



June 25, 2021 | VIA E-FILING

Mr. Will Seuffert, Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East
Suite 350
St. Paul, MN 55101

RE: Investor Comments on Xcel Energy's Proposed 2010-2034 Upper Midwest Integrated Resource Plan (PUC Docket No. E002/RP-19-368)

Dear Secretary Seuffert:

We appreciate the opportunity to provide comments on the 2020-2034 Upper Midwest Integrated Resource Plan filed by Northern States Power d/b/a Xcel Energy. As engagement service providers representing institutional investors of large publicly-traded companies including Xcel Energy ("Xcel"), it is our fiduciary duty to assess companies' climate transition plans and make investments that support a resilient and thriving economy.

We applaud Xcel Energy for setting ambitious targets for decarbonization, including an 80% carbon reduction by 2030 and 100% carbon-free electricity by 2050. To achieve these goals, Xcel's IRP includes plans to phase out coal by 2030 and increase renewable energy generation and demand-side management, including both energy efficiency and demand response, considerably. While these are critical and laudable components of the utility's decarbonization efforts, there are several aspects of Xcel's IRP that should be addressed to enable success in reaching those targets. **With this in mind, we respectfully offer the following comments regarding Xcel's proposed 2020-2034 IRP:**

1. **We encourage Xcel and the Commission to better prioritize cost-effective clean energy resources over polluting, uneconomical ones.** We support Xcel's plan to retire many carbon-intensive generation units, including all coal units from its fleet by 2030, and replace them with renewable energy and demand-side management solutions. We are concerned, however, about Xcel's proposal to build a new 800 MW combined cycle natural gas plant at its Sherco site ("Sherco CC") as it undermines Minnesota's ability to achieve an equitable and affordable clean energy future and poses significant risk to both investors and ratepayers. The \$1-2B proposal would generate significant GHG emissions, increase ratepayer bills, and become a stranded asset in the near future. This poses significant economic and environmental risk, particularly when analysis shows that cleaner and more cost-effective investments are available. Further, building new fossil fuel plants, such as Sherco CC, would create significant risk for investors and ratepayers should they become stranded assets as the nation continues to move toward a net-zero emissions economy. In its *Net Zero by 2050: A Roadmap for the Global Energy Sector* report, the International Energy Agency asserts that "there is no need for investment in new fossil fuel supply in our net zero pathway beyond projects already committed as of 2021." We welcome the guidance of this report and as a result, we support policy and investment decisions that align with these recommendations. We encourage Xcel to more fully consider the potential of wind and solar energy, distributed energy resources (DER), and battery storage technologies in meeting resource capacity needs. In addition, Xcel should consider utilizing a competitive resource-neutral procurement mechanism,

such as an all-source competitive solicitation (ASCS), to allow market-based resources to meet identified resource needs.

2. **Increased alignment with state and federal climate goals is necessary to effectively mitigate climate change and build a resilient grid.** The investor community recognizes the urgency of climate change and that adhering to unified emissions reductions target(s) is necessary to catalyze a zero-emissions future, build a reliable energy sector, and support a robust economy. With the proposed Sherco CC gas plant designed to run through 2067 or longer, Xcel's proposal appears to be in conflict with its own decarbonization target of 100% carbon-free electricity by 2050 as well as the bipartisan GHG emissions reduction targets of the Minnesota Next Generation Energy Act (30% GHG emissions reduction by 2025, and 80% by 2050) and the U.S.' nationally determined contribution (NDC) established under the Biden Administration (50-52% GHG emissions reduction by 2030, and net-zero emissions no later than 2050). We urge Xcel to align its IRP with its net-zero by 2050 target by halting new investment in fossil fuel infrastructure now.
3. **Increasing opportunities for customers to save energy, procure renewable energy, and deploy energy storage can help both utilities and businesses achieve their carbon goals and save all customers money.** While we appreciate Xcel's efforts to date to help its retail customers procure renewable energy, we believe that more businesses would invest in clean energy in Minnesota if there were more opportunities to do so. We encourage Xcel to work with its customers to design a diverse array of both renewable energy and energy efficiency programs that can appeal to a range of commercial and industrial customer sizes and preferences. We also urge decisionmakers to reduce barriers to voluntary clean energy investments, such as streamlining interconnections and enabling more opportunities for offsite clean energy projects. Further, clean energy, including DER, allows businesses with significant energy demand to source less of their electricity load from the power grid and could thereby reduce peak demand and lower transmission prices for all ratepayers.
4. **A more transparent and inclusive decision-making process will support equity and energy justice for all Minnesota ratepayers, particularly for historically-marginalized communities.** Xcel offers many programs for disadvantaged ratepayers, such as energy efficiency spending for low-income households and COVID-19 pandemic rate relief and protection; however, is lacking in opportunities for these stakeholders to participate in the decision-making process. In order to meet the needs of and provide equitable opportunities for all ratepayers, Xcel should strive to broaden participation in resource planning processes, especially to include those in historically-marginalized communities who are often most impacted by these decisions.

We encourage utilities and regulators to use all of the tools available to them to foster Minnesota's transition to a clean, reliable, and affordable electricity grid. We appreciate the progress made to date to invest in clean energy and engage with stakeholders in Minnesota, and we look forward to any opportunities to work collaboratively with lawmakers, utilities, and regulators to build an attractive clean energy economy in Minnesota.

Sincerely,

As You Sow

Boston Common Asset Management

Seventh Generation Interfaith Coalition for Responsible Investment

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