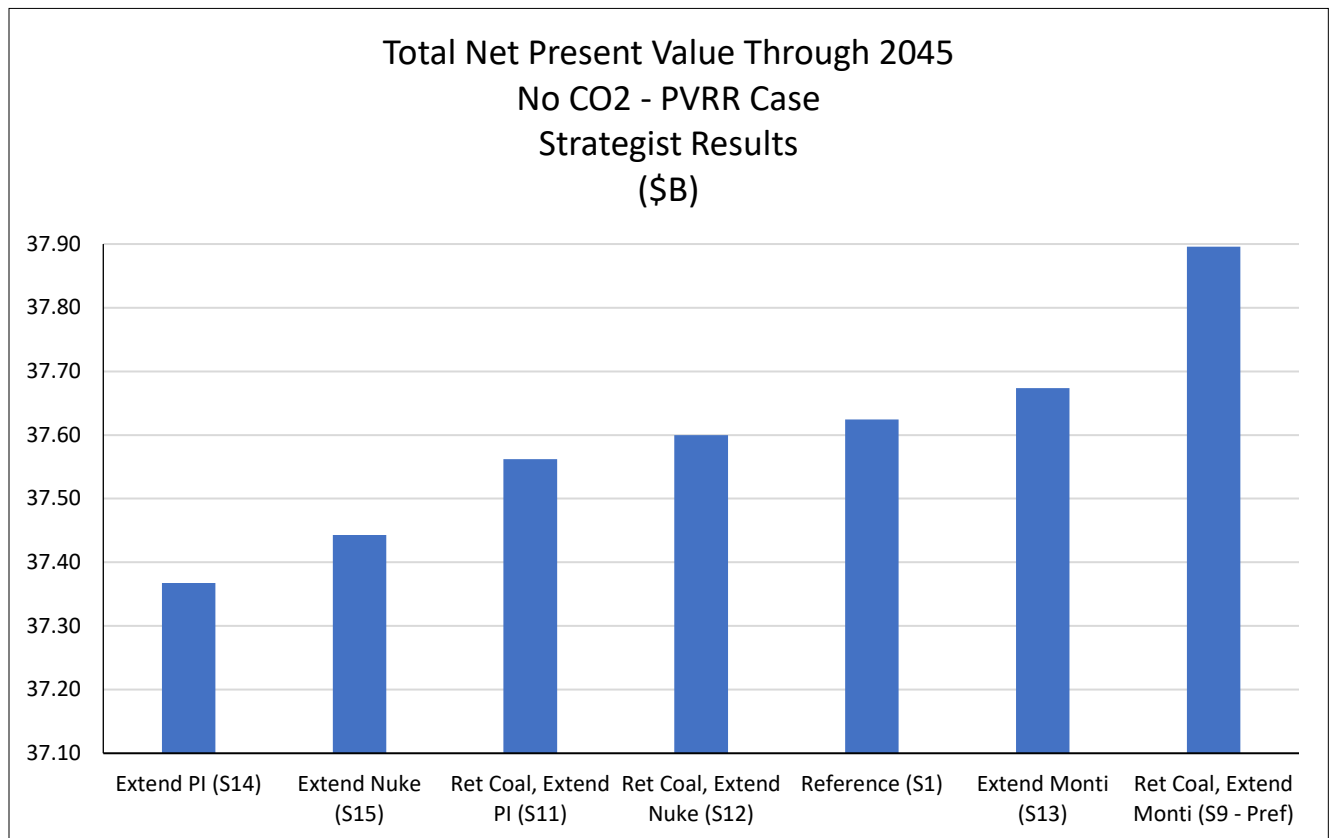
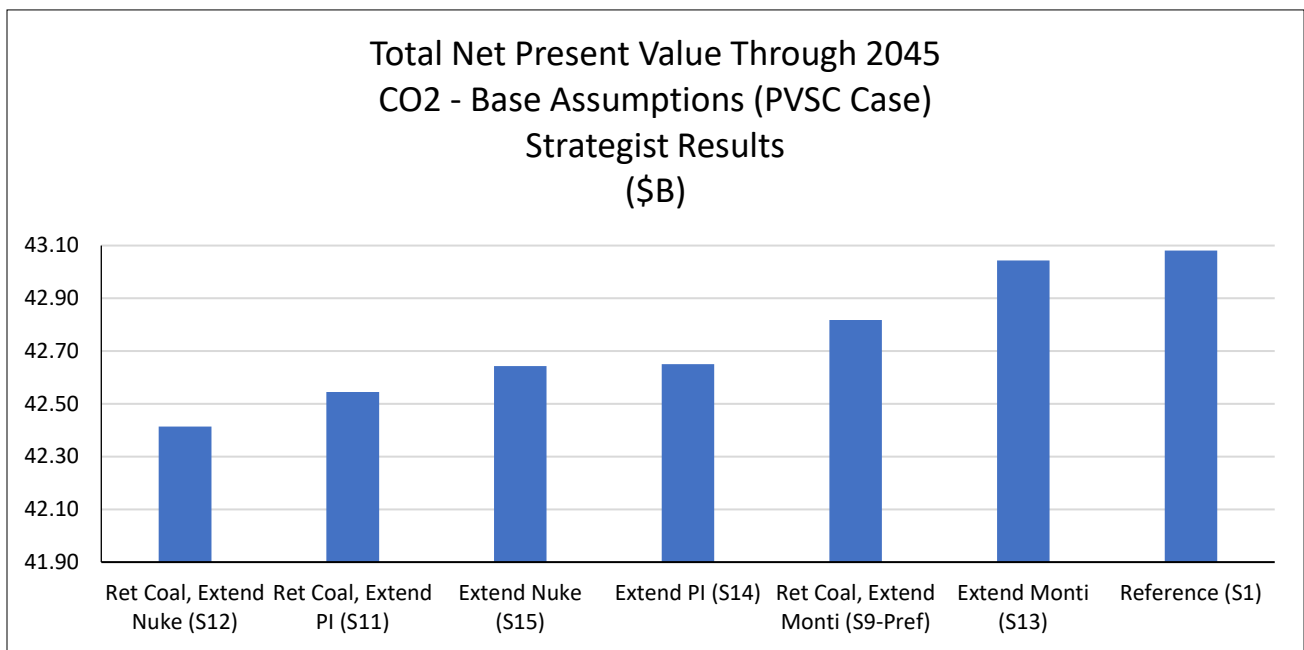


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In this selection of scenarios without CO₂ modeled, the results demonstrate that six resource plans are lower in cost than the Company's Preferred Plan and all of these plans meet the state's CO₂ reduction requirements. Each of the four lowest cost scenarios include the extension of the Prairie Island nuclear units. Note that two of the scenarios (S11 and S12) indicate that retiring the coal units early would not necessarily be unreasonable; however, to achieve those results, Prairie Island would have to be extended. Unless a decision were made to extend Prairie Island, it would be pointless to commit to advancing the retirement dates of the King and Sherco 3 units even earlier than they already have been advanced.

Figure 4 demonstrates similar results for a selection of scenarios with CO₂ pricing modeled.

Figure 4



In this selection of scenarios, four plans are still lower cost than the Company's Preferred Plan (S9), and once again all of the lowest cost scenarios include the extension of the Prairie Island nuclear units. Some of these results suggest that if CO₂ costs are included, which is not part of current federal policy, it may be more economical to retire the coal units early. But even if CO₂ pricing did become part of federal policy, there is no reason to expect customers would begin to feel the impacts until later in this decade, which is long after the next IRP would be conducted. Therefore, it is simply a more flexible strategy to hold off on any decision to retire coal units any earlier than currently planned. The more pressing issue that should be addressed is whether Prairie Island will be extended. Scenarios that include the extension of Prairie Island appear to be more economic than the Company's Preferred Plan in both the scenarios with and without CO₂ modeled.

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CO₂ Considerations

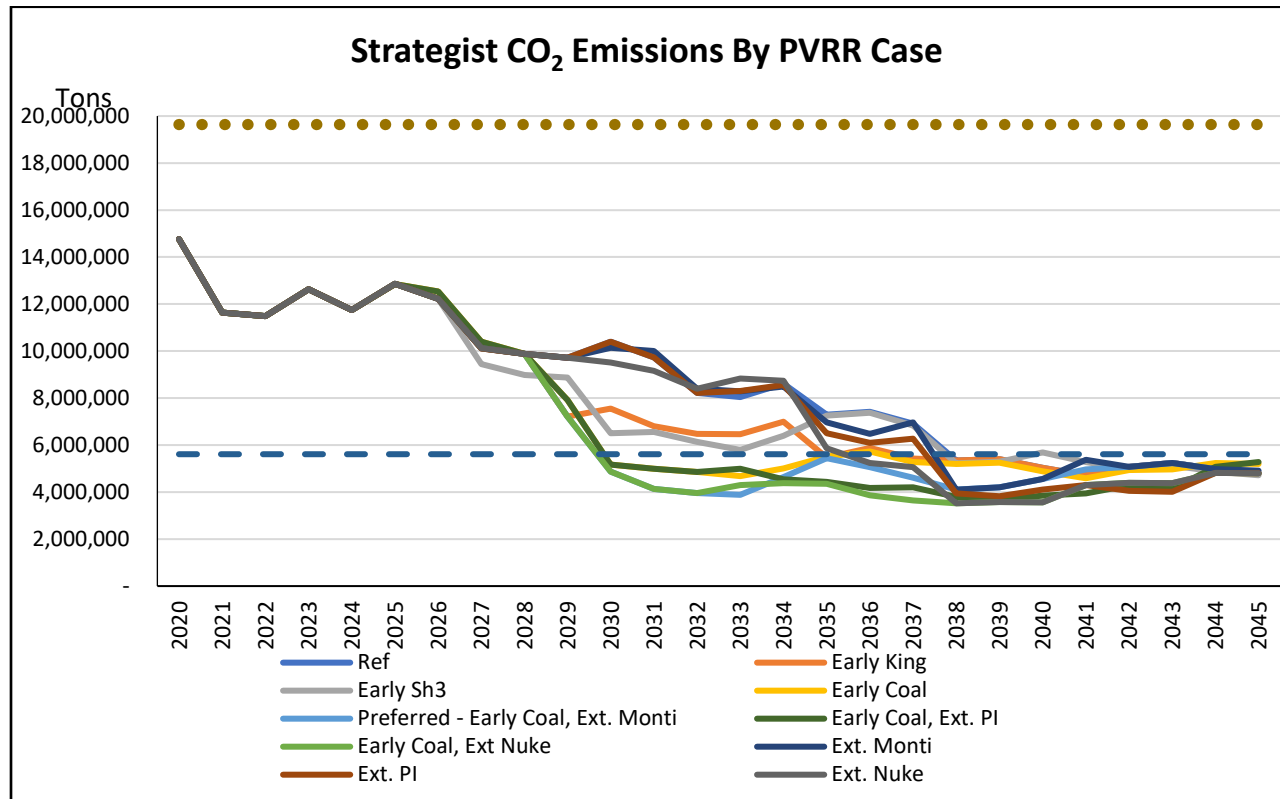
In order to meet its internal CO₂ goals, the Company's Preferred Plan would retire all of its operating coal units early, by 2030. XLI finds that the Company's plan is neither flexible, nor least cost and is not in the best interest of ratepayers. Furthermore, XLI does not believe the Company has sufficiently justified its plans to significantly accelerate the state's CO₂ reduction target in light of the increased costs to ratepayers. This is especially of concern given that the Company's sustainability goals are more aggressive when compared to its neighboring utilities.¹³ Furthermore, Xcel's plan to lock in decisions today that do not need to be made until at least the next IRP, and possibly beyond, is a sign that flexibility is not an important attribute of the Company's plan. Collectively, these actions demonstrate that the Company places a premium on achieving its own corporate goals over considering customer's costs.

The following figure provides CO₂ emissions by year for each of the 15 baseload expansion plan cases that the Company evaluated based on the zero CO₂ PVRR case. The blue dashed line represents the 80% reduction target, which is the state target for 2050, and the brown dotted line represents the 30% reduction target, which is the state target for 2025.

¹³ This includes a comparison of Allete (Minnesota Power), Alliant Energy (Interstate Power and Light and Wisconsin Power and Light), WEC Energy Group (We Energies and Wisconsin Public Service, Upper Michigan Energy Resources), Black Hills Energy, and Otter Tail Power.

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Figure 5



Note, based on the Strategist results, the Company determined there are only a few scenarios in which the CO₂ emissions are forecast to be under the Company's aggressive 80% reduction in CO₂ by 2030 target, and those scenarios all require the early retirement of the King and Sherco 3 coal units. However, Figure 5 indicates that *all of the resource plans shown*¹⁴ easily meet the state's 30% CO₂ reduction by 2025 target, and more importantly reach an 80% reduction in CO₂ well before 2050.

Xcel cannot be faulted for attempting to address climate change impacts; however, establishing policies that are more advanced than any federal or state policies, and more aggressive than its neighbors - particularly where those goals come at the cost of rates and flexibility – is simply not in the interests of ratepayers. Furthermore, it should not be ignored that the Company stands to receive significant financial benefits if its coal units are retired early and it builds new replacement resources. The Company will do this by seeking to recover all of the remaining undepreciated costs of the retired assets and by increasing its rate base for all of the newly constructed Company-owned resources.

¹⁴ Cases associated with early retirements of nuclear units and extensions of the coal units were excluded to reduce the complexity of the graph.

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The Company is already achieving notable financial results as it recently reported strong annual earnings for 2020. In a January 28, 2020 Year End Earnings Report, the Company reported that earnings per share amounted to \$2.79/share for all of 2020, compared to \$2.64/share for 2019.¹⁵ What is remarkable is that these results were achieved during a year in which record levels of unemployment occurred due to COVID-19. While it is important to customers to be served by a healthy utility, it is also important to remember that customers are the ones paying the costs, and customers cannot endlessly be burdened with higher costs, especially when the need for new resources does not exist.

Rate Impact Issues

Based on EIA historic data, the Company's industrial rates have been consistently more than 5% above the national average since 2013 (and as high as 17.8% in 2019), which is in violation of Minnesota's policy objectives in Statute § 216C.05.¹⁶ While the statute is intended to encourage cost effective energy efficiency and renewable energy in order to lessen Minnesota's dependence on fossil fuels, it also requires utility costs for customers to be reduced, recognizing that doing so will "improve the competitiveness and profitability of Minnesota's businesses." In that regard, subdivision 2(4) of the statute requires a goal be set that rates for *each customer class* be 5 percent below the national average. No matter what expansion plan the Company chooses, its industrial rates will likely continue to be more than 5% above the national average, and the Company's proposal to adopt its Preferred Plan with all coal retirements by 2030 will only serve to increase this disparity even further, and will have a significant impact on the competitiveness of Minnesota's businesses.

The Company addresses impacts on customers in Section XII of the 2020 IRP Supplement, which is entitled "Customer Rate & Bill Impacts." The Company notes that "Minn. R. 7843.0500, subp. 3, requires the Commission to evaluate resource plans on, among other things, their ability to "keep the customers' bills and the utility's rates as low as practicable, given regulatory and other constraints." On page 165 of Attachment A to the 2020 IRP Supplement, the Company discusses its residential customer rates and asserts, "Our refreshed customer cost impact analysis finds that our Supplement Preferred Plan continues to keep average residential customer bills well below the national average." The problem with this is that a comparison based on average customer bills is not the best measure to use to compare impacts to other states given that annual energy use in Minnesota is well below the national average due to the reduced summertime cooling load requirements in Minnesota.

¹⁵ Xcel Energy 2020 Earnings Report, <https://investors.xcelenergy.com/news-market-information/quarterly-earnings-archives/default.aspx>

¹⁶ www.revisor.mn.gov/statutes/cite/216C.05

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The Company did present a rate impact analysis in Figure XII-2, in which it compared the total System average rates for the Reference Case (status quo with no early retirements of coal units, and no extensions of nuclear units) and the Company's Preferred Case (early retirement of coal units and an extension of Monticello) to EIA national average rates. The results indicate average rates for the System will likely exceed the national average until about 2034, at which point System average rates will fall below the national average. These results are in violation of the statute of being 5% below the national average, and furthermore, the results are derived for the System as a whole, and provide no insight into rate class impacts, as called for in the statute.

XLI relied on the Company's IRP results and developed projections of the impacts on the industrial class. Figure 1 above compares Xcel Minnesota's average industrial rates to EIA national average industrial rates. EIA results were used for both the national average and Xcel Minnesota during the historic period. These results indicate that Xcel Minnesota average industrial rates have significantly exceeded the national average for quite some time. In 2019 Xcel's industrial rates were about 18% above the EIA national average and the projections indicate that this difference will continue and will only get worse; for example, in 2025 the difference will grow to 30%, during the period of 2030 to 2034.

Xcel provided insights on page 167 of Attachment A of its 2020 IRP Supplement that help explain the reason its industrial rates are trending higher than EIA national average industrial rates. The Company explained one factor is the decline in its sales forecast. The Company also explained that a large impact has to do with increased fixed costs from renewable capacity additions and those renewable capacity additions have placed increased pressure on rates.

As Figure 1 above indicates, even if the Company pursues the status quo Reference Case without the early retirement of coal units, its industrial rates will likely continue to be well more than 5% above the national average. The Company will only serve to increase this disparity further by retiring all of its coal units early and adding a substantial amount of renewable resources, particularly with the goal of achieving an 80% reduction in CO₂ by 2030. These decisions will clearly impact rates and there should be no surprise that Xcel's industrial rates will continue to trend substantially higher than the national average. It is critically important that the Company address this situation, and it should be required to present information in its IRP (i) providing a reasonable forecast of rate impacts by customer class during the five-year action plan; and (ii) explaining the steps it plans to take in the future to reverse any failure to comply with the five percent below the national average standard for all customer classes. Without addressing this, Minnesota businesses will be in a competitive disadvantage compared to businesses in other states. Nor is it appropriate for this Commission to approve the significant near term capital expenditures in the absence of a budget and rate class impact calculation from the utility.

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Conclusion

A commitment to the Company's Preferred Plan (Scenario 9) at this time is not in ratepayer's best interest. XLI recommends that instead, the Company should select Scenario 15 as its Preferred Plan. Scenario 15 includes the extension of both the Monticello and Prairie Island nuclear plants but does not include the early retirement of the Company's remaining coal units. XLI provides the caveat that this should not be viewed as a commitment to extend Prairie Island's license, as the Company should perform additional detailed analyses to fully evaluate the expected costs of extending the life of the plant. It is important that any plans for extending the life of the Company's nuclear units should be based on realistic cost estimates, and if the Company moves forward with nuclear life extensions, proper ratepayer protections should be implemented.

Regarding Monticello, it is not clear that a final commitment to the Monticello license extension is necessary in this IRP either. While the Company would like to get started with filing a Certificate of Need request in Minnesota and a Supplemental License Renewal ("SLR") request at the Nuclear Regulatory Commission, the Company does have more than 9 years before that has to be completed. The Company notes at page 66 of its IRP filing that it believes it will require five years to go through the SLR process. XLI recommends that a more thorough examination of the costs of the Monticello plant be conducted as part of the next IRP. While the recent DOC examination of the Prairie Island and Monticello life extension costs provide some indication that the Company's cost estimates used in this IRP are reasonable, that report was developed at a high level, and a much more detailed examination of the costs will have to be performed.

The Company is well ahead of schedule in meeting all mandated CO₂ reduction goals; it has already surpassed statewide CO₂ reduction goals for 2025. Its own internal, aggressive corporate goals are driving its decision to pursue a more expensive, less flexible plan that will ultimately cost ratepayers money. No matter what expansion plan the Company chooses, its industrial rates will likely continue to be well more than 5% above the national average. The Company's proposal to adopt Scenario 9 as its Preferred Plan will only serve to increase this disparity further and will lead to a competitive disadvantage of Minnesota's businesses. Given that Xcel is well ahead of schedule on its carbon reduction targets but well above the average national rates, XLI recommends that Scenario 15 be selected as the Company's Resource Plan.