414 Nicollet Mall
Minneapolis, MN 55401

PUBLIC DOCUMENT –
NOT PUBLIC DATA HAS BEEN EXCISED

April 12, 2021

—Via Electronic Filing—

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

RE: PETITION
SHERCO SOLAR PROJECT
DOCKET NO. E002/M-20-891

Dear Mr. Seuffert:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission the enclosed Petition for Approval for the Company to develop, own and operate 460 MW of grid-scale solar photovoltaic (PV) capacity at the Company's Sherburne County (Sherco) generation facility site. As Minnesota's largest solar development to date, the Sherco Solar project will help drive economic relief and recovery in the wake of COVID-19, support well-paying union construction jobs, reutilize valuable interconnection rights, fulfill solar power needs identified in the Company's Integrated Resource Plan (IRP), and help accelerate Minnesota's clean energy transition.

Portions of this filing are marked "NOT PUBLIC" as they contain information the Company considers to be trade secret data as defined by Minn. Stat. §13.37(1)(b). This information includes confidential pricing, bid information, and contractual terms. This information has independent economic value from not being generally known to, and not being readily ascertainable by, other parties who could obtain economic value from its disclosure or use.

Attachment A, provided with the Not-Public version of this filing, contains information classified as trade secret pursuant to Minn. Stat. § 13.37 for the above-noted reasons and is marked as "NOT-PUBLIC" in its entirety. Pursuant to Minn. R. 7829.0500, subp. 3, the Company provides the following description of the excised material:

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Attachment A:

1. **Nature of the Material:** PDF copy of the Purchase and Sale Agreement between the Company and National Grid Renewables Development, LLC.
2. **Authors:** The Purchase and Sale Agreement was negotiated between the Company and National Grid Renewables.
3. **Importance:** The Purchase and Sale Agreement contains competitively sensitive pricing and other contract terms the Company considers as trade secret.
4. **Date the Information was Prepared:** The Purchase and Sale Agreement was executed January 15, 2021.

We have electronically filed this document with the Commission, and copies have been served on the parties on the attached service lists. Please contact me at bria.e.shea@xcelenergy.com or (612) 330-6064 if you have any questions regarding this filing.

Sincerely,

/s/
BRIA E. SHEA
DIRECTOR, REGULATORY & STRATEGIC ANALYSIS

Enclosures
c: Service List

PUBLIC DOCUMENT –
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STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John A. Tuma	Commissioner

IN THE MATTER OF THE PETITION OF XCEL ENERGY FOR APPROVAL OF THE ACQUISITION OF SOLAR GENERATION AT XCEL ENERGY'S SHERBURNE COUNTY SITE	DOCKET NO. E002/M-20-891 **PETITION**

INTRODUCTION

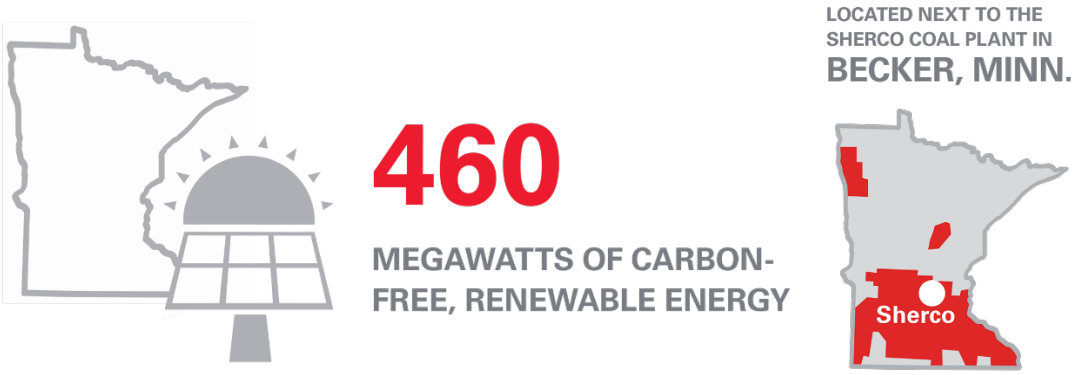
Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Petition for Approval for the Company to develop, own and operate 460 MW of grid-scale solar photovoltaic (PV) capacity at the Company's Sherburne County (Sherco) generation facility site. The project is composed of a solar site under development by National Grid Renewables (NG Renewables, f/k/a Geronimo Energy), which is located west of Sherco that we are requesting approval to purchase, combined with a site of similar size under development by the Company adjoining the east side of the Sherco Generating Station. As Minnesota's largest solar development to date, the Sherco Solar project (Project) will not only play a key part in the state's transition to clean energy—producing enough clean energy to power approximately 100,000 homes in the Upper Midwest each year—it also will help drive economic relief and recovery in the wake of COVID-19, support well-paying union construction jobs, reutilize valuable interconnection rights, and fulfill solar power needs identified in the Company's Integrated Resource Plan (IRP).

Over the past year, the global COVID-19 pandemic has caused unprecedented economic uncertainty. Recognizing the unique role that the utility industry can play in driving Minnesota's economic recovery, the Commission opened an investigation (Docket No. E,G999/CI-20-492) to identify the types of investments that utilities could undertake to support economic activity in the near term. In response to the Commission's investigation, on June 17, 2020, the Company proposed a variety of

potential investments that we could accelerate or initiate to support the communities we serve, benefit customers, and put people back to work.

One of the most exciting proposals the Company brought forward was the opportunity to replace a portion of the generation from one of the Company's coal units with 460 MW of grid-scale solar generation at the Sherco site. Based on the planned cessation of operations of the Sherco Unit 2 in 2023, among other things, we see a capacity need in the mid-2020s. This cessation of operations, however, also creates the unique opportunity to repower the Company's existing interconnection rights and replace the coal unit with a solar project located on land near the Sherco site.

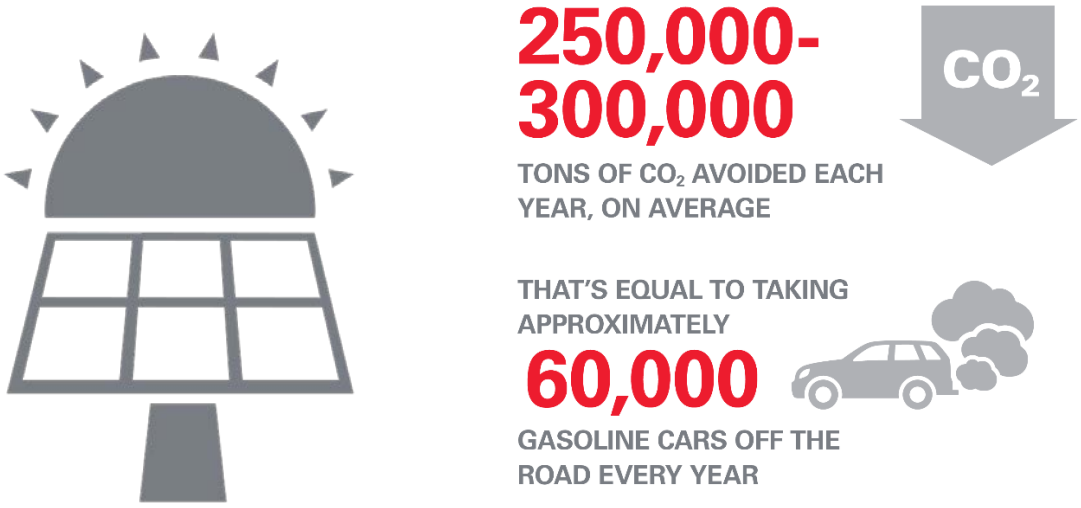
Figure 1: The Sherco Solar Project



The environmental and site transformation that this Sherco Solar project will enable by replacing coal with solar is remarkable. In recent years, the Sherco Unit 2 has emitted between 3 and 5 million tons of CO2, nearly one million tons of sulfur dioxide (SO2), and 3 to 6 million tons of nitrous oxide (NOx) each year; and while we have recently begun reduced operation at the unit, these air emissions will be substantial until we are able to cease operations at the unit entirely, by the end of 2023.

In its place, the Sherco Solar project will generate nearly one million MWh of 100 percent renewable and air emissions-free energy in its first full year of operations. The addition of this resource will increase the solar energy produced on our system by more than 40 percent from current levels and increase our system's generation to a total of approximately 40 percent renewable energy. We estimate the annual carbon reductions to be the equivalent of taking approximately 60,000 gas-powered cars off of the road every year:

Figure 2: Sherco Solar Carbon Annual Reductions



The proposed project meets four key objectives:

- First, it helps meet a significant capacity need identified in our 2020-2034 IRP with renewable resources procured in a manner consistent with the Commission's most-recent IRP Order.
- Second, it reutilizes valuable interconnection rights to the benefit of customers at a time when new renewable resource additions in MISO are facing significant interconnection challenges.
- Third, it is least cost among the alternatives, lower cost than other solar currently on our system, and compares favorably among other recent solar project pricing in the Midwest.
- Fourth, it advances Minnesota's clean energy policy goals and fulfills the Commission's request for investments that can spur economic relief and recovery in Minnesota, including by supporting well-paying union jobs during project development, and creating a valuable opportunity to cultivate greater diversity in the utility industry workforce.

We are bringing this project forward to meet resource needs that we—and nearly all parties who conducted their own modeling in our pending IRP—see in the mid-2020s. Both our 2020-2034 Initial and Supplement Preferred Plan show that the Company will need to add capacity to our system to meet customer needs in the mid-2020s, and our analyses consistently show that grid-scale solar is the best resource to fill that need. Consistent with this analysis, all other parties who conducted modeling

in connection with our IRP recommended substantial solar additions to meet our capacity needs as many of our baseload units retire over the next decade.

Constructing new solar generation at the Sherco site to meet this need is a valuable opportunity to reutilize our transmission interconnection rights as our coal units cease operations. As approved in our last IRP, we plan to cease operations at Sherco Unit 2 in 2023, freeing up nearly 700 MW of interconnection capacity available to be reused at the site. As we have discussed in previous filings, new renewable projects currently face substantial challenges with MISO-assigned transmission upgrades in the MISO West region, and many proposed projects have withdrawn from the queue as a result. To achieve the level of renewables identified in our Supplement Preferred Plan while maintaining affordability, it is essential that the Company make efficient use of its existing interconnection rights—which we would otherwise lose forever if a replacement resource were not put in service within three years of a unit's retirement. We estimate that the potential opportunity cost of foregoing full reutilization of these interconnection rights is approximately $140 million to $350 million.[1] Replacing our existing coal generation with new solar capacity that can reutilize the interconnection service at the Sherco site is one way we can effectively steward that resource, to the benefit of our customers and the environment.

To ensure our reuse of these interconnection rights is least cost, the Company issued a Request for Proposals (RFP) and conducted a competitive solicitation for solar projects at the Sherco site earlier this year following the Commission-approved process from our last IRP.[2] Specifically, the solicitation followed the "Modified Track 2" process, using an internal firewall protocol and review by an Independent Auditor, in order to ensure that all projects are evaluated in a fair and consistent manner. After conducting a thorough and competitive bid process, the Company's combined bid with NG Renewables proved to be the most beneficial project to meet our solar needs.

In addition to the RFP, which offered valuable insight to alternative project pricing, we compared the Project to other solar resources on our system and in the region. This evaluation demonstrated that, not only have many other higher priced solar projects been installed recently, but the proposed Sherco Solar project would provide lower cost energy than any solar facility currently operating on the NSP system, and is

[1] Our IRP assumes that greenfield solar or combustion turbine interconnection costs (i.e. projects that go through the MISO queue) will be approximately $200/kW over the planning period and wind or combined cycle interconnection costs are $500/kW. As noted above, there are approximately 700 MW coming available when Sherco Unit 2 cease operation in 2023.

[2] Order Approving Plan with Modifications and Establishing Requirements for Future Resource Plan Filings, Docket No. E002/RP-15-21, Jan. 11, 2017.

less than half the price of the average Community Solar Garden project. For comparison with the Sherco Solar project, Table 1 provides the price and size of operational projects on the NSP system as well as other regional projects with publicly available information.

Table 1: Sherco Solar Project Compared to Other Regional Solar Projects

Resource	Size (MWac)	Price $/kWac (excluding AFUDC)
Recently Proposed Projects		**[PROTECTED DATA BEGINS**
Bid #1 from RFP	75	
Bid #2 from RFP	450	**PROTECTED DATA ENDS]**
Wisconsin Public Service (WPS)& Madison Gas and Electric (MG&E) Badger Hollow Solar Farm and Two Creeks Solar	300	$1,299
Wisconsin Electric Power Company (WEPCO), WPS and MG&E Darien Solar Energy Center[3]	250	$1,298
WEPCO, WPS and MG&E Paris Solar Farm	200	$1,301
Wisconsin Power and Light Company Projects (6 sites)[4]	675	$1,277
Sherco Solar Project	**460**	**[PROTECTED DATA BEGINS** **PROTECTED DATA ENDS]**

Resource	Size (MWac)	Price ($/MWh)
Operational Projects on the NSP System		*[PROTECTED DATA BEGINS*
Aurora Solar	100	
North Star Solar	100	
Marshall Solar	62	
Community Solar Gardens[5]	789	
Sherco Solar Project	**460**	**PROTECTED DATA ENDS]**

[3] Darien and Paris project prices were calculated by the Company based on their public filings and exclude estimated AFUDC.

[4] Wisconsin Public Service Commission Case No 6680-CE-182. *Application of Wisconsin Power and Light Company for a Certificate of Authority to Acquire, Construct, Own, and Operate Six Solar Electric Generation Facilities, Known as the North Rock, Grant County, Crawfish River, Onion River, Richland County, and Wood County Projects, to be Located in Rock County, Grant County, Jefferson County, Sheboygan County, Richland County, and Wood County, Wisconsin.* (May 29, 2020), at 8.

[5] Total Community Solar Garden size based on the March 2021 status report. Price based on average project.

In addition to being the least-cost option available for Sherco interconnection re-use, the proposal will create and sustain substantial employment across all aspects of project development. Supporting well-paying local union construction jobs is a key component of our Relief and Recovery plan, and our Sherco Solar project proposal is no exception. A key requirement of our solicitation specified that bids include the use of union labor for project construction. If approved, we expect the Sherco Solar project will provide an estimated $115 million in wages from nearly 900 union construction jobs. The project would also create more than $240 million in local benefits (including landowner payments and state and local taxes) over the life of the project, which is critical for the local economy as the substantial tax base associated with the retiring coal units goes away. Furthermore, the Sherco Solar project will also be the first project opportunity for participants in another Relief and Recovery proposal: the soon-to-be proposed Workforce and Training Development Program, which will help provide utility industry and trade-related skills and training to women and members of the Black, Indigenous and people of color (BIPOC) community.

Figure 3: Estimated Economic Impact of our Sherco Solar Project

Finally, the Sherco Solar project will help drive Minnesota's clean energy policy transition by helping meet the state's greenhouse gas emissions targets, Renewable Energy Standard (RES) and Solar Energy Standard (SES). When the state enacted the SES in 2013, it set a requirement for us to serve one and a half percent of our sales with solar energy, but also included a goal to achieve 10 percent by 2030. While our Company goals focus on carbon reduction more broadly, we recognize the importance of this state policy in driving the development of solar energy forward. In order to help Minnesota meet the 10 percent goal, we need to add substantial solar to our system prior to 2030. Given the project's contribution to meeting Minnesota's RES, we propose to recover full project costs through the RES Rider. Furthermore, as the Project advances Minnesota's clean energy policy goals and is a direct response

to the Commission's investigation into investments that can spur economic relief and recovery in Minnesota, we request that the Company be allowed to recover the full cost of the project in Minnesota and return all benefits from the Project to Minnesota customers.[6]

We respectfully request that the Commission consider and approve the Sherco Solar project and our proposed cost recovery approach by mid-September 2021. We believe this proposed timeline allows review time for the Commission, Department of Commerce, and stakeholders, while also ensuring the Company has the necessary amount of time to complete construction activities, in order to qualify for safe harbor requirements tied to Federal incentives.

In the balance of this Petition, we:

- Provide relevant background on our Relief and Recovery proposal and our proposed Sherco Solar project;
- Discuss the solicitation and selection process;
- Provide an overview of the selected project;
- Discuss why the proposal is in the public interest; and
- Outline next steps regarding regulatory approvals and proposed cost recovery.

I. SUMMARY OF FILING

A one-paragraph summary is attached to this filing pursuant to Minn. R. 7829.1300, subp. 1.

II. SERVICE ON OTHER PARTIES

Pursuant to Minn. R. 7829.1300, subp. 2, the Company has served a copy of this filing on the Office of the Attorney General – Antitrust and Utilities Division. We have also distributed copies of our filing to those on the Commission's service list for its Inquiry into Utility Investments that May Assist in Minnesota's Economic Recovery from the COVID-19 Pandemic (Docket No. E,G999/CI-20-492), the Company's

[6] To facilitate returning the benefits of the Project to Minnesota customers, the Company will seek to recover a proxy price for the value of the energy, capacity, and ancillary services associated with this resource in both South Dakota and North Dakota. Any payments received from customers in these jurisdictions related to the Sherco Solar project would then be credited back to Minnesota, reducing the overall price of the project recovered in Minnesota rates. Additionally, the Company would assign all Renewable Energy Certificates (RECs) associated with NSPM's share of the project to Minnesota customers to assign all renewable attributes of the energy generated by the project to Minnesotans. These RECs then either could be used as additional assistance in Minnesota's achievements of its environmental goals, or they could be sold to further reduce the cost of the project.

COVID-19 Relief and Recovery docket (Docket No. E,G002/M-20-716) and the instant docket (Docket No. E002/M-20-891).

III. GENERAL FILING INFORMATION

Pursuant to Minn. R. 7829.1300, subp. 3, the Company provides the following information.

A. Name, Address, and Telephone Number of Utility

Northern States Power Company, doing business as:
Xcel Energy
414 Nicollet Mall
Minneapolis, MN 55401
(612) 330-5500

B. Name, Address, and Telephone Number of Utility Attorney

Matt Harris
Lead Assistant General Counsel
Xcel Energy
414 Nicollet Mall – 401, 8th Floor
Minneapolis, MN 55401
(612) 330-7641
matt.b.harris@xcelenergy.com

C. Date of Filing

The date of this filing is April 12, 2021. The Company requests that the Commission consider and approve the Petition by mid-September 2021. We believe that this proposed timeline balances review time for the Commission, Department and stakeholders with the need to help jumpstart economic relief and recovery as quickly as possible. This review timeline will ensure that the Company has the appropriate amount of time to begin construction activities, in order to qualify for safe harbor requirements tied to Federal incentives and complete the Project in the envisioned timeline.

D. Statute Controlling Schedule for Processing the Filing

This filing is made pursuant to Minn. Stat. § 216B.50 and Minn. R. 7825.1800. This filing is also made pursuant to Minn. Stat. § 216B.2422, subd. 5, and Minn. Stat. § 216B.243 subd. 9, which provide exemptions from the Certificate of Need statute

(Minn. Stat. § 216B.243) for resources selected through a bidding process approved or established by the Commission and for facilities the Commission deems reasonable and prudent for the Company to meet its obligations under Minn. Stat. § 216B.1691.

No specific statute controls the timeframe for processing this filing. The processing is therefore controlled by the Commission's rules on Miscellaneous Filings, Minn. R. 7829.1300 and 7829.1400. We have included the information required under Minn. R. 7829.1300, subp. 3 for miscellaneous filings that, like this one, are subject to specific content requirements. We also note that, while Minn. R. 7829.1400, subps. 1 and 4 specify the time periods for initial and reply comments for miscellaneous filings, it has been the past practice of the Commission to set a comment schedule by notice to interested parties pursuant to Minn. R. 7829.1400, subp. 7.

E. Utility Employee Responsible for Filing

Bria Shea
Director, Regulatory and Strategic Analysis
Xcel Energy
414 Nicollet Mall (401–7th Floor)
Minneapolis, MN 55401
(612) 330-6064
bria.e.shea@xcelenergy.com

IV. MISCELLANEOUS INFORMATION

Pursuant to Minn. R. 7829.0700, the Company requests that the following persons be placed on the Commission's official service list for this proceeding:

Matt Harris
Lead Assistant General Counsel
Xcel Energy
414 Nicollet Mall (401–8th Floor)
Minneapolis, MN 55401
matt.b.harris@xcelenergy.com

Lynnette Sweet
Regulatory Administrator
Xcel Energy
414 Nicollet Mall, 401–7th Floor
Minneapolis, MN 55401
regulatory.records@xcelenergy.com

Any information requests in this proceeding should be submitted to Ms. Sweet at the Regulatory Records email address above.

V. DESCRIPTION AND PURPOSE OF FILING

Through this Petition, the Company is requesting Commission approval for the Company to develop, own and operate 460 MW of grid-scale solar PV capacity adjacent to the Company's Sherburne County (Sherco) generation facility site. As part of the project, we are also requesting approval to purchase a solar site currently under development by NG Renewables west of the Sherco site.

In support of this Petition, the Company discusses:

- The need for the Sherco Solar project;
- The benefits of the Sherco Solar project;
- How the Sherco proposal is consistent with state policy goals; and
- The regulatory process.

Further, we provide two attachments to this filing: the Purchase and Sale Agreement (PSA) with NG Renewables (provided as Attachment A); and, the Independent Auditor's report on our solicitation process (provided as Attachment B).

VI. SHERCO SOLAR PROJECT DESCRIPTION

Our 460 MW Sherco Solar Project will partially replace energy generation of the Sherco Unit 2 coal generating facility, which will cease operations by the end of 2023. The Company's plan to cease operations at Sherco Unit 2 – which was approved by the Commission in the Company's last IRP[7] – and the construction of the Project represents a key milestone in our vision of 100 percent carbon-free electricity by 2050 and Minnesota's clean energy transition.

As described below and in the Company's February 1, 2021 letter in this docket detailing our self-build proposal, the Company's project was developed in partnership with NG Renewables. Specifically, the Company proposes to acquire an approximately 1,654 acre solar site under development by NG Renewables, which is located to the west of Sherco and combine it with a 1,826 acre site that has been under development by the Company adjoining the east side of the Sherco Generating Station. In addition to the value presented by combining these projects, the Company will benefit from NG Renewables' deep solar industry experience to provide development services (including design and permitting assistance) for the combined project. We provide further project information in the following sections.

[7] ORDER APPROVING PLAN WITH MODIFICATIONS AND ESTABLISHING REQUIREMENTS FOR FUTURE RESOURCE PLAN FILINGS, Docket No. E002/RP-15-21, Jan. 11, 2017.

A. Project Affiliation, Size and Location

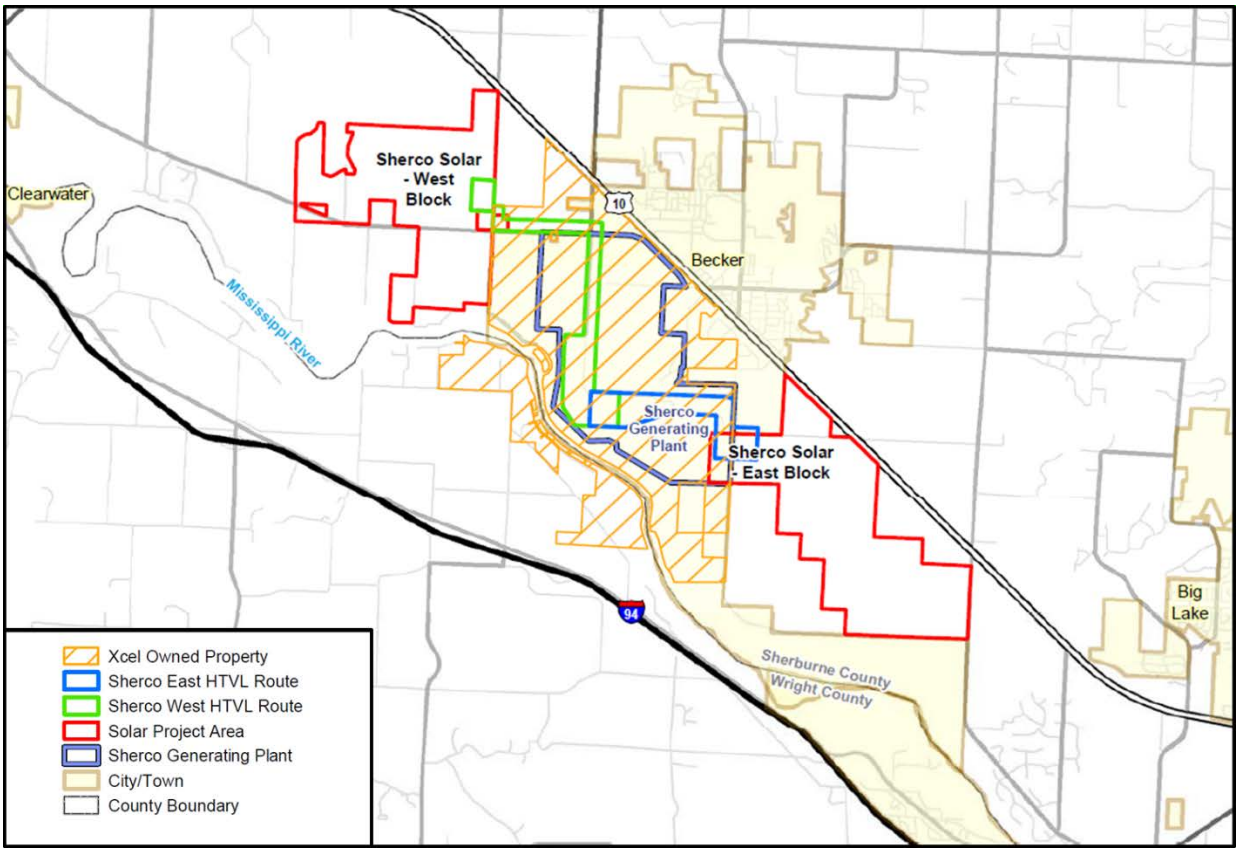
The Sherco Solar project represents a joint development between NG Renewables and Xcel Energy, and both companies have a strong working relationship together in Minnesota. As part of the Project, the Company is acquiring a 230 MW site from NG Renewables (subject to Commission approval) and combining it with a project developed on land for which Xcel Energy holds leases, which brings the overall Sherco Solar project to 460 MW. NG Renewables will continue to develop the Sherco Solar project and, on Xcel Energy's behalf, secure permits for the site of the project routes for high voltage transmission lines (HVTL) connecting the project to the Sherburne County Substation. The Company will construct, own, and operate the Sherco Solar project.

The Project will be located adjacent to our Sherco Generating Station in Becker, Minnesota. The proposed solar generation site boundary encompasses approximately 3,480 acres of land which is predominantly agricultural use with a mix of hay/pasture, row crops, and center-pivot-irrigated farmland (none of which is classified as prime farmland).

The footprint consists of two parts: a West Block (to be acquired from NG Renewables), which includes approximately 1,654 acres of land; and, the East Block, which includes approximately 1,826 acres. Per the Company's RFP requirements, bidders had to have site control – or a clear path to obtain it – for the proposed project to be built. Both the West Block and East Block of the project will be located on land that is leased, by NG Renewables and the Company respectively. The Project will include two collector substations, one each at each block, and two 345 kV generation-tie (gen-tie) lines, which will connect the collector substations to the point of interconnect at the existing Sherburne County Substation.

Both of the proposed West and East Blocks partially border Xcel Energy-owned property as shown in Figure 4:

Figure 4: Sherco Solar Project Site Boundary



The Project will interconnect into the Sherburne County Substation, which is adjacent to the Project. The Company and NG Renewables selected this location based on a number of factors, but a key consideration in the selection process was the Project's proximity to existing electrical and transportation infrastructure, including the Sherco Generating Plant, existing transmission lines, and the Sherburne County Substation that will soon have open capacity due to the cessation of operations at Unit 2 of the Sherco Generating Plant (which is slated for 2023).

Additionally, the agricultural areas surrounding the Sherco Generating Plant provide abundant opportunity for solar generation on relatively flat landscapes that have been previously disturbed by agricultural activities but are not considered prime farmland and have few sensitive resources. Existing infrastructure in the immediate vicinity allows us to minimize the need to construct ancillary facilities on private land not owned by the Company.

The Company is committed to meeting the Minnesota Board of Water & Soil Resources (BWSR) Habitat Friendly Solar status. A vegetation management plan will

be developed for the Project that will contain seed mixes for revegetation of the site that meet the MN BWSR pollinator standards. The plan will outline the short- and long-term vegetation goals and objectives for the site as well as general tasks for managing vegetation through operations. Ongoing monitoring as a part of perpetual maintenance will be outlined in the vegetation management plan to ensure that pollinator-friendly species establish at the necessary levels across the site to meet both BWSR pollinator expectations and NPDES regulations.

B. Project Costs, Design, Output, and Schedule

1. Project Costs

The total installed capital costs for the Project are estimated to be approximately **[PROTECTED DATA BEGINS PROTECTED DATA ENDS]**. Importantly, the Project is positioned to take advantage of the recent solar investment tax credit (ITC) extension, and we expect the Project to qualify for **[PROTECTED DATA BEGINS PROTECTED DATA ENDS].**

Table 2 below presents a breakdown of project costs by category and block:

Table 2: Sherco Solar Project Costs

Category	East Block	West Block	Total
	[PROTECTED DATA BEGINS		
Capital			
Transmission			
POI Substation			
AFUDC			
Total			
			PROTECTED DATA ENDS]

The Company has made every effort to ensure that our estimated project costs are reasonable and justified. For example, two of the most significant costs within the capital cost category are related to construction labor and panel procurement. To ensure the accuracy of those estimates, the Company issued a request for interest and qualifications (RFIQ) to secure industry estimates for both the construction costs and panel pricing.

However, as with other projects, the final project costs can vary from our estimates as they are dependent on several different variables, including equipment costs and/or supply chain issues (for panels, inverters, trackers and racking systems), changes in taxes, incentives or tariffs (i.e. steel or equipment tariffs), and timing of the site permit review and final regulatory approval. The Company will continue to make every effort to ensure that project costs remain as close to these estimates as possible.

2. Project Design

One important consideration for the Sherco Solar project is the overall project design, particularly solar panel and tracking rack system selection.

Both the Company and NG Renewables have agreed that bifacial solar modules – those that produce solar power from both sides of the panel – are the best option for both the East and West Blocks of the Project. Bifacial modules are increasingly becoming the industry standard and some manufacturers estimate a 30 percent increase in production from the additional power generated by the rear side of the panel.[8] While bifacial panels can result in higher panel costs when compared to traditional, backsheeted, monofacial modules, the increased panel output is expected to offset any additional costs and results in a more cost-effective project.

The Project will use PV panels with tempered glass. The panels will be installed on a tracking rack system that utilizes steel and aluminum for the pier and frame with a motor that allows the racking to rotate from east to west throughout the day. Each tracking rack will contain multiple panels. On the tracking rack system, panels will be a maximum of approximately 20 feet in height from the ground to the top of the panels when at a 45-degree angle.

To limit reflection, solar PV panels are constructed of dark, light-absorbing materials. Today's panels reflect as little as two percent of the incoming sunlight depending on the angle of the sun and may use anti-reflective coatings. The solar array will occupy most of the Project's footprint for the solar facilities.

3. Project Output

As noted earlier, the Sherco Solar project will have a total installed capacity of 460 MW. The Company estimates that the net annual delivered energy will be

[8] Solar Power World, *What are bifacial solar modules?*, April 2, 2018.

[PROTECTED DATA BEGINS PROTECTED DATA ENDS] after both the West and East Blocks are placed in-service.

Furthermore, the net capacity factor (NCF) is expected to be within the range of **[PROTECTED DATA BEGINS PROTECTED DATA ENDS]**. This range in the NCF was calculated by using manufacturer's supplied equipment performance data modeled in PVSyst with third-party commercial meteorological data projections for the site. The Company believes this range is reasonable. The approximate midpoint of this range, **[PROTECTED DATA BEGINS PROTECTED DATA ENDS]**, was used for the purposes of calculating project performance and costs.

Based on the project lifetime costs and expected production, the Company has calculated the levelized cost of energy (LCOE) to be **[PROTECTED DATA BEGINS PROTECTED DATA ENDS]**. As with other cost components, the actual LCOE can shift depending on any changes in final project costs, tax benefits, and actual project production.

4. Project Schedule

We currently expect primary construction activities for the Sherco Solar project will occur in 2022, 2023 and 2024. However, other engineering and procurement activities **[PROTECTED DATA BEGINS
PROTECTED DATA ENDS].**

A variety of activities must be completed to carry the Project through construction. Below is a preliminary list of activities necessary to develop the Project, including pre-construction, construction, and post-construction activities:

- Pre-construction activities
  - Geotechnical analysis;
  - Design substation and electrical collection system;
  - Design solar array and access roads;
  - Underground utility discovery;
  - Procure all necessary facility components (solar panels, tracking system, transformers); and
  - Provide notice to proceed on leases to landowners.

- Construction activities
  - Site preparation, grubbing, and grading;
  - Construct laydown areas and set up temporary job site trailers
  - Construct fencing;
  - Civil construction of access roads;
  - Install PV mounting posts;
  - Install below-ground or above-ground collection system;
  - Install electrical enclosure/inverter;
  - Tracker installation;
  - PV panel installation; and
  - Construct gen-tie line.

- Post-construction activities
  - Restore disturbed areas not intended for permanent above-ground facilities. Permanent above-ground facilities include the substation, inverter skids and electrical cabinets, and access roads;
  - Manage establishment of pollinator vegetation;
  - Test facility; and
  - Begin commercial production.

The project will be placed in service on a rolling basis, with the full Project in operation by Q4 of 2024. The Company anticipates beginning commercial operations for portions of the Project via a phased approach beginning in 2023 to accommodate an in-service date for the entire Project by Q4 of 2024. The projected schedule for each facility of the project (the total Sherco Solar Project, the West HVTL and the East HVTL) is summarized in Table 3 below.

Table 3: Sherco Solar Project Schedule

Facility	Activity	Estimated Activity Dates
		[PROTECTED DATA BEGINS
Sherco Solar Project	Land Acquisition	
	Site Permit Approval/Issuance	
	Other Federal, State, and Local Permits Issued	
	Remaining Equipment Acquisition	
	Construction Starts	
	Commercial Testing Starts	
	Final Commercial Operation	
West HVTL	Land Acquisition	
	Survey and Transmission Line Design Begins	
	Route Permit Approval/Issuance	
	Other Federal, State, and Local Permits Issued	
	Start Right-of-Way Clearing	
	Start West HVTL Project Construction	
	West HVTL Project In-Service	
East HVTL	Land Acquisition	
	Survey and Transmission Line Design Begins	
	Route Permit Approval/Issuance	
	Other Federal, State, and Local Permits Issued	
	Start Right-of-Way Clearing	
	Start East HVTL Project Construction	
	East HVTL Project In-Service	
		PROTECTED DATA ENDS]

C. Purchase and Sale Agreement

On January 15, 2021, the Company and NG Renewables executed a Purchase and Sale Agreement (PSA), documenting the Company's acquisition of 100 percent of NG Renewables' ownership in Sherco Solar, LLC ("Sherco Project Company"), the special purpose entity holding the development rights to a 230 MW site in Sherburne County. A copy of the PSA is included as Attachment A.

The purchase price to be paid by the Company to NG Renewables for their ownership interests in the Sherco Project Company as well as their development

oversight and expertise is **[PROTECTED DATA BEGINS**

PROTECTED DATA ENDS]. This price was the result of a series of negotiations between the parties. The Company's obligations under the PSA are conditioned upon the Commission's approval of the transaction.

The PSA sets forth a number of provisions including the following key items:

- The Company will purchase the membership interests of the Sherco Project Company which owns real estate rights and development assets.
  - NG Renewables will perform certain development work for the combined project (including Company-leased land).
  - Closing will occur after receipt of the approvals and upon completion of the development work but before commencement of construction by the Company.

- Site Control:

[PROTECTED DATA BEGINS

PROTECTED DATA ENDS]

- Development Work: NG Renewables is responsible for certain development work to make the project construction ready, including the following:

[PROTECTED DATA BEGINS

[9] **[PROTECTED DATA BEGINS**
PROTECTED DATA ENDS]

PROTECTED DATA ENDS]

The proposed PSA is subject to Commission approval pursuant to Minn. Stat. § 216B.50, and Minn. Rule 7825.1800. We discuss these provisions below.

1. Minn. Stat. § 216B.50

Minn. Stat. § 216B.50 governs the transfer of utility assets exceeding $100,000:

> *No public utility shall sell, acquire, lease, or rent any plant as an operating unit or system in this state for a total consideration in excess of $100,000 . . . without first being authorized so to do by the commission. . . . If the commission finds that the proposed action is consistent with the public interest, it shall give its consent and approval. . . . In reaching its determination, the commission shall take into consideration the reasonable value of the property, plant, or securities to be acquired or dispatched of, or merged and consolidated.*

We respectfully request that the Commission find that our proposed acquisition of the Sherco Project Company, which holds the rights to the 230 MW site in Sherburne County from NG Renewables, and the exercising of our leases for the Project, is in the public interest and thus complies with Minn. Stat. § 216B.50. We confirm that the Company does not intend to issue, sell, or transfer any securities in connection with the Project. And, as discussed later in this Petition, our proposed acquisition is in the public interest because it is the least-cost alternative, it will help drive economic relief and recovery, it will support hundreds of well-paying union construction jobs as well as significant tax and land owner payments, it reutilizes the Company's existing

interconnection rights and replaces a coal resource with a solar resource, and it fulfills solar additions identified in the Company's IRP.

2. Minn. R. 7825.1800

Minn. R. 7825.1800 also addresses property transfers. Minn. R. 7825.1800, subps. B, C, and D state that petitions to acquire property shall contain the following:

> *B. Petitions for approval of a transfer of property shall be accompanied by the following: all information as required in part 7825.1400, items A to J; the agreed upon purchase price and the terms for payment and other considerations.*
>
> *C. A description of the property involved in the transaction including any franchises, permits, or operative rights, and the original cost of such property, individually or by class, the depreciation and amortization reserves applicable to such property, individually or by class. If the original cost is unknown, an estimate shall be made of such cost. A detailed description of the method and all supporting documents used in such estimate shall be submitted.*
>
> *D. Other pertinent facts or additional information that the commission may require.*

Below we discuss compliance with this rule and respectfully request that the Commission waive application of Minn. R. 7825.1800, subp. B.

a. Minn. R. 7825.1800, subp. B – Variance Request:

Minn. R. 7825.1800, subp. B requires detailed information (items A through J) set forth in Minn. R. 7825.1400. Minn. R. 7825.1400—entitled, Filing Requirements for Capital Structure Approval—however, concerns capital structure filings and is geared toward the issuance of securities, which is not at issue here.

Accordingly, we respectfully request that the Commission waive application of Minn. R. 7825.1800, subp. B. The Commission has previously granted a variance to the requirements to provide the information outlined under Minn. R. 7825.1400 (A)-(J) in proposed acquisition of property transactions.[10] The Commission has found that Minn. R. 7825.1400 is applicable to capital structure filings and, therefore, the

[10] See, e.g., In the Matter of Northern States Power Company and ITC Midwest LLC for Approval of a Transfer of Transmission Assets and Route Permit, ORDER APPROVING SALE AS CONDITIONED, GRANTING VARIANCE AND REQUIRING FILING, Docket No. E002/PA-10-685 (Dec. 28, 2010).

information does not pertain to petitions to acquire property.[11] The Company respectfully requests a similar variance in this case pursuant to Minn. R. 7829.3200.

Minn. R. 7829.3200 allows the Commission to vary its rules if it finds:

> (a) Enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;
> (b) Granting the variance would not adversely affect the public interest; and
> (c) Granting the variance would not conflict with standards imposed by law.

The Company can satisfy all three elements. First, as noted above, the proposed transaction does not implicate the information sought by Minn. R. 7825.1400 (A)-(J) and, thus, its provision would impose an excessive burden on the Company. Second, because the proposed transaction does not involve the issuance of securities, granting a variance does not conflict with the public interest. Third, as evidenced by previous Commission precedent waiving these requirements under similar circumstances, a waiver will not violate any standards imposed by law.

With regard to Minn. R. 7825.1800, subps. C and D, we provide the information below.

b. Minn. R. 7825.1800, subp. C – Property Description and Cost:

The Company is a wholly-owned utility operating company subsidiary of Xcel Energy Inc., a public utility holding company under the Public Utility Holding Company Act of 2005. As detailed in the PSA between NG Renewables and Xcel Energy, the proposed acquisition of the Sherco Project Company includes a 230 MW site and NG Renewables' project oversight and design and development expertise. Accordingly, the cost of the site, as improved by NG Renewables, is that which has been negotiated between the parties.

With respect to the discussion required under Minn. R. 7825.1800, subp. C, the Company notes that the proposed acquisition of the Sherco Project Company holding the property rights to the 230 MW Site from NG Renewables will take the form of a series of cash payments to NG Renewables (a deposit due at signing, approximately half upon securing all necessary regulatory approvals and the balance due at the closing of the transaction). There are no affiliated interests between the Company and NG Renewables or its subsidiaries.

[11] In the Matter of Xcel Energy's Petition for Approval of a Transfer and Exchange of Transmission Assets with Great River Energy and Member Cooperatives, ORDER, Docket No. E002/PA-06-932 (Oct. 16, 2006).

c. Minn. R. 7825.1800, subp. D – Other Pertinent Facts:

Other pertinent facts are found in this Petition. For the reasons set forth in this Petition, the Company respectfully submits that the proposed transaction with NG Renewables is consistent with the public interest and should be approved.

VII. PROJECT EVALUATION CRITERIA

Our Sherco Solar project meets all of the necessary criteria for resource acquisitions: we have a need that is reasonably tied to our currently approved IRP and pending IRP; we conducted a competitive bidding process to ensure the selected project was least cost on a present value of societal costs (PVSC) basis; and, by pursuing solar at Sherco, we are in alignment with Minnesota's preference for renewable energy resources. We discuss the need for the Sherco Solar project in the following sections.

A. The Sherco Solar Project is Needed

The need for the Sherco Solar project is tied to both our last approved IRP and our currently pending IRP. Specifically, the retirement of baseload units, including the cessation of operations at the Sherco coal units, as approved in the last IRP, creates a capacity need in the mid-2020s. While our current IRP is still ongoing, our own modeling presented in the IRP, as well as that from other parties that conducted modeling, confirms our capacity need, and all modeling presented in connection with the IRP recommends substantial solar additions to meet that need.

Given the current status of the MISO interconnection queue, however, such significant renewable resource additions will require either substantial transmission upgrades in MISO or the reuse of existing interconnection rights.[12] As a result, this is the perfect opportunity to reuse the Sherco Unit 2 interconnection rights to begin adding the solar resources all parties agree are needed. In fact, if these interconnection rights are not reused by 2026, we expect the rights will be lost forever. The Sherco Solar project timing also allows us to capture significant tax benefits for our customers. In addition, moving forward with the Sherco Solar project at this time creates significant economic benefits.

[12] Minnesota Department of Commerce, Comments, Xcel Energy's 2020-2034 Upper Midwest Integrated Resource Plan proceeding (Docket No. E002/RP-19-368), February 11, 2021 ("Further, the West Study Area appears to be out of affordable transmission interconnection capability. Since Xcel's preferred plan involves obtaining interconnection for substantial amounts of new capacity, it is not clear that the plan is achievable within the MISO GIQ construct. Furthermore, no amount of GIQ timing reforms can change the lack of transmission; it can only deliver the message that transmission is not available sooner. Therefore, it would appear that either substantial new transmission needs to be built or Xcel will be limited to pursuing projects that avoid the MISO GIQ.").

Below we discuss each of these factors in more detail.

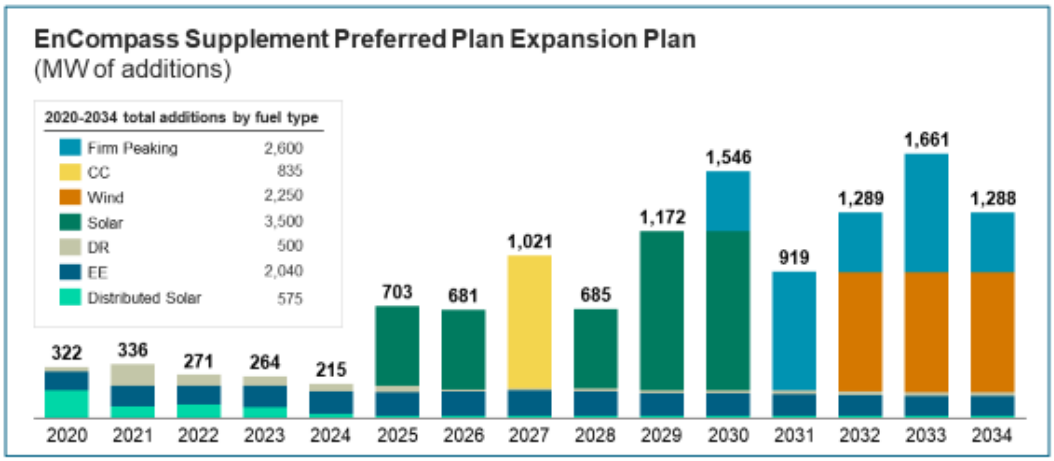
1. *The Company Will Have a Capacity Need in the Mid-2020s, As We Begin the Cessation of Operations at the Sherco Coal Units*

In the January 11, 2017 Order on our 2016-2034 Integrated Resource Plan, the Commission approved our accelerated schedule to cease operations of Sherco 2: "Xcel's schedule to retire Sherco 2 in 2023, and Sherco 1 in 2026, is approved."[13]

The cessation of operations at Sherco 2 will contribute to our expected capacity need in the mid-2020s. The Sherco Solar project will help meet that need through the solar resources identified in the Company's proposed expansion plan in our 2020-2034 IRP. We anticipate that this Project will provide reliability benefits as it is placed into service, providing Zonal Resource Credits we can use to meet our resource adequacy requirements at MISO.

The Company's Supplement Preferred Plan of the 2020-2034 Integrated Resource Plan (Docket No. E002/RP-19-368) identified that significant amounts of large-scale solar resources, including over 3,000 MW of utility-scale solar starting in 2025, were the most optimal resources the Company could add to meet customer needs. This Supplement Preferred Plan is shown in Figure 5 below.[14]

Figure 5: Supplement Preferred Plan Capacity Additions



[13] Order (Docket No. E002/RP-15-21) on Xcel Energy's 2016-2030 Integrated Resource Plan, Minnesota Public Utilities Commission, page 11, January 11, 2017.
[14] Supplement (Docket No. E002/RP-15-21) to Xcel Energy's 2020-2034 Integrated Resource Plan, Xcel Energy, page 2, June 30, 2020.

Beyond the Supplement Preferred Plan that we submitted for approval to the Commission, every modeling scenario we analyzed in connection with the IRP Supplement showed additions of at least 500 MW of solar in 2025 and 1,000 MW by 2026.

Thus, regardless of whether the Commission approves every aspect of the Supplement Preferred Plan, it is reasonable to assume that significant solar generation will be added to the NSP System over the next 10 years. To bring this substantial amount of solar online, it is prudent for the Company to pursue all available opportunities. And, given the limited window we have to retain our interconnection rights associated with the cessation of operations of Sherco 2, we believe the Sherco Solar project will be the beginning of significant solar additions to meet the capacity needs we have on our system starting in the mid-2020s. Additionally, the jobs and broader economic benefits associated with this Project support taking this opportunity now.

2. IRP Modeling from Parties Confirms Capacity Need, and All Modeling Parties Recommend Substantial Solar Additions to Meet that Need

Although our current IRP proceeding is still ongoing, we note that the value of significant solar additions was confirmed in modelling produced by every stakeholder that performed their own analysis in connection with the Company's current IRP. These parties include the Department of Commerce (DOC), the Citizens Utility Board (CUB), the Clean Energy Organizations (CEOs), and the Sierra Club.

For example, CUB recommends adding 3,900 MW of utility-scale solar over the plan period, with 1,400 of those MW coming online by 2025.[15] The CEOs proposed adding 1,000 MW of utility-scale solar in the mid-2020s (and thousands of solar-plus-storage hybrid MW over the planning period).[16] The Sierra Club's modeling resulted in a total of 1,350 MW of utility scale solar (and more than 4,000 MW additional solar + storage hybrid resources) beginning in the mid-2020s.[17] And, while the DOC recommended the Company add significant additions of solar resources to our system in the late 2020s and early 2030s, its recommended plan adds nearly 8,000 MW by 2034; a sum which would likely require pulling some procurement forward to practically facilitate the integration of such a large amount of capacity onto our system by the end of the planning period.[18] In essence, parties' modeling – including our own

[15] See pages 4 and 8 of CUB's February 11, 2021 Comments in Docket no. E002/RP-19-368
[16] See page 14 of CEO's February 11, 2021 Comments in Docket no. E002/RP-19-368
[17] See page 110 of the Sierra Club's February 11, 2021 Comments in Docket no. E002/RP-19-368
[18] See page 67 of the DOC's February 11, 2021 Comments in Docket no. E002/RP-19-368. Note that the table presented is cumulative, from a starting point of the nearly 1,000 MW of solar currently on our system.

– points to a need to begin procurement in the relatively near term to achieve the levels of solar adoption indicated.

Beyond these four parties that conducted their own modeling and recommended significantly more renewable additions, there were hundreds of other individuals and commenting parties who advocated for the addition of significantly more renewables, and specifically solar, to the Xcel Energy system.

3. Renewable Resource Additions Will Require Substantial Transmission Upgrades in MISO or Reuse of Existing Interconnection Rights

Although the Company and key stakeholders in our IRP all acknowledge that solar is going to play an increasing role in providing for our customers' energy and capacity needs in the next several years, adding these resources will be challenging. To begin, given the current state of the MISO interconnection queue, the actual addition and procurement of solar resources at the scale contemplated in parties' comments will require substantial transmission upgrades or the reuse of existing interconnection rights.

As the Company and others have noted in other recent filings, such as in our 2020-2034 Integrated Resource Plan docket (Docket No. E002/RP-19-368) and the Deuel Harvest proceeding (Docket No. E002/M-19-268), most greenfield renewable energy development projects are encountering limitations associated with MISO's generation interconnection queue process.

By way of background on the MISO process, once a potential generating facility project submits a complete application for generator interconnection, their request enters the MISO queue. The queue process includes Definitive Planning Phase (DPP) studies, which involve three separate study phases to determine if there is available transmission capacity to accommodate the interconnection of a new generation facility. This process is intended to allow generators reliable, non-discriminatory access to the electric transmission system, while maintaining transmission system reliability.

Recently, as the number of proposed projects in MISO has expanded significantly, this DPP process has been mired in delays. Current studies are more than a year behind schedule, due to the large volume of requests (including speculative requests) and delays with the neighboring Regional Transmission Organization – the Southwest Power Pool or "SPP" – completing affected system studies. In fact, the Company's approved 80 MW Elk Creek Project is an example of a project that has been substantially delayed by the MISO GIQ process. The DPP study for the Project was

originally scheduled to be completed by May 2020 but has been delayed more than a year. Because of the significant delays for the DPP study, the Company was no longer able to meet its target COD, requiring the Company to submit an amended and restated PPA for Commission approval.[19] While MISO is making progress in keeping pace with the expanding queue, there are still significant challenges for projects to make it through the DPP, and they are often assigned high transmission system upgrade costs that challenge the projects' economic viability.

Given these increasing limitations, the Company needs to look for interconnection opportunities outside of the MISO process to meet its renewable sourcing needs. While we are actively supporting MISO's efforts to examine new regional transmission expansion – including the potential for new Multi Value Projects – building out large scale network transmission infrastructure requires lengthy review and construction processes. The Department highlighted these challenges in its February 11, 2021 Comments filed in the Company's 2020-2034 Upper Midwest Integrated Resource Plan proceeding (Docket No. E002/RP-19-368):

> Further, the West Study Area appears to be out of affordable transmission interconnection capability. Since Xcel's preferred plan involves obtaining interconnection for substantial amounts of new capacity, it is not clear that the plan is achievable within the MISO GIQ[20] construct. Furthermore, no amount of GIQ timing reforms can change the lack of transmission; it can only deliver the message that transmission is not available sooner. Therefore, it would appear that either substantial new transmission needs to be built or Xcel will be limited to pursuing projects that avoid the MISO GIQ.[21]

Accordingly, in the coming years, the Company will look to all available avenues for renewable additions—both those that involve new interconnections with MISO and those that reuse existing interconnection rights. When reusing interconnection rights

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[19] Amended and Restated Elk Creek Solar Energy Purchase Agreement (Docket No. E002/M-19-568), April 1, 2021.

[20] "GIQ" refers to the MISO "Generator Interconnection Queue."

[21] In the Matter of Northern States Power Company's, d/b/a Xcel Energy, 2020-2034 Upper Midwest Integrated Resource Plan, Docket No. E002/RP-19-368, Department of Commerce Comments at 41 (February 11, 2021); *see also* Petition for Approval of a Wind Energy Purchase Agreement between the Company and Invenergy Wind Energy Development, LLC, Docket No. E002/M-19-268, Department of Commerce Comments, January 8, 2020 ("[a]ccording to the data for the MISO generation interconnection queue for the West region (accessed December 12, 2019), about 63 percent of the capacity in the DPP-2016-AUG group is listed as withdrawn. About 93 percent of the capacity in the DPP-2017-FEB group is listed as withdrawn. Both the DPP-2016-AUG and DPP-2017-FEB groups are in the Generator Interconnection Agreement (GIA) negotiation phase. The DPP-2017-AUG group is currently in Definitive Planning Phase (DPP) phase 2 and 48 percent of the capacity is already listed as withdrawn. Thus, the queue likely places substantial limits on Xcel's options for finding replacement projects in the near future.").

is an option, we will act deliberately to retain the value of the interconnection for our customers so that the opportunity is not lost.

4. The Opportunity to Use Sherco 2 Interconnection Rights is Now

If we do not reuse the Sherco 2 interconnection rights for the Sherco Solar project (or other projects in the near future), the Company – and ultimately our customers – will lose the significant value associated with these rights in our transmission constrained environment.

MISO's generator replacement rules are set out in Attachment X of the MISO Tariff, which contains MISO's Generator Interconnection Procedures or "GIPs." The general timing rules of generator interconnection replacement under the MISO Tariff require (1) that a request for generator interconnection replacement be submitted *at least one year prior* to the date that an existing generation facility will cease operation, Attach. X § 3.7.1(ii), and (2) the expected commercial operation date for a replacement facility must be *within three years* of the date that the existing facility ceases operation, Attach. X § 3.3.1.[22] The rules allow *the owner* of an existing facility to request to *itself* replace the facility with another facility. The rules do not allow the owner of an existing facility to submit a request for a third party to build a replacement facility that will use the owner's existing interconnection rights, which is why the Company needed to purchase the West Block of the Project from NG Renewables and why we only allowed Build-Transfer (BT) proposals in our RFP.

Although we recognize this limited participation by potential bidders who only would have offered a power purchase agreement (PPA), the limitation was required by FERC and MISO requirements, and we expect there will be opportunities for independent power producers to offer such projects as we fulfill the extensive renewable additions we anticipate in our IRP.

Based on the recent MISO queue constraints and assigned costs associated with interconnecting greenfield projects, we believe that foregoing our opportunity to use these rights for interconnecting the Sherco Solar project would result in significant lost value for customers. We estimate that this potential opportunity cost – based on observing recent DPP study cycles and assigned interconnection upgrade costs for

[22] Additionally, § 3.3.1 states that "For Existing Generating Facility that is in suspension pursuant to Section 38.2.7 of the Tariff or in Forced Outage, the start date of suspension or outage shall be considered the date of cessation of operation of the Existing Generating Facility for purposes of calculating the three (3) year limit."

wind and solar projects in our region – of foregoing full reutilization of these rights at approximately $140 million to $350 million.[23]

By moving forward with the Sherco Solar project now, not only will we preserve the valuable interconnection rights, we will also be able to take advantage of existing Federal tax benefits. As a result, we believe now is the time to develop a solar project that takes advantage of the interconnection opportunity at Sherco. We discuss these timing considerations below.

a. Building Project Now Also Leverages Federal Tax Benefits

In addition to aligning with the timing of our capacity need and MISO rules for replacement generation, the Sherco Solar project timing also allows the Company to capture significant tax credits for our customers. The project is positioned to take advantage of the recent solar investment tax credit (ITC) extension, and we expect our project to qualify for **[PROTECTED DATA BEGINS PROTECTED DATA ENDS].**

In addition, we note that there currently are discussions of tax reform at the Federal level that could significantly benefit this project. Xcel Energy is actively engaged in these discussions, advocating for tax reform that would help aid not only the Sherco Solar project, but future projects as well. We are encouraged by the potential for change and will keep the Commission informed of any material developments on this front. We are committed to delivering any savings or price reductions due to tax reform to our customers, which is a significant benefit offered by Company ownership of the Project.

5. Moving Forward with Sherco Solar Now Will Assist in Economic Recovery

In addition to filling a significant resource need that is directly tied to our last approved IRP and our currently pending IRP, the preservation of valuable interconnection rights, and enablement of the use of significant tax benefits for our customers, the Sherco Solar project also creates significant economic benefits for the state and region in the way of jobs and local tax benefits.

[23] Our IRP assumes that greenfield solar and combustion turbine interconnection costs (i.e. projects that go through the MISO queue) will be approximately $200/kW over the planning period and wind and combined cycle greenfield interconnection costs are $500/kW. There are approximately 700 MW coming available when Sherco Unit 2 cease operation in 2023.

The Sherco Solar project will help spur and sustain well-paying union construction jobs in the near term while making progress towards the state's clean energy goals. The project will provide an estimated $115 million in wages from nearly 900 union construction jobs and more than $240 million in local benefits over the life of the project.

With Sherco Unit 2 set to cease operations in 2023, there will be an estimated annual tax loss of $2.4 million each year for the local communities. The Project will begin to recapture some of those tax benefits for the City of Becker, Sherburne County and other local communities. Based on the estimated annual delivered energy for the Project and a $1.20 per MWh, rate of tax the Company estimates the total tax collected for the Project would be about **[PROTECTED DATA BEGINS PROTECTED DATA ENDS]** to start, with an 80 percent allocation to the County and 20 percent to the City or Township where the panels are located. .

Given the total capital investment, construction jobs, ongoing local investment and carbon emissions reduction presented by our Sherco Solar project, it is clear the Project will offer significant economic relief and recovery both in the near and longer term.

In addition to good paying union jobs and economic investment, the Sherco Solar project also brings a unique opportunity to diversify our workforce and introduce training opportunities for the BIPOC community. As discussed in the Company's October 16, 2020 filing in the Relief and Recovery docket, we proposed a Workforce and Training Development Program aimed at issuing grants to workforce and skills training programs to develop necessary skills for the BIPOC community and women to enter registered apprentice programs in the utility industry and building trades.[24] And, while our filing to finalize this program is still forthcoming, we are excited to announce that we see an opportunity to link the Sherco Solar project to this proposal.

Our pre-apprenticeship program will be designed with training and graduation dates aligned with the planned solar build commencement at Sherco in 2022 and 2023. Further, for those participating in the program during project construction, the program will offer both in-classroom and on-site job training, including at the Sherco Solar project site. While partners are still being finalized, we will work with the Department of Employment and Economic Development (DEED) to manage the program implementation.

[24] Docket No. E,G999/CI-20-492

B. The Sherco Solar Project is Least Cost

Having identified a capacity need and unique opportunity to meet that need by reusing our interconnection rights at Sherco, the Company took steps to ensure the specific resources we selected to replace Sherco 2 are least-cost. To do so, we conducted a Request for Proposals (RFP) process designed to identify a replacement resource that was competitively priced considering the available alternatives and the risks.

As discussed above, however, due to FERC's prohibition of the transfer or sale of existing interconnection rights, Xcel Energy needs to reuse the existing interconnection rights at Sherco or they will otherwise be lost. In other words, the Company needs to own any project that reuses the Sherco coal interconnection rights. Accordingly, we limited the RFP to Build-Transfer (BT) projects, where ownership of the Project could be transferred to the Company before the Project was interconnected, or earlier. There was substantial interest in the RFP, generating many questions, and it resulted in three bid submissions that we reviewed under the oversight of our independent auditor (IA). In the end, we determined that the Sherco Solar Project bid by the Company and NG Renewables was least cost and best met the requirements of the RFP.

1. To Ensure Least Cost Replacement at Sherco, We Conducted a Modified Track 2 Process for BOT projects

To ensure we replaced Sherco 2 with the least cost resource, we conducted a Modified Track 2 resource acquisition process consistent with the most recent IRP order.

We describe each step of the RFP evaluation process in additional detail below. Further, we have provided as Attachment B the report from our Independent Auditor (IA), Guidehouse, which validates our process, certifying that it believes the goals of our RFP were achieved, that project assessments were performed in a fair and consistent manner, and that there is no evidence that we unfairly advantaged any interested party or respondent to the RFP.

a. Use of Process is Consistent with Most Recent IRP Order

Similar to the recently approved wind repowering projects, the Company utilized a "Modified Track 2" acquisition process for this solar project solicitation. This process was first proposed in our 2015 IRP proceeding and used for our greenfield wind acquisition proposals the Commission approved in Docket No. E002/M-16-777.

The Commission first approved a two-track solicitation process in our 2004 Integrated Resource Plan docket. Under the two-track solicitation process, Track 1 is limited to solicitations for third-party proposals. Track 2 is a contested case process run by an administrative law judge when the Company plans to submit a self-build proposal into the bidding process. As the Department recently noted in Comments on the Company's 2020-2034 IRP (Docket No. E002/M-19-368), currently, Track 2 is used to acquire resources when the Company is proposing a non-wind or solar project. The "Modified Track 2" process was established through the Commission's Order in our 2015 IRP. The Modified Track 2 process can be used when the Company submits a bid for its own solar or wind project. At a high level, this process includes the following steps:

1. The Company issues an RFP for project proposals.
2. The Company establishes an internal "Conflict Wall" that separates the Company's self-build proposal team from the RFP selection team. This firewall prevents any communication specifically regarding the bid proposal and selection between the internal teams. The IA provides a review of the bid selection process and our firewall and team structures in Attachment B.
3. The day before receiving responses to that RFP, the Company submits its own self-build proposal(s) to ensure that the Company's proposal is not influenced by any third-party proposals.
4. After receiving all bids in response to our RFP, the Company's RFP team evaluates the bids and selects projects for contract negotiation, based on several evaluation factors, including: levelized cost, counterparty financial risk, project design and risk, exceptions to standard contract terms and conditions, and many other factors. Using these criteria, the RFP team selects projects that are in the best interest of our customers – either our self-build proposal or a third-party development transfer proposal – and negotiates any contracts accordingly.
5. The RFP team then shares the results of the negotiation process with the Company's Regulatory team, and we work together to develop a filing to the Commission that discusses our selection process and why the selected project is in the best interest of customers. This may include: (1) a ranking and bid data for all bids received in response to the RFP, including our self-build project; (2) an analysis of all projects for which we conduct due diligence in accordance with the factors identified above; (3) any successfully negotiated contracts from the RFP process, as applicable; (4) a recommendation as to what projects we believe merit Commission approval; and (5) an independent third-party auditor report of our RFP process that will review our evaluation of proposals and due diligence, as well as our selection of proposals for contract negotiation.

The Company's approach to this Sherco Solar solicitation followed the Modified Track 2 process described above, with one adjustment. Although we normally include purchase power agreement (PPA) projects in Modified Track 2 solicitations, in this case we only solicited Build Transfer (BT) proposals due to the MISO generator interconnection requirements discussed earlier.

We also note that, although we generally have contracted with Leidos to provide IA services for previous solicitations, we selected a different IA – Guidehouse – for this RFP. Guidehouse made several recommendations throughout the RFP process, which we followed, in order to ensure our process yielded a sufficiently robust response and our evaluation was thorough. For example, the IA recommended we complete a pre-solicitation Market Assessment, to understand the potential capacity and number of bidders we could reasonably expect to bid into our RFP. We completed the Market Assessment as recommended, which supported the conclusion that our RFP could yield an appropriate range of choices and competition.

The Sherco Solar RFP process set out a three-phase analysis to determine the final portfolio of proposed projects. These phases include: 1) Completeness Review; 2) Threshold Review and 3) Key Parameters Review and Scoring. In each phase, only bids that are able to successfully pass through to the next phase are fully assessed; in other words, if a bid fails to pass the Completeness Review, we do not evaluate it further in the Threshold Review stage, and bids that do not pass Threshold Review are not evaluated at the Key Parameters Review and Scoring stage. In doing so, our process works to balance project quality and cost factors, only shortlisting Projects that have a high likelihood of successful completion per the parameters and timeframe outlined in the RFP. We note that, at both the Completeness and Threshold stages, bidders are provided the opportunity to remedy any deficiencies found in our initial reviews.

b. RFP Resulted in Substantial Interest and Three Bid Submissions-Although Two Bids Were Nonconforming, the Results of the Process Reveal that the Instant Project was Least Cost

The Company received 43 questions from 15 outside developers regarding the RFP before bids were submitted. As discussed further in the IA Report, many of the questions were about siting and land rights; several developers asked if the project could be developed on the existing Sherco land. In its response to these questions, the Company clarified that bidders needed to indicate how they would procure the necessary land for the proposed project, and either needed to have site control secured at the time of submitting their proposals or needed to show a clear path to

site control for the development of the project. Other common questions regarded transmission, specifically about the MISO interconnection requirements at the Sherco site.

After we responded to all the questions and bids were received by February 2, our initial evaluation teams began reviewing the bids to ensure all key components were satisfactorily completed. In the Completeness Review phase, the team first screens the bids to ensure they have complied with the basic submittal requirements; for example, that bid submittal fees were received, and that each response has sufficient information to conduct subsequent evaluation. To the extent we found deficiencies in the bids at this stage, the RFP Manager reached out to bidders to notify them of the deficiency and provide an opportunity to remedy.

The RFP yielded three bids in total, including the Company's self-build proposal. These bids are summarized in the table below.

Table 4: Bids Received in Response to the Sherco RFP

Proposal	Size (MW)	Build Transfer Bid Total Price ($ millions, excluding AFUDC)	Bid Price ($/kW)	Evaluated Project Cost[25] ($/kW)
		[PROTECTED DATA BEGINS		
Xcel Energy	460 (across two sites)			
[PROTECTED DATA BEGINS				
Bidder 1	75			
Bidder 2	450			
PROTECTED DATA ENDS]				PROTECTED DATA ENDS]

We note that both Bidder 1 and Bidder 2 stated that their respective bids were non-conforming to the RFP requirements for varying reasons, but regardless, had put them forward for our evaluation. The Completeness Review indicated that one of the bids received – from Bidder 2 – was incomplete, however, and that the bidder was

[25] Costs were added to bids that entered the scoring phase to represent Owners management costs and upgrades that would be required by the project within the Sherburne County Substation. These costs were specifically excluded from the scope of the RFP.

unable to remedy the deficiency.[26] Therefore, we eliminated the bid at this step of the evaluation process. The remaining two bids moved onto the Threshold Review evaluation stage.

In the Threshold Review stage, the team more thoroughly evaluated both remaining bids with respect to the RFP requirements. These requirements can be broadly grouped into bidder-specific and bid or project-specific content. For bidder-specific requirements, we examined factors such a bidder creditworthiness and development experience. For bid-specific content, we examined several components, including (but not limited to): whether a bid adequately demonstrated that the RFP project would be able to connect to one of the designated interconnection points; that the bid was developed considering union labor; that the bid confirmed compliance with our solar technical specifications; and, that the bid contained sufficient evidence of a clear path to site control and a plan to enable the RFP project to meet its proposed commercial operation date. At this stage, we also obtained an independent system production evaluation from UL, to validate the energy production estimates provided by each bidder.

In the course of this evaluation, we discovered that the bid from Bidder 1 was unable to show a clear path to site control for the project or the generator tie line to interconnect the Project to the Sherburne County Substation, and also did not have a complete preliminary technical design. While we did have discussions with – and requested clarifying information from – all the bidding parties, including Bidder 1, which would have allowed them to remedy their bid, ultimately, Bidder 1 was unable to satisfactorily meet all of the Threshold criteria. Therefore, only one remaining bid was advanced to the Key Parameters Review and Scoring, based on the information gathered and evaluated in the Threshold Review phase.

In the third phase of bid evaluation, the Company scored the remaining bid on the four key criteria outlined in our RFP, so that the Company may arrive at a shortlist and determine which project or projects to pursue further. The scoring criteria include: Price, Certified Diverse Supplier Commitment, Pollinator Habitat Scorecard, and Financial Strength. Price made up 70 percent of the overall score, while the other three qualitative criteria mentioned above made up the remaining 30 percent of the overall score. As noted above, the Sherco Solar project presented here is the only project that passed the Threshold phase and moved onto the Key Parameters Review

[26] Bidder 2 provided a bid that proposed to build the solar facility on the existing Sherco site and also did not pay the bid fee. We confirmed with them that they had no alternative land to propose, so the bid was non-conforming in a way that would have led them to be disqualified in the next stage – so they chose not to submit a bid fee.

and Scoring phase. Thus, the remaining project was shortlisted, and we are requesting approval to move forward with this project in this Petition.

For additional information about the project scoring analysis, please refer to the IA Report provided as Attachment B.

We do note that, subsequent to completing our RFP scoring and shortlisting process, we often evaluate project alternatives using a societal benefit/cost test; however, we did not do so here. Our RFP yielded valuable insights into competing projects, but, as discussed above, the RFP did not result in any viable alternatives other than the Sherco Solar project being proposed here. As a result – and because the Company's IRP indicates a clear need that the Sherco Solar project is well positioned to fulfill – there are no other actual alternatives to compare to the Sherco Solar project.

C. Sherco Solar is Consistent with Minnesota's Policy Goals

Having established the Sherco Solar project is needed and least-cost, the last criterion we consider in a resource acquisition is that renewable resources are preferred. Clearly, a large solar resource reusing interconnection rights from expiring coal capacity easily meets this requirement. In addition, the Sherco Solar project meets many other Minnesota policy goals including the Solar Energy Standard target, the state's carbon reduction goals, and the Commission's Investigation into Utility Investments that Can Drive Economic Relief and Recovery.

We discuss these important state policies and the Sherco Solar project's contributions to each of them below.

1. Sherco Solar Meets Minnesota's Preference for Renewable Energy Resources

Minnesota Statute § 216B.2422, subd. 4 outlines the state's preference for renewable energy facilities over other types of generating facilities:

> *The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated that a renewable energy facility is not in the public interest.*[27]

[27] Minnesota Statute § 216B.2422, subd. 4.

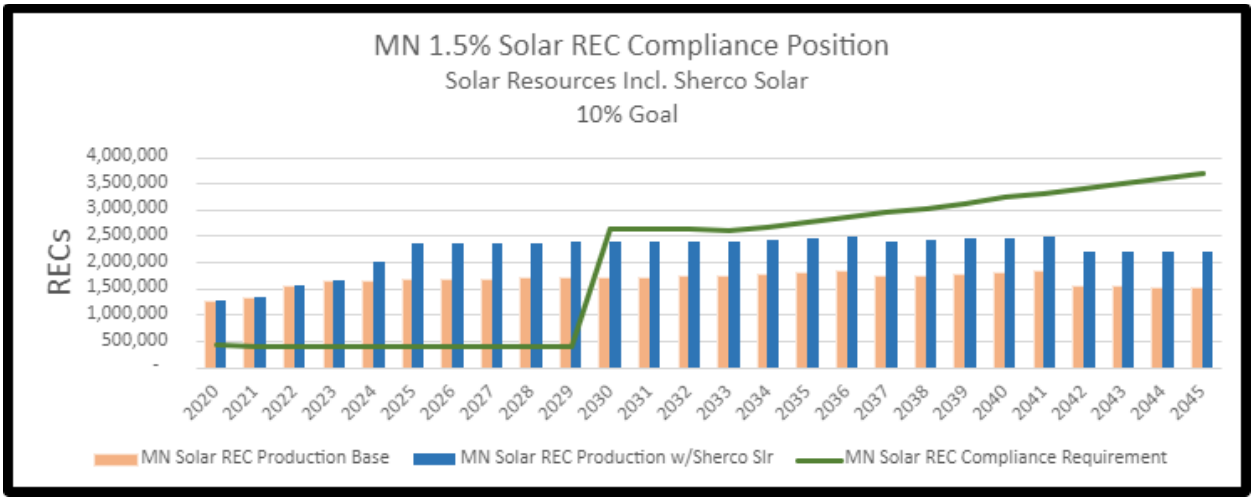
As the state's largest solar facility, the Sherco Solar project aligns with Minnesota's preference for renewable energy.

2. Sherco Solar Will Help Us Meet Minnesota's Solar Energy Standard Target

Apart from meeting the State's preference for renewable energy resources, the Sherco Solar project will also help advance Minnesota's policy goals related to a clean energy transition. Specifically, the Project will offer significant progress towards the Solar Energy Standard's (SES) goal of 10 percent of sales coming from solar resources by 2030. Minnesota Statute 216B.1691 subd. 2f, part (e) states: "It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail electric sales in Minnesota be generated by solar energy."[28]

Figure 6 below highlights Minnesota's current solar production base, the 10 percent SES target, and the impact of the Sherco Solar project towards those goals.

Figure 6: Minnesota's SES Target and the Sherco Solar Project



As Figure 6 shows, the Sherco Solar project goes a long way in helping the Company – and Minnesota – meet the 10 percent target identified by the SES. With the Project, the Company's share of Minnesota's solar REC production is just shy of the 10 percent mark beginning in 2030 and keeps the state on track with its goal. However, without the Project, Minnesota will likely remain off-track in hitting the 2030 target.

[28] Minnesota Statute § 216B.1691 subd. 2f, part (e).

3. Sherco Solar Will Help Meet Minnesota's Carbon Reduction Goals

At a time when reducing carbon emissions is critical to mitigate the negative consequences of climate change, the Sherco Solar project offers a unique and significant opportunity to reduce emissions and essentially trade coal for solar generation. The Project can play an important role in helping Minnesota meet its goals outlined in Minnesota Statute § 216H.02, subd. 1:

> *It is the goal of the state to reduce statewide greenhouse gas emissions across all sectors producing those emissions to a level at least 15 percent below 2005 levels by 2015, to a level at least 30 percent below 2005 levels by 2025, and to a level at least 80 percent below 2005 levels by 2050.*[29]

The Company estimates that, in addition to the emissions avoided through the retirement of Sherco Unit 2, the addition of the Sherco Solar project will avoid a further 250,000 to 300,000 tons of carbon each year by displacing generation from other fossil fuel sources. That is the equivalent of taking around 60,000 gasoline cars off the road each year—thus making a significant contribution toward the state's greenhouse gas emission goals.

4. Sherco Solar is Consistent with the Commission's Investigation into Utility Investments that Can Drive Economic Relief and Recovery

The COVID-19 pandemic created unprecedented economic uncertainty in the communities we serve. The Commission recognized that the utility industry has a role to play in developing pathways to recover from the negative economic impacts of the pandemic. Accordingly, the Commission opened an investigation into what types of investments utilities could undertake to support boosting economic activity in the near term.

Specifically, the Commission's May 20, 2020 Notice of Reporting Required by Utilities requested a list of possible investments that meet the following conditions:

- Provide significant utility system benefits;
- Are consistent with approved resource plans, approved natural gas distribution infrastructure or pipeline safety plans, triennial conservation plans, and existing Commission orders;
- Reduce carbon or other pollutant emissions in the power sector or across economic sectors;

[29] Minnesota Statute § 216H.02, subd. 1.

- Increase access to conservation and clean energy resources for all Minnesotans;
- Create jobs or otherwise assist in economic recovery for Minnesotans; and
- Use women, veteran, or minority owned businesses as much as possible and provide documentation of these efforts.

On June 17, 2020, the Company proposed a variety of potential investments we could accelerate or initiate to support our economies and put people back to work.[30] The proposed Sherco Solar project was among those potential investments identified by the Company and Attachment A of our June 17, 2020 Report discussed in more detail how the Sherco Solar project meets the above requirements. We are pleased to say that the Sherco Solar project meets every condition of the Commission's aforementioned priorities. We briefly discuss each below.

- **Provide significant utility system benefits**

Adding solar to the Sherco site and using available interconnection rights will support achievement of our carbon reduction goals. As discussed throughout this petition, increasing solar capacity on our system is consistent with the Company's 2020-2034 Integrated Resource Plan currently pending before the Commission (Docket No. E002/RP-19-368).

- **Consistent with approved resource plans, approved natural gas distribution infrastructure or pipeline safety plans, triennial conservation plans, and existing Commission orders.**

The Commission approved acquisition of substantial solar resources in our most recently approved IRP (Docket No. E002/RP-15-21) and notes that the Company may pursue additional cost-effective solar resources if in the best interest of customers. Further, as noted above, large-scale solar is a key component of our currently pending IRP.

- **Reduce carbon or other pollutant emissions in the power sector or across economic sectors**

We anticipate the site transformation at Sherco – including this project which would add 460 MW of large-scale solar on our system at the Sherco site – will provide significant environmental benefits, both to our system broadly and to local air quality near the site. As noted above, Sherco Unit 2 has historically emitted substantial

[30] *See* Docket No. E,G999/CI-20-492 and E,G002/M-20-716. RESPONSE AND PETITION, COVID-19 RELIEF AND RECOVERY (September 15, 2020).

amounts of carbon, as well as other air emissions like NOx and SO2, each year. When we cease operations at the unit in 2023 and enable the Sherco Solar project to interconnect and begin operations, significant clean energy will be added to our system. Specifically, the Company estimates that the Sherco Solar project will generate enough clean energy on our system to avoid an average of approximately 250,000-300,000 tons of carbon each year, which is the equivalent of taking approximately 60,000 gasoline cars off the road annually.

- **Increase access to conservation and clean energy resources for Minnesotans**

As noted above, building solar at the Sherco site will increase clean energy on our system. The addition of this resource will increase the solar energy produced on our system by over 40 percent from currently expected levels and increase our system to a total of approximately 40 percent renewable energy, when the project is fully brought online.

- **Create jobs or otherwise assist in economic recovery for Minnesotans**

If approved, we expect the Sherco Solar project could support about 900 well-paying union jobs during the project development and provide an estimated $115 million in wages. These jobs include laborers, electricians, ironworkers, carpenters and operators.

We anticipate the project would result in significant state and local benefits and significant landowner benefits as well. We estimate the project will provide more than $240 million in state and local benefits over the life of the project, comprised of $172 million in landowner payments, $32 million in state and local property taxes and $36 million in production taxes.

The Sherco Solar project is one component of our effort to assist in job creation and economic development to offset the impacts of the cessation of operations at Sherco Unit 2. The Company has a long history of working in partnership with the City of Becker, in large part because the Sherco Generating Plant and extensive tracts of Company owned property are within the city limits. We have been partnering with the City to bring commercial and industrial businesses to the community. We will also continue to aid the City of Becker to expand commercial and industrial properties and initiatives south of Highway 10 on Company-owned lands by making Company-owned land available for purchase and by providing critical tracts of land for sewer, water, and road expansion. The expansion of commercial and industrial development in and near Becker is anticipated to provide a more robust tax base in the long term.

These initiatives have led to expansion of Becker's industrial park with approximately 130 acres of Company-owned property developed to date and approximately 1,300 acres of additional Company property available for future development.

- **Use woman, veteran, or minority owned businesses as much as possible and provide documentation of these efforts**

The Company has a strong commitment to supplier diversity. The bidding process for this project awarded additional points toward bidders who will use woman, veteran, or minority owned businesses.

Furthermore, the Sherco Solar project will also be the first project opportunity for participants in our soon-to-be proposed Workforce and Training Development Program, which will help provide utility industry skills and training to women and members of the BIPOC community.

VIII. REGULATORY PROCESS

In this section we discuss why the Sherco Solar project is exempt from Certificate of Need requirements and why it is reasonable to recover 100 percent of NSPM's project costs from Minnesota customers through the Renewable Energy Standard (RES) rider, while providing 100 percent of the benefits of the project to NSPM to Minnesota customers.

A. Sherco Solar is Exempt from the Certificate of Need Requirements

The proposed Sherco Solar project is exempt from the Certificate of Need (CON) requirements of Minn. Stat. § 216B.243 for both the site and substation interconnection routes (per Minn. Stat. § 216B.2421, subd. 2, electric power generating plants include the transmission lines "that are necessary to interconnect the plant to the transmission system") under two different statutory provisions.

First, because the Company followed the Commission-approved "Modified Track 2" competitive acquisition process, the project is exempt from the CON requirements under Minn. Stat. § 216B.2422, subd. 5, which states, in relevant part:

> **Bidding; exemption from certificate of need proceeding.** (a) A utility may select resources to meet its projected energy demand through a bidding process approved or established by the commission. , , , (b) Notwithstanding any other provision of this section, if an electric power generating plant, as described in section 216B.2421, subdivision 2, clause (1), is selected in a bidding process approved or established by the commission, a certificate of need proceeding under section 216B.243 is not required.

Specifically, the Commission's January 11, 2017 Order in Docket No. E002/RP-15-21, authorizes Xcel Energy to "use the modified Track 2 process for the acquisition of . . . any additional solar, if needed, through 2021." The Department supported this interpretation in its October 30, 2020 Reply Comments in Docket No. E,G999/CI-20-492: "[T]he Department agrees with Xcel that the Commission has approved a bidding process and the Company may use that process to begin the acquisition of solar resources through the end of next year."

The Department went on to note that "it appears that the Sherco Solar project may qualify for the exemption under Minnesota Statutes § 216B.2422, subd. 5; however, the Commission may prefer to first determine whether the updated analysis in the current resource plan justifies need to the extent necessary to trigger the bidding process." Although the Commission has not yet completed its evaluation of the Company's current Integrated Resource Plan, pending in Docket No. E002/RP-19-368, our proposal to add 460 MW of solar at Sherco is consistent with our Supplement Preferred Plan, which shows that solar is the most optimal resource to meet our system needs in the mid-2020s, beginning in 2025. In fact, every scenario we analyzed in connection with the IRP Supplement showed additions of at least 500 MW of solar in 2025 and 1,000 MW by 2026. Additionally, as noted above, the modeling submitted by other parties in the IRP confirmed this need and preference for solar additions. As a result, this project was selected through a Commission-approved bidding process and is needed to meet Xcel Energy's demand, it is exempt from the CON requirements.

Additionally, as a solar electric generation facility, the project and associated transmission infrastructure fall under the exemption for renewable energy standard (RES) facilities as provided by Minn. Stat. § 216B.243, subd. 9, which states:

> **Renewable energy standard facilities.** This section [216B.243] does not apply to a wind energy conversion system or a solar electric generation facility that is intended to be used to meet the obligations of section 216B.1691; provided that, after notice and comment, the commission determines that the facility is a reasonable and prudent approach to meeting a utility's obligations under that section. When making this determination, the commission must consider:
>
> (1) the size of the facility relative to a utility's total need for renewable resources;
> (2) alternative approaches for supplying the renewable energy to be supplied by the proposed facility;
> (3) the facility's ability to promote economic development, as required under section 216B.1691, subdivision 9;
> (4) the facility's ability to maintain electric system reliability;
> (5) impacts on ratepayers; and
> (6) other criteria as the commission may determine are relevant.

As a large solar facility, this project will help the Company continue to satisfy the requirements of Minn. Stat. Section 216B.1691, which requires, in relevant part, that the Company "must generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota" so that "at least" 31.5 percent "of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies" by the end of 2020. Section 216B.1691 further provides that "by the end of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota" must be "generated by solar energy," and that "[i]t is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail electric sales in Minnesota be generated by solar energy." As shown below, the Sherco Solar Project will help the Company meet all of these obligations under Minn. Stat. Section 216B.1691.

The addition of the proposed solar facility at Sherco will be used to meet these obligations and goals under Section 216B.1691. Accordingly, the entire project, including the solar facility and the two 345 kilovolt (kV) gen-tie lines that will interconnect the Project to the Sherburne County substation, are exempt from CON requirements.

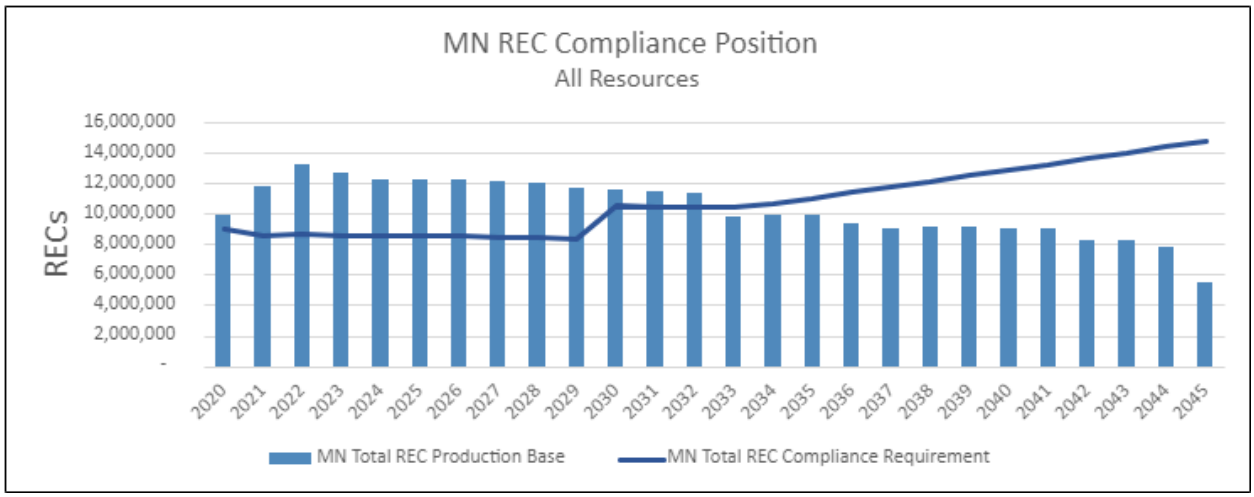
B. Sherco Solar is Eligible for Cost Recovery through the RES Rider

As demonstrated earlier and discussed further here, the Sherco Solar project will directly contribute to our ability to achieve the 1 percent requirement and 10 percent target for solar energy on our system under Minnesota's Renewable Energy Standard and Solar Energy Standard. For this reason, the Company requests approval to recover costs associated with the Sherco solar project through the Renewable Energy Standard (RES) Rider.

1. The Sherco Solar Project Qualifies for Recovery Through the RES Rider

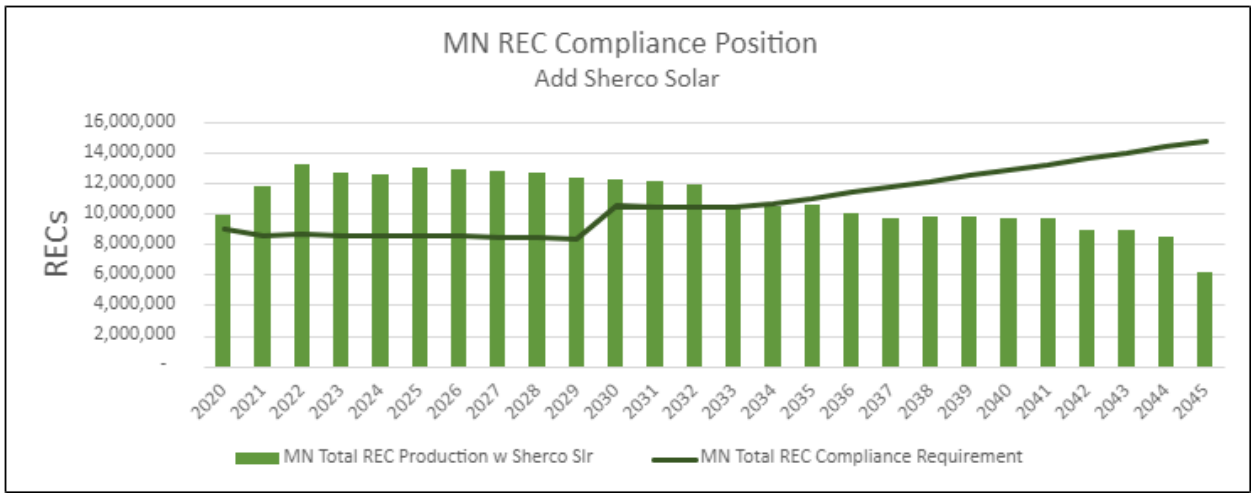
The RES Rider is reasonable and appropriate and meets the statutory requirements for rider recovery. As shown below, RECs generated by the Sherco Solar facility will be an important step toward meeting, and maintaining compliance toward, the current RES as early as the mid-2030s.

Figure 7: Compliance Position without the Sherco Solar Project



As demonstrated in Figure 7 above, there is a demonstrable need for renewable energy resources to meet RES compliance requirements beginning in 2033. By adding the Sherco Solar project, RES requirements will be met in both 2033 and 2034. Figure 8 below shows the compliance position with the Sherco Solar project on our system:

Figure 8: Compliance Position with the Sherco Solar Project



Since the Sherco Solar project is necessary in meeting Minnesota's RES, it is reasonable and appropriate to recover NSPM's project costs through the RES rider.

C. Sherco Solar Costs Should be Collected from Minnesota Customers, Similar to Community Solar Gardens

Due to the direct link between the Sherco Solar project and its achievement of several Minnesota policy goals, we request full recovery of NSPM's project costs from Minnesota customers. While we recognize this request is uncommon, it is not unprecedented. In fact, fully allocating project costs to Minnesota customers due to the direct link to Minnesota policy goals is exactly how Community Solar Gardens (CSGs) are currently handled. That is, we collect all costs for CSGs from our Minnesota customers because CSGs are firmly tied to Minnesota policy goals.

In exchange for Minnesota customers covering all of NSPM's costs for the project, the Company will assign all of NSPM's benefits from the project to Minnesota.[31] These benefits include energy, capacity, ancillary services, and renewable attributes of the energy generated by the project.

To apply the value of the energy, capacity, and ancillary services to Minnesota customers, the Company will seek to recover a proxy price for the value of these resource attributes in rates in both South Dakota and North Dakota. Any payments received from customers in these jurisdictions related to the Sherco Solar project would then be credited back to Minnesota, reducing the overall price of the project recovered in Minnesota rates. This approach is consistent with the laws of these states which, unlike Minnesota, do not reflect a preference for renewable energy and, in the case of North Dakota, affirmatively require that resource acquisition proceedings not consider environmental externality values.[32] Additionally, the Company would assign all RECs associated with NSPM's share of the project to Minnesota customers to assign all renewable attributes of the energy generated by the project to Minnesotans. These RECs then either could be used as additional assistance in Minnesota's achievements of its environmental goals, or they could be sold to further reduce the cost of the project.

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[31] NSPM's electric production and transmission system is managed as an integrated system with that of Northern
States Power Company, a Wisconsin corporation (NSPW). The electric production and transmission costs of the entire NSP System are shared by NSPM and NSPW. An agreement approved by FERC between the two companies, called the Interchange Agreement, provides for the sharing of all generation and transmission costs of the NSP System, including the Sherco Solar project costs.

[32] N.D. Century Code § 49-02-23. Consideration of environmental externality values prohibited. ("The commission may not use, require the use of, or allow electric utilities to use environmental externality values in the planning, selection, or acquisition of electric resources or the setting of rates for providing electric service.").

IX. PUBLIC INTEREST ANALYSIS

Our proposed Sherco Solar project creates a unique opportunity to reutilize the Company's existing interconnection rights and replace a coal resource with a solar resource. It is least-cost among the available alternatives and as compared to other recent proposals within the industry and is lower cost than any solar currently operating on the NSPM system. In addition, it will help drive economic relief and recovery in the wake of COVID-19, it will support hundreds well-paying union construction jobs as well as significant tax and land owner payments, reutilize valuable interconnection rights, and fulfill solar power needs identified in the Company's IRP. For the reasons discussed above, and summarized below, we believe the proposal is in the public interest.

A. The Proposal is Reasonable

- The Sherco Solar project helps meet a significant capacity need identified in our 2020-2034 IRP with renewable resources procured in a manner consistent with the Commission's most-recent IRP Order.
- The proposal will not have any impact on the Company's ability to maintain electric system reliability;
- The projects proposed will support economic activity in our communities during a time of economic crisis, consistent with the Commission's objectives outlined in Docket No. E,G999/CI-20-492; and
- The proposal allows for the capturing of remaining available renewable incentives, prior to the currently planned phase out, to the benefit of customers.

B. The proposal is in the Public Interest

- The proposal will support economic recovery in our communities through well-paying union jobs and prioritizing certified diverse suppliers;
- The proposal leverages the Company's existing interconnection rights; and
- The proposal advances the state's clean energy goals and supports the Company's continued achievement of its requirements under Minn. Stat. §216B.1691, subd. 2a, by replacing the coal-fired generation at Sherco with a new 460 MW solar project.

C. Customers are Protected

- The Company's RFP bid process determined the project is the least-cost alternative.
- The Project is among the lowest priced of other recent solar projects within the Midwest.
- The Project is lower cost than other approved solar projects currently operating on our grid and is less than half the current price of Community Solar Garden projects.
- The Independent Auditor of the Company's RFP selection process, Guidehouse, confirmed the solicitation process was conducted appropriately, and fairly considered all bids received;
- The PSA appropriately protects customers.

CONCLUSION

The Company appreciates the Commission's leadership in exploring potential projects utilities can accelerate or initiate, in order to support economic relief and recovery in our communities as the economic impacts of the COVID-19 pandemic continue. As Minnesota's largest solar development to date, the Sherco Solar Project will help drive economic relief and recovery in the wake of COVID-19, support well-paying union construction jobs, reutilize valuable interconnection rights, and fulfill solar power needs identified in the Company's Integrated Resource Plan.

Specifically, we request that the Commission:

- Approve this petition to build, own, and operate the proposed 460 MW solar project at the Sherco generation facility site;
- Approve the Company's acquisition of the Sherco Project Company, holding the property rights to a 230 MW solar site, from NG Renewables, pursuant to the terms of the PSA.
- Approve 100 percent of the costs to be recovered from Minnesota; and
- Approve the Company's proposed approach of recovering project costs through the RES rider.

Dated: April 12, 2021

Northern States Power Company

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John A. Tuma	Commissioner

IN THE MATTER OF THE PETITION OF XCEL ENERGY FOR APPROVAL OF THE ACQUISITION OF SOLAR GENERATION AT XCEL ENERGY'S SHERBURNE COUNTY SITE	DOCKET NO. E002/M-20-891 **PETITION**

SUMMARY OF FILING

Please take notice that on April 12, 2021, Northern States Power Company, doing business as Xcel Energy, filed with the Minnesota Public Utilities Commission a Petition for Approval for the Company to construct, own and operate a 460 MW solar facility at the Company's Sherburne County generating facility site in order to support economic relief and recovery in Minnesota in the wake of the COVID-19 pandemic, drive job creation, reutilize valuable interconnection rights, meet solar needs identified in the Company's IRP and help achieve the state's clean energy goals.

PUBLIC DOCUMENT –
NOT PUBLIC DATA HAS BEEN EXCISED

Portions of this filing are marked "NOT PUBLIC" as they contain information the Company considers to be trade secret data as defined by Minn. Stat. §13.37(1)(b). This information includes confidential pricing, bid information, and contractual terms. This information has independent economic value from not being generally known to, and not being readily ascertainable by, other parties who could obtain economic value from its disclosure or use.

Attachment A, provided with the Not-Public version of this filing, contains information classified as trade secret pursuant to Minn. Stat. § 13.37 for the above-noted reasons and is marked as "NOT-PUBLIC" in its entirety. Pursuant to Minn. R. 7829.0500, subp. 3, the Company provides the following description of the excised material:

Attachment A:

1. **Nature of the Material:** PDF copy of the Purchase and Sale Agreement between the Company and National Grid Renewables Development, LLC.
2. **Authors:** The Purchase and Sale Agreement was negotiated between the Company and National Grid Renewables.
3. **Importance:** The Purchase and Sale Agreement contains competitively sensitive pricing and other contract terms the Company considers as trade secret.
4. **Date the Information was Prepared:** The Purchase and Sale Agreement was executed January 15, 2021.

Guidehouse

Xcel Energy

Sherco Solar RFP – 2020 - 2021

Closing Report of Guidehouse, Inc. as Independent Auditor

Prepared for:

Xcel Energy

Submitted by:

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March 18th, 2021

Table of Contents

Executive Summary

Background

This report (the "Xcel Energy SherCo Solar RFP Closing Report" or "Closing Report") summarizes the closing assessments and findings of Guidehouse Inc. as the independent auditor ("IA") for the Request for Proposal for SherCo Solar (the "Solicitation") as performed by Xcel Energy (the "Company"). Under the Solicitation, the Company issued a request for proposals ("RFP") to provide a 75 megawatt (MW) or greater photovoltaic solar power generating facility interconnecting at the existing interconnection point located adjacent to the existing Sherburne County Coal Power Generation Station ("SherCo Coal Power Plant") in Becker, Minnesota with commercial operation by December 31, 2024. The new project would help satisfy the new resource need identified by the Company as it retires Unit 2 at the SherCo Coal Power Plant and utilize existing transmission and interconnection service.

The Company filed an Integrated Resource Plan ("IRP") with the Minnesota Public Utilities Commission ("PUC") in July 2019, which indicated the following expected power generation changes:

- Seasonal dispatch of SherCo Coal Power Plant Unit #2 (682 MW) until this unit's retirement in 2023
- Retire Sherco Coal Power Plant Unit #1 (680 MW) by 2026
- Retire Sherco Coal Power Plant Unit #3 (876 MW) by 2030
- Acquisition of at least 3,000 MW of Utility Scale Solar by 2030

The Company's IRP identified the need for additional solar PV resource additions over the coming decade. This RFP addresses the near term need, and additional RFPs are expected to be released.

Xcel Energy appointed Guidehouse, Inc. to perform the services of an IA for the RFP as required by appropriate regulations and guidelines. The Minnesota Public Utilities Commission (the "PUC") is tasked with overseeing and regulating public utilities, including electric utilities. The PUC has established three (3) separate "tracks" for procurement process of electric generation resources, which include:

- Track 1 – Applicable processes and regulations for RFP's using *only* 3rd party bids.
- Track 2 – Applicable processes and regulations for self-build and open to 3rd party bids.
- Modified Track 2 – Applicable processes and regulations for self-build and open to 3rd party bids under a procurement process monitored by an Independent Auditor.

The Modified Track 2 process emphasizes that bidders are treated equally, and that a "firewall" has been created between the self-build team and the RFP evaluation team. This is to provide additional safeguards against the self-build team obtaining information that is not available to the general public and/or the broader group of bidders. This RFP is subject to the Modified Track 2 rules and guidelines.

Per the Company, the Modified Track 2 process was proposed and approved within the context of the Company's 2016-2030 Integrated Resource Plan and was initially used in the Company's 2017 procurement for wind energy resources. Per review of DOCKET NO. E-002/RP-15-21[1], the Company was authorized by the PUC to use the Modified Track 2 process (refer to Pg. 11, section 5(a)).

Additionally, the State of Minnesota developed a COVID-19 pandemic recovery plan which includes the acceleration of critical infrastructure and clean energy projects. The PUC issued DOCKET NO. E,G999/CI-20-492 titled "IN THE MATTER OF AN INQUIRY INTO UTILITY INVESTMENTS THAT MAY ASSIST IN MINNESOTA'S ECONOMIC RECOVERY FROM THE COVID-19 PANDEMIC"[2] The PUC indicated six (6) conditions that must be met for critical clean energy infrastructure projects to be accelerated:

1. System Benefits
2. Consistent with MPUC Direction
3. Reduces Emissions
4. Increases Conservation and Clean Energy Access
5. Creates Jobs
6. Use Women, Veteran, and Minority Owned Businesses

The Company indicated that the Sherco Solar project meets all six (6) conditions and is eligible for acceleration. The Company estimated the initial cost of the project to be $650M and described additional details about the Sherco Solar project as part of the docket.

Summary

Guidehouse completed its assessment with respect to the ShercCo RFP and found the following:

- Guidehouse's overall assessment is that the goals of the RFP were achieved. With respect to number of bidders, three (3) respondents submitted a total of three (3) proposals. We believe three (3) respondents provides a sufficient range of choices and competition to the Company, considering the (i) very specific nature of the RFP, (ii) the need to interconnect at the current SherCo interconnection site to reduce costs on ratepayers, and (iii) the large size requirement of the project (>75 MW).
    - Guidehouse noted that the Company performed a "Market Assessment Report" in advance of the solicitation to understand the potential universe of bidders and eligible projects, and the total MW of projects submitted (985 MW) is within a reasonable range of the universe of projects within a 40 mile radius of the SherCo Interconnection Site (1,100 MW) as per the "Market Assessment Report"
    - Additionally, Guidehouse noted that the Company provided an advanced press-release prior to RFP date to provide bidders additional time to perform pre-work on bids. This letter was filed with the PUC on December 18th, 2020, and was

[1] See link to docket here
[2] See link to docket here

sent to a large listserv including various developers. Refer to **Appendix A** for the specific letter / document included.

- The completeness and threshold evaluations were performed on a fair and consistent basis with the evaluation process published in the RFP. Respondents were given an opportunity to cure their deficiencies within a reasonable time period.
    - The Company documented detailed rationale behind why it provided specific scores for each proposal, including citing where the Developer's documentation (or lack thereof) supported each score.
    - The Company sent several detailed emails and correspondences to Developers where there was a lack of information or unclear information, and provided ample opportunity to cure deficiencies.
- With respect to messages between the Company, interested parties, and respondents, Guidehouse observed that the Company's responses were timely, consistent, and fair, indicating a high level of engagement by the Company. The Company did not bias its responses to favor one technology or party, and interested parties and respondents appeared generally satisfied and appreciative of the responses. The Q&A document released by the company was clear, consistent, and valuable to interested parties and respondents in that it further defined the Solicitation.
- There is no evidence that the evaluation and selection process caused any unfair advantage or disadvantage to any interested party or respondent.
- On March 2nd, 2021, the Company indicated that they are not aware of any breach of the firewall that may have occurred.

Our specific recommendations that were provided throughout the duration of the engagement and the company's response are documented in Section **"4. Recommendations"**.

This Closing Report summarizes Guidehouse's review and findings as of the date of this report. We relied on documents, correspondence, analyses, and other information provided to us by the Company to perform our work. While we believe this information to be reliable, it has not been independently verified for either accuracy or validity, and no assurances are offered with respect thereto. Guidehouse makes no representations, warranties, or opinions concerning the enforceability or legality of the laws, regulations, rules, agreements, or other similar documents reviewed as part of its work. Guidehouse and its employees are independent contractors providing professional services to the Company and are not officers, employees, or agents of the Company.

1. RFP Design and Issuance

This section summarizes the RFP design and issuance.

The RFP sought photovoltaic resources that have 75 MW or greater capacity utilizing the existing interconnection point located adjacent to the existing SherCo Coal Power Plant in Becker, Minnesota with commercial operation by December 31, 2024. Xcel Energy sought either; (a) Self-Build, or (b) Build-Transfer contract options.

The Company intended to select one or several projects to meet or exceed the stated procurement target, with an expected total capacity of 500MW or greater. The Company made available excess interconnection capacity and the dead-end structures at the existing SherCo Coal Power Plant site for developers to use.

The technical requirements of the RFP are outlined in Xcel's document "NSPM's Solar Farm Technical Requirements (Appendix B)". Key technical requirement areas included:

- Acceptable solar equipment, including modules, inverters, and grounding systems
- Acceptable fencing, road access, and serviceability requirements
- Acceptable infrastructure and on-site maintenance facilities
- Acceptable warranties
- Required testing prior to hand-over to Xcel Energy

Proposers were asked to complete the pricing section of the Bidder Form ("Form 4") assuming that either the (1) RFP project will qualify for federal tax incentives applicable to the underlying technology and the proposed in-service date or (2) existing federal tax incentives will be applicable to the RFP Project even if those incentives are due to expire or decline by the time of the proposed in-service date. The Company asked bidders to quote a lump-sum purchase price based on a transfer of ownership of the project as of the Commercial Operation Date ("COD"). However, the Company also indicated in the RFP that they may want to exercise a purchase option in advance of COD and wanted to inform bidders in advance of that possibility.

Proposals were to be evaluated using the evaluation and selection process as described in Section 5 of the RFP (titled *Evaluation Objectives and Approach*) and a separate document titled *Sherco Solar RFP_Evaluation Process*. For a proposal to advance to the evaluation process, it had to meet certain stated eligibility and threshold requirements. The eligibility requirements stated that proposals must conform to the RFP rules as established; these rules are largely within the control of the proposer to address and comply with.

Proposals that passed these threshold requirements were to advance to the evaluation process (referred to the company as the "Due Diligence" process), which was a multi-stage process consisting of both price and non-price evaluation. Results from the price and non-price evaluation were to be weighted 70% and 30%, respectively, to compose an overall evaluation score. The price evaluation consisted of financial modelling of the projects Levelized Cost of Electricity ("LCOE"). The financial modelling was performed by the Bid Evaluation Team using data provided by respondents.

As part of the non-price evaluation (30% as indicated above), the Company assessed bids using the following criteria:

1. Certified Diverse Suppliers (10%) – The Company provided a score to each proposal based on the proposal's intended use of certified Diverse Suppliers during construction and operations of the Solicitation Project.
2. Pollinator Habitat Scorecard (10%) – The Company provided a scorecard to each Bidder to complete.
3. Bidder Financial Strength (10%) – The Company assessed the strength of each Bidder's Creditworthiness and credit risk using a series of questions.

Proposals are then ranked from highest scoring to lowest scoring, and the top ranking proposals are selected for short-listing.

Given that a self-build team was allowed to participate in the RFP, the Company put multiple safeguards in place to reduce the risk that members of the self-build team received information and knowledge above and beyond that of the general public and third party RFP participants. This included:

- Separating the self-build and evaluation teams without any overlap (i.e., establishing a "firewall")
- Informing the self-build and evaluation teams that they are not to communicate with each other outside of the defined email protocol
- Requiring the self-build and evaluation teams to sign an affidavit confirming that they will not communicate with each other outside of the defined email protocol and that the evaluation team will not disclose information above-and-beyond that of which is received by the general public and/or third party evaluation teams
- Developing a protocol that if the firewall is breached, the RFP Project Manager will inform the IA of the breach, and the IA will make a determination on the next course of action depending on the nature of the breach
- Limiting access to the "proposal" Sharepoint site so that the self-build team did not have access to other developer documents

In advance of the RFP, the Company additionally performed a Market Assessment Report to examine the number and magnitude of solar projects that are eligible and could reasonable be bid into the Company's Sherco Solar RFP. This was performed using the following methodology:

1. Technical Potential – evaluate the technical engineering potential for eligible bids located within Zone 1 of MISO
    a. This resulted in 46 projects totaling over 7,000 MW in capacity, including projects in Minnesota, North Dakota, South Dakota, and Wisconsin
2. Market Potential – evaluate the market potential for eligible bids located within a more reasonable 40 mile radius of the SherCo Interconnection Site
    a. This resulted in 7 projects totaling over 1,100 MW in capacity, including only projects within Minnesota

The Company concluded that the screening methodology is appropriate and reasonably captures projects that could be bid into the Company's RFP. Separately, the Company acknowledged that other projects not currently listed in the MISO Interconnection Queue could be bid in, and non-contiguous sites that are under 75 MW could be aggregated to achieve the

75 MW minimum threshold, but there were no such projects identified as such under the Market Potential criteria.

Lastly, the Company provided additional Appendix documents to provide bidders with sufficient information for their submittal.

The schedule for the RFP was as follows:

Description	Original Date	Modified Date
RFP Commission Letter	December 18th, 2020	N/A
RFP Page Launched[1]	December 21st, 2020	N/A
RFP Distribution Notification[2]	December 23rd, 2020	N/A
RFP Issued	January 4th, 2021	N/A
RFP Q&A	January 22nd, 2021	N/A
Bid Submittal Deadline (Self-Bid Teams)[3]	February 1st, 2021	N/A
Bid Submittal Deadline (Third Party Teams)[3]	February 2nd, 2021	N/A
Shortlist Approval	February 22nd, 2021	February 24th, 2021[4]
Contract Negotiations Completed	March 15th, 2021	TBD[5]
Regulatory Filing Completed	March 15th, 2021	TBD[5]

[1] The Company confirmed that the RFP page was launched on December 21st, 2020, without the RFP document itself included
[2] The Company confirmed that a distribution notification was sent to the North American Energy Markets Association (NAEMA) to indicate that the RFP was forthcoming; this organization has many renewable energy developers as subscribers and the company deemed this an appropriate venue to encourage solicitations
[3] Includes submittal of bid fee
[4] Per discussion with the Company on February 19th, 2021, the Company indicated that they required more time to assess both bids fairly and comprehensively
[5] Per discussion with the Company on March 16th, 2021, the Company indicated that the contract negotiations and regulatory filings have been delayed to a tentative future date. As the IA's responsibility ends with the publishing of this report, we left the modified date as "TBD" to reflect this.

As part of the initial RFP review, Guidehouse reviewed numerous comments submitted by Stakeholders concerning the RFP. We also developed a number of our own comments with the RFP and the evaluation protocol based on our experience with other similar solicitations. The Company addressed many of the Stakeholder comments and our comments in the final versions of these documents. We were satisfied with these changes as the Company was responsive to our feedback. The Company issued the RFP on January 4th, 2021 as per the schedule.

2. Proposal Receipt and Proposer Qualification

2.1 Prior to Proposal Receipt

The RFP was opened by the Company on January 4th, 2021 via sharing the RFP documents on its website (via this link) and informed to the general public via press release. The RFP website was also shared by third parties on websites such as Energy Central and Electric Energy Online.

Throughout the Solicitation process, the Company used a specific email address to receive proposals and to answer questions (ShercoSolarRFP@xcelenergy.com). In the event that a common question was asked by multiple developers, the Company had the option to include appendices or additional documentation to the RFP made available to all respondents.

Based on messages and/or questions that were provided by RFP respondents, Xcel Energy made several updates to existing documents for clarification purposes. These were typically documented in an addendum attached within the RFP website and are documented in further detail in **Appendix A** below. The changes were as follows:

- Update to Appendix E (Bidder Forms)
- Update to RFP Document
- Update to RFP Process Document

The Company received a batch of thirty-six (36) questions as of January 13th, 2021 from outside developers and SME's were working to respond to the questions in a "FAQ" format released on the RFP website.

The Company received three (3) additional questions to arrive at a total of thirty-nine (39) questions by January 19th, 2021. The Company received two (2) additional questions on January 25th, 2021 from Developer G and two additional questions on January 26th, 2021 from Developer K for a total of forty-three (43). The Company responded to each respondent individually between January 19th – January 21st prior to posting the cumulative responses on their website on January 22nd and subsequently responded to the questions by Developer G and Developer K. This was done to expediate the response process. The summary of respondents (total of 16, 15 of which are outside developers and 1 of which is the self-bid team) and number of questions is included below:

Name of Developer[3]	# of Questions
Developer A	1
Developer B	3
Developer C	1
Developer D	1
Developer E	1
Developer F	1
Developer G [4]	2

[3] Names of Developers were redacted and replaced with "Developer [X]" for privacy purposes

[4] Per discussion with the Company, Developer G asked two (2) questions related to the Sherco site and adjacent site, but this was not included in the log of questions. Per review, the IA found the responses acceptable.

Name of Developer[3]	# of Questions
Developer H	2
Developer I	9
Developer J	1
Developer K [5]	2
Developer L	1
Developer M	3
Developer N	1
Developer O	11
Developer P	3
TOTAL	**43**

Refer to **Appendix A** below for the updated list of questions and answers provided by the Company.

The IA provided feedback to the Company on responding to the listed questions. The list of questions indicated that additional clarification should be provided on the RFP for (1) Diverse Suppliers and (2) Use of the SherCo Site. The document used to include updated answers to the questions is listed in **Appendix A.**

Review and analysis of the messages is relevant because it reveals the topics that were of most interest to interested parties and respondents. It also indicates the level of engagement by the Company with interested parties and respondents throughout the Solicitation process.

Figure 2-1. Summary of Messages Prior to the Proposal Due Date

Type of Question	# of Questions
Term Sheet	1
Engineering & Technical	6
Environmental	2
Legal	1
Modelling	1
Regulatory	1
RFP General	9
Siting and Land Rights	15
Supplier Diversity	1
Transmission	6
TOTAL	**43**

[5] Per discussion with the Company, Developer K asked an additional question related to the Sherco site and required project location, but this was not included in the log of questions. Developer K also asked a question about a project that would not interconnect at the Sherco site, which is a non-conforming bid. Per review, the IA found the responses acceptable and noted that the Company reiterated that this bid would not be acceptable if it does not interconnect at the Sherco site.

Many of the messages concerned siting and land rights; several developers asked if the project can be developed on the existing SherCo land. Other frequent questions were regarding transmission, specifically about the use of tie-lines and end-points and MISO interconnection requirements at the ShercCo site.

The IA and the Company discussed the volume and topics of the questions, and for purposes of expedience, the Company responded to individuals directly before releasing the overall Q&A document.

2.2 Proposal Receipt

By the proposal due date, a total of three (3) entities submitted proposals. Two (2) were from third-parties, and one (1) was from the self-build team. See below for a summary table:

#	Developer	Project Size	Build Transfer Cost	Bid Fee Received?
1	Xcel Energy (self-build)	460 MW across two sites		Yes[6]
2		75 MW		Yes
3		450 MW		No[7]

Refer below for the steps performed by the Company after receiving the proposals. Additionally, refer to **Appendix A** for the list of documents provided by each of the teams.

2.3 Proposal Eligibility and Threshold Screening

Pursuant to the RFP, the evaluation process was a multi-stage process consisting of several stages:

1. Eligibility and threshold requirements (minimum requirements to qualify for consideration)
2. Price evaluation (70% of final score)
3. Non-price evaluation (30% of final score)
4. Final shortlist

[6] Team noted that Xcel Energy's self-build proposal includes two separate sites with two separate COD dates but included as one project. Per the Company's Bid Fee rules, this required two bid fees.

[7] Per discussion with the Company, the Company did not receive a bid fee from as acknowledged that their bid is non-conforming, as it

5. Negotiations and contracting

Eligibility and Threshold Requirements

Under the Eligibility and Threshold Requirements sub-process of the evaluation, there were multiple minimum qualifications that needed to be met to allow a proposal to be eligible. Those include:

- Proposal must be > 75 MW, and be photovoltaic solar technology
- Payment of bid fee (including payment from self-build team)
- All forms completed, including information around the following:
  - Information about project type, size, location, anticipated commercial operation date ("COD")
  - Transmission and Interconnection requirements
  - Solar Technical Specification compliance
  - Use of union labor for RFP Project Construction
  - Bidder creditworthiness
  - Bidder experience
  - Term Sheet compliance

Any proposal that did not include all of the information and tasks above could be excluded from further evaluation. The RFP Manager was required to notify the bidders if there are deficiencies in their proposal and allowed a two-business day window to address deficiencies. Refer to **Appendix A** for the list of documents provided to the developers – the "Completeness & Threshold Guide" was internally completed for all bids to indicate whether the proposal included all relevant documents.

Between 2/4/2021 and 2/24/2021, the Company performed their initial Eligibility and Threshold Requirements evaluation for the three proposals provided. The following initial items were identified:

#	Developer	Project Size	# of Questions Submitted to Bidder	# of Questions Answered by Bidder
1	Xcel Energy (self-build)	460 MW across two sites	Sixteen (16) questions submitted	Xcel Energy (self-build) responded to twelve (12) out of the sixteen (16) questions submitted. *Refer to **3.1 Results** for final results of evaluation*
2	[redacted]	75 MW	Forty-two (42) questions submitted	[redacted] responded to thirty-four (34) out of the forty-two (42) questions submitted. *Refer to **3.1 Results** for final results of evaluation*

#	Developer	Project Size	# of Questions Submitted to Bidder	# of Questions Answered by Bidder
3		450 MW	Six (6) questions submitted	did not respond to the six (6) questions submitted and as such was disqualified from further participation. Note that had a non-conforming bid, as it was and was deemed incurable. Additionally, on February 10th, confirmed that they do not have a clear path to site control.

Per discussion with the Company, the Company determined that the bid is non-conforming due to various reasons, As such, the Company informed that the bid is non-conforming and will not be eligible for this RFP.

Additionally, in the initial email sent by to the Company, acknowledged that the bid may by non-conforming. However, the Company allowed to address some of the issues identified. In a further email dated February 18th, 2021, indicated that they indicating a lack of site control. Refer to **Appendix A** for the reference to this email.

During the threshold evaluation phase, UL[8] was engaged to review the 8760 generation curves provided by the Self-Build team and Per review, UL indicated that both projects had their expected generation. UL recommended that a project, whereas a project. This would reduce the expected capacity factor of both projects by approximately

Per discussion with the Company, the Company indicated that these are P50 (i.e., the median expected generation) of the projects, and both projects The Company also engaged another consultant (Burns & McDonnell) to review the generation values to obtain another opinion. Per discussion with the Company, the Company indicated that Burns & McDonnell However, Burns & McDonnell indicated that confirmation of those values would require a further detailed review. The Company further discussed with UL and the bidders, and UL made minor adjustments as a result. Refer to **Appendix A** for the reference to the documentation obtained.

[8] UL is a company that provides "*independent technical advisory, testing, inspection, certification and software and data services to the wind energy industry.*" Additional information is available at https://www.ul.com/services/wind-energy-technical-advisory-services.

Price Evaluation (70% of Final Score)

As part of the price evaluation, the Company asked respondents to provide financial information related to the project. The IA reviewed the models developed by the Company to calculate the standardized LCOE across projects and inspected the following:

- CapEx O&M Model –
    - This model is designed to be an input into the "LCOE Model"; this model takes select data from the site and applies the Company's assumptions for labor, O&M, and ongoing capital replacement costs to determine the ongoing O&M and capital costs
    - This model assumes economies of scale; for example, the amount of labor required on a per unit basis decreases as the size of the project increases
    - There is also proration in the model for projects that do not fit neatly into one size category or another
- LCOE Model –
    - This model intakes data provided by the developer, such as size of project, expected degradation, capacity factor, generation, and other details to determine the expected revenue requirements and the levelized $/MWh cost
    - The IA inspected the model, and determined that the model includes expected calculations and logic as compared to similar RFP evaluations
- LCOE Ranking -
    - This is a table summary that assigns points to projects based on the end results of the LCOE model
    - This table is used to determine how many points (out of a possible 70%) each project gets to contribute to the shortlist ranking

The Company hired another outside vendor, Eversheds Sutherland LLP ("Eversheds") to assist with the tax due diligence. Per discussion with the Company, Eversheds performs work for several developers, many of which overlap with the list of developers who asked questions as part of the Q&A process. As such, in the event that Eversheds was engaged to perform tax due diligence on behalf of the Company for a developer they have an existing relationship with, Eversheds committed to sending an email asking the developer to confirm that they waive conflicts associated with this RFP assessment. Note that this was not a pre-requisite or requirement for the proposal itself. Refer to **Appendix A**

Non-Price Evaluation (30% of Final Score)

The Non-Price Evaluation consisted of three primary sections, as documented below:

1. Certified Diverse Suppliers (10%) – The Company provided a score to each proposal based on the proposal's intended use of certified Diverse Suppliers during construction and operations of the Solicitation Project. The Company scored this using a series of questions with a "Green", "Amber" and "Red" designation for the Bidder's answers, as determined by a subject matter specialist in the area. Proposals with all "Green" designations received the full 10%, proposals with *any* "Amber" results received 5%, and proposals with *any* "Red" results received 0%.
2. Pollinator Habitat Scorecard (10%) – The Company provided a scorecard to each Bidder to complete. A score of 85 or greater results in the full 10% being granted, a score of between 70 and 84 results in 5% being granted, and a scorecard below 70 results in 0% being granted.
3. Bidder Financial Strength (10%) – The Company assessed the strength of each Bidder's Creditworthiness and credit risk using a series of questions. Similar to the "Certified Diverse Suppliers" section above, each answer was designated as either "Green", "Amber", or "Red" based on sufficiency and completeness. Proposals with all "Green" designations received the full 10%, proposals with *any* "Amber" results received 5%, and proposals with *any* "Red" results received 0%.

The results of the evaluation were documented in Xcel's "Due Diligence Template" and each section was designated to be reviewed by a subject matter specialist independent from the bidding teams. Additionally, any "qualitative" comments were included in the Due Diligence Template. While these did not influence the quantitative score, they would be considered in the event of a tie-between two projects and to supplement information needed to make an appropriate decision.

Examples of specific questions include:

i. Does the proposal provide sufficient supporting documentation for certified diverse suppliers?
ii. Has the bidder contacted federal and state wildlife agencies to discuss the project?
iii. Does the bidder provide sufficient to ensure that they can post the required levels of pre-construction security?

Final Shortlist

Based on the "combined" score of the price and non-price evaluation, the top performing projects were ranked.

Negotiations and Contracting

Xcel Energy independently engaged in negotiations and contracting after the IA certified the shortlist, as discussed further below.

3. Short List Development

3.1 Results

On February 26th, 2021, the Company completed their Completeness and Threshold evaluation, and due to the constrained nature of the project, additionally completed an Initial LCOE ("Price Evaluation") analysis for two (2) out of the three (3) projects submitted. Please refer below for a summary of the results:

#	Developer	Project Size	Initial Completeness	Final Completeness	Initial Threshold	Final Threshold	Score	LCOE ($/MWh)
1	Xcel Energy (self-build)	460 MW across two sites						
2		75 MW						
3		450 MW						

As such, the Xcel Energy (self-build) proposal moved on to short-list where more detailed evaluation was performed. This concluded the IA's involvement.

4. Recommendations

The Framework states the IA should provide recommendations throughout the engagement to improve the future competitive bidding processes of the Company. Guidehouse monitored and made recommendations to the Company during the Solicitation based on our observation of and experience with similar solicitations. Our recommendations were adopted by the Company to our satisfaction.

Please see below the list of recommendations and responses that were provided to the Company throughout the course of the IA's engagement:

Ref#	General Area	Document(s) Affected	Addressed?	Description
1	Upper Limit on MW Generation	Sherco Solar RFP Document.docx	Yes	IA recommended that the Company clarify that there is no upper limit to the MW's that can be bid per project.
2	Separation of Duties	Sherco Solar RFP_Evaluation Process.docx	Yes	IA recommended that the Company further clarify the roles of the team members.
3	Additional Information Prior to Release	N/A	Yes	IA recommended that the Company release additional details about RFP in advance of official RFP release date to provide responders with additional time to compile required approvals and resources.
4	Market Assessment Report	20201223 Solar Market Assessment_vF	Yes	IA recommended that the Company perform a "Market Assessment" and document within a report to indicate number of expected RFP participants.
5	Bid Fee	Sherco Solar RFP Document.docx	Yes	IA recommended that the Company consider the size of their bid fee in relation to potential bidders to determine if the bid fee is appropriate.

Ref#	General Area	Document(s) Affected	Addressed?	Description
6	Firewall Process	Sherco Solar RFP_Evaluation Process.docx	Yes	IA recommended that the Company document mitigation procedures if the firewall is breached.
7	Scoring	Sherco Solar RFP_Due Diligence Template.xlsx Sherco Solar RFP_Evaluation Scoring Calculations and Guidelines.xlsx	Yes	IA recommended that the Company consider reviewing their scoring to determine if it appropriately awards partial points for satisfactory responses.
8	Scoring	Sherco Solar RFP_Evaluation Process.docx	Yes	IA recommended that the Company consider adding additional documentation to clarify how shortlist will be determined.
9	Appendix E	Sherco Solar RFP_Appendix E_Bidder Forms.xlsx	Yes	IA recommended that the Company consider reviewing if additional 8760 profiles should be considered (beyond just P50) and if the Company should consider if multiple module types could be included for one project.
10	LCOE	Sherco Solar RFP_LCOE Model.xlsx	Yes	IA recommended that the Company consider if it should scale the # of personnel needed per site more linearly instead of a “step” scale when evaluating expected overhead costs.
11	Naming of “Threshold” Evaluation	Sherco Solar RFP_Evaluation Process.docx	N/A	IA recommended that, going forward, the Company rename the “Threshold” Evaluation phase to a “Qualitative” Evaluation. IA indicated that many questions in this phase were assessed on the quality of the developer’s response, rather than a true binary “yes/no” threshold analysis.

Ref#	General Area	Document(s) Affected	Addressed?	Description
12	Completeness & Threshold Evaluation	Sherco Solar RFP_Completeness and Threshold_Guidehouse approved_20201229.xlsx	Yes[9]	IA recommended that the Company include additional detail in their evaluation file by citing specific areas in the proposals that support their conclusion.
13	Completeness & Threshold Evaluation	Sherco Solar RFP_Due Diligence Template_Guidehouse approved_20201222.xlsx	Yes[10]	IA recommended that the Company include more detail in the Due Diligence template to support their position for each score they provide, including citing relevant sections of developer provided documents.
14	Completeness & Threshold Evaluation – Self Bid	Sherco Solar RFP_Completeness and Threshold_Guidehouse approved_20201229.xlsx	Yes[11]	IA recommended that the Company provide more detail about how they assessed compliance to technical specifications (question 1.5 in the Completeness and Threshold Evaluation).
15	Completeness & Threshold Evaluation – Self Bid	Sherco Solar RFP_Completeness and Threshold_Guidehouse approved_20201229.xlsx	Yes[12]	IA recommended that the Company clarify if question 1.9 (Term Sheet Question) passed since the developer did not provide any redlines, or if something else is assessed as part of this.

[9] IA notes that based on review, the "Final Review Comments" section has been updated to include specific areas of the proposal that support the Company's evaluation and scoring

[10] IA notes that based on review, the "Initial Review Comments" and "Final Review Comments" section has been updated to include specific areas of the proposal that support the Company's evaluation and scoring

[11] IA notes that based on review, the "Final Review Comments" section has been updated to include specific documents that the bidder provided that help ascertain whether the bid meets the technical specification requirements noted in Section 1.5

[12] IA notes that based on review, the "Initial Review Comments" section for Xcel Energy (Self-Build) indicates that the Self-Build proposal *does not* require a signed Term Sheet or PSA Agreement, as this is a Self-Build. Furthermore, for the [redacted] proposal, the Company completed the "Other Build Transfer Risks" section of the Due Diligence worksheet and indicated that the "Term sheet redlines are extensive" and that they include "3-4 Material Issues"

Appendix A. Documents Developed / Provided by Xcel Energy

Title	Document Name	Purpose
Official Letter to Inform Potential Bidders of future RFP	202012-169172-01.pdf	Letter to the Public Utilities Commission indicating that Xcel will be issuing the Sherco RFP on or around January 4th
Attestation Forms	Sherco Solar RFP Attestation Statement_202001222	Attestation reviewed and agreed upon with both Xcel and Guidehouse indicating that the IA has reviewed pre-RFP documents and has not identified materials issues or risks that would prevent RFP launch
RFP Document	Sherco Solar RFP Document.docx	RFP document made available to the general public
RFP Document (updated)	Sherco Solar RFP Document_Final_20210105.pdf	Updated RFP document made available to the general public after typo was noticed on original document
RFP Evaluation Process	Sherco Solar RFP_Evaluation Process.docx	Internal document documenting the Company's review and evaluation process of proposals
RFP Evaluation Process (updated)	Sherco Solar RFP_Evaluation Process_Guidehouse approved_20210105.docs	Updated version of RFP Evaluation Process
Appendix B	Sherco Solar RFP_Appendix B_NSPM Solar Farm Technical Specifications.pdf	Appendix provided to the general public documenting technical specification requirements for the solar project(s)
Appendix C	Sherco Solar RFP_Appendix C_NSPM Template Subcontractor Plan.pdf	Appendix provided to the general public requiring developers to indicate their subcontractor plans
Appendix D	Sherco Solar RFP_Appendix D_Point of Interconnection Map.pdf	Appendix provided to the general public showing the interconnection points available
Appendix E	Sherco Solar RFP_Appendix E_Bidder Forms	Appendix provided to developers to complete relevant information associated with their proposal; including (but not limited to) pricing, technical description, production profile and other information

Title	Document Name	Purpose
Appendix E (updated)	Sherco Solar RFP_Appendix E_Bidder Forms_Guidehouse approved_20210112	Updated appendix with adjustments to legal language and various small changes to a paragraph included within
Completeness & Threshold Guide	Sherco Solar RFP_Completeness and Threshold.xlsx	Internal form used to evaluate the Completeness and Threshold requirements of bidder's proposal submittal; completed for all bids / proposals
Due Diligence Template	Sherco Solar RFP_Due Diligence Template.xlsx	Internal document used by the Company to perform the non-price evaluation of individual proposals
Evaluation Scoring Calculations & Guidelines	Sherco Solar RFP_Evaluation Scoring Calculations and Guidelines.xlsx	Internal document used to provide qualitative scoring considerations and highlight major risks within the evaluation sections; completed for all bids / proposals
Proposal Opening Log	Sherco Solar RFP_Proposal Opening Log.xlsx	Internal document that summarizes all bids / proposals received, including company name, bid fee amount received, proposal type, nameplate capacity
LCOE Model	Sherco Solar RFP_LCOE Model.xlsx	Internal model which intakes data provided by the developer, such as size of project, expected degradation, capacity factor, generation, and other details to determine the expected revenue requirements and the levelized $/MWh cost
CapEx O&M Model	Sherco Solar RFP_Capex O&M Model.xlsx	Internal model that takes select data from the site and applies the Company's assumptions for labor, O&M, and ongoing capital replacement costs to determine the ongoing O&M and capital cost
LCOE Ranking	Sherco Solar RFP_LCOE Ranking Summary.xlsx	Internal table summary that assigns points to projects based on the end results of the LCOE model

Title	Document Name	Purpose
Market Assessment Report	20201223 Solar Market Assessment_vF	The Company's assessment of potential bids and developers in advance of the release of the RFP; this is to gain comfort that multiple developers can bid into the RFP prior to release
Approval for re-upload of documents to RFP website	RE_Sherco Solar RFP – Internal Firewall and Communication Protocol_Approval.pdf	The Company uploaded an incorrect version of the RFP on their website and quickly identified the issue; this is the IA's approval and communication with the Company regarding the issue
Bidder Questions Log	Sherco Solar RFP_Bidder Questions Overview_20210105.xlsx	Cumulative list of questions provided by developers to the RFP web email address
Questions to Bidders Answers (As of 1/13/2021)	Sherco Solar RFP_Bidder Questions Overview_20210113.xlsx	Cumulative list of questions and answers provided by the Company's SME's to be released in an "FAQ" format
Questions to Bidders Answers (As of 1/15/2021)	Sherco Solar RFP_Bidder Questions Overview_20210115_V2.xlsx	Cumulative list of questions and answers provided by the Company's SME's to be released in an "FAQ" format after IA's review of answers
Questions to Bidders Answers (As of 1/19/2021)	Sherco Solar RFP_Bidder Questions Overview_20210115_V3.xlsx	Cumulative list of questions and answers provided by the Company's SME's to be released in an "FAQ" format after IA's review of answers
Addendum 1	Sherco Solar RFP_Addendum 1.pdf	Addendum to clarify the RFP that build transfer proposals will only be accepted, and that RFPs should indicate how land will be ascertained
Addendum 2	Sherco Solar RFP_Addendum 2.pdf	Addendum to make changes to the bidder form (changing title from "Confidentiality" to "Confidential Information of Company") and adjusting the confidentiality statement included within the bidder forms
Eversheds Sutherland LLP Conflict Waiver Email	Eversheds Waiver Email.pdf	Email template from Eversheds Sutherland LLP to ask developer to waive conflicts if they have an existing relationship with the developer
Xcel Energy Self-Build Proposal	1. Xcel Energy (Self Build).zip	Xcel Energy's self-build proposal, including all relevant appendices and documentation

Title	Document Name	Purpose
[redacted]	[redacted]	[redacted] build-transfer proposal, including all relevant appendices and documentation
[redacted]	[redacted]	[redacted] build-transfer proposal, including all relevant appendices and documentation
UL Report	UL_Xcel_MNRFP_RedFlagEnergyReview_2021-02-10_FINAL.xlsx	UL report reviewing anticipated generation from bidder projects
Burns & McDonnell Review of UL's Report	UL_Xcel_MNRFP_RedFlagEnergyReview_2021-02-10_FINAL-1898Co_Comments	Burns & McDonnell's secondary review of the UL report reviewing anticipated generation from bidder projects
Updated Evaluation Scoring and Guidelines	Sherco Solar RFP_Evlauation Scoring Calculations and Guidelines_Guidehouse approved_20201222.xlsx	Updated Evaluation Scoring as performed for Xcel Energy (Self-Build) Proposal
Updated Email from [redacted]	RE: Sherco Solar RFP – Due diligence requests email #5.msg	Email from [redacted] indicating that the developer does not have site control at the time of the bid and is unable to show a clear path to site control for the development of the proposed project

Appendix B. Team Structure for Self-Build Versus Evaluation Teams

B-1: List of RFP Evaluation Team Members

Name	Company	Role
Jonathan Adelman **VP, Strategy and Planning**	Xcel Energy	Executive Management oversight
Farah Mandich **Specialist, Resource Planning & Bidding**	Xcel Energy	Direct RFP preparations and execution, manage internal management communications and primary evaluator
Patrick Bourke **Director Strategic Asset Planning**	Xcel Energy	Assistance with bid opening and secondary evaluator
Edward Weinberg **Senior Consultant Strategic Asset Planning**	Xcel Energy	RFP Project Manager. Day-to-day management of RFP execution including logging, proposal screening, development of proposal short list and supporting recommendation, bidder communication and internal RFP progress communication and primary evaluator
Erin Buchanan **Resource Planning Analyst II**	Xcel Energy	Assistance with RFP logging, proposal screening, bidder communication and secondary evaluator
Jon Landrum **Manager, Resource Planning Analytics**	Xcel Energy	Modeling oversight
Mark Christner **Resource Planning Analyst I**	Xcel Energy	LCOE modeling
Bixuan Sun **Resource Planning Analyst I**	Xcel Energy	LCOE modeling

B-2: List of RFP Evaluation Due-Diligence Specialists

Topic	Name	Company	Role
RFP Project Generation Performance Verification	David DeLuca Director Energy Services	UL	RFP Project net capacity factors and losses to be used in LCOE modeling
BOT O&M/Cap Ex	Nathan Svoboda Principal Consultant Operational Support	Xcel Energy	O&M and capital expenditures for PPA and BOT proposals to be used in Customer Value analysis
Transmission and Interconnection	Randy Oye Transmission Analyst	Excel Engineering	Transmission and interconnection due diligence and threshold analysis input
Land and Site Control	Sarah Schwartz Manager Siting and Land Rights	Xcel Energy	Site Control and Land Rights due diligence and threshold analysis input
Land and Site Control	Trevor Seely Sr Agent Siting and Land Rights	Xcel Energy	Site Control and Land Rights due diligence and threshold analysis input
Environmental Compliance	Pat Flowers Manager Environmental Services	Xcel Energy	Environmental Compliance due diligence and key parameter review input

Topic	Name	Company	Role
Finance and Credit, Security Requirements and Funding	Evan Truitt Senior Analyst Credit Risk Reporting	Xcel Energy	Financial due diligence, security requirements and funding due diligence and threshold analysis input
Accounting Impacts	Marc Glende Senior Director Accounting & reporting	Xcel Energy	Accounting treatment assessment due diligence and threshold analysis input
Accounting Impacts	Bryan Davis Director Utility Accounting	Xcel Energy	Accounting treatment assessment due diligence and threshold analysis input
RFP Term Sheet	John Valerius Director Corporate Development	Xcel Energy	RFP Term Sheet exceptions due diligence
RFP Term Sheet	PJ Martin Director Corporate Development	Xcel Energy	RFP Term Sheet exceptions due diligence
RFP Project Technical Specifications	Roland Sulzer Principal Engineer	Xcel Energy	RFP Project technical specifications exceptions, cost to comply with solar technical specifications
RFP Project Technical Specifications	John Empkey Manager Project E&C	Xcel Energy	RFP Project technical specifications exceptions, cost to comply with solar technical specifications
Environmental Permit	Matt Langan Principal Agent Land Rights	Xcel Energy	Environmental Permit due diligence and key parameter review input
Equipment Supply	Chris Haack Manager Commercial Services	Xcel Energy	Equipment Supply due diligence and threshold analysis input
Supplier Diversity	Wendy Moreno Supplier Diversity Specialist	Xcel Energy	Supplier Diversity due diligence and key parameter review input
Union Labor	Chris Shaw Regulatory Policy Manager	Xcel Energy	Union Labor due diligence and threshold analysis input
Tax	Chris Arend Sr Director Tax Services	Xcel Energy	Tax due diligence and threshold analysis input
Tax	Ryan Merrell Consultant, Income Tax Planning	Xcel Energy	Tax due diligence and threshold analysis input
Tax	Amish Shah Partner	Eversheds Sutherland (US) LLP	Tax due diligence support
RFP Term Sheet	Nicholas Hanson Consultant Corporate Development Analysis	Xcel Energy	RFP Term Sheet exceptions due diligence
Legal	David McGann Assistant General Council	Xcel Energy	Legal review
Legal	Tim Dowdy Assistant General Council	Xcel Energy	Legal Review
Communications	Randy Fordice Sr. Representative Media Relations	Xcel Energy	RFP Communications
Communications	Karin Haas Consultant Communications	Xcel Energy	RFP Communications
LCOE Modelling	Lucas Asmus Principal Financial Consultant	Xcel Energy	LCOE modelling support

B-3: List of Self-Build Team Members

Name	Company	Role
Aaron Brixius **Rotational Position**	Xcel Energy	Project Manager
Toby Tuttle **Principal Engineer**	Xcel Energy	Project Engineering
Bradley Morrison **Manager Renewable Project Development**	Xcel Energy	Project Engineering
Kate Schindler **Environmental Analyst**	Xcel Energy	Environmental
Justin Tomljanovic **AVP, Corporate Development**	Xcel Energy	Proposal Manager
Robert Hendricks **Category Manager**	Xcel Energy	Equipment Supply
Tim Rogers **Manager Siting & Land Rights**	Xcel Energy	Siting & Land Rights
Ellen Heine **Senior Agent Siting & Land Rights**	Xcel Energy	Siting & Land Rights
Mark Breese **Director Contract & Credit Strategy**	Xcel Energy	Finance and Credit, Security Requirements and Funding
James Garness **Manager Supplier Diversity**	Xcel Energy	Supplier Diversity
Kurt Battles **Director Corporate Development**	Xcel Energy	Contract Review
Jerrod Nelson **Manager Regional Transmission Investment Development**	Xcel Energy	Transmission
Conner Bowles **Consultant Corporate Development Analysis**	Xcel Energy	Modeling
Zsolt Feher **Senior Consultant Tax Planning**	Xcel Energy	Tax
Chris Hogg **Manager Operations**	Xcel Energy	Operations
Rich Briggs **Senior Manager Technical Accounting**	Xcel Energy	Accounting
Stan Dufault **Director Corporate Development**	Xcel Energy	Modeling
Sarah Gedrose **Senior Representative Public Affairs Communications**	Xcel Energy	Communications
Tim Carlsgaard **Manager Public Affairs Communications**	Xcel Energy	Communications
Michael Bliss **Principal Financial Consultant**	Xcel Energy	Modeling support

Appendix C. Glossary of Terms

Term	Definition
Independent Auditor ("IA")	Third-party hired to observe and provide recommendations on the request for proposal process to facilitate transparency, clarity, definition, and oversight during the proposal process
Integrated Resource Plan ("IRP")	A utility's plan to develop and/or augment transmission, generation, and distribution infrastructure and other services to meet future power, reliability, emissions, and renewable generation needs; typically filed with a Public Utilities Commission
Interconnection	Physical connection point between the power plant where electricity is generation to the transmission system where electricity is transported to end-use points
Grid	Reference to the electric network consisting of power generation stations, transmission cables, distributions cables, and end-use electric system
Commercial Operation Date ("COD")	Anticipated date when the power plant will begin generating electricity transmitted to the grid
Minnesota Public Utilities Commission ("PUC")	The regulatory body that is tasked with overseeing and regulating public utilities, including electric utilities, in the State of Minnesota
Federal Energy Regulatory Commission ("FERC")	United States federal agency that regulates the transmission and wholesale sale of electricity and natural gas in interstate commerce and regulates the transportation of oil by pipeline in interstate commerce
Track 1	The PUC's defined process and regulations for electric generation, transmission, or distribution construction RFP's allowing *only* 3rd party bids
Track 2	The PUC's defined process and regulations for electric generation, transmission, or distribution construction RFP's allowing *only* self-bids
Modified Track 2	The PUC's defined process and regulations for electric generation, transmission, or distribution construction RFP's allowing *both* 3rd party *and* self-bids
Firewall	Reference to the safeguards and separation put into place to mitigate the risk that self-build teams have additional information above and beyond that of the general public and/or 3rdp arty developers with regards to the RFP
Due Diligence	Xcel Energy's qualitative assessment process to review bids
Power Purchase Agreement ("PPA")	A PPA is a common energy purchase structure where the offtaker (e.g., the utility) purchases power at a contracted price from a renewable energy project at a set rate. This is not an applicable contractual structure for this RFP.

Term	Definition
Renewable Energy Credit ("REC")	A REC is a common compensation mechanism for developers that produce and sell renewable energy to offtakers, such as utilities
Levelized Cost of Electricity ("LCOE")	LCOE is a common metric used to compare energy generation projects that estimates the $/MWh cost of a project by calculating the lifetime cost of the project divided by the lifetime generation of the project, discounted to current dollars
Edgar Standards	Standards promulgated by the Federal Energy Regulatory Commission "FERC" that govern the review of market rate contracts between affiliates
Transparency	Edgar Standard indicating that the solicitation process should be conducted with fairness; that all parties should have access to the same information at the same time and that the bidding / RFP process is open to interested parties
Clarity	Edgar Standard indicating that the RFP should be written clearly and that the desired product or service requested is well-defined, including details such as size, location, timing, technology, and other criteria
Definition	Edgar Standard indicating that the RFP evaluation criteria should be consistently applied to all parties. Additionally, the evaluation criteria used to select a winning bid should be disclosed in the RFP, including financial and non-financial components and relative weighting.
Oversight	Edgar Standard indicating that the process should be overseen by an independent third party, such as the Independent Auditor "IA". The independent third party shall oversee the design, implementation, and evaluation of the RFP process.

CERTIFICATE OF SERVICE

I, Paget Pengelly, hereby certify that I have this day served copies or summaries of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States Mail at Minneapolis, Minnesota

xx electronic filing

Docket No. E002/M-20-891

Dated this 12th day of April 2021

/s/

_____

Paget Pengelly
Regulatory Administrator

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Ben	Passer	Passer@fresh-energy.org	Fresh Energy	408 St. Peter Street Ste 220 Saint Paul, MN 55102	Electronic Service	No	OFF_SL_20-891_M-20-891
Jose	Perez	jose@hispanicsinenergy.com		1017 L Street #719 Sacramento, CA 95814	Electronic Service	No	OFF_SL_20-891_M-20-891
Jennifer	Peterson	jjpeterson@mnpower.com	Minnesota Power	30 West Superior Street Duluth, MN 55802	Electronic Service	No	OFF_SL_20-891_M-20-891
Catherine	Phillips	Catherine.Phillips@wecenergygroup.com	Minnesota Energy Resources	231 West Michigan St Milwaukee, WI 53203	Electronic Service	No	OFF_SL_20-891_M-20-891
Kevin	Pranis	kpranis@liunagroc.com	Laborers' District Council of MN and ND	81 E Little Canada Road St. Paul, Minnesota 55117	Electronic Service	No	OFF_SL_20-891_M-20-891
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_20-891_M-20-891
Kevin	Reuther	kreuther@mncenter.org	MN Center for Environmental Advocacy	26 E Exchange St, Ste 206 St. Paul, MN 551011667	Electronic Service	No	OFF_SL_20-891_M-20-891
Isabel	Ricker	ricker@fresh-energy.org	Fresh Energy	408 Saint Peter Street Suite 220 Saint Paul, MN 55102	Electronic Service	No	OFF_SL_20-891_M-20-891
Susan	Romans	sromans@allete.com	Minnesota Power	30 West Superior Street Legal Dept Duulth, MN 55802	Electronic Service	No	OFF_SL_20-891_M-20-891

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Larry L.	Schedin	Larry@LLSResources.com	LLS Resources, LLC	332 Minnesota St, Ste W1390 St. Paul, MN 55101	Electronic Service	No	OFF_SL_20-891_M-20-891
Elizabeth	Schmiesing	eschmiesing@winthrop.com	Winthrop & Weinstine, P.A.	225 South Sixth Street Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-891_M-20-891
Kevin	Schwain	Kevin.D.Schwain@xcelenergy.com	Xcel Energy	404 Nicollet Mall Minneapolis, MN 55401	Electronic Service	No	OFF_SL_20-891_M-20-891
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_20-891_M-20-891
Colleen	Sipiorski	Colleen.Sipiorski@wecenergygroup.com	Minnesota Energy Resources Corporation	700 North Adams St Green Bay, WI 54307	Electronic Service	No	OFF_SL_20-891_M-20-891
Ken	Smith	ken.smith@districtenergy.com	District Energy St. Paul Inc.	76 W Kellogg Blvd St. Paul, MN 55102	Electronic Service	No	OFF_SL_20-891_M-20-891
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-891_M-20-891
Jamez	Staples	jstaples@renewablenrgpartners.com	Renewable Energy Partners	3033 Excelsior Blvd S Minneapolis, MN 55416	Electronic Service	No	OFF_SL_20-891_M-20-891

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Richard	Stasik	richard.stasik@wecenergygroup.com	Minnesota Energy Resources Corporation (HOLDING)	231 West Michigan St - P321 Milwaukee, WI 53203	Electronic Service	No	OFF_SL_20-891_M-20-891
Kristin	Stastny	kstastny@taftlaw.com	Taft Stettinius & Hollister LLP	2200 IDS Center 80 South 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-891_M-20-891
Cary	Stephenson	cStephenson@otpco.com	Otter Tail Power Company	215 South Cascade Street Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_20-891_M-20-891
James M	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	150 S 5th St Ste 700 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-891_M-20-891
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Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	Yes	OFF_SL_20-891_M-20-891
Stuart	Tommerdahl	stommerdahl@otpco.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_20-891_M-20-891
Thomas	Tynes	jjazynka@energyfreedomcoalition.com	Energy Freedom Coalition of America	101 Constitution Ave NW Ste 525 East Washington, DC 20001	Electronic Service	No	OFF_SL_20-891_M-20-891

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Analeisha	Vang	avang@mnpower.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_20-891_M-20-891
Lisa	Veith	lisa.veith@ci.stpaul.mn.us	City of St. Paul	400 City Hall and Courthouse 15 West Kellogg Blvd. St. Paul, MN 55102	Electronic Service	No	OFF_SL_20-891_M-20-891
Samantha	Williams	swilliams@nrdc.org	Natural Resources Defense Council	20 N. Wacker Drive Ste 1600 Chicago, IL 60606	Electronic Service	No	OFF_SL_20-891_M-20-891
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Patrick	Zomer	Pat.Zomer@lawmoss.com	Moss & Barnett a Professional Association	150 S. 5th Street, #1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_20-891_M-20-891